



Interim Financial Statements
for the half year ended
June 30, 2015 (Unaudited)



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Company Information

Board of Directors	Khalid Bashir Zahid Bashir (Chairman) Imran Maqbool Nadeem Maqbool Muhammad Asif Arif (Chief Executive) Khurram Mazhar Shams Rafi Attaullah A Rasheed
Chief Financial Officer & Company Secretary	Iftikhar Gadar
Audit Committee	Khalid Bashir (Chairman) Imran Maqbool Nadeem Maqbool Fariq M.K. Rohilla (Secretary)
Human Resources & Remuneration Committee	Mr Zahid Bashir Mr Nadeem Maqbool (Chairman) Mr Attaullah A Rasheed
Auditors	Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants
Legal Advisors	Arfin & Company Advocates
Registered & Head Office	5th Floor, State Life Building No. 2A Wallace Road, Karachi-74000, Pakistan Phones : (21) 32416331-4 Fax : (21) 32416572 Email : info@pil.com.pk Website : www.pil.com.pk
Registrar	FAMCO Associates (Pvt) Limited 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi. Phones : (21) 34380101-2 Fax : (21) 34380106 Email : info.shares@famco.com.pk

Report of the Directors to the Members

The directors are pleased to present the unaudited interim financial statements of the company for the half year ended June 30, 2015.

Review

(Amounts in Rupees millions)

	2015	2014
Premium written	442	556
Net Premium	333	322
Underwriting result	16	(44)
Investment income	126	83
Profit before taxation	118	13
Profit after taxation	101	6

The company's net premium increased by 4% despite a drop in premium written. Concentrated effort on risk management and investment monitoring resulted in an increase of 136% in underwriting profit whereas investment income grew by 52%. The Profit after Tax increased to Rs. 101 million from Rs. 6 million against the corresponding period.

Outlook

The company under the new CEO along with the management team is focusing on customer centric growth supported by extensive use of technology. It is expected that company will be able to grow its market share and regains its position as one of the top most insurance company of the country. Challenging conditions for business growth are still prevalent alongside volatile political conditions. We feel that the company is geared to enhance the value for the stakeholders with the good financial results in the times to come

Acknowledgement

The directors acknowledge the support and guidance of SECP and dedication of the company's employees. We are thankful to all our customers and business associates for reposing their confidence in the company.

On behalf of the Board

Zahid Bashir
Chairman

Karachi: August 24, 2015

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

Introduction

We have reviewed the accompanying

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

and notes to the financial statements of Premier Insurance Limited (the company) for the six month period ended June 30, 2015 (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: August 24, 2015
Karachi.

Condensed Interim Balance Sheet

As at June 30, 2015

(Amounts in Rupees '000)	Note	Unaudited June 30, 2015	Audited December 31, 2014
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 50,000,000 ordinary shares of Rs 10 each (2014: 50,000,000 ordinary shares of Rs 10 each)		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital	8		
34,824,454 ordinary shares of Rs 10 each (2014: 30,282,134 ordinary shares of Rs10 each)		<u>348,244</u>	<u>302,821</u>
Retained earnings		42,427	(59,028)
Reserves		<u>1,208,756</u>	<u>1,284,461</u>
Shareholders' equity		1,599,427	1,528,254
Underwriting provisions			
Provision for outstanding claims (including IBNR)		<u>360,391</u>	<u>466,606</u>
Provision for unearned premium		<u>426,804</u>	<u>595,858</u>
Commission income unearned		<u>14,079</u>	<u>33,086</u>
Total underwriting provisions		801,274	1,095,550
Deferred liability			
Staff retirement benefits		32,743	32,346
Creditors and accruals			
Amounts due to other insurers / reinsurers		<u>181,843</u>	<u>211,284</u>
Accrued expenses		<u>17,965</u>	<u>24,835</u>
Taxation - provision less payments		<u>113,621</u>	<u>101,038</u>
Other creditors and accruals	9	<u>404,434</u>	<u>409,918</u>
		717,863	747,075
Other liabilities			
Unclaimed dividend		28,517	26,757
TOTAL EQUITY AND LIABILITIES		<u>3,179,824</u>	<u>3,429,982</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

(Amounts in Rupees '000)	Note	Unaudited June 30, 2015	Audited December 31, 2014
ASSETS			
Cash and bank deposits			
Cash and other equivalents		709	745
Current and other accounts		163,084	150,248
		163,793	150,993
Investments	11	1,121,673	1,121,133
Loan - unsecured considered good		1,475	1,475
Investment properties		53,605	53,823
Other assets			
Premium due but unpaid		537,530	567,327
Amounts due from other insurers / reinsurers		381,725	456,818
Accrued investment income		1,205	1,090
Accrued salvage recoveries		17,005	26,026
Reinsurance recoveries against outstanding claims		292,943	321,565
Deferred commission expense		58,450	93,379
Prepayments		269,301	338,770
Deposits and other receivables	12	37,139	52,935
		1,595,298	1,857,910
Fixed assets			
Tangible			
Land and buildings	13	154,567	154,954
Furniture, fixtures and office equipment		19,023	19,916
Motor vehicles		41,475	41,107
Capital work in progress		26,109	26,109
Intangible			
Computer software		2,806	2,562
		243,980	244,648
TOTAL ASSETS		<u>3,179,824</u>	<u>3,429,982</u>

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and half year ended June 30, 2015

(Amounts in Rupees '000)		For the quarter ended June 30,					2015	2014
Note	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	Aggregate	
Revenue accounts								
	51,952	9,427	65,873	48,130	-	175,382	162,196	
	9,495	(7,329)	(42,041)	(36,882)	-	(76,757)	(133,900)	
	(13,979)	(2,423)	(17,415)	(13,316)	-	(47,133)	(40,587)	
	(20,595)	(2,009)	(9,128)	(1,462)	-	(33,194)	(35,234)	
	<u>26,873</u>	<u>(2,334)</u>	<u>(2,711)</u>	<u>(3,530)</u>	-	<u>18,298</u>	<u>(47,525)</u>	
Underwriting result								
						88,326	46,844	
						445	161	
						1,251	1,166	
						(22,822)	(18,086)	
						85,498	(17,440)	
						(11,471)	(3,878)	
						74,027	(21,318)	
						<u>2.13</u>	<u>(0.61)</u>	
Earnings / (Loss) per share - basic and diluted (in Rupees)								
		For the half year ended June 30,					2015	2014
Revenue accounts								
	97,787	23,071	138,499	73,495	-	332,852	321,502	
	5,782	(16,341)	(87,846)	(56,310)	-	(154,715)	(207,980)	
	(28,158)	(6,644)	(39,881)	(21,162)	-	(95,845)	(89,024)	
	(40,639)	(4,613)	(19,718)	(1,213)	-	(66,183)	(69,345)	
	<u>34,772</u>	<u>(4,527)</u>	<u>(8,946)</u>	<u>(5,190)</u>	-	<u>16,109</u>	<u>(44,847)</u>	
Underwriting result								
						125,788	82,553	
						445	161	
						2,497	2,327	
						(27,127)	(26,867)	
						117,712	13,327	
	14					(16,257)	(7,392)	
	17					<u>101,455</u>	<u>5,935</u>	
Profit and loss appropriation account								
						(59,028)	(93,938)	
						101,455	5,935	
						-	-	
						75,705	60,564	
						(30,282)	(60,564)	
						(45,423)	-	
						<u>42,427</u>	<u>(88,003)</u>	
					2.91	<u>0.17</u>		

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter and half year ended June 30, 2015

(Amounts in Rupees '000)

	For the quarter ended June 30,		For the half year ended June 30,	
	2015	2014	2015	2014
Net profit / (loss) for the period	74,027	(21,318)	101,455	5,935
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>74,027</u>	<u>(21,318)</u>	<u>101,455</u>	<u>5,935</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended June 30, 2015

(Amounts in Rupees '000)	2015	2014
OPERATING CASH FLOWS		
a) Underwriting activities		
Premium received	547,199	684,994
Reinsurance premium paid	(236,305)	(273,672)
Claims paid	(326,960)	(393,790)
Reinsurance and other recoveries received	94,652	158,250
Commissions paid	(77,571)	(83,989)
Commissions received	10,862	17,365
Net cash flow from underwriting activities	11,877	109,158
b) Other operating activities		
Income tax paid	(3,674)	(1,959)
General management expenses paid	(95,845)	(102,721)
Other operating payments	(24,456)	(7,505)
Advances, deposits and sundry receivables	7,013	11,908
Other liabilities and accruals	6,791	(12,074)
Net cash used in other operating activities	(110,171)	(112,351)
Total cash used in operating activities	(98,294)	(3,193)
INVESTMENT ACTIVITIES		
Investment income received	21,403	13,240
Payments for investments	(889,841)	(663,815)
Proceeds from disposal of investments	1,009,198	776,764
Loan - unsecured considered good	-	(1,100)
Fixed capital expenditure	(6,152)	(12,915)
Proceeds from disposal of fixed assets	524	250
Rental income received	4,484	4,202
Total cash flow from investing activities	139,616	116,626
FINANCING ACTIVITIES		
Dividends paid	(28,522)	(54,865)
Total cash used in financing activities	(28,522)	(54,865)
Total cash flow from all activities	12,800	58,568
Cash and cash equivalents at beginning of the period	150,993	108,938
Cash and cash equivalents at the end of the period	163,793	167,506

Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended June 30, 2015

(Amounts in Rupees '000)

	2015	2014
Reconciliation to profit and loss account		
Operating cash flows	(98,294)	(3,193)
Depreciation expense	(6,742)	(6,513)
Investment income	125,788	82,553
Gain on disposal of fixed assets	445	161
Rental income	2,497	2,327
Increase in assets other than cash	(247,097)	(255,349)
Increase in liabilities	324,858	185,949
Profit after taxation	<u>101,455</u>	<u>5,935</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	158	90
Stamps in hand	551	905
	709	995

Current and other accounts

Current accounts	5,009	37,241
Savings accounts	158,075	129,270
	163,084	166,511

Total cash and cash equivalents

<u>163,793</u>	<u>167,506</u>
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The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended June 30, 2015

(Amounts in Rupees '000)

	Share capital Issued, subscribed and paid-up	Reserves							Total equity
		Capital reserves			Revenue reserves				
		Reserve for exceptional losses	Devaluation reserve	Reserve for issue of bonus shares	General reserve	Reserve for bad and doubtful debts	Unappropriated profit	Total reserves	
Balance at January 1, 2014	302,821	19,490	185	-	1,325,000	350	(93,938)	1,251,087	1,553,908
Total comprehensive income for the half year ended June 30, 2014	-	-	-	-	-	-	5,935	5,935	5,935
Transfer from general reserve	-	-	-	(60,564)	-	60,564	-	-	-
Cash dividend for the year ended December 31, 2013 declared subsequent to the year ended	-	-	-	-	-	-	(60,564)	(60,564)	(60,564)
Balance as at June 30, 2014	<u>302,821</u>	<u>19,490</u>	<u>185</u>	<u>-</u>	<u>1,264,436</u>	<u>350</u>	<u>(88,003)</u>	<u>1,196,458</u>	<u>1,499,279</u>
Balance as at January 1, 2015	302,821	19,490	185	-	1,264,436	350	(59,028)	1,225,433	1,528,254
Total comprehensive income for the half year ended June 30, 2015	-	-	-	-	-	-	101,455	101,455	101,455
Transfer from general reserve	-	-	-	-	(30,282)	-	30,282	-	-
Cash dividend for the year ended December 31, 2014 declared subsequent to the year ended	-	-	-	-	-	-	(30,282)	(30,282)	(30,282)
Transferred from reserve for issue of bonus shares	-	-	-	45,423	(45,423)	-	-	-	-
Bonus shares issued	45,423	-	-	(45,423)	-	-	-	(45,423)	-
Balance as at June 30, 2015	<u>348,244</u>	<u>19,490</u>	<u>185</u>	<u>-</u>	<u>1,188,731</u>	<u>350</u>	<u>42,427</u>	<u>1,251,183</u>	<u>1,599,427</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Statement of Premium (Unaudited)

For the quarter and half year ended June 30, 2015

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended September 30,							2015	2014	
Class		Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	Net premium revenue
			Opening	Closing			Opening	Closing			
Direct and Facultative	1 Fire and property damage	29,383	216,614	122,450	123,547	39,504	149,976	117,885	71,595	51,952	61,288
	2 Marine, aviation and transport	105,954	19,730	92,986	32,698	95,222	19,497	91,448	23,271	9,427	15,033
	3 Motor	49,528	124,100	106,132	67,496	628	3,535	2,540	1,623	65,873	85,734
	4 Miscellaneous	43,248	131,683	105,236	69,695	4,994	71,480	54,909	21,565	48,130	141
	Total	228,113	492,127	426,804	293,436	140,348	244,488	266,782	118,054	175,382	162,196
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	-
	Grand Total	228,113	492,127	426,804	293,436	140,348	244,488	266,782	118,054	175,382	162,196
		For the half year ended June 30,							2015	2014	
Direct and Facultative	1 Fire and property damage	94,568	280,052	122,450	252,170	69,185	203,083	117,885	154,383	97,787	124,234
	2 Marine, aviation and transport	131,010	49,189	92,986	87,213	110,345	45,245	91,448	64,142	23,071	20,619
	3 Motor	107,720	140,385	106,132	141,973	2,369	3,645	2,540	3,474	138,499	169,039
	4 Miscellaneous	109,011	126,232	105,236	130,007	24,965	86,456	54,909	56,512	73,495	7,610
	Total	442,309	595,858	426,804	611,363	206,864	338,429	266,782	278,511	332,852	321,502
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	-
	Grand Total	442,309	595,858	426,804	611,363	206,864	338,429	266,782	278,511	332,852	321,502

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Statement of Claims (Unaudited)

For the quarter and half year ended June 30, 2015

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended June 30,							2015	2014
Class	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries in respect of outstanding claims Closing	Reinsurance and other recoveries revenue	Net claims expense	Net claims expense
Direct and Facultative										
1 Fire and property damage	26,933	145,992	110,588	(8,471)	22,753	124,992	103,263	1,024	(9,495)	65,821
2 Marine, aviation and transport	10,405	89,009	86,498	7,894	532	49,441	49,474	565	7,329	13,748
3 Motor	46,044	21,447	19,317	43,914	1,524	85	434	1,873	42,041	48,555
4 Miscellaneous	56,667	141,838	143,988	58,817	9,480	127,317	139,772	21,935	36,882	5,776
Total	140,049	398,286	360,391	102,154	34,289	301,835	292,943	25,397	76,757	133,900
Treaty										
5 Proportional	-	-	-	-	-	-	-	-	-	-
Grand Total	140,049	398,286	360,391	102,154	34,289	301,835	292,943	25,397	76,757	133,900
		For the half year ended June 30,							2015	2014
Direct and Facultative										
1 Fire and property damage	106,730	222,076	110,588	(4,758)	37,618	139,857	103,263	1,024	(5,782)	79,009
2 Marine, aviation and transport	26,400	72,475	86,498	40,423	18,450	43,842	49,474	24,082	16,341	15,799
3 Motor	90,742	20,265	19,317	89,794	1,555	41	434	1,948	87,846	94,955
4 Miscellaneous	103,088	151,790	143,988	95,286	37,029	137,825	139,772	38,976	56,310	18,217
Total	326,960	466,606	360,391	220,745	94,652	321,565	292,943	66,030	154,715	207,980
Treaty										
5 Proportional	-	-	-	-	-	-	-	-	-	-
Grand Total	326,960	466,606	360,391	220,745	94,652	321,565	292,943	66,030	154,715	207,980

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Statement of Expenses (Unaudited)

For the quarter and half year ended June 30, 2015

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended June 30,						2015	2014		
Class		Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurers	Net underwriting expense	Net underwriting expense	
Direct and Facultative	1 Fire and property damage	9,528	44,075	28,550	25,053	13,979	39,032	4,458	34,574	37,148	
	2 Marine, aviation and transport	4,759	2,273	2,341	4,691	2,423	7,114	2,682	4,432	7,527	
	3 Motor	4,864	16,108	11,809	9,163	17,415	26,578	35	26,543	33,196	
	4 Miscellaneous	6,885	17,896	15,750	9,031	13,316	22,347	7,569	14,778	(2,051)	
	Total	26,036	80,352	58,450	47,938	47,133	95,071	14,744	80,327	75,820	
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	
	Grand Total	<u>26,036</u>	<u>80,352</u>	<u>58,450</u>	<u>47,938</u>	<u>47,133</u>	<u>95,071</u>	<u>14,744</u>	<u>80,327</u>	<u>75,820</u>	
		For the half year ended June 30,						2015	2014		
Direct and Facultative	1 Fire and property damage	24,217	54,661	28,550	50,328	28,158	78,486	9,689	68,797	78,800	
	2 Marine, aviation and transport	9,588	2,196	2,341	9,443	6,644	16,087	4,830	11,257	11,723	
	3 Motor	10,900	20,684	11,809	19,775	39,881	59,656	57	59,599	72,044	
	4 Miscellaneous	16,426	15,838	15,750	16,514	21,162	37,676	15,301	22,375	(4,198)	
	Total	61,131	93,379	58,450	96,060	95,845	191,905	29,877	162,028	158,369	
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	
	Grand Total	<u>61,131</u>	<u>93,379</u>	<u>58,450</u>	<u>96,060</u>	<u>95,845</u>	<u>191,905</u>	<u>29,877</u>	<u>162,028</u>	<u>158,369</u>	

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

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Condensed Interim Statement of Investment Income (Unaudited)

For the quarter and half year ended June 30, 2015

(Amounts in Rupees '000)

	For the quarter ended June 30,		For the half year ended June 30,	
	2015	2014	2015	2014
Income from non-trading investments				
Return on bank deposits	2,639	3,232	5,007	4,987
Available for sale				
Dividend income	11,399	4,237	17,356	8,363
Gain on sale of investments	74,833	39,850	104,270	67,979
	<u>86,232</u>	<u>44,087</u>	<u>121,626</u>	<u>76,342</u>
(Impairment) / reversal in value of investments - net	-	(450)	-	1,264
Investment management expenses	(545)	(25)	(845)	(40)
Investment income	<u>88,326</u>	<u>46,844</u>	<u>125,788</u>	<u>82,553</u>

The annexed notes from 1 to 19 form an integral part of these condensed interim financial statements.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2015

1. STATUS AND NATURE OF BUSINESS

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

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the half year ended June 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting", provision of the directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules 2002. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules 2002 shall prevail.

These condensed interim financial statements do not include all the information in disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2014.

3. BASIS OF PRESENTATION

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the annual financial statements for the year ended December 31, 2014, except as follows:

New, amended and revised standards and interpretations of IFRSs

The Company has adopted the following new and amended IFRS which became effective during the current period:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosure of Interests in other entities
- IFRS 13 - Fair Value
- IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions

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

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2015

(Amounts in Rupees '000)

In addition to the above standards and interpretation, improvements to various accounting standards have also been issued by IASB and are generally effective for current period. The Company expects that such improvements to the standards do not have any impact on the Company's financial statements for the period.

5. ESTIMATES AND JUDGMENTS

Preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2014.

6. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2014.

7. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at June 30, 2015 is considered adequate to meet the expected liability after reinsurance, for claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date.

8. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

The Board of Directors in its meeting held on March 27, 2015 announced a bonus issue of 15% (4,542,320 shares), which were distributed out of reserves. The distribution was approved by the shareholders in the Annual General Meeting held on April 28, 2015.

	Unaudited June 30, 2015	Audited December 31, 2014
9. OTHER CREDITORS AND ACCRUALS	Note	
Commissions payable	316,609	333,049
Federal excise duty & sales tax	21,557	12,815
Federal insurance fee	1,464	832
Donations	5,135	5,235
Workers welfare fund	9,584	7,182
Deposits and margins	5,580	6,737
Salaries payable	21,416	21,416
Others	9.1 23,089	22,652
	<u>404,434</u>	<u>409,918</u>

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2015

(Amounts in Rupees '000)

9.1 This includes provision for rent amounting to Rs 14 million. The Company is under litigation against the landlord. The possibility of the eventual beneficiary being other than the Company is considered remote by the Company's legal advisor. However, the Company has made a provision of the disputed amount as a matter of prudence.

	Unaudited June 30, 2015	Audited December 31, 2014
10. CONTINGENCIES AND COMMITMENTS	Note	
Commitments for capital expenditure	15,038	15,038

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

11. INVESTMENTS

Available for sale

Related Parties

Quoted shares (market value: Rs 149.2 million
[2014: Rs 124.0 million])

	48,599	44,643
Unquoted shares	4,000	4,000
	<u>52,599</u>	<u>48,643</u>

Others

Quoted shares (market value: Rs 563.9 million
[2014: Rs 341.2 million])

	446,417	348,411
Unquoted shares	114,983	114,983

Mutual funds (market value: Rs 548.4 million
[2014: Rs 698.8 million])

11.1	527,489	628,911
	<u>1,088,889</u>	<u>1,092,305</u>

Less: Impairment

(19,815)	(19,815)
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<u>1,121,673</u>	<u>1,121,133</u>
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11.1 Mutual funds include Rs 27.5 million (2014: Rs 24.7 million) placed as statutory deposit with the State Bank of Pakistan (market value: Rs 46.8 million [2014: Rs 45.6 million]).

12. DEPOSITS AND OTHER RECEIVABLES

Deposits	12.1	28,774	27,495
Investment proceeds receivable		2,803	18,430
Others receivables		5,562	7,010
		<u>37,139</u>	<u>52,935</u>

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2015

(Amounts in Rupees '000)

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

13. FIXED ASSETS – TANGIBLE AND INTANGIBLE

During the period, the Company acquired fixed assets for Rs 6.2 million (2014: Rs 15.6 million). Disposals at cost 0.66 million (2014: Rs 0.31 million).

14. PROVISION FOR TAXATION

	Note	Unaudited June 30, 2015	Unaudited June 31, 2014
Current		13,834	7,392
Prior	14.1	2,423	-
		<u>16,257</u>	<u>7,392</u>

14.1 Under Finance Act 2015, table under Income Tax Ordinance, 2001 Fourth Schedule Sec 66 Rule 6B was substituted resulting a change in capital gain tax for tax year 2015.

15. TRANSACTIONS WITH RELATED PARTIES

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

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

	Unaudited June 30, 2015	Unaudited June 30, 2014
Transactions for the period		
Associated undertakings		
Premium written	12,636	10,897
Reinsurance premium ceded	26,830	14,013
Claims paid	19,235	28,528
Dividend paid	3,273	7,450
Dividend received	1,028	682
Others		
Premium written	143	226
Claims paid	17	-
Dividend paid	1,412	2,497
Meeting fees	436	565
Remuneration and retirement benefits to key personnel	42,049	31,321

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2015

(Amounts in Rupees '000)

	Unaudited June 30, 2015	Unaudited June 30, 2014
Period-end balances		
Associated undertakings		
Claims outstanding	<u>12,936</u>	<u>13,931</u>
Premium receivable	<u>50,214</u>	<u>88,308</u>
Reinsurance claims receivable	<u>737,806</u>	<u>705,999</u>
Reinsurance premium payable	<u>867,320</u>	<u>842,317</u>
Others		
Premium receivable	<u>695</u>	<u>1,134</u>
Claims outstanding	<u>30</u>	<u>-</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.

16. SEGMENT REPORTING

The following presents segment assets and liabilities as at June 30, 2015 and December 31, 2014.

	Fire and property		Marine, aviation & transport		Motor		Miscellaneous		Total	
	June 30, 2015	December 2014	June 30, 2015	December 2014	June 30, 2015	December 2014	June 30, 2015	December 2014	June 30, 2015	December 2014
Segment assets	446,290	812,525	416,067	304,201	255,067	273,260	437,011	413,558	1,554,435	1,803,544
Unallocated corporate assets									1,625,389	1,626,438
Consolidated total assets									<u>3,179,824</u>	<u>3,429,982</u>
Segment liabilities	274,866	598,728	235,135	164,542	169,813	209,387	303,303	334,177	983,117	1,306,834
Unallocated corporate liabilities									597,280	594,894
Consolidated total liabilities									<u>1,580,397</u>	<u>1,901,728</u>

Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2015

17. EARNINGS PER SHARE - basic and diluted

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

	Un-audited June 30, 2015	Un-audited June 30, 2014
Profit after tax for the period	<u>101,455</u>	<u>5,935</u>
Weighted average number of shares	<u>34,824,454</u>	<u>34,824,454</u>
Basic earnings per share of Rs 10 each - Rupees	<u>2.91</u>	<u>0.17</u>

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

18. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorized for issue on August 24, 2015 by the Board of Directors of the Company.

19. GENERAL

19.1 Figures of the profit and loss account and comprehensive income for the quarters ended June 30, 2015 and June 30, 2014 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.

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

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

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Muhammad Asif Arif
Chief Executive

Locations

KARACHI

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Fax : (021) 32210870

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