



INTERIM FINANCIAL STATEMENTS

for the half year ended

June 30, 2014

(Unaudited)

PREMIER INSURANCE



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Company Information

Board of Directors

Khalid Bashir
 Zahid Bashir (Chief Executive)
 Imran Maqbool
 Nadeem Maqbool (Chairman)
 Khurram Mazhar
 Shams Rafi
 Attaullah A Rasheed

Chief Financial Officer & Company Secretary

Iftikhar Gadar

Audit Committee

Khalid Bashir (Chairman)
 Imran Maqbool
 Nadeem Maqbool

Human Resources & Remuneration Committee

Mr Zahid Bashir
 Mr Nadeem Maqbool (Chairman)
 Mr Attaullah A Rasheed

Auditors

Ernst & Young Ford Rhodes Sidat Hyder,
 Chartered Accountants

Legal Advisors

Arfin & Company
 Advocates

Registered & Head Office

5th Floor, State Life Building No. 2A
 Wallace Road, Karachi-74000, Pakistan
 Phones : (21) 32416331-4
 Fax : (21) 32416572
 Email : info@pil.com.pk
 Website : www.pil.com.pk

Registrar

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



Report of the Directors to the Members

The directors are pleased to present the unaudited interim financial statements of the company for the half year ended June 30, 2014.

Review

	(Amounts in Rupees millions)	
	2014	2013
Premium written	555.9	454.8
Net premium	321.5	299.4
Underwriting result	(58.5)	(49.1)
Investment income	82.6	73.0
Profit before taxation	13.3	22.5
Profit after taxation	5.9	18.2

During the period under review your company posted a 22% plus growth in written premium, coming from all business classes. The rise in net premium was 7% due to nature, timing and re-insurance of the risks underwritten.

Deterioration in the claims ratio affected the underwriting results. However the investment income also registered a growth, resulting in profits before and after tax over the corresponding period.

Outlook

The economic indicators are not very promising and business conditions are still challenging and the economy is yet to see any significant improvement. However, your company has the financial means and a management that is well able to continue to strive hard to protect and create long term value for all stakeholders despite adverse economic conditions. We hope to maintain the growth momentum and improve underwriting and overall profitability in the coming quarters.

Acknowledgement

The directors acknowledge the dedication of the company's employees, thank all our business associates and members for their confidence reposed in the company, and our regulators for their guidance and support.

On behalf of the Board

Nadeem Maqbool
Chairman

Karachi: August 25, 2014



Auditors' Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying

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

and notes to the financial statements of Premier Insurance Limited (the company) for the six month period ended June 30, 2014 (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: August 25, 2014
Karachi.



PREMIER INSURANCE LIMITED

Condensed Interim Balance Sheet

As at June 30, 2014

(Amounts in Rupees '000)	Note	Unaudited June 30, 2014	Audited December 31, 2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 100,000,000 ordinary shares of Rs 5 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital			
60,564,269 ordinary shares of Rs.5 each		302,821	302,821
Retained earnings		(88,003)	(93,938)
Reserves		1,284,461	1,345,025
Shareholders' equity		1,499,279	1,553,908
Underwriting provisions			
Provision for outstanding claims (including IBNR)		659,291	731,767
Provision for unearned premium		482,250	567,149
Commission income unearned		13,212	26,222
Total underwriting provisions		1,154,753	1,325,138
Deferred liability			
Staff retirement benefits		31,846	32,206
Creditors and accruals			
Amounts due to other insurers / reinsurers		148,151	144,630
Accrued expenses		27,492	27,980
Taxation - provision less payments		105,488	100,055
Other creditors and accruals	8	326,131	349,039
		607,262	621,704
Other liabilities			
Unclaimed dividend		27,040	21,341
TOTAL EQUITY AND LIABILITIES		<u>3,320,180</u>	<u>3,554,297</u>
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



(Amounts in Rupees '000)	Note	Unaudited June 30, 2014	Audited December 31, 2013
ASSETS			
Cash and bank deposits		995	744
Cash and other equivalents		166,511	108,194
Current and other accounts		167,506	108,938
Investments	10	1,126,453	1,169,535
Loan - unsecured considered good	11	1,350	250
Investment properties		54,056	54,286
Other assets			
Premium due but unpaid		474,539	537,574
Amounts due from other insurers / reinsurers		540,010	606,017
Accrued investment income		1,408	1,338
Accrued salvage recoveries		24,534	32,776
Reinsurance recoveries against outstanding claims		318,048	362,964
Deferred commission expense		63,151	90,478
Prepayments		267,945	311,158
Deposits and other receivables	12	31,407	35,524
		1,721,042	1,977,829
Fixed assets			
Tangible			
Land and buildings	13	155,352	155,744
Furniture, fixtures and office equipment		21,268	21,134
Motor vehicles		43,929	36,813
Capital work in progress		26,109	26,109
Intangible			
Computer software		3,115	3,659
		249,773	243,459
TOTAL ASSETS		<u>3,320,180</u>	<u>3,554,297</u>

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and half year ended June 30, 2014

(Amounts in Rupees '000)

	For the quarter ended June 30,					2014	2013
	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	Aggregate
Revenue accounts							
Net premium revenue	61,288	15,033	85,734	141	-	162,196	158,816
Net claims	(65,821)	(13,748)	(48,555)	(5,776)	-	(133,900)	(108,231)
Management expenses	(20,554)	(4,889)	(28,680)	(161)	-	(54,284)	(55,900)
Net commission	(21,887)	(3,516)	(11,718)	1,887	-	(35,234)	(18,748)
Underwriting result	<u>(46,974)</u>	<u>(7,120)</u>	<u>(3,219)</u>	<u>(3,909)</u>	<u>-</u>	<u>(61,222)</u>	<u>(24,063)</u>
Investment income						46,844	40,925
Gain / (loss) on disposal of fixed assets						161	(42)
Rental income						1,166	923
General and administration expenses						(4,389)	576
(Loss) / profit before tax						<u>(17,440)</u>	<u>18,319</u>
Provision for taxation						(3,878)	(2,414)
(Loss) / profit after tax						<u>(21,318)</u>	<u>15,905</u>
(Loss) / earnings per share - basic and diluted (in Rupees)						<u>(0.35)</u>	<u>0.26</u>

	For the Half Year ended June 30,					2014	2013
	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	Aggregate
Revenue accounts							
Net premium revenue	124,234	20,619	169,039	7,610	-	321,502	299,412
Net claims	(79,009)	(15,799)	(94,955)	(18,217)	-	(207,980)	(201,163)
Management expenses	(39,693)	(6,588)	(54,008)	(2,432)	-	(102,721)	(105,474)
Net commission	(44,399)	(6,014)	(25,237)	6,305	-	(69,345)	(41,844)
Underwriting result	<u>(38,867)</u>	<u>(7,782)</u>	<u>(5,161)</u>	<u>(6,734)</u>	<u>-</u>	<u>(58,544)</u>	<u>(49,069)</u>
Investment income						82,553	72,978
Gain / (loss) on disposal of fixed assets						161	(42)
Rental income						2,327	1,841
General and administration expenses						(13,170)	(3,212)
Profit before tax						<u>13,327</u>	<u>22,496</u>
Provision for taxation						(7,392)	(4,258)
Profit after tax						<u>5,935</u>	<u>18,238</u>
Profit and loss appropriation account							
Balance at commencement of year						(93,938)	134,092
Profit after tax for the period						5,935	18,238
Transfer from general reserves						60,564	-
Cash dividend for 2013 @ Re 1 per share (2012 @ Re 1 per share)						(60,564)	(60,654)
Balance unappropriated (loss) / profit at the end of the period						<u>(88,003)</u>	<u>91,676</u>
Earnings per share - basic and diluted (in Rupees)						<u>0.10</u>	<u>0.30</u>

Note 16

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter and half year ended June 30, 2014

(Amounts in Rupees '000)

	For the quarter ended June 30,		For the Half Year ended June 30,	
	2014	2013	2014	2013
Net (loss) / profit for the period	(21,318)	15,905	5,935	18,238
Other comprehensive income for the period	-	-	-	-
Total comprehensive (loss) / income for the period	<u>(21,318)</u>	<u>15,905</u>	<u>5,935</u>	<u>18,238</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended June 30, 2014

(Amounts in Rupees '000)	2014	2013
OPERATING CASH FLOWS		
a) Underwriting activities		
Premium received	684,994	393,494
Reinsurance premium paid	(273,672)	(153,687)
Claims paid	(393,790)	(297,358)
Reinsurance and other recoveries received	158,250	162,007
Commissions paid	(83,989)	(80,991)
Commissions received	17,365	17,652
Net cash flow from underwriting activities	109,158	41,117
b) Other operating activities		
Income tax paid	(1,959)	(1,767)
General management expenses paid	(102,721)	(105,474)
Other operating payments	(7,505)	(6,732)
Advances, deposits and sundry receivables	11,908	593
Other liabilities and accruals	(12,074)	(3,861)
Net cash used in other operating activities	(112,351)	(117,241)
Total cash used in operating activities	(3,193)	(76,124)
INVESTMENT ACTIVITIES		
Investment income received	13,240	11,579
Payments for investments	(663,815)	(729,365)
Proceeds from disposal of investments	776,764	810,202
Loan - unsecured considered good	(1,100)	-
Fixed capital expenditure	(12,915)	(2,734)
Proceeds from disposal of fixed assets	250	103
Rental income received	4,202	3,613
Total cash flow from investing activities	116,626	93,398
FINANCING ACTIVITIES		
Dividends paid	(54,865)	(53,248)
Total cash used in financing activities	(54,865)	(53,248)
Total cash flow from / (used in) all activities	58,568	(35,974)
Cash and cash equivalents at beginning of the period	108,938	146,836
Cash and cash equivalents at the end of the period	167,506	110,862

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended June 30, 2014

(Amounts in Rupees '000)

	2014	2013
Reconciliation to profit and loss account		
Operating cash flows	(3,193)	(76,124)
Depreciation expense	(6,513)	(7,260)
Investment income	82,553	72,978
Gain / (loss) on disposal of fixed assets	161	(42)
Rental income	2,327	1,841
(Decrease) / Increase in assets other than cash	(255,349)	121,233
(Decrease) / Increase in liabilities	185,949	(94,388)
Profit after taxation	<u>5,935</u>	<u>18,238</u>

Definition of cash

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

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

Cash and other equivalents

Cash	90	89
Stamps in hand	905	690
	995	779

Current and other accounts

Current accounts	37,241	15,133
Savings accounts	129,270	94,950
	166,511	110,083

Total cash and cash equivalents

<u>167,506</u>	<u>110,862</u>
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The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended June 30, 2014

(Amounts in Rupees '000)

	Share capital Issued, subscribed and paid-up	Reserves						Total equity
		Capital reserves			Revenue reserves			
		Reserve for exceptional losses	Devaluation reserve	General reserve	Reserve for bad and doubtful debts	Unappropriated profit	Total reserves	
Balance at January 1, 2013 (restated)	302,821	19,490	185	1,325,000	350	134,092	1,479,117	1,781,938
Total comprehensive income for the half year ended June 30, 2013	-	-	-	-	-	18,238	18,238	18,238
Cash dividend for the year ended December 31, 2012 declared subsequent to the year ended	-	-	-	-	-	(60,564)	(60,564)	(60,564)
Balance as at June 30, 2013	<u>302,821</u>	<u>19,490</u>	<u>185</u>	<u>1,325,000</u>	<u>350</u>	<u>91,766</u>	<u>1,436,791</u>	<u>1,739,612</u>
Balance as at January 1, 2014	302,821	19,490	185	1,325,000	350	(93,938)	1,251,087	1,553,908
Total comprehensive income for the half year ended June 30, 2014	-	-	-	-	-	5,935	5,935	5,935
Transfer from general reserve	-	-	-	(60,564)	-	60,564	-	-
Cash dividend for the year ended December 31, 2013 declared subsequent to the year ended	-	-	-	-	-	(60,564)	(60,564)	(60,564)
Balance as at June 30, 2014	<u>302,821</u>	<u>19,490</u>	<u>185</u>	<u>1,264,436</u>	<u>350</u>	<u>(88,003)</u>	<u>1,196,458</u>	<u>1,499,279</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Condensed Interim Statement of Premium (Unaudited)

For the quarter and half year ended June 30, 2014

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended June 30,							2014	2013	
Class		Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	Net premium revenue
			Opening	Closing			Opening	Closing			
Direct and Facultative	1 Fire and property damage	24,054	257,377	155,030	126,401	29,090	161,263	125,240	65,113	61,288	28,709
	2 Marine, aviation and transport	139,466	19,802	103,121	56,147	120,050	11,173	90,109	41,114	15,033	34,922
	3 Motor	73,517	172,585	158,702	87,400	1,795	3,664	3,793	1,666	85,734	86,369
	4 Miscellaneous	33,767	83,444	65,397	51,814	14,756	77,519	40,602	51,673	141	8,817
	Total	270,804	533,208	482,250	321,762	165,691	253,619	259,744	159,566	162,196	158,817
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	(1)
	Grand Total	270,804	533,208	482,250	321,762	165,691	253,619	259,744	159,566	162,196	158,816
		For the Half Year ended June 30,							2014	2013	
Direct and Facultative	1 Fire and property damage	153,854	251,649	155,030	250,473	102,781	148,698	125,240	126,239	124,234	56,264
	2 Marine, aviation and transport	179,434	47,745	103,121	124,058	140,885	52,663	90,109	103,439	20,619	53,857
	3 Motor	162,410	168,856	158,702	172,564	3,395	3,923	3,793	3,525	169,039	169,839
	4 Miscellaneous	60,254	98,899	65,397	93,756	30,132	96,616	40,602	86,146	7,610	19,455
	Total	555,952	567,149	482,250	640,851	277,193	301,900	259,744	319,349	321,502	299,415
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	(3)
	Grand Total	555,952	567,149	482,250	640,851	277,193	301,900	259,744	319,349	321,502	299,412

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Statement of Claims (Unaudited)

For the quarter and half year ended June 30, 2014

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended June 30,							2014	2013	
Class		Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	Net claims expense
			Opening	Closing			Opening	Closing			
Direct and Facultative	1 Fire and property damage	62,514	314,160	314,458	62,812	4,802	140,348	132,537	(3,009)	65,821	42,569
	2 Marine, aviation and transport	17,103	65,450	87,162	38,815	11,645	44,802	58,224	25,067	13,748	5,404
	3 Motor	52,309	103,851	100,090	48,548	40	95	48	(7)	48,555	57,324
	4 Miscellaneous	45,148	164,127	157,581	38,602	32,091	126,504	127,239	32,826	5,776	2,934
	Total	177,074	647,588	659,291	188,777	48,578	311,749	318,048	54,877	133,900	108,231
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	-
	Grand Total	177,074	647,588	659,291	188,777	48,578	311,749	318,048	54,877	133,900	108,231
		For the Half Year ended June 30,							2014	2013	
Direct and Facultative	1 Fire and property damage	115,970	349,837	314,458	80,591	25,143	156,098	132,537	1,582	79,009	77,684
	2 Marine, aviation and transport	83,693	115,373	87,162	55,482	67,674	86,215	58,224	39,683	15,799	11,644
	3 Motor	106,083	111,226	100,090	94,947	40	96	48	(8)	94,955	102,770
	4 Miscellaneous	88,044	155,331	157,581	90,294	65,393	120,555	127,239	72,077	18,217	9,065
	Total	393,790	731,767	659,291	321,314	158,250	362,964	318,048	113,334	207,980	201,163
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	-
	Grand Total	393,790	731,767	659,291	321,314	158,250	362,964	318,048	113,334	207,980	201,163

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Condensed Interim Statement of Expenses (Unaudited)

For the quarter and half year ended June 30, 2014

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended June 30,					2014		2013		
Class		Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurers	Net underwriting expense	Net underwriting expense	
Direct and Facultative	1 Fire and property damage	4,883	50,663	30,449	25,097	20,554	45,651	3,210	42,441	12,038	
	2 Marine, aviation and transport	6,471	3,755	3,449	6,777	4,889	11,666	3,261	8,405	16,784	
	3 Motor	6,630	28,234	23,146	11,718	28,680	40,398	-	40,398	44,748	
	4 Miscellaneous	3,291	7,498	6,107	4,682	161	4,843	6,569	(1,726)	1,078	
	Total	21,275	90,150	63,151	48,274	54,284	102,558	13,040	89,518	74,648	
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	
	Grand Total	21,275	90,150	63,151	48,274	54,284	102,558	13,040	89,518	74,648	
		For the Half Year ended June 30,					2014		2013		
Direct and Facultative	1 Fire and property damage	31,420	49,468	30,449	50,439	39,693	90,132	6,040	84,092	29,532	
	2 Marine, aviation and transport	14,105	4,102	3,449	14,758	6,588	21,346	8,744	12,602	26,436	
	3 Motor	21,325	27,058	23,146	25,237	54,008	79,245	-	79,245	87,403	
	4 Miscellaneous	5,543	9,850	6,107	9,286	2,432	11,718	15,591	(3,873)	3,948	
	Total	72,393	90,478	63,151	99,720	102,721	202,441	30,375	172,066	147,319	
Treaty	5 Proportional	-	-	-	-	-	-	-	-	(1)	
	Grand Total	72,393	90,478	63,151	99,720	102,721	202,441	30,375	172,066	147,318	

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

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Statement of Investment Income (Unaudited)

For the quarter and half year ended June 30, 2014

(Amounts in Rupees '000)	For the quarter ended June 30,		For the Half Year ended June 30,	
	2014	2013	2014	2013
Income from non-trading investments				
Return on bank deposits	3,232	2,457	4,987	4,545
Available for sale				
Dividend income	4,237	3,163	8,363	7,443
Gain on sale of investments	39,850	33,269	67,979	62,606
	44,087	36,432	76,342	70,049
(Impairment) / reversal in value of investments - net	(450)	2,063	1,264	(1,575)
Investment management expenses	(25)	(27)	(40)	(41)
Investment income	<u>46,844</u>	<u>40,925</u>	<u>82,553</u>	<u>72,978</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2014

1. STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Company) was incorporated as a public limited company in Pakistan in May 1952 and is engaged in general insurance business. The shares of the company are listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the company is situated at 5th Floor, State Life Building No. 2A, Wallace Road, Karachi.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the company for the half year ended June, 30 2014 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended December 31, 2013.

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

3. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared under the historical cost convention, except that obligations for employee retirement benefits are measured at present value.

These condensed interim financial statements have been prepared and presented in Pakistani Rupees, which is the company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2013, except as follows:

New, amended and revised standards and interpretations of IFRSs

The company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current period:



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2014

- IAS 32 - Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendment)
- IAS 36 - Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
- IAS 39 - Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting (Amendment)
- IFRIC 21 - Levies

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

5. ESTIMATES AND JUDGMENTS

Preparation of these condensed interim 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.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended December 31, 2013.

6. FINANCIAL AND INSURANCE RISK MANAGEMENT

The company's financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2013.

7. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at June 30, 2014 is considered adequate to meet the expected liability after reinsurance, for claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date.



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2014

(Amounts in Rupees '000)

	Note	Unaudited June 30, 2014	Audited December 31, 2013
8. OTHER CREDITORS AND ACCRUALS			
Commissions payable		270,169	281,765
Federal excise duty & sales tax		11,235	16,485
Federal insurance fee		730	1,078
Donations		6,785	7,035
Workers welfare fund		6,355	6,355
Deposits and margins		8,063	10,844
Salaries payable		3,016	6,219
Others	8.1	19,778	19,258
		<u>326,131</u>	<u>349,039</u>

8.1 This includes provision for rent amounting to Rs. 14 million. The company is under litigation against 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.

	Note	Unaudited June 30, 2014	Audited December 31, 2013
9. CONTINGENCIES AND COMMITMENTS			
Commitments for capital expenditure		<u>15,038</u>	<u>15,038</u>

There are no contingencies to report as at the balance sheet date.

10. INVESTMENTS

Available for sale

Related Parties

Quoted shares (market value: Rs 117.1 million
[2013: Rs 143.9 million])

	43,661	42,868
Unquoted shares	<u>4,000</u>	<u>4,000</u>
	47,661	46,868

Others

Quoted shares (market value: Rs 322.0 million
[2013: Rs 295.9 million])

	305,913	282,655
Unquoted shares	114,983	114,983

Mutual funds (market value: Rs 720,9 million
[2013: Rs 792.9 million])

	674,342	742,739
	1,095,238	1,140,377

Less: Impairment	(16,446)	(17,710)
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	<u>1,126,453</u>	<u>1,169,535</u>
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Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2014

(Amounts in Rupees '000)

10.1 This includes Rs 24.7 million (2013: Rs 24.7 million) placed as statutory deposit with the State Bank of Pakistan (market value: Rs 42.8 million [2013: Rs 41.0 million]).

11. LOAN - UNSECURED CONSIDERED GOOD

The company has provided an unsecured interest free loan to Novelty Enterprises (Private) Limited for the purpose of real estate development. The company has 12.5% equity stake in Novelty Enterprises (Private) Limited.

Note	Unaudited June 30, 2014	Audited December 31, 2013
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12. DEPOSITS AND OTHER RECEIVABLES

Deposits	12.1	26,229	29,105
Investment proceeds receivable		-	1,509
Others receivables		5,178	4,910
		<u>31,407</u>	<u>35,524</u>

12.1 These include Rs 24 million (2013: 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.

13. FIXED ASSETS - TANGIBLE AND INTANGIBLE

During the period, the company acquired fixed assets for Rs 12.9 million (2013: Rs 2.7 million). Disposals at cost were Rs 0.58 million (2013: Rs 0.35 million).



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2014

(Amounts in Rupees '000)

14. TRANSACTIONS WITH RELATED PARTIES

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

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

	Unaudited June 30, 2014	Unaudited June 30, 2013
Transactions for the period		
Associated undertakings		
Premium written	10,897	6,649
Reinsurance premium ceded	<u>14,013</u>	<u>59,759</u>
Claims paid	<u>28,528</u>	<u>28,194</u>
Dividend paid	<u>7,450</u>	<u>7,450</u>
Dividend received	<u>682</u>	<u>250</u>
Others		
Premium written	226	59
Dividend paid	<u>2,497</u>	<u>2,315</u>
Rent received	<u>-</u>	<u>563</u>
Meeting fees	<u>565</u>	<u>435</u>
Remuneration and retirement benefits to key personnel	<u>31,321</u>	<u>37,874</u>
Period-end balances		
Associated undertakings		
Claims outstanding	77,227	35,250
Premium receivable	<u>72,013</u>	<u>96,135</u>
Reinsurance claims receivable	<u>691,600</u>	<u>664,002</u>
Reinsurance premium payable	<u>761,761</u>	<u>734,553</u>
Other payables	<u>-</u>	<u>425</u>

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



PREMIER INSURANCE LIMITED

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2014

(Amounts in Rupees '000)

15. SEGMENT REPORTING

The following presents segment assets and liabilities as at June 30, 2014 and December 31, 2013.

	Fire and property		Marine, aviation & transport		Motor		Miscellaneous		Total	
	June	December	June	December	June	December	June	December	June	December
	30, 2014	31, 2013	30, 2014	31, 2013	30, 2014	31, 2013	30, 2014	31, 2013	30, 2014	31, 2013
Segment assets	568,992	795,304	492,254	329,244	334,854	351,849	283,926	392,312	1,680,026	1,931,709
Unallocated corporate assets									1,640,154	1,622,588
Consolidated total assets									<u>3,320,180</u>	<u>3,554,297</u>
Segment liabilities	515,946	661,705	239,578	197,372	302,073	319,520	245,307	291,171	1,302,904	1,469,768
Unallocated corporate liabilities									517,997	530,621
Consolidated total liabilities									<u>1,820,901</u>	<u>2,000,389</u>

16. EARNINGS PER SHARE - basic and diluted

Basic earnings per share are calculated by dividing the net profit or loss for the period by the weighted average number of shares at the period end as follows:

	Unaudited June 30, 2014	Unaudited June 30, 2013
Profit after tax for the period	<u>5,935</u>	<u>18,238</u>
Weighted average number of shares	<u>60,564,269</u>	<u>60,564,269</u>
Basic earnings per share of Rs.5 each - Rupees	<u>0.10</u>	<u>0.30</u>

The company has not issued any instrument which would dilute its basic earnings per share when exercised.

17. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorized for issue on August 25, 2014 by the Board of Directors of the company.

18. GENERAL

18.1 All amounts have been rounded off to the nearest thousand Rupees, unless otherwise stated.

18.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Locations

KARACHI

Head Office:
State Life Building No. 2A
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Fax : (021) 32416572

3rd Floor,
Lakhani Centre
I.I. Chundrigar Road
Phone : (021) 32210866-67
Fax : (021) 32210870

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43-Regal Plaza
2nd Floor
Circular Road
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PESHAWAR

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Saddar Road Cantt
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Fax : (091) 5277809

SIALKOT

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Saga Chowk
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Fax : (052) 3572194

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Fax : (042) 35750749

23, Shahrah-e-Quaid-e-Azam
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4580114, 4545008
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SAHIWAL

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