

INTERIM FINANCIAL STATEMENTS  
for the nine month period ended  
September 30, 2013 (Unaudited)



**PREMIER INSURANCE**



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## PREMIER INSURANCE LIMITED

### Company Information

#### Board of Directors

Khalid Bashir  
Zahid Bashir (Chairman)  
Imran Maqbool  
Nadeem Maqbool  
Shams Rafi  
Fakhir Rahman (Director & Chief Executive)  
Attaullah A Rasheed

#### Audit Committee

Khalid Bashir (Chairman)  
Imran Maqbool  
Nadeem Maqbool

#### Human Resources & Remuneration Committee

Mr Zahid Bashir  
Mr Nadeem Maqbool (Chairman)  
Mr Fakhir Rahman  
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](mailto:info@pil.com.pk)  
Website: [www.pil.com.pk](http://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](mailto: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 nine months ended September 30, 2013.

### Review

(Amounts in Rupees millions)

	2013	2012
Premium written	1,003.5	879.4
Net premium	482.3	403.4
Underwriting result	(91.8)	(37.4)
Investment income	114.0	61.3
Loss before taxation	(21.7)	(8.4)
Loss after taxation	(30.0)	(12.8)

Growth in written premium of 14% and net premium of 20 %, though pleasing were eroded by adverse claims experiences and our very conservative provisioning for receivables.

Investment income almost doubled as planned for reasons reported earlier.

### Outlook

As stated in our last few reports, we continue to do our best for all stakeholders, and have succeeded despite all challenges. Your company has the financial means and a management that is well able to protect and create long term value for all stakeholders. Sustainability will remain our watchword until we can justify a more optimistic posture.

The conservative IFS rating of "A" with a Stable Outlook assigned by JCR-VIS credit rating agency denoting a "high capacity to meet policyholder and contract obligations" objectively affirms our thinking.

### 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

Zahid Bashir  
Chairman

Karachi: October 28, 2013



## PREMIER INSURANCE LIMITED

### Condensed Interim Balance Sheet

As at September 30, 2013

(Amounts in Rupees '000)	Note	Unaudited September 30, 2013	Audited December 31, 2012 Restated
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital Rs 100,000,000 ordinary shares of Rs 5 each		<u>500,000</u>	<u>500,000</u>
<b>Issued, subscribed and paid-up capital</b>			
60,564,269 ordinary shares of Rs.5 each		302,821	302,821
Retained earnings		43,530	134,092
Reserves		1,345,025	1,345,025
<b>Shareholders' equity</b>		<b>1,691,376</b>	<b>1,781,938</b>
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		616,654	451,304
Provision for unearned premium		628,511	490,053
Commission income unearned		35,933	59,500
<b>Total underwriting provisions</b>		<b>1,281,098</b>	<b>1,000,857</b>
<b>Deferred liability</b>			
Staff retirement benefits		29,611	28,389
<b>Creditors and accruals</b>			
Amounts due to other insurers / reinsurers		164,448	95,074
Accrued expenses		17,730	14,500
Taxation - provision less payments		95,596	89,715
Other creditors and accruals	8	326,983	279,660
		604,757	478,949
<b>Other liabilities</b>			
Unclaimed and dividend payable		21,804	15,726
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,628,646</u></b>	<b><u>3,305,859</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



(Amounts in Rupees '000)	Note	Unaudited September 30, 2013	Audited December 31, 2012 Restated
<b>ASSETS</b>			
<b>Cash and bank deposits</b>			
Cash and other equivalents		722	556
Current and other accounts		151,390	146,280
		152,112	146,836
<b>Investments</b>	10	1,135,698	1,250,871
<b>Investment properties</b>		54,409	54,773
<b>Other assets</b>			
Premium due but unpaid		700,391	558,817
Amounts due from other insurers / reinsurers		529,744	350,062
Accrued investment income		4,979	240
Accrued salvage recoveries		20,729	11,510
Reinsurance recoveries against outstanding claims		346,376	277,899
Deferred commission expense		100,127	82,774
Prepayments		306,152	285,615
Deposits and other receivables	11	30,749	30,890
		2,039,247	1,597,807
<b>Fixed assets</b>			
<b>Tangible</b>			
Land and buildings		155,947	145,607
Furniture, fixtures and office equipment		21,939	24,017
Motor vehicles		39,131	44,204
Capital work in progress		26,109	36,517
<b>Intangible</b>			
Computer software		4,054	5,227
		247,180	255,572
<b>TOTAL ASSETS</b>		<u>3,628,646</u>	<u>3,305,859</u>

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive





## Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter and nine month period ended September 30, 2013

(Amounts in Rupees '000)

	For the quarter ended September 30,		For the nine month period ended September 30,	
	2013	2012	2013	2012
Net loss for the period	(48,236)	(6,957)	(29,998)	(12,839)
Remeasurement of defined benefit plan for the period	-	-	-	195
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	<u>(48,236)</u>	<u>(6,957)</u>	<u>(29,998)</u>	<u>(12,644)</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive





## PREMIER INSURANCE LIMITED

### Condensed Interim Statement of Cash Flows (Unaudited)

For the nine month period ended September 30, 2013

(Amounts in Rupees '000)

	2013	2012
<b>OPERATING CASH FLOWS</b>		
a) Underwriting activities		
Premium received	657,827	690,150
Reinsurance premium paid	(335,397)	(477,652)
Claims paid	(533,421)	(624,071)
Reinsurance and other recoveries received	280,133	420,420
Commissions paid	(112,496)	(77,829)
Commissions received	49,438	101,977
Net cash flow from underwriting activities	6,084	32,995
b) Other operating activities		
Income tax paid	(2,420)	(4,633)
General management expenses paid	(152,038)	(152,229)
Other operating payments	(6,934)	(17,474)
Advances, deposits and sundry receivables	(8,116)	(31,685)
Other liabilities and accruals	(3,068)	(1,410)
Net cash used in other operating activities	(172,576)	(207,431)
<b>Total cash used in operating activities</b>	<b>(166,492)</b>	<b>(174,436)</b>
<b>INVESTMENT ACTIVITIES</b>		
Investment income received	16,045	22,819
Payments for investments	(979,575)	(776,674)
Proceeds from disposal of investments	1,188,161	919,939
Fixed capital expenditure	(2,734)	(10,207)
Proceeds from disposal of fixed assets	103	5,048
Rental income received	4,254	2,851
Other income received	-	1,158
<b>Total cash flow from investing activities</b>	<b>226,254</b>	<b>164,934</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(54,486)	(54,676)
<b>Total cash used in financing activities</b>	<b>(54,486)</b>	<b>(54,676)</b>
<b>Total cash flow from / (used in) all activities</b>	<b>5,276</b>	<b>(64,178)</b>
Cash and cash equivalents at beginning of the period	146,836	186,633
<b>Cash and cash equivalents at the end of the period</b>	<b>152,112</b>	<b>122,455</b>



## Condensed Interim Statement of Cash Flows (Unaudited)

For the nine month period ended September 30, 2013

(Amounts in Rupees '000)

	2013	2012
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(166,492)	(174,436)
Depreciation expense	(10,981)	(11,280)
Investment income	113,971	61,257
(Loss) / gain on disposal of fixed assets	(42)	3,689
Rental income	2,942	2,468
Other income	-	1,158
Increase in assets other than cash	437,248	350,571
Increase in liabilities	(406,644)	(246,266)
<b>Loss after taxation</b>	<u>(29,998)</u>	<u>(12,839)</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	103	61
Stamps in hand	619	525
	722	586

### Current and other accounts

Current accounts	9,776	8,350
Savings accounts	141,614	113,519
	151,390	121,869

### Total cash and cash equivalents

152,112	122,455
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The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## PREMIER INSURANCE LIMITED

### Condensed Interim Statement of Changes in Equity (Unaudited)

For the nine month period ended September 30, 2013

(Amounts in Rupees '000)

	Share capital Issued, subscribed and paid-up	Reserves						Total reserves	Total equity
		Capital reserves			Revenue reserves				
		Reserve for exceptional losses	Devaluation reserve	General reserve	Reserve for bad and doubtful debts	Unappropriated profit			
Balance at January 1, 2012	302,821	19,490	185	1,325,000	350	190,163	1,535,188	1,838,009	
Effect as of change in accounting policy (note 4.1)	-	-	-	-	-	169	169	169	
Balance at January 1, 2012 (restated)	302,821	19,490	185	1,325,000	350	190,332	1,535,357	1,838,178	
Loss for the nine month period ended September 30, 2012	-	-	-	-	-	(12,839)	(12,839)	(12,839)	
Remeasurement of defined benefit plan for the period	-	-	-	-	-	195	195	195	
Total comprehensive loss for the nine month period ended September 30, 2012	-	-	-	-	-	(12,644)	(12,644)	(12,644)	
Cash dividend for the year ended December 31, 2011 declared subsequent to the year ended	-	-	-	-	-	(60,564)	(60,564)	(60,564)	
Balance as at September 30, 2012 (restated)	302,821	19,490	185	1,325,000	350	117,124	1,462,149	1,764,970	
Profit for the three month period ended December 31, 2012	-	-	-	-	-	16,773	16,773	16,773	
Remeasurement of defined benefit plan for the period	-	-	-	-	-	195	195	195	
Total comprehensive income for the three month period ended December 31, 2012	-	-	-	-	-	16,968	16,968	16,968	
Balance at January 1, 2013 (restated)	302,821	19,490	185	1,325,000	350	134,092	1,479,117	1,781,938	
Loss for the nine month period ended September 30, 2013	-	-	-	-	-	(29,998)	(29,998)	(29,998)	
Remeasurement of defined benefit plan for the period	-	-	-	-	-	-	-	-	
Total comprehensive loss for the nine month period ended September 30, 2013	-	-	-	-	-	(29,998)	(29,998)	(29,998)	
Cash dividend for the year ended December 31, 2012 declared subsequent to the year ended	-	-	-	-	-	(60,564)	(60,564)	(60,564)	
<b>Balance as at September 30, 2013</b>	<b>302,821</b>	<b>19,490</b>	<b>185</b>	<b>1,325,000</b>	<b>350</b>	<b>43,530</b>	<b>1,388,555</b>	<b>1,691,376</b>	

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## Condensed Interim Statement of Premium (Unaudited)

For the quarter and nine month period ended September 30, 2013

(Amounts in Rupees '000)

### Business underwritten inside Pakistan

		For the quarter ended September 30,							2013	2012	
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	265,398	105,677	267,708	103,367	61,050	93,786	102,635	52,201	51,166	34,652
	2 Marine, aviation and transport	45,946	92,964	62,631	76,279	32,333	105,570	81,901	56,002	20,277	30,609
	3 Motor	122,371	149,577	185,058	86,890	734	1,522	1,588	668	86,222	72,218
	4 Miscellaneous	114,978	35,154	113,114	37,018	86,195	35,592	109,999	11,788	25,230	10,458
	Total	548,693	383,372	628,511	303,554	180,312	236,470	296,123	120,659	182,895	147,937
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	(1)
	Grand Total	548,693	383,372	628,511	303,554	180,312	236,470	296,123	120,659	182,895	147,936
		For the nine month period ended September 30,							2013	2012	
Direct and Facultative	1 Fire and property damage	372,966	211,664	267,708	316,922	125,245	186,883	102,635	209,493	107,429	116,910
	2 Marine, aviation and transport	215,265	19,395	62,631	172,029	166,745	13,050	81,901	97,894	74,135	57,947
	3 Motor	268,767	174,425	185,058	258,134	2,202	1,458	1,588	2,072	256,062	201,517
	4 Miscellaneous	146,493	84,572	113,114	117,951	110,579	72,686	109,999	73,266	44,685	26,997
	Total	1,003,491	490,056	628,511	865,036	404,771	274,077	296,123	382,725	482,311	403,371
Treaty	5 Proportional	-	(3)	-	(3)	-	-	-	-	(3)	(1)
	Grand Total	1,003,491	490,053	628,511	865,033	404,771	274,077	296,123	382,725	482,308	403,370

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## PREMIER INSURANCE LIMITED

### Condensed Interim Statement of Claims (Unaudited)

For the quarter and nine month period ended September 30, 2013

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended September 30,							2013	2012	
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	141,934	326,392	245,364	60,906	79,466	226,583	151,956	4,839	56,067	16,991
	2 Marine, aviation and transport	24,401	82,187	111,395	53,609	15,484	61,957	83,014	36,541	17,068	10,023
	3 Motor	41,543	99,622	124,672	66,593	-	96	95	(1)	66,594	46,850
	4 Miscellaneous	28,184	112,584	135,223	50,823	23,175	92,932	111,311	41,554	9,269	7,037
	Total	236,062	620,785	616,654	231,931	118,125	381,568	346,376	82,933	148,998	80,901
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	-
	Grand Total	236,062	620,785	616,654	231,931	118,125	381,568	346,376	82,933	148,998	80,901
		For the nine month period ended September 30,							2013	2012	
Direct and Facultative	1 Fire and property damage	239,646	174,834	245,364	310,176	154,054	129,585	151,956	176,425	133,751	47,343
	2 Marine, aviation and transport	67,063	68,247	111,395	110,211	45,048	46,562	83,014	81,500	28,711	22,989
	3 Motor	128,068	83,337	124,672	169,403	107	163	95	39	169,364	151,413
	4 Miscellaneous	98,644	124,886	135,223	108,981	80,924	101,589	111,311	90,646	18,335	20,164
	Total	533,421	451,304	616,654	698,771	280,133	277,899	346,376	348,610	350,161	241,909
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	(54)
	Grand Total	533,421	451,304	616,654	698,771	280,133	277,899	346,376	348,610	350,161	241,855

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## Condensed Interim Statement of Expenses (Unaudited)

For the quarter and nine month period ended September 30, 2013

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	For the quarter ended September 30,						2013		2012	
	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	51,358	25,358	55,135	21,581	14,045	35,626	8,495	27,131	16,299	
2 Marine, aviation and transport	1,648	11,293	4,364	8,577	4,397	12,974	5,444	7,530	15,693	
3 Motor	17,976	25,056	28,730	14,302	20,889	35,191	-	35,191	36,906	
4 Miscellaneous	12,101	3,868	11,899	4,070	7,233	11,303	4,534	6,769	985	
Total	83,083	65,575	100,128	48,530	46,564	95,094	18,473	76,621	69,883	
Treaty										
5 Proportional	-	-	-	-	-	-	-	-	1	
Grand Total	83,083	65,575	100,128	48,530	46,564	95,094	18,473	76,621	69,884	
	For the nine month period ended September 30,						2013		2012	
Direct and Facultative										
1 Fire and property damage	79,105	39,940	55,135	63,910	33,865	97,775	41,113	56,662	57,953	
2 Marine, aviation and transport	26,073	3,615	4,364	25,324	23,370	48,694	14,727	33,967	29,379	
3 Motor	41,366	29,195	28,730	41,831	80,718	122,549	(45)	122,594	106,575	
4 Miscellaneous	15,717	10,024	11,899	13,842	14,086	27,928	17,211	10,717	4,971	
Total	162,261	82,774	100,128	144,907	152,039	296,946	73,006	223,940	198,878	
Treaty										
5 Proportional	-	-	-	-	(1)	(1)	-	(1)	1	
Grand Total	162,261	82,774	100,128	144,907	152,038	296,945	73,006	223,939	198,879	

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

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## PREMIER INSURANCE LIMITED

### Condensed Interim Statement of Investment Income (Unaudited)

For the quarter and nine month period ended September 30, 2013

(Amounts in Rupees '000)

	For the quarter ended September 30,		For the nine month period ended September 30,	
	2013	2012	2013	2012
<b>Income from non-trading investments</b>				
<b>Held to maturity</b>				
Return on bank deposits	2,471	3,150	7,016	10,282
<b>Available for sale</b>				
Dividend income	6,465	1,500	13,908	13,312
Gain on sale of investments	33,234	13,716	95,839	39,085
	39,699	15,216	109,747	52,397
<b>Impairment in value of investments</b>	(1,077)	-	(2,652)	(1,324)
Investment management expenses	(99)	(78)	(140)	(98)
<b>Investment income</b>	<u>40,994</u>	<u>18,288</u>	<u>113,971</u>	<u>61,257</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine month period ended September 30, 2013

### 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 nine month period ended September, 30 2013 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, 2012.

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, 2012, 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:

- IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (Amendment)
- IAS 19 - Employee Benefits - (Revised)





## Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine month period ended September 30, 2013

(Amounts in Rupees '000)

### Improvements to various standards issued by IASB (2009-2011 cycle)

- IAS 1 - Presentation of Financial Statements - Clarification of the Requirements for Comparative Information
- IAS 16 - Property, Plant and Equipment - Classification of Servicing Equipment
- IAS 34 - Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, other than the amendments to IAS 19 "Employees Benefits" as described in Note 4.1.

Further, certain new standards have been issued by IASB which are effective for accounting periods beginning on or after January 1, 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

### 4.1 CHANGES IN ACCOUNTING POLICY

Amendments to IAS 19 range from fundamental changes to simple clarification and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.
- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.
- This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors", and the comparative financial statements have been re-stated.

The effects of the retrospective application of the change in accounting policies are as follows:

#### December 31, 2012

Decrease in staff retirement benefit	569
Increase in equity	569



## Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine month period ended September 30, 2013

(Amounts in Rupees '000)

### 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 as at and for the year ended December 31, 2012.

### 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 as at and for the year ended December 31, 2012.

### 7. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at September 30, 2013 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.

	Unaudited September 30, 2013	Audited December 31, 2012
<b>8. OTHER CREDITORS AND ACCRUALS</b>	<b>Note</b>	
Commissions payable	281,571	231,806
Federal excise duty & sales tax	4,380	3,314
Federal insurance fee	222	215
Donations	5,935	5,935
Workers welfare fund	6,355	6,355
Deposits and margins	10,751	11,766
Salaries payable	19	2,500
Others	8.1 17,750	17,769
	<u>326,983</u>	<u>279,660</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.



**Notes to the Condensed Interim Financial Statements (Unaudited)**

For the nine month period ended September 30, 2013

(Amounts in Rupees '000)

	Unaudited September 30, 2013	Audited December 31, 2012
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**9. CONTINGENCIES AND COMMITMENTS**

Commitments for capital expenditure	<u>15,038</u>	<u>15,138</u>
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There are no contingencies to report as at the balance sheet date.

**10. INVESTMENTS**

**Available for sale**

**Related Parties**

Quoted shares (market value: Rs 91.0 million [2012: Rs 67.6 million])	32,535	32,535
Unquoted shares	<u>4,000</u>	<u>4,000</u>
	36,535	36,535

**Others**

Quoted shares (market value: Rs 297.9 million [2012: Rs 208.1 million])	320,391	242,766
Unquoted shares	115,203	115,203
Mutual funds (market value: Rs 748.4 million [2012: Rs 935.2 million])	<u>690,784</u>	<u>880,930</u>
	1,126,378	1,238,899

Less: Impairment	(27,215)	(24,563)
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	<u>1,135,698</u>	<u>1,250,871</u>
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10.1 Mutual funds include Rs 24.7 million (2012: Rs 24.7 million) placed as statutory deposit with the State Bank of Pakistan (market value: Rs 40.3 million [2012: Rs 38.3 million]).

	Unaudited September 30, 2013	Audited December 31, 2012
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**11. DEPOSITS AND OTHER RECEIVABLES**

Deposits	11.1	25,896	25,550
Investment proceeds receivable		-	547
Others receivables		<u>4,853</u>	<u>4,793</u>
		30,749	30,890

11.1 These include 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.



## Notes to the Condensed Interim Financial Statements (Unaudited)

For the nine month period ended September 30, 2013

(Amounts in Rupees '000)

### 12. FIXED ASSETS - TANGIBLE AND INTANGIBLE

During the period, the company acquired fixed assets for Rs 2.7 million (2012: Rs 10.2 million). Disposals at cost were Rs 0.35 million (2012: Rs 6.5 million).

### 13. 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 September 30, 2013	Unaudited September 30, 2012
<b>Transactions for the period</b>		
<b>Associated undertakings</b>		
Premium written	73,301	92,441
Claims paid	35,670	246,340
Commission paid	-	2,746
Dividend paid	7,450	7,450
Dividend received	250	1,600
<b>Others</b>		
Premium written	60	78
Dividend paid	2,315	2,315
Rent received	844	728
Meeting fees	620	405
Remuneration and retirement benefits to key personnel	53,111	49,009
<b>Period-end balances</b>		
<b>Associated undertakings</b>		
Claims outstanding	33,055	33,957
Premium receivable	137,276	196,180
<b>Others</b>		
Premium receivable	128	31
Other payables	179	2

During the period a reinsurer became an associated undertaking due to a common directorship. The net receivable of Rs 39.7 million from this undertaking includes Rs 7.2 million for such period.

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 nine month period ended September 30, 2013

(Amounts in Rupees '000)

#### 14. SEGMENT REPORTING

The following presents segment assets and liabilities as at September 30, 2013 and December 31, 2012.

	Fire and property		Marine, aviation & transport		Motor		Miscellaneous		Total	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Segment assets	766,928	730,948	433,163	191,257	359,882	305,620	412,788	327,314	1,972,761	1,555,139
Unallocated corporate assets									1,655,885	1,750,720
Consolidated total assets									3,628,646	3,305,859
Segment liabilities	583,720	466,404	216,370	104,073	353,774	286,104	291,682	239,350	1,445,546	1,095,931
Unallocated corporate liabilities									491,724	427,990
Consolidated total liabilities									1,937,270	1,523,921

#### 15. LOSS PER SHARE - basic and diluted

Basic Loss per share is 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 September 30, 2013	Unaudited September 30, 2012
Loss after tax for the period	(29,998)	(12,839)
Weighted average number of shares	60,564,269	60,564,269
Basic loss per share of Rs.5 each - Rupees	(0.50)	(0.21)

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

#### 16. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorized for issue on October 28, 2013 by the Board of Directors of the company.

#### 17. GENERAL

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

17.2 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications / restatements were made during the current period except as disclosed in Note 4.1 to these condensed interim financial statements.

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive

# Title Back



PREMIER INSURANCE LIMITED

## Locations

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