



57th Annual Report 2008

PREMIER INSURANCE



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Vision Statement

Our vision is to provide the highest level of service in general insurance and strive to become a market leader with a prestigious profile.

Mission Statement

Our Business

We are a company underwriting general insurance business including underwriting fire, property, marine, motor and other risks of our clients.

We are committed to become the leading organization in the insurance sector building an excellent reputation among our clients with the objective of maximizing returns for all the stakeholders.

Our Strengths

Financial viability and security we provide our clients and reinsurers in order to safeguard their interests.

Our Strategy

To enhance our corporate image by providing high quality products and services to our policy holders.

To provide an excellent working environment to our employees affording them every opportunity to growth and career developments.

Our Values

We take pride in adhering to ethical business practices and in being a good corporate citizen.

We respect our people and endeavor to provide them opportunities to realize their full potential.

We recognize our responsibility to our stakeholders and to society.



Because we care.....

Our commitment to serve extends beyond our stakeholders to the society where our collective present and future is at stake. Being a socially responsible corporate citizen is one of our core values and we continue to assist various causes that alleviate human misery and uplift the quality of life, healthcare and education for our less privileged compatriots.

Among those that receive assistance from the company are:

The Citizens Foundation (TCF)

Towards provision of quality education to children in 500 plus schools in the economically deprived urban and rural neighborhoods across Pakistan.

Layton Rahmatulla Benevolent Trust (LRBT)

For free, state of the art eye care accounting for about one in three of all eye OPD and eye surgery across the country.

Sind Institute of Urology & Transplantation (SIUT)

Towards free, modern urology, nephrology, transplantation and liver diseases treatment and care.

Marie Adelaide Leprosy Centre (MALC)

For rehabilitation and care of leprosy sufferers.

The Kidney Centre

For free, comprehensive treatment of kidney related ailments.

Patient's Aid Foundation (PAF)

Towards construction, modernization and provision of various facilities, including a blood bank, at and around the Jinnah Hospital where about three fourths of Karachi's medical emergencies are handled.

Poor Patient Aid Society - Civil Hospital

For treatment of more than one million non-affording patients every year.

Shalimar Hospital

A not for profit 350 bedded hospital in Lahore for providing the best medical care especially to the poor and non-affording patients.

Dowites '78' Operation Theatre Centre

Towards providing state-of-the-art operation facilities and quality surgical environment.

We are grateful to our business associates for making these humble contributions possible and allowing us to be a company with a heart.



Notice of Annual General Meeting

Notice is hereby given that the 57th Annual General Meeting of the company will be held at the Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP) at Chartered Accountants Avenue, Clifton, Karachi, on Monday, April 27, 2009 at 09:00 a.m. to transact the following business:

A. ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting held on June 14, 2008;
2. To receive, consider and adopt the audited financial statements of the company for the year ended December 31, 2008, the report of the Auditors thereon and the report of the Directors;
3. To approve the payment of a cash dividend @ 20% i.e. Re 1 per ordinary share of Rs 5 each, out of the profit for the year ended December 31, 2008, as recommended by the Directors;
4. To appoint Auditors of the company and fix their remuneration. The present Auditors, M/s. Anjum Asim Shahid Rahman, Chartered Accountants, being eligible, have offered themselves for re-appointment;

B. SPECIAL BUSINESS

5. To approve the issuance of bonus shares @ 10% i.e. 1 ordinary share for every 10 ordinary shares held, out of the profit for the year ended December 31, 2008, as recommended by the Directors by passing the following Ordinary Resolution:

"RESOLVED THAT a sum of Rs 23,938,445/- out of the free reserves of the company be capitalized and applied to the issue of 4,787,689

Ordinary Shares of Rs 5/- each and allotted as fully paid up Bonus Shares to the Members, who are registered in the Books of the company at the close of business on April 17, 2009 in the proportion of one new share for every ten existing Ordinary Shares held and that such new shares shall rank pari passu with the existing Ordinary Shares of the company.

That for the purpose of giving effect to the foregoing, the Chief Executive, Chief Financial Officer and Company Secretary be and are hereby singly authorized to give such directions as may be necessary and settle any questions or any difficulties that may arise in the distribution of the said new shares."

6. To approve the placement of quarterly accounts on the company's website, instead of sending the same by post to the members, by passing the following Special Resolution:

"RESOLVED THAT the company be and is hereby authorized to transmit its quarterly accounts to its members through its website.

FURTHER RESOLVED that the company shall supply a copy of its quarterly accounts to any member at his registered address within one week of receiving a written request in this regard."

7. To transact any other business with the permission of the Chair.

By Order of the Board

Afroz Quraishi
Company Secretary
Karachi, March 24, 2009



NOTES

- i) The Share Transfer Books of the company shall remain closed from April 18, 2009 to April 27, 2009 (both days inclusive). Transfers received in order at our Registrar, FAMCO Associates (Pvt) Limited, State Life Building No. 2-A, 4th Floor, Wallace Road, Karachi, Pakistan by the close of business on April 17, 2009 will be treated in time for this purpose.
- ii) As per the Articles of Association of the company, any fractional entitlements to bonus shares shall be consolidated and disposal proceeds distributed to the shareholders according to their fractional entitlements.
- iii) 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.
- iv) Shareholders whose shares are deposited with the Central Depository Company (CDC) are requested to bring their original National Identity Card and account number in CDC for verification.
- v) CDC account holders will further have to follow the guidelines as laid down in Circular No.1, dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- vi) Shareholders are requested to notify our Registrar immediately of any change in their addresses.

Statement under section 160 of the Companies Ordinance, 1984 pertaining to the Special Business:

1. This statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the company to be held on April 27, 2009.

2. Item 5 regarding Bonus issue:

Your Directors have recommended the issue of Bonus Shares in the proportion of one new share for every ten existing Ordinary Shares held at the close of business on April 17, 2009. The Directors are interested in this business to the extent of their entitlement to Bonus Shares as Members.

3. Item 6 regarding placement of quarterly accounts on the company website:

The company has received permission from the Securities and Exchange Commission of Pakistan (SECP) to place its quarterly accounts on its website www.pil.com.pk on the basis of an authorizing resolution passed at its 52nd Annual General Meeting on April 29, 2004. The SECP requires the member to accord their consent by passing a Special Resolution to this effect.

Approvals have also been received from the Karachi, Lahore and Islamabad stock exchanges.



PREMIER INSURANCE LIMITED

Company Information

Board of Directors

Syed Arshad Ali
Khalid Bashir
Zahid Bashir (Chairman)
Imran Maqbool
Nadeem Maqbool
Khurram Mazhar
Shams Rafi
Fakhir Rahman (Chief Executive)

Company Secretary

Afroz Quraishi

Audit Committee

Khalid Bashir (Chairman)
Imran Maqbool
Nadeem Maqbool

Auditors

Anjum Asim Shahid Rahman
Chartered Accountants

Legal Advisors

Arfin & Company
Advocates

Registered & Head Office

5th Floor, State Life Building No. 2A
Wallace Road, Karachi-74000, Pakistan
Phones : (21) 2416331-4
Fax : (21) 2416572
Email : info@pil.com.pk
Website : www.pil.com.pk

Registrar

FAMCO Associates (Pvt) Limited
4th Floor, State Life Building No. 2A
Wallace Road, Karachi-74000, Pakistan



Key Operating and Financial Data

(Amounts in Rupees '000)

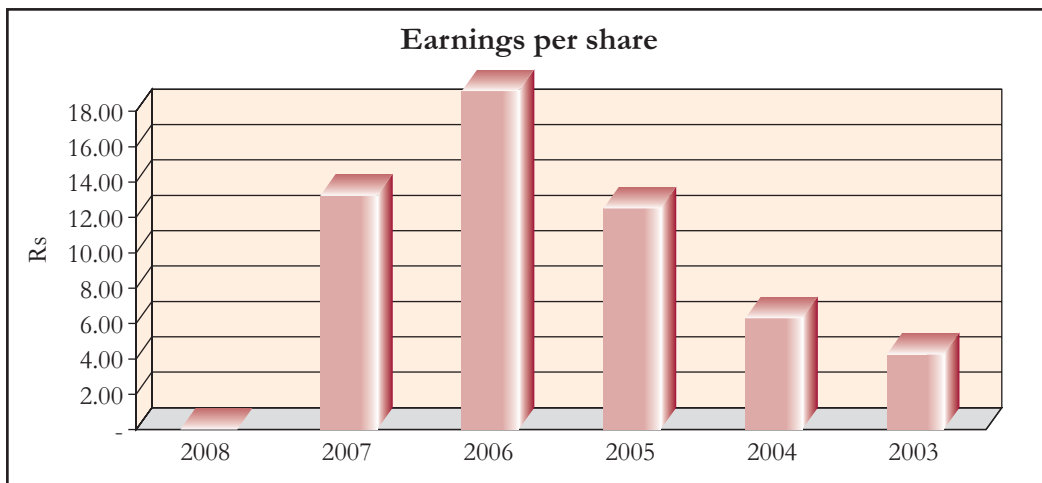
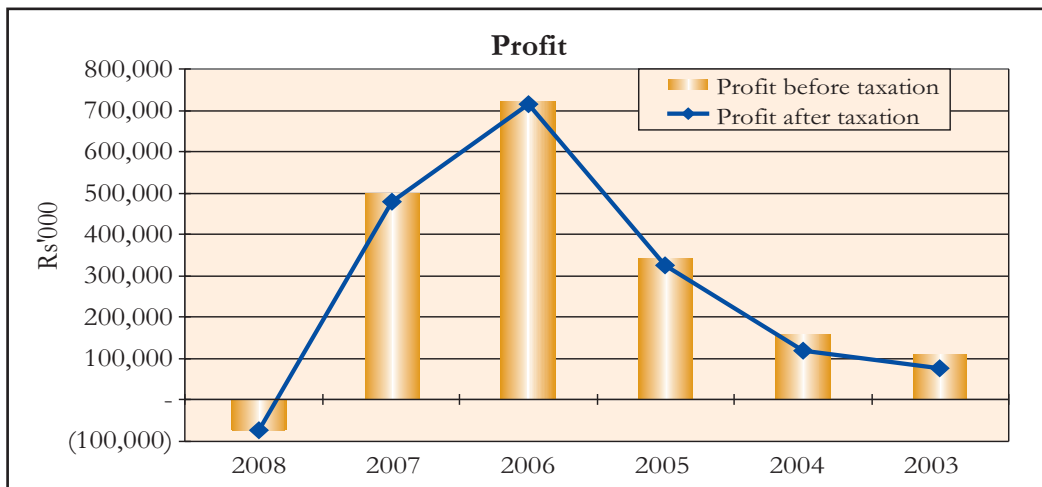
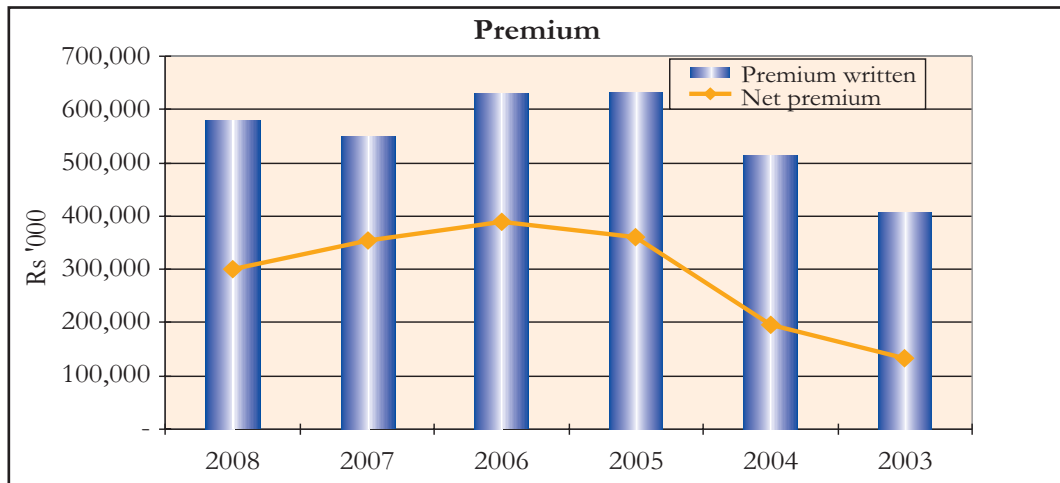
	2008	2007	2006	2005	2004	2003
Paid-up capital	239,385	199,488	166,240	138,533	115,444	115,444
Capital reserves	19,675	19,675	19,675	19,675	19,675	19,675
Revenue reserves	1,509,814	1,627,043	1,214,600	554,587	275,327	186,751
Total reserves	1,529,489	1,646,718	1,234,275	574,262	295,002	206,426
Total equity	1,768,874	1,846,206	1,400,515	712,795	410,446	321,870
Total assets	2,701,366	2,943,197	2,393,943	1,738,274	1,486,848	1,098,495
Premium written	577,114	551,699	630,395	631,393	515,851	406,908
Net premium	295,834	346,832	389,232	360,164	194,601	132,095
Investment income	185,627	542,582	798,115	341,996	165,462	118,753
Impairment in investments	(213,216)	-	-	-	-	-
(Loss) / Profit before taxation	(44,911)	495,685	719,721	339,438	158,437	106,967
(Loss) / Profit after taxation	(37,435)	478,939	715,427	325,438	117,437	73,967
Return on equity* (%)	(2.07%)	29.50%	67.71%	57.95%	32.07%	25.07%
Book value per share** (Rs)	36.95	46.27	42.12	25.73	17.78	13.94
Earnings per share** (Rs)	(0.78)	12.00	17.93	11.75	5.09	3.20
Cash dividend (%)	20%	20%	20%	20%	20%	25%
Stock dividend (Bonus - %)	10%	20%	20%	20%	20%	-

*Return based on average equity for the year

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

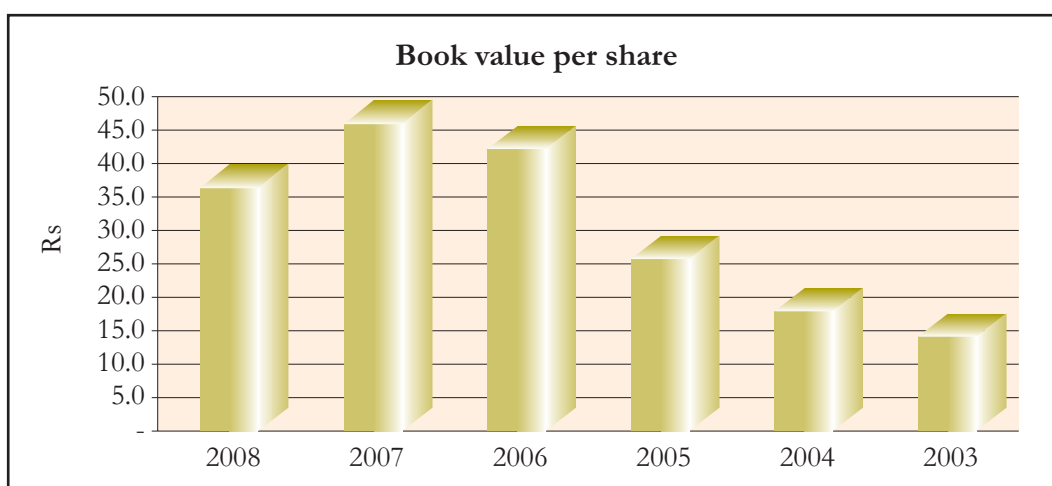
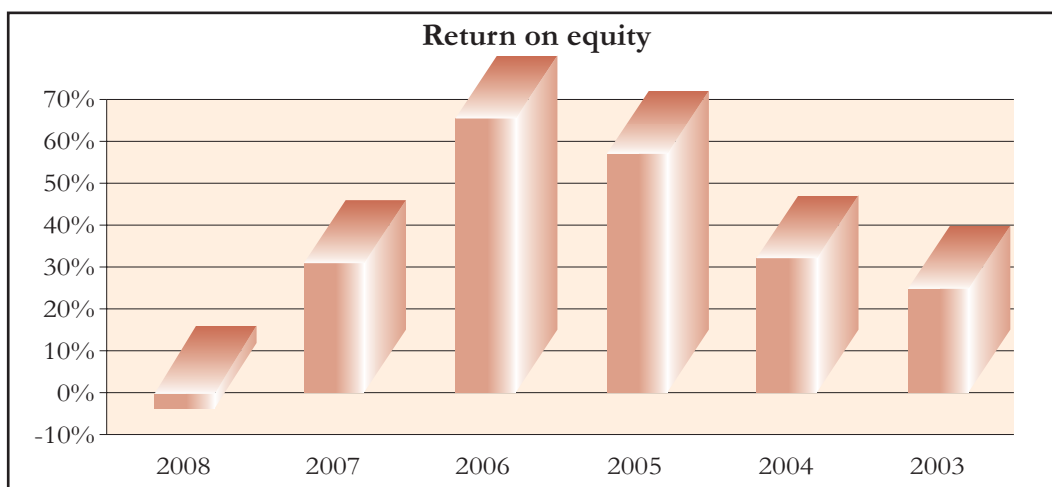
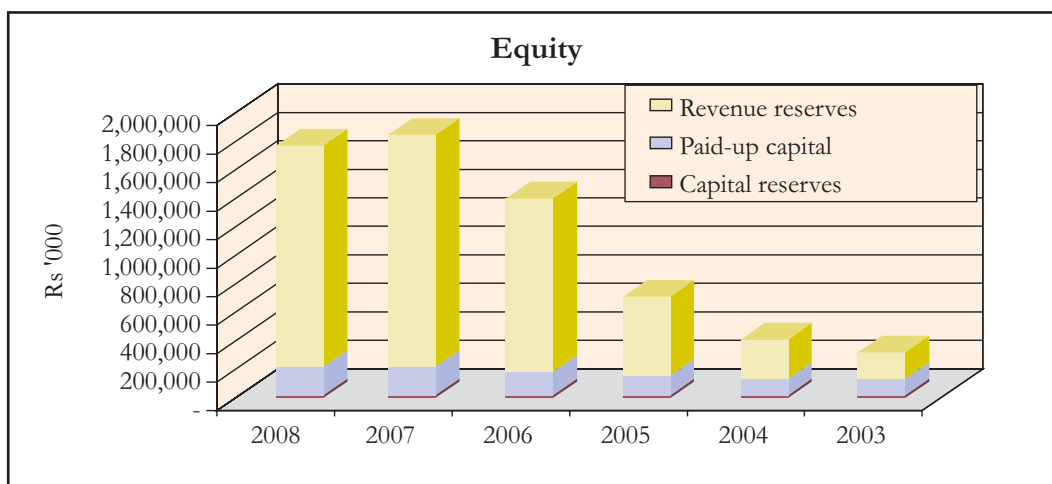


Performance at a Glance





Performance at a Glance





Report of the Directors to the Members

The directors are pleased to present the 57th Annual Report of the company together with the audited financial statements for the year ended December 31, 2008.

Review

(Amounts in Rupees '000)

	2008	2007
Premium written	577,114	551,699
Net premium	295,834	346,832
Underwriting result	8,393	22,732
Investment income	185,627	542,582
Impairment in value of available for sale investments	(213,216)	-
(Loss)/Profit before taxation	(44,911)	495,685
(Loss)/Profit after taxation	(37,435)	478,939

To give perspective to the review that follows, we refer to our last Annual Report that predicted an inflationary spiral, monetary and fiscal tightening, economic slowdown and shrinkage, with political instability aggravating the whole situation. Our business was bound to reflect the economy, of which it is a part, and on which it depends.

Balancing our growth and quality objectives, premium written increased marginally with a healthy increase in fire and property business, diluted by a reduction in the motor segment. However, due to lower retentions in other businesses relative to motor, net premium was lower by approximately 15%. While the whole year written and net premium were generally consistent with the first nine months, the underwriting result shrank to Rs 8.4 million (3%) from Rs 22.9 million (9.8%). This was due to high marine and motor claims in the fourth quarter, which raised the whole year claims ratio to 46.9% (2007: 56.1%) from 42.3% for the nine months.

Inflationary pressures pushed up all costs and expenses, particularly HR related; net acquisition costs have been kept flat in percentage terms.

Investment and treasury management presented its own challenges. Capital markets, surprisingly buoyant

in early 2008, faltered as liquidity tightened, and collapsed as the global financial meltdown took hold and foreign portfolio selling accelerated. With fundamentally sound equities, we decided to stay the course. However, with bank rates rising, equities volumes and values falling and TFC issuers' fortunes uncertain, we exited money market funds ahead of Securities and Exchange Commission of Pakistan (SECP) ordained markdowns. The cash redeemed from money market funds was placed in diversified, short term bank deposits. Consistent with these developments, realized capital gains were lower at Rs 85.4 million (2007: Rs 483.8 million), due also to lower 2008 equity holdings, disposal of money market funds in the fourth quarter and a one time gain of Rs 182.1 million on disposal of PICIC shareholding in 2007. In spite of the foregoing, higher dividend income of Rs 65.2 million (2007: Rs 23.9 million) shows the quality of our investments. The return on bank deposits of Rs 35.2 million, though flat over 2007, arose mostly in the fourth quarter (Rs 26.7 million). This was the direct result of avoiding valuation losses on money market funds and catching the upswing in bank rates.

Following removal of the "floor price" by the stock exchanges in December 2008, after 110 days, equities were dumped to cut losses, leveraged positions and meet margin calls. In two weeks, the KSE 100 index fell 36% to close 2008 at 5,865, a major part of the whole year KSE 100 index drop of 58%. The December 31, 2008 market values, generally considered forced or distress sale values, were notified by the SECP to be "fair values". Further, carrying amounts of 2008 year end investments were required to be "adjusted" to these values, through the profit and loss account, from December 31, 2008 to December 31, 2009. The resultant "impairment in value" of our available for sale investments aggregated Rs 401.1 million. Of this total, the Board has decided to recognize Rs 213.2 million in 2008. The balance Rs 187.9 million, adjusted for price movements, will be recognized during 2009. Compared with the benchmark KSE 100 index loss of 58% during 2008, our net loss on equities value at risk, including total impairment, was a much lower 46%.



After all expenses, including certain discretionary HR and other costs, and recognizing 53% of the impairment in investment values, loss before taxation amounted to Rs 44.9 million. Loss after taxation of Rs 37.4 million translates to a loss of Rs 0.78 per ordinary share.

Appropriation of Profit

(Amounts in Rupees '000)

(Loss) after taxation for the year	(37,435)
Unappropriated profit brought forward	626,693
	<u>589,258</u>
Appropriations:	
- payment of cash dividend @ 20% (2007)	(39,897)
- issue of bonus shares @ 20% (2007)	(39,897)
	<u>509,464</u>
- transfer to general reserve (2008)	(400,000)
Unappropriated profit carried forward	<u>109,464</u>

Appropriated as follows:

- Proposed cash dividend @ 20% (2008)
- Proposed bonus issue @ 10% (2008)

Outlook for the Current Year

The current year is likely to present yet new challenges while most existing problems remain without long term solutions. Although the exchange and reserves position appears to have stabilized, power shortages, political uncertainty, internal and external security threats, fiscal deficits, inflation, economic contraction and numerous other inter-linked issues persist, and might aggravate. Given our vulnerability, and dependence, on political and economic developments in the global power centers, the tools and options available for counter measures are limited. Realistically, it is almost impossible to predict the business and investment environment for 2009; at best, it is likely to be difficult.

Within the insurance sector, the already stiff competition will intensify as the overall volume of available business shrinks with the economy. In line

with other sectors, credit delinquencies are likely to rise as also claim losses due to moral and security hazards as well as due to inflation. Costs of doing business will continue to increase and premium pricing might remain under pressure. Many international reinsurers, troubled by global financial and catastrophe losses, have also lost capacity due to capital erosion and have been downgraded. Good reinsurance security at economical terms is progressively more difficult for our relatively small market, with an excessively negative perception abroad. With declining and uncertain investment incomes, the cushion for price competition might not be sufficient, or even available. Therefore, we reiterate a sensible approach to competition and collective adherence to sound insurance and financial practices to protect our future, and that of our clients.

Our words are not intended to be, nor should be taken, as defeatist. We only wish to convey our recognition of the conditions we are likely to face. We will continue to explore and develop business opportunities but with due caution and responsibility towards all our stakeholders.

The company carries a conservative Insurer Financial Strength (IFS) Rating of A (Single A) with Stable Outlook. The rating, assigned by JCR-VIS, denotes a "high capacity to meet policyholder and contract obligations".

Corporate Financial Reporting

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

- 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.
- The company has maintained proper books of account.



- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There is no doubt about the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
- Key operating and financial data for the last six years is annexed with the report.
- The value of investments based on the audited accounts of the Provident Fund as at December 31, 2007 was Rs 24.8 million.
- During 2008 five meetings of the Board were held, with at least one in each quarter, and were attended as follows:

Name of director	Meetings attended
Syed Arshad Ali	3
Mr Khalid Bashir	2
Mr Zahid Bashir (Chairman)	5
Mr Imran Maqbool	5
Mr Nadeem Maqbool	5
Mr Khurram Mazhar	1
Mr Shams Rafi	3
	(out of 3 during his tenure)
Mr Shaukat Shafi	1
	(out of 2 during his tenure)

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

- The directors, CEO, CFO, Company Secretary, executives and their spouses and minor children, had no transactions in the shares of the company except:
 - a) Mr Khalid Bashir, director, acquired 4,500 shares;
 - b) Mr Imran Maqbool, director, acquired 343,020 shares;
 - c) Mr Nadeem Maqbool, director, acquired 343,020 shares;
 - d) Mr Khurram Mazhar, director, disposed of 12,770 shares.

Compliance with the Code of Corporate Governance

The requirements of the Code set out by the stock exchanges in their listing regulations, relevant for the year ended December 31, 2008, have been duly complied with. A statement to this effect is annexed with the report.

Statement of Ethics and Business Practices

The Board has adopted a Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

Board Committees

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

The Board constituted underwriting, claims settlement, reinsurance and co-insurance and investment committees met as required during the year.



Appointment of Auditors

As recommended by the audit committee, the directors propose that Anjum Asim Shahid Rahman, Chartered Accountants, be re-appointed auditors of the company for the year ending December 31, 2009.

Categories of Members / Pattern of Shareholding

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

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

Acknowledgement

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

On behalf of the Board

Zahid Bashir
Chairman

Karachi: March 24, 2009



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulations of Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the Code in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board. Except the Chief Executive, the Board comprises non-executive directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the company.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policy guidelines, which are in the process of formal documentation. Such guidelines, amendments and approvals are recorded.
6. All the 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 CEO, have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman and the Board met at least once every quarter. Written notices of the Board meetings, along with agenda and working papers were duly circulated. The minutes of the meetings were appropriately recorded and circulated.
8. The directors of the company are experienced in various businesses, including insurance and are well aware of their duties and responsibilities. However, all directors continue to be encouraged to attend specialized orientation course at company expense.
9. The directors' report for the year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
10. The financial statements of the company were duly endorsed by the CEO and the CFO before approval of the Board.



11. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the categories of members.
12. The company has complied with all the financial reporting requirements of the Code.
13. The Board has formed an audit committee which comprised at least three members during the year, all of whom are non-executive directors including the Chairman of the committee.
14. The meetings of the audit 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 reference of the committee have been formed and advised to the committee for compliance.
15. The Board has also formed underwriting, claims, reinsurance and co-insurance and investment committees.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review programme 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed the IFAC guidelines in this regards.
18. We confirm that all other material principles contained in the Code have been complied with.

Zahid Bashir
Chairman

Karachi, March 24, 2009



Review Report to the Members on Statements of Compliance with the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Premier Insurance Limited** to comply with the Listing Regulation No. 37, Chapter No. XIII and section No. 36 of the Karachi, Lahore and Islamabad Stock Exchanges respectively where the company is listed.

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

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and effectiveness of such internal controls.

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 best practices contained in the Code of Corporate Governance as applicable to the company for the year ended December 31, 2008.

Anjum Asim Shahid Rahman
Chartered Accountants

Date: March 24, 2009
Karachi



Auditors' Report to the Members

We have audited the annexed financial statements comprising:

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

of **Premier Insurance Limited** as at **December 31, 2008** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2008 and of the loss, its cash flows and changes in equity for the year then ended in accordance with International Accounting Standards as applicable in Pakistan, and the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in Central Zakat Fund established under Section 7 of that Ordinance.

Anjum Asim Shahid Rahman
Chartered accountants

Date: March 24, 2009
Karachi



PREMIER INSURANCE LIMITED

Balance Sheet

As at December 31, 2008

(Amounts in Rupees '000)

	Note	2008	2007
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			
47,876,893 (2007: 39,897,411) ordinary shares of Rs.5 each	6	239,385	199,488
Retained earnings		109,464	626,693
Reserves	7	1,420,025	1,020,025
Shareholders' equity		1,768,874	1,846,206
Underwriting provisions			
Provision for outstanding claims (including IBNR)		326,555	436,465
Provision for unearned premium		264,823	277,928
Commission income unearned		28,165	32,367
Total underwriting provisions		619,543	746,760
Deferred liability			
Staff retirement benefits	8	17,094	11,409
Liabilities against assets subject to finance lease		-	734
Creditors and accruals			
Current maturity of lease finance	9	595	1,075
Amounts due to other insurers / reinsurers		55,510	99,472
Accrued expenses		11,528	10,345
Taxation - provision less payments		87,674	104,153
Other creditors and accruals	10	135,318	117,919
		<u>290,625</u>	<u>332,964</u>
Other liabilities			
Unclaimed and dividend payable		5,230	5,124
TOTAL EQUITY AND LIABILITIES		<u>2,701,366</u>	<u>2,943,197</u>
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 32 form an integral part of these financial statements.



(Amounts in Rupees '000)

	Note	2008	2007
ASSETS			
Cash and bank deposits	12		
Cash and other equivalents		294	379
Current and other accounts		50,500	220,807
Deposits maturing within 12 months		825,777	5,000
Deposits maturing after 12 months		8,743	8,743
		885,314	234,929
Loans to employees	13	3,118	3,826
Investments	14	607,161	1,560,824
Investment properties	15	25,583	-
Other assets			
Premium due but unpaid	16	152,469	128,949
Amounts due from other insurers / reinsurers - unsecured, considered good		355,372	291,099
Accrued investment income	17	20,387	2,862
Reinsurance recoveries against outstanding claims		218,625	286,498
Deferred commission expense		36,763	38,661
Prepayments	18	143,080	157,094
Sundry receivables	19	6,635	7,423
		933,331	912,586
Fixed assets	20		
Tangible			
Land and buildings		146,781	169,264
Furniture, fixtures and office equipment		17,312	18,672
Motor vehicles		30,357	32,941
Intangible			
Computer software		1,444	1,682
		195,894	222,559
Capital work in progress	21	50,965	8,473
TOTAL ASSETS		<u>2,701,366</u>	<u>2,943,197</u>

Zahid Bashir
ChairmanNadeem Maqbool
DirectorShams Rafi
DirectorFakhir Rahman
Chief Executive



PREMIER INSURANCE LIMITED

Profit and Loss Account

For the year ended December 31, 2008

(Amounts in Rupees '000)

	Note	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	2008 Aggregate	2007 Aggregate
Revenue accounts								
Net premium revenue		74,967	49,809	162,429	8,616	13	295,834	346,832
Net claims		(17,227)	(17,062)	(99,765)	(3,951)	(802)	(138,807)	(194,367)
Expenses	22	(32,007)	(21,266)	(69,350)	(3,678)	(5)	(126,306)	(103,519)
Net commission		(7,632)	(3,196)	(15,778)	4,459	(181)	(22,328)	(26,214)
Underwriting result		<u>18,101</u>	<u>8,285</u>	<u>(22,464)</u>	<u>5,446</u>	<u>(975)</u>	<u>8,393</u>	<u>22,732</u>
Investment income							185,627	542,582
Gain on disposal of fixed assets							964	848
Rental income							1,614	-
General and administration expenses	22						(28,293)	(70,477)
Impairment in value of available for sale investments	14.1.1						(213,216)	-
(Loss) / Profit before tax							<u>(44,911)</u>	<u>495,685</u>
Provision for taxation - net	23						7,476	(16,746)
(Loss) / Profit after tax							<u>(37,435)</u>	<u>478,939</u>
Profit and loss appropriation account								
Balance at commencement of year							626,693	749,250
(Loss) / Profit after tax for the year							(37,435)	478,939
Cash dividend for 2007 at 20% (2006: 20%)							(39,897)	(33,248)
Bonus shares for 2007 at 20% (2006: 20%)							(39,897)	(33,248)
Transfer to general reserve							(400,000)	(535,000)
Balance unappropriated profit at the end of the year							<u>109,464</u>	<u>626,693</u>
Earnings per share - basic and diluted (in Rupees)	24						<u>(0.78)</u>	<u>10.00</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Shams Rafi
Director

Fakhir Rahman
Chief Executive



Statement of Changes in Equity

For the year ended December 31, 2008

(Amounts in Rupees '000)

	Share capital	Reserves							Total reserves	Total equity
		Capital reserves			Revenue reserves					
		Issued, subscribed and paid-up	Reserve for exceptional losses	Devaluation reserve	Reserve for issue of bonus shares	General reserve	Reserve for bad and doubtful debts	Unappropriated profit		
Balance as at January 1, 2007	166,240	19,490	185	-	465,000	350	749,250	1,234,275	1,400,515	
Profit after tax for the year ended December 31, 2007	-	-	-	-	-	-	478,939	478,939	478,939	
Cash dividend for the year ended December 31, 2006 declared subsequent to the year end	-	-	-	-	-	-	(33,248)	(33,248)	(33,248)	
Bonus shares for the year ended December 31, 2006 declared subsequent to the year end	-	-	-	33,248	-	-	(33,248)	-	-	
Bonus shares issued	33,248	-	-	(33,248)	-	-	-	(33,248)	-	
Transferred to general reserve	-	-	-	-	535,000	-	(535,000)	-	-	
Balance as at December 31, 2007	199,488	19,490	185	-	1,000,000	350	626,693	1,646,718	1,846,206	
Loss after tax for the year ended December 31, 2008	-	-	-	-	-	-	(37,435)	(37,435)	(37,435)	
Cash dividend for the year ended December 31, 2007 declared subsequent to the year end	-	-	-	-	-	-	(39,897)	(39,897)	(39,897)	
Bonus shares for the year ended December 31, 2007 declared subsequent to the year end	-	-	-	39,897	-	-	(39,897)	-	-	
Bonus shares issued	39,897	-	-	(39,897)	-	-	-	(39,897)	-	
Transferred to general reserve	-	-	-	-	400,000	-	(400,000)	-	-	
Balance as at December 31, 2008	239,385	19,490	185	-	1,400,000	350	109,464	1,529,489	1,768,874	

The annexed notes from 1 to 32 form an integral part of these financial statements.

Zahid Bashir
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Chief Executive



Statement of Cash Flows

For the year ended December 31, 2008

(Amounts in Rupees '000)

	2008	2007
OPERATING CASH FLOWS		
a) Underwriting activities		
Premium received	489,321	573,102
Reinsurance premium paid	(324,116)	(272,173)
Claims paid	(458,758)	(298,811)
Reinsurance and other recoveries received	277,914	115,130
Commissions paid	(65,728)	(60,068)
Commissions received	57,323	56,466
Net cash (used in) / flow from underwriting activities	(24,044)	113,646
b) Other operating activities		
Income tax	(9,003)	(9,395)
General management expenses	(126,306)	(103,519)
Other operating payments	(14,348)	(15,095)
Advances, deposits and sundry receivables	1,123	1,224
Other liabilities and accruals	1,171	(10,939)
Net cash used in other operating activities	(147,363)	(137,724)
Total cash used in operating activities	(171,407)	(24,078)
INVESTMENT ACTIVITIES		
Investment income	82,750	62,450
Payments for investments	(2,070,204)	(6,005,245)
Proceeds from disposal of investments	2,896,160	6,001,894
Fixed capital expenditure	(50,723)	(31,467)
Proceeds from disposal of fixed assets	3,142	2,829
Rental income	1,672	-
Deposits maturing after 12 months	-	(8,743)
Total cash flow from investing activities	862,797	21,718
FINANCING ACTIVITIES		
Dividends paid	(39,791)	(32,108)
Payments against finance leases	(1,214)	(1,826)
Total cash used in financing activities	(41,005)	(33,934)
Total cash flow from / (used in) all activities	650,385	(36,294)
Cash at the beginning of the year	226,186	262,480
Cash at the end of the year	876,571	226,186

**(Amounts in Rupees '000)**

	2008	2007
Reconciliation to profit and loss account		
Operating cash flows	(171,407)	(24,078)
Depreciation expense	(7,077)	(10,964)
Investment income	185,627	542,582
Profit on disposal of fixed assets	964	848
Rental income	1,614	-
Impairment in value of available for sale investments	(213,216)	-
Increase in assets other than cash	2,668	81,561
Decrease / (Increase) in liabilities other than running finance	163,392	(111,010)
(Loss) / Profit after taxation	<u>(37,435)</u>	<u>478,939</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	65	71
Stamps in hand	229	308
	294	379

Current and other accounts

Current accounts	7,292	11,176
Savings accounts	42,838	209,261
Statutory deposit with State Bank of Pakistan	370	370
	50,500	220,807

Deposits maturing within 12 months	825,777	5,000
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Total cash and cash equivalents	<u>876,571</u>	<u>226,186</u>
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The annexed notes from 1 to 32 form an integral part of these financial statements.

Zahid Bashir
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PREMIER INSURANCE LIMITED

Statement of Premium

For the year ended December 31, 2008

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2008	2007
		Opening	Closing			Opening	Closing		Net premium revenue	Net premium revenue
Direct and Facultative										
1 Fire and property damage	282,041	119,312	143,788	257,565	182,827	96,079	96,308	182,598	74,967	87,377
2 Marine, aviation and transport	75,096	37,757	7,409	105,444	39,170	23,462	6,997	55,635	49,809	30,383
3 Motor	159,112	87,728	78,050	168,790	7,242	2,707	3,588	6,361	162,429	220,101
4 Miscellaneous	60,864	33,119	35,576	58,407	50,915	32,223	33,347	49,791	8,616	8,966
Total	<u>577,113</u>	<u>277,916</u>	<u>264,823</u>	<u>590,206</u>	<u>280,154</u>	<u>154,471</u>	<u>140,240</u>	<u>294,385</u>	<u>295,821</u>	<u>346,827</u>
Treaty										
5 Proportional	1	12	-	13	-	-	-	-	13	5
Grand Total	<u><u>577,114</u></u>	<u><u>277,928</u></u>	<u><u>264,823</u></u>	<u><u>590,219</u></u>	<u><u>280,154</u></u>	<u><u>154,471</u></u>	<u><u>140,240</u></u>	<u><u>294,385</u></u>	<u><u>295,834</u></u>	<u><u>346,832</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

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Chief Executive



Statement of Claims

For the year ended December 31, 2008

(Amounts in Rupees '000)

Business underwritten inside Pakistan

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	2008	2007
		Opening	Closing			Opening	Closing		Net claims expense	Net claims expense
Direct and Facultative										
1 Fire and property damage	247,004	257,609	143,655	133,050	206,974	204,934	113,783	115,823	17,227	32,046
2 Marine, aviation and transport	47,796	62,762	84,593	69,627	33,596	45,457	64,426	52,565	17,062	14,617
3 Motor	126,307	63,180	40,886	104,013	4,075	665	838	4,248	99,765	141,203
4 Miscellaneous	36,849	47,857	52,364	41,356	33,269	35,442	39,578	37,405	3,951	4,967
Total	<u>457,956</u>	<u>431,408</u>	<u>321,498</u>	<u>348,046</u>	<u>277,914</u>	<u>286,498</u>	<u>218,625</u>	<u>210,041</u>	<u>138,005</u>	<u>192,833</u>
Treaty										
5 Proportional	802	5,057	5,057	802	-	-	-	-	802	1,534
Grand Total	<u><u>458,758</u></u>	<u><u>436,465</u></u>	<u><u>326,555</u></u>	<u><u>348,848</u></u>	<u><u>277,914</u></u>	<u><u>286,498</u></u>	<u><u>218,625</u></u>	<u><u>210,041</u></u>	<u><u>138,807</u></u>	<u><u>194,367</u></u>

The annexed notes from 1 to 32 form an integral part of these financial statements.

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PREMIER INSURANCE LIMITED

Statement of Expenses

For the year ended December 31, 2008

(Amounts in Rupees '000)

Business underwritten inside Pakistan

							2008	2007		
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									
	1	48,185	20,847	24,564	44,468	32,007	76,475	36,836	39,639	33,037
	2	12,566	6,178	1,240	17,504	21,266	38,770	14,308	24,462	10,477
	3	15,268	8,365	7,489	16,144	69,350	85,494	366	85,128	87,430
	4	5,936	3,090	3,470	5,556	3,678	9,234	10,015	(781)	(1,331)
	Total	<u>81,955</u>	<u>38,480</u>	<u>36,763</u>	<u>83,672</u>	<u>126,301</u>	<u>209,973</u>	<u>61,525</u>	<u>148,448</u>	<u>129,613</u>
Treaty	5	-	181	-	181	5	186	-	186	120
	Grand Total	<u>81,955</u>	<u>38,661</u>	<u>36,763</u>	<u>83,853</u>	<u>126,306</u>	<u>210,159</u>	<u>61,525</u>	<u>148,634</u>	<u>129,733</u>

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

The annexed notes from 1 to 32 form an integral part of these financial statements.

Zahid Bashir
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Director

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Director

Fakhir Rahman
Chief Executive



Statement of Investment Income

For the year ended December 31, 2008

(Amounts in Rupees '000)

	2008	2007
Income from non-trading investments		
Held to maturity		
Return on bank deposits	35,218	35,039
Return on term finance certificates	-	112
	35,218	35,151
Available for sale		
Dividend income	65,238	23,866
Gain on sale of investments	85,352	483,827
	150,590	507,693
Investment management expenses	(181)	(262)
Investment income	185,627	542,582

The annexed notes from 1 to 32 form an integral part of these financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Shams Rafi
Director

Fakhir Rahman
Chief Executive



Notes to the Financial Statements

for the Year ended December 31, 2008

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. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 vide S.R.O. 938 dated December 12, 2002.

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) as are notified under Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Securities and Exchange Commission (Insurance) Rules, 2002 (the Rules), along with the directives of the Securities and Exchange Commission of Pakistan (SECP). In case requirements differ, the provisions and directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the Rules shall prevail.

3.2 The SECP allowed the insurance companies to differ from the application of International Accounting Standard - 39 (IAS 39) Financial Instruments: Recognition and Measurement in respect of valuation subsequent to initial recognition of investments available for sale. Accordingly, the requirements of IAS 39, to the extent allowed by SECP, as aforesaid, have not been considered for the preparation of these financial statements.

The financial statements are prepared in Pak Rupees, which is the company's functional and presentation currency.

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

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2009:

IAS 1 (Revised) - Presentation of financial statements

IAS 19 (Amendment) - Employee benefits

IFRS 8 - Operating segments

IFRS 4 - Insurance contracts (notified by SECP vide SRO No.149-(1)/2009)

Adoption of the above standards and amendments may result in an impact on the financial statements of the company including the nature and extent of disclosures made.

3.3.1 The following standards, amendments and interpretations to published approved accounting standards, effective for annual accounting periods beginning on or after the dates specified below 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 enhanced disclosures in certain cases:



Notes to the Financial Statements

for the Year ended December 31, 2008

Amendments to IAS 32- Financial instruments: Presentation and IAS 1 - Presentation of financial statements	January 1, 2009
IAS 23 (Amendment) - Borrowing costs	January 1, 2009
IAS 27 (Amendment) - Consolidated and separate financial statements	January 1, 2009
IAS 36 (Amendment) - Impairment of assets	January 1, 2009
IAS 38 (Amendment) - Intangible assets	January 1, 2009
IAS 27 (Revised) - Consolidated and separate financial statements	July 1, 2009

There are other new standards, amendments and interpretations to published approved accounting standards that are mandatory for accounting periods beginning on or after January 1, 2009 but are not detailed in these financial statements as these will not involve any impact on the company's future financial statements.

4 BASIS OF MEASUREMENT

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

These financials have been prepared following accrual basis of accounting except for cash flow information.

4.2 Use of critical accounting estimates and judgments

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

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

- a. Useful life of depreciable / amortizable assets (Note 20)
- b. Impairment of assets (Note 14 and 20)
- c. Provision for outstanding claims including claims incurred but not reported (IBNR)
- d. Provision for premium deficiency reserves
- e. Reinsurance recoveries against outstanding claims
- f. Provision against premium due but unpaid (Note 16)
- g. Staff retirement benefits (Note 8)
- h. Provision for income taxes (Note 22)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Premium

Premium revenue is recognized after taking into account the unearned portion of premium written during the year. The unearned portion of premium income is recognized as a liability.

Reinsurance premium is recognized as expense after taking into account that portion of premium ceded during the year which has been deferred and is recognized as a prepayment.



Notes to the Financial Statements

for the Year ended December 31, 2008

The company has adopted 1/24th method to account for the liability for unearned premium and the prepaid reinsurance premium ceded.

5.2 Claims

A liability for outstanding claims is recognized in respect of all claims incurred as at the balance sheet date which represents the estimates of the claims intimated or assessed till the end of the accounting year and measured at the undiscounted value of expected future payments.

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

Provision for IBNR is the management's estimate of the cost of settling claims incurred but not reported at the balance sheet date.

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

5.3 Commissions

Commission expense incurred in obtaining and recording policies is deferred and recognized as an asset in correlation with unearned premium revenue that will be recognized in the subsequent reporting periods.

Commission and other forms of revenue (apart from recoveries) from reinsurers are recognized as unearned income and brought to profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium to which they relate.

5.4 Premium deficiency reserve

The Securities and Exchange Commission (Insurance) Rules, 2002 require a premium deficiency reserve to be maintained, if required.

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

5.5 Staff retirement benefits

Defined benefits plan

The company operates an unfunded gratuity scheme covering all eligible employees. Provision is made on the basis of actuarial valuation carried out as at December 31, 2008 in accordance with IAS-19, Employee Benefits.

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

Actuarial gains and losses are recognized as income or expense when the cumulative unrecognized actuarial gains or losses at the end of the previous reporting period exceed ten percent of the higher of defined benefit obligation and fair value of the plan assets at that date. These gains or losses are recognized over the expected remaining working lives of the employees participating in the plans.



Notes to the Financial Statements

for the Year ended December 31, 2008

Defined contribution plan

The company contributes to a recognized provident fund scheme which covers all eligible employees. Equal contributions are made to the fund by the company and the eligible employees under the scheme.

5.6 Taxation

Current

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

Deferred

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

5.7 Investments

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

5.7.1 At fair value through profit or loss

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

5.7.2 Held to maturity

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



Notes to the Financial Statements

for the Year ended December 31, 2008

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

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

5.7.3 Available for sale

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

All quoted investments except 'at fair value through profit or loss' are initially recognized at cost inclusive of transaction costs. Investments at fair value through profit or loss are initially recognized at cost.

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

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

Under the requirements of IAS 39, Financial Instruments: Recognition and Measurement, the investments of the company would have been lower by Rs 187.9 million (2007: Rs 37.5 million) and the corresponding amount would have been reflected in revaluation reserve by the same amount.

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

Impairment of investments is recognized in profit and loss account when there is a permanent diminution in their value.

Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Derecognition

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

5.8 Investment property

Investment properties are accounted for under the cost model in accordance with International Standards (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.



Notes to the Financial Statements

for the Year ended December 31, 2008

- Leasehold land is stated at cost.
- Building on leasehold land is depreciated to its estimated salvage value over its useful life at the rate of 5%.

Depreciation is charged to income applying the reducing balance method from the date of purchase till its disposal. Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as are done in case of tangible fixed assets.

5.9 Fixed assets

These are stated at cost less accumulated depreciation / amortization and impairment, if any. Depreciation / amortization is charged to income applying the reducing balance method from the date of purchase till its disposal.

Normal repairs and maintenance are charged to income as and when incurred whereas major renewals and replacements are capitalized.

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

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

Capital work in progress

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

Impairment

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

5.10 Revenue recognition

Underwriting result

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

Dividend income

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

Gain / loss on disposal of investments

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



Notes to the Financial Statements

for the Year ended December 31, 2008

Return on bank accounts and term finances

Return on bank accounts, Term Finance Certificates and government securities are accounted for on accrual basis.

Income from investment properties

Rental income from investment properties is recognized on time proportion basis.

5.11 Proposed dividend

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

5.12 Expenses of management

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

5.13 Provisions

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 will be required to settle the obligation, and a reliable estimate of the amount can be made.

5.14 Transactions with related parties and transfer pricing

The majority of the transactions with associated undertakings / related parties represent insurance transactions. These transactions are on arm's length basis using "comparable uncontrolled price method".

5.15 Foreign currency translation

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

5.16 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, stamps in hand, current and saving accounts and short term deposits.

5.17 Segment reporting

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

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

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

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

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



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

5.18 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 except in case of financial assets and liabilities classified as at fair value through profit and loss which are stated at cost. These financial assets and liabilities are subsequently measured at fair value or cost, as the case may be. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the profit and loss account.

5.19 Offsetting of financial assets and financial liabilities

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

5.20 Zakat

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

5.21 Capital management

The company's objective is to maintain a strong capital base to support sustained development of its businesses so as to provide reasonable rewards and protection to all its stakeholders, without compromising its ability to continue as a going concern.

The company is financed by internal sources and exceeds the minimum capital regulatory requirements.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2008	2007		2008	2007
Number of shares				
400,000	400,000	Ordinary shares of Rs. 5 each fully paid in cash	2,000	2,000
		Ordinary shares of Rs. 5 each issued as fully paid bonus shares		
39,497,411	32,847,843	As at January, 01	197,488	164,240
7,979,482	6,649,568	Issued during the year	39,897	33,248
47,476,893	39,497,411		237,385	197,488
47,876,893	39,897,411		239,385	199,488

Associates held 5,984,586 (2007: 4,272,992) shares of the company.



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

	Note	2008	2007
7. RESERVES			
Capital reserves			
Reserve for exceptional losses	7.1	19,490	19,490
Devaluation reserve	7.2	185	185
		19,675	19,675
Revenue reserves			
General reserve	7.3	1,400,000	1,000,000
Reserves for bad and doubtful debts		350	350
		1,400,350	1,000,350
		1,420,025	1,020,025
7.1 Reserve for exceptional losses			
This was created at 10% of premium income net of reinsurance till the year 1978 in terms of the repealed Income Tax Act, 1922.			
7.2 Devaluation reserve			
Consequent upon the devaluation of the Pakistani Rupee in 1972, security deposit with the Government of Lebanon and balances with overseas banks were converted at the new rates of exchange. This resulted in an increase in value which was transferred to capital reserve in the year 1973.			
7.3 General reserve			
Balance at the beginning of the year		1,000,000	465,000
Transfer from profit and loss account		400,000	535,000
Balance at the end of the year		1,400,000	1,000,000
8. STAFF RETIREMENT BENEFITS			
Gratuity	8.1	7,383	5,481
Employees compensated absences	8.3	9,711	5,928
		17,094	11,409
8.1 Movement in the net liability recognized in the balance sheet			
Opening net liability		5,481	5,136
Expense for the year	8.2	2,542	933
		8,023	6,069
Payments during the year		(640)	(588)
Closing net liability		7,383	5,481
8.2 Expense recognized in the profit and loss account			
Current service cost		1,124	702
Interest cost		1,032	280
Net actuarial loss / (gain) recognized in the year		386	(49)
		2,542	933



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

8.3 Movement in the net liability recognized in the balance sheet	Note	2008	2007
Opening net liability		5,928	4,200
Expense for the year	8.4	4,995	2,638
		10,923	6,838
Payment during the year		(1,212)	(910)
Closing net liability		9,711	5,928

8.4 Expense recognized in the profit and loss account

Current service cost	3,102	1,358
Interest cost	578	420
Net actuarial loss recognized in the year	1,315	860
	4,995	2,638

Principal actuarial assumptions

Following are a few important actuarial assumptions used in the benefits' valuation

Discount rate	15%	10%
Expected rate of increase in salary	14%	9%
Average expected remaining working life of employees	10 years	10 years

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Minimum lease payments		
Up to one year	602	1,310
More than one year but less than five years	-	602
	602	1,912
Less: Financial charges not yet due		
Up to one year	7	96
More than one year but less than five years	-	7
	7	103
Present value of minimum lease payments	595	1,809
Payable within one year	(595)	(1,075)
Payable after one year but less than five years	-	734

This represents finances obtained under lease arrangement for vehicles. The total minimum lease payments are payable in monthly installments over a period of 60 months. The internal rate of return of 7.42% to 8.55% (2007: 7.42% to 8.55%) per annum is used as discounting factor. Taxes, repairs and insurance costs are to be borne by lessee. The lessee can exercise purchase option at the end of the lease term by adjusting the deposit amount. These are secured against promissory notes.

10. OTHER CREDITORS AND ACCRUALS

Commissions payable	114,261	98,034
Federal excise duty	4,129	1,912
Federal insurance fee	435	295
Tax deducted at source	26	132
Advance recoveries	451	530
Others	16,016	17,016
	135,318	117,919



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

	Note	2008	2007
11. CONTINGENCIES AND COMMITMENTS			
A departmental order has been received for payment of income tax amounting to Rs 37.7 million for the tax year 2005, against which a writ was filed in the Honorable High Court of Sindh. A restraint order has been passed by the Honorable High Court. The management does not consider any additional provisioning to be required in this regard.			
Commitments for capital expenditure.		<u>30,688</u>	<u>32,000</u>
12. CASH AND BANK DEPOSITS			
Cash and other equivalents			
Cash		65	71
Stamps in hand		<u>229</u>	<u>308</u>
		<u>294</u>	<u>379</u>
Current and other accounts			
Current accounts		7,292	11,176
Savings accounts		42,838	209,261
Statutory deposit with State Bank of Pakistan		<u>370</u>	<u>370</u>
		<u>50,500</u>	<u>220,807</u>
Deposits maturing within 12 months		825,777	5,000
Deposits maturing after 12 months		8,743	8,743
		<u>885,314</u>	<u>234,929</u>
13. LOANS TO EMPLOYEES			
Secured - considered good			
Employees - temporary advances		-	2
- housing loan	13.1	<u>3,118</u>	<u>3,824</u>
		<u>3,118</u>	<u>3,826</u>
13.1	The loan has been granted in accordance with the terms of employment and Security and Exchange Commission (Insurance) Rules, 2002 for the purchase of house. The loan is recoverable in monthly installments and carries mark-up at the rate of 6% (2007: 6%) per annum. The loan is secured against the respective property documents.		
14. INVESTMENTS			
Available for sale			
Quoted shares (market value: Rs 276,195 [2007: Rs 677,100])	14.1	463,514	716,169
Unquoted shares	14.2	119,628	4,645
Mutual funds - quoted (market value: Rs 23,467 [2007: Rs 841,614])	14.3	<u>24,019</u>	<u>840,010</u>
		<u>607,161</u>	<u>1,560,824</u>



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

Number of shares / certificates / units		Name of entity		
2008	2007		2008	2007
14.1 Quoted				
Associated Undertakings				
333	333	Crescent Jute Products Limited	1	1
30,140	17,400	Crescent Steel & Allied Products Limited	1,269	1,655
200,000	200,000	Crescent Sugar Mills & Distellary Limited	2,478	2,560
264,000	264,000	Crescent Textile Mills Limited	16,347	16,347
334,000	972,000	First Equity Modaraba	840	4,326
292	292	Jubilee Spinning & Weaving Mills Limited	1	1
53,125	53,125	Shakarganj Mills Limited (8.5% commulative preference shares redeemable after 5 years of issue, convertible after every financial year of investee)	531	531
400,000	400,000	Shams Textile Mills Limited	13,172	14,933
605,000	605,000	Suraj Cotton Mills Limited	27,828	27,828
Others				
10,000	-	Abbot Laboratories (Pakistan) Limited	1,492	-
9,000	-	Adamjee Insurance Company Limited	1,850	-
26,000	26,000	Al-Ghazi Tractors Limited	7,325	7,325
759,500	759,500	Al-Meezan Mutual Fund	5,795	10,254
-	5,000	Arif Habib Securities Limited	-	840
33,750	-	Askari Bank Limited	1,277	-
83,280	21,400	Attock Petroleum Limited	23,703	12,932
46,680	70,000	Attock Refinery Limited	5,952	19,128
50,000	50,000	Bahawalpur Textile Mills Limited	150	500
50,000	-	Bank Alfalah Limited	1,684	-
-	25,000	BankIslami Pakistan Limited	-	436
100	100	Bawany Sugar Mills Limited	1	1
15,000	10,000	BOC Pakistan Limited	2,939	2,584
17,980	73,539	Central Insurance Company Limited	2,211	15,294
10,000	25,000	D.G.Khan Cement Company Limited	572	2,595
-	50	Dadabhoy Cement Industries Limited	-	1
82,529	100,023	Dawood Hercules Chemicals Limited	26,030	41,856
-	45,907	The Bank of Punjab	-	4,720
5,000	-	E.F.U.Life Assurance Limited	2,647	-
154,376	100,797	Engro Chemical Pakistan Limited	29,356	27,784
50,000	50,000	Fauji Cement Company Limited	566	1,103
-	43,500	Fauji Cement Company Limited (Rights)	-	-
300,500	215,500	Fauji Fertilizer Bin Qasim Limited	7,683	9,753



PREMIER INSURANCE LIMITED

Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

Number of shares / certificates / units		Name of entity	2008	2007
2008	2007		2008	2007
204,264	54,764	Fauji Fertilizer Company Limited	20,468	6,451
372	372	First Investec Modaraba	1	1
206,157	206,157	Glaxo SmithKline Pakistan Limited	28,293	42,125
19,800	14,500	Hinopak Motors Limited	11,760	8,686
82,500	84,100	ICI Pakistan Limited	10,357	17,134
10,360	13,400	Indus Motor Company Limited	2,413	4,974
5,500	-	J.O.V. & Company Limited	268	-
3,437	-	Jahangir Siddiqui & Company Limited	410	-
198,800	-	Kot Addu Power Company Limited	9,321	-
4,400	4,400	KSB Pumps Company Limited	18	18
-	35,000	Lucky Cement Limited	-	4,475
35,000	35,000	Maple Leaf Cement Factory Limited	390	823
12,000	12,000	Maple Leaf Cement Factory Limited (Preference Shares)	120	120
30,000	-	MCB Bank Limited	7,452	-
241	241	Mirza Sugar Mills Limited	1	1
68,092	141,902	National Bank of Pakistan	8,011	35,534
135,400	103,400	National Refinery Limited	27,670	39,274
64,800	45,000	Netsol Technologies Limited	3,730	6,976
6,240	4,000	New Jubilee Life Insurance Company Limited	83	83
-	122,100	NIB Bank Limited	-	2,737
-	33,450	Nishat (Chunian) Limited	-	2,410
-	65,000	Nishat Mills Limited	-	8,475
152,952	57,952	Oil & Gas Development Company Limited	13,512	7,273
-	2	P.N.S.C.	-	-
80,932	109,387	Packages Limited	14,986	42,371
500,000	500,000	Pak Oman Advantage Fund	5,000	5,000
35,000	25,000	Pak Telecommunication Company Limited	1,170	1,480
75,000	75,000	Lafarge Pakistan Cement Limited (Formerly Pakistan Cement)	580	1,134
67,047	473	Pakistan Oilfields Limited	12,793	168
81,405	149,005	Pakistan Petroleum Limited	14,055	38,282
-	77	Pakistan Refinery Limited	-	20
402,799	266,120	Pakistan Reinsurance Company Limited	19,043	116,260
98,200	75,900	Pakistan State Oil Company Limited	29,521	31,873
226,340	226,340	PICIC Energy Fund	1,197	2,263
433,779	433,779	PICIC Growth Fund	7,438	16,711
743	425	PICIC Insurance Limited	10	7
88,717	88,717	PICIC Investment Fund	677	1,655
100	100	Sakrand Sugar Mills Limited	-	1
86,000	100,000	SAMBA Bank Limited	943	2,007
-	25,000	Saudi Pak Commercial Bank Limited	-	654
10,611	8,843	Security Papers Limited	636	636



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

Number of shares / certificates / units		Name of entity	2008	2007
2008	2007		2008	2007
9,500	9,500	Service Textile Limited	18	32
69,186	54,630	Shabbir Tiles & Ceramics Limited (Face value Rs 5 per share)	2,200	2,138
9,210	9,210	Shaheen Cotton Mills Limited	64	91
30,651	21	Shell Pakistan Limited	11,720	8
-	30,000	Sitara Peroxide Limited	-	1,764
162,500	207,500	The Hub Power Company Limited	3,859	6,635
11,000	11,000	Sitara Chemical Industries Limited	3,429	3,679
50,000	-	Sui Northern Gas Pipelines Limited	2,103	-
-	250,000	Sui Southern Gas Company Limited	-	7,856
300	300	Taj Textile Mills Limited	1	1
200,000	200,000	TRG Pakistan Limited	1,280	3,081
36,257	94,906	United Bank Limited	2,813	17,503
168	168	Yousuf Weaving Mills Limited	-	1
			<u>463,514</u>	<u>716,169</u>

14.1.1 The quoted market values, as at December 31, 2008, of certain equity securities classified as 'available for sale' were significantly below their cost. The fall in market values has been treated as 'other than temporary' and has been recognized as impairment in the profit and loss account as per SECP circular 3 dated February 16, 2009.

14.2 Unquoted

Associated Undertakings

400,000	400,000	Crescent Powertec Limited Break-up value 2008: Rs 162.93 (2007: Rs 194.86 as restated) per audited financial statements for the year ended June 30, 2008 Equity held : 8% Chief Executive : Mr Ahsan Bashir	4,000	4,000
			<u>4,000</u>	<u>4,000</u>

Others

517	517	Burma Soap & Oil Industries Limited	5	5
101,572	101,572	Central Cotton Mills Limited	214	214
113	113	H.M. Silk Mills Limited	1	1
6,745	6,745	Investment Corporation of Pakistan	425	425
9,407,275	-	Novelty Enterprises(Pvt) Limited	114,983	-
			<u>119,628</u>	<u>4,645</u>



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

	Number of shares / certificates / units		Name of entity	2008	2007
	2008	2007			
14.3 Mutual funds (unit trusts)					
	246	1,423,690	Askari Income Fund	25	150,000
	-	476,628	Dawood Money Market Fund	-	50,000
	-	239,693	First Habib Income Fund	-	25,000
	248	957,854	HBL Income Fund	25	100,000
	242	191,498	IGI Income Fund	25	20,000
	-	237,147	JS Income Fund (Formerly UTP- Income Fund)	-	25,000
	249	956,676	MCB Dynamic Cash Fund	25	100,000
	2,481	13,358,524	NAFA Cash Fund	25	140,000
	1,155	1,123	Pakistan Capital Market Fund	10	10
	482,699	573,614	Pakistan Income Fund	23,834	30,000
	249	956,173	United Growth & Income Fund	25	100,000
	242	956,761	United Money Market Fund	25	100,000
				24,019	840,010

14.3.1 Mutual funds include statutory deposit of Rs 24 million with the State Bank of Pakistan.

15. INVESTMENT PROPERTIES

	2008							
	Cost			Depreciation				
	As at Jan 1, 2008	Additions/ (disposals)/ adjustments	As at Dec 31, 2008	Accumulated as at Jan 1, 2008	Charge for the year/ (disposals)/ adjustments	Accumulated as at Dec 31, 2008	Written down value as at Dec 31, 2008	Depreciation rate on written down value % per annum
Land	24,475	-	24,475	-	-	-	24,475	-
Building	1,360	-	1,360	194	58	252	1,108	5
2008	25,835	-	25,835	194	58	252	25,583	
2007	-	-	-	-	-	-	-	-

The fair value of the investment properties as at December 31, 2008 as per valuation carried out by professional valuers on January 30, 2009 is Rs 63.9 million.



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

	2008	2007
16. PREMIUM DUE BUT UNPAID - unsecured		
Considered good	152,469	128,949
Considered doubtful	200,000	200,000
	352,469	328,949
Provision for doubtful balances	200,000	200,000
	<u>152,469</u>	<u>128,949</u>
Reconciliation of provision for doubtful balances		
Opening balance	200,000	160,000
Provision during the year	-	40,000
Closing balance	<u>200,000</u>	<u>200,000</u>
17. ACCRUED INVESTMENT INCOME		
Return on bank deposits	19,674	1,728
Dividends receivable	713	1,134
	<u>20,387</u>	<u>2,862</u>
18. PREPAYMENTS		
Prepaid premium to insurers / reinsurers	140,240	154,471
Others	2,840	2,623
	<u>143,080</u>	<u>157,094</u>
19. SUNDRY RECEIVABLES		
Lease deposits	415	554
Other deposits	2,545	2,593
Other receivables	3,675	4,276
	<u>6,635</u>	<u>7,423</u>



Notes to the Financial Statements
for the Year ended December 31, 2008

(Amounts in Rupees '000)

20. FIXED ASSETS

	2008							
	Cost			Depreciation / Amortization				
	As at Jan 1, 2008	Additions/ (disposals)/ adjustments	As at Dec 31, 2008	Accumulated as at Jan 1, 2008	Charge for the year/ (disposals)/ adjustments	Accumulated as at Dec 31, 2008	Written down value as at Dec 31, 2008	Depreciation rate on written down value % per annum
Tangible								
Owned								
Land and buildings (Office premises)	180,626	(25,835)	154,791	11,167	(3,157)	8,010	146,781	5
Computer equipment	8,396	329	7,953	5,601	726	5,595	2,358	30
		(772)			(732)			
Office equipment	6,900	605	7,505	3,375	394	3,769	3,736	10
Furniture and fixtures	14,611	108	14,719	2,257	1,244	3,501	11,218	10
Motor Vehicles	56,391	8,235	59,087	27,072	6,842	30,515	28,572	20
		(5,539)			(3,399)			
	266,924	9,277	244,055	49,472	6,049	51,390	192,665	
		(32,146)			(4,131)			
Leased								
Motor Vehicles	5,540	-	4,150	2,630	446	2,365	1,785	20
		(1,390)			(711)			20
	5,540	-	4,150	2,630	446	2,365	1,785	
		(1,390)			(711)			
Intangible								
Computer software	2,600	344	2,944	918	582	1,500	1,444	30
2008	275,064	9,621	251,149	53,020	7,077	55,255	195,894	
		(33,536)			(4,842)			

	2007							
	Cost			Depreciation / Amortization				
	As at Jan 1, 2007	Additions/ (disposals)/ adjustments	As at Dec 31, 2007	Accumulated as at Jan 1, 2007	Charge for the year/ (disposals)/ adjustments	Accumulated as at Dec 31, 2007	Written down value as at Dec 31, 2007	Depreciation rate on written down value % per annum
Tangible								
Owned								
Land and buildings (Office premises)	179,301	1,325	180,626	9,845	1,517	11,362	169,264	5
Computer equipment	7,798	598	8,396	4,581	1,020	5,601	2,795	30
Office equipment	5,537	1,363	6,900	3,114	262	3,376	3,524	10
Furniture and fixtures	11,070	3,541	14,611	1,238	1,020	2,258	12,353	10
Motor Vehicles	42,026	16,112	56,391	21,218	5,696	26,360	30,031	20
		2,159			1,371			
		(3,906)			(1,925)			
	245,732	25,098	266,924	39,996	10,886	48,957	217,967	
		(3,906)			(1,925)			
Leased								
Motor Vehicles	7,644	55	5,540	3,273	728	2,630	2,910	20
		(2,159)			(1,371)			20
	7,644	55	5,540	3,273	728	2,630	2,910	
		(2,159)			(1,371)			
Intangible								
Computer software	2,600	-	2,600	197	721	918	1,682	30
2007	255,976	22,994	275,064	43,466	10,964	52,505	222,559	
		(3,906)			(1,925)			



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

20.1 Disposal of fixed assets

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss)	Mode of disposal	Sold to	
Toyota Corolla	FDU-8827	599	540	59	200	141	Negotiation	A.D. Wasim
Toyota Corolla	AHD-404	613	64	549	703	154	Negotiation	M.Hassan Babo
Diahsatsu Coure-Cx	ACT-966	419	355	64	220	156	Negotiation	Zaman Abbas
Suzuki Mehran	AGH-716	347	202	145	235	90	Negotiation	Zaman Abbas
Honda M/Cycle - 70	KCT-2227	64	47	16	40	24	Theft	Insurance claim
Honda M/Cycle - 70	KAV-2457	75	60	15	75	60	Negotiation	Rafullah
Honda M/Cycle - 70	MINZ-421	78	62	15	78	63	Negotiation	Abdul Majeed
Computer & Accessories		772	732	40	43	3	Negotiation	Arif Gill
Toyota Corolla	AGB-582	1,189	752	437	600	163	Negotiation	Fazal Mehmood
Mitsubishi Lancer	LZK-9833	1,119	636	483	500	17	Negotiation	Fazal Mehmood
Suzuki Baleno	AFF-681	783	438	345	360	15	Negotiation	Maz Salim
Suzuki Swift	W-8046	234	224	10	75	65	Negotiation	Anwar Ejaz Siddiqui
Honda M/Cycle - 70	KAK-2783	19	19	-	13	13	Negotiation	Ghulam Mohammad
2008		6,311	4,131	2,178	3,142	964		
2007		3,906	1,925	1,981	2,829	848		

21. CAPITAL WORK IN PROGRESS

This represents the acquisition cost of building and renovation expenses thereon.

22. MANAGEMENT EXPENSES

	Note	2008	2007
Underwriting expenses			
Salaries, wages and benefits		74,235	65,219
Rent, taxes etc.		5,318	3,596
Communication		4,172	4,559
Printing and stationery		2,995	2,758
Travelling and entertainment		4,442	4,940
Repairs and maintenance		3,382	2,791
Legal and professional		2,699	2,965
Advertisement		571	1,393
Lease finance charges		98	228
Others		28,394	15,070
		126,306	103,519
General and administration expenses			
Depreciation and amortization	20	7,077	10,964
Bonus, retirement & other benefits		16,037	12,568
Provision for doubtful receivables		-	40,000
Others		5,179	6,945
		28,293	70,477
Total		154,599	173,996

22.1 DONATIONS

Charitable donations paid during the year amounted to Rs 3.3 million (2007: Rs 4.9 million) and did not include any donee in which any director or his spouse had any interest except for Rs 2.5 million to the Patient Aid Foundation. Mr Zahid Bashir, Chairman of the Board, is also the Chairman of the Board of Governors of the donee.



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

	2008	2007
23. TAXATION		
Current	6,524	16,746
Prior year	<u>(14,000)</u>	<u>-</u>
	<u>(7,476)</u>	<u>16,746</u>
There are no significant timing differences at the balance sheet date.		
23.1 Tax charge reconciliation	%	%
Applicable tax rate	35.00	35.00
Effect of amounts that may not be allowable, net of exemptions / rebates	<u>(85.84)</u>	<u>(30.42)</u>
Effect of amounts taxed at a different rate	<u>36.32</u>	<u>(1.20)</u>
	<u>(49.52)</u>	<u>(31.62)</u>
Effect of prior year adjustment	<u>31.17</u>	<u>-</u>
Effective tax rate	<u>16.65</u>	<u>3.38</u>
24. EARNINGS PER SHARE		
(Loss) / Profit after tax for the year	<u>(37,435)</u>	<u>478,939</u>
Weighted average number of shares	<u>47,876,893</u>	<u>47,876,893</u>
Basic earnings per share of Rs 5 each - Rupees	<u>(0.78)</u>	<u>10.00</u>

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

Earnings per share for the corresponding period have been adjusted for the effect of subsequent issue of bonus shares during 2008.

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Managerial remuneration	8,651	5,599	5,793	4,920	9,888	7,343	24,332	17,862
Retirement benefits	1,772	536	-	-	759	549	2,531	1,085
Housing and utilities	1,822	1,562	869	738	5,957	3,055	8,648	5,355
Bonus	-	-	-	-	3,035	2,060	3,035	2,060
Meeting fees	-	-	235	175	-	-	235	175
Others	330	295	2,180	2,566	-	-	2,510	2,861
	<u>12,575</u>	<u>7,992</u>	<u>9,077</u>	<u>8,399</u>	<u>19,639</u>	<u>13,007</u>	<u>41,291</u>	<u>29,398</u>
Number of persons	1	1	7	7	17	7		

The chief executive, a director and executives have the free use of company cars and residential telephones for business purposes. Except for one director, all other directors are only paid meeting fees. A revision of the terms of employment of the chief executive, due in 2007, was approved and given effect in 2008 with a charge of Rs 2,088 to the profit and loss account in respect of managerial remuneration, housing and utilities and Rs 2,495 in respect of cumulative retirement benefit upto December 2007.



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

26. FINANCIAL INSTRUMENTS

26.1 YIELD / MARK UP RATE RISK

Yield / mark up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark up rates. Sensitivity to yield / mark up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The company is exposed to yield/ mark up rate risk in respect of the following:

	2008							Total
	Effective yield/mark-up rate %	Exposed to yield/mark-up risk			Not exposed to yield/mark-up rate risk			
		Maturity within one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
Financial assets								
Cash and bank deposits	5 - 17.75	868,615	8,743	877,358	7,956	-	7,956	885,314
Loans to employees	6.00	-	3,118	3,118	-	-	-	3,118
Investments	....	24,019	-	24,019	583,142	-	583,142	607,161
Premium due but unpaid	....	-	-	-	152,469	-	152,469	152,469
Amount due from other insurers / reinsurers	....	-	-	-	355,372	-	355,372	355,372
Accrued investment income	....	-	-	-	20,387	-	20,387	20,387
Reinsurance recoveries	....	-	-	-	218,625	-	218,625	218,625
Sundry receivables	....	-	6,635	6,635	-	-	-	6,635
		<u>892,634</u>	<u>18,496</u>	<u>911,130</u>	<u>1,337,951</u>	<u>-</u>	<u>1,337,951</u>	<u>2,249,081</u>
Financial liabilities								
Provision for outstanding claims	....	-	-	-	326,555	-	326,555	326,555
Liabilities against assets subject to finance lease	7.42 - 8.55	595	-	595	-	-	-	595
Amount due to other insurers / reinsurers	....	-	-	-	55,510	-	55,510	55,510
Accrued expenses	....	-	-	-	11,528	-	11,528	11,528
Other creditors and accruals	....	-	-	-	135,318	-	135,318	135,318
Dividend payable	....	-	-	-	5,230	-	5,230	5,230
		<u>595</u>	<u>-</u>	<u>595</u>	<u>534,141</u>	<u>-</u>	<u>534,141</u>	<u>534,736</u>
Total yield / mark-up rate risk sensitivity gap 2008		<u>892,039</u>	<u>18,496</u>	<u>910,535</u>	<u>803,810</u>	<u>-</u>	<u>803,810</u>	<u>1,714,345</u>
2007								
	Effective yield/mark-up rate %	Exposed to yield/mark-up risk			Not exposed to yield/mark-up rate risk			Total
		Maturity within one year	Maturity after one year	Sub total	Maturity within one year	Maturity after one year	Sub total	
Financial assets								
Cash and bank deposits	1.25 - 12.00	214,261	8,743	223,004	11,555	370	11,925	234,929
Loans to employees	6.00	706	3,118	3,824	2	-	2	3,826
Investments	....	840,010	-	840,010	720,814	-	720,814	1,560,824
Premium due but unpaid	....	-	-	-	128,949	-	128,949	128,949
Amount due from other insurers / reinsurers	....	-	-	-	291,099	-	291,099	291,099
Accrued investment income	....	-	-	-	2,862	-	2,862	2,862
Reinsurance recoveries	....	-	-	-	286,498	-	286,498	286,498
Sundry receivables	....	-	-	4,276	3,147	7,423	7,423	
		<u>1,054,977</u>	<u>11,861</u>	<u>1,066,838</u>	<u>1,446,055</u>	<u>3,517</u>	<u>1,449,572</u>	<u>2,516,410</u>
Financial liabilities								
Provision for outstanding claims	....	-	-	-	436,465	-	436,465	436,465
Liabilities against assets subject to finance lease	7.42 - 8.55	1,075	734	1,809	-	-	-	1,809
Amount due to other insurers / reinsurers	....	-	-	-	99,472	-	99,472	99,472
Accrued expenses	....	-	-	-	10,345	-	10,345	10,345
Other creditors and accruals	....	-	-	-	117,919	-	117,919	117,919
Dividend payable	....	-	-	-	5,124	-	5,124	5,124
		<u>1,075</u>	<u>734</u>	<u>1,809</u>	<u>669,325</u>	<u>-</u>	<u>669,325</u>	<u>671,134</u>
Total yield / mark-up rate risk sensitivity gap 2007		<u>1,053,902</u>	<u>11,127</u>	<u>1,065,029</u>	<u>776,730</u>	<u>3,517</u>	<u>780,247</u>	<u>1,845,276</u>



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

26.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Out of total financial assets of Rs 2,249,081 (2007: Rs 2,516,410), the financial assets which are subject to credit risk amounted to Rs 733,101 (2007: Rs 713,969). The company attempts to control credit risk by monitoring credit exposure, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

26.3 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer or factors affecting all securities traded in the market.

The company's investments are exposed to market risk. Market risk is limited by diversification of the portfolio and active monitoring of capital markets.

26.4 Reinsurance risk

Reinsurance ceded does not relieve the company of its obligation to policy holders and as a result the company remains liable for the portion of outstanding claims reinsured to the extent that a reinsurer fails to meet obligations under the reinsurance agreements. In common with other insurance companies, in order to minimize the financial exposure arising from large claims, the company, in the normal course of business, enters into agreements with other parties for reinsurance purposes. To minimize reinsurance risk, reinsurance arrangements are diversified and with reputable parties.

26.5 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in arms length transaction. Consequently, difference may arise between the carrying values and the fair values estimates.

The carrying value of the financial instruments reported in the financial statements approximate their fair value except that investments have a lower market value as stated in note 14.

26.6 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its funding requirements. To guard against this risk, the company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure that adequate liquidity is maintained.



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

	2008	2007
27. AUDITORS' REMUNERATION		
Audit fee	200	125
Fee for review of financial statements	45	30
Certification fee	75	65
Out of pocket expenses	35	19
	<u>355</u>	<u>239</u>

28. 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, other than remuneration to the chief executive, directors and executives under the terms of employment and employee retirement benefits disclosed in notes 8 and 25 are as follows:

	Relationship		
Premium written	Associated undertaking	<u>66,781</u>	<u>52,210</u>
Claims paid	Associated undertaking	<u>56,872</u>	<u>17,101</u>
Commission paid	Associated undertaking	<u>10,624</u>	<u>5,700</u>
Dividend received	Associated undertaking	<u>1,752</u>	<u>4,214</u>
Dividend paid	Associated undertaking	<u>4,206</u>	<u>3,209</u>
Claims outstanding	Associated undertaking	<u>1,328</u>	<u>22,803</u>
Premium receivable	Associated undertaking	<u>98,053</u>	<u>103,774</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.



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

29. SEGMENT REPORTING

The following presents segment revenue and profit information for the years ended December 31, 2008 and December 31, 2007 and estimated information regarding certain assets and liabilities as at December 31, 2008 and December 31, 2007.

	Fire		Marine		Motor		Miscellaneous		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue										
Premium earned	<u>257,565</u>	<u>246,298</u>	<u>105,444</u>	<u>68,665</u>	<u>168,790</u>	<u>222,232</u>	<u>58,420</u>	<u>64,685</u>	<u>590,219</u>	<u>601,880</u>
Segment results	<u>18,101</u>	<u>22,294</u>	<u>8,285</u>	<u>5,289</u>	<u>(22,464)</u>	<u>(8,532)</u>	<u>4,471</u>	<u>3,681</u>	<u>8,393</u>	<u>22,732</u>
Investment income									<u>185,627</u>	<u>542,582</u>
Other income									<u>964</u>	<u>848</u>
Rental income									<u>1,614</u>	<u>-</u>
General and administration expenses									<u>(28,293)</u>	<u>(70,477)</u>
Impairment in value of available for sale investments									<u>(213,216)</u>	<u>-</u>
									<u>(53,304)</u>	<u>472,953</u>
(Loss) / Profit before tax									<u>(44,911)</u>	<u>495,685</u>
Provision for taxation - net									<u>7,476</u>	<u>(16,746)</u>
(Loss) / Profit after tax									<u>(37,435)</u>	<u>478,939</u>
Other information										
Segment assets	<u>458,278</u>	<u>477,433</u>	<u>137,505</u>	<u>119,325</u>	<u>144,439</u>	<u>146,188</u>	<u>126,484</u>	<u>118,071</u>	<u>866,706</u>	<u>861,017</u>
Unallocated corporate assets									<u>1,834,660</u>	<u>2,082,180</u>
Consolidated total assets									<u>2,701,366</u>	<u>2,943,197</u>
Segment liabilities	<u>318,313</u>	<u>422,444</u>	<u>99,969</u>	<u>113,203</u>	<u>134,587</u>	<u>185,078</u>	<u>94,018</u>	<u>93,140</u>	<u>646,887</u>	<u>813,865</u>
Unallocated corporate liabilities									<u>285,605</u>	<u>283,126</u>
Consolidated total liabilities									<u>932,492</u>	<u>1,096,991</u>
Capital expenditure	<u>24,789</u>	<u>13,216</u>	<u>6,600</u>	<u>3,776</u>	<u>13,984</u>	<u>10,699</u>	<u>5,350</u>	<u>3,776</u>	<u>50,723</u>	<u>31,467</u>
Depreciation / Amortization	<u>3,459</u>	<u>4,605</u>	<u>921</u>	<u>1,316</u>	<u>1,951</u>	<u>3,727</u>	<u>746</u>	<u>1,316</u>	<u>7,077</u>	<u>10,964</u>



Notes to the Financial Statements

for the Year ended December 31, 2008

(Amounts in Rupees '000)

30. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on March 24, 2009 has proposed a cash dividend of 20% (2007: 20%). In addition, the directors have also announced a bonus issue of 10% (2007: 20%), which will be issued out of the unappropriated profit. These distributions will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2008 do not include the effect of the following appropriations which will be accounted for in the financial statements for the year ending December 31, 2009 as follows:

Transfer from unappropriated profit to proposed dividend	47,877
Transfer from unappropriated profit for issue of bonus shares	23,938

31. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 24, 2009 by the directors of the company.

32. GENERAL

All amounts have been rounded to the nearest thousand Rupees.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Shams Rafi
Director

Fakhir Rahman
Chief Executive



Pattern of Shareholding

as at December 31, 2008

Number of Shareholders	Shareholding		Total Shares Held
	From	To	
581	1	100	18,235
581	101	500	162,199
320	501	1000	238,121
571	1001	5000	1,360,790
169	5001	10000	1,226,788
88	10001	15000	1,073,992
37	15001	20000	643,589
35	20001	25000	780,001
20	25001	30000	556,410
22	30001	35000	726,125
12	35001	40000	444,495
4	40001	45000	165,888
18	45001	50000	866,036
6	50001	55000	307,342
11	55001	60000	638,691
6	60001	65000	377,810
10	65001	70000	668,297
8	70001	75000	572,765
4	80001	85000	328,617
2	85001	90000	174,873
2	90001	95000	183,242
6	95001	100000	580,716
1	100001	105000	102,900
1	105001	110000	106,322
2	110001	115000	225,730
2	115001	120000	235,301
3	120001	125000	370,407
3	125001	130000	381,342
2	130001	135000	264,850
1	135001	140000	135,332
2	140001	145000	288,400
8	145001	150000	1,172,560
1	150001	155000	151,808
2	165001	170000	335,531
1	180001	185000	181,000
2	185001	190000	372,244
2	190001	195000	386,116
2	195001	200000	399,484
2	200001	205000	402,157
2	205001	210000	416,157
2	225001	230000	454,936
2	235001	240000	475,147
1	260001	265000	262,362
1	270001	275000	270,133
4	285001	290000	1,153,384
2	295001	300000	598,242
2	310001	315000	622,080
1	330001	335000	332,812
1	340001	345000	341,168
1	375001	380000	376,864
3	385001	390000	1,163,786
1	390001	395000	392,354
1	450001	455000	453,276
1	460001	465000	461,000
3	465001	470000	1,405,288
1	475001	480000	478,765
1	495001	500000	498,950
1	500001	505000	505,000
1	505001	510000	505,257
1	535001	540000	538,243
1	570001	575000	570,240
1	615001	620000	619,497
1	660001	665000	663,980
1	680001	685000	684,170
1	695001	700000	699,780
1	705001	710000	708,600
1	805001	810000	806,538
1	865001	870000	865,483
1	875001	880000	875,364
1	1120001	1125000	1,120,161
1	1180001	1185000	1,184,995
1	1255001	1260000	1,256,659
1	3325001	3330000	3,326,367
1	5180001	5185000	5,183,349
2,597			47,876,893



Pattern of Shareholding

as at December 31, 2008

Additional Information

Categories of Shareholders	Shares Held	Percentage
Associated companies, undertakings & related parties		
Crescent Fibres Limited	66,781	0.14
Crescent Powertec Limited	3,326,367	6.95
Crescent Sugar Mills & Distillery Limited	287,258	0.60
Equity Textiles Limited	775,600	1.62
First Equity Modaraba	10,900	0.02
Jubilee Spinning & Weaving Mills Limited	17,923	0.04
Muhammad Amin Muhammad Bashir Limited	206	-
Shakarganj Mills Limited	95,481	0.20
Shams Textile Mills Limited	699,780	1.46
Suraj Cotton Mills Limited	570,240	1.19
The Crescent Textile Mills Limited	134,050	0.28
Directors, CEO and their spouses & minor Children		
Mr. Zahid Bashir (Director)	5,823	0.01
Mr. Khalid Bashir (Director)	28,579	0.06
Mr. Shams Rafi (Director)	341,168	0.71
Mr. Khurram Mazhar (Director)	64,887	0.14
Mr. Nadeem Maqbool (Director)	453,276	0.95
Mr. Imran Maqbool (Director)	469,297	0.98
Mrs Umbreen Zahid Bashir (w/o. Mr Zahid Bashir)	19,699	0.04
Mrs.Tanveer Khalid (w/o. Mr.Khalid Bashir)	151,808	0.32
Mrs.Nazia Maqbool (w/o.Mr.Nadeem Maqbool)	191,502	0.40
Mrs.Asma Imran Maqbool (w/o.Mr.Imran Maqbool)	145,152	0.30
Others		
Individuals	31,191,969	65.15
Investment Companies	904,697	1.88
Insurance Companies	770,930	1.60
Joint Stock Companies	1,071,683	2.23
Modaraba Companies	59,083	0.12
Financial Institutions	314,766	0.65
Administrator Abandoned Properties, Government of Pakistan	262,362	0.55
Dawood Foundation	19,044	0.04
Muhammad Amin Wakf Estate	187,167	0.39
Trustees Crescent Steel & Allied Products Limited	12,000	0.03
Saeeda Amin Wakf	12,273	0.03
Rashid Latif Jamal Trust	2,400	0.01
Aziz Latif Jamal Trust	2,400	0.01
Trustees DGKC Employees P.F. Trust	12,240	0.02
Ali Trust	44	-
Australasia Bank Limited	2,839	0.01
Habib Bank Limited	1,290	0.01
Investment Corporation of Pakistan	1,388	0.01
Islamabad Stock Exchange (G) Limited	8,892	0.02
State Life Insurance Corporation of Pakistan	5,183,649	10.83
	47,876,893	100.00



Locations

KARACHI

Head Office:
State Life Building No. 2A
5th Floor, Wallace Road
Phones: (021) 2416331-4
Fax: (021) 2416572

QUETTA

43-Regal Plaza
2nd Floor, Circular Road
Phones: (081) 2842883

PESHAWAR

Rehman Building
Saddar Road Cantt
Phones: (091) 5273757
Fax: (091) 5277809

ISLAMABAD

Masco Plaza
64-E, Blue Area
Jinnah Avenue
Phones: (051) 2270134, 2270135, 2876967
Fax: (051) 2829654

RAWALPINDI

32, Service Plaza
The Mall
Phones: (051) 5562113, 5568907
Fax: (051) 5566900

SIALKOT

Fazal Market
Mujahid Road
Phones: (052) 4586268
Fax: (052) 4588526

GUJRANWALA

Block "L" Trust Plaza G.T. Road
Phones: (055) 3859718-19
Fax: (055) 3256432

SAHIWAL

Room No.1, Sattar Complex
Stadium Road
Phones: (040) 4220918
Fax: (040) 4220790

LAHORE

North Zone Office:
163-A, Shadman II
Phones: (042) 7563160-63
Fax: (042) 7579334

Hafeez Centre, Gulberg
Phones: (042) 5874271/5873636
Fax: (042) 5750749

23, Shahrah-e-Quaid-e-Azam
P. O. Box No. 355
Phones: (042) 7230602-5
Fax: (042) 7235557

FAISALABAD

Regency Arcade, 949, Mall Road
P. O. Box No. 105
Phones: (041) 2632211-13
Fax: (041) 2617802

2nd Floor, 18-S.M. Plaza
Chenab Market
Susan Road, Madina Town
Ph: (041) 8503541-42

DERA GHAZI KHAN

House No. 60, St. No.1, Block "B"
P. O. Box No. 12
Phones: (064) 2471233

MULTAN

Hasan Arcade, Nusrat Road
Multan Cantt.
Phones: (061) 4515007 - 4515009 - 4585006
Fax: (061) 4587143

BHAWALPUR

1/A, Model Town "B"
Saraike Chowk
Phones: (0621) 2875468
Fax: (0621) 2875458

RAHIM YAR KHAN

17, Shahi Road
Phones: (068) 5870751



PROXY FORM

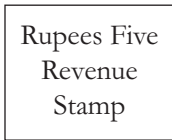
Annual General Meeting

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..... ofwho
is also a member of the Company, Folio No..... or failing him/her.....
of..... as my/our Proxy in my / our absence to attend, speak and vote
for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Monday, April
27, 2009 at 09:00 a.m. at the Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP) at
Chartered Accountants Avenue, Clifton, Karachi and at any adjournment thereof.

Signed this.....day of..... 2009

1. Witness:

Signature.....
Name.....
Address.....
.....
CNIC or Passport No.....



Signature of Shareholder

2. Witness:

Signature.....
Name.....
Address.....
.....
CNIC or Passport No.....

Note:

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

