



ہمیشہ کلاہ

66th

Annual Report 2017



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## Annual General Meeting

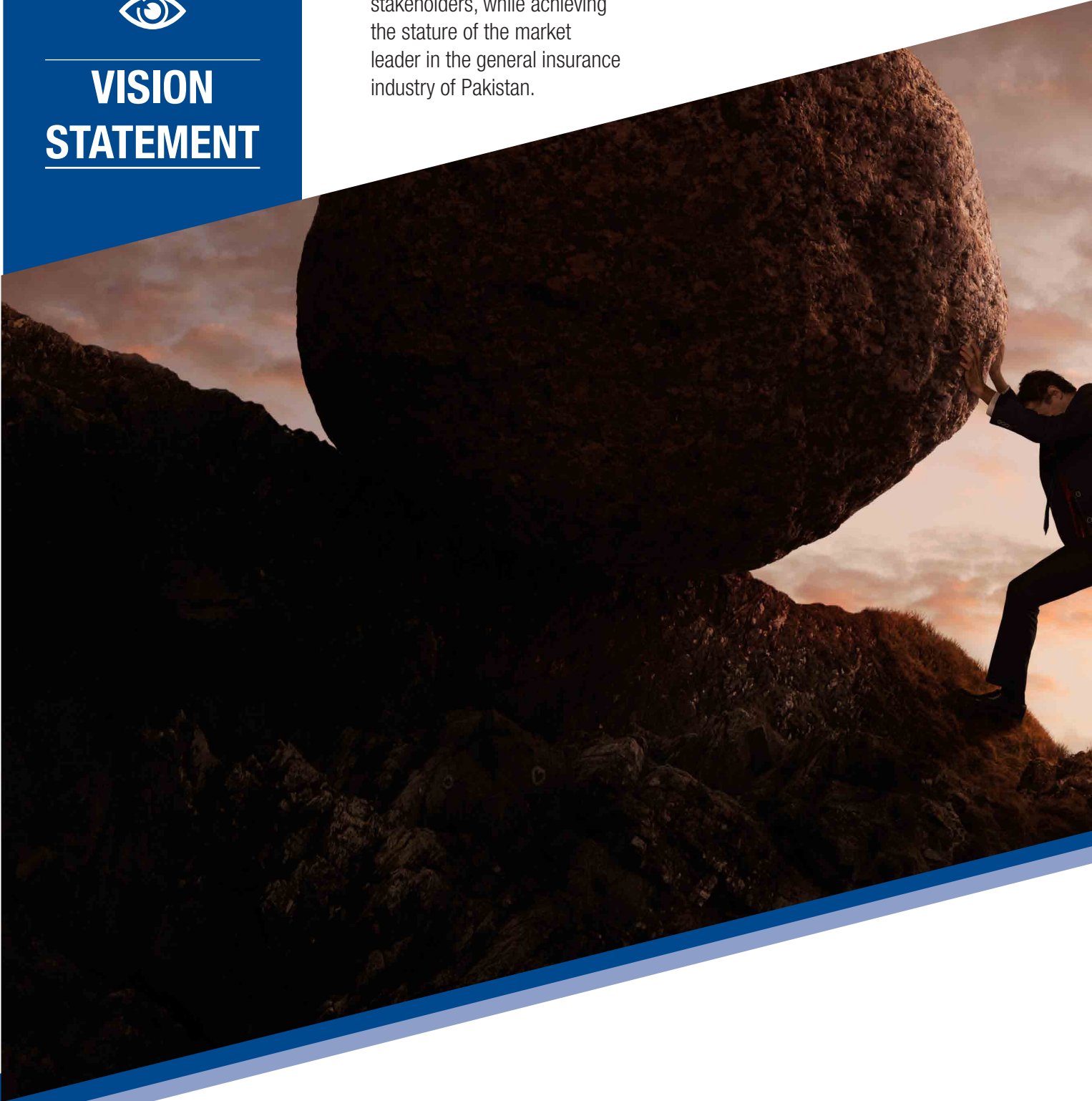
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## VISION STATEMENT

Our vision is to be the first choice company for all stakeholders, while achieving the stature of the market leader in the general insurance industry of Pakistan.







Our mission is to be a professionally managed and financially sound, top general insurance company. Premier Insurance strives to work in the interest of all stakeholders including our clients, employees, reinsurers, shareholders and the nation.



## **MISSION STATEMENT**



## CORE VALUES





## PROFESSIONALISM

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Our clients deserve the best service. Premier Insurance guarantees that it remains Pakistan's first choice insurer by hiring highly competent, intelligent and skilled management to be able to best facilitate our clients' needs.

## INTEGRITY

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Premier Insurance upholds its integrity by being upright, honest and candid in all its dealings. With integrity, we foster trust by our clients in the company.

## EMPATHY

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We are in the business of providing security because we understand our clients' apprehension when their valuable assets are at risk. With empathy, we are able to not only provide professional service but personalised service because we understand you.

## TRADITION

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Premier Insurance is Pakistan's first insurer and we have a long and proud tradition of promptly settling claims and providing exemplary service since 1952. The company was conceived for the service of the nation and till today we stand steadfastly by our founding principles which has helped us develop relationships lasting generations.

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# Company Information

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## Board of Directors

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Khalid Bashir (Chairman)  
Zahid Bashir  
Imran Maqbool  
Nadeem Maqbool  
Khurram Mazhar  
Shams Rafi  
Asadullah Khawaja  
Attaullah A. Rasheed

## Chief Executive Officer

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Zahid Bashir

## Chief Financial Officer

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Rao Ali Zeeshan

## Company Secretary & Head of Compliance

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Zeeshan Sattar

## Audit Committee

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Nadeem Maqbool (Chairman)  
Khalid Bashir (Member)  
Imran Maqbool (Member)  
Asadullah Khawaja (Member)  
Oan Ali Mustansir (Secretary)

## Ethics, Human Resource, Remuneration & Nomination Committee

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Nadeem Maqbool (Chairman)  
Zahid Bashir (Member)  
Attaullah A. Rasheed (Member)  
Niina Khan (Secretary)

## Investment Committee

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Zahid Bashir (Chairman)  
Nadeem Maqbool (Member)  
Imran Maqbool (Member)  
Asadullah Khawaja (Member)  
Rao Ali Zeeshan (Member)  
Shazia Bashir (Member/Secretary)

## Claim Settlement Committee

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Attaullah A. Rasheed (Chairman)  
Muhammad Imran (Member)  
Hassan Mustafa (Member/Secretary)

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# Company Information

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## Underwriting Committee

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Imran Maqbool (Chairman)  
M. K. Baig (Member)  
Afzal Ur Rahman (Member)  
M. A. Hannan Shadani (Member/Secretary)

## Reinsurance & Co-Insurance Committee

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Khurram Mazhar (Chairman)  
Afzal Ur Rahman (Member)  
Kamran Safi Rizvi (Member/Secretary)

## Risk Management & Compliance Committee

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Shams Rafi (Chairman)  
Zahid Bashir (Member)  
Rao Ali Zeeshan (Member)  
Zeeshan Sattar (Member/Secretary)

## Auditors

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Deloitte Yousuf Adil & Co  
Chartered Accountants

## Legal Advisors

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Arfin & Company Advocates

## Registered & Head Office

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5th Floor, State Life Building No.2A  
Wallace Road, Karachi-74000, Pakistan.

Phones : (21) 32416331-4

Fax : (21) 32416572

Email : info@pil.com.pk

Website : www.pil.com.pk

## Registrar

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FAMCO Associates (Pvt) Limited  
8-F, Next to Hotel Faran, Nursery, Block-6,  
P.E.C.H.S., Shahrah-e-Faisal, Karachi.

Phones : (21) 34380101-2

Fax : (21) 34380106

Email : info.shares@famco.com.pk



## Our Journey



1952 – Zahid Hussain, the 1st Governor of the State Bank of Pakistan brought together leading industrialists of the newly established country realising the need for a Pakistani insurer – a crucial component for a young, burgeoning economy. This event set into motion the conception of Premier Insurance, a company with a vision to serve the nation.

Today, the company remains steadfast by its founding principles. It is a leading insurer listed on the Karachi, Lahore and Islamabad Stock Exchanges having earned numerous Top Companies' Awards. Premier Insurance is a member of the Insurance Association of Pakistan, a member of the Management Association of Pakistan and is licensed by the Securities and Exchange Commission of Pakistan.

Our business spans the country, provides services to clients across all economic sectors and offers products in all classes of general insurance. Premier Insurance employs exceedingly proficient management that enables the company to remain competitive, growing and at the cutting edge of technology.

It is our historical practice of striving to achieve prompt settlement of even the largest claims that has allowed us to build relationships lasting generations, with some of the oldest institutions of Pakistan, and attract new clients seeking to prosper in the modern economy.

With our values firmly anchored in our founders' objective of serving the nation, we are committed to maintaining and forever building upon our tradition of excellence in all that we do.



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## Board of Directors

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Premier Insurance is a stalwart of the insurance industry of Pakistan. As the first company created after the independence of Pakistan, the company has for long been a trusted partner for her clients, and an anchor institution that has thrived through the history of this nation. Boasting a strong balance sheet and maintaining our reputation of trust and reliability, we are confident that the company will continue to be a partner of choice for the leading businesses of Pakistan.

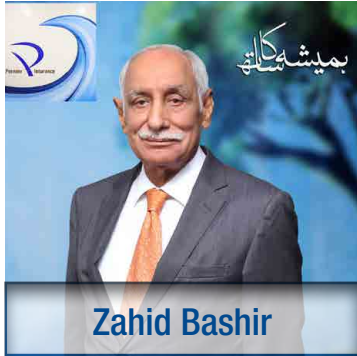
With the combined efforts of our new team and the old trusted faces that have been with us through decades, we believe that Premier Insurance will push boundaries and expand business rapidly throughout the nation. Given the positive economic climate, improved security, greater foreign investment and growing middle class, we feel the company is well-poised to succeed in a revitalised Pakistan. The company will continue to innovate, continue to provide creative solutions to protect our clients from risks and continue to be a model of exemplary service in the years to come. May Premier Insurance and Pakistan prosper always.

**Khalid Bashir**

Chairman







**Zahid Bashir**



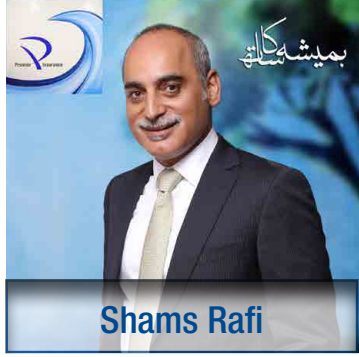
**Imran Maqbool**



**Nadeem Maqbool**



**Khurram Mazhar**



**Shams Rafi**



**Asadullah Khawaja**



**Attaullah A. Rasheed**



## Key Operating and Financial Data

## Key Operating and Financial Data

(Amounts in Rupees '000)

	2017	2016	2015	2014	2013	2012
Paid-up capital	505,650	417,893	348,244	302,821	302,821	302,821
Capital reserves	19,675	19,675	19,675	19,675	19,675	19,675
Revenue reserves	996,851	1,084,608	1,240,505	1,205,758	1,231,412	1,458,883
Total reserves	1,016,526	1,104,283	1,260,180	1,225,433	1,251,087	1,478,558
Total equity	1,133,709	1,242,074	1,608,424	1,528,254	1,553,908	1,781,379
Total assets	3,501,615	3,745,154	3,685,412	3,429,982	3,554,297	3,305,859
Premium written	849,108	1,115,119	1,405,907	1,355,682	1,239,301	1,069,011
Net premium	517,834	623,366	770,143	694,506	652,924	532,481
Investment income	132,370	258,537	119,300	147,839	166,830	89,854
Impairment of financial assets	-	(98,302)	19,553	(2,105)	6,633	(17,284)
Profit / (loss) before taxation	(98,468)	(325,134)	123,424	40,513	(151,981)	(15,725)
Profit / (loss) after taxation	(112,437)	(330,709)	110,616	34,647	(166,799)	3,934
Return on equity* (%)	-9.47%	-23.20%	7.05%	2.25%	-10.00%	0.22%
Book value per share** (Rs)	22.42	29.70	46.19	50.47	25.66	29.41
Earnings / (loss) per share** (Rs)	(2.29)	(6.74)	3.18	1.14	(5.51)	0.06
Cash dividend (%)	0%	0%	10%	10%	20%	20%
Stock dividend (Bonus - %)	20%	10%	20%	15%	0%	0%

\* Return based on average equity for the year

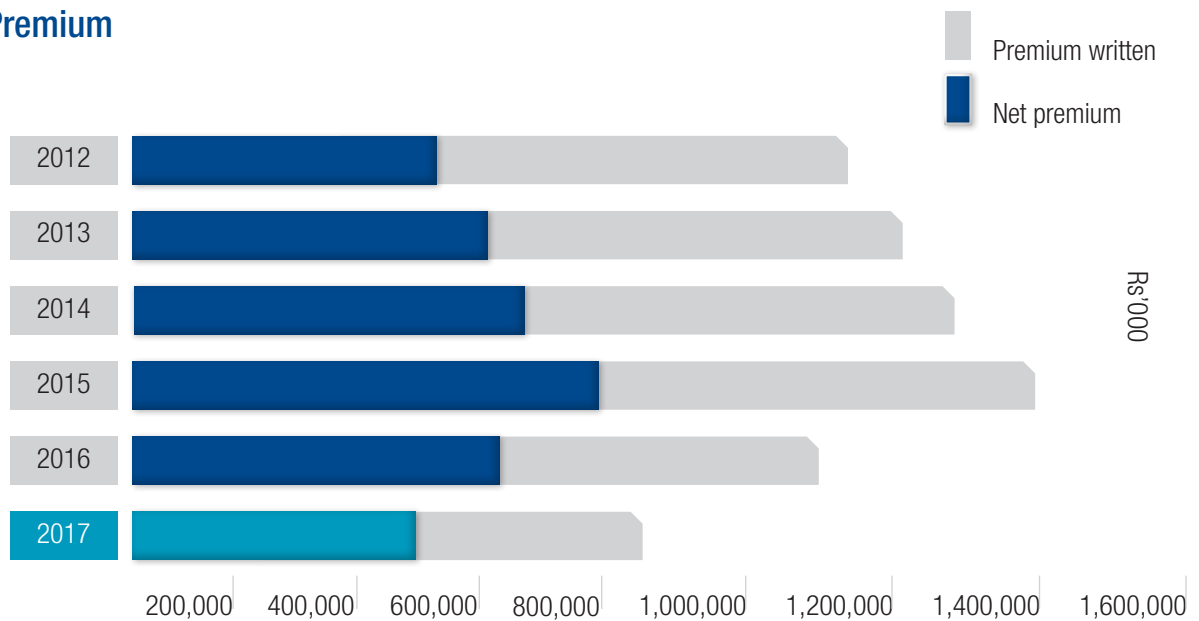
\*\* Book value / earnings based on shares in issue at year end



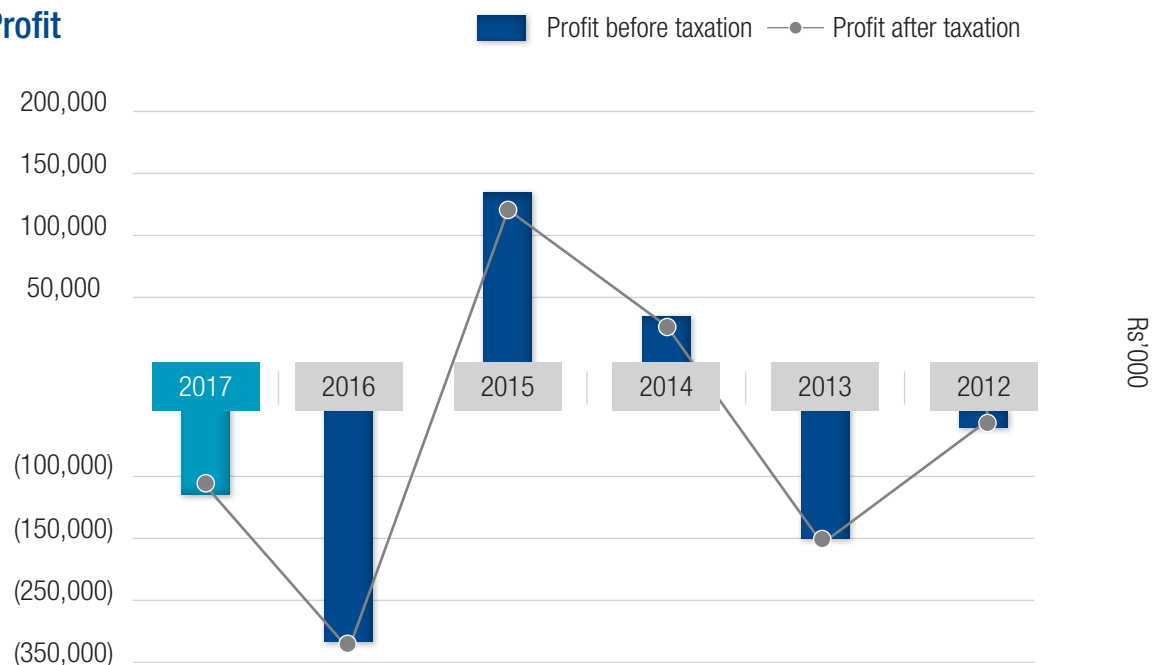
## Performance at a Glance

# Performance at a Glance

## Premium

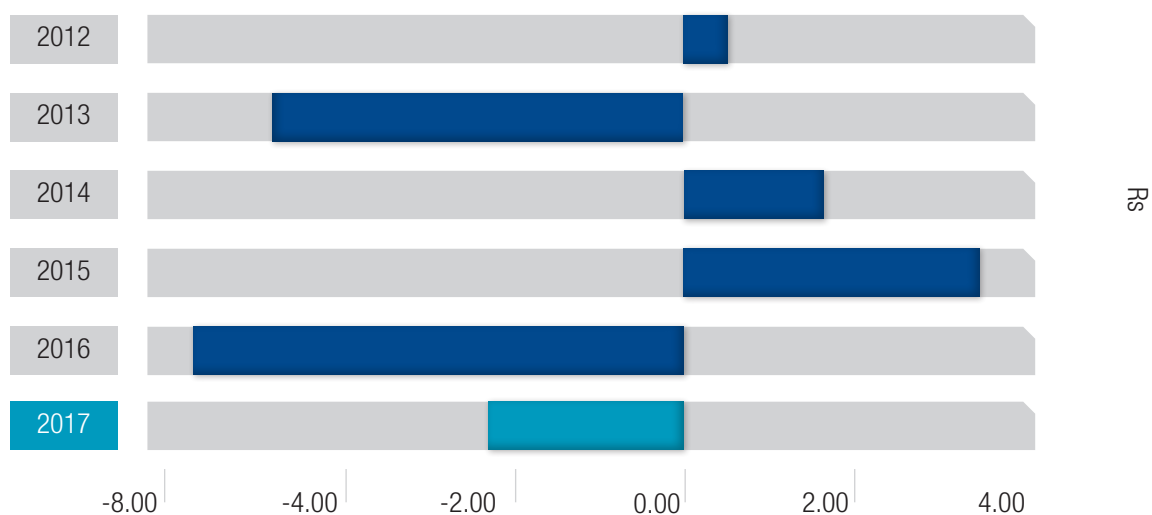


## Profit

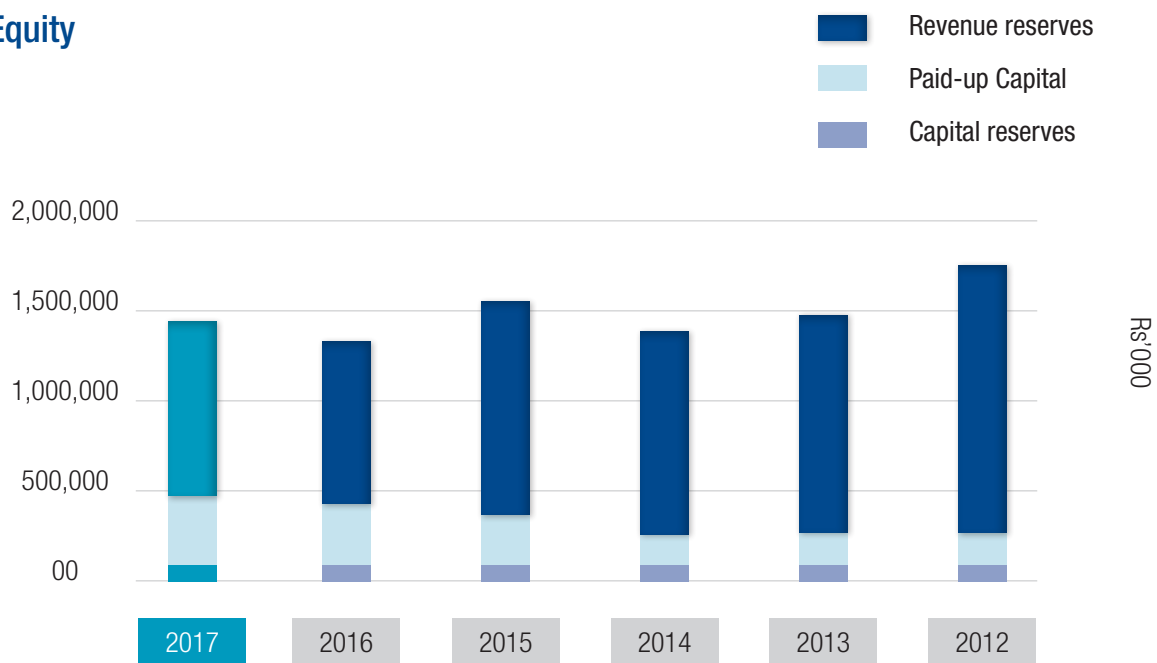


# Performance at a Glance

## Earning Per Share

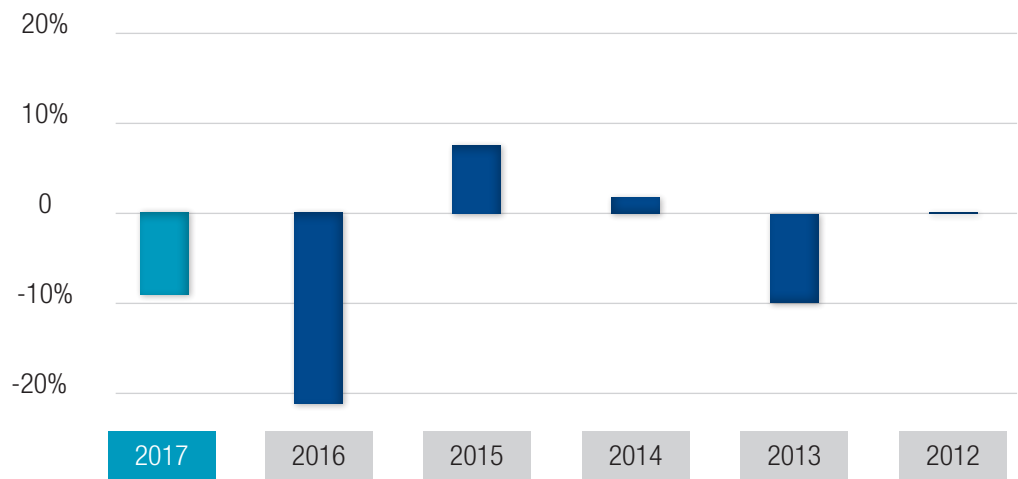


## Equity

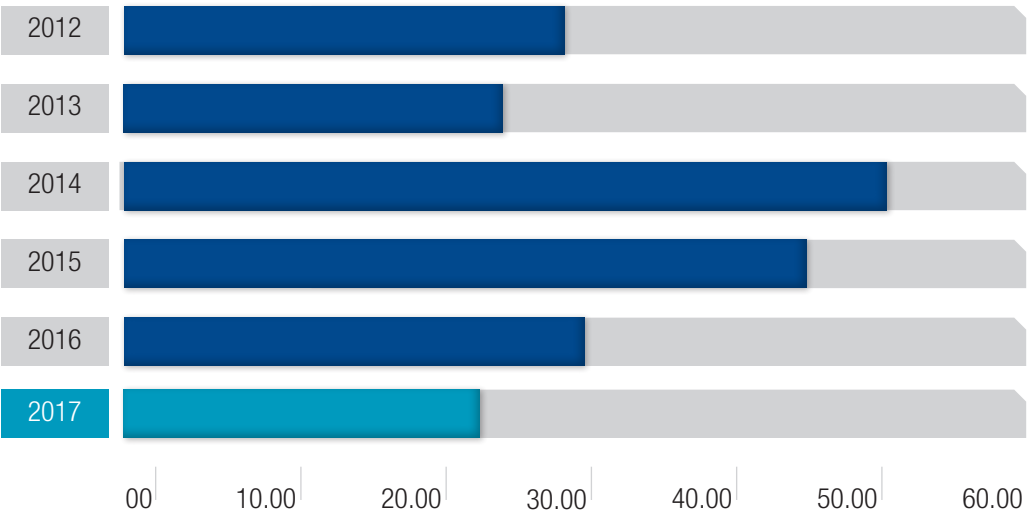


# Performance at a Glance

## Return On Equity



## Book Value Per Share



Rs





## Corporate Governance



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# Chairman's Review

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It indeed gives me immense pleasure in presenting 66th Annual Report of your Company.

The general insurance sector's performance is strongly correlated to economic growth. Finance and Insurance contributes 5.7 percent in services sector and its share in GDP is 3.37 percent in FY 2017.

The financial sub-sector consists of all resident corporations principally engaged in financial, intermediations or in auxiliary financial activities related to financial intermediation. Finance and insurance witnessed a significant growth of 10.77 percent this year as compared to 6.12 percent last year, mainly because of rapid expansion of deposit formation (15 percent) and demand for loans (11 percent).

The insurance sector also plays a supportive role in the development of other financial institutions and markets. For example, both availability of funds and insurance facility, allow financial intermediaries to enter into new markets.

Your Company reported decline in premiums written and underwriting results as compared to the preceding year resulting in a loss however, which was much less than the loss reported in corresponding year. The major challenge that the company has been facing year after year is the increasing competition in the market.

During the year, the investment income has decreased significantly from Rs.258.537 million to Rs.132.370 million. Due to decline in the stock market as a result of political uncertainty, however the same has been recovered in the first quarter of current year.

The Management of the company will continuously endeavor to improve performance in the future. The Company's management team is highly motivated and working towards restricting controllable costs and expenses in challenging

business and operating environments. The marketing staff has been given challenging and aggressive targets and we are continuing to strengthen the underwriting process. 2018.

The Company has continued to acquire and deepen relationships with customers who meet the company's risk criteria. This approach should enable the Company to improve its financial position.

We are hopeful to deliver sustainable growth in a challenging and competitive business environment in order to maintain our position in the industry.

As one of the oldest financial institution of the country, we have remained strong through the history of this nation and will remain resolute to the challenges ahead. It is our foremost desire to see Pakistan prosper, and with it, we will peg our fortunes to those of the nation.

I wish to place on record my appreciation and gratitude for the support received by the Company from the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance. I would also like to thank the field force, officers and staff of the Company for the dedicated efforts and all our stakeholders.

**Khalid Bashir**

Chairman

## چیرمین کا جائزہ

کمپنی کی 66 ویں رپورٹ پیش کرتے ہوئے میں انتہائی اظہار مسرت کرتا ہوں۔

کمپنی کی انتظامیہ تسلسل کے ساتھ کارکردگی میں بہتری کے لئے کوشاں ہے۔ کمپنی کی انتظامیہ انتہائی متحرک ہے اور قابل گرفت لاگتوں اور اخراجات جو کارباری اور کاربار چلانے کے ماحول کو چیلنج کر رہے ہیں، کو محدود رکھنے کے لئے کام کر رہی ہے۔ مارکیٹنگ کے عمل کو دشوار گزار اور جارحانہ اہداف دیئے گئے ہیں اور ہم تسلسل کے ساتھ ذمہ نویسی کے عمل 2018 کو مستحکم کر رہے ہیں۔

کمپنی تسلسل کے ساتھ ان گاہکوں سے تعلقات استوار اور مضبوط کر رہی ہے جو کمپنی کے خطراتی معیار اصول پر پورا اترتے ہیں۔ اس رسائی سے کمپنی کی مالی حالت بہتر ہو جائے گی۔

ہمیں قومی امید ہے کہ دشوار گزار اور مسابقتی کارباری ماحول میں ہم پائیدار نمو حاصل کرتے ہوئے صنعت میں اپنی پوزیشن برقرار رکھیں گے۔

ملک کے سب سے پرانے مالیاتی ادارے کی حیثیت سے ہم اس قوم کی تاریخ میں مضبوط رہے ہیں اور ہم آگے آنے والے چیلنجوں پر قابو پالیں گے۔ ہماری اولین خواہش ہے کہ پاکستان خوشحال ہو جائے، جس قوم کے ساتھ ہم نے اپنی قسمت باندھ دی ہے۔

اس موقع پر میں کمپنی کے لئے سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس کمپنی لمیٹڈ کے تعاون اور تمام دہرے بیمہ کاروں کی سرپرستی پر انہیں اپنی تہنیت اور ستائش پیش کرتا ہوں۔ میں کمپنی کی تمام فیلڈ فورس، افسران اور عملہ کی انتھک محنت اور تمام مستفیدان کا شکر گزار ہوں۔

خالد بشیر  
(چیرمین)

عمومی بیمہ کاری سیکٹر کی کارکردگی کا گہرا تعلق معاشی نمو سے ہے۔ خدمات سیکٹر میں مالیات اور بیمہ کاری سیکٹر کا حصہ 5.7 فیصد رہا اور مالیاتی سال 2017 کے دوران جی ڈی پی میں اس کا حصہ 3.37 فیصد رہا۔

مالیاتی سب سیکٹر تمام مقامی کارپوریشنز پر مشتمل رہا جو کہ بنیادی طور پر مالیات، رابطہ کاری یا مالیاتی رابطہ کاری کی معاون مالیاتی سرگرمیوں میں مصروف عمل ہیں۔ مالیات اور بیمہ کاری میں 10.77 فیصد کی قابل ذکر نمو دیکھی گئی جبکہ گزشتہ سال 6.12 فیصد تھی جس کی بنیادی وجہ جمع شدہ رقومات (15 فیصد) اور قرضوں کی طلب (11 فیصد) میں تیز ترین اضافہ ہے۔

بیمہ کاری سیکٹر نے دیگر مالیاتی اداروں اور بازاروں کی ترقی میں اپنے معاون کردار ادا کیا۔ مثال کے طور پر فنڈ کی دستیابی اور بیمہ کاری کی سہولت دونوں ہی کی وجہ سے مالیاتی رابطہ کار بننے بازار میں داخل ہونے میں کامیاب ہو گئے۔

آپ کی کمپنی کے تحریری پریمیم اور ذمہ نویسی کے نتائج سے حاصل ہونے والا خسارہ گزشتہ سال کی بہ نسبت کم رہا، تاہم یہ خسارہ گزشتہ سال کی بہ نسبت نمایاں حد تک کم رہا۔ کمپنی کو سال بہ سال بازار میں بڑھتی ہوئی مسابقت جیسے بڑے چیلنج کا سامنا ہے۔

سال کے دوران کمپنی کی سرمایہ کاری سے حاصل ہونے والی آمدنی میں نمایاں کمی ہوئی یعنی 258.537 ملین روپے سے کم ہو کر 132.370 ملین روپے رہ گئی۔ غیر یقینی سیاسی صورتحال کی وجہ سے بازار حصص زوال پذیر رہا تاہم موجودہ سال

# Report of the Directors to the Members

The directors are pleased to present the 66th Annual Report of the Company together with the audited financial statements for the year ended December 31, 2017.

## Review

(Amounts in Rupees '000)

	2017	2016
Premium written	849,108	1,115,119
Net Premium	517,834	623,366
Underwriting result	(122,685)	(432,243)
Investment income	132,370	258,537
Loss/(profit) before taxation	(98,468)	(325,134)
Loss/ (profit) after taxation	(112,437)	(330,709)
	(2.29)	(6.74)

### Earnings per share

During the year, we reported decline in premiums written and underwriting results as compared to the preceding year resulting in a loss for the period. The loss for the year is substantial lower than the loss incurred last year. The major challenge that the company has been facing year after year is the increasing competition in the market.

During the year, the investment income has decreased significantly from Rs.258.537 million to Rs.132.370 million. This was due decline in stock market due to political consideration.

The Management of the company will continuously endeavor to improve performance in the future. The Company's management team is highly motivated and working towards restricting controllable costs and expenses in challenging business and operating environments. The marketing staff has been given challenging and aggressive targets and we are continuing to strengthen the underwriting process. 2018.

The Company has continued to acquire and deepen relationships with customers who meet the company's risk criteria. This approach should enable the Company to improve its financial position.

## Window Takaful Operations

During the year, the company has reported contribution written amounting to Rs.159.883 million as against Rs. 194.498 million last year.

During the year, profit before tax from window takaful operations – OPF is Rs.6.760 million as against a loss of 27.549 million in 2016.

## Appropriation of Profit

The loss after tax during this year is Rs.112.437 million despite loss after tax amounting to Rs.330.709 million in 2016. The appropriation is as follows

(Amounts in Rupees '000)

Loss after taxation for the year	(112,437)
Other comprehensive loss for the year	4,072
Unappropriated profit brought forward	(280,102)
	<b>(388,467)</b>

### Appropriations:

Transfer from general reserves	87,757
Cash dividend @ 10% (2016)	-
Bonus shares @ 20% (2016)	(87,757)
Unappropriated profit carried forward	(388,467)

### Appropriated as follows:

Proposed bonus shares @ Nil (2017)	-
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## Auditor's Observations:

The auditor's report for the year carries the qualified opinion on the matters specified below;

### Quote:

- a. As disclosed in note 13.1 and 13.3, as at December 31, 2017, available for sale (AFS) investment in quoted shares include securities amounting to Rs. 764.55 million, the market value of which was lower by 173.9 million, out of which a decline of Rs. 56.5 million is considered by us to be other than temporary as stipulated in Securities and Exchange Commission (Insurance) Rules, 2002 which has not been incorporated in the financial statements. Had the management recorded such impairment on investment in AFS quoted shares, loss for the year and accumulated losses would have been higher by 56.5 million and AFS investment in quoted shares as at the year end would have been lower by Rs. 56.5 million.

### Unquote

The referred insurance rules state that the available for sale securities have to be marked to market if the fall is other than temporary. The Board reviewed the entire portfolio for consideration of impairment, according to its already approved impairment policy, and decided that the fall is temporary, as all the scrips are fundamentally solid and the fall in the market price is because of political unrest in the country which is expected to be over within next year for which Premier has the holding power. Premier has earned dividend and capital gain in these scrips during the period of investment. The per share average cost of these scrips is lower than the highest market value in 2017, an evidence that the fall is for a period less than 12 months. Therefore, no impairment is required to be booked. The difference in the market and cost is disclosed in the accounts for information as required by the law.

A remarkable recovery of values by more than 12% in the

next quarter ending March 31, 2018, confirms the Board's stance of temporary fall.

The auditors has based their stance on professional judgment and on the accounting conventions, we have disagreed with the stance of auditors based on the above mentioned facts.

### Quote:

- b. During our audit, we noted that material unreconciled differences exist between the subsidiary ledgers (registers) and the general ledger (GL) maintained by the Company aggregating to a net amount of Rs. 134.56. Further, the replies from counter-parties to our confirmation requests also do not match with the underlying records of the Company. In absence of any reconciliation or reasonable explanation for these differences in the books of account of the Company, we were unable to obtain sufficient appropriate evidence as to rights and obligations and existence of above mentioned balances and as such, we were unable to determine whether any adjustments to these amounts were necessary.

### Unquote

The mentioned differences are mainly related to legacy issues and due to change in accounting software. Management is committed to resolve these differences in due course of time. Management has been actively following up to reconcile with counterparties through correspondence and on-site visits where appropriate. It is worth mentioning that counter parties in co-insurance/facultative business arrangements are engaged via multiple branches/laterals, this leads to prevalent industry practice of follow up reconciliations between parties after confirmations are exchanged.

## Credit Rating

Your Company has been rated by PACRA. PACRA has assigned rating of "A" with stable outlook to the Company.

## Information Technology

The Company continues to invest in technology not only to maintain a competitive edge but also to offer state of the art service to our customers. Some initiatives include Optimization of Data Center, improved network and network security by deploying state of art state of the art firewall and enhance email security by deploying firewalls and enhanced MIS to improve controls over the operations.

## Human Resources

Your Company invests extensively in cultivating and motivating our employees and trains them to face market challenges efficiently. Necessary training is being provided to the employees so that they have the knowledge and skills needed to accomplish their tasks effectively. The management is of the firm belief that HR is vital for the success of any organization. In today's competitive environment, we foresee an acute shortage of professionals particularly in the insurance industry and realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews. The Company's continued focus on equal opportunity employment goes a long way in maintaining a pool of employees with knowledge, experience and skills in their respective fields and employees remain the Company's most valuable assets.

Your Company has been accredited with license to train Institute of Chartered Accountants England and Wales (ICAEW) along with Associate Certified Chartered Accountants (ACCA) students. It allows us to train current employees along with enrolling future assets of the Company in a training program.

## Entity Objectives

Your Company will continue to lay emphasis on increasing the market share as well as prudent and pragmatic risk management.

## Outlook for the Current Year

Our strategy for 2018 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain a growing position in the industry. We continue to invest in our people and making Premier a great place to build their career.

Our success in winning new business and therefore creating growth will give us great confidence that the areas of activity in which we have chosen to operate are the right ones for the company. The prevailing economic and political situation around the country and the soft insurance markets will of course present challenges. We have, however, taken clear and decisive action to develop and grow each of our activities. Your Company, due to a strong balance sheet, liquidity and above all a competent and proactive management will be able to explore and write any business that meets its criteria for safe and sustainable growth without compromising our high standards in 2018.

## Reinsurance

Your Company continues to enjoy very sound reinsurance and Re-Takaful arrangements which are placed with leading international securities, like SCOR Global P&C, Pakistan Reinsurance Limited, GIC RE, Korean Reinsurance Company, Emirates International, Saudi RE, Swiss Retakaful, Labuan Retakaful, GIC Retakaful and Africa Retakaful all with good ratings.

## Related Party Transactions

At each board meeting the Board of Directors approves Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

## Capital Management and Liquidity

The Company maintains a strong capital position. Your Company carefully administers its liquidity to ensure its

ability to meet its insurance obligations efficiently. The Company operates and honors its obligations through the cash flow generated from its core business as well as investment and other income.

## Enterprise Risk Management (ERM)

Your Company has decided to establish an ERM system overseen by Risk Management Committee to identify and monitor risks associated with various operations of the Company. Premier is committed to enhancing its overall profitability through optimization of value added activities, while maintaining a strong risk adjusted capitalization. The Company plans to further strengthen its risk management culture within its processes and decisions. The Risk Management functions will be overseen by the Risk Management and Compliance Committee who will report on the activities to the Board quarterly.

## Corporate Financial Reporting

The Board has taken all necessary steps to comply with the requirements of the Code of Corporate Governance (the Code) included in the listing regulations of the stock exchanges in Pakistan, and is pleased to declare the following as required by the Code:

- i. The financial statements prepared by the management of the Company, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ii. The Company has maintained proper books of account.
- iii. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment. Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.

- iv. The system of internal controls is sound in design and has been effectively implemented and monitored.
- v. There is no doubt about the Company's ability to continue as a going concern.
- vi. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- vii. Key operating and financial data for the last six years is annexed with the report.
- viii. The value of investments based on the audited accounts of the Provident Fund as at December 31, 2016 was Rs.56.61 million.
- ix. During 2017, five meetings of the Board were held, with at least one in each quarter, and were attended as follows:

Name of director	Meetings attended
Mr. Khalid Bashir (Chairman)	5
Mr. Zahid Bashir	5
Mr. Nadeem Maqbool	5
Mr. Imran Maqbool	5
Mr. Shams Rafi	5
Mr. Asadullah Khawaja	5
Mr. Attaullah A Rasheed	4
Mr. Khurram Mazhar	3

Leave of absence was granted to director unable to attend a meeting.

The directors, executives (employees with annual basic salary of Rs.0.5 million or above), their spouses and minor children, have no transactions in the shares of Company during the year.

## Corporate Social Responsibility

Premier is fully committed to the concept of the Corporate Social Responsibility and fulfills this responsibility by energy conservation, environment protection and occupational safety and health by restricting unnecessary lighting,

implementing tobacco control law and “No Smoking Zone” and providing a safe and healthy work environment. During 2017, the Company contributed Rs. 183.39 million to the nation’s treasury in the form of direct, indirect and withholding taxes.

## Compliance with the Code of Corporate Governance

The requirements of the Code set out by the stock exchanges in their listing regulations, relevant for the year ended December 31, 2017, have been duly complied with. A statement to this effect is annexed with the report.

## Statement of Ethics and Business Practices

The Board has adopted a Statement of Ethics and Business Practices as Code of Conduct for directors and employees. Acknowledgments for compliance are obtained and held by the Company.

## Board Committees

The Audit Committee, comprising non-executive members of the Board, held four meetings during the year. The committee’s terms of reference were determined by the Board in accordance with the guidelines provided in the listing regulations.

The Board constituted Ethics, Human Resource, Remuneration & Nomination, Underwriting, Claims, Reinsurance and Co-insurance, Investment and Risk Management & Compliance Committees as required under CCG for insurers, 2016.

## Interim bonus Distribution

During the year, the board of directors of the company has approved and distributed interim bonuses each for Face value of Rs. 10 in the ratio 1:10 (i.e. one equity share for every ten equity shares already held) to the Members of the

company. These bonus distributions were made on April 7, 2017 and October 30, 2017.

## Appointment of Auditors

The auditors M/s. Deloitte Yousuf Adil & Co, Chartered Accountants retire at the conclusion of the AGM. Being eligible, they have offered themselves for reappointment. The Board on the recommendation of the Audit Committee has proposed their re-appointment.

## Categories of Members / Pattern of Shareholding

A statement of categories of members and a pattern of shareholding of the Company is annexed.

The directors, CEO, CFO and Company Secretary and their spouses and minor children have no holding other than reported.

## Acknowledgement

The directors would like to thank our valued customers for their continued patronage and support and to the Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance. It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by all the Company employees.

On behalf of the Board

**Zahid Bashir**  
CEO/Director

**Khalid Bashir**  
Chairman

Karachi: **April 7, 2018**



نفاذ اور ”نوا سموئنگ زون“ اور کام کے دوران باحفاظت اور صحت مند ماحول فراہم کر کے اپنی ذمہ داری پوری کر رہی ہے۔

2017 کے دوران کمپنی نے بلا واسطہ، بالواسطہ اور دھڑ ہولڈنگ ٹیکس کی مد میں قومی خزانے میں 183.39 ملین روپے جمع کرائے۔

ادارتی نظم و نسق کے ضابطہ کے پاسداری

اس ضابطہ کی مطلوبات جنہیں اسٹاک ایکسچینج نے اپنے لسٹنگ ریگولیشنز میں وضع کیا ہے، جن کا تعلق ختمہ سال 31 دسمبر 2017 سے ہے، ان کی باضابطہ پاسداری کی گئی۔

اخلاقیات اور کاروباری طور طریقوں کے ضابطہ متعلق بیان

بورڈ نے ڈائریکٹران اور ملازمین کے لئے اخلاقیات اور کاروباری طور طریقوں کا ضابطہ اختیار کیا ہے۔ ان کی پاسداری کے اعترافات وصول کر لئے گئے ہیں اور کمپنی کی ملکیت میں ہے۔

بورڈ کی کمیٹیاں

آڈٹ کمیٹی جو کہ بورڈ کے نان ایگزیکٹو ممبران پر مشتمل ہے، سال کے دوران اس کے چار اجلاس ہوئے۔ کمیٹی کی ذمہ داریوں کا تعین بورڈ نے لسٹنگ ریگولیشنز میں بتائے گئے رہنما اصولوں کے مطابق کیا ہے۔

بورڈ نے اخلاقیات، انسانی وسائل، معاوضہ و تقرری، ذمہ داری، مطالبات، دہریہ کاروبار اور ہم بیہ کاری، سرمایہ کاری اور خطرات کا مقابلہ اور پاسداری کمیٹیاں تشکیل دی ہیں جو کہ CCG برائے انشوررز 2016 کے تحت لازمی ہیں۔

عبوری بونس کی تقسیم

سال کے دوران کمپنی کے بورڈ آف ڈائریکٹرز نے 10 روپے عرفی قدر کے حساب سے 1:10 کے تناسب سے (دس ایکویٹی حصص جو پہلے سے ملکیت میں ہیں ان پر ایک حصص) عبوری بونس ممبران کے لئے منظور کیا اور اسے تقسیم کیا۔ بونس کی تقسیم 7 اپریل 2017 اور 30 اکتوبر 2017 کو ہوئی۔

آڈیٹرز کی تقرری

میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس AGM کے اختتام پر ریٹائر ہو جائیں گے۔ اہلیت ہونے باعث انہوں نے اپنی دوبارہ تقرری کی پیشکش کی ہے۔ بورڈ کی آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی سفارش کی ہے۔

ممبران کی درجہ بندی / حصص داری کی ساخت

کمپنی کے ممبران کی درجہ بندی اور حصص داری کی ساخت کا گوشوارہ منسلک ہے۔

ڈائریکٹران، سی ای او، سی ایف او اور کمپنی سیکریٹری اور ان کے شریک حیات اور چھوٹے بچوں کی ملکیت میں کوئی حصص نہیں سوائے ان کے جنہیں بیان کیا گیا ہے۔

اعتراف

ڈائریکٹران ہمارے قابل قدر گاہکوں کی مسلسل سرپرستی اور تعاون اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی رہنمائی اور مدد کے شکرگزار ہیں۔ آپ کے ڈائریکٹران کمپنی کے تمام ملازمین کی کوششوں پر انہیں ستائش پیش کرتے ہیں۔

خالد بشیر  
چیئر مین

زاہد بشیر  
سی ای او / ڈائریکٹر

کراچی مورخہ 7 اپریل 2018



آمدنیوں سے پورا کرتی ہے۔

نئی سرمایہ کاری کے خطرات (ERM)

آپ کی کمپنی نے ERM سسٹم قائم کرنے کا فیصلہ کر لیا ہے جس کی نگرانی رسک مینجمنٹ کمیٹی کرے گی جس کے ذریعے کمپنی کے افعال کو لاحق خطرات کی نگرانی اور شناخت کی جائے گی۔ پریمیر اپنی مجموعی منافع کاری کو پیش قیمت سرگرمیوں کے ذریعے بڑھائے گا۔ کمپنی کا منصوبہ ہے کہ خطرات کا مقابلہ کرنے کی ثقافت کو اس کے عمل اور فیصلوں میں مزید مضبوط بنایا جائے۔ خطرات سے مقابلہ کرنے کے افعال کی نگرانی رسک مینجمنٹ اینڈ کمپلائنس کمیٹی کرے گی جو کہ اپنی سرگرمیوں کی رپورٹ سہ ماہی بنیاد پر بورڈ کو پیش کرے گی۔

ادارتی مالیاتی رپورٹنگ

بورڈ نے کارباری نظم و نسق کا ضابطہ (ضابطہ) جو کہ پاکستان کے اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز میں شامل ہے اس کی مطابقت کی پاسداری کے لئے ضروری اقدامات کئے ہیں اور بخوشی اس بات کا اقرار کرتی ہے کہ ضابطہ کے مطابق:

i کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشوارے کمپنی کی حالت کار، اس کی سرگرمیوں، امور کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کرتے ہیں۔

ii کمپنی کے کھاتوں کی کتابیں مناسب انداز میں رکھی گئی ہیں۔

iii کمپنی کے مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ مناسب حساباتی پالیسیاں اختیار کی گئی ہیں اور حساباتی تخمینوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔ منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔

iv اندرونی گرفت کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور نگرانی کی جاتی ہے۔

v کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی شک و شبہ نہیں ہے۔

vi کارباری نظم و نسق کے بہترین طور طریقے جن کی وضاحت لسٹنگ ریگولیشنز میں کی گئی ہے سے کوئی بڑا انحراف نہیں ہوا۔

vii گزشتہ چھ سالوں کے کارباری اور مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔

viii سرمایہ کاری کی مالیت کی بنیاد پر ویڈیو فنڈ کے آڈٹ شدہ مالیاتی گوشوارے ختمہ 31 دسمبر 2016 کے مطابق Rs.56.61 ملین روپے ہیں۔

ix 2017 کے دوران بورڈ کے پانچ اجلاس ہوئے، ہر سہ ماہی میں کم از کم ایک جن میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام حاضرا اجلاسوں کی تعداد

5 جناب خالد بشیر (چیئرمین)

5 جناب زاہد بشیر

5 جناب ندیم مقبول

5 جناب عمران مقبول

5 جناب شمس رفیع

5 جناب اسد اللہ خواجہ

4 جناب عطاء اللہ اے رشید

3 جناب خرم مظہر

جو ڈائریکٹر حاضری نہ ہو سکے ان کی رخصت منظور کر لی گئی۔

ڈائریکٹران، ایگزیکٹو (وہ ملازمین جن کی بنیادی تنخواہ 5 لاکھ روپے سے زیادہ ہے)، ان کے شریک حیات اور چھوٹے بچوں نے سال کے دوران کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔

ادارتی سماجی ذمہ داری

پریمیر ادارتی سماجی ذمہ داری کے نظریے سے مکمل آگاہ ہے اور توانائی کی بچت، ماحولیاتی تحفظ اور پیشہ ورانہ حفاظت اور صحت کو غیر ضروری روشنی، تمباکو نوشی کنٹرول کے قانون کے

مسابقتی فوجیت ملے بلکہ ہمارے گاہکوں کو اعلیٰ تکنیکی خدمات فراہم کی جاسکیں۔ کچھ ابتدائی اقدامات کئے گئے ہیں جن میں ڈیٹا کی اوپن پیما نیشن، بہتر نیٹ ورک اور نیٹ ورک کی سکیورٹی بذریعہ اعلیٰ تکنیکی فائز وال اور ای میل کی سکیورٹی بذریعہ فائز والز اور بہتر MIS کے ذریعے کاروباری افعال پر گرفت شامل ہے۔

### انسانی وسائل

آپ کی کمپنی نے وسیع پیمانے پر اپنے ملازمین کو ترغیب دینے اور ان کی بہتر نمونہ کے لئے اور انہیں مارکیٹ کے چیلنجوں کا مستعدی سے مقابلہ کرنے کی تربیت فراہم کرنے کے لئے سرمایہ کاری کی ہے۔ ضروری تربیت ملازمین کو فراہم کی جارہی ہے تاکہ وہ معلومات اور مہارت حاصل کریں جو کہ ان کے اپنے کاموں کی موثر تکمیل کے لئے ضروری ہوتے ہیں۔ انتظامیہ کو مکمل یقین ہے کہ HR کسی بھی ادارے کی کامیابی کے لئے ضروری ہے۔ آج کے مسابقتی ماحول میں، سرمایہ کاری کی صنعت میں ہمیں پیشہ ور ماہرین کی شدید کمی کا سامنا ہے اور ہم موجودہ اسٹاف کی ترقی اور انہیں طویل عرصے تک رکھنے اور موثر کارکردگی کے جائزہ کے نفاذ کی کی اہمیت کو تسلیم کرتے ہیں۔ کمپنی تسلسل کے ساتھ اس بات پر توجہ مرکوز رکھتی ہے کہ تمام ملازمین کے لئے یکساں مواقع فراہم کئے جائیں تاکہ ان کے علم، تجربے اور ان کے متعلقہ شعبہ کی مہارت میں اضافہ ہو اور ملازمین کمپنی کا سب سے زیادہ قابل قدر اثاثہ ہیں۔

آپ کی کمپنی کو انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس انگریز اینڈ ویلز (ICAEW) کے ساتھ ساتھ ایسوسی ایٹ سرٹیفائیڈ چارٹرڈ اکاؤنٹنٹس (ACCA) کے اسٹوڈنٹس کو تربیت فراہم کرنے کے لائسنس سے مامور کیا گیا ہے۔

### انٹائی کے مقاصد

آپ کی کمپنی مارکیٹ میں اپنا حصہ بڑھانے کے ساتھ ساتھ محتاط اور باریک بینی کے ساتھ خطرات کا مقابلہ کرنے کی جدوجہد جاری رکھے گی۔

### موجودہ سال کی پیش بینی

2018 کے لئے ہماری حکمت عملی بدلنے ہوئے مسابقتی ماحول میں پائیدار منافع کاری اور نمونہ فراہم کرنا ہے تاکہ صنعت میں بڑھتی ہوئی پوزیشن کو برقرار رکھا جاسکے۔ ہم تسلسل

کے ساتھ اپنے لوگوں پر سرمایہ کاری کریں گے اور پرمیئر کو ایسی جگہ بنائیں گے جہاں پروہ اپنا طرز معاش تعمیر کر سکیں۔

ہماری کامیابی نئے کاربار کے حصول میں ہے، لہذا نمونہ میں اضافہ سے ہمیں کارباری سرگرمیوں میں بہت اعتماد حاصل ہوگا جنہیں ہم نے اپنی کمپنی کے لئے درست تصور کیا ہے۔ ملک کے اندر جاری معاشی اور سیاسی صورتحال اور نازک سرمایہ کاری کے بازار کو بلاشبہ چیلنجوں کا سامنا ہے۔ تاہم ہم نے اپنی سرگرمیوں کی ترقی اور نمونہ کے لئے واضح اور فیصلہ کن اقدامات کئے ہیں۔ آپ کی کمپنی اپنے مستحکم میزائے، روانی اور سب سے بڑھ کر اہل اور متحرک انتظامیہ کے ذریعے ایسے تمام کارباروں کو تلاش اور چلانے کے قابل ہو جائیں گے جو کہ ہمارے اعلیٰ معیارات پر تصفیہ کئے بغیر باحفاظت اور پائیدار نمونہ کے معیاری اصول پر پورا اترتے ہوں۔

### دہری سرمایہ کاری

آپ کی کمپنی بہت زیادہ مستحکم دہری سرمایہ کاری اور دہرے تکفل کے اہتمامات سے استفادہ کر رہی ہے جن کا شمار قائدانہ عالمی تمکات سے ہے جیسے کہ SCOR Globa، P&C، پاکستان ری انشورنس لمیٹڈ، جی آئی سی آری، کورین ری انشورنس کمپنی، امیرٹس انشورنس، سعودی آری، سوئس تکفل، لابلون ری تکفل، جی آئی سی ری تکفل اور افریقہ ری تکفل جو اچھی درجہ بندی کی حامل ہیں۔

### ملحقہ پارٹیوں کے سودے

بورڈ کے ہر اجلاس میں بورڈ آف ڈائریکٹر کمپنی کے ملحقہ پارٹیوں اور ملحقہ کمپنیوں کے سودے منظور کرتا ہے۔ ملحقہ پارٹیوں کے ساتھ تمام سودے بغیر کسی اقربا پروری کے طے کئے جاتے ہیں۔

### سرمائے کا انتظام اور روانی

کمپنی ایک مستحکم سرمائے کی پوزیشن برقرار رکھتی ہے۔ کمپنی انتہائی احتیاط کے ساتھ اپنی روانی کو برقرار رکھتی ہے تاکہ وہ اپنی سرمایہ کاری کی واجب ذمہ داریوں کو مستعدی سے پورا کر سکے۔ کمپنی اپنے افعال اور واجب ذمہ داری کو تسلیم کرتی ہے جسے وہ اپنے بنیادی کاروبار سے پیدا ہونے والے نقدی کے بہاؤ کے ساتھ ساتھ سرمایہ کاری اور دیگر

آڈیٹر نے اس سال کی رپورٹ میں مندرجہ ذیل معاملات میں اپنی مشروط رائے دی ہے:

اعتراض:

a- جیسا کہ 31 ستمبر 2017 کے نوٹ نمبر 13.1 اور 13.2 میں منکشف کیا گیا ہے کہ فروخت کے لئے دستیاب (AFS) بولی شدہ حصص میں سرمایہ کاری کی رقم 958.11 روپے بازاری مالیت سے 173.9 روپے ملین کم رہی جس میں سے 56.5 ملین روپے کی کمی کو ہم عارضی سمجھتے ہیں جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (انسورنس) رولز 2002 میں وضاحت کی گئی ہے لیکن اسے مالیاتی گوشواروں میں شامل نہیں کیا گیا۔ اگر انتظامیہ AFS کے بولی شدہ حصص میں اس تنزیلی کوریکارڈ کرتی تو جمع شدہ خسارے میں 56.5 ملین روپے کا اضافہ ہو جاتا اور AFS کے بولی شدہ حصص میں سال کے اختتام پر سرمایہ کاری میں 56.5 ملین روپے کی کمی ہو جاتی۔

جواب:

حوالہ میں دیئے گئے دہری بیمہ کاری کے قواعد سے پتا چلتا ہے کہ فروخت کے لئے دستیاب تمسکات کو بازار میں لایا جاسکتا ہے اگر وہ عارضی کے علاوہ ہوں۔ بورڈ نے پہلے سے منظور شدہ تنزیلی کی پالیسی کے مطابق تنزیلی کے مکمل پورٹ فولیو کا جائزہ لیا اور فیصلہ کیا کہ یہ تنزیلی عارضی ہے، کیونکہ تمام رقموں کی بنیادیں ٹھوس ہیں اور بازاری قیمت میں کمی سیاسی غیر یقینی کی وجہ سے ہے جو کہ توقع ہے کہ اگلے سال ختم ہو جائے گی اور جس کے لئے پریمیر کے پاس ملکیتی اختیارات ہیں۔ پریمیر کو ان رقموں میں سرمایہ کاری کی مدت کے دوران منافع منقسمہ اور منافع سرمایہ حاصل ہوا۔ ان رقموں کی فی حصص اوسط قیمت 2017 میں سب سے زیادہ مالی قیمت سے کم رہی، جس کا ثبوت یہ ہے کہ یہ کمی 12 ماہ سے کم رہی۔ لہذا کسی تنزیلی کو بک کرنے کی ضرورت نہیں تھی۔ بازاری اور اصل قیمت کے درمیان فرق مالیاتی گوشواروں میں قانون کے مطابق معلومات کے لئے منکشف کیا گیا ہے۔

اگلی سہ ماہی ختمہ 31 مارچ 2018 میں مالیت میں 12 فیصد کی قابل ذکر بحالی عارضی کمی

پر بورڈ کے موقف کی تائید کرتی ہے۔

آڈیٹر نے اپنا موقف پیشہ ورانہ فیصلے اور مالیاتی گوشواروں کے کنونشن کے مطابق کیا ہے، مندرجہ بالا حقائق کی بنیاد پر ہم آڈیٹر کے موقف سے متفق نہیں ہیں۔

اعتراض

b- آڈٹ کے دوران ہم نے ٹھوس عدم مطابقتی فرق کو نوٹ کیا جو کہ کمپنی کے ذیلی کھاتوں (رجسٹرز) اور عمومی بھی کھاتوں (General Ledger) کے درمیان تھے جن کی خالص رقم 134.56 ملین روپے بنتی ہے۔ مزید یہ کہ متضاد فریقین سے موصول ہونے والی تصدیقی درخواستیں کمپنی کے بنیادی ریکارڈ سے مطابقت نہیں رکھتیں۔ کمپنی کی حسابات کی کتابوں میں اس فرق کی مطابقت یا موزوں وضاحتوں کی عدم موجودگی کی وجہ سے ہمیں کمپنی کے واجبات اور اثاثوں کا تعین کرنے کے لئے کافی واضح ثبوت نہیں ملے اور مذکورہ بالا بقایا جات کی موجودگی میں ہم اس بات کا تعین نہیں کر پائے کہ ان رقمات کی درستی ضروری ہے یا نہیں۔

جواب

مندرجہ بالا فرق کی بنیادی وجہ ڈاکیومنٹ ڈیٹا اور اکاؤنٹنگ سوفٹ ویئر کی تبدیلی ہے۔ انتظامیہ اس فرق کو جلد ہی ختم کرنے کے لئے کوشاں ہے۔ انتظامیہ خط و کتابت اور جہاں ضروری وہاں کا دورہ کر کے متضاد فریقوں سے مطابقت قائم کے لئے متحرک ہے۔ یہ بات قابل ذکر ہے کہ جو متضاد فریق اپنی کئی ایک برانچوں یا ضمنی شاخوں کے ذریعے ہم بیمہ اور مختلف النوع کاروباری اہتمامات میں مصروف عمل ہیں، جس کی وجہ سے صنعت میں تصدیق کے بعد فریقین کے درمیان مطابقت پیدا کرنے کے رائج طریقوں کا تبادلہ ہوتا ہے۔

کریڈٹ ریٹنگ

آپ کی کمپنی کی ریٹنگ پاکرا کرتی ہے۔ پاکرا نے آپ کی کمپنی کو A ریٹنگ کے ساتھ مستحکم نقطہ نظر سے نوازا ہے۔

انفارمیشن ٹیکنالوجی

کمپنی تسلسل کے ساتھ اس ٹیکنالوجی میں سرمایہ کاری کر رہی ہے تاکہ کمپنی کو نہ صرف

## ممبران کے لئے ڈائریکٹران کی رپورٹ

ڈائریکٹران کمپنی کی 66 ویں سالانہ رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے  
تختہ سال 31 دسمبر 2017 پیش کرتے ہوئے اظہار مسرت کرتے ہیں:

چانزہ

(روپے '000 میں)	2016	2017	ڈنڈ و نکافل آپریشنز
تحریری پریمیم	1,115,119	849,108	سال کے دوران کمپنی کو تحریری چندہ 159.883 موصول ہوا جبکہ گزشتہ سال 194.498 ملین روپے تھا۔
خال پریمیم	623,366	517,834	سال کے دوران ڈنڈ و نکافل آپریشنز (OPF) کا قبل از ٹیکس منافع 6.760 ملین روپے رہا جو کہ گزشتہ سال 2016 میں 27.549 ملین روپے تھا۔
ذمہ داری کے نتائج	(432,243)	(122,685)	منافع کے مصارف
سرمایہ کاری سے حاصل ہونے والی آمدنی	258,537	132,370	اس سال کے دوران خسارہ بعد از ٹیکس 112.37 ملین روپے رہا جبکہ 2016 میں خسارہ 330.709 ملین روپے تھا۔ مصارف منافع درج ذیل رہے
خسارہ / (منافع) قبل از ٹیکس	(325,134)	(98,468)	(رقم '000 روپے)
خسارہ / (منافع) بعد از ٹیکس	(330,709)	(112,437)	سال کا خسارہ بعد از ٹیکس
			سال کا دیگر جامع خسارہ
			آگے سے لایا گیا غیر تخصیص شدہ منافع

از سر نو تخمینہ شدہ

(2.29)

(6.74)

فی حصص آمدنی

(112,437)

4,072

(280,102)

(388,467)

مصارف

87,757

-

(87,757)

(388,467)

جس کا مصرف درج ذیل رہا

مجوزہ بونس شیئرز کوئی نہیں (2017)

آڈیٹرز کے مشاہدات:

موجودہ سال کے دوران تحریری پریمیم اور ذمہ داری کے نتائج کا خسارے میں گزشتہ سال کے خسارہ کی بہ نسبت کمی ہوئی۔ گزشتہ سال کی بہ نسبت اس سال خسارہ کافی حد تک کم رہا۔ سب سے بڑا چیلنج یہ ہے کہ کمپنی کو ہر گزرتے ہوئے سال کے ساتھ مارکیٹ میں بڑھتی ہوئی مسابقت کا سامنا ہے۔

سال کے دوران سرمایہ کاری سے حاصل ہونے والی آمدنی میں قابل ذکر کمی ہوئی یعنی 258.37 ملین روپے کے مقابلے میں 132.370 ملین روپے رہ گئی۔ بازار حصص میں زوال کی وجہ سیاسی صورتحال تھی۔

کمپنی کی انتظامیہ تسلسل کے ساتھ کارکردگی میں اضافہ کے لئے جدوجہد کر رہی ہے۔ کمپنی کی انتظامیہ انتہائی متحرک ہے اور قابل گرفت لاگتوں اور اخراجات جو کاروباری اور کار بار چلانے کے ماحول کو چیلنج کر رہے ہیں، کو محدود رکھنے کے لئے کام کر رہی ہے۔ مارکیٹنگ کے عمل کو دشوار گزار اور جارحانہ اہداف دیئے گئے ہیں اور ہم تسلسل کے ساتھ ذمہ داری کے جاری عمل 2018 کو مستحکم کر رہے ہیں۔

# Statement of Compliance with the Code of Corporate Governance for Insurers, 2016

For the year ended  
December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance 2012 (CCG 2012) as contained in Regulation no 5.19.24 of the rule book of the Pakistan Stock Exchange.

Premier Insurance Limited (the Company) has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors	Mr. Asadullah Khawaja
Executive Directors	Mr. Zahid Bashir
Non-Executive Directors	Mr. Khalid Bashir
	Mr. Nadeem Maqbool
	Mr. Imran Maqbool
	Mr. Khurram Mazhar*
	Mr. Shams Rafi
	Mr. Attaullah A. Rasheed

\*SECP's Approval is pending

The independent director meets the criteria of independence as laid down under the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in

payment of any loan to a banking company. A DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. The new Board was elected by the members of the company via EOGM held on June 23, 2017.
5. No casual vacancy occurred on the Board of the company during the year.
6. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct, has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
9. The meetings of the Board were presided over the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
10. The Board has established a system of sound internal control, which is effectively implemented at all levels

within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.

11. All the directors have been provided appropriate material/guidelines on the orientation course as such they are fully aware of their duties and responsibilities. One of the director is certified under Directors' training program while other directors meet the criteria of eligibility as director in view of 15 years of experience on the Board of listed companies and 14 years of education as required under the Code of Corporate governance.
12. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
13. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
15. The director, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.
17. The Board has formed the following Management Committees:

#### **Underwriting Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Imran Maqbool	Chairman
Mr. Afzal ur Rahman	Member
Mr. M. K. Baig	Member
Mr. M. A. Hannan Shadani	Member/Secretary

#### **Claim Settlement Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Attaullah A. Rasheed	Chairman
Mr. Muhammad Imran	Member
Mr. Hassan Mustafa	Member/Secretary

#### **Reinsurance & Co-insurance Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Khurram Mazhar	Chairman
Mr. Afzal ur Rahman	Member
Mr. Kamran Safi Rizvi	Member/Secretary

#### **Risk Management & Compliance Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Shams Rafi	Chairman
Mr. Zahid Bashir	Member
Mr. Rao Ali Zeeshan	Member
Mr. Zeeshan Sattar	Member/Secretary

18. The Board has formed the following Board Committees:

#### **Ethic, Human Resource, Remuneration & Nomination Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Nadeem Maqbool	Chairman
Mr. Zahid Bashir	Member
Mr. Attaullah A. Rasheed	Member
Ms. Niina Khan	Secretary

#### **Investment Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Zahid Bashir	Chairman
Mr. Nadeem Maqbool	Member
Mr. Imran Maqbool	Member
Mr. Asadullah Khawaja	Member
Mr. Rao Ali Zeeshan	Member
Ms. Shazia Bashir	Member/Secretary

\* The appointed actuary will be included as member of the committee subsequently.

19. The Board has formed an Audit Committee. It comprises of four (4) members of whom one (1) is an independent director and three (3) are non-executive directors. The composition of the Audit Committee is as follows:

#### **Audit Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Nadeem Maqbool	Chairman
Mr. Khalid Bashir	Member
Mr. Imran Maqbool	Member
Mr. Asadullah Khawaja	Member
Mr. Oan Ali Mustansir	Secretary

20. The meetings of the Committees, except Ethics, Human Resource, Remuneration & Nomination Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.

21. During the year three meetings of the Underwriting Committee were held, whereas no meeting of the risk management and Compliance Committee were held during the year.

22. The Board has set up an effective internal audit department which comprises of suitably qualified and experience staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on regular basis.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance. Risk management and grievance functions / departments possess qualification and experience of direct relevance to their respective functions, as required

under section 12 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX o(2000):

#### **Name of Person**

#### **Designation**

Mr. Zahid Bashir	Chief Executive Officer
Mr. Rao Ali Zeeshan	Chief Financial Officer
Mr. Zeeshan Sattar	Company Secretary & Head of Compliance
Mr. Oan Ali Mustansir	Head of Internal Audit
Mr. M. A. Hannan Shadani	Head of Underwriting
Mr. Muhammad Imran	Head of Claims
Mr. Afzal ur Rahman	Head of Operations

24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

25. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

26. The Board is in the process to ensure that the investment policy of the Company meets the provisions of the Code of Corporate Governance for insurers, 2016.

27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The Company has set up a risk management function,



which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.

29. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency. On October 03, 2017 is "A" with Stable outlook.
30. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.
31. The Board has set up a grievance function, which fully complies with the requirements of the Code.
32. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
33. Material/price sensitive information has been disseminated amongst all market participants at once through Pakistan Stock Exchange.

34. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the code.

35. The Company has complied with the requirements relating to maintenance of register of person having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said register.

36. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied.

By Order of the Board

**Khalid Bashir**

Chairman

**Nadeem Maqbool**

Director

Karachi, Dated: **April 7, 2018**



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# Review report to the members on the statement of compliance with the best practices of the code of corporate governance

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We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Premier Insurance Limited (the Company) for the year ended December 31, 2017 to comply with the requirements of the listing regulations of the Pakistan Stock Exchange, where the Company is listed and Code of Corporate Governance for Insurers, 2016.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Director's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their

review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended December 31, 2017.

Further we highlight below instances of non-compliances with the requirements of the code as reflected in the note reference where these are stated in the statement of compliance

Note Ref.	Description
18	Appointed actuary is required to be part of investment committee under clause (xlv) of the Code, whereas, the appointed actuary will be included as member of the committee subsequent to the year end.

- 21 As required under clause (xliii) of code, all committees are required to meet at least in every quarter. During the year three meetings of the Underwriting Committee were held, whereas no meeting of the risk management and Compliance Committee were held during the year.
- 26 Investment policy of the Window Takaful Operations should include matters like fund wise investment policy, minimum ratings of investments, ineligible asset classes and allowable exposure in related parties under clause (xiv) of the Code. The Board is in the process to ensure that the investment policy of the Company meets the provisions of the Code.

#### **Chartered Accountants**

Engagement Partner:

**Mushtaq Ali Hirani**

Date: **April 09, 2018**

Karachi



## Financial Statements

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# Auditors' Report to the Members

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We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) statement of premium;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income.

of **Premier Insurance Limited** ("the Company") as at **December 31, 2017** together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the International Accounting Standards as applicable in Pakistan and requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984) (repealed). Our responsibility is to express an opinion on these statements based on our audit.

Except for matter disclosed in para (b) below, we conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing

the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation

Except for the effects of matter disclosed in paragraph (a) and the possible effects of the matter disclosed in paragraph (b) below, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion and after due verification, we report that:

- a. As disclosed in note 13.1 and 13.3, as at December 31, 2017, available for sale (AFS) investment in quoted shares include securities amounting to Rs. 764.55 million, the market value of which was lower by 173.9 million, out of which a decline of Rs. 56.5 million is considered by us to be other than temporary as stipulated in Securities and Exchange Commission (Insurance) Rules, 2002 which has not been incorporated in the financial statements. Had the management recorded such impairment on investment in AFS quoted shares, loss for the year and accumulated losses would have been higher by 56.5 million and AFS investment in quoted shares as at the year end would have been lower by Rs. 56.5 million.
- b. During our audit, we noted that material unreconciled differences exist between the subsidiary ledgers (registers) and the general ledger (GL) maintained by the Company aggregating to a net amount of Rs. 134.56. Further, the replies from counter-parties to our confirmation requests also do not match with the underlying records of the Company. In absence of any reconciliation or reasonable explanation for these differences in the books of account of the Company,

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# Auditors' Report to the Members

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we were unable to obtain sufficient appropriate evidence as to rights and obligations and existence of above mentioned balances and as such, we were unable to determine whether any adjustments to these amounts were necessary.

Except for the effects of matter disclosed in paragraph (a) and the possible effects of the matter disclosed in paragraph (b) above;

- c. In our opinion, proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- d. In our opinion:
  - i. the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984 and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- e. in our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in paragraphs (a) and possible effects of the matter described in paragraph (b) above, the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December

31, 2017 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with International Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

- f. zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

## Chartered Accountants

Engagement Partner:

**Mushtaq Ali Hirani**

Date: **April 09, 2018**

Karachi

# Balance Sheet

As at December  
31, 2017

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2017	2016
(Rupees in `000)			
<b>Share capital and reserves</b>			
Authorized share capital			
75,000,000 ordinary shares of Rs 10 each		<b>750,000</b>	<b>750,000</b>
Issued, subscribed and paid-up capital	6		
50,565,044 (2016: 41,789,344) ordinary shares of Rs 10 each		505,650	417,893
Accumulated loss		(388,467)	(280,102)
Reserves	7	1,016,526	1,104,283
Shareholders' equity		<b>1,133,709</b>	<b>1,242,074</b>
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		1,221,416	1,161,637
Provision for unearned premium		389,884	509,562
Commission income unearned		33,363	42,155
Total underwriting provisions		<b>1,644,663</b>	<b>1,713,354</b>
<b>Deferred liability</b>			
Staff retirement benefits	8	7,350	13,441
Liabilities against assets subject to finance lease	9	<b>1,614</b>	<b>5,643</b>
<b>Creditors and accruals</b>			
Current maturity of finance lease	9	3,923	3,514
Amounts due to other insurers / reinsurers		233,261	290,824
Accrued expenses		11,021	15,202
Taxation - provision less payments		51,586	54,174
Other creditors and accruals	10	345,088	334,840
		<b>644,879</b>	<b>698,554</b>
<b>Other liabilities</b>			
Unclaimed dividend		26,166	26,235
Total liabilities of Window Takaful			
Operations - Operator's Fund		<b>43,234</b>	<b>45,853</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,501,615</b>	<b>3,745,154</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

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

# Balance Sheet

As at December  
31, 2017

ASSETS	Note	2017	2016
(Rupees in `000)			
<b>Cash and bank deposits</b>	12		
Cash and other equivalents		1,119	1,039
Current and other accounts		148,156	416,675
		<b>149,275</b>	<b>417,714</b>
Investments	13	<b>1,109,582</b>	<b>905,304</b>
Loan - unsecured	14	-	<b>1,475</b>
Investment properties	15	<b>25,173</b>	<b>25,210</b>
<b>Other assets</b>			
Premium due but unpaid	16	420,259	539,596
Amounts due from other insurers / reinsurers	17	244,912	322,927
Accrued investment income		6,294	1,105
Accrued salvage recoveries		6,450	15,771
Reinsurance recoveries against outstanding claims		864,119	786,215
Deferred commission expense		50,501	86,921
Prepayments	18	201,939	214,078
Deposits and other receivables	19	63,509	66,029
		<b>1,857,983</b>	<b>2,032,642</b>
<b>Fixed assets</b>			
<b>Tangible</b>	20		
Land and buildings		162,649	163,062
Furniture, fixtures and office equipment		20,254	22,783
Motor vehicles - Owned		39,317	51,189
Motor vehicles - Leased		10,128	12,644
Capital work in progress	21	26,109	26,109
<b>Intangible</b>			
Computer software		<b>5,007</b>	<b>6,718</b>
		<b>263,464</b>	<b>282,505</b>
Total assets of Window Takaful			
Operations (including Qard-e-hasna) - Operator's Fund		96,138	80,304
<b>TOTAL ASSETS</b>		<b>3,501,615</b>	<b>3,745,154</b>

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer



# Profit and Loss Account

For the year ended  
December 31, 2017

		Fire and property damage	Marine, aviation & transport	Motor	Misc.	Treaty	2017 Aggregate	2016 Aggregate
Note		(Rupees in `000)						
Revenue accounts								
		81,877	42,956	273,118	119,883	-	517,834	623,366
		(66,426)	(8,088)	(160,466)	(115,412)	-	(350,392)	(628,312)
	22	(85,179)	(24,465)	(58,156)	(46,278)	-	(214,078)	(334,970)
		(18,906)	(9,143)	(32,321)	(15,679)	-	(76,049)	(92,327)
		(88,634)	1,260	22,175	(57,486)	-	(122,685)	(432,243)
							132,370	258,537
							8,261	7,929
							6,715	7,493
	22						(129,889)	(139,301)
	23						6,760	(27,549)
							(98,468)	(325,134)
	24						(13,969)	(5,575)
							(112,437)	(330,709)
Profit and loss appropriation account								
							(280,102)	51,424
							(112,437)	(330,709)
							4,072	(817)
							87,757	104,473
							-	(34,824)
							(87,757)	(69,649)
Accumulated loss at the end of the year								
							(388,467)	(280,102)
Restated								
	25						(2.29)	(6.74)

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

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Comprehensive Income

For the year ended  
December 31, 2017

	2017	2016
	(Rupees in `000)	
Net loss for the year	(112,437)	(330,709)
<b>Other comprehensive income for the year</b>		
Item not to be re-classified to profit and loss account in subsequent period:	-	-
Remeasurement of defined benefit plan for the year - net of tax	4,072	(817)
<b>Total comprehensive income</b>	<b>(108,365)</b>	<b>(331,526)</b>

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

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Cash Flows

For the year ended  
December 31, 2017

	2017	2016
	(Rupees in `000)	
<b>OPERATING CASH FLOWS</b>		
<b>a) Underwriting activities</b>		
Premium received	922,887	1,398,340
Reinsurance premium paid	(495,814)	(516,255)
Claims paid	(636,240)	(553,164)
Reinsurance and other recoveries received	355,059	249,355
Commissions paid	(140,173)	(234,311)
Commissions received	71,409	96,989
Net cash generated from underwriting activities	<b>77,128</b>	<b>440,954</b>
<b>b) Other operating activities</b>		
Income tax paid	(14,212)	(37,219)
General management expenses paid	(290,217)	(463,233)
Other operating payments	(11,693)	(11,963)
Other income	6,715	7,493
Advances, deposits and sundry receivables	1,390	8,263
Other liabilities and accruals	30,591	(28,372)
Net cash used in other operating activities	(277,426)	(525,031)
<b>Total cash used in operating activities</b>	<b>(200,298)</b>	<b>(84,077)</b>
<b>INVESTMENT ACTIVITIES</b>		
Investment income received	45,066	54,164
Investments made	(776,436)	(891,078)
Proceeds from disposal of investments	654,273	1,332,995
Fixed capital expenditure	(6,879)	(63,430)
Proceeds from disposal of fixed assets	15,904	20,710
<b>Total cash (used in) / generated from investing activities</b>	<b>(68,072)</b>	<b>453,361</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(69)	(36,367)
Total cash used in financing activities	(69)	(36,367)
Total cash flow (used in) / from all activities	<b>(268,439)</b>	<b>332,917</b>
Cash and cash equivalents at beginning of the year	417,714	84,797
<b>Cash and cash equivalents at the end of the year</b>	<b>149,275</b>	<b>417,714</b>

# Statement of Cash Flows

For the year ended  
December 31, 2017

	2017	2016
	(Rupees in `000)	
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(200,298)	(84,077)
Depreciation	(18,314)	(20,155)
Investment income	132,370	258,537
Gain on disposal of fixed assets	8,261	7,929
Other income	6,715	7,493
Loss from window takaful operations	6,760	(27,549)
(Decrease) in assets other than cash	(183,105)	(273,175)
(Increase) / decrease in liabilities	135,174	(199,712)
<b>Loss after taxation</b>	<b>(112,437)</b>	<b>(330,709)</b>
<b>Definition of cash</b>		
Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits maturing within 3months.		
Cash for the purpose of the statement of cash flows consists of:		
<b>Cash and other equivalents</b>		
Cash	79	46
Stamps in hand	1,040	993
	<b>1,119</b>	<b>1,039</b>
<b>Current and other accounts</b>		
Current accounts	71,097	8,041
Savings accounts	77,059	408,634
	<b>148,156</b>	<b>416,675</b>
<b>Total cash and cash equivalents</b>	<b>149,275</b>	<b>417,714</b>

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

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

For the year ended  
December 31, 2017

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

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Premium

For the year ended  
December 31, 2017

## Business underwritten inside Pakistan

Class		Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2017	2016
			Opening	Closing			Opening	Closing		Net premium revenue	Net premium revenue
(Rupees in `000)											
Direct and Facultative											
1	Fire and property damage	337,852	237,562	174,867	400,547	280,462	179,500	141,292	318,670	81,877	125,739
2	Marine, aviation and transport	97,034	13,650	11,117	99,567	55,594	6,709	5,692	56,611	42,956	(48,169)
3	Motor	230,668	156,689	111,637	275,720	1,629	1,216	243	2,602	273,118	305,393
4	Miscellaneous	183,554	101,661	92,263	192,952	100,566	26,461	53,958	73,069	119,883	240,403
	Total	849,108	509,562	389,884	968,786	438,251	213,886	201,185	450,952	517,834	623,366
Treaty 5	Proportional	-	-	-	-	-	-	-	-	-	-
Grand Total		849,108	509,562	389,884	968,786	438,251	213,886	201,185	450,952	517,834	623,366

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

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Claims

For the year ended  
December 31, 2017

## Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims including IBNR		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2017	2016	
		Opening	Closing			Opening	Closing		Net claims expense	Net claims expense	
		(Rupees in `000)									
Direct and Facultative											
1	Fire and property damage	168,846	129,523	283,729	323,052	102,993	97,744	251,377	256,626	66,426	90,985
2	Marine, aviation and transport	51,180	455,507	430,840	26,513	20,311	447,596	445,710	18,425	8,088	15,461
3	Motor	154,066	41,166	47,491	160,391	103	320	142	(75)	160,466	150,327
4	Miscellaneous	271,469	535,441	459,356	195,384	153,637	240,555	166,890	79,972	115,412	371,539
	Total	645,561	1,161,637	1,221,416	705,340	277,044	786,215	864,119	354,948	350,392	628,312
Treaty 5	Proportional	-	-	-	-	-	-	-	-	-	-
	Grand Total	645,561	1,161,637	1,221,416	705,340	277,044	786,215	864,119	354,948	350,392	628,312

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

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer



# Statement of Expenses

For the year ended  
December 31, 2017

## Business underwritten inside Pakistan

Class	Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurers	2017 Net underwriting expense	2016 Net underwriting expense
<b>Direct and Facultative</b>									
1 Fire and property damage	59,238	44,205	28,893	74,550	85,179	159,729	55,644	104,085	160,033
2 Marine, aviation and transport	18,682	2,685	2,185	19,182	24,465	43,647	10,039	33,608	22,275
3 Motor	26,441	18,793	12,840	32,394	58,156	90,550	73	90,477	135,861
4 Miscellaneous	15,469	21,238	6,583	30,124	46,278	76,402	14,445	61,957	109,128
Total	119,830	86,921	50,501	156,250	214,078	370,328	80,201	290,127	427,297
Treaty 5 Proportional	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>119,830</b>	<b>86,921</b>	<b>50,501</b>	<b>156,250</b>	<b>214,078</b>	<b>370,328</b>	<b>80,201</b>	<b>290,127</b>	<b>427,297</b>

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

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

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Investment Income

For the year ended  
December 31, 2017

	2017	2016
	(Rupees in '000)	
<b>Income from non-trading investments</b>		
Return on bank deposits	5,864	11,166
<b>Available for sale</b>		
Dividend income	48,638	47,000
Gain on sale of investments- net	82,115	203,633
	<b>130,753</b>	<b>250,633</b>
Investment management expenses	<b>(4,247)</b>	<b>(3,212)</b>
<b>Net investment income</b>	<b>132,370</b>	<b>258,587</b>

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

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## 1. STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Company) was incorporated as a public limited company in Pakistan in May 1952 and is engaged in general insurance business. The shares of the Company are listed on the Pakistan Stock Exchange. The registered office of the Company is situated at 5th Floor, State Life Building No. 2A, Wallace Road, Karachi. The Company has been allowed to work as Window Takaful Operator since October 02, 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with the format of financial statements issued by the Securities and Exchange Commission of Pakistan (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O. 938 dated December 12, 2002.

The financial statements are prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

## 3. STATEMENT OF COMPLIANCE

**3.1** These financial statements have been 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 (IASB) as are notified under the Companies Ordinance, 1984 (repealed), provisions of and directives issued under the Companies Ordinance, 1984 (repealed), the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 (repealed). In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 (repealed), Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 (repealed) shall prevail.

From October 2015, the Company had been granted permission by the Securities and Exchange Commission (SECP) of Pakistan to transact Window Takaful Operations. In accordance with the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated July 9, 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 23 of October 4, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly,

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

the Company shall prepare the financial statements for periods closing after December 31, 2017 in accordance with the provisions of the new Companies Act. The Company is currently in process of determining impact, if any, on future financial statements due to implementation of the Act.

During the year, Insurance Rules, 2017 were promulgated by SECP on February 09, 2017 notified through SRO 89(I)/2017 which repealed the Securities and Exchange Commission (Insurance) Rules, 2002. In addition, Insurance Accounting Regulations, 2017 were promulgated by SECP on February 13, 2017 vide SRO. 88(I)/2017. However the Company has obtained exemption from SECP for preparation of annual financial statements for the year ended December 31, 2017 in accordance with the requirements of Insurance Rules, 2017 and application of Insurance Accounting Regulations, 2017 for current year. Hence, the financial statements for the year ended December 31, 2017 are prepared in accordance with the requirements of SEC (Insurance) Rules, 2002.

Major Impact in accordance with the format prescribed by SEC Insurance Rules, 2017 is on presentation and disclosure of financial statements as per Annexure II of SEC Insurance Rules, 2017 and on valuation of Available for Sale Investments.

Further, a separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard 39 (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 the SECP as aforesaid, have not been considered in the preparation of these financial statements.

## 3.2 Adoption of new standards, amendments and interpretations of existing standards

### 3.2.1 Accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2017

The following standards, amendments and interpretations are effective for the year ended December 31, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

# Notes to the Financial Statements

For the year ended  
December 31, 2017

- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

Certain annual improvements have also been made to number of IFRSs

## 3.2.2 New accounting standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<b>Effective from accounting period beginning on or after</b>
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
- IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
- IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
	<b>Effective from accounting period beginning on or after</b>
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018 earlier application is permitted

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.

January 01, 2018 earlier application is permitted
- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 16 – Leases
- IFRS 17 - Insurance Contracts

## 4. BASIS OF MEASUREMENT

- 4.1** These financial statements have been prepared under the historical cost convention, except that obligations under employee benefits are measured at present value.

These financials have been prepared on accrual basis of accounting except for information in the statement of cash flows.

- 4.2** Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience and expectation of future events that are

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# Notes to the Financial Statements

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For the year ended  
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believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where required assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

- a. Provision for outstanding claims including claims incurred but not reported [IBNR] (Note 5.6)
- b. Provision for premium deficiency reserves (Note 5.9)
- c. Reinsurance recoveries against outstanding claims (Note 5.7)
- d. Provision against premium due but unpaid (Note 5.4)
- e. Useful life of depreciable / amortizable assets (Note 5.15)
- f. Staff retirement benefits (Note 5.11)
- g. Provision for income taxes (Note 5.12)

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.

### 5.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage
- Marine, aviation and transport



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# Notes to the Financial Statements

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For the year ended  
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- Motor
- Miscellaneous

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured.

The Company also accepts insurance risk pertaining to insurance contracts of other insurers as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL).

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

## 5.2 Premium

Premium written, including administrative surcharge, under a policy is recognized from the date of issuance of the policy to which it relates. Premium on facultative reinsurance accepted is reflected in the financial statements along with direct premium.

## 5.3 Unexpired risk and premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying the 1/24 method as specified in the SEC (Insurance) Rules, 2002.

The related deferred portion of reinsurance premium is recognized as a prepayment calculated by using, the 1/24 method.

## 5.4 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premium due but unpaid and claims payable to insurance contract holders.

The company maintains general provision as per the approved policy of Board. In addition, if there is objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## 5.5 Reinsurance contracts held

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premium is accounted for in the same period as the related premium for the direct or accepted reinsurance business being reinsured.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contracts.

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the re-insurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

## 5.6 Claims

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Company recognizes liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date as per the advice of appointed actuary.

## 5.7 Reinsurance recoveries against outstanding claims

Claims recoveries receivable from reinsurers are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## 5.8 Commissions

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized on a quarterly basis as per terms and conditions agreed with the reinsurers. These are deferred and brought to account as expense or income in accordance with the pattern of recognition of the premium to which they relate.

## 5.9 Premium deficiency reserve

The SEC (Insurance) Rules, 2002 require a premium deficiency reserve to be maintained, if required.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

The management considers that no additional reserve is required to be maintained to meet expected future liability, after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies, in all classes of business, in force at the balance sheet date. In management's opinion, the amount carried for unearned premium is sufficient to meet this requirement.

## 5.10 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## 5.11 Staff retirement benefits

### Defined benefits plan

The Company operates an unfunded gratuity scheme covering all eligible employees. Provision is made on the basis of actuarial valuation carried out as at December 31, 2017 in accordance with IAS-19, Employee Benefits.

Compensated absences are accounted for in the year in which the absences are earned based on actuarial valuation.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

Actuarial gains or losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service cost, gains or losses on settlements and interest expense.

## **Defined contribution plan**

The Company contributes to a recognized provident fund scheme which covers all eligible employees. Equal contributions are made to the fund by the Company and the eligible employees under the scheme at the rate of 10% of basic salary.

## **5.12 Taxation**

### **Current**

Provision for taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates and exemptions available, if any.

### **Deferred**

Provision for deferred tax is made using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purpose. Deferred tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

## **5.13 Investments**

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit and loss in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investment. Subsequently, these are recognized and classified as follows:

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## 5.13.1 At fair value through profit or loss - held for trading

- These are classified as 'at fair value through profit or loss' if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).
- Upon initial recognition these are designated by the Company as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. At subsequent reporting dates, these investments are measured at fair value and any gains and losses arising from the changes in fair value are included in the profit and loss account for the period in which they arise.

## 5.13.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortized cost using the effective interest method.

Gain or loss is also recognized in profit and loss account when held to maturity investments are derecognized or impaired, and through the amortization process.

## 5.13.3 Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit or loss.

Quoted investments are initially recognized at cost inclusive of transaction costs.

Unquoted investments are recorded at cost less impairment, if any.

Available for sale investments are subsequently measured at a lower of cost and market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the Rules. Any resultant gain or loss is taken to profit and loss account in accordance with S.R.O. 938 issued by the SECP dated December 12, 2002. This treatment, in contravention to require-

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# Notes to the Financial Statements

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For the year ended  
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ments of IAS 39, Financial Instruments: Recognition and Measurement, is in line with the Rules.

Under the requirements of IAS 39, Financial Instruments: Recognition and Measurement, the investments of the Company would have been lowered by 119.33 million (2016: higher by Rs 136 million) and the corresponding amount would have been reflected in the equity by the same amount.

Unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

## **Impairment**

The carrying amounts of the investments are reviewed to determine whether there is any indication of impairment. If such indication exists the investments recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the investment exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account.

## **De-recognition**

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

### **5.14 Investment properties**

Investment properties are accounted for under the cost model in accordance with IAS - 40: Investment Property and S.R.O. 938 issued by the SECP on December 12, 2002.

- Land is stated at cost.
- Buildings are depreciated by applying the reducing balance method from the date of purchase to the date of disposal at the rate of 5%.

Subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as for tangible fixed assets.

### **5.15 Fixed assets**

These are stated at cost less accumulated depreciation / amortization and impairment, if any. Depreciation / amortization is charged to profit and loss account by applying the reducing balance method from the dates of available to use to disposal.



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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

Rates of depreciation:

- Land and buildings	5%
- Computer equipment	30%
- Office equipment, furniture & fixtures	10%
- Motor vehicles	20%
- Computer software	30%

Normal repairs and maintenance are charged to profit and loss account as and when incurred; major renewals and replacements are capitalized.

Gain or loss on disposal of fixed assets is taken to profit and loss account.

Assets acquired under finance lease are initially recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under finance lease less financial charges allocated to future periods is shown as a liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are depreciated on the same basis as owned assets.

## **Capital work in progress**

Capital work in progress is stated at cost. Transfers are made to operating assets when the assets are available for use.

## **Impairment**

The carrying amounts of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the related assets are written down to the estimated recoverable amount and the impairment loss is charged to profit and loss account.

## **5.16 Revenue recognition**

### **Underwriting result**

The earned premium less reinsurance, claims, commission and allocable expenses of management are reflected in the profit and loss account as the underwriting result for each class of insurance business undertaken.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## **Dividend income**

Dividend income is recognized when the right to receive such dividend is established.

## **Gain / loss on disposal of investments**

Gain / loss on disposal of investments is taken to the profit and loss account on transaction date.

## **Return on bank accounts**

Return on bank accounts are accounted for on accrual basis.

### **5.17 Proposed dividend**

Dividend distributions (including stock dividend) are recognized as a liability in the period in which the dividends are approved.

### **5.18 Expenses of management**

Expenses of management are allocated to classes of business as appear equitable to management.

### **5.19 Foreign currency translation**

Transactions in foreign currencies are translated into reporting currency at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling on the balance sheet date. Non-monetary assets and liabilities are translated using exchanges rates that existed when the values were determined. Exchange differences are included in the profit and loss account currently.

### **5.20 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, stamps in hand, current and saving accounts and short term deposits having maturity of less than three months.

### **5.21 Segment reporting**

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the: Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

The Company's business segments are reported according to the nature of cover provided.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

The perils covered under fire and property insurance include losses caused by fire, riot and strike, explosion, earthquake, atmospheric disturbance, aircraft damage, flood, electric fluctuation and impact.

Marine insurance covers cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Miscellaneous insurance includes cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverage.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditure, that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

## 5.22 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at cost which is the fair value of the consideration given and received respectively including transaction cost. These financial assets and liabilities are subsequently measured at fair value or cost, as the case maybe. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to the profit and loss account.

## 5.23 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

## 5.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 5.25 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

## 6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

### 6.1 Authorised

2017	2016		2017	2016
		Number of shares		(Rupees in '000)
<b>75,000,000</b>	<b>75,000,000</b>	Ordinary share of Rs. 10 each/-	<b>750,000</b>	<b>750,000</b>

### 6.2 Issued, subscribed and paid-up

2017	2016		2017	2016
		Number of shares		(Rupees in '000)
<b>200,000</b>	<b>200,000</b>	Ordinary share of Rs. 10 each fully paid in cash	2,000	<b>2,000</b>
		Ordinary share of Rs. 10 each issued as fully paid bonus shares		
41,589,344	34,624,454	As at January, 01	415,893	346,244
8,775,700	6,964,890	Issued during the year	87,757	69,649
50,365,044	41,589,344		503,650	415,893
<b>50,565,044</b>	<b>41,789,344</b>	As at December, 31	<b>505,650</b>	<b>417,893</b>

### 6.3 Reconciliation of number of ordinary shares of Rs. 10/- each

	Note	2017	2016
		Number of shares	
At beginning of the year		417,893	348,244
Add : bonus shares issued during the year	6.4	87,757	69,649
At end of the year		<b>505,650</b>	417,893

**6.4** The Board of Directors in its Annual meeting held on April 07, 2017 and interim meeting held on October 28, 2017 announced a bonus issue of 10% each (8,775,700 shares), which was distributed out of reserves. The annual distribution of 2016 was approved by the shareholders in the Annual General Meeting held on April 29, 2017.

As at December 31, 2017, the number of shares held by the associated undertakings were 12,930,803 (2016: 10,571,443) of Rs. 10 per share.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 7. RESERVES

	NOTE	2017	2016
		(Rupees in `000)	
Capital Reserves			
Reserves for exceptional losses	7.1	19,490	19,490
Devaluation reserves	7.2	185	185
		19,675	19,675
Revenue reserve			
General reserve	7.3	996,501	1,084,258
Reserve for bad and doubtful reserve		350	350
		996,851	1,084,608
		1,016,526	1,104,283

**7.1** This reserve was created at 10% of premium income net of reinsurance till the year 1978 in terms of the repealed Income Tax Act, 1922.

**7.2** Consequent upon the devaluation of the Pakistani Rupee in 1972, security deposit with the Government of Lebanon and balances with overseas banks were converted at the new rates of exchange. This resulted in an increase in value which was transferred to capital reserve in the year 1973.

### 7.3 General reserve

Balance at the beginning of the year	1,084,258	1,188,731
Transfer to profit and loss account	-	(34,824)
Transfer to reserve for issue of bonus shares	(87,757)	(69,649)
Balance at the end of the year	<b>996,501</b>	<b>1,084,258</b>

# Notes to the Financial Statements

For the year ended  
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## 8 STAFF RETIREMENT BENEFITS

Gratuity	2,589	5,371
Employee compensated absences	4,761	8,070
	<b>7,350</b>	<b>13,441</b>

### 8.1 Liability in balance sheet - Gratuity

	NOTE	2017 (Rupees in `000)	2016
Present value of defined benefit obligation	8.2	2,589	5,371
Fair value of plan assets		-	-
		<b>2,589</b>	<b>5,371</b>

### 8.2 Movement in the net liability recognized in the balance sheet

Opening net liability		5,371	3,944
Expense for the year	8.3	487	1,490
		<b>5,858</b>	<b>5,434</b>
Remeasurement chargeable in other comprehensive income	8.5	(2,789)	817
Payments during the year		(480)	(880)
Closing net liability		<b>2,589</b>	<b>5,371</b>

### 8.3 Expense recognized in the profit and loss account

Current service cost	57	1,135
Interest cost	430	355
	<b>487</b>	<b>1,490</b>

### 8.4 Reconciliation of the present value of the defined benefit obligations

Present value of obligation as at January 1	5,371	3,944
Current service cost	57	1,135
Interest costs	430	355
Benefit paid	(480)	(880)
Experience adjustment	(2,789)	817
Present value of obligation as at December 31	<b>2,589</b>	<b>5,371</b>



# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 8.5 Total remeasurements chargeable in other comprehensive income

Remeasurement of plan obligation	(2,789)	817
Experience adjustments	(2,789)	817
	-	-
Returns on plan assets, excluding interest income		
	<b>(2,789)</b>	<b>817</b>

## 8.6 Maturity profile of defined benefit obligation

Average duration of the defined benefit obligation is:

**5 Years**

**5 Years**

**8.7** The estimated expenses to be charged to profit and loss account for the year 2018 is Rs.0.34 Million.

## 8.8 Sensitivity analysis on significant actuarial assumptions: Actuarial Liability

	<b>2017</b>	<b>2016</b>
	(Rupees in `000)	
Base	2,629	5,371
Discount Rate +100 bps	2,495	4,996
Discount Rate -100 bps	2,779	5,531
Salary Increase +100 bps	2,630	5,353
Salary Increase -100 bps	2,626	5,154

## 8.9 Historical data of gratuity scheme

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Present value of defined benefits obligations	2,589	5,371	3,944	18,652	18,063
Experience adjustment arising on plan liabilities	2,789	(817)	(164)	263	(667)

## 8.10 Movement in the net liability recognized in the balance sheet - Employee Compensated Absences

	<b>NOTE</b>	<b>2017</b>	<b>2016</b>
		(Rupees in `000)	
Opening net liability		8,070	9,612
Expense for the year	8.11	777	1,367
		<b>8,847</b>	<b>10,979</b>
Payment during the year		(4,086)	(2,909)
Closing net liability		<b>4,761</b>	<b>8,070</b>

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 8.11 Expense recognized in the profit and loss account

Current service cost	1,578	1,008
Past service cost	-	(572)
Interest cost	482	725
Net actuarial gain recognized in the year	(1,283)	206
	<b>777</b>	<b>1,367</b>

## 8.12 Historical data of leave encashment scheme

	2017	2016	2015	2014	2013
Present value of defined benefits obligations	4,761	8,070	9,612	13,694	13,086
Experience adjustment arising on plan liabilities	(1,283)	205	178	(110)	28

## 8.13 Principal Actuarial Assumptions

	NOTE	2017 (Rupees in `000)	2016
Following are important actuarial assumptions used in the benefits valuation			
Discount Rate		8.25%	8%
Expected rate of increase in salary		<b>7.25%</b>	<b>7%</b>

## 9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

<b>Minimum lease payments</b>		
upto one year	4,227	4,227
More than one year but less than five years	1,745	5,972
	<b>5,972</b>	<b>10,199</b>
<b>Less: financial charges not yet due</b>		
Upto one year	304	607
More than one year but less than five years	131	435
	<b>435</b>	<b>1,042</b>
Present value of minimum lease payments	5,537	9,157
Payable within one year	(3,923)	(3,514)
Payable after one year but less than five years	<b>1,614</b>	<b>5,643</b>

# Notes to the Financial Statements

For the year ended  
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The total lease rentals due under the lease agreement are payable in equal ranging from monthly installments till April 2021. Taxes, repairs and insurance costs are to be borne by the Company. Financing rate ranging from 6% to 8% per annum has been used as the discounting factor. Purchase option can be exercised by the Company, paying 20% of the leased amount of respective vehicles.

## 10 OTHER CREDITORS AND ACCRUALS

	NOTE	2017 (Rupees in `000)	2016
Commissions payable		243,282	263,625
Federal excise duty & sales tax		23,857	8,859
Federal insurance fee		211	219
Deposits and margins		4,803	4,803
Payable against investments		24,031	-
Others	10.1 & 10.2	48,904	57,334
		<b>345,088</b>	<b>334,840</b>

**10.1** This includes provision for rent amounting to Rs 14 million (2016: 14 million) against which the Company is in litigation with the landlord. The possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor. However, the Company has made a provision of the disputed amount as a matter of prudence.

**10.2** This includes outstanding claims in respect of which cheques aggregating to Rs 9.4 million (2016: Rs 7.8 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP's circular 11 of 2014 dated May 19, 2014:

More than 6 months	9,031	7,850
1 to 6 months	2,545	2,523

### AGE-WISE BREAKUP

Claims not encashed	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
(Rupees in `000)						
<b>2017</b>	2,545	1,502	1,437	3,788	2,303	<b>11,576</b>
<b>2016</b>	2523	1306	1249	3293	2,002	<b>10,373</b>

# Notes to the Financial Statements

For the year ended  
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## 11. CONTINGENCIES AND COMMITMENTS

	2017	2016
	(Rupees in `000)	
<b>11.1 Commitment for capital expenditure</b>	<b>15,038</b>	<b>15,038</b>

- 11.2** During 2016, the Company received a show cause notice dated April 26, 2016 from Sindh Revenue Board (SRB) on account of not charging and paying Sindh Sales Taxes amounting Rs. 188,801,961 for services received from foreign reinsurance companies from 2011 to 2014. The Company is of the view that the said amendment was imposed in the Sindh Sales Tax on Services Act, 2011 in the year 2014 that was prospective in nature and can not be made basis for recovery of the said sales tax for the above mentioned period and accordingly the Company filed an appeal against the said notice in the Sindh High Court and obtained a stay against the said notice. Currently the matter is pending adjudication and no provision has been made in these financial statements as the Company believes that, based on the advice of its legal council, that the matter will be decided in its favour.

## 12 CASH AND BANK

	NOTE	2017	2016
<b>Cash and other equivalents</b>		(Rupees in `000)	
Cash in hand		79	46
Stamps in hand		1,040	993
		<b>1,119</b>	<b>1,039</b>
<b>Current and other accounts</b>			
- Current accounts	12.1	71,097	8,041
- Savings accounts	12.2	77,059	408,634
		<b>148,156</b>	<b>416,675</b>
<b>Deposit maturing within twelve months</b>			
Deposits		5,246	5,246
Less: impairment		(5,246)	(5,246)
		-	-
		<b>149,275</b>	<b>417,714</b>

- 12.1** This includes Rs 20 million (2016: Nil) placed as statutory deposit with the State Bank of Pakistan in compliance with Section 29 of Insurance Ordinance, 2000.

- 12.2** The rate of return on saving accounts by various banks range from 3.5% to 5.25% per annum (2016: 4% to 6% per annum).

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 13 INVESTMENTS

	NOTE	2017 (Rupees in `000)	2016
<b>Available for sale</b>			
<b>Related Parties</b>			
Quoted Shares (market value of Rs. 198.04 million [2016: Rs. 211.1 million])	13.1	172,602	157,575
Unquoted shares	13.2	118,983	118,983
		<b>291,585</b>	<b>276,558</b>
<b>Others</b>			
Quoted Shares (market value of Rs. 619.73 million [2016: Rs 665.3 million])	13.3	785,503	599,484
Mutual funds (market value of Rs. 53.4 million [2016: Rs. 50.1 million])	13.4	32,756	29,524
		<b>818,259</b>	<b>629,008</b>
Less: impairment	13.5	(262)	(262)
		<b>1,109,582</b>	<b>905,304</b>

### 13.1 Quoted - Related parties

Number of Shares/ certificates/ units		Name of entity	% of Equity held	2017	2016
2017	2016			(Rupees in `000)	(Rupees in `000)
200,000	200,000	Crescent Cotton Mills Limited	0.88%	1,050	1,050
146,500	191,700	Crescent Steel & Allied Products Limited	0.19%	23,409	25,140
4,680,000	2,790,500	First Equity Modaraba	7.80%	27,925	13,475
		Shakarganj Mills Limited (8.5% cumulative preference shares redeemable after 5 years of issue, convertible after every financial year of investee)	0.00%	475	526
5,000	53,125				
399,000	399,000	Shams Textile Mills Limited	4.62%	6,694	6,694
1,062,757	966,143	Suraj Cotton Mills Limited	3.33%	93,832	93,832
755,985	755,985	The Crescent Textile Mills Limited	0.94%	18,370	16,858
30,000	-	- Crescent Fibres Limited	0.00%	847	-
				<b>172,602</b>	<b>157,575</b>
<b>Market value as at December 31</b>				<b>198,038</b>	<b>211,076</b>

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 13.2 Unquoted - Related parties

Number of Shares/ certificates/ units		Name of entity	% of Equity held	2017	2016
2017	2016			(Rupees in `000)	(Rupees in `000)
400,000	400,000	Crescent Powertec break up value of Rs.176.47 per share (2016: Rs. 145.61 per share) as per audited financial statements for the year ended June 30, 2017	8%	4,000	4,000
9,407,275	9,407,275	Novelty Enterprises (Private) Limited Break up value of Rs. 9.94 per share (2016: Rs. 9.94 per share) as per audited financial statements for the year ended June 30, 2017	16.67%	114,983	114,983
				<b>118,983</b>	<b>118,983</b>

## 13.3 Quoted - Others

Number of Shares/ certificates/ units		Name of entity	% of Equity held	2017	2016
2017	2016			(Rupees in `000)	(Rupees in `000)
99,100	96,700	Allied Bank Limited		9,066	8,847
-	17,000	Adamjee Insurance Company Limited		-	962
68,000	104,500	Amreli Steels Limited		4,987	5,887
153,600	2,500	Attock Refinery Limited		52,795	877
30,000	-	Aisha Steel Mills Limited		761	-
7,500	7,500	Bestway Cement Limited		1,385	1,385
139,480	85,180	Cherat Cement Company Limited		22,713	14,427
50,000	-	Dost Steel Limited		809	-
208,300	86,400	D.G.Khan Cement Company Limited		38,598	16,562
225,000	210,000	Dewan Cement Limited		7,738	7,579
104,500	104,500	Dolmen City REIT		1,153	1,153
138,635	88,935	Engro Corporation Limited		46,060	27,000
506,333	351,333	Engro Fertilizers Limited		36,608	26,153
296,500	266,500	Fatima Fertilizer Company Limited		10,464	9,148
456,500	396,500	Fauji Cement Company Limited		17,173	13,021

# Notes to the Financial Statements

For the year ended  
December 31, 2017

Number of Shares/ certificates/ units		Name of entity	% of Equity held		
2017	2016			2017	2016
(Rupees in `000)				(Rupees in `000)	
378,038	423,038	Fauji Fertilizer Bin Qasim Limited		18,246	20,418
517,389	487,389	Fauji Fertilizer Company Limited		62,047	59,108
266,875	591,250	Faysal Bank Limited		4,151	11,417
78,000	-	- Ghani Global Glass Limited		2,286	-
3,900	-	- Ghandhara Nissan Limited		1,411	-
29,980	24,980	GlaxoSmithKline Pakistan Limited		6,325	4,643
87,600	19,100	Habib Bank Limited		21,662	3,999
24,000	25,000	Habib Metropolitan Bank Limited		884	915
15,000	-	- Hascol Petroleum Limited		4,257	-
50,300	75,300	Hub Power Company Limited		5,215	7,440
158,500	-	- International Knitwear Limited		3,167	-
-	10,000	IGI Insurance Limited		-	2,654
365,000	385,000	K-Electric Limited		2,700	2,847
130,470	130,470	Kot Addu Power Company Limited		9,937	9,866
25,000	-	- Loads Limited		1,327	-
255,000	500,000	Lotte Chemical Pakistan Limited		2,363	4,634
66,700	7,150	Lucky Cement Limited		46,944	5,761
163,604	209,290	MCB Bank Limited		36,374	47,391
169,000	68,500	Mughal Iron & Steel Industries Limited		10,538	5,250
57,361	98,611	National Refinery Limited		33,627	48,109
5,000	7,150	Netsol Technologies Limited		401	233
-	100,000	NIB Bank Limited		-	260
201,000	51,000	Nishat Chunian Limited		13,169	2,388
275,000	365,000	Nishat Chunian Power Limited		10,184	13,517
233,200	128,200	Nishat Mills Limited		36,705	18,190
173,000	398,000	Nishat Power Limited		6,249	14,376
113,800	135,400	Oil & Gas Development Company Limited		17,143	18,085
340,830	-	- Power Cement Limited		5,346	-
185,000	195,000	Pak Electron Limited		12,656	14,487
9,500	14,400	Pak Suzuki Motor Company Limited		4,029	6,108



# Notes to the Financial Statements

For the year ended  
December 31, 2017

Number of Shares/ certificates/ units		Name of entity	% of Equity held	2017	2016
2017	2016			(Rupees in `000)	(Rupees in `000)
140,000	140,000	Pakgen Power Limited		3,223	3,223
3,750	46,550	Pakistan Oilfields Limited		1,850	22,562
8,520	180,520	Pakistan Petroleum Limited		1,415	29,401
41,299	116,299	Pakistan Reinsurance Company Limited		1,364	3,841
135,130	105,525	Pakistan State Oil Company Limited		44,768	41,489
360,000	360,000	Pakistan Telecommunication Company Limited		7,356	7,356
-	108,977	PICIC Growth Fund		-	1,544
312,400	82,100	Pioneer Cement Limited		28,966	10,048
26,796	-	Searle Company Limited		14,672	-
250	250	Shell Pakistan Limited		53	53
135,000	70,000	Sui Northern Gas Pipelines Limited		16,745	5,339
205,000	175,000	Sui Southern Gas Company Limited		7,718	6,593
16,000	36,000	Systems Limited		789	1,775
35,000	-	TPL Tracker Limited		587	-
33,000	-	Treat Corporation Limited		2,318	-
3,317	3,317	Tri-Pack Films Limited		535	535
20,900	-	United Distributors Pakistan Limited		2,075	-
92,700	55,000	United Bank Limited		21,416	10,628
				<b>785,503</b>	<b>599,484</b>

<b>Market value as at December 31</b>	<b>619,734</b>	<b>665,353</b>
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## 13.4 Mutual funds (unit trust) - Others

973,225	913,015	Pakistan Income Fund (face value Rs.50 per unit)	32,756	29,524
<b>Market value as at December 31</b>			<b>53,434</b>	<b>50,097</b>

## 13.5 Impairment

Opening balance	262	262
Movement during the year	-	-
<b>Closing balance</b>	<b>262</b>	<b>262</b>

# Notes to the Financial Statements

For the year ended  
December 31, 2017

**13.6** Investments in mutual funds include Rs. 30.875 million (2016: Rs 29.5 million) placed as statutory deposit with the State Bank of Pakistan (market value: Rs. 50.37 million [2016: 50.1 million]) in compliance with Section 29 of Insurance Ordinance, 2000.

## 14 LOAN - UNSECURED

	NOTE	2017	2016
		(Rupees in `000)	
Considered good		-	1,475
Considered doubtful		1,717	-
		<b>1,717</b>	<b>1,475</b>
Provision for doubtful balances	14.1	(1,717)	-
		<b>-</b>	<b>1,475</b>

### 14.1 Provision for doubtful balances

Opening balance	-	-
Charge for the year	1,717	-
<b>Closing balance</b>	<b>1,717</b>	<b>-</b>

## 15 INVESTMENT PROPERTIES

2017								
COST				ACCUMULATED DEPRECIATION		Written Down value at		
Particulars	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	As at January 01, 2017	Charge for the year	As at December 31, 2017	December 31, 2017	Depreciation rate
(Rupees in `000)								%
Land	24,475	-	24,475	-	-	-	24,475	-
Building	1,360	-	1,360	625	37	662	698	5
	25,835	-	25,835	625	37	662	25,173	

# Notes to the Financial Statements

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Valuation of bungalow No. 42, Sector F-6/4, Islamabad was last carried on December 31, 2015 at Rs. 86.9 million. The management believes that there has been no significant change in the MV since the last valuation date.

Particulars	COST		2016 ACCUMULATED DEPRECIATION		Charge for the year	As at December 31, 2016	Written Down value at December 31, 2016	Depreciation rate
	As at January 01, 2016	Additions / (disposals)	As at December 31, 2016	As at January 01, 2016				
								(Rupees in '000)
Land	24,475	-	24,475	-	-	-	24,475	-
Building	1,360	-	1,360	586	39	625	735	5
	<b>25,835</b>	<b>-</b>	<b>25,835</b>	<b>586</b>	<b>39</b>	<b>625</b>	<b>25,210</b>	

## 16 PREMIUM DUE BUT UNPAID- unsecured

	NOTE	2017	2016
		(Rupees in '000)	
Considered good		420,259	539,596
Considered doubtful		117,858	76,000
		<b>538,117</b>	<b>615,596</b>
Provision for doubtful balances	16.1	(117,858)	(76,000)
		<b>420,259</b>	<b>539,596</b>

### 16.1 Provision for doubtful balances

Opening balance	76,000	-
Charge for the year	41,858	87,151
Write-off	-	(11,151)
Closing balance	<b>117,858</b>	<b>76,000</b>

# Notes to the Financial Statements

For the year ended  
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## 17 AMOUNT DUE FROM OTHER INSURERS/REINSURERS

	NOTE	2017	2016
		(Rupees in `000)	
Considered good		244,912	322,927
Considered doubtful		19,642	11,151
		<b>264,554</b>	<b>334,078</b>
Provision for doubtful balances	17.1	(19,642)	(11,151)
		<b>244,912</b>	<b>322,927</b>

### 17.1 Provision for doubtful balances

Opening balance	11,151	-
Charge for the year	8,491	11,151
Closing balance	<b>19,642</b>	<b>11,151</b>

## 18 PREPAYMENTS

Prepaid premium to insurers/reinsurers	201,185	213,886
Prepaid rent	754	192
	<b>201,939</b>	<b>214,078</b>

## 19 DEPOSITS, ADVANCES AND OTHER RECEIVABLES

Deposits	19.1	52,753	58,226
Investment proceeds receivable		-	-
Other receivables		10,756	7,803
		<b>63,509</b>	<b>66,029</b>

- 19.1** These include Rs 24 million (2016: 24 million) deposited under a court order in respect of a claim where the possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor.

# Notes to the Financial Statements

For the year ended  
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## 20 FIXED ASSETS - TANGIBLE AND INTANGIBLE

	2017							
	COST		Depreciation/Amortization					Depreciation rate on written down value
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	As at January 01, 2017	Charge for the year / (disposals)	As at December 31, 2017	Written Down value at December 31, 2017	
	(Rupees in `000)							%
<b>Tangible</b>								
Land and buildings	175,563	-	175,563	12,501	415	12,914	162,649	5
(Office premises)								
Computer equipment	21,269	1,189	22,340	14,829	2,206	17,003	5,337	30
		(118)			(32)			
Office equipment	13,245	209	13,454	7,953	531	8,484	4,970	10
Furniture and fixtures	25,533	-	25,533	14,481	1,105	15,586	9,947	10
Motor vehicles - owned	114,822	4,810	98,166	63,635	9,122	58,849	39,317	20
		(21,466)	-	-	(13,908)	-	-	
Motor vehicles - leased	15,195	-	15,195	2,552	2,515	5,067	10,128	20
	<b>365,627</b>	<b>6,208</b>	<b>350,251</b>	<b>115,951</b>	<b>15,894</b>	<b>117,903</b>	<b>232,348</b>	
		<b>(21,584)</b>	<b>-</b>	<b>-</b>	<b>(13,940)</b>	<b>-</b>	<b>-</b>	
<b>Intangible</b>								
Computer software	18,422	671	19,093	11,704	2,383	14,086	5,007	30
	<b>384,049</b>	<b>6,879</b>	<b>369,344</b>	<b>127,655</b>	<b>18,277</b>	<b>131,989</b>	<b>237,355</b>	
		<b>(21,584)</b>	<b>-</b>	<b>-</b>	<b>(13,940)</b>	<b>-</b>	<b>-</b>	

# Notes to the Financial Statements

For the year ended  
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## 2016

	COST			Depreciation/Amortization						
	As at January 01, 2016	Additions / (disposals) / *transfers	Adjustments	As at December 31, 2016	As at January 01, 2016	"Charge for the year / (disposals) / *transfers"	Adjustments	As at December 31, 2016	Written Down value at December 31, 2016	Depreciation rate on written down value
										%
(Rupees in `000)										
<b>Tangible</b>										
Land and buildings	165,706	9,857	-	175,563	11,478	1,023	-	12,501	163,062	5
(Office premises)										
Computer equipment	14,805	6,464	-	21,269	12,537	2,292	-	14,829	6,439	30
	13,008	237	-	13,245	7,376	577	-	7,953	5,292	10
Office equipment	23,971	1,562	-	25,533	13,268	1,213	-	14,481	11,052	10
Furniture and fixtures	103,504	18,193	12,312	114,822	69,849	6,549	1,856	63,635	51,189	20
Motor vehicles - owned		*9,995 (29,182)				*1,782 (16,401)				
Motor vehicles - leased	4,762	20,428 *(9,995)	-	15,195	5	4,329 *(1,782)	-	2,552	12,644	20
	<b>325,756</b>	<b>56,741</b>	12,312	<b>365,627</b>	<b>114,513</b>	<b>15,983</b>	1,856	<b>115,951</b>	<b>249,678</b>	
	-	(29,182)	-	-	-	(16,401)	-	-	-	
<b>Intangible</b>										
Computer software	11,733	6,689		18,422	9,424	2,280		11,704	6,718	30
	<b>337,489</b>	<b>63,430</b>	12,312	<b>384,049</b>	<b>123,937</b>	<b>18,263</b>	1,856	<b>127,655</b>	<b>256,394</b>	
	-	(29,182)	-	-	-	(16,401)	-	-	-	

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 20.1 Disposal of fixed assets

Description		Cost	Accumulated Depreciation	Book Value	Disposal Proceed	Gain/ (Loss)	Mode of Disposal	Disposal to	Location
(Rupees in `000)									
Mercedes C-180	AWK-121	3,150	1,175	1,975	1,975	-	Settlement	Mr. Mohammad Asif	Karachi
Honda Civic	AMT-782	1,515	1,365	150	1,037	887	Tender	Mr. Raheel Mithani	Karachi
Honda City	AUV-969	1,476	1,117	359	1,146	787	Tender	Mr. Wasim Mirza	Karachi
Honda City	ASJ-048	1,225	992	233	819	586	Tender	Mr. Badar Rahat	Rawalpindi
Honda City	AGE-408	868	820	48	408	360	Tender	Ms. Alifya Kayumi	Karachi
Chevrolet Joy	LED-3550	563	499	64	234	170	Tender	Mr. Syed Hussian Rizvi	Lahore
Diahuatsu Coure	APU-207	521	466	55	375	320	Tender	Mr. Abdul Inam	Karachi
Diahuatsu Coure	LEA-2683	503	448	55	515	460	Tender	Ms. Kausar	Lahore
Suzuki Cultus	LEF-2350	648	567	81	510	429	Tender	Mr. Abdul Mannan	Lahore
Suzuki Cultus	LRR-7554	590	560	30	280	250	Tender	Mr. Shahi Shiekh	Lahore
Suzuki Mehran	ASW-342	480	399	81	250	169	Tender	Mr. Abdul Inam	Karachi
Suzuki Mehran	LOG-4832	133	133	-	138	138	Tender	Mr. Umar Farooq	Lahore
Suzuki Mehran	LZU-3222	71	24	47	305	258	Tender	Mr. Mazhar Iqbal	Lahore
Suzuki Cultus	BBV-657	800	306	494	740	246	Tender	Mr. Abdul Iman	Karachi
Suzuki Cultus	ANT-649	550	161	389	222	(167)	Tender	Mr. Nadeem Ahmed	Karachi
Suzuki Bolan	CU-2127	270	79	191	363	172	Tender	Mr. Nadeem Ahmed	Karachi
Toyota Corolla	BFE-207	1,321	298	1,023	1,325	302	Tender	Mr. Abdul Amam	Karachi
Toyota Corolla	BJA-876	1,863	205	1,658	1,886	228	Tender	Mr. Faisal Ahmed	Karachi
Toyota Corolla	LRZ-212	999	946	53	725	672	Tender	Mr. Qayyum	Lahore
Toyota Corolla	LXW-212	1,150	1,117	33	350	317	Tender	Mr. Muhammad Khursheed	Lahore
Toyota Corolla	ATX-287	1,432	1,122	310	1,110	800	Tender	Mr. Wasim Mirza	Lahore
Toyota Corolla	ASF-293	1,338	1,110	228	1,130	902	Tender	Mr. Abdul Amam	Karachi
Various	Having written down value below Rs. 100,000	118	31	87	61	(26)	Tender	Various	
	<b>2017</b>	21,584	13,940	7,644	15,904	8,260			
	<b>2016</b>	29,182	16,401	12,778	20,708	7,929			



# Notes to the Financial Statements

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## 21 CAPITAL WORK IN PROGRESS

	NOTE	2017	2016
		(Rupees in `000)	
This represents property acquisition and renovation cost.	21.1	<b>26,109</b>	<b>26,109</b>

**21.1** Market rate of this property as assessed at December 31, 2017 is Rs. 51 million.(2016: 51 million).

## 22 MANAGEMENT EXPENSES

<b>Underwriting Expenses</b>			
Salaries, wages and benefits		140,677	186,649
Bonus, retirement and other benefits		2,821	2,670
Rent, rates and taxes		3,966	7,523
Communication		5,602	8,516
Fuel and power		4,572	8,750
Tracking devices		17,492	26,220
Insurance		5,207	7,513
Printing and stationery		3,142	8,510
Travelling and entertainment		4,791	13,471
Repairs and maintenance		8,120	16,719
Legal and professional		11,888	8,590
Salvage recoveries written off		-	18,115
Advertisement		656	4,284
Other		<b>5,143</b>	<b>17,440</b>
		<b>214,077</b>	<b>334,970</b>
<b>General and administrative expenses</b>			
Depreciation and amortization		18,314	20,155
Provision for doubtful balances		47,275	98,302
(Reversal) / provision of workers welfare fund		-	(9,701)
Donations		168	-
Auditor's remuneration	22.1	1,685	1,137
Other		62,447	29,408
		<b>129,889</b>	<b>139,301</b>
		<b>343,966</b>	<b>474,271</b>

# Notes to the Financial Statements

For the year ended  
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## 22.1 Auditors' Remuneration

	NOTE	2017	2017
		(Rupees in '000)	
Audit Fee		650	423
Fee for review of financial statements		150	88
Certification fee		535	426
Out of pocket expenses		350	200
		<b>1,685</b>	<b>1,137</b>

## 23 TAKAFUL OPERATIONS - OPF

Wakala fee	61,012	32,948
Commission expenses	(16,758)	(10,754)
Management expenses	(42,737)	(52,693)
Investment income	6,768	5,057
General and administrative expenses	(1,525)	(2,107)
<b>Loss before tax</b>	<b>6,760</b>	<b>(27,549)</b>

## 24 TAXATION

Current	13,969	29,542
Prior	-	(23,967)
	<b>13,969</b>	<b>5,575</b>

The Company has filed return of total income for the tax year 2017 which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authority for audit purpose.

Return is filed up to the tax year 2016 in final tax regime under section 169 of Income Tax Ordinance, 2001 whereby tax is calculated on the basis of turnover.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 25 EARNINGS PER SHARE – basic and diluted

	NOTE	2017	2016 Restated
Loss after tax for the period		(112,437)	(330,709)
Weighted average number of shares		490,328	490,328
Basic earnings per share of Rs 10 each – Rupees		(2.29)	(6.74)

No figure for diluted earnings per share has been presented as the company has not issued any instrument which would dilute its basic (loss)/earnings per share when exercised.

## 26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

(Rupees in `000)

	Chief Executive		Directors		Executives		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Managerial remuneration	14,270	11,440	6,050	16,973	40,826	44,086	61,146	72,499
Retirement benefit	580	1,392	-	-	4,083	9,671	4,663	11,063
Housing and utilities	1,271	432	908	2,116	156	9,896	2,335	12,444
Bonus	-	2,000	-	-	2,472	4,463	2,472	6,463
Meeting fees	-	-	1,365	1,114	-	-	1,365	1,114
Others	3,048	-	-	-	4,228	2,290	7,276	2,290
	<b>19,169</b>	<b>15,264</b>	<b>8,323</b>	<b>20,203</b>	<b>51,765</b>	<b>70,406</b>	<b>79,257</b>	<b>105,873</b>
Number of Persons	1	1	7	7	45	50	53	58

## 27. SEGMENT REPORTING

The following table presents segment revenue and profit information for the years ended December 31, 2017 and December 31, 2016 and estimated information regarding certain assets and liabilities as at December 31, 2017 and December 31, 2016.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

	Fire and property damages		Marine, aviation & transport		Motor		Miscellaneous		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Premium earned	400,547	498,843	99,567	59,675	275,720	312,712	192,952	377,092	968,786	1,248,322
Segment results	(88,634)	(125,279)	1,260	(85,905)	22,175	19,205	(57,486)	(240,264)	(122,685)	(432,243)
Investment income									132,370	258,537
Gain on disposal of fixed assets									8,261	7,929
Other income									6,715	7,493
General and administration expenses									(129,889)	(139,301)
									<b>17,457</b>	<b>134,658</b>
Profit/(Loss) of window takaful operations									6,760	(27,549)
<b>Loss before tax</b>									(98,468)	(325,134)
Provision for taxation - net									(13,969)	(5,575)
<b>Loss after tax</b>									<b>(112,437)</b>	<b>(330,709)</b>
Segment assets	688,794	689,365	530,338	484,416	195,677	274,486	372,617	517,049	1,787,426	1,965,316
Unallocated corporate assets									1,714,189	1,779,838
<b>Consolidated total assets</b>									<b>3,501,615</b>	<b>3,745,154</b>
Segment liabilities	575,646	522,273	469,606	479,425	222,470	282,146	610,202	720,334	1,877,924	2,004,178
Unallocated corporate liabilities									489,982	498,902
<b>Consolidated total liabilities</b>									<b>2,367,906</b>	<b>2,503,080</b>
Capital expenditure	2,844	25,987	707	3,108	1,958	16,291	1,370	18,044	6,879	63,430
Depreciation/ Amortization	<b>7,572</b>	<b>8,054</b>	<b>1,882</b>	<b>963</b>	<b>5,212</b>	<b>5,049</b>	<b>3,648</b>	<b>6,088</b>	<b>18,314</b>	<b>20,155</b>

# Notes to the Financial Statements

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## 28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 28.1 Financial risk management objectives and policies

The Company is exposed to a variety of financial risks: market risk, yield/mark-up rate risk, foreign currency risk, credit risk and liquidity risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework and is responsible for developing risk management policies and its monitoring.

#### 28.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company manages the market risk by monitoring exposure on related securities by following internal risk management policies.

Primarily, the Company's equity investments are exposed to market risk. Market risk is limited by diversification of the portfolio and active monitoring of capital markets.

The table below summarizes the Company's equity price risk as of December 31, 2017 and 2016 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit / (loss) before tax
<b>December 31, 2017</b>	871,100	10% increase	958,210	60,106	87,110
		10% decrease	783,990	(60,106)	(87,110)
December 31, 2016	925,100	10% increase	1,017,610	63,832	92,510
		10% decrease	832,590	(63,832)	(92,510)

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 28.1.2 Yield / mark-up rate risk

Yield / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market yield / mark-up. The Company invests in securities and has deposits that are subject to yield / mark-up rate risk. The Company limits yield / mark-up rate risk by monitoring changes in yield mark-up rates in the currencies in which its cash and investments are denominated.

	Exposed to yield / mark-up risk				Not exposed to yield (mark-up rate risk)			
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
(Rupees in `000)								
<b>Financial assets</b>								
Cash and bank deposits	3.5 - 5.25	77,059	-	77,059	72,216	-	72,216	149,275
Investments		-	-	-	1,109,582	-	1,109,582	1,109,582
Premium due but unpaid		-	-	-	420,259	-	420,259	420,259
Amount due from other insurers / reinsurers		-	-	-	244,912	-	244,912	244,912
Accrued investment income		-	-	-	6,294	-	6,294	6,294
Accrued salvage recoveries		-	-	-	6,450	-	6,450	6,450
Reinsurance recoveries		-	-	-	864,119	-	864,119	864,119
Deposits & other receivables		-	-	-	63,509	-	63,509	63,509
		<b>77,059</b>	<b>-</b>	<b>77,059</b>	<b>2,787,341</b>	<b>-</b>	<b>2,787,341</b>	<b>2,864,400</b>
<b>Financial liabilities</b>								
Provision for outstanding claims		-	-	-	1,221,414	-	1,221,414	1,221,414
Liabilities against assets subject to finance lease	6 - 8	3,923	1,614	5,537	-	-	-	5,537
Amount due to other insurers / reinsurers		-	-	-	233,261	-	233,261	233,261
Accrued expenses		-	-	-	11,021	-	11,021	11,021
Other creditors and accruals		-	-	-	345,088	-	345,088	345,088
Dividend payable		-	-	-	26,166	-	26,166	26,166
		<b>3,923</b>	<b>1,614</b>	<b>5,537</b>	<b>1,836,950</b>	<b>-</b>	<b>1,836,950</b>	<b>1,842,487</b>
<b>Total yield / mark-up rate risk sensitivity gap 2017</b>		<b>73,136</b>	<b>(1,614)</b>	<b>71,522</b>	<b>950,391</b>	<b>-</b>	<b>950,391</b>	<b>1,021,913</b>

# Notes to the Financial Statements

For the year ended  
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	2016							
	Exposed to yield / mark-up risk				Not exposed to yield (mark-up rate risk)			
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
(Rupees in `000)								
<b>Financial assets</b>								
Cash and bank deposits	4 - 5	408,634	-	408,634	9,080	-	9,080	417,714
Investments	-	-	-	-	905,304	-	905,304	905,304
Premium due but unpaid	-	-	-	-	539,596	-	539,596	539,596
Amount due from other insurers / reinsurers	-	-	-	-	322,927	-	322,927	322,927
Accrued investment income	-	-	-	-	1,105	-	1,105	1,105
Accrued salvage recoveries	-	-	-	-	15,771	-	15,771	15,771
Reinsurance recoveries	-	-	-	-	786,215	-	786,215	786,215
Deposits & other receivables	-	-	-	-	66,029	-	66,029	66,029
		<b>408,634</b>	<b>-</b>	<b>408,634</b>	<b>2,646,027</b>	<b>-</b>	<b>2,646,027</b>	<b>3,054,661</b>
<b>Financial liabilities</b>								
Provision for outstanding claims	-	-	-	-	1,161,635	-	1,161,635	1,161,635
Liabilities against assets subject to finance lease	9	3,514	5,643	9,157	-	-	-	9,157
Amount due to other insurers / reinsurers	-	-	-	-	290,824	-	290,824	290,824
Accrued expenses	-	-	-	-	15,202	-	15,202	15,202
Other creditors and accruals	-	-	-	-	334,840	-	334,840	334,840
Dividend payable	-	-	-	-	26,235	-	26,235	26,235
		<b>3,514</b>	<b>5,643</b>	<b>9,157</b>	<b>1,828,736</b>	<b>-</b>	<b>1,828,736</b>	<b>1,837,893</b>
<b>Total yield / mark-up rate risk sensitivity gap 2016</b>		<b>405,120</b>	<b>(5,643)</b>	<b>399,477</b>	<b>817,291</b>	<b>-</b>	<b>817,291</b>	<b>1,216,768</b>



# Notes to the Financial Statements

For the year ended  
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The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
		Amount in Rs.	
<b>December 31, 2017</b>	<b>100</b>	58,639	40,461
	<b>(100)</b>	(58,639)	(40,461)
December 31, 2016	<b>100</b>	11,116	7,670
	<b>(100)</b>	(11,116)	(7,670)

## 28.1.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

## 28.1.4 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	NOTE	2017	2017
		(Rupees in '000)	
Bank deposits		148,156	416,675
Investments in mutual funds		32,756	29,524
Premium due but unpaid - net of provision		420,259	539,596
Amount due from other insurers / reinsurers - net of provision		244,912	322,927
Accrued investment income		6,294	1,105
Reinsurance recoveries against outstanding claim		864,119	786,215
Deposits & other receivables		63,509	66,029
		<b>1,780,005</b>	<b>2,162,071</b>

# Notes to the Financial Statements

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General provision is made for receivables according to the Company's policies. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default.

	NOTE	2017	2017
		(Rupees in `000)	
The age analysis of receivables is as follows:			
Upto 1 year		207,574	525,943
1 - 2 years		77,788	89,653
2 - 3 years		58,253	-
Over 3 years		194,502	-
		<b>538,117</b>	<b>615,596</b>
Considered impaired		<b>(117,858)</b>	<b>(76,000)</b>

The credit quality of the Company's bank balances are considered good with reference to external credit ratings

The credit quality of amount due from reinsurers (gross of provision held) can be assessed with reference to ratings as follows:

	Amount due from reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2017	2016
				(Rupees in `000)	
A or above (including PRCL)	238,960	843,120	196,295	1,278,375	1,257,968
BBB	4,718	16,647	3,875	25,240	58,192
Others	1,234	4,352	1,015	6,601	6,868
<b>Total</b>	<b>244,912</b>	<b>864,119</b>	<b>201,185</b>	<b>1,310,216</b>	<b>1,323,028</b>

## 28.1.5 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

# Notes to the Financial Statements

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The table below summarizes the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	<b>2017</b>			
	<b>Within one year</b>	<b>Over one year to five years</b>	<b>Over five years</b>	<b>Total</b>
<b>Financial liabilities</b>				
Provision for outstanding claims (excluding IBNR)	1,147,129	-	-	1,147,129
Liabilities against assets subject to finance lease	3,923	1,614	-	5,537
Amount due to other insurers / reinsurers	233,261	-	-	233,261
Accrued expense	11,021	-	-	11,021
Other creditors and accruals	345,088	-	-	345,088
Unclaimed dividend	26,166	-	-	26,166
	<b>1,766,588</b>	<b>1,614</b>	<b>-</b>	<b>1,768,202</b>

	<b>2016</b>			
	<b>Within one year</b>	<b>Over one year to five years</b>	<b>Over five years</b>	<b>Total</b>
<b>Financial liabilities</b>				
Provision for outstanding claims (excluding IBNR)	1,139,840	-	-	1,139,840
Liabilities against assets subject to finance lease	3,514	5,643	-	9,157
Amount due to other insurers / reinsurers	290,824	-	-	290,824
Accrued expense	15,202	-	-	15,202
Other creditors and accruals	334,840	-	-	334,840
Unclaimed dividend	26,235	-	-	26,235
	<b>1,810,455</b>	<b>5,643</b>	<b>-</b>	<b>1,816,098</b>

# Notes to the Financial Statements

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## 28.2 Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

### Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The Company's class wise major risk exposure is as follows:

	<b>2017</b>	<b>2016</b>
	<b>Maximum Gross Risk Exposure</b>	<b>Maximum Gross Risk Exposure</b>
	(Rupees in '000)	
Fire and property damage	5,622,262	18,067,360
Marine, aviation and transport	405,196	458,230
Motor	443,700	20,000
Miscellaneous	2,043,366	840,000

The reinsurance arrangements against major risk exposures include excess of loss, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

# Notes to the Financial Statements

For the year ended  
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## Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision of claims incurred but not reported (IBNR) is based on actuary advice.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initially recognized amount. The provision for claims incurred but not reported is recorded on actuarial advice which is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

## Key assumptions

The principal assumption underlying the liability estimation of Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The assumed net of reinsurance loss ratios for each class of business is as follows:

Class	2017	2016
	Assumed Net Loss Ratio	Assumed Net Loss Ratio
	(Rupees in '000)	
Fire and property damage	47%	47%
Marine, aviation and transport	4%	4%
Motor	47%	47%
Miscellaneous	70%	70%

# Notes to the Financial Statements

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## Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and uses techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome

As the Company mostly enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Pre tax profit		Shareholders' equity	
	2017	2016	2017	2016
10% increase in loss	(35,039)	(62,831)	(24,177)	(43,354)
10% decrease in loss	35,039	62,831	24,177	43,354

## 28.3 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, both proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a catastrophe. Apart from the adequate event limit, any loss over and above the said limit would be recovered from the non-proportional treaty which is considered adequate by the Company. In compliance with the regulatory requirements, the reinsurance arrangements are duly submitted to the SECP.

The risk by type of contract is summarized below:

	Gross exposure		Net exposure	
	2017	2016	2017	2016
Fire and property damage	266,871,314	361,218,149	54,551,877	292,157,960
Marine, aviation and transport	127,792,075	322,363,862	55,133,288	15,577,645
Motor	14,499,928	18,402,337	14,363,128	18,320,440
Miscellaneous	37,546,620	110,483,121	23,328,010	75,249,151
	<b>446,709,937</b>	<b>812,467,469</b>	<b>147,376,303</b>	<b>401,305,196</b>

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## 28.4 Geographical concentration of insurance risk

To optimize benefits from the principle of averages and law of large numbers, geographical spread of risk is of extreme importance. There are number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the location, occupation and coverage of the insureds.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, we have utilized precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

## 29. Capital Management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, to meet the regulatory solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Currently the Company has a paid up capital of Rs. 505.65 million against the minimum required capital of Rs. 500 million set by the SECP for the year ended December 31, 2017. SECP has prescribed Minimum Paid-up Capital requirement vide SRO 828 as per which minimum required capital for non-life insurer has to gradually increase as per given schedule.

"June 30, 2016"	December 31, 2016	June 30, 2017	December 31, 2017
350	400	450	500

Rupees in million

## 30. Fair value of financial instruments

**30.1** IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**30.2** All assets and liabilities for which fair value is measured or disclosed in the financial statements are

# Notes to the Financial Statements

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categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets for which fair value is disclosed i.e different from their carrying value:

(Rupees in `000)			
Fair value measurement using			
2017			
	Level 1	Level 2	Level 3
Investment properties	-	86,915	-
Available for sale of investments	871,170		118,983
	<b>871,170</b>	<b>86,915</b>	<b>118,983</b>
2016			
Investment properties	-	86,915	-
Available for sale of investments	926,500	-	118,983
	<b>926,500</b>	<b>86,915</b>	<b>118,983</b>

## 31. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

Transactions and balances with related parties, other than remuneration to the chief executive, directors and executives under the terms of employment and employee retirement benefits, disclosed in notes 8 and 26, are as follows:



# Notes to the Financial Statements

For the year ended  
December 31, 2017

	2017	2016
	(Rupees in '000)	
<b>Associated undertakings</b>		
Premium written	114,689	132,892
Claims paid	41,940	52,348
Dividend received	5,660	6,202
Dividend paid	-	8,810
<b>Others</b>		
Premium written	250	810
Claims paid	28	-
Dividend paid	-	1,595
Meeting fees	1,365	1,114
<b>Year-end balances</b>		
<b>Associated undertakings</b>		
Claims outstanding	54,636	9,535
Premium receivable	160,221	181,758
<b>Others</b>		
Claims outstanding	15	-
Premium receivable	588	374

Transactions with related parties are in the normal course of business at rates and terms consistent with the market. Other related party transactions such as those relating to key management personnel and retirement plans are in accordance with terms of employment and Company policy.

## 32. DEFINED CONTRIBUTION PLAN

### 32.1 Provident Fund Trust

	Unaudited 2017	Audited 2016
	(Rupees in '000)	
Size of the fund	52,187	59,837
Cost of investment made	41,238	41,238
Percentage of investments made (based on fair value)	98%	95%
Fair value of investments	51,229	56,611

# Notes to the Financial Statements

For the year ended  
December 31, 2017

- 32.2** Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 (repealed) and the rules formulated for this purpose. The break-up of investments is as follows:

	2017	2016
	(Rupees in `000)	
<b>Breakup of investments</b>		
Listed securities / mutual funds	44,087	47,751
Government securities	7,142	8,859
Other debt instruments	-	-
	<b>51,229</b>	<b>56,610</b>

## 33. NUMBER OF EMPLOYEES

The Company employed 2017: 154 (2016: 252) employees at the end of the year.

## 34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 07, 2018 by the directors of the Company.

## 35. GENERAL

- 35.1** The comparative information has been reclassified, rearranged or additionally restated in these financial statements, wherever necessary, to facilitate comparative and to confirm with changes in presentation in the current year. However there were no material reclassification / restatements to report.

- 35.2** There is no individual class of business within the category of 'miscellaneous', where the gross premium of the class of business is 10% or more of the gross premium revenue of the company.

- 35.3** All amounts have been rounded to the nearest thousand Rupees.

Khalid Bashir  
Chairman

Director

Director

Director








Rao Ali Zeeshan  
Chief Financial Officer



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## Financial Statements (Window Takaful)

## **INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS AND SHARIAH ADVISOR OF THE PREMIER INSURANCE LIMITED – WINDOW TAKAFUL OPERATIONS (THE OPERATOR) IN RESPECT OF OPERATOR'S COMPLIANCE WITH THE SHARIAH RULES AND PRINCIPLES**

We have performed an independent assurance engagement (Shariah Compliance Audit) of PREMIER INSURANCE LIMITED – WINDOW TAKAFUL OPERATIONS (the Operator) to ensure that the Operator has complied with the Shariah rules and principles as prescribed by the Shariah Advisor of the Operator and the Takaful Rules 2012, during the year ended December 31, 2017.

### **2. Management's Responsibility for Shariah Compliance**

It is the responsibility of the Operator to ensure that the financial arrangements, contracts, products and transactions entered into by the Operator Waqf Fund (the Waqf) with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Advisor and the Takaful Rules, 2012.

### **3. Our Responsibility**

- 3.1** Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on a sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah rules and principles as prescribed by the Operator's Shariah Advisor and the Takaful Rules, 2012.
- 3.2** The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the said Shariah rules and principles. In making those risk assessments, we considered such internal control procedures as were relevant to the Operator's compliance with Shariah rules and principles. Our engagement was, however, not intended for expressing opinion on the effectiveness of the Company's internal controls for purposes of compliance with the Shariah rules and principles.
- 3.3** We believe that the evidence we have obtained through performing our procedures on a sample basis were sufficient and appropriate to provide a basis for our opinion.
- 3.4** During the course of our assignment, we came across certain matters that have been brought to the attention of the Shariah Advisor and the management of the Operator. We were informed by management that in the opinion of the Shariah Advisor such matters have no material adverse impact on Shariah compliance. In addition, interpretation and conclusion of the Shariah Advisor of the Operator is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

## 4. Framework for the Engagement

We have conducted our engagement in accordance with International Standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). This Standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject-matter i.e. the Operator's compliance with the Shariah rules and principles as determined by the Shariah Advisor and the Takaful Rules, 2012.

## 5. Basis for qualified opinion

We observed following non-compliances with the provisions of Takaful Rules, 2012 and requirements of the Shariah rules and principles:

- a) We were not provided any documentation to determine whether the Shariah Advisor of the Operator has expressed his satisfaction on the overall Shariah compliance of the Window Takaful Operations;
- b) During the year, expenses of the Operator's fund (OPF) were paid through the bank account of Participants' Takaful Fund (PTF) and salaries of some of the takaful staff (specially Head of Window Takaful Operations and Shariah Compliance officer) were paid by Premier Insurance's conventional operations;
- c) During the year, PTF did not have admissible assets in excess of its liabilities at all times as required under sub-clause (k) of clause (10) of the Rules ;
- d) We noted that the Head of Window Takaful Operations was also involved in conventional insurance business as Head of Underwriting Department. This practice is prohibited under sub-clause (d) of clause 11 of the Rules;
- e) We were not provided any documentation to show whether co-insurance arrangements for the year with conventional insurance companies were approved by the Shariah advisor.

## 6. Our Opinion

In our opinion, except for the matters stated in paragraph (a) to (e) above, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the Operator and the Waqf, as the case may be, for the year ended December 31, 2017, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Advisor and the Takaful Rules, 2012 in all material respects.

### **Chartered Accountants**

Date: **April 09, 2018**

Karachi

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# Auditors' Report to the Members

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We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in fund;
- (v) statement of cash flows;
- (vi) statement of contribution;
- (vii) statement of claims;
- (viii) statement of expenses of operator's fund
- (ix) statement of expenses of participants' takaful fund; and
- (ix) statement of investment income.

of Premier Insurance Limited – Window Takaful Operations (the Operator) as at December 31, 2017 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the International Accounting Standards as applicable in Pakistan and requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984) (repealed) and Takaful Rules, 2012. Our responsibility is to express an opinion on these statements based on our audit.

Except for matter disclosed in para (a) below, we conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation.

Except for the possible effects of matter disclosed in paragraph (a) below, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion and after due verification, we report that:

- a. During our audit, we noted that material unreconciled differences exist between the subsidiary ledgers (registers) and the general ledger (GL) maintained by the Company aggregating to a net amount of Rs. 8.78 million. In absence of any reconciliation or reasonable explanation for these differences in the books of account of the Company, we were

unable to obtain sufficient appropriate evidence as to rights and obligations and existence of above mentioned balances and as such, we were unable to determine whether any adjustments to these amounts were necessary.

Except for the possible effects of matter disclosed in paragraph (a) above:

- b. In our opinion, proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- c. In our opinion:
  - i. the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984 and accurately reflect the books and records of the Operator and are further in accordance with accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Operator's business; and
  - iii. the investments made and the expenditure incurred during the year were in accordance with the objects of the Operator;
- d. in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in paragraphs (a) above, the financial statements together with the notes thereon present fairly, in all material respects, the state of the Operator's affairs as at December 31, 2017 and of the profit, its comprehensive income, its cash flows and changes in fund for the year then ended in accordance with International Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- e. no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

## Chartered Accountants

Engagement Partner:

**Mushtaq Ali Hirani**

Date: **April 09, 2018**

Karachi



# Balance Sheet

As at December  
31, 2017

		2017		2016
Note	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in `000)				
<b>FUNDS AND LIABILITIES</b>				
<b>Operator's fund</b>				
Statutory fund	50,000	-	50,000	50,000
Qard-e-hasna contributed to PTF	(22,610)	-	(22,610)	(5,500)
Accumulated loss	(26,684)	-	(26,684)	(33,444)
	<b>706</b>	<b>-</b>	<b>706</b>	<b>11,056</b>
<b>Waqf / Participants' takaful fund</b>				
Ceded money	-	500	500	500
Qard-e-hasna contributed by OPF	-	22,610	22,610	5,500
Accumulated deficit	-	(23,109)	(23,109)	(5,180)
	<b>-</b>	<b>1</b>	<b>1</b>	<b>820</b>
<b>Underwriting provisions</b>				
Provision for outstanding claims (including IBNR)	-	52,949	52,949	24,051
Provision for unearned contribution	-	88,245	88,245	102,612
Unearned retakaful rebate	-	1,305	1,305	4,656
Total underwriting provisions	<b>-</b>	<b>142,499</b>	<b>142,499</b>	<b>131,319</b>
<b>Creditors and accruals</b>				
Amounts due to other takaful / retakaful operators	-	39,928	39,928	21,445
Unearned wakala fees	30,886	-	30,886	35,939
Wakala fee payable	-	15,101	15,101	12,142
Payable to Premier Insurance Limited	29,588	-	29,588	17,895
Other creditors and accruals	6	12,348	4,935	17,283
	<b>72,822</b>	<b>59,964</b>	<b>132,786</b>	<b>99,269</b>
<b>TOTAL FUND AND LIABILITIES</b>	<b>73,528</b>	<b>202,464</b>	<b>275,992</b>	<b>242,464</b>



# Balance Sheet

As at December  
31, 2017

			2017		2016
	Note	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees in `000)					
<b>ASSETS</b>					
<b>Cash and bank deposits</b>	7				
Cash and other equivalents		-	29	29	24
Current and other accounts		6,228	60,602	66,830	27,882
		6,228	60,631	66,859	27,906
<b>Investments</b>	8	<b>41,922</b>	<b>10,710</b>	<b>52,632</b>	48,342
<b>Other assets</b>					
Contribution due but unpaid	9	-	26,751	26,751	20,047
Amounts due from other takaful / retakaful operators	10	-	58,649	58,649	57,751
Accrued salvage recoveries		1,160	-	1,160	-
Wakala fee receivable		15,101	-	15,101	12,142
Deferred wakala fee		-	30,886	30,886	35,939
Deferred commission expense		6,469	-	6,469	10,634
Retakaful recoveries agaisnt outstanding claims		-	5,596	5,596	2,877
Prepayments	11	249	6,777	7,026	22,934
Accrued profit		-	271	271	55
Deposits and other receivables	12	29	2,193	2,222	799
		<b>23,008</b>	<b>131,123</b>	<b>154,131</b>	<b>163,178</b>
Fixed assets	13	2,370	-	2,370	3,038
<b>TOTAL ASSETS</b>		<b>73,528</b>	<b>202,464</b>	<b>275,992</b>	<b>242,464</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Profit and Loss Account

For the year ended  
December 31, 2017

	Note	Fire and property damage	Marine, aviation & transport	Motor	Misc.	Treaty	2017 Aggregate	2016 Aggregate
(Rupees in '000)								
<b>PTF revenue accounts</b>								
Net contribution revenue		1,344	942	126,498	9,885	-	138,669	64,746
Wakala expense		(8,397)	(2,356)	(45,350)	(4,909)	-	(61,012)	(32,948)
Direct expense	14	(1,024)	(623)	(12,062)	(1,917)	-	(15,626)	(5,557)
Net claims		169	(718)	(73,229)	(13,450)	-	(87,228)	(37,298)
Rebate from re-takaful operations		5,028	1,378	139	723	-	7,268	6,229
<b>Underwriting result</b>		<b>(2,880)</b>	<b>(1,377)</b>	<b>(4,004)</b>	<b>(9,668)</b>	-	<b>(17,929)</b>	<b>(4,828)</b>
Deficit for the year							<b>(17,929)</b>	<b>(4,828)</b>
<b>Accumulated deficit</b>								
Balance at the beginning of the year							(5,180)	(352)
Deficit for the year							(17,929)	(4,828)
Balance at the end of the year							<b>(23,109)</b>	<b>(5,180)</b>
<b>Operator's revenue accounts</b>								
Wakala fee		8,397	2,356	45,350	4,909	-	61,012	32,948
Commission expenses		(4,479)	(1,325)	(9,688)	(1,266)	-	(16,758)	(10,754)
Management expenses	15	(2,800)	(1,705)	(32,989)	(5,243)	-	(42,737)	(52,693)
		<b>1,118</b>	<b>(674)</b>	<b>2,673</b>	<b>(1,600)</b>	-	<b>1,517</b>	<b>(30,499)</b>
Investment income							6,768	5,057
General and administration expenses	15						(1,525)	(2,107)
Profit / (Loss) for the year							<b>6,760</b>	<b>(27,549)</b>
<b>Accumulated loss</b>								
Balance at the beginning of the year							(33,444)	(5,895)
Profit / (Loss) for the year							6,760	(27,549)
<b>Balance at the end of the year</b>							<b>(26,684)</b>	<b>(33,444)</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Comprehensive Income

For the year ended  
December 31, 2017

	2017	2016
	(Rupees in `000)	
<b>OPERATORS' FUND</b>		
Profit / (Loss) for the year	6,760	(27,549)
Other comprehensive income for the year	-	-
<b>Total comprehensive income / (loss) for the year</b>	<b>6,760</b>	<b>(27,549)</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Changes In Fund

For the year ended  
December 31, 2017

	Statutory fund	Operator's Fund		Total
		Qard-e-hasna	Accumulated loss	
		(Rupees in `000)		
Balance at January 01, 2016	50,000	-	(5,895)	44,105
Loss for the year	-	-	(27,549)	(27,549)
Qard-e-hasna contributed to PTF	-	(5,500)	-	(5,500)
<b>Balance as at December 31, 2016</b>	<b>50,000</b>	<b>(5,500)</b>	<b>(33,444)</b>	<b>11,056</b>
Profit for the year	-	-	6,760	6,760
Qard-e-hasna contributed to PTF	-	(17,110)	-	(17,110)
<b>Balance as at December 31, 2017</b>	<b>50,000</b>	<b>(22,610)</b>	<b>(26,684)</b>	<b>706</b>

	Cede Money	Participants' Takaful Fund		Total
		Qard-e-hasna	Accumulated Deficit	
		(Rupees in `000)		
Balance at January 01, 2016	500	-	(352)	148
Loss for the year	-	-	(4,828)	(4,828)
Qard-e-hasna contributed by OPF	-	5,500	-	5,500
<b>Balance as at December 31, 2016</b>	<b>500</b>	<b>5,500</b>	<b>(5,180)</b>	<b>820</b>
Loss for the year	-	-	(17,929)	(17,929)
Qard-e-hasna contributed by OPF	-	17,110	-	17,110
<b>Balance as at December 31, 2017</b>	<b>500</b>	<b>22,610</b>	<b>(23,109)</b>	<b>1</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Cash Flows

For the year ended  
December 31, 2017

	Operator's Fund	Participants' Takaful Fund	2017 Aggregate	2016 Aggregate
	(Rupees in `000)			
<b>OPERATING CASH FLOWS</b>				
a) Takaful activities				
Contribution received	-	153,179	153,179	175,090
Re-takaful contributions paid	-	(971)	(971)	(30,614)
Claims paid	-	(67,771)	(67,771)	(50,112)
Re-insurance recoveries	-	6,722	6,722	33,988
(Commissions paid) / re-takaful rebate received	(10,960)	3,917	(7,043)	(2,572)
Wakala fees received	53,000	-	53,000	56,787
Wakala fees paid	-	(53,000)	(53,000)	(56,787)
Net cash generated from underwriting activities	<b>42,040</b>	<b>42,076</b>	<b>84,116</b>	<b>125,780</b>
b) Other operating activities				
General and administration expenses paid	(30,292)	(15,842)	(46,134)	(45,933)
Other operating payments	(1,525)	-	(1,525)	(2,936)
Amounts due from other takaful / retakaful operators	-	(898)	(898)	(57,528)
Deposits and other receivables	13	(1,655)	(1,642)	-
Accrued salvage recoveries	(1,160)	-	(1,160)	-
Other liabilities and accruals	801	3,001	3,802	3,065
Qard-e-hasna contributions	(7,000)	7,000	-	-
Net cash used in other operating activities	(39,163)	(8,394)	(47,557)	(103,332)
<b>Total cash generated from operating activities</b>	<b>2,877</b>	<b>33,682</b>	<b>36,559</b>	<b>22,448</b>
<b>INVESTMENT ACTIVITIES</b>				
Investment income received	1,588	-	1,588	5,057
Additions to fixed assets	-	-	-	(3,447)
Sale / (purchase) of investment	1,406	(600)	806	(3,342)
Total cash generated / (used) in investing activities	2,994	(600)	2,394	(1,732)
Total cash generated from all activities	<b>5,871</b>	<b>33,082</b>	<b>38,953</b>	<b>20,716</b>
Cash and cash equivalents at beginning of the year	357	27,549	27,906	7,190
<b>Cash and cash equivalents at the end of the year</b>	<b>6,228</b>	<b>60,631</b>	<b>66,859</b>	<b>27,906</b>

# Statement of Cash Flows

For the year ended  
December 31, 2017

	Operator's Fund	Participants' Takaful Fund	2017 Aggregate	2016 Aggregate
	(Rupees in '000)			
Reconciliation to profit and loss account				
Operating cash flows	2,877	33,682	36,559	22,448
Depreciation	(668)	-	(668)	(409)
Investment income	6,768	-	6,768	5,057
Increase in assets other than cash	(9,217)	(8,988)	(18,205)	158,540
Decrease in liabilities	-	(35,623)	(35,623)	(218,013)
Qard-e-hasna contributions	7,000	(7,000)	-	-
Profit / (loss) for the year	6,760	(17,929)	(11,169)	(32,377)
Attributed to				
Operators' Fund	6,760	-	6,760	(27,549)
Participant's Takaful Fund	-	(17,929)	(17,929)	(4,828)
	6,760	(17,929)	(11,169)	(32,377)
Definition of cash				
Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits having maturity of less than three months..				
Cash for the purpose of the statement of cash flows consists of:				
Cash and other equivalents				
Cash	-	29	29	24
Current and other accounts				
Current and savings accounts	6,228	60,602	66,830	27,882
Total cash and cash equivalents	6,228	60,631	66,859	27,906

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Contribution

For the year ended  
December 31, 2017

Business underwritten inside Pakistan										Net contribution revenue	
Class	Contribution written	Unearned Contribution reserve		Contribution earned	Re-takaful contribution ceded	Prepaid re-takaful contribution		Re-takaful expense	2017	2016	
		Opening	Closing			Opening	Closing				
(Rupees in `000)											
Direct and Facultative											
1	Fire and property damage	10,475	18,368	4,869	23,974	8,798	17,756	3,924	22,630	1,344	2,846
2	Marine, aviation and transport	6,378	1,233	879	6,732	5,514	1,039	763	5,790	942	2,608
3	Motor	123,416	74,290	68,138	129,568	2,124	1,366	420	3,070	126,498	46,442
4	Miscellaneous	19,614	8,721	14,359	13,976	3,018	2,743	1,670	4,091	9,885	12,850
	Total	159,883	102,612	88,245	174,250	19,454	22,904	6,777	35,581	138,669	64,746
Treaty 5	Proportional	-	-	-	-	-	-	-	-	-	-
Grand total		159,883	102,612	88,245	174,250	19,454	22,904	6,777	35,581	138,669	64,746

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Claims

For the year ended  
December 31, 2017

## Business underwritten inside Pakistan

## Net claims expense

Class		Claims paid	Outstanding claims including IBNR		Claims expense	Retakaful and other recoveries received	Retakaful and other recoveries in respect of outstanding claims		Retakaful and other recoveries revenue	2017	2016
			Opening	Closing			Opening	Closing			
(Rupees in `000)											
Direct and Facultative											
1	Fire and property damage	173	614	1,432	991	177	254	1,237	1,160	(169)	3,262
2	Marine, aviation and transport	6,854	2,223	2,834	7,465	6,232	1,845	2,360	6,747	718	381
3	Motor	45,529	12,415	40,176	73,290	57	5	9	61	73,229	21,735
4	Miscellaneous	15,215	8,799	8,507	14,923	256	773	1,990	1,473	13,450	11,920
	Total	67,771	24,051	52,949	96,669	6,722	2,877	5,596	9,441	87,228	37,298
Treaty 5	Proportional	-	-	-	-	-	-	-	-	-	-
Grand total		67,771	24,051	52,949	96,669	6,722	2,877	5,596	9,441	87,228	37,298

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer



# Statement of Expenses - OPF

For the year ended  
December 31, 2017

## Business underwritten inside Pakistan

## Net expenses OPF

		Commission paid or payable	Deferred commission		Net commission expense	Management expenses	2017	2016	
Class			Opening	Closing					
(Rupees in `000)									
Direct and Facultative									
	1	Fire and property damage	1,932	3,491	944	4,479	2,800	7,279	13,939
	2	Marine, aviation and transport	1,224	227	126	1,325	1,705	3,030	5,407
	3	Motor	7,584	6,080	3,976	9,688	32,989	42,677	36,483
	4	Miscellaneous	1,853	836	1,423	1,266	5,243	6,509	7,618
		Total	12,593	10,634	6,469	16,758	42,737	59,495	63,447
Treaty	5	Proportional	-	-	-	-	-	-	-
Grand total			12,593	10,634	6,469	16,758	42,737	59,495	63,447

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Expenses - PTF

For the year ended  
December 31, 2017

## Business underwritten inside Pakistan

## Net expenses PTF

Class		Gross wakala fee	Deferred wakala fee		Net expense	PTF direct expenses	Rebate from re-takaful operations	2017	2016
			Opening	Closing					
(Rupees in `000)									
Direct and Facultative									
1	Fire and property damage	3,666	6,435	1,704	8,397	1,024	5,028	4,393	4,436
2	Marine, aviation and transport	2,232	432	308	2,356	623	1,378	1,601	2,297
3	Motor	43,196	26,002	23,848	45,350	12,062	139	57,273	20,144
4	Miscellaneous	6,865	3,070	5,026	4,909	1,917	723	6,103	5,399
	Total	55,959	35,939	30,886	61,012	15,626	7,268	69,370	32,276
Treaty 5	Proportional	-	-	-	-	-	-	-	-
Grand total		55,959	35,939	30,886	61,012	15,626	7,268	69,370	32,276

Note: Rebate from retakaful operators is arrived at after taking the impact of opening and closing unearned retakaful rebate.

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Statement of Investment Income

For the year ended  
December 31, 2017

	2017	2016
	(Rupees in '000)	
<b>Income from non-trading investments</b>		
Return on bank deposits	1,804	601
Dividend income	4,964	4,456
<b>Investment income</b>	<b>6,768</b>	<b>5,057</b>

The annexed notes from 1 to 21 form an integral part of these financial statements.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## 1. STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on October 2, 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on October 31, 2015 under the Waqf Deed with a Cede money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Shariah Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

## 2. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC(Insurance) Rules, 2002] and SECP Circular No.25 of 2015 dated July 9, 2015 with appropriate modifications based on the advice of the Shariah advisor of the Company.

The financial statements are prepared and presented in Pakistani Rupees, which is the functional and presentation currency. These financial statements reflect the financial position and results of operations of both the Operator and PTF in a manner that the assets, liabilities, revenue and expenses of the Operator and PTF remain separately identifiable.

## 3. STATEMENT OF COMPLIANCE

**3.1** These financial statements of WTO have been 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 (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984 (repealed) now Companies Act 2017 and the requirements of Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 (repealed) now Insurance Rules 2017, Takaful Rules, 2012, the Companies Ordinance, 1984 (repealed) and directives issued by the SECP. Wherever the requirements of Companies Ordinance, 1984 (repealed), the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 (repealed), Takaful Rules, 2012 or directives issued by the SECP differ with the requirements of IFRS / IFAS, the requirements of the Companies Ordinance, 1984 (repealed), the

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 (repealed), Takaful Rules, 2012 shall prevail.

During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 23 of October 4, 2017 that companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company has prepared these financial statements in accordance with the provisions of the Companies Ordinance, 1984. The Company is currently in process of determining impact, if any, on future financial statements due to implementation of the Act.

During the year, Insurance Rules, 2017 were promulgated by SECP on February 09, 2017 notified through SRO 89(I)/2017 which repealed the Securities and Exchange Commission (Insurance) Rules, 2002. In addition, Insurance Accounting Regulations, 2017 were promulgated by SECP on February 13, 2017 vide SRO. 88(I)/2017. However the Company has obtained exemption from SECP for preparation of annual financial statements for the year ended December 31, 2017 in accordance with the requirements of Insurance Rules, 2017 and application of Insurance Accounting Regulations, 2017 for current year. Hence, the financial statements for the year ended December 31, 2017 are prepared in accordance with the requirements of SEC (Insurance) Rules, 2002.

Major impact in accordance with the format prescribed by SEC Insurance Rules, 2017 is on presentation and disclosure of financial statements as per Annexure II of SEC Insurance Rules, 2017 and on valuation of available for sale investments.

The SECP has allowed the insurance companies to defer the application of International Accounting Standard 39 (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 the SECP as aforesaid, have not been considered in the preparation of these financial statements.

## **3.2 Adoption of new standards, amendments and interpretations of existing standards**

### **3.2.1 Accounting standards / amendments and IFRS interpretations that are effective for the year ended December 31, 2017**

The following standards, amendments and interpretations are effective for the year ended December 31, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

# Notes to the Financial Statements

For the year ended  
December 31, 2017

- Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

Certain annual improvements have also been made to number of IFRSs

## 3.2.2 New accounting standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following amendments to approved accounting standards are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
- Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	'January 01, 2018
- IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	'July 01, 2018
- IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	'July 01, 2018
- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	'Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
- Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	'January 01, 2018 earlier application is permitted
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	'January 01, 2018 earlier application is permitted

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

- IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. 'January 01, 2019

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 16 – Leases
- IFRS 17 - Insurance Contracts

## 4. BASIS OF MEASUREMENT

### 4.1 These financial statements have been prepared under the historical cost convention.

### 4.2 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting policies. Estimates and judgments are continuously evaluated and are based on historical experience and expectation of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where required assumptions and estimates are significant to the financial statements or where judgment was exercised in application of accounting policies are as follows:

- a) Provision against contribution due but unpaid (note 5.4)
- b) Provision for outstanding claims including claims incurred but not reported [IBNR] (note 5.6)

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

- c) Re-takaful recoveries against outstanding claims (note 5.7)
- d) Contribution deficiency reserve (note 5.21)

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2016. These policies have been applied consistently to the periods presented.

### 5.1 Takaful contracts

Takaful model is based on the principles of Wakala and Waqf. Takaful contracts are centered around the concepts of Ta'awun (mutual cooperation) and Tabarru (donation) with the overall objective of compensating losses on mutual cooperation basis. For achieving the above objectives, a separate Waqf is formed which owns Participants Takaful Fund (PTF) whereby Participants' contributions, net of government taxes (if any) received from its members (participants/policyholders) are credited. The Operator donates the cede money for the formation of Waqf in its separate capacity and acts as a Wakeel (Agent) against wakala fees for the services rendered. By virtue of being PTF members, the policyholders are provided membership benefits if a specified uncertain future event related to the covered benefits occurs which adversely affect the policyholders.

The Operator underwrites non-life Takaful membership benefits that can be categorized into Fire and Property Damage, Marine, Aviation and Transport, Motor and Miscellaneous contracts as per Waqf Deed and Rules. PTF membership tenure may be agreed for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the membership tenures are for twelve months duration. Takaful contracts entered into by the Operator under which the policyholder (member) is another Takaful Operator (inwards re- Takaful) of a facultative nature are included within the individual category of Takaful membership benefits, other than those which fall under Treaty. The risk involved in these contracts is similar to the contracts undertaken by the Operator as Takaful operator.

PTF membership is classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred



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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

in between the points of origin and final destination and other related perils.

Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care and major medical care including maternity care and outpatient care.

Miscellaneous takaful provides cover against health , Personal accident, burglary, loss of cash in safe and cash in transit, money, engineering losses, travel and other coverage.

These membership contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the member.

## 5.2 Membership contribution

Members contribute in the form of donation to PTF. Once donated to PTF, members cannot claim the amount contributed. In order to determine the performance of PTF for a given time period, contribution is recognized on accrual basis.

Membership contribution net of Wakala fee under a policy is recognized over the period of Takaful coverage from the date of inception of the membership policy to which it relates to its expiry as follows:

- i) For direct contribution, evenly over the period of the policy.
- ii) For proportional re-takaful contribution, evenly over the period of the underlying policies. Membership contribution, net of Wakala fee, is recognized on pro-rata basis for the expired period of the membership policy. The unearned contribution related to unexpired period is recognized as liability.

Takaful Contribution on facultative re-takaful accepted is reflected in the financial statements along with direct contribution.

Administrative surcharge is recognized as contribution at the date of inception of membership policy to which it relates and agreed with the members in schedules. Contribution due but unpaid represents the amount due from participants on account of PTF membership. These are recognized at cost, which is the fair value of the contribution to be received less provision for any impairment, if any.

## 5.3 Unexpired membership contribution related to takaful benefits

PTF membership contribution relating to the unexpired period of takaful coverage is recognized as un-earned contribution. This liability of the PTF is calculated by applying the 1/24 method as specified in the SEC (Insurance) Rules, 2002.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

Wakala fee on the portion of membership contribution relating to the unexpired period of takaful coverage is recognized as unearned Wakala fee by the Operator. This liability of the Operator is calculated by applying the aforesaid 1/24 method.

The related deferred portion of re-takaful contribution is recognized as a prepayment calculated by using the aforesaid 1/24 method.

## 5.4 Receivables and payables related to takaful coverage

Receivables and payables relating to takaful coverage are recognized when due. These include contribution due but unpaid and claims payable to PTF members/policyholders. If there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that membership contribution receivable in PTF statement and reduces equivalent Wakala fee from the profit and loss account.

## 5.5 Re-takaful contracts held

The Operator, on behalf of PTF, enters into re-takaful arrangements in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward re-takaful contribution is accounted for in the same period as the related contribution for the direct or accepted re-takaful business being ceded to retakaful operator.

Re-takaful coverage is recognized as per respective re-takaful arrangement in the period of coverage. The unexpired portion of re-takaful contribution is shown as prepayment in PTF accounts which is calculated in the same manner as of unearned contribution.

Re-takaful liabilities represent balances due to re-takaful companies. Amounts payable are calculated in a manner consistent with the related re-takaful arrangement. Re-takaful assets represent balances due from re-takaful companies in PTF accounts. Amounts recoverable from re-takaful operators are calculated in a manner consistent with the provision for outstanding claims or settled claims associated with the re-takaful policies and are in accordance with the related re-takaful arrangements.

Amount due from other takaful/re-takaful are carried at cost less provision for impairment, if any. If there is objective evidence that the amount due from re-takaful is impaired, the Operator reduces the carrying amount of the re-takaful receivable to its recoverable amount and recognizes that impairment loss in the PTF statement.

## 5.6 Claims

General takaful claims include all claims occurring during the year, whether reported or not, including both

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

internal and external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Operator recognizes liability in respect of all claims incurred but not paid up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a PTF membership policy. The liability for claims includes amounts relating to unpaid reported claims; claims incurred but not reported (IBNR) and expected claims settlement costs.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date in accordance with the advice of appointed actuary.

## 5.7 Re-takaful recoveries against outstanding claims

Claims recoveries receivable from re-takaful operators are recognized as an asset in PTF accounts at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

## 5.8 Commissions

Commission expense, deducted from Wakala fee of the Operator, and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from re-takaful operators is recognized on a quarterly basis as per terms and conditions agreed with the re-takaful operators. These are deferred and brought to account as income in accordance with the pattern of recognition of the contribution to which they relate.

## 5.9 Wakala & Mudarib fees

The Operator manages the PTF operations for the participants and charges 35% of gross membership contribution including administrative surcharge as Wakala fee against the services. Wakala fee is recognized on the same basis on which the related contribution is recognized. Unexpired portion of Wakala fee is recognized as a liability of the Operator and an asset of PTF. The Operator also charges 35% of the investment income earned against the services of Mudarib to manage the investments of the PTF.

## 5.10 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Provisions are recognized when the Company has a present legal or constructive obligation as a result of

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

## 5.11 Takaful surplus

PTF surplus, if any, is attributable to the participants, after settlement of all claims and liabilities, is calculated after charging all direct cost and setting aside various reserves.

## 5.12 Qard-e-hasna

Qard-e-Hasna is provided by Operator to the PTF in case of deficit to keep it solvent. Operator would recover this Qard amount without any additional profit from the PTF once PTF recovers and is in surplus.

## 5.13 Investment income

Profit on investments, profit on profit and loss sharing accounts and bank deposits are recognized on accrual basis.

## 5.14 Cash and cash equivalents

Cash and cash equivalents consist of cash, cheques and stamp in hand, balances with bank, short term deposits maturing within twelve months of the year end and liquid short term investments that are convertible to known amount of cash and are subject to insignificant risk of change in value.

## 5.15 Financial instruments

Financial instruments include cash and bank balances, investments, contributions due but unpaid, amount due from other takaful operators / re-takaful operators, accrued investment income, re-takaful recoveries against outstanding claims, deposits, other receivables, outstanding claim liabilities, amount due to other takaful operators / re-takaful operators, accrued expenses, agents balance and other creditors.

All the financial assets and liabilities are recognized at the time when the Operator or PTF becomes a party to the contractual provisions of the instrument and de-recognized when the Operator or PTF loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of financial assets and financial liabilities is taken to income directly.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## 5.16 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit and loss in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investment. Subsequently, these are recognized and classified as follows:

### 5.16.1 At fair value through profit or loss - held for trading

- These are classified as 'at fair value through profit or loss' if (a) acquired or incurred principally for the purpose of selling or re-purchasing in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).
- Upon initial recognition these are designated by the Operator as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. At subsequent reporting dates, these investments are measured at fair value and any gains, and losses arising from the changes in fair value are included in the profit and loss account for the period in which they arise.

### 5.16.2 Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Operator has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Held to maturity investments are subsequently measured at amortized cost using the effective interest method.

Gain or loss is also recognized in profit and loss account when held to maturity investments are derecognized or impaired, and through the amortization process.

### 5.16.3 Available for sale

Available for sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held to maturity investments, or (c) financial assets at fair value through profit or loss.

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

Quoted investments are initially recognized at cost inclusive of transaction costs. Unquoted investments are recorded at cost less impairment, if any.

Available for sale investments are subsequently measured at a lower of cost and market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the Rules. Any resultant gain or loss is taken to profit and loss account in accordance with S.R.O. 938 issued by the SECP dated December 12, 2002. This treatment, in contravention to requirements of IAS 39, Financial Instruments: Recognition and Measurement, is in line with the Rules.

Unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

## 5.16.4 Impairment

The carrying amounts of the investments are reviewed to determine whether there is any indication of impairment. If such indication exists the investments recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the investment exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account.

## 5.16.5 De-recognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Operator has transferred substantially all risks and rewards of ownership.

## 5.17 Fixed assets

**5.17.1** These are stated at cost less accumulated depreciation / amortization and impairment, if any. Depreciation / amortization is charged to income applying the reducing balance method from the dates of available to use to disposal.

Rates of depreciation:

• Land and buildings	5%
• Computer equipment	30%
• Office equipment, furniture & fixtures	10%
• Motor vehicles	20%
• Computer software	30%

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

Normal repairs and maintenance are charged to profit and loss account as and when incurred; major renewals and replacements are capitalized.

Gain or loss on disposal of fixed assets is taken to profit and loss account.

Assets acquired under finance lease are initially recorded at the lower of present value of minimum lease payments under the lease agreement and the fair value of the leased assets. The related obligation under finance lease less financial charges allocated to future periods is shown as a liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Leased assets are depreciated on the same basis as owned assets.

## 5.17.2 Capital work in progress

Capital work in progress is stated at cost. Transfers are made to operating assets when the assets are available for use.

## 5.17.3 Impairment

The carrying amounts of fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the related assets are written down to the estimated recoverable amount and the impairment loss is charged to profit and loss account.

## 5.18 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements only when there is legally enforceable right to set off the recognized amount and the Operator intends either to settle on a net basis or realize the assets and settle the liabilities simultaneously.

## 5.19 Operating segments

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000. Takaful Rules 2012 and the SEC(Insurance) Rules, 2002 as the primary reporting format.

The Operator has four primary business segments for reporting purposes namely, fire and property damage, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in note 5.1.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

Assets, liabilities and capital expenditure that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

## 5.20 Contribution deficiency reserve

“According to the requirements of the SEC (Insurance) Rules, 2002, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the profit and loss account.”

For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health and Personal accident takaful is calculated in accordance with the advice of actuary.

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the balance sheet date.

However no provision has been made as the unearned contribution reserve for each class of business as at December 31, 2017 is considered adequate to meet the expected liability after retakaful, for claims and other expenses, expected to be incurred after that balance sheet date in respect of policies in force at the balance sheet date.

## 6. OTHER CREDITORS AND ACCRUALS

Note	OPF	2017 PTF	Aggregate	2016 Aggregate
Rupees in '000'				
Federal insurance fee	-	24	24	82
Sales tax on services	-	4,911	4,911	1,852
Commission payable	9,887	-	9,887	8,254
Auditors Fee	196	-	196	240
Others	2,265	-	2,265	1,420
	<b>12,348</b>	<b>4,935</b>	<b>17,283</b>	<b>11,848</b>



# Notes to the Financial Statements

For the year ended  
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## 7. CASH AND BANK DEPOSITS

	Note	OPF	2017 PTF	Aggregate	2016 Aggregate
Rupees in '000'					
Cash and other equivalent					
Cash		-	-	-	-
Stamp in hand		-	29	29	24
		-	<b>29</b>	<b>29</b>	<b>24</b>
Current and other account					
Current accounts		90	973	1,063	471
Savings accounts	7.1	6,138	59,629	65,767	27,411
		6,228	60,602	66,830	27,882
		<b>6,228</b>	<b>60,631</b>	<b>66,859</b>	<b>27,906</b>

- 7.1** The rate of profit and loss sharing accounts from various banks ranges from 2.4% to 4.16% per annum depending on the size of average deposits.(2016: 4% to 6%)

## 8. INVESTMENTS

### 8.1 INVESTMENTS IN MUTUAL FUNDS

Available for sale-lower of cost or market value

Mutual funds (unit trusts) - NAFA Islamic Asset Allocation Fund

	Number of units				
	2017	2016		2017	2016
	Rupees in '000'			Rupees in '000'	
<b>OPF</b>	2,694,127	3,111,485	Market value Rs. 41.38 million (2016: Rs 57.88 million)	41,922	48,342
<b>PTF</b>	658,200	-	Market value Rs. 10.11 million (2016: Nil)	10,110	-

### 8.2 INVESTMENTS - PTF

The investment represent a term deposit of Rs 600,000 (2016: Nil) with Meezan Bank having profit at the rate of 4.25% p.a.

# Notes to the Financial Statements

For the year ended  
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## 9. CONTRIBUTION DUE BUT UNPAID

	2017	2016
	Rupees in '000'	
Considered good	26,751	20,047
Considered doubtful	-	-
	26,751	20,047
	<b>26,751</b>	<b>20,047</b>

## 10. AMOUNT DUE FROM OTHER TAKAFUL / RETAKAFUL OPERATORS

Considered good	58,649	57,751
Considered doubtful	-	-
	58,649	57,751
	<b>58,649</b>	<b>57,751</b>

## 11. PREPAYMENTS

Prepaid retakaful ceded - PTF	6,777	22,904
Other - OPF	249	30
	<b>7,026</b>	<b>22,934</b>

## 12. DEPOSITS AND OTHER RECEIVABLES

Deposit miscellaneous - OPF	-	231
Federal excise duty - OPF	29	30
Federal excise duty - PTF	2,193	538
	<b>2,222</b>	<b>799</b>

# Notes to the Financial Statements

For the year ended  
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## 13. FIXED ASSETS - TANGIBLE & INTANGIBLE

Particulars	COST		2017 Depreciation / Amortization					Depreciation rate on written down value %
	As at January 01, 2017	Additions	As at December 31, 2017	As at January 01, 2017	Charge for the year	Accumulated as at December 31, 2017	Written down value as at December 31, 2017	
	Rupees in '000'							
Tangible								
Leasehold improvements	450	-	450	14	22	36	414	5
Computer equipment	264	-	264	63	64	127	137	30
Office equipment	728	-	728	51	66	117	611	10
	1,442	-	1,442	128	152	280	1,162	
Intangible								
Computer software	2,005	-	2,005	281	516	797	1,208	30
	3,447	-	3,447	409	668	1,077	2,370	

Particulars	COST		2016 Depreciation / Amortization					Depreciation rate %
	As at January 01, 2016	Additions	As at December 31, 2016	As at January 01, 2016	Charge for the year	Accumulated as at December 31, 2016	Written down value as at December 31, 2016	
	Rupees in '000'							
Tangible								
Leasehold improvements	-	450	450	-	14	14	436	5
Computer equipment	-	264	264	-	63	63	201	30
Office equipment	-	728	728	-	51	51	677	10
	-	1,442	1,442	-	128	128	1,314	
Intangible								
Computer software	-	2,005	2,005	-	281	281	1,724	30
	-	3,447	3,447	-	409	409	3,038	

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 14. DIRECT EXPENSES - PTF

	NOTE	2017	2016
		Rupees in '000'	
Tracking services		13,683	4,881
Service charges		694	530
Other		1,249	146
		<b>15,626</b>	<b>5,557</b>

## 15. MANAGEMENT EXPENSES - OPF

Underwriting Expenses			
Salaries, wages and benefits		25,540	38,692
Rent, rates and taxes		632	1,432
Communication		530	788
Fuel and power		2,806	2,060
Travelling and entertainment		591	851
Fees and subscription		2,741	2,958
Sales promotion expenses		123	1,129
Depreciation and amortization		668	409
Repair and maintenance		5,025	1,523
Printing and stationary		513	784
Other		3,568	2,067
		<b>42,737</b>	<b>52,693</b>
General & Administration Expenses			
Auditors' remuneration	15.1	240	160
Legal and professional charges		1,285	1,947
		1,525	2,107
		<b>44,262</b>	<b>54,800</b>

# Notes to the Financial Statements

For the year ended  
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## 15.1 Auditors' remuneration

	2017	2016
	Rupees in '000'	
Audit fee	200	120
Interim review	40	40
	<b>240</b>	<b>160</b>

## 16. SEGMENT REPORTING

The following table presents segment revenue and profit information for the years ended December 31, 2017 and December 31, 2016 and estimated information regarding certain assets and liabilities as at December 31, 2017 and December 31, 2016.

	Fire and property damage		Marine, aviation & transport		Motor		Misc.		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees in '000'									
Revenue										
Contribution earned	23,974	20,105	6,732	11,164	129,568	48,102	13,976	14,752	174,250	94,123
Segment results	(2,880)	(4,852)	(1,377)	(70)	(4,004)	4,563	(9,668)	(4,469)	(17,929)	(4,828)
Other information										
Segment assets	11,699	70,268	11,089	8,039	71,274	56,159	15,185	13,735	109,247	148,201
Unallocated corporate assets									166,745	94,263
Consolidated total assets									275,992	242,464
Segment liabilities	9,823	23,956	5,481	5,100	139,167	103,046	27,955	20,662	182,426	152,764
Unallocated corporate liabilities									92,859	77,824
Consolidated total liabilities									275,285	230,588
Capital expenditure	-	736	-	409	-	1,762	-	540	-	3,447
Depreciation / amortization	92	87	26	49	497	209	54	64	668	409

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# Notes to the Financial Statements

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For the year ended  
December 31, 2017

## 17. QARD-E-HASNA

If there is a deficit of admissible assets over its liabilities in the PTF, the operator from the Operator's fund may provide Qard-e-Hasna to the PTF so that the PTF may become solvent as per Takaful Rules 2012. During the year OPF has contributed Rs. 17.11 million (2016: Rs. 5.5 million)

## 18. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

### 18.1 Takaful risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 18.1.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities ( in percentage terms) by class of business at balance sheet date.

Class	2017				2016			
	Gross claim liabilities	Net claim liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claim liabilities	Net claim liabilities	Gross contribution liabilities	Net contribution liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	3%	0%	6%	1%	3%	2%	18%	1%
Marine, aviation and transport	5%	1%	1%	0%	9%	2%	1%	0%
Motor	75%	86%	77%	83%	51%	58%	73%	92%
Miscellaneous	16%	14%	16%	16%	37%	38%	8%	7%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighbouring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its re-takaful policy to reduce such exposures to levels acceptable to the Operator.

The Operator's class wise major gross risk exposure is as follows:

Class	NOTE	2017	2016
		Rupees in '000'	
Fire and property damage		467,000	347,565
Marine, aviation and transport		600,000	81,023
Motor		254,682	10,000
Miscellaneous		1,139,962	32,500

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 18.1.2 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

PTF				
Rupees in 000				
	2017		2016	
	Revenue	Equity	Revenue	Equity
<b>Impact of change in claim liabilities by + 10%</b>				
Fire and property damage	(143)	(99)	(61)	(42)
Marine, aviation and transport	(283)	(195)	(222)	(153)
Motor	(4,018)	(2,772)	(1,242)	(857)
Miscellaneous	(851)	(587)	(880)	(607)
	<b>(5,295)</b>	<b>(3,653)</b>	<b>(2,405)</b>	<b>(1,659)</b>
<b>Impact of change in claim liabilities by - 10%</b>				
Fire and property damage	143	99	61	42
Marine, aviation and transport	283	195	222	153
Motor	4,018	2,772	1,242	857
Miscellaneous	851	587	880	607
	<b>5,295</b>	<b>3,653</b>	<b>2,405</b>	<b>1,659</b>

## 18.2 Financial risk

The Operator's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (comprising of currency risk, profit rate risk and other price risk). The Operator's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Operator's financial performance.

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.



# Notes to the Financial Statements

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## 18.2.1 Credit risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	OPF	2017 PTF	Aggregate	OPF	2016 PTF	Aggregate
Rupees in '000'						
<b>Financial assets:</b>						
Bank balances	6,228	60,602	66,830	357	27,525	27,882
Contribution due but unpaid	-	26,751	26,751	-	20,047	20,047
Amounts due from other takaful / retakaful operators	-	58,649	58,649	-	57,751	57,751
Wakala fee receivable	15,101	-	15,101	12,142	-	12,142
Retakaful recoveries against outstanding claims	-	5,596	5,596	-	2,877	2,877
Accrued profit	-	271	271	-	55	55
	<b>21,329</b>	<b>151,869</b>	<b>173,198</b>	<b>12,499</b>	<b>108,255</b>	<b>120,754</b>

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

The credit quality of claim recoveries from retakaful operators can be assessed with reference to external credit ratings

# Notes to the Financial Statements

For the year ended  
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	Amount due from retakaful operators	Retakaful recoveries against outstanding claims	Other retakaful asset	2017	2016
A or above (including PRCL)	46,919	4,476	5,421	56,816	71,955
BBB	2,932	279	338	3,549	-
Others	8,798	841	1,018	10,657	11,577
<b>Total</b>	<b>58,649</b>	<b>5,596</b>	<b>6,777</b>	<b>71,022</b>	<b>83,532</b>

## 18.2.2 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at balance sheet date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

# Notes to the Financial Statements

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	2017					
	Carrying amount	OPF Upto one year	Greater than one year	Carrying amount	PTF Upto one year	Greater than one year
Rupees in '000'						
<b>Financial liabilities</b>						
Amounts due to other takaful / retakaful operators	-	-	-	39,928	39,928	-
Payable to Premier Insurance Limited	29,588	29,588	-	-	-	-
Other creditors and accruals	12,348	12,348	-	4,935	4,935	-
Wakala fee payable	-	-	-	15,101	15,101	-
	<b>41,936</b>	<b>41,936</b>	<b>-</b>	<b>59,964</b>	<b>59,964</b>	<b>-</b>

	2016					
	Carrying amount	OPF Upto one year	Greater than one year	Carrying amount	PTF Upto one year	Greater than one year
Rupees in '000'						
<b>Financial liabilities</b>						
Amount due to other takaful / re-takaful operators	-	-	-	21,445	21,445	-
Payable to Premier Insurance Limited	17,895	17,895	-	-	-	-
Other creditors and accruals	9,914	9,914	-	1,934	1,934	-
Wakala fee payable	-	-	-	12,142	12,142	-
	<b>27,809</b>	<b>27,809</b>	<b>-</b>	<b>35,521</b>	<b>35,521</b>	<b>-</b>

# Notes to the Financial Statements

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## 18.2.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by investing in mutual funds having high credit rating. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

### 18.2.3.1 Profit rate risk

The table below provides the maturity analysis of the Operator's liabilities as at balance sheet date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

2017 - OPF								
	Effective yield / mark-up rate %	Exposed to yield / mark-up risk			Not exposed to yield (mark-up rate risk)			
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
<b>Financial assets</b>								
Cash and other equivalents	2.4 - 4.16	6,228	-	6,228	-	-	-	6,228
Investments		-	-	-	41,922	-	41,922	41,922
Wakala fee receivable		-	-	-	15,101	-	15,101	15,101
Deposits & other receivables		-	-	-	29	-	29	29
		<b>6,228</b>	<b>-</b>	<b>6,228</b>	<b>57,052</b>	<b>-</b>	<b>57,052</b>	<b>63,280</b>
<b>Financial liabilities</b>								
Payable to Premier Insurance Limited		-	-	-	29,588	-	29,588	29,588
Other creditors and accruals		-	-	-	12,348	-	12,348	12,348
		-	-	-	41,936	-	41,936	41,936
<b>Total yield / mark-up rate risk sensitivity gap - 2017</b>		<b>6,228</b>	<b>-</b>	<b>6,228</b>	<b>15,116</b>	<b>-</b>	<b>15,116</b>	<b>21,344</b>

# Notes to the Financial Statements

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2017 - PTF								
	Exposed to yield / mark-up risk				Not exposed to yield (mark-up rate risk)			
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
<b>Financial assets</b>								
Cash and other equivalents	2.4 - 4.16	60,602	-	60,602	29	-	29	60,631
Contribution due but unpaid		-	-	-	26,751	-	26,751	26,751
Amounts due from other takaful / retakaful operators		-	-	-	58,649	-	58,649	58,649
Accrued profit		-	-	-	271	-	271	271
Retakaful recoveries agaisnt outstanding claims		-	-	-	5,596	-	5,596	5,596
Deposits & other receivables		-	-	-	2,193	-	2,193	2,193
		<b>60,602</b>	<b>-</b>	<b>60,602</b>	<b>93,489</b>	<b>-</b>	<b>93,489</b>	<b>154,091</b>
<b>Financial liabilities</b>								
Provision for outstanding claims (excluding IBNR)		-	-	-	39,082	-	39,082	39,082
Amounts due to other takaful / retakaful operators		-	-	-	39,928	-	39,928	39,928
Wakala fee payable		-	-	-	15,101	-	15,101	15,101
Other creditors and accruals		-	-	-	4,935	-	4,935	4,935
		<b>-</b>	<b>-</b>	<b>-</b>	<b>99,046</b>	<b>-</b>	<b>99,046</b>	<b>99,046</b>
<b>Total yield / mark-up rate risk sensitivity gap - 2017</b>		<b>60,602</b>	<b>-</b>	<b>60,602</b>	<b>(5,557)</b>	<b>-</b>	<b>(5,557)</b>	<b>55,045</b>

# Notes to the Financial Statements

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2016 - OPF								
	Exposed to yield / mark-up risk				Not exposed to yield (mark-up rate risk)			
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
<b>Financial assets</b>								
Cash and other equivalents	4 - 6	357	-	357	-	-	-	357
Investments		-	-	-	48,342	-	48,342	48,342
Wakala and mudarib fee receivable		-	-	-	17,642	-	17,642	17,642
Deposits and other receivables		-	-	-	261	-	261	261
		<b>357</b>	<b>-</b>	<b>357</b>	<b>66,245</b>	<b>-</b>	<b>66,245</b>	<b>66,602</b>
<b>Financial liabilities</b>								
Payable to Premier Insurance Limited		-	-	-	17,895	-	17,895	17,895
Other creditors and accruals		-	-	-	9,914	-	9,914	9,914
		-	-	-	27,809	-	27,809	27,809
<b>Total yield / mark-up rate risk sensitivity gap - 2016</b>		<b>357</b>	<b>-</b>	<b>357</b>	<b>38,436</b>	<b>-</b>	<b>38,436</b>	<b>38,793</b>

# Notes to the Financial Statements

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2016 - PTF								
	Exposed to yield / mark-up risk				Not exposed to yield (mark-up rate risk)			
	Effective yield / mark-up rate %	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	Total
<b>Financial assets</b>								
Cash and other equivalents	4 - 6	27,525	-	27,525	24	-	24	27,549
Contribution due but unpaid		-	-	-	20,047	-	20,047	20,047
Amounts due from other takaful / retakaful operators		-	-	-	57,751	-	57,751	57,751
Retakaful recoveries against outstanding claims		-	-	-	2,877	-	2,877	2,877
Accrued profit		-	-	-	55	-	55	55
Deposits and other receivables		-	-	-	538	-	538	538
		<b>27,525</b>	<b>-</b>	<b>27,525</b>	<b>81,292</b>	<b>-</b>	<b>81,292</b>	<b>108,817</b>
<b>Financial liabilities</b>								
Provision for outstanding claims (excluding IBNR)		-	-	-	17,614	-	17,614	17,614
Amounts due to other takaful / retakaful operators		-	-	-	21,445	-	21,445	21,445
Wakala and mudarib fee payable		-	-	-	17,642	-	17,642	17,642
Other creditors and accruals		-	-	-	1,934	-	1,934	1,934
		-	-	-	58,635	-	58,635	58,635
<b>Total yield / mark-up rate risk sensitivity gap - 2016</b>		<b>27,525</b>	<b>-</b>	<b>27,525</b>	<b>22,657</b>	<b>-</b>	<b>22,657</b>	<b>50,182</b>

## Sensitivity analysis

As on 31 December 2017, the Window Takaful Operations had no financial instruments valued at fair value through profit or loss nor any variable rate instrument. It is therefore the Window Takaful Operations is not exposed to profit rate risk.

# Notes to the Financial Statements

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## 18.2.3.2 Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

## 18.2.3.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Operator's Fund investments amounting to Rs. 52.164 million are susceptible to market price risk arising from uncertainty about the future value of investment securities. Market risk related to these investments is managed by active oversight on the price of securities.

The table below summarises Funds market price risk as of 31 December 2017. It shows the effect of a 10 % increase and 10 % decrease in the market prices of mutual fund on those dates on Operator's profit and equity.

Had all equity investments been measured at fair values as required by IAS 39, Financial Instruments: Recognition and Measurement, the impact of hypothetical change would be as follows:

<b>Operator's Fund</b>				
Rupees in '000'				
	<b>Fair value</b>	<b>Price change</b>	<b>Estimated fair value</b>	<b>Effect on profit and loss before tax</b>
<b>Mutual Fund - 2017</b>	51,490	10% increase	56,639	5,149
		10% decrease	46,341	(5,149)
Mutual Fund - 2016	57,889	10% increase	63,678	5,789
		10% decrease	52,100	(5,789)



# Notes to the Financial Statements

For the year ended  
December 31, 2017

## 18.3 Fair value

**18.3.1** IFRS 13 defines fair value as an exit price. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**18.3.2** All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the assets where fair value is only disclosed and is different from their carrying value:

	Rupees in '000'		
	<b>OPF</b>		
	<b>Fair value measurement using</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Available-sale-investments - 2017</b>	52,164	-	-
	<b>OPF</b>		
	<b>Fair value measurement using</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Available-sale-investments - 2016	48,342	-	-

## 19. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit schemes.

# Notes to the Financial Statements

For the year ended  
December 31, 2017

Transactions with related parties are in the normal course of business at rates and terms consistent with the market. Other related party transactions such as those relating to key management personnel and retirement plans are in accordance with terms of employment and company policy.

Transactions and balances with related parties, including remuneration and retirement benefits, are as follows:

	2017	2016
	Rupees in '000'	
<b>Transactions for the period</b>		
<b>Associated undertakings</b>		
Premium written	4,909	3,420
Claims paid	4,648	27
Commission paid	179	65
<b>Period end balances</b>		
<b>Associated undertakings</b>		
Premium receivable	1,866	331
Claims outstanding	1,457	4
<b>Payable to Premier Insurance Limited</b>	<b>29,588</b>	<b>17,895</b>

## 20. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 07, 2018 by the Board of Directors of the Company.

## 21. GENERAL

All amounts have been rounded off to the nearest thousand Rupees.

Khalid Bashir  
Chairman

Director

Director

Director

Rao Ali Zeeshan  
Chief Financial Officer

# Pattern of Shareholding

Category Details of Shareholding  
as at 31 December 2017

## Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

SNO.	NAME	HOLDING
1	Umbreen Zahid Bashir	20,802
2	Zahid Bashir	125,648
3	SHAMS RAFI	354,077
4	NADEEM MAQBOOL	478,724
5	NAZIA MAQBOOL	202,251
6	IMRAN MAQBOOL	489,278
7	KHURRAM MAZHAR KARIM	123,923
8	ASMA IMRAN MAQBOOL	153,299
9	KHALID BASHIR	139,009
10	ZAHID BASHIR	5,245
11	MOHAMMAD ASIF	339
<b>TOTAL &gt;&gt;</b>		<b>2,092,595</b>

## Associated Companies, Undertakings and related Parties (to be confirm by Company)

SNO.	NAME	HOLDING
1	M/S.MUHAMMAD AMIN MUHAMMAD BASHIR LTD.	213
2	MOHD AMIN MOHA BASHIR LTD	11,510
3	Equity Textiles Limited	831,364
4	JUBILEE SPINNING & WEAVING MILLS LIMITED	18,682
5	CRESCENT FIBRES LTD	69,621
6	CRESCENT COTTON MILLS LTD	303,384
7	SURAJ COTTON MILLS LTD.	820,471
8	SHAMS TEXTILE MILLS LIMITED	739,069
9	CRESCENT POWERTEC LIMITED	9,246,531
10	THE CRESENT TEXTILE MILLS LTD	141,573
11	EQUITY TEXTILES LIMITED	748,385
<b>TOTAL &gt;&gt;</b>		<b>12,930,803</b>

## Banks, Development Financial Institutions, Non Banking Financial Institutions

SNO.	NAME	HOLDING
1	M/S.BIBOJEE INVESTMENT LIMITED.	12,526
2	PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PVT.) LTD.	847,948
3	IDBL (ICP UNIT)	214
4	Escorts Investment Bank Limited	198
<b>TOTAL &gt;&gt;</b>		<b>860,886</b>

## Insurance Companies

SNO.	NAME	HOLDING
1	M/S.STATE LIFE INSURANCE CORPN.OF PAK.	283
2	STATE LIFE INSURANCE CORP. OF PAKISTAN	5,474,410
3	THE CRESCENT STAR INSURANCE CO.LTD.	117
<b>TOTAL &gt;&gt;</b>		<b>5,474,810</b>

# Pattern of Shareholding

Category Details of Shareholding  
as at 31 December 2017

## Modarabas and Mutual Funds

SNO.	NAME	HOLDING
1	M/S.FIRST INTERFUND MODARABA.	117
2	M/S.FIRST CONFIDENCE MODARABA.	41
<b>TOTAL &gt;&gt;</b>		<b>158</b>

## Others

SNO.	NAME	HOLDING
1	M/S.THE PAN ISLAMIC STEAMSHIP CO.LTD	65
2	M/S.AUSTRALASIA BANK LTD.	2,923
3	M/S.MUTUAL TRADING CO.LTD.	1
4	M/S.TAYYAB KATCHI & CO.LIMITED.	5,314
5	M/S.GOLDEN VALLEY TRADING CO.LTD.	3,525
6	M/S.VALIKA INVESTMENT CORPN.LTD.	5,184
7	M/S.INVESTMENT CORPN.OF PAKISTAN.	1,128
8	M/S.CRESCENT TRADING CORPN.(PVT) LTD	9,095
9	ALI TRUST, LAHORE.	41
10	M/S.SITARA ENTERPRISES (PVT) LTD.	177
11	M/S.N.H.SECURITIES (PVT) LTD.	35
12	M/S.PROGRESSIVE GARMENTS (PVT) LTD.	11,797
13	M/S.CRESCENT SPINNING MILLS LTD.	7,372
14	M/S.AMIN BASHIR VENTURES (PVT) LTD.	12,290
15	TRUSTI BONUS FBR	33,476
16	TRUSTEE TO 5% BONUS FBR	42,135
17	TRUSTEE TO 5% BONUS FBR 10% BOUNS	15,864
18	TRUSTEE TO BOUNS FRACTION SHARES COMPANY SECRETARY	1,032
19	TRUSTEE TO BONUS FRACTION SHARE COMPENY SECRETARY	958
20	PRUDENTIAL SECURITIES LIMITED	2,340
21	PRUDENTIAL SECURITIES LIMITED	122
22	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	293
23	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	8,548
24	Y.S. SECURITIES & SERVICES (PVT) LTD.	912
25	MILLWALA SONS (PRIVATE) LIMITED	29
26	MNG.COMMITTEE OKHAI MEMON MADRESSAH ASSO	72,055
27	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	270,510
28	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	12,589
29	BURMA OIL MILLS LTD	191,697
30	SARFRAZ MAHMOOD (PRIVATE) LTD	741
31	NH SECURITIES (PVT) LIMITED.	921
32	MAPLE LEAF CAPITAL LIMITED	1
33	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	562
34	CAPITAL VISION SECURITIES (PVT) LTD.	167
35	FEDERAL BOARD OF REVENUE	239,711
36	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	112
37	WASI SECURITIES (SMC-PVT) LTD.	1
38	ISMAIL ABDUL SHAKOOR SECURITIES (PRIVATE) LIMITED	2,555
39	MSMANIAR FINANCIALS (PVT) LTD.	465
40	TRUSTEES RASHID LATIF JAMAL TRUST	282
41	FIKREES (PRIVATE) LIMITED	16,260
<b>TOTAL &gt;&gt;</b>		<b>973,285</b>

# Pattern of Shareholding

As at December  
31, 2017

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
600	1	100	16,404
434	101	500	111,471
236	501	1,000	168,480
444	1,001	5,000	1,037,776
129	5,001	10,000	934,561
78	10,001	15,000	959,102
29	15,001	20,000	500,834
27	20,001	25,000	603,187
29	25,001	30,000	786,686
16	30,001	35,000	515,832
15	35,001	40,000	553,848
10	40,001	45,000	428,034
4	45,001	50,000	192,405
10	50,001	55,000	523,910
8	65,001	70,000	543,229
8	70,001	75,000	574,614
2	75,001	80,000	156,004
3	80,001	85,000	246,535
5	85,001	90,000	437,532
2	90,001	95,000	185,585
2	95,001	100,000	191,512
3	100,001	105,000	305,179
1	105,001	110,000	106,051
1	110,001	115,000	114,060
2	115,001	120,000	235,634
2	120,001	125,000	247,326
4	125,001	130,000	509,457
4	130,001	135,000	535,032
2	135,001	140,000	278,016
1	140,001	145,000	141,573
1	145,001	150,000	147,350
5	150,001	155,000	766,495
2	160,001	165,000	324,347
1	170,001	175,000	171,713
3	175,001	180,000	532,208
1	185,001	190,000	189,568
1	190,001	195,000	191,697
1	200,001	205,000	202,251

## Pattern of Shareholding

As at December  
31, 2017

1	205,001	210,000	207,324
1	210,001	215,000	214,625
1	215,001	220,000	218,005
1	220,001	225,000	224,810
1	235,001	240,000	239,711
1	250,001	255,000	254,023
1	260,001	265,000	261,710
1	270,001	275,000	270,510
1	285,001	290,000	285,155
1	290,001	295,000	294,176
1	295,001	300,000	298,457
1	300,001	305,000	303,384
3	305,001	310,000	918,996
2	325,001	330,000	657,000
2	345,001	350,000	693,969
1	350,001	355,000	354,077
2	355,001	360,000	713,605
1	370,001	375,000	373,997
1	390,001	395,000	394,411
1	455,001	460,000	459,441
1	475,001	480,000	478,724
2	485,001	490,000	976,335
1	490,001	495,000	490,231
1	505,001	510,000	505,643
1	520,001	525,000	524,566
1	550,000	555,000	550,000
1	565,001	570,000	568,461
1	575,001	580,000	577,149
1	700,001	705,000	701,259
1	735,001	740,000	739,069
1	745,001	750,000	748,385
1	820,001	825,000	820,471
1	830,001	835,000	831,364
1	845,001	850,000	847,948
1	865,001	870,000	866,558
1	910,001	915,000	912,640
1	1,180,001	1,185,000	1,183,054
1	1,215,001	1,220,000	1,219,423
1	5,470,001	5,475,000	5,474,410
1	9,245,001	9,250,000	9,246,531
<b>2,172</b>			<b>50,565,105</b>

# Pattern of Shareholding

As at December  
31, 2017

Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholder	Number of shares held
<b>Associated Companies, Undertaking and Related Parties (name wise details)</b>		
CRESCENT COTTON MILLS LTD	1	303,384
CRESCENT FIBRES LTD	1	69,621
CRESCENT POWERTEC LIMITED	1	9,246,531
EQUITY TEXTILES LIMITED	2	1,579,749
JUBILEE SPINNING & WEAVING MILLS LIMITED	1	18,682
M/S.MUHAMMAD AMIN MUHAMMAD BASHIR LTD.	1	213
MOHD AMIN MOHA BASHIR LTD	1	11,510
SHAMS TEXTILE MILLS LIMITED	1	739,069
SURAJ COTTON MILLS LTD.	1	820,471
THE CRESENT TEXTILE MILLS LTD	1	141,573
<b>TOTAL &gt;&gt;</b>	<b>11</b>	<b>12,930,803</b>
<b>Mutual Funds (name wise details)</b>		
<b>TOTAL &gt;&gt;</b>	<b>-</b>	<b>-</b>
<b>Directors and their spouse (to be confirmed by company)</b>		
ASMA IMRAN MAQBOOL	1	153,299
IMRAN MAQBOOL	1	489,278
KHALID BASHIR	1	139,009
KHURRAM MAZHAR KARIM	1	123,923
MOHAMMAD ASIF	1	339
NADEEM MAQBOOL	1	478,724
NAZIA MAQBOOL	1	202,251
SHAMS RAFI	1	354,077
Umbreen Zahid Bashir	1	20,802
ZAHID BASHIR	2	130,893
<b>TOTAL &gt;&gt;</b>	<b>11</b>	<b>2,092,595</b>
Executives (To be filled by company)		
<b>TOTAL &gt;&gt;</b>	<b>-</b>	<b>-</b>
<b>Public Sector Companies and Corporations</b>		
<b>TOTAL &gt;&gt;</b>	<b>4</b>	<b>5,984,914</b>
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>		
<b>TOTAL &gt;&gt;</b>	<b>8</b>	<b>873,750</b>
<b>Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)</b>		
CRESCENT POWERTEC LIMITED	1	9,246,531
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	5,474,410
<b>TOTAL &gt;&gt;</b>	<b>2</b>	<b>14,720,941</b>



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## Branch Network

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# Conventional Branches

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## Karachi

### Head Office

5th Floor, State Life Building 2-A, Wallace Road, Off. I.I.  
Chundrigar Road, Karachi, Pakistan.

Phone: 021-32416331-4

Fax: 021-32416572

### CSD South Karachi

5th Floor, State Life Building 2-A, Wallace Road, Off. I.I.  
Chundrigar Road, Karachi, Pakistan.

Phone: 021-32416331-4

Fax: 021-32416572

### Clifton Branch

Office # 401, 4th Floor Clifton Centre, Kehkhashan,  
Block-5, Clifton, Karachi.

Phone: 021-35293383-5

Fax: 021-35293386

## Lahore

### Zonal Office

162 Shadman II Lahore.

Phone: 042-35407001-5

Fax: 042-35407006

### CSD North Lahore

162 Shadman II Lahore.

Phone: 042-35407001-5

Fax: 042-35407006

### Canal Branch

162 Shadman II Lahore.

Phone: 042-35407001-5

Fax: 042-35407006

### Mall Branch

23 Shahrah-e-Quaid-e-Azam, Lahore.

Phone: 042-37324262 | 37230602-03

Fax: 042-37235557

### Multan Branch

4th Floor, Mehr Fatima Tower, Opp. High Court, Old  
Bahawalpur Road, Multan.

Phone: 061-4515007 | 4515009

Fax: 061-4587143

### **Islamabad Branch**

64-E 2nd Floor, Masco Plaza, Jinnah Avenue, Blue Area, Islamabad.

Phone: 051-2348167-8

Fax: 051-2348169

### **Regency Branch Faisalabad**

1st Floor Regency Arcade, 949-Mall Road, Faisalabad.

Phone: 041-2632211-3

Fax: 041-2617802

### **Chenab Branch Faisalabad**

2nd Floor, S.M. Plaza, 18 Chenab Market, Susan Road, Madina Town, Faisalabad.

Phone: 041-8503541-42

Fax: 041-8503543

### **Sialkot Branch**

Room # 3 & 4, Sahib Plaza, Saga Chowk, Defence Road, Sialkot.

Phone: 052-3572192-93

Fax: 052-3572194

### **Gujrawala Branch**

Block - L, Trust Plaza, G.T Road, Gujranwala.

Phone: 055-3859719-20

Fax: 055-3256432

### **Peshawar Branch**

1081/A, Rehman Building, Saddar Road, Peshawar Cantt.

Phone: 091-5273757

Fax: 091-5277809

### **Quetta Branch**

43-Regal Plaza, 2nd Floor, Circular Road, Quetta.

Phone: 081-2842883

Fax: 081-2821383

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 66th Annual General Meeting of the shareholders of PREMIER INSURANCE LIMITED will be held at ICAP, Auditorium Hall, Chartered Accountants Avenue, Clifton, Karachi on Monday the April 30, 2018 at 08:30 a.m. to transact the following business:-

## Ordinary Business

1. To confirm minutes an 65th Annual General Meeting of the Company held on April 29, 2017;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2017, the report of the Auditors thereon and the report of the Directors;
3. To appoint Auditors of the Company and fix their remuneration;

## Special Business

4. To consider and if thought fit, pass a special resolution pursuant to section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, to authorized investment in the Equity of the following Associate Undertakings;

S. No.	Name of Company	Amount of Investment approved in FY-2017	Amount Utilized to date	Further Investment to be Made in FY-2018	Revised Investment Limit for FY-2018
1	Crescent Cotton Mills Limited	90,000	1,050	1,450	2,500
2	Crescent Textile Mills Limited	80,000	16,858	8,142	25,000
3	Shams Textile Mills Limited	60,000	6,694	18,306	25,000
4	Suraj Cotton Mills Limited	70,100	93,832	106,168	200,000
5	First Equity Modaraba	75,000	27,799	12,200	40,000
6	Shakarganj Mills Limited	90,000	475	1,024	1,500
7	Crescent Steel & Allied Products Limited	100,000	23,409	76,591	100,000
8	Crescent Jute Products Limited	100,000	-	-	-
9	Crescent Fibers Limited	100,000	848	4,152	5,000
<b>Total</b>		<b>765,000</b>	<b>170,964</b>	<b>228,035</b>	<b>399,000</b>

Rupees in '000'

Statement under section 199 of the Companies Act, 2017 relating to the aforesaid special resolution to be transacted at the said Annual General Meeting are attached.

## Other Business

5. To transact any other business with the permission of the chair.

Attached to this notice of meeting being sent to the members is a statement under Section 134(3) (b) of the Companies Act, 2017 setting forth:

- a. All material facts concerning the resolution contained in items 4 of the notice.
- b. Status of previous approval of investments in associated company

By Order of the Board

**Zeeshan Sattar**

Company Secretary

Karachi: **April 9, 2018**

## Notes:

### Closure of Share Transfer Books

The Share Transfer Books of the company shall remain closed from April 21, 2018 to April 30, 2018 (both days inclusive). Transfers received in order at our Registrar, FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Pakistan by the close of business on April 19, 2018 will be treated in time for this purpose.

### Participation in the Annual General Meeting

A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in his own right. Instrument appointing proxy must be deposited at the Registered Office of the company at least 48 hours before the time of the meeting.

1. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time of holding the meeting. .
2. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000, of the Securities and Exchange Commission of Pakistan.

#### **a. For attending the meeting:**

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participant I.D. numbers and account numbers in CDC.
- ii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

#### **b. For appointing proxies:**

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration detail are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii. The proxy form shall be witnessed by two persons whose names and CNIC No's shall be mentioned on the form.
- iii. Attested copies of CNIC or the Passport of the beneficial owner and the proxy shall be furnished with the proxy form.
- iv. The proxy shall produce his original CNIC or original Passport at the time of the meeting.

- v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the company.

## Electronic Transmission of Financial Statements and Notices

Pursuant to Notification vide SRO 787 (I) / 2014 dated September 08, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future. In this regards, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of member(s) to timely update the share registrar of any change in his (her / its / their) registered email address at the address of Company's Registrar.

## Consent for Video Conference Facility

Members can also avail video conference facility. In this regard please fill the following and submit to registered address of the Company 10 days before holding the general meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Premier Insurance Limited, holder of \_\_\_\_\_ ordinary share(s) as per Register Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of member

## Unclaimed Dividend

As per the provision of section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders. Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall after giving notice in newspaper proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act 2017.

## Change of Address

Shareholders are requested to notify our Registrar immediately of any change in their addresses and submit, if applicable to them, the non-deduction of Zakat from CZ-50 with the Company's Registrar. All the shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their participants. This will assist in the prompt receipt of Dividend.

# STATEMENT UNDER U/S 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning "Special Business" to be transacted at the 66th Annual General Meeting of the Company to held on April 30, 2018.

S.No.	Name of company for associated undertaking	Break up value	Earnings per share for last three years			Basis of Relation ship	Current and preceding twelve weeks' average market price	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Financial Position: Including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof:	Direct or indirect interest of Directors, sponsors, majority shareholder s and their relatives, (if any)	Interest of the associated company or associated undertaking and its sponsors and directors in the investing company	Status of necessary due diligence for the proposed investment	Amount in Rs.			Reason of underutilization	Approval required for FY 2018		Purpose/ben efits from investment / period of investment	Max price	Maximum no of securities	No of securities before and after investment and percentage thereof
			2015	2016	2017									Amount in Rs.	Investment to date	Unutilized		2018	Maximum amount after 2018 approval				
1	CHESCENT COTTON MILLS LIMITED	144.64	1.00	(1.05)	1.35	Common hip	33.12	Not applicable	Total assets 3.9 bn, debt/equity: 68	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	90,000,000	1,050,000	88,950,000	Approval valid till the limits exhausted at a better value and time	1,450,000	2,500,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
2	CHESCENT TEXTILE MILLS LIMITED	84.5	3.97	3.57	1.42	Common hip	32.85	Not applicable	Total assets 13.8 bn, d/e 9.7%	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	80,000,000	16,857,633	63,142,367	Approval valid till the limits exhausted at a better value and time	8,142,367	25,000,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
3	SHAMS TEXTILE MILLS LIMITED	74.24	####	(12.86)	(6.63)	Common hip	37.325	Not applicable	Total assets 2 bn, d/e 15%	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	60,000,000	6,693,610	53,306,390	Approval valid till the limits exhausted at a better value and time	18,306,390	25,000,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
4	SURAJ COTTON MILLS LIMITED	182	####	16.13	17.48	Common hip	144.346	Not applicable	Total assets: 9.5 bn d/e 30%	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	70,000,000	93,832,183	47,200,767	Marked to market to book gains	106,167,817	200,000,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
5	FIRST EQUITY WOODRADA	10.95	0.22	0.17	0.81	Common hip	4.5	Not applicable	N/A	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	75,000,000	27,799,233	47,200,767	Approval valid till the limits exhausted at a better value and time	12,200,767	40,000,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
6	SHAKARGANJ MILLS LIMITED	49.1	####	(0.18)	1.80	Common hip	76.995	Not applicable	Total assets 11.2 bn, d/e 6%	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	90,000,000	47,5,396	89,524,604	Approval valid till the limits exhausted at a better value and time	1,024,604	1,500,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
7	CHESCENT STEEL & ALLOYED PRODUCTS LIMITED	110.8	1.71	12.97	13.04	Common hip	145.5	Not applicable	Total assets: 12.1 bn d/e 10%	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	100,000,000	23,408,723	76,591,277	Approval valid till the limits exhausted at a better value and time	76,591,277	100,000,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
8	CHESCENT ALITE	N/A	N/A	N/A	N/A	Common Directors hip	N/A	Not applicable	N/A	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	N/A	100,000,000	-	100,000,000	Approval valid till the limits exhausted at a better value and time	-	-	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
9	CHESCENT FIBRES LIMITED	-13.47	3.59	2.43	2.02	Common hip	23.9	Not applicable	Total assets 0.4 bn	Not applicable	N/A	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as 'Directors/Chief Executive' and/or as shareholders of the investing Company.	The Directors of the Company submit that they have carried out necessary due diligence for the proposed investment	100,000,000	847,508	99,152,492	Approval valid till the limits exhausted at a better value and time	4,152,492	5,000,000	dividend and / value appreciation/ period of investment	not above the market value at the time of transaction	Per market value at the day of transaction not exceeding approved amount	flexible, not more than 10% of the investor's capital
															765,000,000	170,964,285	617,867,898			228,035,715	399,000,000		

The above approval is to remain valid till exhausted, without time restrictions.



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# Proxy Form

## Annual General Meeting

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I/We \_\_\_\_\_  
of \_\_\_\_\_ being a member of Premier Insurance Limited and holder of  
Ordinary shares as per Registered Folio No \_\_\_\_\_  
and/or CDC Participant I.D.No Sub-Account No \_\_\_\_\_  
CNIC No \_\_\_\_\_ or Passport No \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
who is also a member of the company, Folio No \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as my/our Proxy in my/our absence to attend, speak and vote for me/us and on my/  
our behalf at the Annual General Meeting of the company to be held on Monday the April 30, 2018 at 08:30 a.m. at the  
ICAP, Auditorium Hall, Chartered Accountants Avenue, Clifton, Karachi and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018

1. Witness:  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No \_\_\_\_\_
2. Witness:  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
CNIC or Passport No \_\_\_\_\_



Signature of Shareholder

### Note:

1. Proxies in order to be effective must be received at the Registered Office of the company at 5th Floor, State Life Building No. 2-A, Wallace Road, Karachi not later than 48 hour before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the company.
3. The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original Computerized National Identity Card and CDC account number for verification.



## پریمیر انشورنس لمیٹڈ

اسٹیٹ لائف بلڈنگ، پانچویں منزل، نمبر-A-2، والیک روڈ، کراچی نمبر-74000

نائب / پراسی فارم

سالانہ جنرل میٹنگ

میں / ہم \_\_\_\_\_ ولد \_\_\_\_\_ بحیثیت پریمیر انشورنس لمیٹڈ کے ممبر کے اور عام شیئر  
\_\_\_\_\_ بمطابق رجسٹرڈ فوئیو نمبر \_\_\_\_\_ اور ایسا \_\_\_\_\_ سی ڈی سی \_\_\_\_\_ کے شراکت دار، شناختی کارڈ  
نمبر \_\_\_\_\_ ذیلی اکاؤنٹ نمبر \_\_\_\_\_ قومی شناختی کارڈ نمبر \_\_\_\_\_ یا پاسپورٹ نمبر \_\_\_\_\_  
اپوائنٹ \_\_\_\_\_ کا \_\_\_\_\_ جو کہ کمپنی کا پہلے سے ممبر ہے، بمطابق فوئیو نمبر \_\_\_\_\_  
یا ناکام رہا / رہی \_\_\_\_\_ کیلئے \_\_\_\_\_ بطور میرے نائب میری غیر موجودگی میں حاضر  
ہوئی / ہوا۔ بات کی اور میرے لئے ووٹ میری معرفت ڈالا جو کہ کمپنی کی سالانہ جنرل میٹنگ جو کہ 30 اپریل 2018 کو منعقد ہوئی بوقت 9:00 بجے بمقام ICAP آڈیٹوریم  
حال، چارٹرڈ اکاؤنٹنٹ ایونیو، کلکشن، کراچی اور اس طرح کی کسی بھی تقریب میں۔

دستخط مورخہ \_\_\_\_\_ دن \_\_\_\_\_ 2018۔

۱۔ گواہ:

دستخط:

نام:

پتہ:

قومی شناختی کارڈ نمبر:

۲۔ گواہ:

دستخط:

نام:

پتہ:

قومی شناختی کارڈ نمبر:

نوٹ:

- ۱۔ نائب کے لئے ضروری ہے کہ وہ کمپنی کے رجسٹرڈ آفس بمقام پانچویں منزل، اسٹیٹ لائف بلڈنگ نمبر-A-2، والیک روڈ، کراچی میں میٹنگ 48 گھنٹے پہلے سے موجود ہو۔
- ۲۔ سی ڈی سی شیئر ہولڈرز اور ان کے نائب پر لازم ہے کہ وہ اپنے شناختی کارڈ کی فوٹو کاپی تصدیق شدہ یا پاسپورٹ کی کاپی اس پراسی فارم کو کمپنی میں جمع کرنے سے پہلے ساتھ منسلک کریں۔
- ۳۔ سینٹرل ڈپازٹری کمپنی (سی ڈی سی) میں جمع کرانے کیلئے حصص یافتگان سے درخواست کی جاتی ہے کہ وہ اپنا اور جنرل شناختی کارڈ لائیں تاکہ انکی تصدیق کی جاسکے۔

ریونیو اسٹیٹ پانچ روپے

دستخط شیئر ہولڈرز



## Share Registrar:

### **FAMCO Associates (Pvt) Limited**

8-F, Next to hotel Faran, Nursery Block-6,

P.E.C.H.S., Shahrah-e-Faisal, Karachi.

Phones : (21) 34380101-2

Fax : (21) 34380106

Email : info.shares@famco.com.pk

### **Subject: Consent for Electronic Transmission of Annual Report**

Dear Sirs,

I/we, being the shareholder(s) of Premier Insurance Limited, ("Company"), do hereby give consent and authorize the company for electronic transmission of the Annual Report containing. Annual Audited Financial Statements, Directors' Report and Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the company of any change in my Email address.

I understand that the transmission of Annual Report via the Email shall meet the requirements as mentioned under Section 50,158,233 and 236 of the Companies Ordinance, 1984.

Name of Shareholder(s): \_\_\_\_\_

Fathers / Husband Name: \_\_\_\_\_

CNIC: \_\_\_\_\_ NTN (if any): \_\_\_\_\_

Participant ID / Folio No: \_\_\_\_\_ Telephone: \_\_\_\_\_

Mailing address: \_\_\_\_\_

\_\_\_\_\_

Email address:

Date: \_\_\_\_\_

Premier Insurance Limited  
State Life Building No. 2A  
5th Floor, Wallace Road Karachi

\_\_\_\_\_  
Signature  
(In case of corporate shareholders.  
the authorized signatory shall sign)



Since 1952 as a life-time companion we have delivered distinctive general insurance services across the country with diligence, zeal and commitment. Yet our journey to excel continues; to do more and better for our clients.

**Premier Insurance Limited**

[www.pil.com.pk](http://www.pil.com.pk)