

68th ANNUAL REPORT | 2019



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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.

Mission Statement

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.

Core Values

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.

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.

Professionalism

Integrity

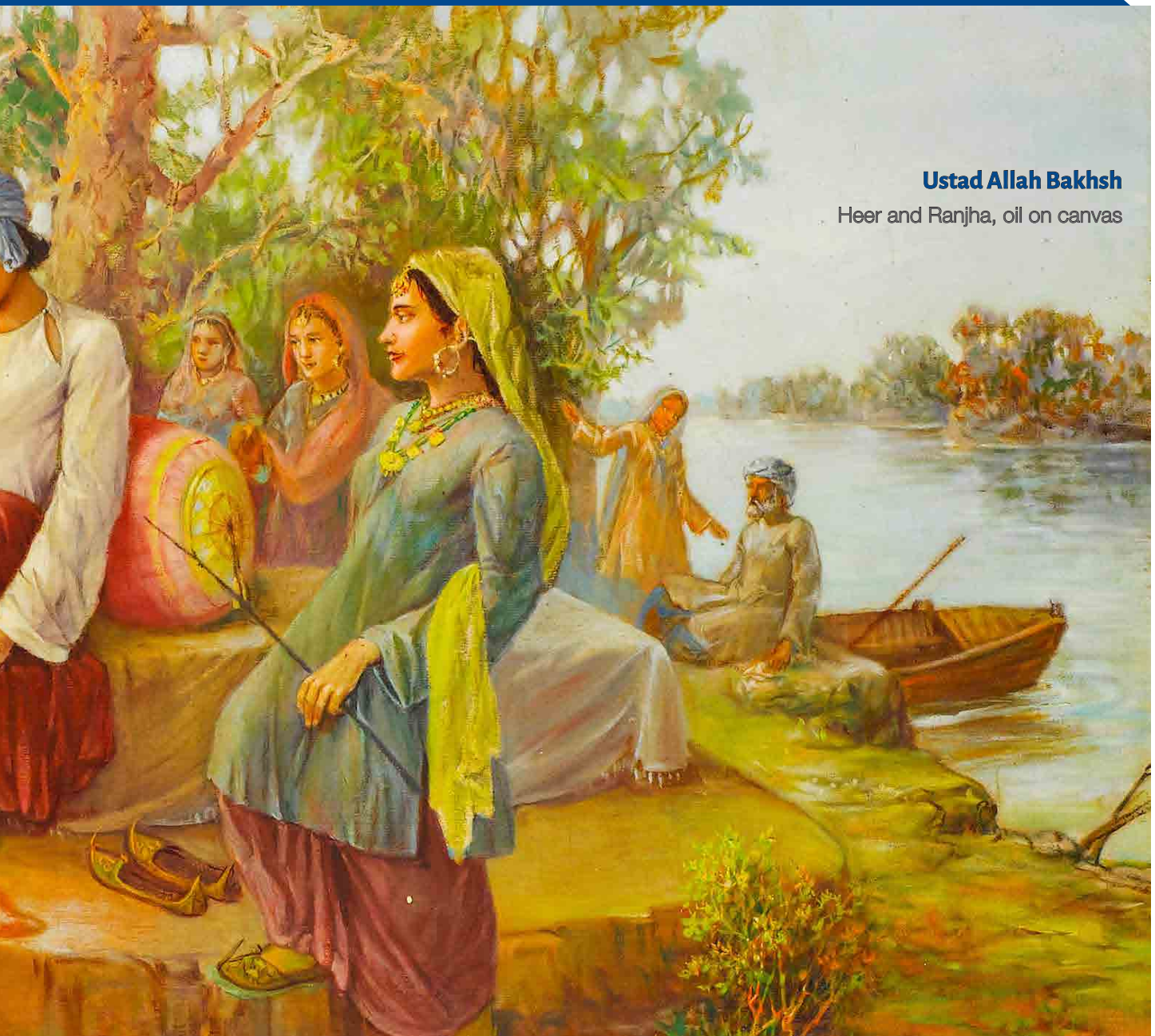


We are in the business of providing security because we understand our clients' apprehension when their valuable assets are at risk. With empathy, we are able to not only provide professional service but personalised service because we understand you.

Empathy

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.

Tradition



Ustad Allah Bakhsh

Heer and Ranjha, oil on canvas

Company Information

Board of Directors

Khalid Bashir
(Chairman)

Imran Maqbool

Nadeem Maqbool

Shehryar Mazhar

Shams Rafi

Mr. Asadullah Khawaja

Attaullah A. Rasheed

Ethics, Human Resource, Remuneration & Nomination Committee

Attaullah A Rasheed
(Chairman)

Asadullah Khawaja
(Member)

Nadeem Maqbool
(Member)

Niina Khan
(Secretary)

Chief Executive Officer

Nadeem Maqbool

Chief Financial Officer

Amjed Bahadur Ali

Head of Internal Audit

Oan Ali Mustansir

Company Secretary & Head of Compliance

Mr. Zeeshan Sattar

Investment Committee

Nadeem Maqbool
(Chairman)

Imran Maqbool
(Member)

Asadullah Khawaja
(Member)

Amjed Bahadur Ali
(Member/Secretary)

Audit Committee

Asadullah Khawaja
(Chairman)

Khalid Bashir
(Member)

Imran Maqbool
(Member)

Oan Ali Mustansir
(Secretary)

Claim Settlement Committee

Attaullah A. Rasheed
(Chairman)

Muhammad Imran
(Member)

Hassan Mustafa
(Member/Secretary)

Company Information

Underwriting Committee

Imran Maqbool
(Chairman)

M. K. Baig
(Member)

Afzal Ur Rehman
(Member)

M. A. Hannan Shadani
(Secretary)

Reinsurance & Co-Insurance Committee

Shams Rafi
(Chairman)

Afzal Ur Rehman
(Member)

Kamran Safi Rizvi
(Member/Secretary)

Risk Management & Compliance Committee

Shams Rafi
(Chairman)

Nadeem Maqbool
(Member)

Amjed Bahadur Ali
(Member)

Zeeshan Sattar
(Member/Secretary)

Auditors

EY Ford Rhodes,
Chartered Accountants.

Legal Advisors

Arfin & Company
Advocates

Registrar

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

P : (21) 34380101-2

F : (21) 34380106

E : info.shares@famco.com.pk

Registered & Head Office

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

P : (21) 32416331-4

F : (21) 32416572

E : info@pil.com.pk

W : www.pil.com.pk

Our Journey

Culgee | Untitled, oil and gold leaf on canvas





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.

Board of Directors



Imran Maqbool



Nadeem Maqbool



Shams Rafi

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.

Board of Directors



Asadullah Khawaja



Attaullah A Rasheed



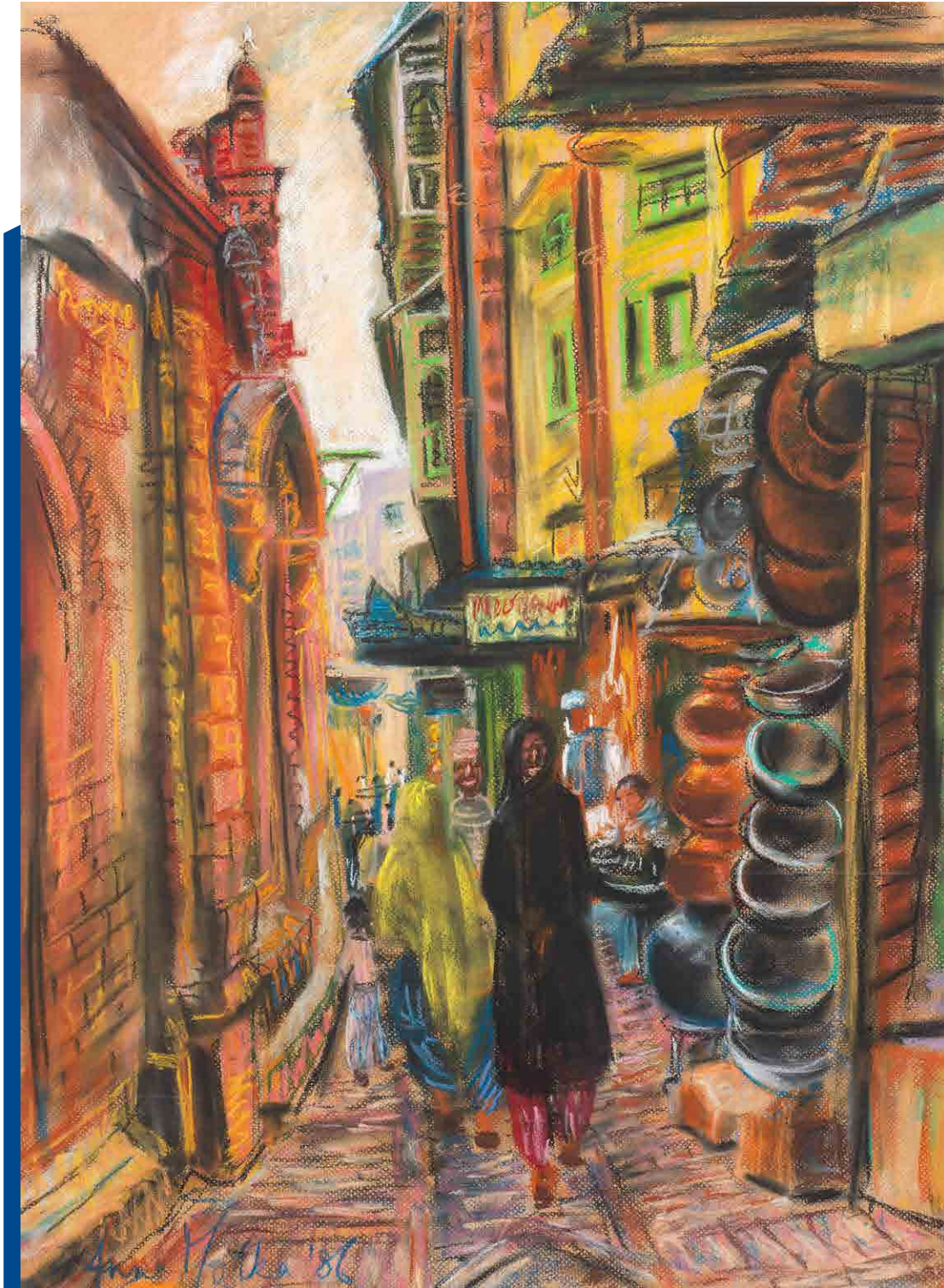
Shehryar Mazhar

Khalid Bashir
Chairman



Anna Molka Ahmed

Market Street
Mixed media on paper



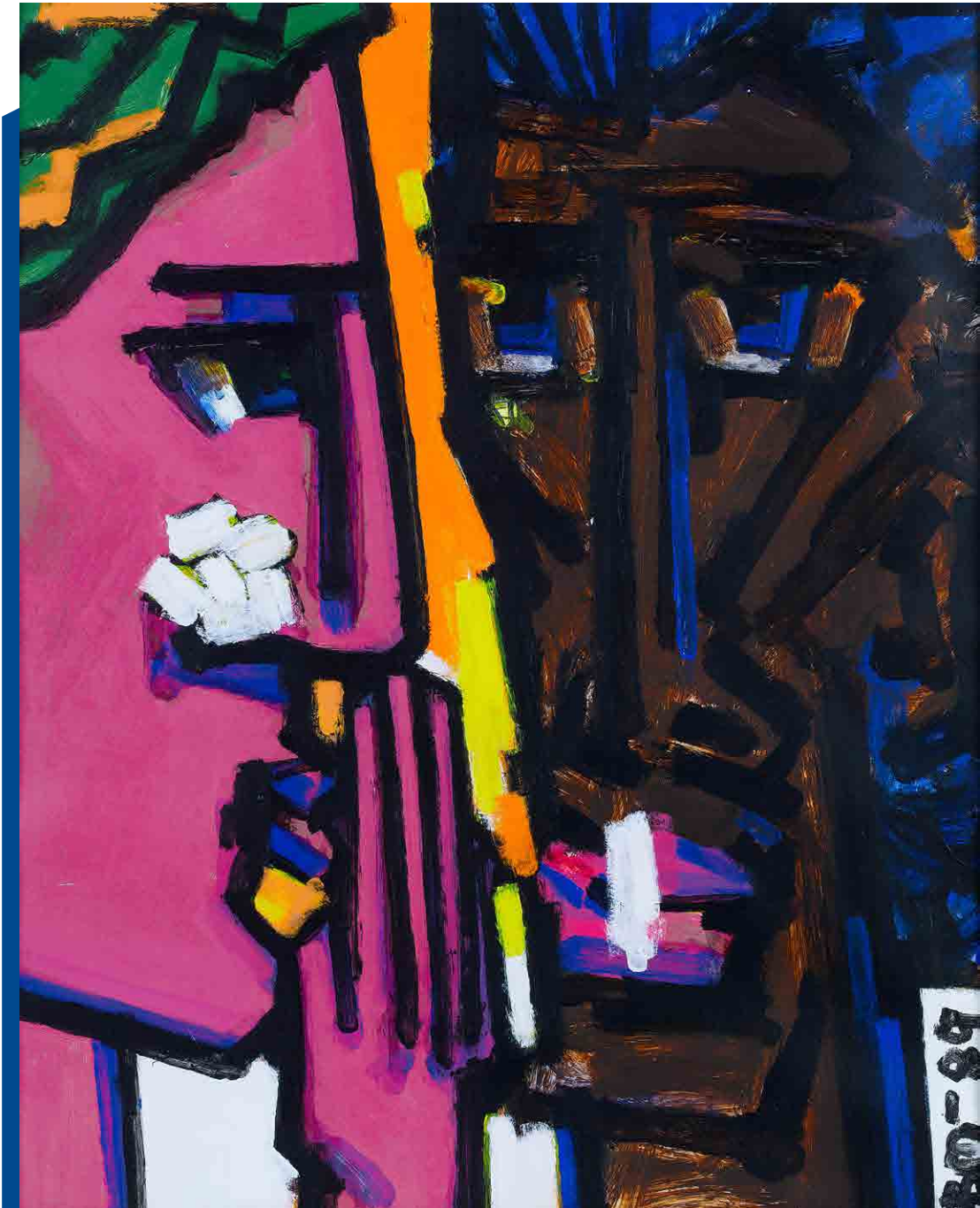
Key Operating & Financial Data

	2019	2018*	2017*	2016	2015	2014
Paid-up capital	505,650	505,650	505,650	417,893	348,244	302,821
Capital reserves	19,675	19,675	19,675	19,675	19,675	19,675
Revenue reserves	631,698	687,314	661,191	1,371,101	1,240,505	1,205,758
Total reserves	651,373	706,989	680,866	1,390,776	1,260,180	1,225,433
Total equity	1,157,023	1,212,639	1,186,516	1,630,514	1,608,424	1,528,254
Total assets	2,957,300	3,163,733	3,599,157	4,133,594	3,685,412	3,429,982
Premium written (Including Takaful Contribution)	633,067	685,474	1,008,991	1,309,617	1,408,264	1,355,682
Premium written	501,364	535,977	849,108	1,115,119	1,405,907	1,355,682
Net premium	223,329	290,309	517,834	623,366	770,143	694,506
Investment income	(135,584)	42,937	27,265	258,537	119,300	147,839
Impairment of financial assets	(167,430)	(75,581)	(104,933)	(98,302)	19,553	(2,105)
Profit / (loss) before taxation	(274,655)	53,390	(302,008)	(325,134)	123,424	40,513
Profit / (loss) after taxation	(239,761)	44,822	(315,977)	(330,709)	110,616	34,647
Return on equity (%)	-20.24%	3.74%	-22.43%	-20.42%	7.05%	2.25%
Book value per share (Rs.)	22.88	23.98	23.47	39.02	46.19	50.47
Earnings / (loss) per share (Rs.)	(4.74)	0.89	(6.25)	(7.91)	3.18	1.14
Cash dividend (%)	0.00%	0.00%	0.00%	0.00%	10.00%	10.00%
Stock dividend (Bonus - %)	0.00%	0.00%	20.00%	10.00%	20.00%	15.00%

* restated

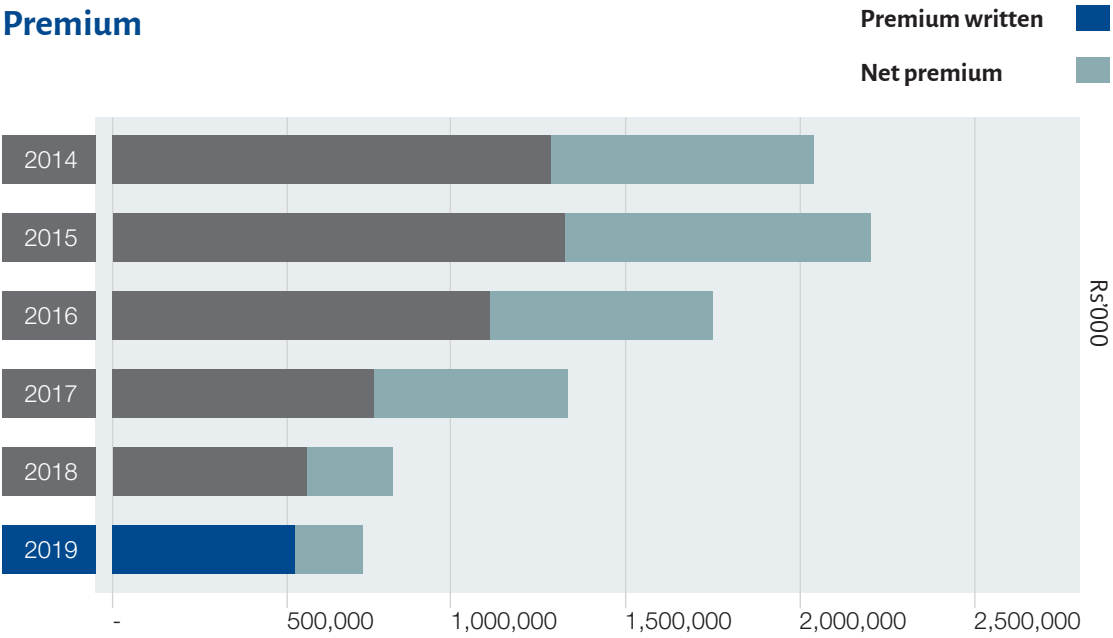
Bashir Mirza

Untitled
acrylic on card

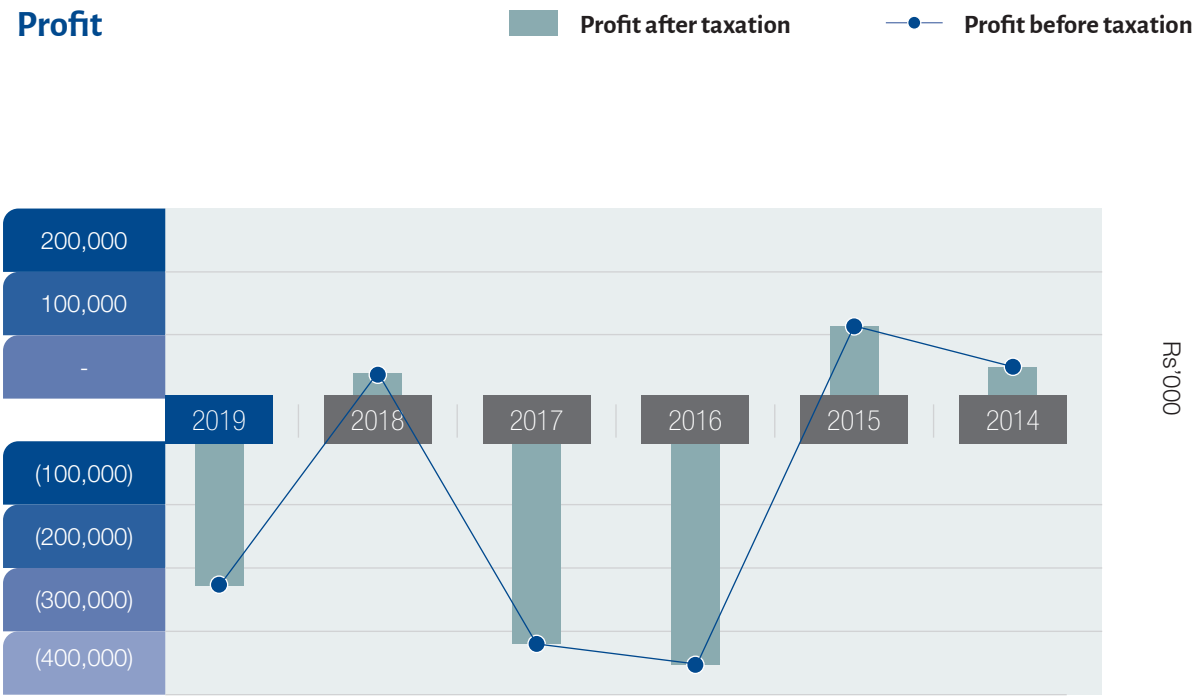


Performance at a Glance

Premium

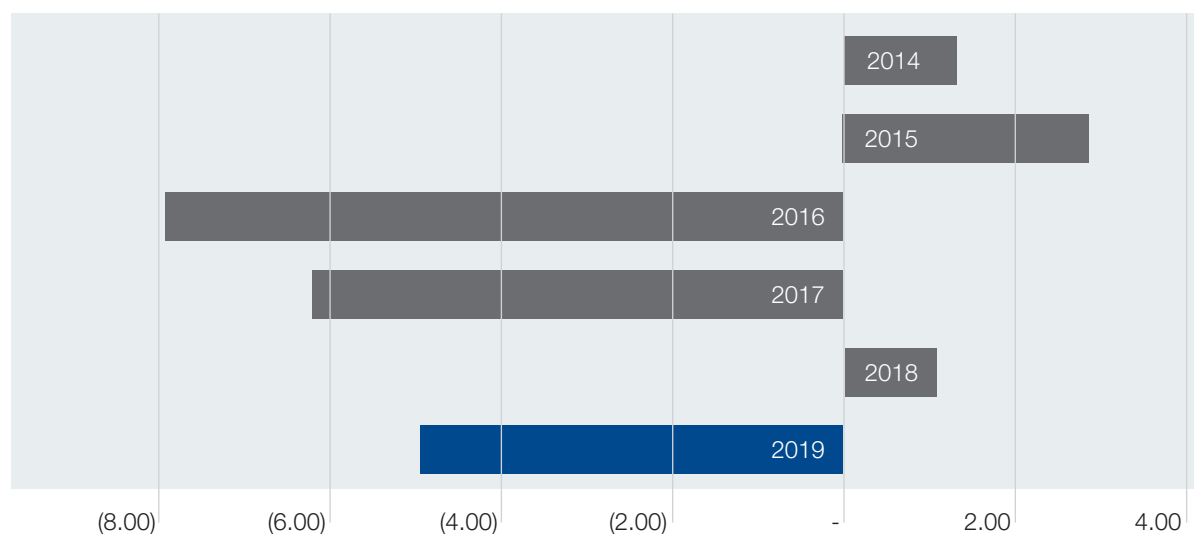


Profit



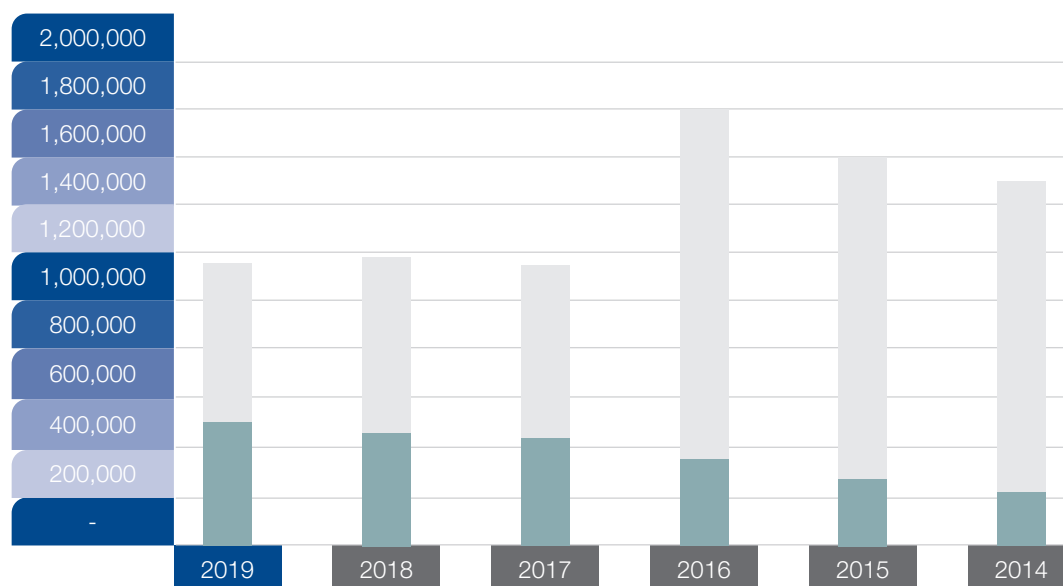
Performance at a Glance

Earning Per Share



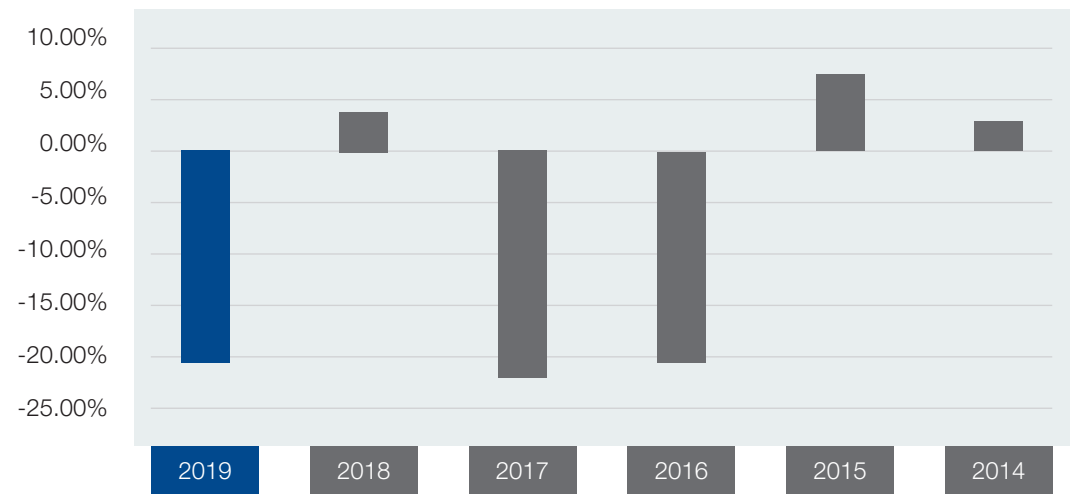
Equity

Revenue reserves
Paid-up Capital

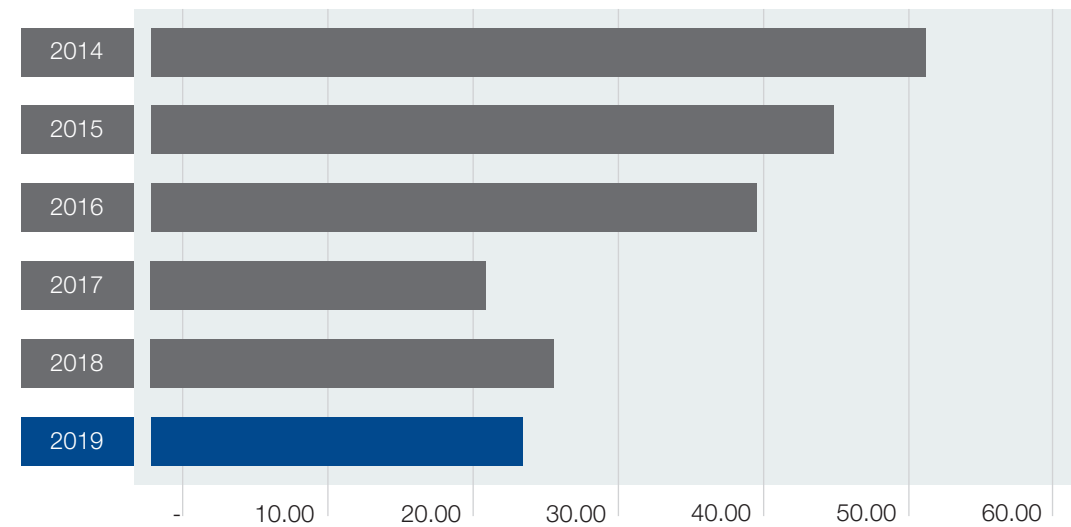


Performance at a Glance

Return On Equity



Book Value Per Share



Ahmed Parvez

Untitled
Acrylic on board



Chairman's Review

It indeed gives me immense pleasure in presenting the 68th Annual Report of your Company.

Your company reported a decline of 6.5% in gross written premium during the year December 31, 2019. The overall claim ratio increase by 52.4% as compared to last year and underwriting loss increased by Rs. 188.1 million.

Overall the year has been slow in terms of economic growth with a contraction in manufacturing and rising inflation. Pakistan is facing grave uncertainties as the pandemic confronting the world will have a severe effect on our export industries. We at Premier will continue to put in our best efforts to mitigate the effects of the recession and will continue to invest people, systems and processes to deliver sustainable, profitable growth and maintain a leading position in the country.

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.

The Company will continue to develop and deepen relationships with our customers and work with them in meeting their requirements. 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

میں بلاشبہ انتہائی مسرت کے ساتھ کمپنی کی 68 ویں سالانہ رپورٹ پیش کر رہا ہوں۔

آپ کی کمپنی کے خام تحریری پریمیم میں سال 31 دسمبر 2019 کے دوران 6.5 فیصد کمی دیکھی گئی۔ کلیم کی مجموعی شرح میں گزشتہ سال کی بہ نسبت 52.4 فیصد اضافہ ہوا اور ذمہ نویسی کے خسارہ میں 188.1 ملین روپے اضافہ ہوا۔

مجموعی طور پر سال کے دوران پیداوار میں سکڑاؤ اور بڑھتے ہوئے افراط زر کے ساتھ معاشی سست روی رہی۔ پاکستان کو دنیا بھر میں وباؤ کے پھیلاؤ کے نتیجے میں انتہائی غیر یقینی صورتحال کا سامنا ہے جس سے ہماری برآمدی صنعت پر شدید اثرات مرتب ہو گئے۔ پریمیم میں ہم تسلسل کے ساتھ بحران کے اثرات کو کم کرنے کی بہترین کوششیں کریں گے اور مسلسل اپنے لوگوں، نظام اور طریق عمل میں سرمایہ لگائیں گے تاکہ پائیدار، منافع بخش نمونہ فراہم کی جاسکے اور ملک کے اندر قائدانہ پوزیشن کو برقرار رکھا جاسکے۔

کمپنی کی انتظامیہ تسلسل کے ساتھ مستقبل میں اپنی کارکردگی میں بہتری کے لئے کوشاں ہے۔ کمپنی کی انتظامی ٹیم بہت زیادہ متحرک ہے اور دشوار گزار افعال اور کاروباری ماحول میں قابل گرفت لاگتوں اور اخراجات کو محدود کرنے کے لئے کام کر رہی ہے۔ مارکیٹنگ اسٹاف کو مشکل اور متحرک ہدف دیئے گئے ہیں اور ہم تسلسل کے ساتھ اپنے ذمہ نویسی کے عمل کو مضبوط کر رہے ہیں۔

کمپنی تسلسل کے ساتھ ایسے کسٹمرز کو ترویج کر رہی ہے اور ان سے گہرے تعلقات استوار کر رہی ہے کہ جو کہ کمپنی کے خطراتی معیار اصول پر پرپور اتارتے ہیں۔ ہم پرامید ہیں کہ دشوار گزار اور مسابقتی ماحول میں صنعت میں اپنی پائیدار پوزیشن برقرار رکھنے میں کامیاب رہیں گے۔

ملک کے قدیم ترین ادارے کی حیثیت سے ہم ملکی تاریخ میں ہمیشہ مستحکم رہے ہیں اور آنے والے چیلنجز کا مقابلہ کرنے کے لئے پرعزم ہیں۔ یہ ہماری بنیادی خواہش ہے کہ پاکستان خوشحال بنے جس سے بحیثیت قوم ہماری ترقی ہوگی۔

میں اس موقع پر سیکوریٹی اینڈ ایڈجسٹمنٹ آف پاکستان، پاکستان ری انشورنس لمیٹڈ اور تمام ری انشوررز کی مسلسل رہنمائی پر ان کے لئے ستائش ریکارڈ پر لانا چاہتا ہوں اور ان کا بیحد مشکور ہوں۔ میں کمپنی کی فیلڈ فورس، آفیسرز اور اسٹاف اور تمام مستفیدان کا بھی شکریہ ادا کرتا ہوں۔

خالد بشیر

چیرمین

Report of the Directors to Members

The directors of your Company are pleased to present the 68th Annual Report of the Company together with the audited financial statements for the year ended December 31, 2019.

Economic Situation

The country's economy showed a modest improvement during the year 2019, though conditions in the insurance industry continued to be challenging. Your Company continues its efforts to maintain its position in the insurance industry in Pakistan by offering the best professional service to its clients.

Despite tight monetary policy and stable exchange rate, headline inflation in the economy averaged 11.1 % during the first six months of the fiscal year 2020. Keeping in view the escalating inflationary pressure and external account position, the State Bank of Pakistan continued its contractionary monetary policy. As a result, the policy rate was gradually raised from 10.00% to 13.25% during the year.

Performance Review

	Conventional		Takaful	
	Dec 31, 2019	(Restated) Dec 31, 2018	Dec 31, 2019	Dec 31, 2018
(Rupees in `000)				
Premium / contribution written	501,364	535,976	131,703	149,497
Net Premium / contribution	223,329	290,308	132,928	137,759
Underwriting Result	(223,824)	(35,758)	(11,077)	(1,436)
Investment loss	(135,584)	42,937	6,030	-
Profit / (Loss) before taxation	(274,655)	53,390	(3,899)	(1,436)
Profit / (Loss) after taxation	(239,761)	44,822	-	-
Earnings / (Loss) per share	(4.74)	0.89		

The Company reported a decline of 6.5% in gross written premium during the year December 31, 2019. The overall claim ratio increase by 52.4% as compared to last year and underwriting loss increased by Rs. 188.1 million.

Window Takaful Operations

Company's Window Takaful Operations reported a decline of 11.9% in gross written premium during the year December 31, 2019. The overall claim ratio increase by 7.9% as compared to last year and underwriting loss increase by Rs. 9.6 million.

Appropriation of Profit/ (Loss)

The loss after tax during this year is Rs.239.76 million as against the profit after tax of Rs.44.82 million in 2018.

Report of the Directors to Members

Credit Rating

Your Company has been rated by PACRA. PACRA has assigned a rating of A to the Company, with negative outlook.

Sad Demise of Mr. Zahid Bashir

The Board of Directors would like to acknowledge deep appreciation for the services rendered by Mr. Zahid Bashir (Late), Chief Executive and place on record its deep sorrow and grief over his untimely passing on 01 January 2020. Mr. Zahid Bashir had a decades long association with the Company as its Chairman and took over as CEO in 2017 in order to position the Company towards growth and to become a leading insurer. In addition to his business leadership, he was well known for his philanthropic contributions in healthcare and social services. We are sure that the legacy he created by way of the Patients Aid Foundation among other projects, will continue to grow further. He is missed tremendously by his family, friends, business colleagues and especially the people whose lives he touched through his services to the city of Karachi.

Annual Evaluation of the Board's Performance

The Board has placed a mechanism to evaluate its performance annually as required by the Code of Corporate Governance.

Future Outlook

In light of the recent Covid-19 pandemic, the future outlook for business in Pakistan seems uncertain. It is unclear when economic activity will resume and how strong the recovery will be. A deep global recession is predicted as countries try and restore aggregate demand to a sustainable level. With social distancing measures still in place for the foreseeable future and consumer spending under stress as joblessness rises, we are expecting less demand for insurance of private and corporate assets.

Our strategy for 2020 is designed to target large export-oriented manufacturers as they mostly have the financial strength to survive the pressure due to Covid-19. The State Bank of Pakistan has also intervened to help protect employers to prevent large-scale layoffs. We anticipate that this will soften the landing, however, for business to survive, cost-cutting measures will have to be introduced. Premier Insurance also will have to take appropriate austerity measures to see through the crisis while relying on the strength of its balance sheet.

Reinsurance/Re Takaful

Your Company continues to enjoy very sound Reinsurance and Re-Takaful arrangements which are placed with leading international securities, like SCOR Re Global P&C, Korean Reinsurance Company, Echo Re, Emirates International, GIC Re –Dubai, Labuan Re-Takaful, GIC Re-Takaful.

Report of the Directors to Members

Corporate and Financial Reporting Framework

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.

- I. Proper books of accounts have been maintained by the Company.
- II. Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- III. 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 significant 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 of Provident Fund based on an audited financial statements as at December 31, 2018 was Rs. 54.39 million.
- IX. The statement of pattern of shareholding in the Company as at 31 December 2019 is included with the Report.
- X. During 2019, five meetings of the Board were held, with at least one in each quarter, and were attended as follows:

Name of director	Type	Meetings attended
Mr. Khalid Bashir (Chairman)	(Non-Executive Director)	1
Mr. Zahid Bashir	(Executive Director)	5
Mr. Nadeem Maqbool	(Non-Executive Director)	5
Mr. Imran Maqbool	(Non-Executive Director)	5
Mr. Shams Rafi	(Non-Executive Director)	4
Mr. Asadullah Khawaja	(Independent Director)	5
Mr. Attaullah A Rasheed	(Non-Executive Director)	4
Mr. Shehryar Mazhar	(Non-Executive Director)	3

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

Report of the Directors to Members

Compliance with the Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the regulatory authorities 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 the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

Board of Directors

The Board of Directors consists of eight individuals having the knowledge, experience and skill required to provide oversight and the strategic guidelines to the Company. All the directors of the Company are non-executive directors including an independent director, except the Chief Executive Officer.

Directors' Remuneration Policy

In order to comply with Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, the Company has a policy with respect to the remuneration of Chairman, Chief Executive, Non-Executive, Executive and Independent Directors. The Board of Directors have approved the meeting attending fee for Board, Audit and other committee meetings.

Board Committees

The Board constituted committees as required under the Code of Corporate Governance namely:

Audit Committee, Ethics, Human Resource, Remuneration & Nomination Committee, Underwriting, Claims, Reinsurance and Co-insurance, Investment and Risk Management & Compliance Committees. The committees are chaired by members having sound experience in giving strategic direction to the company through these committees. The responsibilities of the committees are defined by Terms of Reference which are set in accordance with the requirements of the Code. All committees have met during the year as required by the Code.

Appointment of Auditors

The external auditors M/s. EY Ford Rhodes (Chartered Accountants) retire at the conclusion of the AGM. Therefore on the recommendation of the Board's Audit Committee, and being eligible for reappointment, the Board recommends the reappointment of M/s. EY Ford Rhodes (Chartered Accountants) as statutory auditors of the company for the next term i.e., year ending on December 31, 2020 for the approval of the members in the AGM.

Report of the Directors to Members

Acknowledgement

We would like to thank our valued customers for their continued patronage and support and to the Pakistan Reinsurance Company Limited, 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 officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

On behalf of the Board

Khalid Bashir
Chairman

Nadeem Maqbool
CEO/Director

Karachi, Dated: May 5, 2020

ڈائریکٹرز رپورٹ برائے ممبران

بورڈ آف ڈائریکٹرز نے بورڈ، آڈٹ اور دیگر کمیٹیوں کے اجلاس میں حاضری پر نان ایگزیکٹو ڈائریکٹران اور آڈٹ ڈائریکٹر کی فیس منظوری ہے۔

بورڈ کی کمیٹیاں

بورڈ نے ادارتی نظم و ضابطہ کے تحت جو کمیٹیاں تشکیل دی ان کے نام درج ذیل ہیں:

آڈٹ کمیٹی، اخلاقیات، انسانی وسائل، معاوضہ اور نامزد کمیٹی، ذمہ داری، کلیمز، ری انشورنس اور کوانٹورنس، انویسٹمنٹ اینڈ رسک مینجمنٹ اینڈ کمپلائنس کمیٹیاں۔ ان کمیٹیوں کے چیئرمین مضبوط تجربہ کے حامل ہیں جو کہ کمپنی کو ان کمیٹیوں کے ذریعے کلیدی سمت فراہم کرتے ہیں۔ ان کمیٹیوں کی ذمہ داریوں کا تعین ضابطہ کی ضروریات کے مطابق کیا جاتا ہے۔ سال کے دوران ضابطہ کے مطابق ان کمیٹیوں کے اجلاس ہوئے۔

آڈیٹرز کی تقرری

بیرونی آڈیٹرز میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس AGM کے اختتام پر ریٹائر ہو جائیں گے۔ لہذا بورڈ کی آڈٹ کمیٹی کی سفارش پر اور ان کی اہلیت کے باعث بورڈ نے میسرز ای وائی فورڈر ہوڈز (چارٹرڈ اکاؤنٹنٹس) بطور کمپنی کے آڈیٹرز اگلی مدت یعنی 31 دسمبر 2020 تک ختم ہونے والے سال کے لئے ممبران کے روبرو ان کی منظوری کے لئے پیش کرنے کی سفارش کی ہے۔

اعتراف

ہم اپنے قابل قدر گاہکوں کی مسلسل سرپرستی اور تعاون اور پاکستان ری انشورنس کمپنی لمیٹڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی رہنمائی اور مدد پر ان کے شکرگزار ہیں۔

آپ کے ڈائریکٹران کمپنی کے تمام آفیسرز، فیلڈ فورس اور اسٹاف کو گہری ستائش پیش کرتے ہیں جنہوں نے کمپنی کی ترقی میں اور اس کے مسلسل کامیاب آپریشنز میں اہم کردار ادا کیا۔

از طرف بورڈ

ندیم مقبول
سی ای او / ڈائریکٹر

خالد بشیر
چیئرمین

ڈائریکٹرز رپورٹ برائے ممبران

ڈائریکٹر کا نام	قسم	حاضر اجلاسوں کی تعداد
جناب خالد بشیر (چیرمین)	نان ایگزیکٹو ڈائریکٹر	1
جناب زاہد بشیر	ایگزیکٹو ڈائریکٹر	5
جناب ندیم مقبول	نان ایگزیکٹو ڈائریکٹر	5
جناب عمران مقبول	نان ایگزیکٹو ڈائریکٹر	5
جناب شمس رفیع	نان ایگزیکٹو ڈائریکٹر	4
جناب اسد اللہ خواجہ	آزاد ڈائریکٹر	5
جناب عطاء اللہ اے رشید	نان ایگزیکٹو ڈائریکٹر	4
جناب شہر یار مظہر	نان ایگزیکٹو ڈائریکٹر	3

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

ادارتی نظم و نسق کے ضابطے کی پاسداری

نگراں اداروں کی وضع کردہ ادارتی نظم و ضبط کے ضابطے کی ضروریات کی پاسداری کی گئی ہے۔ اس سلسلے میں ایک بیانیہ اس رپورٹ کے ساتھ منسلک ہے۔

اخلاقیات اور کاروباری طور طریقوں سے متعلق بیانیہ

بورڈ نے اخلاقیات اور کاروباری طور طریقوں سے متعلق بیانیہ کو اختیار کیا ہے۔ تمام ملازمین کو اس بیانیہ سے آگاہ کر دیا گیا ہے اور ان کے لئے لازمی ہے کہ کاروباری اور نگراں قوانین سے متعلق ان اخلاقی ضوابط کی پاسداری کریں۔

بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز آٹھ افراد پر مشتمل ہے جو کمپنی کی نگرانی اور کلیدی رہنمائی کے لئے درکار علم، تجربہ اور مہارت کے حامل ہیں۔ کمپنی کے تمام ڈائریکٹران نان ایگزیکٹو ڈائریکٹرز ہیں سوائے چیف ایگزیکٹو آفیسر کے جو ایک آزاد ڈائریکٹر ہے۔

ڈائریکٹران کے معاوضہ کی پالیسی

کمپنیز ایکٹ 2017، لٹیکمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی پاسداری کرتے ہوئے کمپنی کے پاس چیرمین، چیف ایگزیکٹو، نان ایگزیکٹو، ایگزیکٹو اور آزاد ڈائریکٹران کے معاوضہ سے متعلق ایک پالیسی ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

2020 میں ہماری حکمت عملی اس طرح وضع کی گئی ہے کہ وہ بڑے برآمدی پیداواری شعبے کو ہدف بنائے کیونکہ ان میں زیادہ تر Covid-19 میں احیاء کے دباؤ کے باوجود مالی طور پر مستحکم رہیں گے۔ اسٹیٹ بینک آف پاکستان نے مداخلت کرتے ہوئے آجروں کو تحفظ فراہم کیا ہے تاکہ بڑے پیمانے پر برطرفیوں سے بچا جاسکے۔ ہم توقع کرتے ہیں کہ اس سے حالات میں کچھ بہتری آئے گی تاہم کاروباری احیاء کے لئے لاکھوں میں کٹوتی کے اقدامات حصارف کرانے ہونگے۔ پریمیکر انشورنس بھی اپنے میزبان کے استحکام پر اعتبار کرتے ہوئے بحران پر قابو پانے کے لئے کفایت شعاری کے لئے مناسب اقدامات اٹھائے گی۔

دہری بیمہ کاری/دہرا کفائل

آپ کی کمپنی بہت زیادہ مستحکم دہری بیمہ کاری اور دہرے کفائل کے اہتمامات سے استفادہ کر رہی ہے جن کا شمار قائدانہ عالمی سیکورٹیز سے ہے جن میں SCOR Globa P&C، کورین ری انشورنس کمپنی، ایلکوری، امیرشس انٹرنیشنل، GIC ریوی کفائل، لایون ری کفائل، GIC ری کفائل شامل ہیں۔

ادارتی اور مالیاتی رپورٹنگ کا فریم ورک

- i کمپنی کی انتظامیہ کے تیار کردہ 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 حسباتی پالیسیاں اختیار کی گئی ہیں اور حسباتی تخمینوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔
- iv منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں بیرونی کی گئی ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔
- v 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۔
- vi کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی قابل ذکر ریسک و شبہ نہیں ہے۔
- vii کاروباری نظم و نسق کے بہترین طور طریقے جن کی وضاحت اسٹینڈرڈ ریگولیشنز میں کی گئی ہے سے کوئی بڑا انحراف نہیں ہوا۔
- viii گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔
- ix پروویڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت ان کے آڈٹ شدہ مالیاتی گوشواروں بختمہ 31 دسمبر 2018 کے مطابق 54.39 ملین روپے ہیں۔

x 31 دسمبر 2019 کو کمپنی کی حصص داری کی ساخت اس رپورٹ میں شامل کی گئی ہے۔

xi سال 2019 کے دوران بورڈ کے پانچ اجلاس ہوئے، ہر سہ ماہی میں کم از کم ایک اور جن میں حاضری درج ذیل رہی:

ڈائریکٹر ز رپورٹ برائے ممبران

ونڈ و تکافل آپریشنز

سال 31 دسمبر 2019 کے دوران کمپنی کے خام تحریری پریمیم میں 11.9 فیصد کمی ہوئی۔ کلیم کی مجموعی شرح میں گزشتہ سال کی بہ نسبت 7.9 فیصد اضافہ ہوا اور ذمہ داری کے خسارہ میں 9.6 ملین روپے کا اضافہ ہوا۔

مصارف منافع

اس سال کے دوران بعد از ٹیکس خسارہ 239.76 ملین روپے رہا جبکہ 2018 میں بعد از ٹیکس منافع 44.82 ملین روپے تھا۔

کریڈٹ ریٹنگ

آپ کی کمپنی کی ریٹنگ PACRA نے کی ہے۔ پاکرانی کمپنی کو A ریٹنگ کے ساتھ منفی رائے سے نوازا ہے۔

جناب زاہد بشیر کا افسوسناک انتقال

بورڈ آف ڈائریکٹر چیف ایگزیکٹو جناب زاہد بشیر (مرحوم) کی بہترین خدمات کا اعتراف کرتا ہے اور یکم جنوری 2020 کو ان کے انتقال پر اپنے گہرے دکھ و افسوس کا اظہار کرتا ہے۔ جناب زاہد بشیر کمپنی میں عرصہ دراز یعنی عیسوی عشروں تک چیئرمین کی حیثیت سے وابستہ رہے اور 2017 میں کمپنی کی نمو اور اسے ممتاز بیمہ کار بنانے کے لئے CEO کا چارج سنبھالا۔ اس کے علاوہ وہ اپنی کاروباری قیادت میں طبی اور سماجی خدمات کے حوالے سے انسان دوست مانے جاتے تھے۔ ہمیں یقین ہے کہ انہوں نے پینٹنس ایڈ فائونڈیشن کی صورت میں جو میراث چھوڑی ہے وہ مزید ترقی کرے گی۔ ان کے گھر والے، دوست، کاروباری ساتھ اور خاص طور پر وہ لوگ جن لوگوں کو کراچی شہر میں انہوں نے خدمات فراہم کیں، وہ ان کو بہت زیادہ یاد کرتے ہیں۔

بورڈ کی کارکردگی کی سالانہ تشخیص

ادارتی نظم و ضبط کے ضابطے کے تحت بورڈ نے اپنی کارکردگی کی سالانہ تشخیص کے لئے ایک نظام تیار کیا ہے۔

مستقبل کی پیش بینی

حالیہ Covid-19 کی وباء کو مد نظر رکھتے ہوئے پاکستان میں کاروباری مستقبل کی پیش بینی میں غیر یقینی صورتحال معلوم ہوتی ہے۔ ابھی تک یہ بات غیر واضح ہے کہ معاشری سرگرمی کب شروع ہوگی اور بحالی کتنی مستحکم ہوگی۔ ایک شدید عالمی بحران کی پیش گوئی کی گئی ہے کیونکہ ممالک مجموعی طلب کو ایک مستحکم سطح تک بحال کرنے اور لانے کی کوشش کریں گے۔ سماجی فاصلہ کے اقدامات بھی مستقبل قریب میں موجود رہیں گے اور صارفین کی کھپت بیروزگاری بڑھنے کی وجہ سے دباؤ کا شکار رہے گی، جس کے نتیجے میں نجی اور کارپوریٹ اثاثوں کے لئے بیمہ کی کم طلب متوقع ہے۔

ڈائریکٹرز رپورٹ برائے ممبران

آپ کی کمپنی کے ڈائریکٹران کمپنی کی 67 ویں سالانہ رپورٹ کے ساتھ مالیاتی گوشوارے برائے مختتمہ سال 31 دسمبر 2019 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

معاشی صورتحال

سال 2019 کے دوران ملکی معیشت نے نسبتاً معتدل بہتری دکھائی اگرچہ کہ بیمہ کی صنعت تسلسل کے ساتھ مشکلات کا شکار رہی۔ آپ کی کمپنی نے بہترین پیشہ ورانہ خدمات پیش کرتے ہوئے پاکستان میں بیمہ کی صنعت میں اپنی پوزیشن کو برقرار رکھا۔

سخت مالیاتی پالیسی اور زرمبادلہ کے مستحکم نرخ کے باوجود معیشت مالیاتی سال 2020 کے پہلے چھ ماہ میں خام افراط زر کی شرح اوسطاً 11.1 فیصد رہی۔ افراط زر کے بڑھتے ہوئے دباؤ اور بیرونی کھاتے کی پوزیشن کو مد نظر رکھتے ہوئے اسٹیٹ بینک آف پاکستان نے اپنی مالیاتی پالیسی کو تسلسل کے ساتھ اختصاری رکھا۔ جس کے نتیجے میں سال کے دوران پالیسی نرخ کو بتدریج 10.00 فیصد سے بڑھ کر 13.25 فیصد کر دیا۔

کارکردگی کا جائزہ

ہیکافل		روایتی		
		(از سر نو تخمینہ شدہ)		
31 دسمبر 2018	31 دسمبر 2019	31 دسمبر 2018	31 دسمبر 2019	
روپے '000				
149,497	131,703	535,976	501,364	تحریری پریمیم/کنٹری بیوشہ
137,759	132,928	290,308	223,329	خالص تحریری پریمیم/کنٹری بیوشن
(1,436)	(11,077)	(35,758)	(223,824)	ذمہ نویسی کے نتائج
-	6,030	42,937	(135,584)	سرمایہ کاری خسارہ
(1,436)	(3,899)	53,390	(274,655)	منافع/(خسارہ) قبل از ٹیکس
-	-	44,822	(239,761)	منافع/(خسارہ) بعد از ٹیکس
		0.89	(4.74)	آمدن/(خسارہ) فی حصص

آپ نے کمپنی کے خام تحریری پریمیم میں سال 31 دسمبر 2019 میں 6.5 فیصد کمی ہوئی۔ کلیم کی مجموعی شرح میں گزشتہ سال کی بہ نسبت 52.4 فیصد اضافہ ہوا اور ذمہ نویسی کے خسارہ میں 188.1 ملین روپے کا اضافہ ہوا۔

Statement of compliance with the Code of Corporate Governance for Insurers, 2016 & Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Year ended December 31, 2019.

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 Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG 2019).

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

1. The total number of directors are eight as per the following:
 - a. Male: 8
 - b. Female: 0
2. 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 (Chairman)
	Mr. Nadeem Maqbool*
	Mr. Imran Maqbool
	Mr. Shehryar Mazhar
	Mr. Shams Rafi
	Mr. Attaullah A. Rasheed

*Mr. Nadeem Maqbool, was appointed as CEO in place of Mr. Zahid Bashir (Late).

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

3. The directors have confirmed that none of them is serving as a director in more than five listed companies, including this company.
4. 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.
5. No casual vacancy occurred 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. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG Regulations, 2019.

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. Two of the directors 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 Listed Companies (Code of Corporate Governance) Regulations, 2019.

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 CCG Regulations, 2019 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 and CCG Regulations, 2019.

17. The Board has formed the following Management Committees:

Underwriting Committee:

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

Claim Settlement Committee:

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

Reinsurance & Co-insurance Committee:

Name of Member	Category
Mr. Shams Rafi	Chairman
Mr. Afzal ur Rahman	Member
Mr. Kamran Safi Rizvi	Member/Secretary

Risk Management & Compliance Committee:

Name of Member	Category
Mr. Shams Rafi	Chairman
Mr. Zahid Bashir*	Member
Mr. Sharik Bashir	Member
Mr. Amjed Bahadur Ali	Member
Mr. Zeeshan Sattar	Member/Secretary

18. The Board has formed the following Board Committees:

Ethic, Human Resource, Remuneration & Nomination Committee:

Name of Member	Category
Mr. Nadeem Maqbool	Chairman
Mr. Zahid Bashir*	Member
Mr. Asadullah Khawaja	Member
Mr. Attaullah A. Rasheed	Member
Ms. Niina Khan	Secretary

(The composition of committee has been rearranged in January 2020.)

Investment Committee:

Name of Member	Category
Mr. Zahid Bashir*	Chairman
Mr. Nadeem Maqbool	Member
Mr. Imran Maqbool	Member
Mr. Asadullah Khawaja	Member
Mr. Amjed Bahadur Ali	Member/Secretary

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:

Name of Member	Category
Mr. Nadeem Maqbool	Chairman
Mr. Khalid Bashir	Member
Mr. Imran Maqbool	Member
Mr. Asadullah Khawaja	Member
Mr. Oan Ali	Secretary

(The composition of committee has been rearranged in January 2020.)

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. 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.

22. 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 of 2000):

Name of Member	Category
Mr. Zahid Bashir*	Chief Executive Officer
Mr. Amjed Bahadur Ali	Chief Financial Officer
Mr. Sharik Bashir	Executive Director
Mr. M. K. Baig	Executive Director
Mr. Afzal ur Rahman	Executive Director
Mr. Zeeshan Sattar	Company Secretary & Head of Compliance
Mr. Oan Ali	Head of Internal Audit
Mr. M. A. Hannan Shadani	Head of Underwriting
Mr. Muhammad Imran	Head of Claims

23. 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.

24. 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.

25. The Board ensures that the investment policy of the Company meets the provisions of the Code of Corporate Governance for insurers, 2016.
26. 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.
27. 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.
28. 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 November 30, 2019 is "A" with Negative outlook.
29. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.
30. The Board has set up a grievance function, which fully complies with the requirements of the Code.
31. 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.
32. Material/price sensitive information has been disseminated amongst all market participants at once through Pakistan Stock Exchange.
33. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the code.
34. 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.
35. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 and of the CCG Regulations, 2019 have been complied.

By Order of the Board

Khalid Bashir
Chairman

Nadeem Maqbool
CEO/Director

Karachi, Dated: May 5, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Premier Insurance Limited (the Company)

Review Report on the Statement of Compliance with Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance prepared by the Board of Directors of Premier Insurance Limited for the year ended 31 December 2019 in accordance with the requirements of Code of Corporate Governance for Insurers, 2016 (the Code) and Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulation).

The responsibility for compliance with the Code and Regulation is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance that reflects the status of the Company's compliance with the provisions of the Code and Regulation, and report if it does not and to highlight any non-compliance with the requirements of the Code and Regulation. 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 and Regulation.

As a part of our audit of the 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 Directors' 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 and Regulation require 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, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Code and Regulation as applicable to the Company for the year ended 31 December 2019.



Chartered Accountants

Place: Karachi

Date:

Jamil Naqsh

Untitled
Oil on canvas



INDEPENDENT AUDITOR'S REPORT

To the members of Premier Insurance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at 31 December 2019 and of the total comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Minimum solvency requirements</p> <p>The Company is required to maintain minimum solvency margins under the requirement of Insurance Ordinance, 2000. Reviewing compliance with the minimum solvency requirements and Company's plans to maintain minimum solvency margins are significant aspects for our audit since it may have an impact on the going-concern assumption used for the preparation of the financial statements. Therefore, we have considered this area as a key audit matter.</p> <p>Refer note 37 to the financial statement for details.</p>	<ul style="list-style-type: none"> - We reviewed management's calculation of solvency margin as of 31 December 2019 in accordance with the requirements of Insurance Ordinance, 2000; - We evaluated Company's future financial projections and underlying assumptions as approved by the Board, as well as the sensitivity analysis prepared in this context. We assessed the possible mitigating actions identified by management in the event that actual results are below projected results; and - We also assessed the adequacy of the Company's disclosure regarding the status of compliance with minimum solvency requirements and its plans to maintain the future required solvency margins, which are included in note 37 to the financial statements.
2	<p>Liabilities in respect of insurance contracts</p> <p>The liabilities in respect of insurance contracts issued as of 31 December 2019 amounts to Rs.682.106 million (note 23 to the financial statement), which represent 39.66% of the Company's total liabilities. We considered adequacy of insurance liabilities as a key audit matter due to significant judgments involved in estimating the liabilities and use of experts in this regard.</p> <p>(Refer to notes 3.17 and 36.1 to the financial statements for relevant disclosures).</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> - We assessed the controls over recording and settlement of claims in respect of insurance business and performed tests of such controls to check their effectiveness in relation to the year under audit; - In respect of adequacy of insurance contract liabilities (including IBNR and premium deficiency reserve) which are measured on the basis of undiscounted value of expected future payments, we involved our expert to review the methodology used by the management's expert in estimating claims liabilities in accordance with the prescribed methodology. As part of our testing we also considered the competence and objectivity of the experts used by the management for this purpose: - for insurance claims we also evaluated the management estimates regarding cost of claims settlements by considering reports of independent surveyors and the estimates regarding salvage values of insured assets; - we performed subsequent review to identify any significant claims reported post year end which pertain to the financial year under audit; and

S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> - we sent confirmations to verify the completeness and assessed the adequacy of disclosures made in respect of insurance contract liabilities in accordance with the approved accounting standards as applicable in Pakistan.
3	Existence and valuation of investments	
	<p>As disclosed in note 8 to the accompanying financial statements of the Company for the year ended 31 December 2019, the Company has investments in equity securities and units of open end mutual funds amounting to Rs. 742.852 million, which have been classified under the available for sale category, representing 26.07% of total assets of the Company.</p> <p>These investments are valued based on the quoted prices and considered for impairment in case of a significant or prolonged decline in value.</p> <p>We have identified the valuation of investments as a key audit matter due to volatility of share prices during the year, its impact on the financial statements and the management judgements that may be required in making the assessments about the impairment of financial assets.</p> <p>(Refer to notes 3.15 and 8 to the financial statements for relevant disclosures).</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> - We reviewed the appropriateness of the accounting policies and practices followed by the Company to recognize impairment of equity investments on the basis of the requirements of the financial reporting standards. - We obtained an understanding of the procedures applied by the Company to identify impairments in the equity and mutual fund portfolio and observed the applications of such procedures; - We evaluated management's assessments of the indicators for impairment and compared the quoted values of equity investments and net asset values of mutual funds with their cost to check that the Company's policy for impairment is consistently applied and impairment charge is appropriately recognized; - We checked the valuations of equity investments on the basis of quoted market prices at the Pakistan Stock Exchange Limited and valuation of mutual funds based on net assets values as at 31 December 2019; and - We also assessed the adequacy of the overall disclosures in the financial statements in respect of the equity investment portfolio in accordance with the requirements of the financial reporting framework as applicable to the Company.



S. No.	Key audit matters	How the matter was addressed in our audit
4	Adoption of IFRS 16 during the year	
	<p>As referred to in note 2.4.1 to the financial statements, IFRS 16 'Leases' has become effective for the current financial year.</p> <p>IFRS 16 has introduced a new accounting model for operating lease contracts from the standpoint of a lessee. As per the new requirements, the Company is required to recognize right of use assets for leased assets and liabilities for the lease payments over the lease term.</p> <p>The impacts of the adoption of the standard are disclosed in note 2.4.1 to the financial statements.</p> <p>The application of the new standard requires management to make significant estimates and judgements such as in related to determination of lease term and appropriate discount rate for measurement of lease liability.</p> <p>We considered the adoption of the standard as a key audit matter due to the significance of the accounting change in respect of the application of the new standard.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We evaluated the appropriateness of the new accounting policies for recognition of lease contracts and their measurement in the financial statements; - We obtained an understanding of the process and controls in place for identification of in-scope and material lease contracts and capturing of relevant data regarding the terms and condition of the lease contracts; - We corroborated the completeness of the leases identified by the management by reviewing the reconciliations of leases with the list of office properties in the use of the Company and reviewing the rent expense ledgers for the year; - We performed independent checks of lease accounting computations for a sample of lease contracts through re-performance of such computations and tracing the terms with the relevant contracts; - We evaluated the appropriateness of the assumptions used by the management in measuring lease liabilities such as discount rate and lease term; and - We evaluated the adequacy of disclosures made regarding the application of the standard and its impact on the financial statements of the Company for the year.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

The financial statements of the Company for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 05 April 2019.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Karachi

Date:

Statement of

Financial Position | As at 31 December 2019

			(Restated)	
	Note	2019	2018	2017
		(Rupees in `ooo)		
Assets				
Property and equipment	5	232,382	232,684	258,455
Intangible assets	6	2,826	4,038	5,006
Investment properties	7	268,348	266,586	162,243
Investment in equity securities and mutual fund units	8	742,852	806,620	987,523
Investment in associate	9	242,729	204,828	211,761
Loans and other receivables	10	51,370	50,992	72,132
Insurance / reinsurance receivables	11	635,165	731,134	665,172
Reinsurance recoveries against outstanding claims	23	377,512	540,560	733,104
Salvage recoveries accrued		3,531	3,080	6,450
Deferred commission expense	24	20,156	27,131	50,501
Taxation - provision less payment		7,725	-	-
Deferred tax asset	21	44,390	-	-
Prepayments	12	125,078	116,928	201,939
Cash and bank	13	95,196	72,840	149,275
		2,849,260	3,057,421	3,503,561
Total Assets of Window Takaful Operations - Operator's Fund		108,040	106,312	95,596
Total Assets		2,957,300	3,163,733	3,599,157
Equity and Liabilities				
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	14	505,650	505,650	505,650
Reserves	15	1,332,439	1,148,897	1,167,630
Accumulated losses	15	(681,066)	(441,908)	(486,764)
Total Equity		1,157,023	1,212,639	1,186,516
Liabilities				
Underwriting provisions				
Outstanding claims including IBNR	23	682,106	897,114	1,276,473
Unearned premium reserves	22	241,735	249,002	389,884
Unearned reinsurance commission	24	15,263	18,362	33,363
Retirement benefit obligations	16	4,447	6,561	7,350
Lease liabilities	18	12,948	1,614	5,537
Insurance / reinsurance payables		454,165	366,930	233,261
Other creditors and accruals	19	283,529	300,623	358,435
Unclaimed dividends		25,527	26,166	26,166
Taxation - provision less payment		-	40,759	38,938
Total liabilities		1,719,720	1,907,131	2,369,407
Total Liabilities of Window Takaful Operations - Operator's Fund		80,557	43,964	43,234
Total Equity and Liabilities		2,957,300	3,163,733	3,599,157
Contingencies and commitments	20			

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of Profit and Loss Account | For the year ended December 31, 2019

			(Restated)
	Note	2019	2018
		(Rupees in `000)	
Net insurance premium	22	223,329	290,308
Net insurance claims	23	(88,086)	(57,811)
Net commission expense and other acquisition costs	24	(51,925)	(28,786)
Insurance claims and acquisition expenses		(140,011)	(86,597)
Management expenses	25	(307,142)	(239,469)
Underwriting results		(223,824)	(35,758)
Investment (loss) / income	26	(135,584)	42,937
Rental income		3,480	1,865
Revaluation gain on investment property		1,762	59,389
Other income	27	113,687	39,507
Other expenses	28	(13,483)	(30,267)
Results of operating activities		(253,962)	77,673
Finance costs		(1,817)	(310)
Share of profit / (loss) from associate		11,607	(7,518)
(Loss) / profit before tax from Window Insurance Operations		(244,172)	69,845
Loss before tax from Window Takaful Operations - Operator's Fund		(30,483)	(16,455)
(Loss) / profit before tax		(274,655)	53,390
Income tax	29	34,894	(8,568)
(Loss) / profit after tax		(239,761)	44,822
(Loss) / earnings per share - Rupees	30	(4.74)	0.89

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of Comprehensive Income | For the year ended December 31, 2019

			(Restated)
	Note	2019	2018
		(Rupees in `000)	
(Loss) / profit after tax		(239,761)	44,822
Other comprehensive (loss) / income :			
Unrealised gain / (loss) on available-for-sale investments during the year	35	152,792	(52,136)
Gains on revaluation on property and equipment		-	35,859
Re-measurement gain / (loss) of defined benefit plan for the year - net of tax	16	603	(551)
Share of other comprehensive income from associate	9	28,294	585
Other comprehensive income / (loss) from Window Takaful Operations - Operator's Fund		2,456	(2,456)
Other comprehensive income / (loss) for the year		184,145	(18,699)
Total comprehensive (loss) / income for the year		(55,616)	26,123

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of Changes In Equity | For the year ended December 31, 2019

	Share capital Issued, subscribed & paid-up	Reserves								Total equity
		Capital reserves		Revenue reserves						
		Reserve for exceptional losses	Deval- uation reserve	General reserve	Revaluation Reserves - Available for sale invest- ments	Revaluation Reserves - Property & Equipment	Unappropri- ated profit / (Accumulat- ed losses)	Total reserves		
(Rupees in `000)										
Balance as at 01 January 2018 (as previously reported)	505,650	19,490	185	996,851	151,104	-	(490,060)	677,570	1,183,220	
Net effect of adjustments to prior period (refer note 4.2.2)	-	-	-	-	-	-	3,296	3,296	3,296	
Balance as at 01 January 2018 (Restated)	505,650	19,490	185	996,851	151,104	-	(486,764)	680,866	1,186,516	
Profit for the year ended 31 December 2018 (restated)	-	-	-	-	-	-	44,822	44,822	44,822	
Other comprehensive loss for the year	-	-	-	-	(54,592)	35,859	34	(18,699)	(18,699)	
Total comprehensive income for the year ended 31 December 2018	-	-	-	-	(54,592)	35,859	44,856	26,123	26,123	
Balance as at 31 December 2018	505,650	19,490	185	996,851	96,512	35,859	(441,908)	706,989	1,212,639	
Balance as at 01 January 2019	505,650	19,490	185	996,851	96,512	35,859	(441,908)	706,989	1,212,639	
Loss for the year ended 31 December 2019	-	-	-	-	-	-	(239,761)	(239,761)	(239,761)	
Other comprehensive income for the year	-	-	-	-	183,542	-	603	184,145	184,145	
Total comprehensive loss for the year ended 31 December 2019	-	-	-	-	183,542	-	(239,158)	(55,616)	(55,616)	
Balance as at 31 December 2019	505,650	19,490	185	996,851	280,054	35,859	(681,066)	651,373	1,157,023	

The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of Cashflows | For the year ended December 31, 2019

		(Restated)
	2019	2018
	(Rupees in `000)	
Operating activities		
a) Underwriting activities		
Insurance premium received	476,346	532,733
Reinsurance premium paid	(205,670)	(343,023)
Claims paid	(339,646)	(513,203)
Reinsurance and other recoveries received	139,999	362,447
Commission paid	(63,398)	(71,394)
Commission received	35,012	41,257
Other acquisition costs paid	(36,730)	(28,294)
Management expenses paid	(162,519)	(241,090)
Net cash used in underwriting activities	(156,606)	(260,567)
b) Other operating activities		
Income tax paid	(13,590)	(5,420)
Other operating payments	(9,101)	(48,980)
Other operating receipts	88,950	32,447
Loans advanced, deposits made	(91)	21,140
Other liabilities paid	6,453	(19,798)
Total cash generated / (used in) from other operating activities	72,621	(20,611)
Total cash used in all operating activities	(83,985)	(281,178)
Investment activities		
Profit / return received	31,559	44,318
Rental received	3,480	1,865
Payment for investments	(16,275)	(332,351)
Proceeds from investments	67,167	472,922
Fixed capital expenditure	(2,635)	(1,517)
Proceeds from sale of property and equipment	28,937	19,817
Total cash generated from investing activities	112,233	205,054
Financing activities		
Interest paid	(1,817)	(310)
Dividend paid	(639)	-
Payment of lease liability	(3,437)	-
Total cash used in financing activities	(5,893)	(310)
Net cash generated / (used in) all activities	22,356	(76,435)
Cash and cash equivalents at beginning of the year	72,840	149,275
Cash and cash equivalents at end of the year	95,196	72,840

Statement of

Cashflows | For the year ended December 31, 2019

		(Restated)	
	Note	2019	2018
		(Rupees in `000)	
Reconciliation to profit or loss account			
Operating cash flows		(83,985)	(281,178)
Depreciation and amortization expense	25	(14,123)	(14,890)
Financial cost		(1,817)	(310)
Gain on disposal of property and equipment	27	24,737	5,733
Realized gain on investments	26	2,305	87,382
Impairment in value of available-for-sale investments	26	(167,431)	(75,581)
Rental income	7.3	3,480	1,865
Dividends income	26	30,932	35,240
Other income	27	88,950	38,180
Share of profit / (loss) from associates	9	11,607	(7,518)
Loss before tax from Window Takaful Operations - Operator's Fund	17	(30,483)	(16,455)
Decrease in assets other than cash		(304,440)	(533,519)
Decrease in liabilities		198,745	632,883
Revaluation gain on investment property	7	1,762	172,990
Profit / (loss) after taxation		(239,761)	44,822

Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits maturing within 3 months.

Cash for the purpose of the statement of cash flows consists of:

Cash and other equivalents

Cash	-	46
Stamps in hand	560	856
	560	902

Current and other accounts

Current accounts	25,471	26,919
Savings accounts	69,165	45,019
	94,636	71,938

Total cash and cash equivalents	95,196	72,840
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The annexed notes 1 to 41 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

1. LEGAL 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 02 October 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

Following are the geographical location and address of all the business units of the Company:

Head office - Registered Office

5th floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi, Province of Sindh, Pakistan.

Branches

i) Province of Punjab, Pakistan:

- Zonal office, 162 Shadman II, Lahore
- CSD North, 162 Shadman II, Lahore
- Canal Branch, 162 Shadman II, Lahore
- Mall Branch, 23 Shahrah-e-Quaid-e-Azam, Lahore
- 4th Floor, Mehr Fatima Tower, Opp. High Court, Old Bahawalpur Road, Multan
- 1st Floor, Regency Arcade, 949-Mall Road, Faisalabad
- Room 3 & 4, Sahib Plaza, Saga Chowk, Defense Road, Sialkot
- Block - L, Trust Plaza, G.T Road, Gujranwala
- 1st Floor, Block-18, Opp. Ghazi Medical College, Jampur Road, Dear Ghazi Khan
- House No. 366, Model Town - B, Khanpur, District Rahim Yar Khan

ii) Province of Sindh, Pakistan:

- CSD South Karachi, 5th floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi
- Clifton Branch, 5th floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi

iii) Province of Khyber Pakhtunkhwa, Pakistan:

- 1081/A, Rehman Building, Saddar Road, Peshawar

iv) Province of Baluchistan, Pakistan:

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

v) Islamabad Capital Territory:

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

2. BASIS OF PREPARATION

2.1 Statement of Compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations and Takaful Rules, 2012, shall prevail.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the Window Takaful Operations (WTO) of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

2.1.2 The total assets of Operator Fund of WTO include an amount of Rs.83.020 million (2018: Rs.36.020 million) being Qard-e-Hasna receivable from Participant Takaful Fund of WTO. In accordance with the Takaful Rules, 2012, if at any point in time, assets in Participant Takaful Fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

The Company has prepared financial projections of Participant Takaful Fund and based on such financial projections believes that the Participant Takaful Fund would be able to repay Qard-e-Hasna to Operator's Fund. The financial projections are based on various assumptions including expected growth in premiums and reduction in claims over future periods.

- 2.1.3** A separate set of financial statements of the Window Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain investment which are carried at fair value.

2.3 Functional and presentation currency

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

2.4 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

2.4.1 IFRS 16 "Leases"

During the current period, the Company have adopted IFRS 16 as issued by the International Accounting Standards Board (IASB) in January 2016.

IFRS 16 supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases-Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

The Company has lease contracts for its head office and various branches. Before the adoption of IFRS 16, the Company classified each of its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under 'Prepayments' and 'Other creditors and accruals', respectively.

Upon adoption of IFRS 16, the Company initially recognized a lease liability for the obligation to make lease payments and a right-of-use (RoU) asset for the right to use the underlying asset for the lease term against a consideration. The lease liability is measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the interest rate implicit in the lease, unless it is not readily determinable, in which case the lessee may use the incremental rate of borrowing. The RoU asset is initially measured at

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

the present value of lease liability, adjusted for lease prepayments.

As permitted by the transitional provisions of IFRS 16, the Company elected not to restate the comparative figures and not to adjust the opening unappropriated profit. Accordingly, adjustment to the carrying amount of assets and liabilities were recognised in the current year.

The effects of adoption of IFRS 16 as at 01 January 2019 and at 31 December 2019 are as follows:

	31 December 2019	01 January 2019
	(Rupees in `000)	

Right of use assets (ROU)	11,312	13,729
Lease liability against ROU	11,985	13,729

	31 December 2019	01 January 2019
	(Rupees in `000)	

The Right of use relates to office buildings.

Impact on the statement of financial position

Increase in operating fixed assets (ROU)	11,312	13,729
Increase in lease liability against ROU	(12,180)	(13,729)
Net Impact on financial position	(869)	-

	Note	For the year 2019
Impact on the profit and loss account		
Increase in Finance Cost	18.2	(1,694)
(Increase) / decrease in management expenses:		
- Depreciation on right-of-use assets	5.3	(2,417)
- Rent expense		3,242
Net Impact on net profit and loss		(869)

The weighted average discount rate used on the date of initial application is 12.98%.

The lease liability as at January 01, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as following :

Undiscounted operating lease commitments as at December 2018	19,357
Impact of discounting	(7,099)
Discounted operating lease commitments as at January 01, 2019	12,258
Lease rentals of renewal periods not included in operating lease commitments	2,058
Impact of discounting	(587)
Discounted lease rentals of renewal periods not included in operating lease commitments	1,470
Lease liability against Right-of-use on January 01, 2019	13,729

2.4.2 Amendment to IFRS 17 "Insurance Contracts" - Applying IFRS 9 "Financial Instruments" with IFRS 17 "Insurance Contracts"

The company has taken the benefit of temporary exemption of applying IFRS 9 "Financial Instruments" with IFRS 17 "Insurance Contracts" as allowed under IFRS.

2.4.3 There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for current accounting period. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial information.

2.5 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned there against:

Standard or Interpretation	Effective date (annual periods beginning)
- IFRS 3 - Definition of a Business (Amendments)	01 January 2020
- IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IAS 1/ IAS 8 - Definition of Material (Amendments)	01 January 2020
- IFRS 14 – Regulatory Deferral Accounts	01 July 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, a new standard i.e. IFRS 17 - Insurance Contracts have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

3.1 Property and equipment

3.1.1 Operating fixed assets

These are stated at cost less accumulated depreciation and impairment, if any.

Depreciation is charged to profit and loss account by applying the reducing balance method from the availability of assets to the date of disposal.

Rates of depreciation:

- | | |
|--|-----|
| • Computer equipment | 30% |
| • Office equipment, furniture & fixtures | 10% |
| • Motor vehicles | 20% |

Buildings are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account by applying the straight line method from the availability of assets to the date of disposal.

Rates of depreciation:

- | | |
|-------------|----|
| • Buildings | 5% |
|-------------|----|

Normal repairs and maintenance are charged to profit and loss account as and when incurred; major renewals and replacements are capitalized, if they meet the capitalization criteria as per policy.

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

3.1.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment if any. Transfers are made to operating assets when the assets are available for use.

3.1.3 Impairment of operating fixed assets

The carrying amounts of operating fixed assets are reviewed at each reporting 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 if its below the carrying value, and the impairment loss is charged to profit and loss account.

3.2 Intangible assets

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

Rate of amortization used is 30%.

3.2.1 Impairment of intangible assets

The carrying amounts of intangible assets are reviewed at each reporting 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 if its below the carrying value and the impairment loss is charged to profit and loss account.

3.3 Investment properties

Investment property is measured at purchase cost on initial recognition including directly attributable to the acquisition of the investment property and subsequently at fair value with any change therein recognized in profit and loss account. The fair value is assessed by the involvement of an individual qualified valuation expert at the end of each year. Subsequently cost is included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account.

3.4 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

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their Business activities. These contracts are generally one year contracts except some contracts that are of three months period.

Marine, aviation and transport

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

Motor

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

Accident and health

Accident and health insurance contract mainly compensates hospitalisation and out-patient medical coverage to the insured. These contracts are generally one year contracts.

Miscellaneous

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer 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.

3.5 Deferred commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue.

3.6 Unearned premium

The provision for unearned portion of premiums is calculated by applying one by twenty fourths' method, except Marine Insurance for which unearned premium is calculated by applying one by six method as prescribed by Insurance Accounting Regulations, 2017.

3.7 Premium deficiency

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 date of reporting. In management's opinion, the amount carried for unearned premium is sufficient to meet this requirement.

3.8 Re-insurance contracts held

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

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

The Company assesses its re-insurance assets for impairment on reporting date. If there is objective evidence that the re-insurance 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.

3.9 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.

3.10 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.

3.11 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.4.

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.

3.12 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 savings accounts and short term deposits having maturity of less than three months.

3.13 Revenue recognition

a) Premium / underwriting result

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.

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

b) Commission income

Commission income from other insurers / re-insurers is recognized on a quarterly basis as per terms and conditions agreed with the other insurers / re-insurers.

c) Investment income

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

d) Dividend income

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

e) Return on bank accounts

Return on bank accounts are accounted for on accrual basis.

f) Rental income

Rental income from investment properties are recognized on accrual basis of accounting.

3.14 Claim

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.

Salvage values are recorded based on surveyor reports on accrual basis at the occurrence of claims.

3.15 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs except for 'investments at fair value through profit and loss - held-for-trading investments in which case the transaction costs are charged to the profit and loss account.

All purchase and sale of investments that require delivery within the required 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 investments. Investments are recognized and classified as follows:

3.15.1 Investments at fair value through profit and loss - held-for-trading

Quoted investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking are classified as held-for-trading.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit and loss of the period in which it arises.

3.15.2 Held-to-maturity

Investments with fixed maturity, where the management has both the intent and the ability to hold to maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortized cost. Premium paid or discount availed on the acquisition of held-to-maturity investment is deferred and amortized over the term of investment using the effective yield method.

Profit on held-to-maturity instruments is recognized on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the profit and loss account of the period in which they arise.

3.15.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates or equity prices are classified as available-for-sale. These are valued as follows:

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the market value. The Company uses Stock Exchange quotations at the reporting date to determine the market value of listed shares. Furthermore, market value of open-ended mutual funds is determined by using MUFAP rates at the date of reporting.

Unquoted

Unquoted investments are recorded at cost less impairment (if any) in accordance with the above requirement.

3.15.4 Recognition / de-recognition of investments

Investments are recognized / derecognized by the Company on the date it commits to purchase / sell the investments.

3.15.5 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not recognized in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in the financial statements as balance receivables for securities purchased under resale arrangements in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the period of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not derecognized from the financial statements and continue to be recognized as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

3.15.6 Investment in associates - Equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognized at cost and the carrying amount is adjusted to recognize the investor's share of the profit and loss, distribution received and change in the comprehensive income and equity of the investee at the end of each reporting period.

The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to the profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

3.15.7 Impairment in investments

Impairment is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

3.16 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount reported in the statement of financial position 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.

3.17 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 “Guidelines for Estimation of Incurred but not reported claims reserve, 2016” to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method “Chain Ladder Method” and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at 31 December 2019 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.18 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 reporting 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 reporting 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 reporting date.

3.19 Staff retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

3.19.1 Employees' compensated absences

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

3.19.2 Defined contribution plan

There is an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the company and employees to the fund, at the rate of 10% of basic salary. Contributions made by the company are recognized as expense. The Company has no further payment obligations once the

contributions have been paid. Obligation for contributions to defined contribution plan is recognized as an expense in the profit and loss account as and when incurred.

3.19.3 Defined benefit plan

Retirement benefits are payable to staff, subject to completion of prescribed qualifying period of service under the scheme.

The latest actuarial evaluation was carried out as at December 31, 2019. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognised in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

3.20 Leases

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.

3.21 Prepayment

Prepayments are recorded as an assets. It is be amortized as and when due over the period.

3.22 Other creditors and accruals

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 reporting date and adjusted to reflect the current best estimate.

3.23 Loans and other receivables

Loan, advances and other receivable are paid and recorded as per the approval of delegation of financial powers. Which are subsequently accounted for after the recovery of amount or services against which the payments were made.

3.24 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.

3.25 Lease liability and right of use asset

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably

certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under some of its leases to lease the assets for additional terms subject to rental agreement between the parties to the contract. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

3.26 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 and 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 and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.27 Zakat

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

3.28 Dividend distribution

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

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

3.29 Management expenses

Management expenses note is prepared in accordance with the requirements of Insurance Rules, 2017. The Company adopts accrual basis of accounting for its expense recognition.

3.30 Contingencies

Contingencies are disclosed when Company has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of recourse embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

3.31 Share Capital and reserves

Ordinary shares are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Appropriation to reserves are recognised in the financial statements in the period in which these are approved.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

- 4.1** The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2019.

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 believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going 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 3.17
- b. Provision for premium deficiency reserves - note 3.7
- c. Reinsurance recoveries against outstanding claims - note 3.8
- d. Provision against premium due but unpaid - note 3.10
- e. Useful life of depreciable / amortizable assets - notes 3.1 and 3.2
- f. Impairment of assets - notes 3.1.3, 3.2.1 and 3.15.7
- g. Staff retirement benefits - note 3.19
- h. Provision for income taxes - note 3.18
- i. Fair valuation of investment properties - note 3.3
- j. Salvage recoveries - note 3.14
- k. Lease terms and discount rates - note 3.25
- l. Contingencies - note 3.30

4.2 Change in accounting estimate and prior year adjustments

4.2.1 Change in accounting estimates

During the year, method of depreciation of the building has been reviewed and based on experience it has been revised from reducing balance method to straight line method. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting policies, Changes in Estimates and Errors" whereby the effect of the changes are recognised prospectively by including the same in the profit and loss account in the period of the change.

Impact on profit and loss account	Current year	2 to 5 years	Above 5 years
	Rupees in '000		
Increase in management expense - depreciation	342	1,979	2,191

4.2.2 Correction of prior year adjustments / errors

During the year, based on the review of claim register and its reconciliation with the general ledger, certain differences aggregating to Rs. 26.747 million were identified and accordingly rectified in the prior years.

Furthermore, during the year, the Company evaluated its tax positions and prior year tax return submitted and identified certain errors amounting to Rs. 10.76 million and accordingly rectified the same in the prior years. The application u/s. 114(6) of

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

the Income Tax Ordinance 2001 for revision of tax return is also submitted and the process of submitting the revised returns will be initiated in the due course.

The above adjustments are accounted for retrospectively, in accordance with the requirements of International Accounting Standard (IAS) -8 "Accounting policies, Changes in Estimates and Errors".

Impact on Statement of Financial Position:	December 31, 2018		
	Balance as reported previously	Adjustments	Restated Balance
	Rupees in '000		
Equity			
- Accumulated losses	(479,413)	37,505	(441,908)
Liabilities			
- Outstanding claims including IBNR	923,861	(26,747)	897,114
- Taxation - provision less payment	51,517	(10,758)	40,759
Impact on Profit and Loss:			
- Net insurance claims	(93,910)	36,099	(57,811)
- Other income - Liabilities no longer required written back	-	1,327	1,327
- Income tax	(5,351)	(3,217)	(8,568)
- Earnings per share - Rupees	0.21	0.68	0.89

Impact on Statement of Financial Position:	December 31, 2017		
	Balance as reported previously	Adjustments	Restated Balance
	Rupees in '000		
Equity			
- Accumulated losses	(490,060)	(3,296)	(486,764)
Liabilities			
- Outstanding claims including IBNR	1,267,121	9,352	1,276,473
- Taxation - provision less payment	51,586	(12,648)	38,938

5. PROPERTY AND EQUIPMENT

	Note	2019	2018
		Rupees in '000	
Operating fixed assets	5.1	194,961	206,575
Capital work-in-progress	5.2	26,109	26,109
Right of use assets	5.3	11,312	-
		232,382	232,684

5.1 Operating fixed assets

2019										
Particulars	Cost				Accumulated Depreciation				Written down value as at 31 December 2019	Depreciation rate
	As at 01 January 2019	Additions / (disposals)	Transfers / adjustments	As at 31 December 2019	As at 01 January 2019	Depreciation for the year / (disposals)	Transfers / adjustments	As at 31 December 2019		
	Rupees in '000									
Land	140,450	-	-	140,450	-	-	-	-	140,450	-
Building	22,782	- (604)	(628)	21,550	10,510	1,013 (439)	(97)	10,986	10,564	5%
Computer equipment	21,435	1,581 (2,001)	-	21,015	17,533	1,334 (1,983)	-	16,884	4,130	30%
Office equipment	14,008	934 (4,479)	131	10,594	8,989	558 (4,087)	18	5,478	5,116	10%
Furniture and fixtures	25,533	608 (1,238)	496	25,399	16,575	993 (1,155)	79	16,491	8,908	10%
Vehicles (owned)	85,270	753 (22,278)	-	63,745	57,410	4,962 (17,928)	-	44,444	19,301	20%
Vehicles (leased)	15,196	-	-	15,196	7,082	1,622	-	8,704	6,492	20%
	324,674	3,876 (30,600)	-	297,949	118,099	10,481 (25,592)	-	102,988	194,961	

2018										
Particulars	Cost				Accumulated Depreciation				Written down value as at 31 December 2018	Depreciation rate
	As at 01 January 2018	Additions / (disposals)	Transfers / adjustments	As at 31 December 2018	As at 01 January 2018	Depreciation for the year / (disposals)	Transfers / adjustments	As at 31 December 2018		
	Rupees in '000									
Land	140,450	-	-	-	-	-	-	-	140,450	-
Building	35,113	-	(12,331)	22,782	12,916	829	(3,235)	10,510	12,273	5%
Computer equipment	22,340	202 (1,188)	81	21,435	17,003	1,589 (1,059)	1	17,534	3,901	30%
Office equipment	13,454	635	(81)	14,008	8,484	507	(1)	8,990	5,018	10%
Furniture & fixtures	25,533	-	-	25,533	15,586	989	-	16,575	8,958	10%
Vehicles (owned)	98,166	- (12,896)	-	85,270	58,849	7,312 (8,751)	-	57,410	27,860	20%
Vehicles (leased)	15,196	-	-	15,196	5,067	2,015	-	7,082	8,114	20%
	350,252	837 (14,084)	(12,331)	324,674	117,903	13,241 (9,810)	(3,235)	118,099	206,575	

5.1.1 Disposal of operating fixed assets

Description	Cost	Accu- mulated deprecia- tion	Book value	Sale proceeds	Gain / loss	Mode of disposal	Purchaser	Location
Rupees in '000								
Mitsubishi Lancer 1.3 / AQY-102	1,266	1,150	116	715	599	Tender	Mr. Ali Asghar Kayumi	Karachi
Suzuki Cultus / ATE-428	916	800	116	741	625	Tender	Mr. Abdul Inam	Karachi
Honda City / ARY-239	1,450	1,289	161	1,155	994	Tender	Mr. Imran Khalil	Karachi
Honda Civic / LEB-1952	1,509	1,407	102	1,160	1,058	Tender	Mr. Omer Ejaz	Lahore
Honda City / LEA-7433	1,258	1,098	160	1,046	886	Tender	Mr. Syed Muhammad Rizwan	Lahore
Honda City / LEC-7698	1,228	1,092	136	1,011	875	Tender	Mr. Syed Muhammad Rizwan	Lahore
Suzuki Swift / LEC-1952	1,152	949	203	915	712	Tender	Mr. Omer Ejaz	Lahore
Toyota Corolla / BDW-247	1,600	774	826	1,475	649	Tender	Mr. Baghi Khan	Karachi
Toyota Altis (Automatic) / MNC-15-888	1,700	739	961	1,635	674	Tender	Mr. Muhammad Safdar Iqbal	Lahore
Toyota Corolla / AXG-017	1,921	1,529	392	1,540	1,148	Tender	Mr. Muhammad Arif	Karachi
Suzuki Cultus / AWM-913	984	804	180	695	515	Tender	Mr. Muhammad Amir Khan	Karachi
Honda Civic / AUA-365	1,808	1,559	249	1,050	801	Tender	Mr. Faqeer Hussain	Karachi
Toyota Corolla / LEC-2760	940	865	75	1,055	980	Tender	Mr. Abbas Akram	Lahore
Toyota Corolla / LEC-3073	940	865	75	1,055	980	Tender	Mr. Abbas Akram	Lahore
Hafeez Centre, Gulberg Lahore	604	452	152	12,000	11,848	Tender	"Mr. Mudassar Shafiq / Ms. Saleha Musharif"	Lahore
Assets write off	7,723	6,879	844	-	(844)	Write-off		Karachi
Miscellaneous *	3,600	3,341	259	2,497	2,238	Tender	Various	Various
	30,600	25,592	5,008	29,745	24,737			

* This include all assets sold during the year that have book value less than Rs.50,000.

5.1.2 There are no assets held by third parties or assets with zero values.**5.2 Capital work-in-progress**

	Note	2019	2018
		Rupees in '000	
Property acquisition and renovation costs	5.2.1	26,109	26,109

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

5.2.1 Market rate of this property assessed by independent valuation company stands at Rs.88 million as at 31 December 2018.

5.3 Right-of-use assets

	Note	2019	2018
Rupees in '000			
The Company has recognized right-of-use assets in respect of office buildings, movement is as following:			
Opening balance		-	-
Impact of adoption of IFRS 16	2.4.1	13,729	-
Opening balance - adjusted		13,729	-
Depreciation expense		(2,417)	-
Closing balance		11,312	-

6. INTANGIBLE ASSETS

Particulars	2019							Amortization Rate
	Cost			Accumulated Amortization			Written down value as at 31 December 2019	
	As at 01 January 2019	Additions	As at 31 December 2019	As at 01 January 2019	Amortization for the year	As at 31 December 2019		
	Rupees in '000							

Software	19,773	-	19,773	15,735	1,212	16,947	2,826	30%
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Particulars	2018							Amortization Rate
	Cost			Accumulated Amortization			Written down value as at 31 December 2018	
	As at 01 January 2018	Additions	As at 31 December 2018	As at 01 January 2018	Amortization for the year	As at 31 December 2018		
	Rupees in '000							

Software	19,093	680	19,773	14,087	1,649	15,735	4,038	30%
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7. INVESTMENT PROPERTY

	Note	2019	2018
Rupees in '000			
Opening net book value / cost as at 01 January		266,586	162,243
Transfer from PPE		-	44,954
Unrealized fair value gain	7.1	1,762	59,389
Closing net book value as at 31 December		268,348	266,586

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

7.1 Investment properties consists of the following:

Particulars	Location	Note	Fair value as at 31 December 2019	Fair value as at 31 December 2018	Gain 2019
Rupees in '000					
Bungalow, Aga Khan Road	Islamabad	7.4	219,120	219,120	-
Office, Clifton	Karachi	7.4	19,228	18,216	1,012
Apartment, Silver Oaks	Islamabad	7.4	30,000	29,250	750
					1,762

7.2 The fair value of the investment properties was determined by external, independent property value having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Company's investment properties every year.

7.3 The company earned rental income from the above mentioned properties amounting to Rs.3.48 million (2018: Rs.1.86 million).

7.4 The covered area of the bungalow, office and apartment are 8,793 Sq.ft., 1,012 Sq.ft. and 1,500 Sq.ft. respectively.

8. INVESTMENTS IN EQUITY SECURITIES AND MUTUAL FUND UNITS

Available for sale	Note	2019			2018		
		Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value
		Rupees in '000					
Related parties							
Listed shares	8.1	204,142	(11,640)	243,674	200,481	(9,861)	230,458
Unlisted shares		114,983	-	114,983	114,983	-	114,983
Other than related parties							
Listed shares		451,797	(155,790)	329,363	618,626	(65,720)	422,872
Mutual funds *		38,703	-	54,832	53,433	-	38,307
		809,625	(167,430)	742,852	987,523	(75,581)	806,620

* Investments in Mutual funds having carrying cost of Rs.38.703 million (2018: Rs.23.676 million) are placed as statutory deposit with State Bank of Pakistan in compliance of section 29 of Insurance Ordinance, 2000.

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

- 8.1** The Company Holds 16.66% (2018: 16.66%) shares in Novelty Enterprises (Private) Limited (NEL). The shares of NEL are not publically listed on a stock exchange and hence price quotes are not available. The financial reporting date of NEL is 30 June.

Total equity / net assets of NEL as at 30 June 2019 based on audited financial statements amounted to Rs. 561.423 million (2018: Rs.561.459 million) based on audited financial statements. The management is of the view that it would be able to recover carrying values of its investment. NEL has not commenced operations as of the reporting date.

9. INVESTMENT IN ASSOCIATE

	2019	2018
	Rupees in '000	
Balance as at 01 January	204,828	211,761
Share of profit / (loss)	11,607	(5,518)
Less: Dividend received	(2,000)	(2,000)
Share of other comprehensive income from associate	28,294	585
Balance as at 31 December	242,729	204,828

The company's interests in its associate company, namely, Crescent Powertec Limited (incorporated in Pakistan) is as follows:

Year	Assets	Liabilities	Revenues	Profit / (loss)	Other comprehensive income	% Interest held
	Rupees in '000					
As at 31 December 2019	246,638	(3,909)	933	11,607	28,294	8%
As at 31 December 2018	233,379	(28,552)	6,513	(5,518)	585	8%

- 9.1** The Company has accounted for investment in Crescent Powertec Limited as associates under IAS 28 "Investment in Associates and Joint Ventures", as management has concluded that the Company have significant influence therein. The conclusion is reached on the basis of the facts that the Company's Chief Executive Officer is also the Board member of Crescent Powertec Limited which comprise of five members, resulted in 20% representation on the Board of investee company.

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

Note	2019	2018
	Rupees in '000	

10. LOANS AND OTHER RECEIVABLES

Mark-up receivable		377	90
Loans to employees	10.1	4,933	1,638
Deposits	10.2	36,223	35,095
Advance to agents		1,346	2,835
Other receivables		8,491	11,334
		51,370	50,992

10.1 These are short term, unsecured interest free loans and advances provided to permanent employees of the company adjustable against salaries.

10.2 These include Rs.24 million (2018: Rs.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.

11. INSURANCE / REINSURANCE RECEIVABLES

Premium due but unpaid		536,629	565,353
Less: Provision for doubtful receivables from insurance contract holder	11.1	(156,455)	(123,218)
		380,174	442,135
Amounts due from other insurers / reinsurers		351,001	364,504
Less: Provision for doubtful receivables from insurers / reinsurers	11.2	(96,010)	(75,505)
		254,991	288,999
		635,165	731,134

11.1 The movement in provision for doubtful receivables from insurance contract holders is as follows:

Balance at 01 January	(123,218)	(117,858)
Charge for the year - net	(33,237)	(5,360)
Balance at 31 December	(156,455)	(123,218)

11.2 The movement in provision for doubtful receivables from insurers / reinsurers is as follows:

Balance at 01 January	(75,505)	(70,274)
Charge for the year - net	(20,505)	(5,231)
Balance at 31 December	(96,010)	(75,505)

	Note	2019	2018
		Rupees in '000	

12. PREPAYMENTS

Prepaid reinsurance premium ceded	22	124,400	116,797
Other prepaid expense		678	131
		125,078	116,928

13. CASH AND BANK

Cash and cash equivalents			
- Cash in hand		-	46
- Policy and revenue stamps, bond papers		560	856
Cash at bank			
- Current accounts	13.1	25,471	26,919
- Savings accounts	13.2	69,165	45,019
		95,196	72,840

13.1 This includes Rs.20 million (2018: Rs.20 million) placed as statutory deposit with the State Bank of Pakistan in compliance with section 29 of Insurance Ordinance, 2000.

13.2 The rate of return on saving accounts held with various banks range from 6.0% to 11.80% per annum (2018: 2.7% to 6.0%).

14. SHARE CAPITAL**14.1 Authorized Capital**

2019	2018		2019	2018
Number of shares in '000			Rupees in '000	
75,000	75,000	Ordinary shares of Rs.10 each.	750,000	750,000

14.2 Issued, subscribed and paid-up share capital

200	200	Ordinary share of Rs. 10 each fully paid in cash	2,000	2,000
50,365	50,365	Ordinary shares of Rs.10 each issued as fully paid bonus share	503,650	505,650
50,565	50,565	As at 31 December	505,650	505,650

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

14.3 As at 31 December 2019, the number of shares held by the associated undertakings were 12,930,803 (2018: 20,497,908) of Rs.10 per share.

15. RESERVES

	Note	2019	(Restated) 2018
Rupees in '000			
Capital reserves			
Reserve for exceptional loss	15.1	19,490	19,490
Devaluation reserve	15.2	185	185
		19,675	19,675
Revenue reserves			
General reserve		996,851	996,851
Revaluation reserve - AFS Investments		280,054	96,512
Revaluation reserve - Investment Property		35,859	35,859
		1,312,764	1,129,222
Accumulated Losses		(681,066)	(441,908)
		651,373	706,989

15.1 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.

15.2 Consequent of 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 year 1973.

16. RETIREMENT BENEFIT OBLIGATIONS

	Note	2019	2018
Rupees in '000			
Gratuity	16.1	1,179	1,024
Employee compensated absences	16.11	3,268	5,537
		4,447	6,561

16.1 Liability in statement of financial position - Gratuity

Present value of defined benefit obligation	16.4	1,179	975
Payable related to previous balance		-	49
		1,179	1,024

Note	2019	2018
	Rupees in '000	

16.2 Movement in the net liability recognized

Balance at 01 January	1,024	2,589
Expense / (income) for the year	120	(891)
	1,144	1,698
Premeasurement chargeable in other comprehensive income		
Payments during the year	(395)	(209)
Experience adjustment	430	(465)
Balance at 31 December	1,179	1,024

16.3 Expense recognized in the profit or loss account

Past service cost	-	(695)
Gain arising on plan settlements	-	(389)
Interest cost on defined benefit obligation	120	193
Expense/ (income) chargeable to profit and loss account	120	(891)

16.4 Reconciliation of the present value of the defined benefit obligations

Present value of obligation as at 01 January	975	2,589
Past service cost (credit)	-	(695)
Interest costs on defined benefit obligation	129	193
Benefit due but not paid receivable / (payable)	40	(40)
Benefit paid	(395)	(465)
Gain / (loss) arising on plan settlements	-	(398)
Experience adjustment	430	(209)
Present value of obligation as at 31 December	1,179	975

16.5 Total re-measurements chargeable in other comprehensive income

Re-measurement of plan obligation	430	(209)
Experience adjustments	430	(209)
Returns on plan assets, excluding interest income	430	(209)

16.6 Maturity profile of defined benefit obligation

Average duration of the defined benefit obligation is:	3.38 Years	4 Years
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16.7 The estimated expenses to be charged to profit and loss account for the year 2020 is Rs.0.12 million.

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

16.8 Projected Unit Credit (PUC) Actuarial cost method was used for calculating the accounting entries in this report.

16.9 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

	2019	2018
Principal actuarial assumptions used are as follows:		
Discount rate used for interest cost in profit & loss charge	11%	8%
Discount rate used for year end obligation	11%	13%
Salary increase used for year end obligation		
Salary increase FY2020	0%	12%
Salary increase FY2021	0%	12%
Salary increase FY2022	0%	12%
Salary increase FY2023	0%	12%
Salary increase FY2024	0%	12%
Salary increase FY2025 and onward	0%	12%
Next salary is increased at	1-Jan-21	1-Jan-20
Retirement assumption	Age 58	Age 58
Base		
Discount rate +100 bps	1,144	938
Discount rate -100 bps	1,218	1,016
Salary increase +100 bps	1,179	975
Salary increase -100 bps	1,179	975

16.10 Historical data of gratuity scheme

	2019	2018	2017	2016	2015
	Rupees in '000				
Present value of defined benefits obligations	1,179	1,024	2,589	5,371	3,944
Experience adjustment arising on plan liabilities	430	(209)	(2,789)	(817)	(164)

16.11 Movement in the net liability recognized in the statement of financial position - Employee Compensated Absences

	2019	2018
	Rupees in '000	
Balance at 01 January	5,537	4,752
Expense for the year	(1,482)	1,162
	4,055	5,914
Interest cost on defined benefit obligation	734	332
Payment during the year	(490)	(1,469)
Experience adjustment	(1,031)	760
Balance at 31 December	3,268	5,537

16.12 Expense recognized in the profit or loss account

	2019	2018
	Rupees in '000	
Current service cost	1,355	1,162
Interest cost	734	332
Past service cost	(2,837)	760
	(748)	2,254

16.13 Historical data of leave encashment scheme

	2019	2018	2017	2016	2015
	Rupees in '000				
Present value of defined benefits obligations	3,268	5,537	4,752	8,070	9,612
Experience adjustment arising on plan liabilities	(2,837)	760	(1,283)	205	178

16.14 Principal Actuarial Assumptions

	2019	2018
Following are important actuarial assumptions used in the benefits valuation		
Discount rate	11%	13.25%
Salary increase rate (p.a.)	11%	12.25%

16.15 Projected Unit Credit (PUC) Actuarial cost method was used for calculating the accounting entries in this report.

16.16 The estimated expenses to be charged to profit and loss account for the year 2020 is Rs.1.253 million.

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

17. WINDOW TAKAFUL OPERATIONS - Operator's Fund

ASSETS	Note	2019	2018
		Rupees in '000	
Property and equipment		-	1,040
Intangible assets		-	847
Investments		-	39,465
Loan and other receivables		14,735	19,100
Deferred commission expense		5,586	7,742
Prepayments		720	539
Cash and bank		3,979	1,559
		25,020	70,292
Qard-e-Hasna		83,020	36,020
Total Assets		108,040	106,312
Total Liabilities		80,557	43,964
Operator's revenue accounts	Note	2019	2018
		Rupees in '000	
Wakala fee		50,211	54,221
Net commission expenses and other acquisition costs		(13,177)	(11,996)
Management expenses		(60,182)	(56,516)
Investment (loss) / income		(4,652)	2,265
Profit on bank deposits		168	-
Other expenses		(2,851)	(4,429)
Loss for the year		(30,483)	(16,455)

18. LEASE LIABILITIES

	Note	2019	2018
		Rupees in '000	
Vehicles	18.1	767	1,614
Right of use	18.2	12,181	-
		12,948	1,614

18.1 Vehicles

	2019			2018		
	Minimum lease payments	Financial charges for future periods	Principal outstanding	Minimum lease payments	Financial charges for future periods	Principal outstanding
Rupees in '000						
Not later than one year	637	40	597	936	89	847
Later than one year and not later than five years	173	3	170	810	43	767
	810	43	767	1,746	132	1,614

The total lease rentals due under the lease agreement are payable in equal 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.

18.2 Lease liability against Right of Use

	Note	2019	2018
		Rupees in '000	
Opening balance		-	-
Impact of adoption of IFRS 16	2.4.1	13,729	-
Opening balance - adjusted		13,729	-
Payment of lease liability		(3,242)	-
Finance cost		1,694	-
Closing balance		12,181	-

19. OTHER CREDITORS AND ACCRUALS

	Note	2019	2018
		Rupees in '000	
Bonus payable		4,541	11,021
Commissions payable		190,530	207,597
Federal excise duty and sales tax		16,863	16,994
Federal insurance fee		361	117
Deposits and margins		6,312	6,690
Provision for sales tax		-	7,728
Provision for rent	19.1	14,000	14,000
Others	19.2	50,922	36,476
		283,529	300,623

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

19.1 This includes provision for rent amounting to Rs.14 million (2018: Rs.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.

19.2 This includes outstanding claims in respect of which cheques aggregating to Rs.2.6 million (2018: Rs.13.32 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the aging as required by SECP's circular 11 of 2014 dated 19 May 2014:

	2019	2018
	Rupees in '000	
1 to 6 months	301	983
More than 6 months	2,362	12,338
	2,663	13,321

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					
2019	301	301	315	311	1,435	2,663
2018	983	1,217	2,402	2,904	5,815	13,321

20. CONTINGENCIES & COMMITMENTS

	2019	2018
	Rupees in '000	
20.1 Commitment for capital expenditure	15,038	15,038

20.2 The Company received a show cause notice dated 26 April 2016 from Sindh Revenue Board (SRB) on account of not charging and paying Sindh Sales Taxes amounting Rs.188.8 million 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 with Commissioner Appeals (Sindh Revenue Board). 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 favor.

21. DEFERRED TAX ASSET

	Note	2019	2018
		Rupees in '000	
Taxable temporary differences arising from:			
- difference in accounting and tax base of property and equipment		(44,286)	(28,913)
Deductible temporary differences arising from:			
- Unused tax losses and other deductible temporary differences		88,676	28,913
	21.1	44,390	-

21.1 As at the year end, the aggregate amount of unused carry forward business losses (including depreciation) and other deductible temporary differences (mainly on account of provision against investments, provision against doubtful receivable) amounts to Rs.1,124.65 million (2018: Rs. 932.45 million), net deferred tax asset on which amounts to Rs. 326.148 million (2018: Rs. 261.08 million). However, the Company has recognized deferred tax asset on such deductible temporary differences to the extent of Rs. 44.39 million, after adjusting taxable temporary difference, in line with its accounting policy as disclosed in note 3.18 of these financial statements.

22. NET INSURANCE PREMIUM

	Note	2019	2018
		Rupees in '000	
Written gross premium		501,364	535,976
Add: Unearned premium reserve opening		249,002	389,884
Less: Unearned premium reserve closing		(241,735)	(249,002)
Premium earned		508,631	676,858
Less: Reinsurance premium ceded		292,905	302,162
Add: Prepaid reinsurance premium opening		116,797	201,185
Less: Prepaid reinsurance premium closing		(124,400)	(116,797)
Reinsurance expense		285,302	386,550
Net insurance premium		223,329	290,308

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

23. NET INSURANCE CLAIMS

	Note	2019	(Restated) 2018
		Rupees in '000	
Claims paid		339,646	516,573
Less: Outstanding claims including IBNR opening		(897,114)	(1,276,473)
Add: Outstanding claims including IBNR closing		682,106	897,114
Claims expense		124,638	137,214
Less: Reinsurance and other recoveries received		199,600	271,947
Less: Reinsurance and other recoveries received in respect of outstanding claims - opening		(540,560)	(733,104)
Add: Reinsurance and other recoveries received in respect of outstanding claims - closing		377,512	540,560
Reinsurance and other recoveries revenue		36,552	79,403
Net insurance claims		88,086	57,811

23.1 The provision for IBNR on the basis of actuarial valuation carried out as at 31 December 2019 amounted to Rs.31.68 million (2018: Rs.22.19 million).

23.2 Claim Development

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year.

The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident year	2015	2016	2017	2018	2019
	Rupees in '000				
Estimate of ultimate claims cost:					
At end of accident year	409,671	559,674	392,050	192,225	139,051
One year later	465,916	571,476	331,168	182,372	-
Two years later	461,451	571,245	330,958	-	-
Three years later	455,697	570,220	-	-	-
Four years later	457,811	-	-	-	-
Current estimate of cumulative claims	457,811	570,220	330,958	182,372	139,051
Cumulative payments till date	445,140	392,222	306,099	162,584	72,621
Liability recognised in statement financial position	12,671	177,999	24,860	19,788	66,430

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Part of the Financial Statements | For the year ended December 31, 2019

24. NET COMMISSION EXPENSE AND OTHER ACQUISITION COSTS

Note	2019	2018
	Rupees in '000	
Commission paid or payable	46,331	33,380
Add: Deferred commission opening	27,131	50,501
Less: Deferred commission closing	(20,156)	(27,131)
Commission expense	53,306	56,750
Less: Commission received or recoverable from reinsurers	35,012	41,257
Add: Unearned reinsurance commission opening	18,362	33,363
Less: Unearned reinsurance commission closing	(15,263)	(18,362)
Commission from reinsurance	38,111	56,258
Net commission expense	15,195	492
Add: Other acquisition costs		
Tracking device expenses	23,870	22,480
Service charges	9,093	5,667
Other costs	3,767	147
	36,730	28,294
Net commission expense and other acquisition costs	51,925	28,786

25. MANAGEMENT EXPENSES

Note	2019	2018
	Rupees in '000	
Employee benefit cost	186,728	156,186
Travelling expenses	4,803	3,325
Advertisement and sales promotion	1,767	1,363
Printing and stationary	3,925	3,899
Depreciation	12,912	13,241
Amortization	1,211	1,649
Rent, rates and taxes	1,309	4,318
Legal and professional charges - business related	10,300	10,367
Electricity, gas and water	5,135	4,609
Entertainment	3,467	2,946
Vehicle running expenses	3,126	3,054
Office repairs and maintenance	5,283	5,523
Bank charges	513	713

(Continue...)

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

	Note	2019	2018
		Rupees in '000	
Postages, telegrams and telephone		5,215	5,724
Insurance expense		4,380	8,856
Annual supervision fee SECP		1,735	1,783
Bad and doubtful debts		53,742	10,720
Others		1,591	1,193
		307,142	239,469

25.1 Employee benefit cost

Salaries, allowance and other benefits	180,575	150,728
Charges for post employment benefit	6,153	5,458
	186,728	156,186

26. INVESTMENT (LOSS) / INCOME

Income from equity securities and mutual fund units		
- Dividend income	30,932	35,240
Net realized gains on investments Available for sale		
- Equity securities	2,305	87,382
Total investment income	33,237	122,622
Less: Impairment in value of available for sale securities		
- Equity securities	(167,430)	(75,581)
Less: Investment related expenses	(1,391)	(4,104)
	(135,584)	42,937

27. OTHER INCOME

	2019	(Restated) 2018
	Rupees in '000	
Return on bank balances	4,139	1,242
Gain on sale of operating fixed assets	24,737	5,733
Reversal of excess provision of sales tax - health insurance	7,728	-
Recovery on previous balances written off	-	28,038
Liabilities no longer required written back	51,517	1,327
Miscellaneous	25,566	3,167
	113,687	39,507

28. OTHER EXPENSES

	Note	2019	2018
		Rupees in '000	
Legal and professional fee other than business related		-	3,873
Auditors' remuneration	28.1	1,775	1,685
Subscription		1,992	9,691
Donations		21	100
Inadmissible input tax expense		2,371	2,792
Sales promotion expense		2,616	2,586
Provision for sales tax		-	7,728
Penalties		655	-
Others		4,053	1,812
		13,483	30,267

28.1 Auditors' remuneration

Audit fee	950	825
Review of interim financial statements	338	220
Special certifications and sundry advisory services	487	640
	1,775	1,685

29. TAXATION

	Note	2019	(Restated) 2018
		Rupees in '000	
For the year			
Current	29.1	9,496	8,568
Deferred	21	(44,390)	-
		(34,894)	8,568

29.1 The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is subject to tax under section 113 of the Income Tax Ordinance, 2001.

30. EARNINGS / (LOSS) PER SHARE

	2019	(Restated) 2018
	Rupees in '000	
(Loss) / profit after tax for the year	(239,761)	44,822
	Number of shares in '000	
Weighted average number of ordinary shares	50,565	50,565
	Rupees	
(Loss) / earnings per share	(4.74)	0.89

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Part of the Financial Statements | For the year ended December 31, 2019

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.

31. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2019	2018	2019	2018	2019	2018
Rupees in '000						
Fees	-	-	1,715	1,530	-	-
Managerial remuneration	16,698	14,520	-	-	69,651	56,573
Leave encashment	-	-	-	-	-	1,098
Bonus	1,210	-	-	-	3,207	-
Exgratia allowance	-	-	-	-	-	155
Fuel and travelling	1,748	1,198	104	-	10,797	9,752
Contribution to defined contribution plan	-	-	-	-	3,605	5,657
Rent and house maintenance	726	726	-	-	18,348	16,689
Utilities	1,452	1,452	-	-	13,752	12,732
Medical	5,990	171	-	-	2,974	4,678
Others	902	2,106	-	-	-	-
	28,726	20,173	1,819	1,530	122,334	107,334
Number of persons	1	1	7	7	42	44

32. NUMBER OF EMPLOYEES

The total and average number of employees during the year ended 31 December 2019 and 2018 are as follows:

	2019	2018
As at year end	143	178
Average during the year	150	181

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

33. RELATED PARTY TRANSACTIONS

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.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

Name of related party	Relationship	2019							Balances		
		Transactions during the year							Premium outstanding	Claims out-standing	Commission outstanding
		Premium un-derwritten	Premium received	Claims paid	Dividend received	Investments made	Investment sold	Commis-sion paid			
Rupees in '000											
Associated Companies											
Crescent Agrifarm (Private) Limited	Common Directorship	-	-	-	-	-	-	-	4	-	-
Crescent Bahuman Limited	Common Directorship	34,236	51,628	11,010	-	-	-	-	84,747	8,245	-
Crescent Cotton Mills Limited	Common Directorship	9,051	10,219	4,544	-	-	-	-	7,168	5,473	-
Crescent Fibres Limited	Common Directorship	17,140	19,228	3,580	-	-	-	-	16,873	1,257	-
Crescent Hadeed (Private) Limited	Common Directorship	117	83	25	-	-	-	-	103	-	-
Crescent Jute Products Limited	Common Directorship	183	296	74	-	-	-	-	206	39	-
Crescent Powertec Limited	Common Directorship	1,377	4,998	74	2,000	-	-	-	1,027	325	-
Crescent Socks (Private) Limited	Common Directorship	1,535	2,456	-	-	-	-	-	1,208	-	-
Crescent Steel and Allied Products Limited	Common Directorship	3,762	7,406	264	-	-	-	-	(396)	74	-
Crescent Venture (Private) Limited	Common Directorship	742	778	246	-	-	-	-	111	-	-
Cresox (Private) Limited	Common Directorship	-	-	-	-	-	-	-	3,462	-	16,050
Equity Textiles Limited	Common Directorship	7,776	6,566	115	-	-	-	-	4,727	1,391	-
Jubilee Spinning & Weaving Mills Limited	Common Directorship	-	-	-	-	-	-	-	3,796	-	10,503
Muhammad Amin Muhammad Bashir Limited	Common Directorship	9	-	-	-	-	-	14,733	72	-	5,650
Pak Elektron Limited	Common Directorship	-	-	-	-	-	-	-	67	-	-
Shakarganj Limited	Common Directorship	4,704	6,395	1,847	-	-	-	-	5,711	931	-
Shams Textile Mills Limited	Common Directorship	6,706	11,056	709	419	-	-	-	1,434	8,073	-
Summit Bank Limited	Common Directorship	381	624	134	-	-	-	-	23	82	-
Suraj Cotton Mills Limited	Common Directorship	35,784	49,419	6,110	6,111	-	-	-	13,537	20,983	-
The Crescent Textile Mills Limited	Common Directorship	16,558	26,691	2,026	454	-	-	-	9,782	444	-
Individuals											
Directors		419	509	-	-	-	-	-	394	67	-
Others		7	16	-	-	-	-	-	(1)	-	-
Total		140,487	198,368	30,758	8,984	-	-	14,733	154,055	47,384	32,203

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

		2018									
Name of related party	Relationship	Transactions during the year							Balances		
		Premium underwritten	Premium received	Claims paid	Dividend received	Investments made	Investment sold	Commission paid	Premium outstanding	Claims outstanding	Commission outstanding
Rupees in '000											
Associated Companies											
Crescent Bahuman Limited	Common Directorship	26,039	27,964	5,537	-	-	-	-	92,825	13,049	-
Crescent Cotton Mills Limited	Common Directorship	9,830	14,397	9,296	21	-	-	-	5,498	2,210	-
Crescent Fibres Limited	Common Directorship	16,966	24,020	12,424	-	-	-	-	16,222	2,470	-
Crescent Powertec Limited	Common Directorship	3,490	412	(27)	2,000	-	-	-	4,413	210	-
Crescent Steel and Allied Products Limited	Common Directorship	6,517	10,285	1,330	283	-	637	2,126	2,971	2,735	252
Equity Textiles Limited	Common Directorship	8,569	9,026	760	-	-	-	-	2,405	1,406	-
Muhammad Amin Muhammad Bashir Limited	Common Directorship	63	10	-	-	-	-	-	62	146	14,013
Shakarganj Limited	Common Directorship	4,628	7,750	2,162	6	-	-	-	4,742	1,836	-
Shams Textile Mills Limited	Common Directorship	5,842	9,803	1,638	938	-	-	-	3,967	5,415	-
Suraj Cotton Mills Limited	Common Directorship	25,533	47,562	23,258	4,251	193,232	135,618	-	18,284	24,416	-
The Crescent Textile Mills Limited	Common Directorship	25,741	31,018	2,883	-	-	-	-	15,779	383	-
Individuals											
Directors		387	178	-	-	-	-	-	367	-	-
Others		53	-	-	-	-	-	-	6	-	-
Total		133,658	182,425	59,261	7,499	193,232	136,255	2,126	167,541	54,276	14,265

Notes to and Forming Part of the Financial Statements | For the year ended December 31, 2019

34. SEGMENT REPORTING

34.1 Segment profit or loss

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rupees in '000												
Premium receivable (inclusive of FED / Sales Tax, Federal insurance fee and Administrative surcharge)	247,923	264,438	40,424	65,658	137,339	169,442	90,941	54,064	48,958	56,414	565,585	610,016
Less: FED / sales tax	31,437	32,926	4,261	7,218	17,076	21,445	-	-	6,542	7,215	59,316	68,804
Less: Federal insurance fee	2,045	2,180	358	579	1,183	1,455	900	535	419	486	4,905	5,235
Gross written Premium (inclusive of Administrative surcharge)	214,441	229,332	35,805	57,861	119,080	146,542	90,041	53,529	41,997	48,713	501,364	535,977
Gross direct premium	203,454	216,017	34,585	55,716	115,828	142,310	89,933	53,453	41,423	47,957	485,223	515,453
Facultative inward premium	10,060	12,014	-	-	822	1,091	-	-	140	88	11,022	13,193
Administrative surcharge	927	1,301	1,220	2,145	2,430	3,141	108	76	434	668	5,119	7,331
Insurance premium earned	210,873	287,644	37,729	63,719	130,266	185,647	85,365	63,178	44,398	76,670	508,631	676,858
Insurance premium ceded to reinsurers	(210,941)	(273,735)	(23,482)	(32,815)	(2,579)	(2,977)	(25,492)	(20,466)	(22,808)	(56,557)	(285,302)	(386,550)
Net Insurance premium	(68)	13,909	14,247	30,904	127,687	182,670	59,873	42,712	21,590	20,113	223,329	290,308
Commission income from reinsurers	25,745	38,502	4,111	5,739	86	17	4,451	3,581	3,718	8,419	38,111	56,258
Net underwriting income	25,677	52,411	18,358	36,643	127,773	182,687	64,324	46,293	25,308	28,532	261,440	346,566
Insurance claims expense	443	(28,063)	6,489	60	(42,622)	(43,115)	(57,518)	(56,049)	(31,431)	(10,047)	(124,638)	(137,214)
Insurance claims recovered from reinsurers and other recoveries revenue	7,957	34,613	(1,741)	2,382	107	42	20,487	29,866	9,742	12,500	36,552	79,403
Net Insurance claims	8,400	6,550	4,748	2,442	(42,515)	(43,073)	(37,031)	(26,183)	(21,688)	2,453	(88,086)	(57,811)
Commission expense	(29,115)	(47,843)	(6,101)	(11,718)	(10,374)	(20,483)	(3,529)	(2,347)	(4,187)	25,642	(53,306)	(56,749)
Management expense	(127,338)	(101,767)	(22,783)	(22,543)	(78,662)	(65,681)	(51,549)	(22,352)	(26,810)	(27,125)	(307,142)	(239,469)
Other acquisition cost	(15,227)	(12,024)	(2,725)	(2,664)	(9,407)	(7,760)	(6,165)	(2,641)	(3,206)	(3,205)	(36,730)	(28,294)
Net insurance claims and expenses	(163,280)	(155,084)	(26,861)	(34,483)	(140,958)	(136,997)	(98,274)	(53,523)	(55,891)	(2,235)	(485,264)	(382,322)
Underwriting result	(137,603)	(102,673)	(8,503)	2,160	(13,184)	45,690	(33,950)	(7,230)	(30,583)	26,297	(223,823)	(35,756)
Net investment loss											(135,584)	42,937
Rental income											3,480	1,865
Revaluation gain on investment property											1,762	59,389
Other income											113,687	39,507
Other expenses											(13,483)	(30,267)
Finance cost											(1,817)	(310)
Share of loss from associate											11,607	(7,518)
Share of loss from WTO - Operator's Fund											(30,483)	(16,455)
Loss before tax											(274,655)	53,390

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34.2 Segment assets and liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Rupees in '000												
Segment assets	496,767	607,086	82,945	153,169	275,857	387,925	208,586	141,701	97,289	128,953	1,161,442	1,418,833
Unallocated corporate assets											1,795,857	1,744,900
Total assets											2,957,300	3,163,733
Segment Liabilities	595,922	655,253	99,501	165,322	330,918	418,704	250,220	152,944	116,708	139,184	1,393,269	1,531,408
Unallocated corporate liabilities											326,451	375,723
Total liabilities											1,719,720	1,907,131

35. MOVEMENT IN INVESTMENTS

	Available for Sale
	Rupees in '000
01 January 2018	987,523
Additions	332,351
Disposals (sale and redemptions)	(472,922)
Fair value net gains (excluding net realized gains)	87,382
Designated at fair value through profit of loss upon initial recognition	(52,136)
Impairment losses	(75,578)
31 December 2018	806,620
Additions	18,037
Disposals (sale and redemptions)	(67,167)
Fair value net gains (excluding net realized gains)	152,792
Designated at fair value through profit of loss upon initial recognition	-
Impairment losses	(167,430)
31 December 2019	742,852

36. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

36.1 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.

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

	2019	2018
	Maximum Gross Risk Exposure	Maximum Gross Risk Exposure
	Rupees in '000	
Fire and property damage	12,945,000	2,400,000
Marine, aviation and transport	431,200	320,500
Motor	23,790	25,250
Health	1,000	1,000
Miscellaneous	160,000	160,000

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.

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

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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 IBNR and premium deficiency reserve 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 as further used in this regard.

Actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the SECP circular 9 of 2016.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. 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 assumed net of reinsurance loss ratios for each class of business for estimation of premium deficiency reserves is as follow:

Class	2019	2018
	Assumed Net Loss Ratio	Assumed Net Loss Ratio
Fire and property damage	33%	55%
Marine, aviation and transport	73%	8%
Motor	100%	50%
Health	100%	100%
Miscellaneous	67%	76%

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/ (loss)		Shareholders' equity	
	2019	2018	2019	2018
	Rupees in '000			
10% increase in loss	(8,809)	(9,391)	(6,254)	(6,668)
10% decrease in loss	8,809	9,391	6,254	6,668

Claims development

The development of claims against insurance contracts issued is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year

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 insured's.

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.

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36.2 Financial risk

36.2.1 Financial instruments by category

	2019	2018
	Rupees in '000	
Financial assets		
Loans and receivables		
Loans and other receivables	51,370	50,992
Insurance/ reinsurance receivables	635,165	731,134
Reinsurance recoveries against outstanding claims	377,512	540,560
Salvage recoveries accrued	3,531	3,080
Cash and bank balances	95,196	72,840
Available for sale		
Investments - equity securities	742,852	806,620
Financial liabilities		
At amortized cost		
Outstanding claims including IBNR	682,106	897,114
Lease liabilities	12,948	1,614
Insurance/ reinsurance payables	454,165	366,930
Other creditors and accruals	252,305	300,623
Unclaimed dividend	25,527	26,166

36.2.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

36.2.2.1 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:

	2019	2018
	Rupees in '000	
Bank deposits	94,636	71,938
Premium due but unpaid - net of provision	380,174	442,135
Amount due from other insurers / reinsurers - net of provision	254,991	288,999
Accrued investment income	377	90
Reinsurance recoveries against outstanding claim	377,512	540,560
Deposits and other receivables	51,370	50,992
	1,159,060	1,394,714

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.

The age analysis of premium due but unpaid is as follows:

Up to 1 year	144,933	155,205
1 - 2 years	6,751	61,533
2 - 3 years	54,326	58,975
Over 3 years	330,619	289,387
	536,629	565,100

The age analysis of premium due but unpaid from related parties is as follows:

Up to 1 year	63,293	75,225
1 - 2 years	6,096	10,631
2 - 3 years	6,066	21,573
Over 3 years	76,474	60,112
	151,929	167,541

The credit quality of claim recoveries from Reinsurance Companies can be assessed with reference to external credit ratings.

	Amount due from reinsurance operators	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2019	2018
Rupees in '000					
A or above (including PRCL)	335,333	360,126	124,400	819,859	914,056
BBB	2,070	8,297	-	10,367	15,087
Others	13,598	9,089	-	22,687	8,009
Total	351,001	377,512	124,400	852,913	937,152

The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

Bank	Rating agency	2019	
		Short term	Long term
MCB Bank Limited	PACRA	A-1+	AAA
JS Bank Limited	PACRA	A-1+	AA-
Faysal Bank Limited	PACRA / VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
National Bank Limited	PACRA / VIS	A-1+	AAA
United Bank Limited	VIS	A-1+	AAA
FINCA Microfinance Bank Limited	PACRA / VIS	A-1	A
Habib Bank Limited	VIS	A-1+	AAA

36.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	2019			
	Within 1 year	2 - 5 years	More than 5 years	Total
	Rupees in '000			
Financial liabilities				
Outstanding claims including IBNR	682,106	-	-	682,106
Lease liabilities	2,572	7,673	2,703	12,948
Insurance/ reinsurance payables	454,165	-	-	454,165
Other creditors and accruals	252,305	-	-	252,305
Unclaimed dividend	25,527	-	-	25,527
	1,416,675	7,673	2,703	1,427,051

	2018			
	Within 1 year	2 - 5 years	More than 5 years	Total
	Rupees in '000			
Financial liabilities				
Outstanding claims including IBNR	897,114	-	-	897,114
Lease liabilities	1,614	-	-	1,614
Insurance/ reinsurance payables	366,930	-	-	366,930
Other creditors and accruals	300,623	-	-	300,623
Unclaimed dividend	26,166	-	-	26,166
	1,592,446	-	-	1,592,446

36.2.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

36.2.4.1 Interest rate risk

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

Maturity profile of financial assets and liabilities:

2019	Effective rate % per annum	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
		Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Rupees in '000								
FINANCIAL ASSETS								
Investments in equity securities		-	-	-	-	742,852	742,852	742,852
Investments in associates		-	-	-		242,729	242,729	242,729
Loans and other receivables		-	-	-	5,310	-	5,310	5,310
Insurance receivables		-	-	-	635,165	-	635,165	635,165
Reinsurance recoveries against outstanding claims		-	-	-	377,512	-	377,512	377,512
Salvage recoveries accrued		-	-	-	3,531	-	3,531	3,531
Cash	6.0 to 11.8	69,165	-	69,165	-	26,031	26,031	95,196
December 31, 2019		69,165	-	69,165	1,021,518	1,011,612	2,033,130	2,102,295
FINANCIAL LIABILITIES								
Outstanding claims including IBNR		-	-	-	682,106	-	682,106	682,106
Insurance payables		-	-	-	454,165	-	454,165	454,165
Other Creditors and accruals		-	-	-	252,305	-	252,305	252,305
Lease liabilities		2,572	10,376	12,948	-	-	-	12,948
December 31, 2019		2,572	10,376	12,948	1,388,576	-	1,388,576	1,401,524

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2019	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Rupees in '000							
OFF BALANCE SHEET ITEMS							
Capital commitments	-	-	-	-	15,038	15,038	15,038
December 31, 2019	-	-	-	-	15,038	15,038	15,038
Interest risk sensitivity gap	66,593	(10,376)	56,217	(367,058)	1,011,612	644,555	700,771

2018	Effective rate % per annum	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
		Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Rupees in '000								
FINANCIAL ASSETS								
Investments in equity securities		-	-	-	-	806,620	806,620	806,620
Investments in associates		-	-	-		204,828	204,828	204,828
Loans and other receivables		-	-	-	1,728	-	1,728	1,728
Insurance receivables		-	-	-	731,134	-	731,134	731,134
Reinsurance recoveries against outstanding claims		-	-	-	540,560	-	540,560	540,560
Salvage recoveries accrued		-	-	-	3,080	-	3,080	3,080
Cash	2.7 to 6.0	45,019	-	45,019	-	27,821	27,821	72,840
December 31, 2018		45,019	-	45,019	1,276,502	1,039,269	2,315,771	2,360,790
FINANCIAL LIABILITIES								
Outstanding claims including IBNR		-	-	-	923,861	-	923,861	923,861
Insurance payables		-	-	-	366,930	-	366,930	366,930
Other Creditors and accruals		-	-	-	261,784	-	261,784	261,784
Lease liabilities		847	767	1,614	-	-	-	1,614
December 31, 2018		847	767	1,614	1,552,575	-	1,552,575	1,554,189

2018	Interest / Mark-up bearing			Non- interest / Non - mark-up bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
Rupees in '000							
OFF BALANCE SHEET ITEMS							
Capital commitments	-	-	-	-	15,038	15,038	15,038
December 31, 2018	-	-	-	-	15,038	15,038	15,038
Interest risk sensitivity gap	44,172	(767)	43,405	(276,073)	1,039,269	763,196	806,601

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

36.2.4.2 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

36.2.4.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest 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 Company's listed securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of

investment securities and units. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and mutual funds. In addition, the Company actively monitors the key factors that affect stock market.

The following table summarizes the Company's other price risk as of 31 December 2019 and 2018. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
		Rupees in '000	
31 December 2019	5%	627,869	31,393
31 December 2018	5%	691,637	34,582

36.2.5 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 31 December 2019. 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.

30 June 2016	31 December 2016	30 June 2017	31 December 2017 onwards
Rupees in '000			
350,000	400,000	450,000	500,000

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP which are fully met by the Company.

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37. STATEMENT OF SOLVENCY

	2019 Rupees in '000
Assets	
Property and equipment	232,382
Intangible assets	2,826
Investment properties	268,348
Investments in associate (applicable where equity accounting is followed)	242,729
Investments	
Equity securities	742,852
Loans and other receivables	51,370
Insurance / reinsurance receivables	635,165
Reinsurance recoveries against O/S claims	377,512
Salvage recoveries accrued	3,531
Deferred commission expense	20,156
Taxation - provision less payment	7,725
Deferred tax asset	44,390
Prepayments	125,078
Cash and bank deposits	95,196
Total assets related to operator's fund from Window Takaful Operations (including Qard-e-Hasna)	108,040
Total Assets (A)	2,957,300
In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
(d) Loans to employees	4,933
(h) Insurance / reinsurance receivables	165,080
(k) Deposits and other receivables	24,000
(k) Cash and bank deposits	437
(i) Intangible assets	2,829
(q) Investments	565,087
(u) - (i) Vehicles	25,793
(u) - (ii) Office equipment and computers	9,245
(u) - (iii) Furniture and fixtures	8,907
(u) - (iv) Right of use asset	11,312
Total assets related to operator's fund from Window Takaful Operations (including Qard-e-Hasna)	108,040
Total of In-admissible assets (B)	925,663
Total Admissible Assets (C=A-B)	2,031,637

	2019
	Rupees in '000
Total Liabilities	
Underwriting provisions	
Outstanding claims including IBNR	682,106
Unearned premium reserves	241,735
Unearned commission income	15,263
Retirement benefit obligations	4,447
Lease liabilities	767
Insurance / reinsurance payables	454,165
Other creditors and accruals	283,529
Unclaimed dividends	25,527
Income tax liabilities	-
Total Liabilities (D)	1,707,539
Total liabilities related to operator's fund from	
Window Takaful Operations	80,557
Total Net Admissible Assets (E=C-D)	324,098

Minimum Solvency Requirement (higher of following)

Method A - U/s. 36(3)(a)	150,000	
Method B - U/s. 36(3)(b)	117,335	
Method C - U/s. 36(3)(c)	91,678	150,000
Excess in Net Admissible Assets over Minimum Requirements		174,098

- 37.1** The Company is currently compliant with the minimum solvency requirement as set out under the rules and regulations set by the SECP. However, owing to the fact that the Company has incurred loss during the year, the management of the Company has done financial analysis to assess the solvency requirements for the next year and concluded that the Company will have sufficient resources either from operations or through utilization of assets to maintain the solvency.

38. PROVIDENT FUND

The Company operates an approved contributory provident fund (the fund) for its permanent employees. Details of net assets and investments as per unaudited (2018: audited) financial statements of the fund are as follows:

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	2019	2018
	Rupees in '000	
Size of the fund	63,495	54,395
Cost of investments made	57,885	52,733
Fair value of investments	61,407	52,731
Investment - (%)	96.7%	96.9%

All investments in collective investment scheme, listed equity and listed debt securities from the provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and the conditions specified thereunder.

Break-up of investments	2019	2018
	Rupees in '000	
Mutual Funds	31,659	28,097
Treasury Bills	29,748	24,634

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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 observable
- Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

There had been no transfers between the fair value of hierarchy during the year.

Following are the assets which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

	2019		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	Rupees in '000		
Available for sale investments (measured at fair value)			
Equity securities	573,037	-	114,983
Mutual fund units	-	54,832	-
	573,037	54,832	114,983

	2018		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	Rupees in '000		
Available for sale investments (measured at fair value)			
Equity securities	653,330	-	114,983
Mutual fund units	-	38,307	-
	653,330	38,307	114,983

40. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on **May, 5 2020** by the Board of directors of the Company.

41. GENERAL

41.1 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.

41.2 As a result of adoption of Insurance Rules, 2017 and Insurance Regulations, 2017, corresponding figures have been rearranged and reclassified wherever necessary, for purposes of comparison. There were no other material reclassification to report except as follows:

Notes to and Forming

Part of the Financial Statements | For the year ended December 31, 2019

Nature	Transfer to	Transfer from	31-Dec-18
			Rupees in '000
Premium due but unpaid	Insurance / reinsurance payable	Insurance / reinsurance receivable	162,020
Reinsurance receivable	Insurance / reinsurance payable	Insurance / reinsurance receivable	12,510
Co insurance payable	Insurance / reinsurance receivable	Insurance / reinsurance payable	(174,530)

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

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Financial Statements
(Window Takaful)



Zahooreul Akhlaque

Untitled
Ink on paper

INDEPENDENT AUDITOR'S REPORT

To the members of Premier Insurance Limited - Window Takaful Operations

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements, which comprise the statements of financial position as at 31 December 2019, and the statements of comprehensive income, the statements of changes in fund and the statements of cash flows of Premier Insurance Limited – Window Takaful Operations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statements of comprehensive income, the statements of changes in fund and the statements of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operator's affairs as at 31 December 2019 and the results of its takaful operations for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operator in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



S. No.	Key audit matters	How the matter was addressed in our audit
1	Liabilities in respect of takaful contracts	
	<p>The liabilities in respect of takaful contracts issued as of 31 December 2019 amounts to Rs.52.440 million (note 15 to the financial statement), which represent 34.31% of the Participants' Takaful Fund's (PTF) total liabilities. We considered adequacy of takaful liabilities as a key audit matter due to significant judgments involved in estimating the liabilities and use of experts in this regard.</p> <p>(Refer to note 4.15 and 27.1 to the financial statements for relevant disclosures).</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> - We assessed the controls over recording and settlement of claims in respect takaful business and performed tests of such controls to check their effectiveness in relation to the year under audit; - In respect of adequacy of insurance contract liabilities (including IBNR and premium deficiency reserve) which are measured on the basis of undiscounted value of expected future payments, we involved our expert to review the methodology used by the management's expert in estimating claims liabilities in accordance with the prescribed methodology. As part of our testing we also considered the competence and objectivity of the experts used by the management for this purpose; - for insurance claims we also evaluated the management estimates regarding cost of claims settlements by considering reports of independent surveyors and the estimates regarding salvage values of insured assets; - we performed subsequent review to identify any significant claims reported post year end which pertain to the financial year under audit; and - we assessed the adequacy of disclosures made in respect of takaful contract liabilities in accordance with the approved accounting standards as applicable in Pakistan.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Operator or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Operator's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operator's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operator's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operator to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statements of comprehensive income, the statement of changes in equity and the statements of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operator's business; and
- No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other matter

The financial statements of the Operator for the year ended 31 December 2018, were audited by another auditor who expressed an unmodified opinion on those statements on 05 April 2019.

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.



Chartered Accountants

Karachi

Date:

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين والعاقبة للمتقين والصلاة والسلام على أشرف الأنبياء والمرسلين وعلى آله وأصحابه أجمعين وبعد!

Annual Shariah Review Report 2019

The company, Premier Insurance Limited started its Window Takaful Operations on 2nd Oct, 2015. (hereinafter referred as the PIL-WTO). The year under review was the fourth successful year of Takaful in PIL-WTO. Based on my review, I report as under:

Shariah Certification:

As Shari'ah Advisor of Premier Insurance Limited – Window Takaful Operations; I confirm that:

- The Takaful Policies issued during the year under review are in accordance with the guidelines of Shari'ah.
- All the investments of Takaful Funds are in line with Shariah. Moreover, all Bank Accounts of Takaful are separate from the conventional insurance business and are maintained in Islamic Banks/Islamic Banking Windows.
- Segregation of Window Takaful Operations is the essential part of valid Takaful contracts. I am pleased to state that in PIL-WTO all the Takaful Funds, Investments, Bank Accounts and other related issues are kept separate from its conventional insurance business, as per requirement of Shari'ah.

While concluding; I state that generally the Shari'ah principles were followed in practical implementation of PIL-WTO in this year. I am grateful to the Board of Directors of PIL, Management, Head of Window Takaful Operations, Chief Financial Officer, Head of Compliance, Divisional and Branch Heads and all relevant departments who cooperated with me and provided me every possible support to ensure Shari'ah Compliance in our Takaful practices.

In the end; I pray to Allah Almighty that the passion and dedication with which Premier Insurance Limited has launched its Window Takaful Operations; may Allah Almighty grant us success and help us at every step, keep us away from every hindrance and difficulty, and give financial success to Premier Insurance Limited-Window Takaful Operations.

والسلام عليكم ورحمة الله وبركاته



Mufti Ubaid ur Rahman Zubairi

Shari'ah Advisor

Premier Insurance Limited-Window Takaful Operations

09th April, 2020

15th Sha'ban, 1441

Statement of Financial Position | As at 31 December 2019

	Note	2019			2018		
		Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
		(Rupees in `000)					
Assets							
Property and equipment	6	-	-	-	1,040	-	1,040
Intangible assets	7	-	-	-	847	-	847
Investments in mutual funds and term deposits	8	-	41,382	41,382	39,465	10,242	49,707
Loans and other receivables	9	14,735	56,569	71,304	19,100	4,407	23,507
Takaful / retakaful receivables	10	-	57,696	57,696	-	63,220	63,220
Retakaful recoveries against outstanding claims	15	-	5,442	5,442	-	5,114	5,114
Qard-e-hasna contributed to PTF		83,020	-	83,020	36,020	-	36,020
Salvage recoveries accrued		-	178	178	-	1,043	1,043
Deferred wakala expense	18	-	24,916	24,916	-	28,989	28,989
Deferred commission expense	19	5,586	-	5,586	7,742	-	7,742
Prepayments	11	720	3,115	3,835	539	3,435	3,974
Cash and bank	12	3,979	19,190	23,169	1,559	53,593	55,152
Total Assets		108,040	208,488	316,528	106,312	170,043	276,355
Equity and Liabilities							
Operator's fund (OPF)							
Statutory fund		50,000	-	50,000	50,000	-	50,000
Revaluation reserves		-	-	-	(2,456)	-	(2,456)
Accumulated deficit		(73,621)	-	(73,621)	(43,138)	-	(43,138)
		(23,621)	-	(23,621)	4,406	-	4,406
Waqf / participants' takaful fund (PTF)							
Ceded money		-	500	500	-	500	500
Qard-e-hasna contributed by OPF		-	83,020	83,020	-	36,020	36,020
Revaluation reserves		-	557	557	-	(468)	(468)
Accumulated deficit		-	(28,444)	(28,444)	-	(24,545)	(24,545)
		-	55,633	55,633	-	11,507	11,507
Liabilities							
Underwriting provisions							
Outstanding claims including IBNR	15	-	52,440	52,440	-	49,676	49,676
Unearned contribution reserve	14	-	71,187	71,187	-	82,824	82,824
Unearned retakaful rebate	17	-	606	606	-	674	674
Unearned wakala fees	18	24,916	-	24,916	28,989	-	28,989
Takaful / retakaful payables		-	11,120	11,120	-	6,495	6,495
Other creditors and accruals	13	106,745	17,502	124,247	72,917	18,867	91,784
		131,661	152,855	284,516	101,906	158,536	260,442
Total fund and liabilities		108,040	208,488	316,528	106,312	170,043	276,355

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of Profit and Loss Account | For the year ended December 31, 2019

	Note	Aggregate	
		2019	2018
		(Rupees in `000)	
Participants' Takaful Fund			
Net takaful contribution	14	132,928	137,759
Net takaful claims	15	(86,639)	(80,308)
Direct expenses	16	(8,798)	(7,650)
Re-takaful rebate	17	1,643	2,984
Wakala expense	18	(50,211)	(54,221)
		(144,005)	(139,195)
Underwriting result		(11,077)	(1,436)
Investment income	23	6,030	-
Other income		1,148	-
Deficit for the year		(3,899)	(1,436)
Accumulated deficit			
Balance at the beginning of the year		(24,545)	(23,109)
Deficit for the year		(3,899)	(1,436)
Balance at the end of the year		(28,444)	(24,545)
Operator's Fund			
Wakala fee	18	50,211	54,221
Net commission expense	19	(13,177)	(11,996)
Management expenses	20	(60,182)	(56,516)
		(23,148)	(14,291)
Investment (loss) / income	22	(4,652)	2,265
Profit on bank accounts		168	-
Other expenses	21	(2,851)	(4,429)
Loss for the year		(30,483)	(16,454)
Accumulated deficit			
Balance at the beginning of the year		(43,138)	(26,684)
Loss for the year		(30,483)	(16,454)
Balance at the end of the year		(73,621)	(43,138)

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of Comprehensive Income | For the year ended December 31, 2019

	2019	2018
	(Rupees in `000)	
Participants' Takaful Fund		
Deficit for the year	(3,899)	(1,436)
Unrealized gain / (loss) on available for sale securities	1,025	(468)
Total comprehensive loss for the year	(2,874)	(1,904)
Operator's Fund		
Loss for the year	(30,483)	(16,454)
Unrealized gain / (loss) on available for sale securities	2,456	(1,914)
Total comprehensive loss for the year	(28,027)	(18,368)

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of Changes In Fund | For the year ended December 31, 2019

	Operator's Fund			
	Statutory fund	Revaluation reserve - Available for sale investment	Accumulated deficit	Total
		(Rupees in `000)		
Balance as at 01 January 2018	50,000	(542)	(26,684)	22,774
Deficit for the year ended 31 December 2018	-	-	(16,454)	(16,454)
Other comprehensive loss for the year	-	(1,914)	-	(1,914)
Balance as at 31 December 2018	50,000	(2,456)	(43,138)	4,406
Balance as at 01 January 2019	50,000	(2,456)	(43,138)	4,406
Deficit for the year ended 31 December 2019	-	-	(30,483)	(30,483)
Other comprehensive income for the year	-	2,456	-	2,456
Balance as at 31 December 2019	50,000	-	(73,621)	(23,621)

	Participants' Takaful Fund				
	Ceded Money	Qard-e-Hasna	Revaluation reserve - Available for sale investment	Accumulated Deficit	Total
	(Rupees in `000)				
Balance as at 01 January 2018	500	22,610	-	(23,109)	1
Deficit for the year ended 31 December 2018	-	-	-	(1,436)	(1,436)
Other comprehensive loss for the year	-	-	(468)	-	(468)
Qard-e-Hasna contributed by OPF	-	13,410	-	-	13,410
Balance as at 31 December 2018	500	36,020	(468)	(24,545)	11,507
Balance as at 01 January 2019	500	36,020	(468)	(24,545)	11,507
Deficit for the year ended 31 December 2019	-	-	-	(3,899)	(3,899)
Other comprehensive income for the year	-	-	1,025	-	1,025
Qard-e-Hasna contributed by OPF	-	47,000	-	-	47,000
Balance as at 31 December 2019	500	83,020	557	(28,444)	55,633

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Statement of

Cash Flows | For the year ended December 31, 2019

	Note	Operator's Fund	Participants' Takaful Fund	2019 Aggregate	2018 Aggregate
(Rupees in `000)					
Operating Activities					
a) Takaful activities					
Contribution received		-	137,227	137,227	150,133
Re-takaful contributions paid		-	(5,467)	(5,467)	(25,706)
Claims paid		-	(85,773)	(85,773)	(86,838)
Re-takaful and other recoveries		-	1,570	1,570	3,740
(Commissions paid) / re-takaful rebate received		(13,353)	1,575	(11,778)	(8,859)
Wakala fees received		50,300	-	50,300	48,612
Wakala fees paid		-	(50,300)	(50,300)	(48,612)
Net cash generated from underwriting activities		36,947	(1,168)	35,779	32,470
b) Other operating activities					
General and administration expenses paid		(61,146)	(8,798)	(69,944)	(69,079)
Other operating payments		(181)	-	(181)	(290)
Amounts due from other takaful / retakaful operators		-	9,919	9,919	-
Deposits and other receivables		251	(53,080)	(52,829)	(1,180)
Paid to Premier Insurance Limited		(9,496)	(5,627)	(15,123)	28,943
Accrued salvage recoveries		865	-	865	(527)
Other liabilities paid		42,547	3,256	45,803	(6,707)
Qard-e-hasna contributions		(47,000)	47,000	-	-
Net cash used in other operating activities		(74,160)	(7,330)	(81,490)	(48,840)
Total cash used in from operating activities		(37,213)	(8,498)	(45,711)	(16,370)
Investment Activities					
Investment income received		-	5,835	5,835	2,280
Additions to fixed assets		-	-	-	-
Bank profit received		168	-	168	-
Sale / (purchase) of investment		39,465	(31,740)	7,725	2,383
Total cash generated / (used in) from investing activities		39,633	(25,905)	13,728	4,663
Total cash generated / (used in) from all activities		2,420	(34,403)	(31,983)	(11,707)
Cash and cash equivalents at beginning of the year		1,559	53,593	55,152	66,859
Cash and cash equivalents at the end of the year		3,979	19,190	23,169	55,152

Statement of Cash Flows | For the year ended December 31, 2019

	Note	Operator's Fund	Participants' Takaful Fund	2019 Aggregate	2018 Aggregate
(Rupees in `000)					
Reconciliation to profit and loss account					
Operating cash flows		(37,213)	(8,498)	(45,711)	(16,370)
Depreciation expense		-	-	-	(484)
Investment income	22-23	(4,652)	6,030	1,378	2,265
Increase / (decrease) in assets other than cash		47,692	(42,750)	4,941	36,611
Increase / (decrease) in liabilities		10,690	(5,681)	5,009	(39,912)
Qard-e-hasna contributions		(47,000)	47,000	-	-
Loss for the year		(30,483)	(3,899)	(34,383)	(17,890)
Attributed to					
Operator's Fund		(30,483)	-	(30,483)	(1,435)
Participants' Takaful Fund		-	(3,899)	(3,899)	(16,455)
		(30,483)	(3,899)	(34,382)	(17,890)
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					
Current and saving accounts		68	-	68	992
Current and other accounts					
Current and savings accounts		3,911	19,190	23,101	54,160
Total cash and cash equivalents		3,979	19,190	23,169	55,152

The annexed notes from 1 to 31 form an integral part of these financial statements.

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on 02 October 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 31 October 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 in line with the format issued by the SECP through Insurance Rules, 2017, and SECP Circular No. 25 of 2015 dated 09 July 2015.

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable.

2.1 Statement of Compliance

2.1.1 These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules 2017, Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012.

In case requirement differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations and Takaful Rules, 2012, shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except investments which are carried both at fair value and at amortized cost.

2.3 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees which is also the Operator's functional currency. All financial information presented in Pakistani Rupees has been rounded to nearest Thousand Rupees, unless otherwise stated.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS

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 audited financial statements for the year ended 31 December 2019 except as follows:

3.1 New / Revised Standards, Interpretations and Amendments

The following standards, amendments and interpretations are effective for the year ended 31 December 2019. These standards, interpretations and 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
IFRS 16, Leases	01 January 2019
Amendment to IFRS 17 "Insurance Contracts" - Applying IFRS 9 "Financial Instruments" with IFRS 17 "Insurance Contracts"	

The company has taken the benefit of temporary exemption of applying IFRS 9 "Financial Instruments" with IFRS 17 "Insurance Contracts" as allowed under IFRS.

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for current accounting period. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial information.

3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned there against:

Standard or Interpretation	Effective date (annual periods beginning)
- IFRS 3 - Definition of a Business (Amendments)	01 January 2020
- IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IAS 1/ IAS 8 - Definition of Material (Amendments)	01 January 2020
- IFRS 14 – Regulatory Deferral Accounts	01 July, 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, a new standard i.e. IFRS 17 - Insurance Contracts have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

4.1 Property and equipment

4.1.1 Operating fixed assets

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

Rates of depreciation:

- | | |
|--|-----|
| • Computer equipment | 30% |
| • Office equipment, furniture and fixtures | 10% |
| • Motor vehicles | 20% |

Buildings are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account by applying the straight line method from the availability of assets to the date of disposal.

Rate of depreciation:

- | | |
|-------------|----|
| • Buildings | 5% |
|-------------|----|

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.

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

4.2 Intangible assets

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

4.2.1 Impairment of intangible assets

The carrying amounts of intangible assets are reviewed at each reporting 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 if its below the carrying value and the impairment loss is charged to profit and loss account.

4.3 Takaful Contracts

Takaful contracts are those contracts under which the Operator as insurer has accepted takaful risk from the takaful 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 takaful contract, it remains an takaful contract for the remainder of its tenure, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Takaful 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
- Motor
- Health
- 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 Operator neither issues investment contracts nor does it issue takaful contracts with discretionary participation features (DPF).

4.4 Deferred commission expense /acquisition cost

Commission expenses are deferred and recognized as an asset in correlation with unearned contribution that is recognized in the subsequent reporting period to comply with the requirement of Insurance Accounting Regulations, 2017 as an expense in accordance with the pattern of recognition of contribution.

4.5 Reserve for unearned contribution

The portion of contribution written relating to the unexpired period of coverage is recognized as unearned contribution by the Operator. The unearned portion of contribution income is recognized as a liability. The liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

4.6 Contribution deficiency

The Operator determines adequacy of liability of contribution 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 contribution.

The management considers that no additional reserve is required to be maintained to meet expected future liability, after retakaful, 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 contribution is sufficient to meet this requirement.

4.7 Retakaful contracts held

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

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

The Operator assesses its retakaful assets for impairment on balance sheet date. If there is objective evidence that the retakaful asset is impaired, the Operator reduces the carrying

amount of the retakaful asset to its recoverable amount and recognizes that impairment loss in the profit or loss account.

4.8 Receivables and payables related to takaful contracts

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

The Operator maintains general provision as per the approved policy of board. In addition, if there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that takaful receivable and recognizes the loss in profit or loss account.

4.9 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Accounting Regulations, 2017. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of takaful contracts issued, the Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 4.3.

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.

4.10 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.

4.11 Revenue recognition

a) Contribution / underwriting result

Contribution written, including administrative surcharge, under a policy is recognized from the date of issuance of the policy to which it relates.

The earned contribution less retakaful rebate, claims, direct expenses and wakala fee are reflected in the profit or loss account as the underwriting result.

b) Wakala fee

Wakala fee is recognised as income in the Operator's Fund on the same basis on which the related contribution revenue is recognised. Unearned portion of wakala fee is recognised as a liability of the Operator's Fund.

c) Retakaful rebate

Retakaful rebate from retakaful operators is recognized on a quarterly basis as per terms and conditions agreed with the retakaful operators.

d) Profit on Islamic investment products

Profit on Islamic investment products is recognized on an accrual basis.

e) Dividend income

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

e) Gain / loss on sale of available for sale investments

Gain / loss on sale of available for sale investments are included in profit or loss account.

4.12 Ijarah

Ijarah rentals are recognized as an expense on accrual basis as and when the rentals become due.

4.13 Investments

All purchase and sale of investments that require delivery within the required 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 investments. The investments are classified upon recognition as:

- Investments at fair value through profit or loss
- Held to maturity
- Available for sale

4.14 Offsetting of financial assets and liabilities

A financial asset and financial liability other than those relating to takaful contract is offset and the net amount is reported in the statement of financial position when the Operator has a legally enforceable right to set-off the recognized amounts and it intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

4.15 Provision for outstanding claims/ benefits

PTF maintains provision in respect of all known claims against losses incurred up to the reporting date which is measured at the undiscounted value of expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim / benefits except as otherwise expressly indicated in a takaful contract.

4.16 Taxation

Current

Provision for current taxation is based on taxable income at the current rate of taxation after taking in to account tax credits and rebates available, if any.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

4.17 Takaful surplus

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after deducting the claims / benefits paid to them during the year.

4.18 Impairment of operating fixed assets

The carrying values of the operating assets are reviewed for impairment annually when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed recoverable amount, the assets are written down to their recoverable amount.

4.19 Management expenses

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly allocable to takaful business are charged to OPF and allocated on the basis of gross contribution written during the year.

4.20 Qard-e-hasna

Qard-e-Hasna is provided by OPF to PTF in case of deficit in PTF.

5. ESTIMATES AND JUDGEMENTS

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 on-going 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 for outstanding claims including claims incurred but not reported [IBNR] note 4.15
- b) Re-takaful recoveries against outstanding claims note 4.7
- c) Contribution deficiency reserve note 4.6

6. PROPERTY AND EQUIPMENT

	Note	2019			2018
		OPF	PTF	Aggregate	Aggregate
		(Rupees in `000)			
Operating assets	6.1	-	-	-	1,040
		-	-	-	1,040

6.1 Operating assets - OPF

2019								
Particulars	Cost			Depreciation			Written down value as at 31 December 2019	Depreciation rate on written down value
	As at 01 January 2019	Additions / (disposals)	As at 31 December 2019	As at 01 January 2019	Charge for the year	As at 31 December 2019		
	(Rupees in `000)							
Leasehold improvements	450	(450)	-	56	(56)	-	-	5
Computer equipment	264	(264)	-	168	(168)	-	-	30
Office equipment	728	(728)	-	178	(178)	-	-	10
	1,442	(1,442)	-	402	(402)	-	-	

2018								
Particulars	Cost			Depreciation			Written down value as at 31 December 2018	Depreci-ation rate on written down value
	As at 01 January 2018	Additions / (disposals)	As at 31 December 2018	As at 01 January 2018	Charge for the year	As at 31 December 2018		
	(Rupees in `000)							
Leasehold improvements	450	-	450	36	20	56	394	5
Computer equipment	264	-	264	127	41	168	96	30
Office equipment	728	-	728	117	61	178	550	10
	1,442	-	1,442	280	122	402	1,040	

7. INTANGIBLE ASSETS

2019								
Particulars	Cost			Amortization			Written down value as at 31 December 2019	Amortization rate on written down value
	As at 01 January 2019	Additions / (disposals)	As at 31 December 2019	As at 01 January 2019	Charge for the year	As at 31 December 2019		
	(Rupees in `000)							
Computer software	2,005	(2,005)	-	1,158	(1,158)	-	-	30
	2,005	(2,005)	-	1,158	(1,158)	-	-	

Particulars	2018							Amortization rate on written down value
	Cost			Amortization			Written down value as at 31 December 2018	
	As at 01 January 2018	Additions / (disposals)	As at 31 December 2018	As at 01 January 2018	Charge for the year	As at 31 December 2018		
	(Rupees in `000)							
Computer software	2,005	-	2,005	797	361	1,158	847	30
	2,005	-	2,005	797	361	1,158	847	

8. INVESTMENTS IN MUTUAL FUND AND TERM DEPOSIT

	Note	2019			2018		
		Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / Provision for the year	Carrying value
(Rupees in `000)							
Available for sale - AFS							
OPF							
Mutual fund units		-	-	-	41,921	-	39,465
		-	-	-	41,921	-	39,465
PTF							
Mutual fund units	8.1	40,356	-	40,782	10,242	-	9,642
Term deposit receipt - held to maturity	8.2	600	-	600	600	-	600
		40,956	-	41,382	10,842	-	10,242

8.1 Investments in mutual funds

Available for sale		2019	2018	2019	2018
		Units in `000		(Rupees in `000)	
Mutual funds (unit trusts)					
NAFA Islamic Asset Allocation Fund	OPF	-	2,694	-	39,465
NAFA Islamic Asset Allocation Fund	PTF	658	658	10,668	9,642
Al Hamra Daily Dividend Fund	PTF	301	-	30,114	-

8.1.1 Carrying cost of mutual funds in OPF for 2019: is Rs.Nil (2018: Rs.41.92 million).

8.1.2 Carrying cost of mutual funds in PTF for 2019: is Rs.39.76 million (2018: Rs.10.11 million).

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8.2 Investments in term deposits

The represents a term deposit with bank having profit at the average rate of 10.19% per annum (2018: 4.5%) having maturity till 30 June 2020.

9. LOANS AND OTHER RECEIVABLES - Considered good

	Note	2019			2018		
		OPF	PTF	Aggregate	OPF	PTF	Aggregate
		(Rupees in `000)					
Profit receivable	9.1	4	317	321	256	-	256
Federal excise duty		79	3,980	4,059	30	3,373	3,403
Others		-	52,272	52,272	-	1,034	1,034
Wakala fee receivable		14,652	-	14,652	18,814	-	18,814
		14,735	56,569	71,304	19,100	4,407	23,507

9.1 This includes inter-fund receivable from OPF amounting to Rs.45.601 million (2018: Rs.Nil).

10. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured and considered good

Contribution due but unpaid	-	45,414	45,414	-	41,019	41,019
Amounts due from other takaful / retakaful operators	-	12,282	12,282	-	22,201	22,201
	-	57,696	57,696	-	63,220	63,220

11. PREPAYMENTS

Prepaid retakaful contribution ceded	-	3,115	3,115	-	3,435	3,435
Other prepaid expense	720	-	720	539	-	539
	720	3,115	3,835	539	3,435	3,974

12. CASH AND BANK

Cash and cash equivalent							
Policy, revenue stamps and bond papers		68	-	68	-	-	-
Cash at bank							
Current account		15	620	635	15	977	992
Savings account	12.1	3,896	18,570	22,466	1,544	52,616	54,160
		3,979	19,190	23,169	1,559	53,593	55,152

12.1 The rate of return on profit and loss sharing accounts held with Islamic banks during the year ranges from 5% to 7.5% per annum (2018: 2.38% to 3.71%).

13. OTHER CREDITORS AND ACCRUALS

	Note	2019			2018		
		OPF	PTF	Aggregate	OPF	PTF	Aggregate
		(Rupees in `000)					
Wakala fee payable		-	14,652	14,652	-	18,814	18,814
Payable to Premier Insurance Limited		52,148	(459)	51,689	58,531	-	58,531
Federal insurance fee		-	3	3	-	4	4
Sales tax on services		-	49	49	-	49	49
Commission payable		9,612	-	9,612	11,944	-	11,944
Auditor's fee		272	-	272	183	-	183
Others	13.1	44,713	3,257	47,970	2,259	-	2,259
		106,745	17,502	124,247	72,917	18,867	91,784

13.1 This includes inter-fund payable by OPF amounting to Rs.45.601 million (2018: Rs.Nil).

14. NET TAKAFUL CONTRIBUTION

	2019	2018
	(Rupees in `000)	
Written gross contribution	131,703	149,497
Add: Unearned contribution reserve opening	82,824	88,245
Less: Unearned contribution reserve closing	(71,187)	(82,824)
Contribution earned	143,340	154,918
Less:		
Retakaful contribution ceded	10,092	13,817
Add: Prepaid retakaful contribution opening	3,435	6,777
Less: Prepaid retakaful contribution closing	(3,115)	(3,435)
Retakaful expense	10,412	17,159
Net contribution	132,928	137,759

15. NET CLAIMS EXPENSE

Claims paid	85,773	86,839
Less: Outstanding claims including IBNR opening	(49,676)	(52,949)
Add: Outstanding claims including IBNR closing	52,440	49,676
Claims expense	88,537	83,566
Less:		
Retakaful and other recoveries received	1,570	3,740
Less: Retakaful recoveries against outstanding claims - opening	(5,114)	(5,596)
Add: Retakaful recoveries against outstanding claims - closing	5,442	5,114
Retakaful and other recoveries revenue	1,898	3,258
Net claim	86,639	80,308

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	2019	2018
	(Rupees in '000)	
16. DIRECT EXPENSES - PTF		
Tracking services	3,159	7,591
Service charges	3,631	52
Others	2,008	7
	8,798	7,650
17. RETAKAFUL REBATE - PTF		
Less: Rebate from re-takaful received		
Add: Deferred rebate opening	1,575	2,353
Less: Deferred rebate closing	674	1,305
Rebate from retakaful earned	(606)	(674)
	1,643	2,984
18. WAKALA EXPENSE		
Gross wakala fee	46,138	52,324
Add: Deferred wakala opening	28,989	30,886
Less: Deferred wakala closing	(24,916)	(28,989)
Net wakala fee	50,211	54,221
19. NET COMMISSION EXPENSE - OPF		
Commission paid or payable	11,021	13,269
Add: Deferred commission opening	7,742	6,469
Less: Deferred commission closing	(5,586)	(7,742)
Commission expense	13,177	11,996
20. MANAGEMENT EXPENSES - OPF		
Underwriting expenses		
Employee benefit cost	45,863	40,085
Rent, rates and taxes	347	1,204
Communications	671	787
Fuel and power	4,523	4,096
Travelling	1,507	915
Entertainments	912	827
Advertisements and sales promotions	-	565
Loss on assets written off	1,887	-
Depreciation and amortization	-	484
Repair and maintenance	1,738	3,480
Printing and stationary	1,006	1,067
Vehicle running expenses	821	852
Annual supervision fee SECP	320	877
Bank charges	40	136
Miscellaneous	547	1,141
	60,182	56,516

Note	2019	2018
	(Rupees in `000)	

21. OTHER EXPENSES - OPF

Auditors' remuneration	21.1	267	264
Fees and subscription		2,314	4,150
Legal and professional charges		-	15
Miscellaneous		270	-
		2,851	4,429
		63,033	60,945

21.1 Auditors' remuneration

Audit fee	175	220
Interim review	92	44
	267	264

22. INVESTMENT LOSS - OPF**Net realized losses on investments
Available for Sale (AFS)**

Realized loss on sale of mutual fund units	(4,652)	-
Income from term deposits		
Return on term deposits	-	2,265
	(4,652)	2,265

23. INVESTMENT INCOME - PTF**Income from mutual funds**

Dividend income	134	-
Income from term deposits		
Return on term deposits	5,896	-
	6,030	-

24. RELATED PARTY TRANSACTIONS

		2019						
Name of related party	Relationship	Transactions				Balances		
		Contribution underwritten	Contribution received	Claims paid	Commission paid	Contribution outstanding	Claims outstanding	Commission outstanding
		(Rupees in `000)						
Associated Companies								
Crescent Fibers Limited	Common Directorship	498	577	33	-	(238)	20	-
Crescent Hadeed (Private) Limited	Common Directorship	88	498	-	-	149	-	-
Crescent Steel and Allied Products Limited	Common Directorship	102	94	-	-	34	-	-
Equity Textiles Limited	Common Directorship	1,323	1,058	623	-	479	-	-
First Equity Modaraba Limited	Common Directorship	136	184	244	-	(1)	-	-
Muhammad Amin Muhammad Bashir Limited	Common Directorship	146	139	-	-	141	-	279
Premier Financial Services (Private) Limited	Common Directorship	293	334	-	-	-	20	-
Shakarganj Limited	Common Directorship	1,432	134	-	-	7,366	-	-
Summit Bank Limited	Common Directorship	148	188	-	-	-	40	-
Suraj Cotton Mills Limited	Common Directorship	1,236	1,124	836	-	321	20	-
Individuals								
Directors		-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-
Total		5,402	4,330	1,736	-	8,251	100	279

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		2018						
Name of related party	Relationship	Transactions				Balances		
		Contribution underwritten	Contribution received	Claims paid	Commission paid	Contribution outstanding	Claims outstanding	Commission outstanding
(Rupees in `000)								
Associated Companies								
Crescent Bahuman Limited	Common Directorship	22,297	635	160	-	1,298	-	-
Crescent Cotton Mills Limited	Common Directorship	9,830	-	-	-	-	-	-
Crescent Fibers Limited	Common Directorship	16,966	85	-	-	48	-	-
Crescent Powertec Limited	Common Directorship	1,364	-	-	-	-	-	-
Crescent Steel and Allied Products Limited	Common Directorship	6,517	212	-	-	-	-	68
Equity Textiles Limited	Common Directorship	8,569	907	2	-	171	130	-
First Equity Modaraba Limited	Common Directorship	-	305	-	-	28	-	-
Muhammad Amin Muhammad Bashir Limited	Common Directorship	63	148	-	-	132	225	188
Shakarganj Limited	Common Directorship	4,628	808	220	-	3,775	-	-
Shams Textile Mills Limited	Common Directorship	5,842	-	-	-	-	-	-
Suraj Cotton Mills Limited	Common Directorship	25,533	856	57	-	184	125	-
The Crescent Textile Mills Limited	Common Directorship	25,741	-	-	-	-	-	-
Individuals								
Directors		387	-	-	-	-	-	-
Others		-	-	-	-	-	-	-
Total		127,737	3,956	439	-	5,636	480	256

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Part of the Financial Statements | For the year ended December 31, 2019

25. SEGMENT INFORMATION

25.1 Segment profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(Rupees in `ooo)												
Participants Takaful Fund												
Contribution receivable (inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)	3,980	4,196	3,772	8,019	101,186	138,912	35,779	16,291	1,097	1,465	145,814	168,883
Less: Federal excise duty	548	539	450	935	11,659	16,226	-	-	142	195	12,799	17,895
Less: Federal insurance fee	34	34	33	70	882	1,214	354	161	9	12	1,312	1,491
Gross written contribution (inclusive of Administrative surcharge)	3,398	3,623	3,289	7,014	88,645	121,472	35,425	16,130	946	1,258	131,703	149,497
Gross direct contribution	3,293	3,279	3,122	6,675	84,835	116,823	35,399	16,112	921	1,240	127,570	144,129
Facultative inward contribution	44	291	35	25	393	33	-	-	-	-	472	349
Administrative surcharge	61	53	132	314	3,417	4,616	26	17	25	1	3,661	5,001
Takaful contribution earned	3,239	6,574	3,846	7,093	112,244	123,350	22,841	15,113	1,171	2,788	143,340	154,918
Takaful contribution ceded to retakaful operators	(2,882)	(5,588)	(3,297)	(6,004)	(2,913)	(2,977)	-	-	(1,321)	(2,590)	(10,412)	(17,159)
Net takaful contribution	357	986	549	1,089	109,331	120,373	22,841	15,113	(150)	198	132,928	137,759
Rebate earned	654	1,287	758	1,381	36	32	-	-	195	284	1,643	2,984
Net underwriting income	1,011	2,273	1,307	2,470	109,367	120,405	22,841	15,113	45	482	134,571	140,743
Takaful claims	(1,484)	(512)	(532)	(2,097)	(51,353)	(59,272)	(24,586)	(20,834)	(10,582)	(851)	(88,537)	(83,566)
Takaful claims recovered from retakaful	1,340	453	170	1,930	-	(5)	-	-	388	880	1,898	3,258
Net claim	(144)	(59)	(362)	(167)	(51,353)	(59,277)	(24,586)	(20,834)	(10,194)	29	(86,639)	(80,308)
Wakala expense	(1,134)	(2,301)	(1,388)	(2,482)	(39,285)	(43,173)	(7,994)	(5,290)	(410)	(975)	(50,211)	(54,221)
Direct expense	(227)	(185)	(220)	(359)	(5,922)	(6,217)	(2,366)	(825)	(63)	(64)	(8,798)	(7,650)
Net takaful claims and expense	(1,505)	(2,545)	(1,970)	(3,008)	(96,560)	(108,667)	(34,946)	(26,949)	(10,667)	(1,010)	(145,648)	(142,179)
Investment income											6,030	-
Other Income											1,148	-
Surplus/ (deficit)											(3,899)	(1,436)
Operators Fund												
Wakala fee earned	1,134	2,301	1,388	2,483	39,285	43,172	7,994	5,290	410	975	50,211	54,221
Commission expense	(727)	(1,247)	(707)	(1,343)	(10,063)	(7,813)	(1,558)	(1,193)	(122)	(400)	(13,177)	(11,996)
Management expense	(162)	(1,159)	(249)	(2,723)	(49,499)	(44,042)	(10,341)	(7,255)	68	(1,337)	(60,182)	(56,516)
	245	(105)	432	(1,583)	(20,277)	(8,683)	(3,905)	(3,158)	356	(762)	(23,148)	(14,291)
Investment income											(4,652)	2,265
Profit on bank deposits											168	-
Other expenses											(2,851)	(4,429)
Loss before taxation											(30,483)	(16,454)

25.2 Segment assets and liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
(Rupees in `000)												
Segment assets	2,519	2,585	2,439	5,004	65,727	86,655		11,507	701	897	89,920	106,647
Unallocated corporate assets											226,608	169,708
Total assets											316,528	276,355
Segment liabilities	4,104	4,055	3,972	7,850	107,056	135,946		18,052	1,142	1,408	159,057	167,310
Unallocated corporate liabilities											125,459	93,132
Total liabilities											284,516	260,442

26. MOVEMENT IN INVESTMENTS

	OPF	PTF		
	Available for sale	Available for sale	Held to maturity	Total
(Rupees in `000)				
01 January 2018	41,379	10,110	600	52,089
Designated at fair value through profit of loss upon initial recognition	(1,914)	(468)	-	(2,382)
31 December 2018	39,465	9,642	600	49,707
Addition	-	30,714	33,500	64,214
Disposal (sale and redemption)	(41,921)	-	(33,500)	(75,421)
Designated at fair value through profit of loss upon initial recognition	2,456	426	-	2,882
31 December 2019	-	40,782	600	41,382

27. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK**27.1 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 minimize 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.

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.

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

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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	2019	2018
	(Rupees in `000)	
Fire and property damage	315,000	331,775
Marine, aviation and transport	131,650	1,000,000
Motor	21,000	113,344
Miscellaneous	11,250	1,267,920

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

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 analyzed 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			
	2019		2018	
	Revenue	Equity	Revenue	Equity
	(Rupees in `000)			
Impact of change in claim liabilities by + 10%				
Fire and property damage	(148)	(105)	(51)	(36)
Marine, aviation and transport	(53)	(38)	(210)	(149)
Motor	(5,135)	(3,646)	(5,927)	(4,208)
Health	(2,459)	(1,746)	(2,083)	(1,479)
Miscellaneous	(1,058)	(751)	(85)	(60)
	(8,853)	(6,286)	(8,356)	(5,932)

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	PTF			
	2019		2018	
	Revenue	Equity	Revenue	Equity
	(Rupees in `000)			
Impact of change in claim liabilities by - 10%				
Fire and property damage	148	105	51	36
Marine, aviation and transport	53	38	210	149
Motor	5,135	3,646	5,927	4,208
Health	2,459	1,746	2,083	1,479
Miscellaneous	1,058	751	85	60
	8,853	6,286	8,356	5,932

27.2 Financial risk

Maturity profile of financial assets and liabilities:

OPF	Interest / Mark-up bearing			Non-interest / Non - mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
	(Rupees in `000)						
Financial assets							
Investments	-	-	-	-	-	-	-
Loans and other receivables	-	-	-	14,656	-	14,656	14,656
Cash and bank	-	3,896	3,896	-	83	83	3,979
31 December 2019	-	3,896	3,896	14,656	83	14,739	18,635
Financial liabilities							
Other creditors and accruals	-	-	-	106,745	-	106,745	106,745
31 December 2019	-	-	-	106,745	-	106,745	106,745

PTF	Interest / Mark-up bearing			Non-interest / Non - mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
(Rupees in `ooo)							
Financial assets							
Investments	600	-	600	-	40,782	40,782	41,382
Loans and other receivables	-	-	-	317	52,272	52,589	52,589
Takaful receivables	-	-	-	-	57,696	57,696	57,696
Cash and bank	-	18,570	18,570	-	620	620	19,190
31 December 2019	600	18,570	19,170	317	151,370	151,687	170,857
Financial liabilities							
Claims payable	-	-	-	52,440	-	52,440	52,440
Other creditors and accruals	-	-	-	17,450	-	17,450	17,450
Takaful payables	-	-	-	11,120	-	11,120	11,120
31 December 2019	-	-	-	81,010	-	81,010	81,010

OPF	Interest / Mark-up bearing			Non-interest / Non - mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
(Rupees in `ooo)							
Financial assets							
Investments	-	-	-	-	39,465	39,465	39,465
Loans and other receivables	-	-	-	19,070	-	19,070	19,070
Cash and bank	-	1,544	1,544	-	15	15	1,559
31 December 2018	-	1,544	1,544	19,070	39,480	58,550	60,094
Financial liabilities							
Other creditors and accruals	-	-	-	72,917	-	72,917	72,917
31 December 2018	-	-	-	72,917	-	72,917	72,917

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PTF	Interest / Mark-up bearing			Non-interest / Non - mark-up bearing			
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	Total
(Rupees in `ooo)							
Financial assets							
Investments	-	600	600	-	9,642	9,642	10,242
Loans and other receivables	-	-	-	-	1,034	1,034	1,034
Takaful receivables	-	-	-	-	84,764	84,764	84,764
Cash and bank	-	52,616	52,616	-	977	977	53,593
31 December 2018	-	53,216	53,216	-	96,417	96,417	149,633
Financial liabilities							
Claims payable	-	-	-	49,676	-	49,676	49,676
Other creditors and accruals	-	-	-	18,814	-	18,814	18,814
Takaful payables	-	-	-	28,039	-	28,039	28,039
31 December 2018	-	-	-	96,529	-	96,529	96,529

27.3 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:

	2019			2018		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
(Rupees in `ooo)						
Financial assets:						
Bank balances	3,979	19,190	23,169	1,559	53,593	55,152
Takaful / retakaful receivables	-	57,696	57,696	-	84,764	84,764
Property and equipment	-	-	-	19,070	-	19,070
Retakaful recoveries against outstanding claims	-	5,442	5,442	-	5,114	5,114
	3,979	82,328	86,307	20,629	143,471	164,100

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

Bank	2019		
	Rating agency	Short term	Long term
Meezan Bank Limited	VIS	A-1+	AA+
Bank Islami Pakistan Limited	PACRA	A-1	A+
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA

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 age analysis of premium due but unpaid is as follows:

	2019	2018
	(Rupees in `000)	
Up to 1 year	23,397	-
1 - 2 years	14,623	5,392
2 - 3 years	2,307	3,551
Over 3 years	5,088	28
	45,415	8,971

The age analysis of premium due but unpaid from related parties is as follows:

Up to 1 year	5,266	5,073
1 - 2 years	3,695	1,118
2 - 3 years	597	1
Over 3 years	(279)	-
	9,279	6,192

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

	Amount due from retakaful operators	Retakaful recoveries against outstanding claims	Other retakaful asset	2019	2018
	(Rupees in `000)				
A or above (including PRCL)	11,875	4,370	2,803	19,048	31,300
BBB	-	231	312	543	660
Others	407	841	-	1,248	25,164
Total	12,282	5,442	3,115	20,839	57,124

27.4 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 the reporting 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.

	2019			
	OPF		PTF	
	Upto one year	more than one year	Upto one year	more than one year
(Rupees in `000)				
Claims payable	-	-	52,440	-
Other creditors and accruals	106,745	-	17,502	-
Takaful payables	-	-	11,120	-
Total	106,745	-	81,062	-

	2018			
	OPF		PTF	
	Upto one year	more than one year	Upto one year	more than one year
(Rupees in `000)				
Claims payable	-	-	49,676	-
Other creditors and accruals	72,917	-	18,867	-
Takaful payables	-	-	28,039	-
Total	72,917	-	96,582	-

28. STATEMENT OF SOLVENCY

	2019 (Rupees in ` 000)
Assets	
Investments	41,382
Loans and other receivables	56,569
Takaful / retakaful receivables	57,696
Retakaful recoveries against outstanding claims	5,442
Salvage recoveries accrued	178
Deferred wakala expense	24,916
Prepayments	3,115
Cash and bank deposits	19,190
Total Assets (A)	208,488

In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

(q) Investments	28,668
(k) Deposits and other receivables	45,602
(h) Insurance / reinsurance receivables	13,219
Total of In-admissible assets (B)	87,489

Total Admissible Assets (C=A-B)	120,999
--	----------------

Total Liabilities	
Underwriting provisions	
Outstanding claims including IBNR	52,440
Unearned contribution reserve	71,187
Unearned retakaful rebate	606
Takaful / retakaful payables	11,120
Other creditors and accruals	17,502
Total Liabilities (D)	152,855

Total Net Admissible Assets (E=C-D)	(31,856)
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28.1 As of the year end, the total liabilities are more than the total admissible assets by Rs. 31.856 million, however, subsequent to the year end, WTO is compliant with the solvency margin after making appropriate adjustments in its investment portfolio.

29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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.

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All assets and liabilities for which fair value is measured or disclosed in the financial statements are 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 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 which are either measured at fair value or for which fair value is only disclosed and is different from their carrying value:

OPF	2019		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	(Rupees in `000)		
Available for sale investments (measured at fair value)			
Mutual fund units	-	-	-
	-	-	-

PTF	2019		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	(Rupees in `000)		
Available for sale investments (measured at fair value)			
Mutual fund units	-	40,782	-
	-	40,782	-

OPF	2018		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	(Rupees in `000)		
Available for sale investments (measured at fair value)			
Mutual fund units	-	39,465	-
	-	39,465	-

PTF	2018		
	Fair Value Measurement		
	Level 1	Level 2	Level 3
	(Rupees in `000)		
Available for sale investments (measured at fair value)			
Mutual fund units	-	9,642	-
	-	9,642	-

30. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **May 5, 2020** by the Board of Directors of the Operator.

31. GENERAL

31.1 There is no individual class of business within the category of 'miscellaneous', where the gross contribution of the class of business is 10% or more of the gross premium revenue of the Operator.

31.2 Corresponding figures have been rearranged and reclassified wherever necessary, for purposes of comparison. There were no material reclassification to report except as follows:

Nature	Transfer to	Transfer from	31-Dec-18 (Rupees in `000)
Contribution due but unpaid	Takaful / retakaful payable	Takaful / retakaful receivable	4,829
Amounts due from other takaful / retakaful operators	Takaful / retakaful receivable	Takaful / retakaful payable	(26,373)
Takaful payable	Takaful / retakaful payable	Takaful / retakaful receivable	21,544

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

Chief Executive
Officer

Chairman

Director

Director

Chief Financial
Officer

Pattern of Shareholding | As at December 31, 2019

Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholder	Number of share held
Associated Companies, Undertaking and Related Parties (name wise details)		
CRESCENT COTTON MILLS LTD	1	303,384
CRESCENT FIBRES LTD	1	69,621
CRESCENT POWERTEC LIMITED	1	9,246,531
EQUITY TEXTILES LIMITED	1	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
TOTAL >>	10	12,930,803
Mutual Funds (name wise details)		
TOTAL >>	-	-
Directors and their spouse		
SHEHRYAR MAZHAR	1	500
UMBREEN ZAHID BASHIR	1	20,802
ZAHID BASHIR	1	130,893
SHAMS RAFI	1	354,077
NADEEM MAQBOOL	1	478,724
NAZIA MAQBOOL	1	202,251
IMRAN MAQBOOL	1	489,278
ASMA IMRAN MAQBOOL	1	153,299
KHALID BASHIR	1	139,009
BEGUM TANVEER KHALID BASHIR	1	160,329
TOTAL >>	10	2,129,162
Executives		
KAMRAN SAFI RIZVI	1	79
SHARIK BASHIR	1	357,720
ZEESHAN SATTAR	1	1,500
FARIQ M. KHAN ROHILLA	1	2,533
TOTAL >>	4	361,832
Public Sector Companies and Corporations		
TOTAL >>	7	6,076,389
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL >>	8	873,750
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
CRESCENT POWERTEC LIMITED	1	9,246,531
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	5,474,410
TOTAL >>	2	14,720,941

Categories of Shareholding | As at December 31, 2019

SNO.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children	10	2,129,162	4.21
2	Associated Companies, Undertakings and related Parties	10	12,930,803	25.57
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	4	860,886	1.70
5	Insurance Companies	3	5,474,810	10.83
6	Modarabas and Mutual Funds	2	158	0.00
7	Share holders holding 10%	2	14,720,941	29.11
8	General Public:			
	a. local	2,047	27,724,950	54.83
	b. Foreign			
9	Others	40	1,444,336	2.86
Total (excluding : share holders holding 10%)		2,116	50,565,105	100.00

Category Details of Shareholding | As at December 31, 2019

Directors, Chief Executive Officer, and their spouse and minor children

SNO.	FOLIO	NAME	HOLDING
1	01826-88690	SHEHRYAR MAZHAR	500
2	02113-1276	UMBREEN ZAHID BASHIR	20,802
3	02113-617	ZAHID BASHIR	130,893
4	03277-2773	SHAMS RAFI	354,077
5	03277-48704	NADEEM MAQBOOL	478,724
6	03277-48705	NAZIA MAQBOOL	202,251
7	03277-9900	IMRAN MAQBOOL	489,278
8	03525-5627	ASMA IMRAN MAQBOOL	153,299
9	03525-72378	KHALID BASHIR	139,009
10	03525-96446	BEGUM TANVEER KHALID BASHIR	160,329
TOTAL >>			2,129,162

Associated Companies, Undertakings and related Parties

SNO.	FOLIO	NAME	HOLDING
1	635	M/S.MUHAMMAD AMIN MUHAMMAD BASHIR LTD.	213
2	02113-1292	MOHD AMIN MOHA BASHIR LTD	11,510
3	02113-2720	EQUITY TEXTILES LIMITED	1,579,749
4	03277-2582	JUBILEE SPINNING & WEAVING MILLS LIMITED	18,682
5	03277-31027	CRESCENT FIBRES LTD	69,621
6	03525-16675	CRESCENT COTTON MILLS LTD	303,384
7	03525-48327	SURAJ COTTON MILLS LTD.	820,471
8	03525-48328	SHAMS TEXTILE MILLS LIMITED	739,069
9	03525-48329	CRESCENT POWERTEC LIMITED	9,246,531
10	03525-8794	THE CRESENT TEXTILE MILLS LTD	141,573
TOTAL >>			12,930,803

Banks, Development Financial Institutions, Non Banking Financial Institutions

SNO.	FOLIO	NAME	HOLDING
1	133	M/S. BIBOJEE INVESTMENT LIMITED.	12,526
2	2946	PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PVT.)	847,948
3	00083-36	IDBL (ICP UNIT)	214
4	03525-100145	ESCORTS INVESTMENT BANK LIMITED	198
TOTAL >>			860,886

Insurance Companies

SNO.	FOLIO	NAME	HOLDING
1	673	M/S.STATE LIFE INSURANCE CORPN.OF PAK.	283
2	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	5,474,410
3	03277-8997	THE CRESCENT STAR INSURANCE CO.LTD.	117
TOTAL >>			5,474,810

Category Details of Shareholding | As at December 31, 2019

Modarabas and Mutual Funds

SNO.	FOLIO	NAME	HOLDING
1	1501	M/S.FIRST INTERFUND MODARABA.	117
2	1781	M/S.FIRST CONFIDENCE MODARABA.	41
TOTAL >>			158

Others

SNO.	FOLIO	NAME	HOLDING
1	110	M/S.THE PAN ISLAMIC STEAMSHIP CO.LTD	65
2	169	M/S.AUSTRALASIA BANK LTD.	2,923
3	345	M/S.MUTUAL TRADING CO.LTD.	1
4	362	M/S.TAYYAB KATCHI & CO.LIMITED.	5,314
5	389	M/S.GOLDEN VALLEY TRADING CO.LTD.	3,525
6	503	M/S.VALIKA INVESTMENT CORPN.LTD.	5,184
7	593	M/S.INVESTMENT CORPN.OF PAKISTAN.	1,128
8	985	M/S.CRESCENT TRADING CORPN.(PVT) LTD	9,095
9	1144	ALI TRUST, LAHORE.	41
10	1665	M/S.SITARA ENTERPRISES (PVT) LTD.	177
11	2279	M/S.N.H.SECURITIES (PVT) LTD.	23
12	2350	M/S.PROGRESSIVE GARMENTS (PVT) LTD.	11,797
13	2352	M/S.CRESCENT SPINNING MILLS LTD.	7,372
14	2577	M/S.AMIN BASHIR VENTURES (PVT) LTD.	12,290
15	3032	TRUSTI BoNUS FBR	33,476
16	3042	TRUSTEE TO 5% BONUS FBR	42,135
17	3068	TRUSTEE TO 5% BONUS FBR 10% BOUNS	15,864
18	3069	TRUSTEE TO BOUNS FRACTION SHARES COMPANY SECRETARY	1,032
19	3082	TRUSTEE TO BONUS FRACTION SHARE COMPENY SECRETARY	958
20	01917-33	PRUDENTIAL SECURITIES LIMITED	2,340
21	01917-41	PRUDENTIAL SECURITIES LIMITED	122
22	02287-14	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	293
23	02287-22	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	8,548
24	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	912
25	03277-1048	MILLWALA SONS (PRIVATE) LIMITED	29
26	03277-13417	MNG.COMMITTEE OKHAI MEMON MADRESSAH ASSO	72,055
27	03277-64371	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	270,510
28	03277-9352	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	12,589
29	03277-9699	BURMA OIL MILLS LTD	191,697
30	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	741
31	03525-63817	NH SECURITIES (PVT) LIMITED.	933
32	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
33	04440-20	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	562
34	04580-23	CAPITAL VISION SECURITIES (PVT) LTD.	167

Category Details of Shareholding | As at December 31, 2019

35	04705-87224	FEDERAL BOARD OF REVENUE	239,711
36	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	472,000
37	07278-28	WASI SECURITIES (SMC-PVT) LTD.	1
38	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	465
39	14241-22	FIKREES (PRIVATE) LIMITED	16,260
40	16857-26	MRA SECURITIES LIMITED - MF	2,000
TOTAL >>			1,444,336

Executives

SNO.	FOLIO	NAME	HOLDING
1	00307-73555	KAMRAN SAFI RIZVI	79
2	02113-3678	SHARIK BASHIR	357,720
3	06122-31559	ZEESHAN SATTAR	1,500
4	06700-1460	FARIQ M. KHAN ROHILLA	2,533
TOTAL >>			361,832

Pattern of Shareholding | As at December 31, 2019

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
580	1	100	16,038
438	101	500	112,473
239	501	1,000	175,925
417	1,001	5,000	984,190
119	5,001	10,000	875,318
70	10,001	15,000	862,629
33	15,001	20,000	568,745
31	20,001	25,000	687,543
23	25,001	30,000	628,693
17	30,001	35,000	550,465
15	35,001	40,000	553,848
10	40,001	45,000	428,795
7	45,001	50,000	333,560
8	50,001	55,000	420,008
8	65,001	70,000	544,502
9	70,001	75,000	651,778
1	75,001	80,000	79,952
4	80,001	85,000	331,294
5	85,001	90,000	437,532
2	90,001	95,000	185,585
1	95,001	100,000	96,357
2	100,001	105,000	207,008
1	105,001	110,000	106,051
2	115,001	120,000	235,634
2	120,001	125,000	247,326
4	125,001	130,000	509,286
6	130,001	135,000	800,031
2	135,001	140,000	278,016
1	140,001	145,000	141,573
5	150,001	155,000	766,495
1	160,001	165,000	160,329
2	170,001	175,000	345,318
2	175,001	180,000	352,072
1	180,001	185,000	181,131
1	185,001	190,000	189,568
1	190,001	195,000	191,697
1	195,001	200,000	198,457
1	200,001	205,000	202,251
1	205,001	210,000	207,324

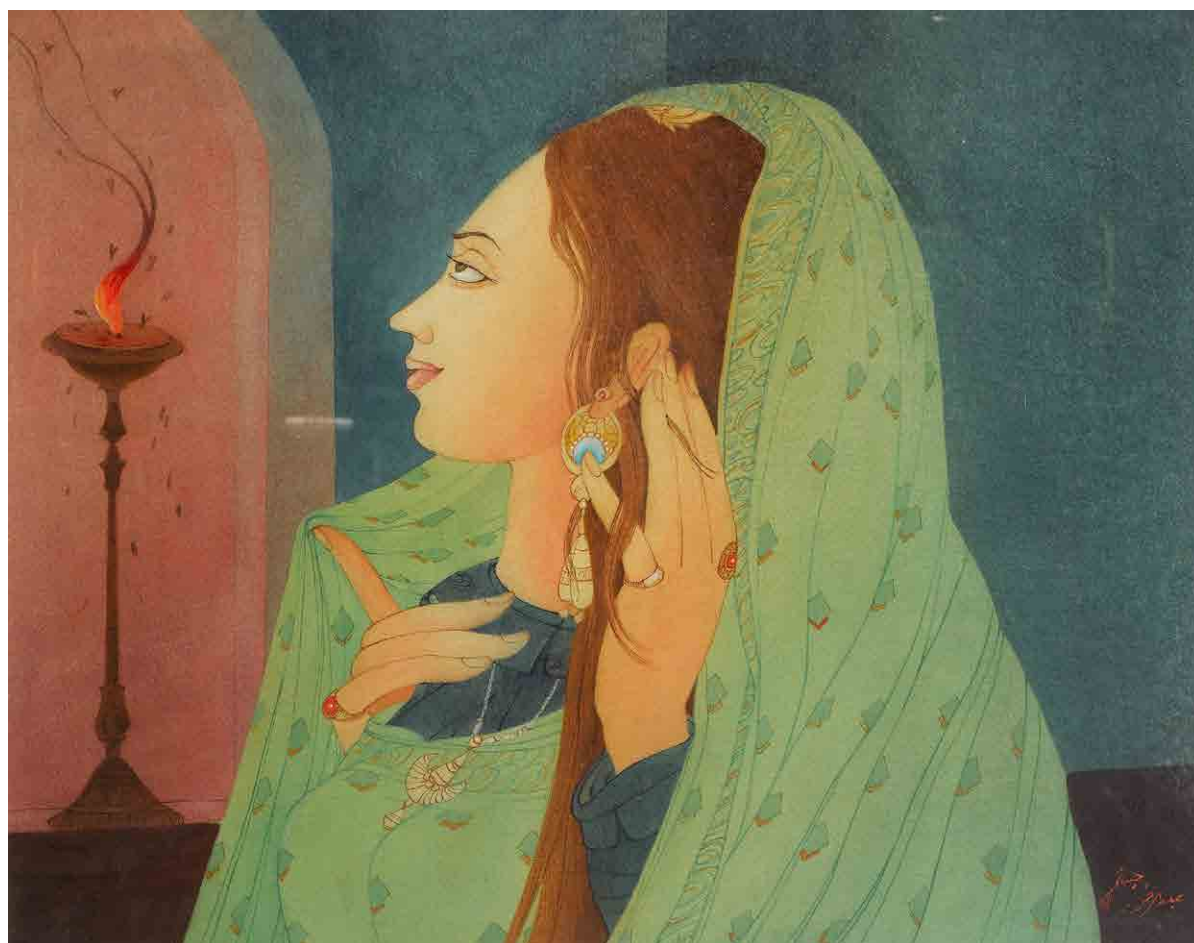
NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
1	210,001	215,000	214,625
1	215,001	220,000	218,005
1	220,001	225,000	224,810
1	235,001	240,000	239,711
1	250,001	255,000	254,023
1	270,001	275,000	270,510
1	280,001	285,000	282,384
1	285,001	290,000	285,155
1	290,001	295,000	294,176
1	300,001	305,000	303,384
3	305,001	310,000	918,996
2	325,001	330,000	657,000
1	345,001	350,000	348,307
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	470,001	475,000	472,000
1	475,001	480,000	478,724
2	485,001	490,000	976,335
1	505,001	510,000	505,643
1	520,001	525,000	524,566
1	545,001	550,000	550,000
1	565,001	570,000	568,461
1	575,001	580,000	577,149
1	665,001	670,000	669,701
1	700,001	705,000	701,259
1	735,001	740,000	739,069
1	820,001	825,000	820,471
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	1,575,001	1,580,000	1,579,749
1	5,470,001	5,475,000	5,474,410
1	9,245,001	9,250,000	9,246,531

2,116

50,565,105

Abdur Rahman Chughtai

Maiden contemplating moths at a flame, watercolour on card



Branch Network

Karachi

Head Office

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

P: 021-32416331-4

F: 021-32416572

CSD South Karachi

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

P: 021-32416331-4

F: 021-32416572

Karachi Branch

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

P: 021-32416331-4

F: 021-32416572

Lahore

Zonal Office

162 Shadman II Lahore.

P: 042-35407001-5

F: 042-35407006

CSD North Lahore

162 Shadman II Lahore.

P: 042-35407001-5

F: 042-35407006

Canal Branch

162 Shadman II Lahore.

P: 042-35407001-5

F: 042-35407006

Mall Branch

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

P: 042-37324262 | 37230602-03

F: 042-37235557

Multan Branch

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

P: 061-4515007-9

F: 061-4587143

Islamabad Branch

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

P: 051-2348167-8

F: 051-2348169

Regency Branch Faisalabad

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

P: 041-2632211-3

F: 041-2617802

Sialkot Branch

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

P: 052-3572192-3

F: 052-3572194

Gujrawala Branch

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

P: 055-3859719-20

F: 055-3256432

Rahim Yar Khan

Plot # 366, Model Town – B, Khanpur, District Rahim Yar Khan

Peshawar Branch

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

P: 091-5273757

F: 091-5277809

Quetta Branch

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

P: 081-2842883

F: 081-2821383

Dera Ghazi Khan

Mohib Traders, 1st Floor, Block-18, Opposite Ghazi Medical College, Jampur Road, Dera Ghazi Khan.

P: 064-2403699

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 68th Annual General Meeting of the shareholders of PREMIER INSURANCE LIMITED will be held at Registered Office, Karachi on Friday the May 29, 2020 at 09:30 a.m. to transact the following business:-

Ordinary Business

1. To confirm minutes an 67th Annual General Meeting of the Company held on April 27, 2019;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2019, 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;

Rupees in '000'					
S. No.	Name of Company	Amount of Investment approved in FY-2019	Amount Utilized to date	Further Investment to be Made in FY-2020	Revised Investment Limit for FY-2020
1	Crescent Cotton Mills Limited	2,500	-	-	2,500
2	Crescent Textile Mills Limited	25,000	-	-	25,000
3	Shams Textile Mills Limited	25,000	-	-	25,000
4	Suraj Cotton Mills Limited	200,000	-	-	200,000
5	First Equity Modaraba	40,000	-	-	40,000
6	Shakarganj Mills Limited	1,500	-	-	1,500
7	Crescent Steel & Allied Products Limited	100,000	-	-	100,000
8	Crescent Fibers Limited	5,000	-	-	5,000
Total		399,000	-	-	399,000

Statement under section 134 of the Companies Act, 2017 relating to the aforesaid special resolution to be transacted at the said Annual General Meeting are attached to the annual report.

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: May 08, 2020

Notes:

Closure of Share Transfer Books

The Share Transfer Books of the company shall remain closed from May 19, 2020 to May 29, 2020 (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 May 18, 2020 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.

Video conference facility

In light of the very recent direction of the Government of Sindh through its notification No. SO(CIV)/SGA & CD/3-I/2020 dated March 14, 2020, for the control and prevention of Coronavirus (COVID/19), all functions, events and gatherings at clubs, hotels, halls, auditoriums etc., have been suspended with immediate effect.

In compliance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 5 of 2020 and directives of Government of Sindh, Company has arranged video link facility for shareholders to participate in the meeting proceedings. Shareholders interested in attending the meeting through webinar are requested to register by submitting their following particulars at the Company Secretary's email (company.secretary@pil.com.pk) before the close of business day on Thursday May 28, 2020. The link to participate in the webinar will be sent to the Shareholder on the email address provided by them. Shareholders are requested to fill the particulars as per below table:

S. No.	Name of Shareholder	CNIC No.	Folio No.	CDC Account No.	No. of Shares held	Cell No.	Email Address
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The login facility will be opened at 9:00 a.m., on May 29, 2020 enabling the participants to join the proceedings which will start at 9:30 a.m., sharp.

Shareholders can also provide their comments/suggestions via email: company.secretary@pil.com.pk for the agenda items proposed to be conducted in the meeting in the same manner as it is to be discussed in the meeting, and later shall be made part of the minutes of the meeting.

The purpose of the aforementioned arrangements is to ensure maximum participation of the shareholders in the meeting through an online facility (webinar). Shareholders are also requested to consolidate their attendance through proxies, so that the quorum requirement may also be fulfilled.

Deposit of Physical Shares in to CDC Accounts

As per section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by

the Commission, within a period not exceeding four years from the commencement of this Act. The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing regulations of the stock exchange.

Dividend, Electronic Credit Mandate (Mandatory)

Pursuant to the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode by making direct remittance into their respective bank account designated by the entitled shareholder(s) ("the bank account"). Therefore, in order to receive dividends directly into their bank account, shareholders holding shares in physical form are requested to fill in "Electronic Credit Mandate Form" available on Company's website i.e. www.pil.com.pk and send the completed form along with a copy of a valid CNIC or provide the following information to the registrar of the Company M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi latest by June 30, 2020.

Folio Number: _____
Name of Shareholder: _____
Title of the Bank Account: _____
Email address: _____
International Bank Account (IBAN) (24 digits): _____
Name of Bank: _____
Name of Bank Branch and Address: _____
Cellular Number of Shareholder: _____
Landline Number of Shareholder: _____
CNIC/NTN Number: _____ (in case of corporate shareholder) (Attach Copy)

Signature of Member

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 68th Annual General Meeting of the Company to held on _____.

S. No.	Name of associated company or associated undertaking	Crescent Cotton Mills Limited	Crescent Textile Mills Limited	Shams Textile Mills Limited	Suraj Cotton Mills Limited	First Equity Modaraba	Shakarganj Mills Limited	Crescent Steel & Allied Products Limited	Crescent Fibers Limited
1	Breakup value	205.99	98.83	78.29	166.47	11.33	62.88	69.48	253.71
2	Earnings per share for 2017 2018 2019 last three years	1.35 0.26 (4.04)	1.42 0.11 2.98	(5.83) 11.71 5.02	17.45 17.73 23.42	0.81 (0.08) (0.06)	1.80 (0.11) (6.01)	13.04 9.68 1.85	2.02 5.47 9.12
3	Basis of Relationship	Common Directorship	Common Directorship	Common Directorship	Common Directorship	Common Directorship	Common Directorship	Common Directorship	Common Directorship
4	Current market price Preceding twelve weeks'	31.53	24.32	34.00	148.83	2.99	30.57	55.42	38.48
5	weighted average market price	29.14	24.54	32.15	127.28	2.49	37.17	47.76	36.22
6	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
7	Financial Position; including main items of statement of financial position and profit and loss account on the basis of its latest financial statements	Total assets Rs.6.52 mn. debt/equity 0.4 P&L Rs. (91.56) mn.	Total assets Rs.17.37 mn. debt/equity 1.2 P&L Rs.238.59 mn.	Total assets Rs.1.73 mn. debt/equity 1.56 P&L Rs.43.39 mn.	Total assets Rs.11.79 mn. debt/equity 0.94 P&L Rs.958.76 mn.	Total assets Rs.0.64 mn. debt/equity 0.07 P&L Rs. (3.30) mn.	Total assets Rs.13.35 mn. debt/equity 0.7 P&L Rs. (751.53) mn.	Total assets Rs.8.29 mn. debt/equity 0.54 P&L Rs.143.48 mn.	Total assets Rs.5.15 mn. debt/equity 0.63 P&L Rs.113.19 mn.
8	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;	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
9	Direct or Indirect interest of Directors, sponsors, majority shareholders and their relatives, (if any)	7.17	2.75	n/a	27.88	10.21	n/a	0.42	47.22
10	Interest of the associated company or associated undertaking and its sponsors and directors in the investing company	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.	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.	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.	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.	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.	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.	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.	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.

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 68th Annual General Meeting of the Company to held on _____.

S. No.	Name of associated company or undertaking	Crescent Cotton Mills Limited	Crescent Textile Mills Limited	Shams Textile Mills Limited	Suraj Cotton Mills Limited	First Equity Modaraba	Shakarganj Mills Limited	Crescent Steel & Allied Products Limited	Crescent Fibers Limited
11	Status of necessary due diligence for the proposed investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment
12	Amount Approved 2019	2,500,000	25,000,000	25,000,000	200,000,000	40,000,000	1,500,000	100,000,000	5,000,000
13	Investment to date	-	-	-	-	-	-	-	-
14	Reason of underutilization	2,500,000	25,000,000	25,000,000	200,000,000	40,000,000	1,500,000	100,000,000	5,000,000
15	Approval required for FY-2020	Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value
16	Maximum Amount after 2020 approval	2,500,000	25,000,000	25,000,000	200,000,000	40,000,000	1,500,000	100,000,000	5,000,000
17	Sources of Funds	Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company
18	Purpose/benefits from investment / period of investment	dividend and / value appreciation/ perpetual/till beneficial	dividend and / value appreciation/ perpetual/till beneficial	dividend and / value appreciation/ perpetual/till beneficial	dividend and / value appreciation/ perpetual/till beneficial	dividend and / value appreciation/ perpetual/till beneficial	dividend and / value appreciation/ perpetual/till beneficial	dividend and / value appreciation/ perpetual/till beneficial	dividend and / value appreciation/ perpetual/till beneficial
19	Max price	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction
20	Maximum no of securities	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount
21	No of securities before and after investment and percentage thereof	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital

Proxy Form

Annual General Meeting

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, having 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 Friday the May 29, 2020 at 09:30 a.m. at the Registered Office, Karachi and at any adjournment thereof.

Signed this _____ day of _____ 2020

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

Rupees Five
Revenue
Stamp

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

پریمیر انشورنس لمیٹڈ

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

نائب ابراہی فارم

سالانہ جنرل میٹنگ

میں / ہم _____ ولد _____ بحیثیت پریمیر انشورنس لمیٹڈ کے ممبر کے اور عام شیئر
بمطابق رجسٹرڈ فلیو نمبر _____ اور / یا _____ 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 فلیو 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 29 مئی 2020 کو منعقد ہوئی بوقت 9.30 بجے بمقام رجسٹرڈ آفس، کراچی اور اس
طرح کی کسی بھی تقریب میں۔

دستخط مورخہ _____ دن _____ 2020۔

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 پر کسی 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 بجنل 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