

Insurance You Need It



63rd
ANNUAL
REPORT
2014



PREMIER INSURANCE LIMITED



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Company Information

Board of Directors

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

Chief Financial Officer & Company Secretary

Iftikhar Gadar

Audit Committee

Khalid Bashir (Chairman)
Imran Maqbool
Nadeem Maqbool
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



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 our assistance to various causes that alleviate human misery and uplift the quality of life, healthcare and education for our less privileged compatriots is routed through the following:

The Citizens Foundation (TCF)

Towards provision of quality education to more than 145,000 children in 1000 plus schools in the economically deprived neighborhoods across Pakistan and AJK.

Institute of Business Administration

Leadership and ideas for tomorrow

Layton Rahmatulla Benevolent Trust (LRBT)

For free, state of the art eye care accounting for about one in three of all eye OPD and surgeries across the country through 17 hospitals and 51 community eye care centres.

Sindh Institute of Urology and Transplantation (SIUT) and The Kidney Centre

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

Marie Adelaide Leprosy Centre (MALC)

For rehabilitation and care of leprosy, tuberculosis and blindness sufferers.

Patient's Aid Foundation (PAF) - JPMC;

Poor Patient Aid Society - Civil Hospital;

The Aga Khan Hospital & Medical College Foundations

Towards assisting treatment of millions of less privileged patients at general hospitals.

Shaukat Khanum Memorial Cancer Hospital;

Indus Hospital;

Citizens Police Liaison Committee

To help specialized and general hospitals in our major cities provide high quality medical care to those who cannot pay or need subsidies.

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 63rd Annual General Meeting of Premier Insurance Limited (the "Company") will be held at the Beach Luxury, Aquarius Hall, Moulvi Tamizuddin Road, Karachi, on Tuesday April 28, 2015 at 9.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extra Ordinary General Meeting of the company held on June 23, 2014;
2. To receive, consider and adopt the audited financial statements of the company for the year ended December 31, 2014, the report of the Auditors thereon and the report of the Directors;
3. To approve the payment of a cash dividend @ 10% i.e. Re.1 per ordinary share of Rs.10 each, out of the reserves for the year ended December 31, 2014, as recommended by the Directors;
4. To appoint Auditors of the company and fix their remuneration. The present Auditors, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, have offered themselves for re-appointment;

SPECIAL BUSINESS

1. To approve the issuance of bonus shares @ 15% i.e. 15 ordinary shares for every 100 ordinary shares held, out of the reserves for the year ended December 31, 2014, as recommended by the Directors by passing the following Ordinary Resolution:

"RESOLVED THAT a sum of Rs.45,423,246/- out of the reserves of the company be capitalized and applied to the issue of 4,542,324 Ordinary Shares of Rs.10 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 18, 2014 in the proportion of fifteen new shares for every hundred 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.

FURTHER RESOLVED THAT fractional shares be disposed-off in accordance to the Article of Association of the company."

2. To consider the recommendations of the Board of Directors to investment in the Equity of the following Associated Undertakings:

M/s. Shakarganj Mills Limited	Rs. 10 million (new)
M/s. Crescent Cotton Mills Limited	Rs. 05 million (incremental)

OTHER BUSINESS

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

By Order of the Board

Iftikhar Gadar
Company Secretary

Karachi, March 27, 2015



NOTES

- i) The individual members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) and the corporate members who have not yet submitted photocopy of their valid National Tax Number Certificate (NTN) to the company are once again requested to send the same with the Folio / CDC Account Number at the earliest directly to our Registrar, FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Pakistan. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) notification dated August 18, 2011, SRO 779(I) 2011, which mandates that the dividend warrants should bear CNIC number of the individual member or the authorized person, except in case of minor(s) and National Tax Number (NTN) of corporate members.
- ii) The Share Transfer Books of the company shall remain closed from April 19, 2015 to April 28, 2015 (both days inclusive). Transfers received in order at our Registrar, FAMCO Associates (Pvt) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, Pakistan by the close of business on April 18, 2015 will be treated in time for this purpose.
- iii) In pursuance of the Finance Act 2014, the withholding tax rates have been revised and it has been directed that all non-filers of Income Tax returns will be taxed @ 15%. However, the regular filers of Income Tax return will continue to be taxed @ 10%.

Shareholders are therefore requested to send the information related to their National Tax number along-with the documentary evidence of the latest E-filed tax return, in case their name is not appearing in the active tax payer list available and updated by Federal Board of Revenue (FBR) from time to time at FBR website <http://www.fbr.gov.pk>.

In this connection, if we do not received response along-with documentary evidence by April 25, 2015, we will have no option but to deduct 15% withholding tax from the dividend of shareholder, not complying to this requirement.

- iv) Consent Form to receive Annual Financial Statements through e-mail. The Securities & Exchange Commission of Pakistan (SECP) through its Notification SRO 787(1)2014 of September 8, 2014 has allowed companies to circulate Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail.

If any member intends to receive the above through e-mail, he may provide us or to our Share Registrar, his consent on the consent form as available on company's website, duly filled and signed.

- v) 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.
- vi) Shareholders whose shares are deposited with the Central Depository Company (CDC) are requested to bring their original Computerized National Identity Card and account number in CDC for verification.
- vii) 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.
- viii) Shareholders are requested to notify our Registrar immediately of any change in their addresses.



Status of previous approvals for investments in associated companies under section 160(1)(b) of the Companies Ordinance, 1984

As required under the clause 4(2) of the SRO No. 27(1)/2012 dated January 16, 2012, the status of the following investments in associated companies against approvals obtained by the company in Extraordinary General Meeting of September 27, 2007 is as under:

	Crescent Cotton Mills Ltd.	The Crescent Textile Mills Ltd.	Shams Textile Mills Ltd.	Suraj Cotton Mills Ltd	First Equity Modaraba	Pakistan Reinsurance Company Limited
(Rupees in million)						
Approved investment	5.0	20.0	20.0	29.9	25.0	Invested before becoming an associated undertaking
Investment made	2.6	16.3	14.9	27.8	2.1	10.33
Breakup value per share on the basis of last published financial statements	31.98	63.09	89.25	174.16	12.33	22.42
(Amount in Rupees)						
Annual earnings per share						
2007	(2.41)	1.78	21.83	17.21	0.34	69.02
2008	(2.08)	(1.25)	(4.69)	7.60	0.14	2.95
2009	(6.60)	3.64	(9.65)	2.94	0.003	0.90
2010	(2.62)	7.00	15.14	28.06	(0.014)	1.75
2011	2.22	(2.41)	0.40	28.38	0.003	2.81
2012	6.53	(2.38)	4.9	17.5	0.127	3.68
2013	9.39	2.27	32.9	45.62	0.546	4.40
2014	5.74	1.18	(2.87)	12.32	0.471	3.03

The company will consider further investment in the above at a suitable time on availability of shares at a favorable price and after taking into consideration the latest financial position of the investee company.

The other features of the investee undertaking is given below:

Shakarganj Mills Limited	
As per last audited A/cs.	
Registered Office	10th Floor, BOP Tower, 10-B, Block-E-2 Gulberg III, Lahore, Pakistan
Activities	Sugar Mill
Paid up Capital	Rs.695.2 million
Breakup Value	Rs.(9.42)
(Loss) / Earnings Per Share:	
Year 2014	Rs.(9.19)
Year 2013	Rs.3.84
Year 2012	Rs.7.17
Year 2011	Rs.(1.17)
Year 2010	Rs.(12.66)
Year 2009	Rs.(28.16)
Common Director	Mr. Khalid Bashir
	Dividend (Cash : Bonus)
	Year 2014 Nil
	Year 2013 Nil
	Year 2012 Nil
	Year 2011 Nil
	Year 2010 Nil
	Year 2009 Nil
	Mkt Value-Current Year
	High Rs.8.00
	Low Rs.5.95
	As on December 31, 2014Rs.7.00



Key Operating and Financial Data

(Amounts in Rupees '000)

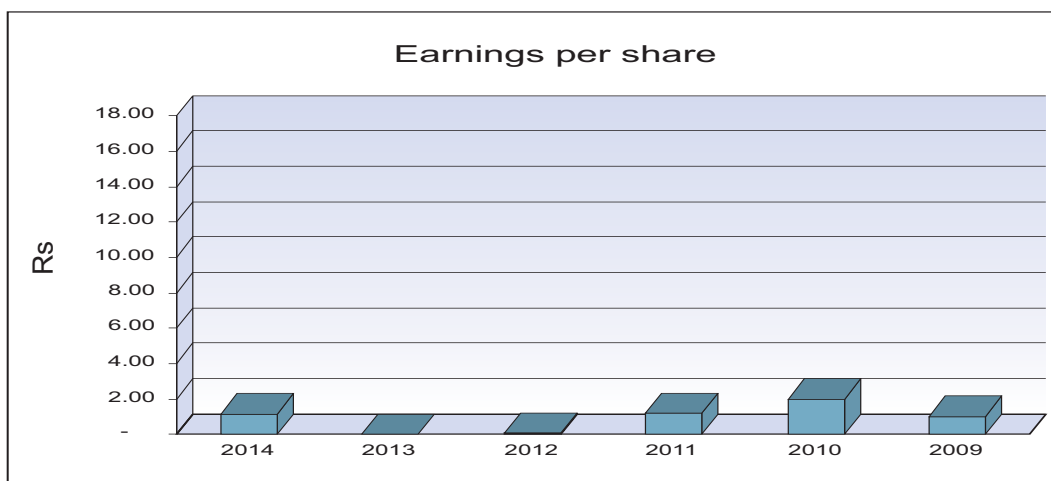
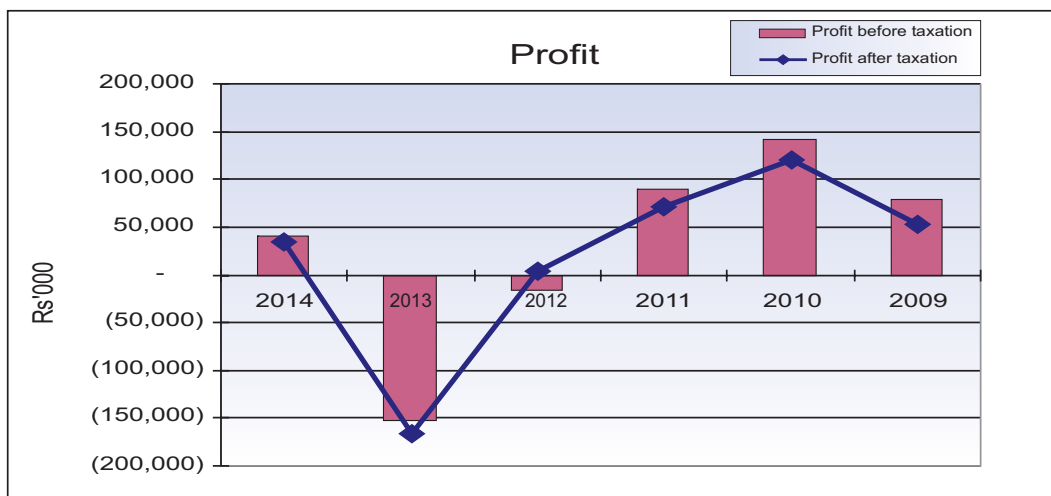
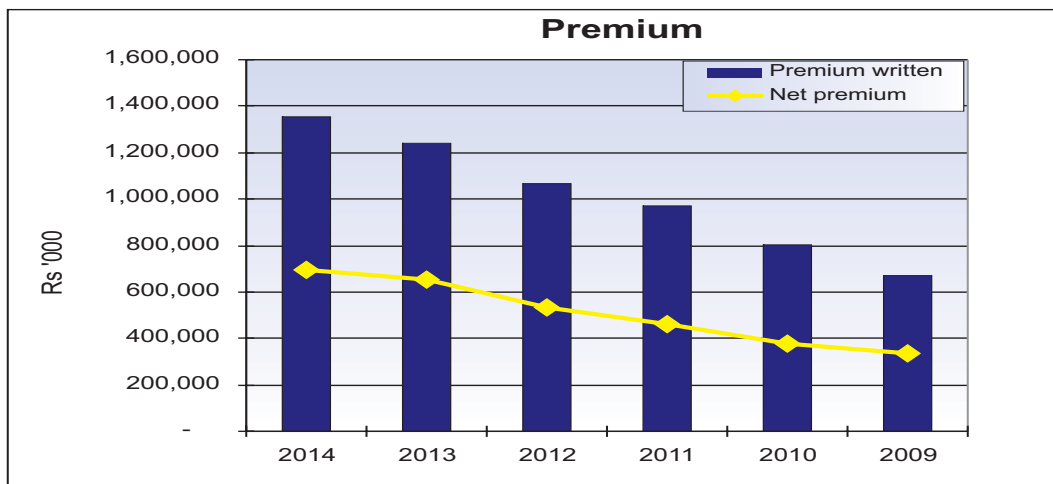
	2014	2013	2012	2011	2010	2009
Paid-up capital	302,821	302,821	302,821	302,821	302,821	263,323
Capital reserves	19,675	19,675	19,675	19,675	19,675	19,675
Revenue reserves	1,205,758	1,231,412	1,458,883	1,515,513	1,520,162	1,491,342
Total reserves	1,225,433	1,251,087	1,478,558	1,535,188	1,539,837	1,511,017
Total equity	1,528,254	1,553,908	1,781,379	1,838,009	1,842,658	1,774,340
Total assets	3,429,982	3,554,297	3,305,859	3,301,649	3,101,280	2,788,719
Premium written	1,355,682	1,239,301	1,069,011	967,866	800,555	670,430
Net premium	694,506	652,924	532,481	462,416	376,719	335,456
Investment income	147,839	166,830	89,854	156,223	162,356	222,181
Impairment of financial assets	(2,105)	6,633	(17,284)	(12,775)	(3,718)	(126,161)
Profit / (loss) before taxation	40,513	(151,981)	(15,725)	90,009	141,746	79,653
Profit / (loss) after taxation	34,647	(166,799)	3,934	71,056	120,983	53,343
Return on equity* (%)	2.25%	-10.00%	0.22%	3.86%	6.69%	3.01%
Book value per share** (Rs)	25.23	25.66	29.41	30.35	30.42	33.69
Earnings / (loss) per share** (Rs)	1.14	(5.51)	0.06	1.17	2.00	1.01
Cash dividend (%)	10%	20%	20%	25%	20%	20%
Stock dividend (Bonus - %)	15%	0%	0%	0%	15%	10%

*Return based on average equity for the year

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

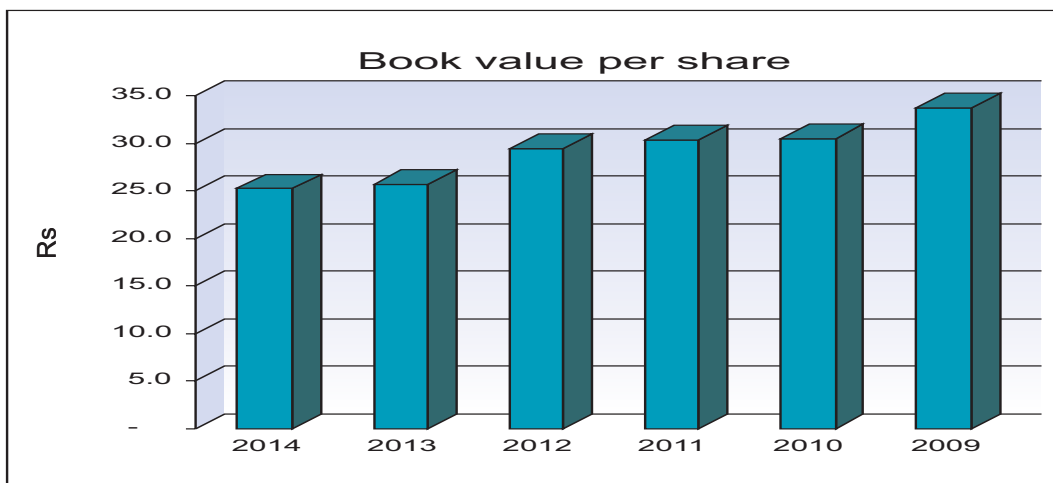
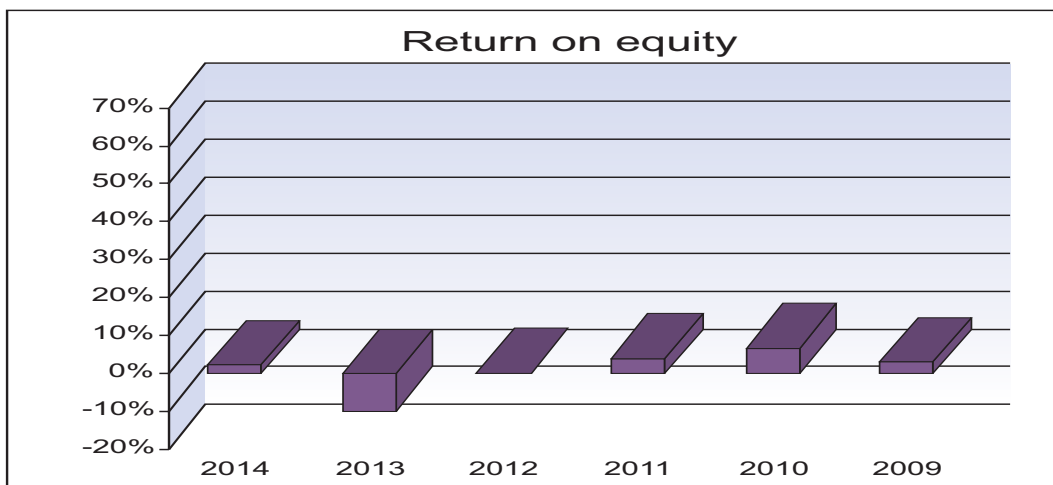
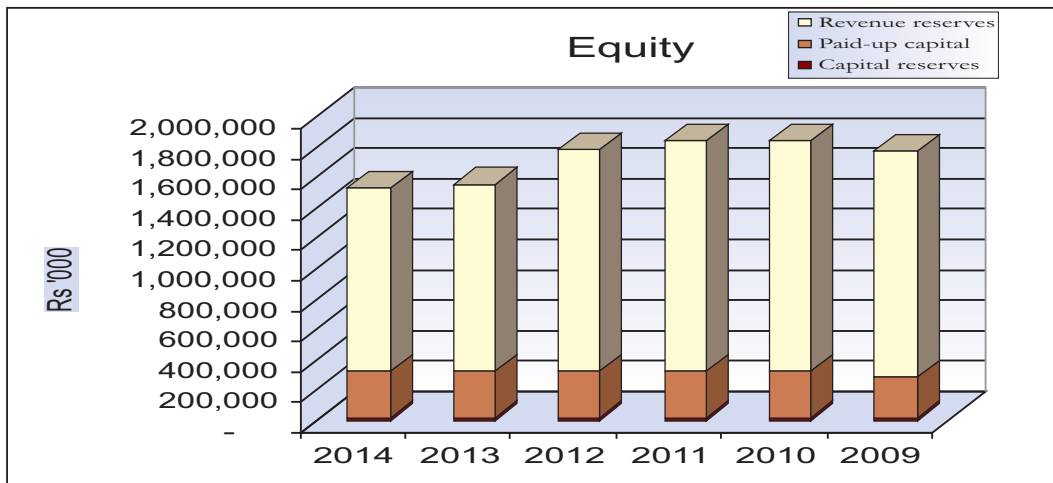


Performance at a Glance





Performance at a Glance





Report of the Directors to the Members

The directors are pleased to present the 63rd Annual Report of the company together with the audited financial statements for the year ended December 31, 2014.

Review

(Amounts in Rupees '000)

	2014	2013
Premium written	1,355,682	1,239,301
Net Premium	694,506	652,924
Underwriting result	(9,072)	(224,959)
Investment income	145,734	173,463
Profit / (loss) before taxation	40,513	(151,981)
Profit / (loss) after taxation	34,647	(166,799)

The year 2014 marked completion of a challenging but fruitful year. The written and net premium recorded lower growths of 9% (2013 -16%) 6% (2013 -23%) respectively. However concentrated efforts on underwriting risk pragmatically resulted in net claims to decrease by 40% (Rs.347 million) and decrease in claims ratio to 50% from 88% as compared to 2013. The improved claims experience yielded underwriting profit in all classes other than fire and property resulting in a reduction of underwriting losses by Rs.216 million as compared to 2013.

Improved underwriting and improved controls to manage expenses resulted in profit before and after taxation, despite decrease in investment income by 16% (Rs.27.7 million).

The Board is satisfied with the growth achieved and is working towards restricting controllable costs and expenses in difficult business and operating environment. With a similar pragmatic approach in underwriting and a normalized claims experience and improved investment income, better performance is expected during 2015.

(Amounts in Rupees '000)

Appropriation of Profit

Profit after taxation for the year	34,647
Other comprehensive income for the year	263
Unappropriated loss brought forward	(93,938)
	<u>(59,028)</u>

Appropriations:

Transfer from general reserves	60,564
Payment of cash dividend @ 20% (2013)	60,564

Appropriated as follows:

Proposed cash dividend @ 10%(2014)	30,282
Proposed bonus issue @ 15%(2014)	45,423

Outlook for the Current Year

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". That is expected to be maintained in the current year of 2015 and improvement is expected in the coming years.

Due to a strong balance sheet, liquidity and above all a competent and pro-active management your company will be able to explore and write any business that meets its criteria for safe and sustainable growth without compromising our high standards in 2015, despite uncertain regional and global economic and political turbulence.

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 therefrom 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, 2013 was Rs.34.5 million.
- During 2014 six meetings of the Board were held, with at least one in each quarter, and were attended as follows:

Name of director	Meetings attended
Mr Khalid Bashir	5
Mr Zahid Bashir (Chairman)	6
Mr Imran Maqbool	6
Mr Nadeem Maqbool	5
Mr Shams Rafi	5
Mr Khurram Mazhar (out of 2 during his tenure)	1
Mr Attaullah A. Rasheed	4

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

- The directors, executives (employees with annual basic salary of Rs.0.5 million or above), their spouses and minor children, had no transactions in the shares of the company.

Corporate Social Responsibility

Your company is committed to Corporate Social Responsibility (CSR) in all its forms. Regardless of profits, the Board endeavors to share the company's success with the community and all stakeholders without distinction.

During 2014, the company:

- Added Rs.261.1 million to the nation's treasury in the form of direct, indirect and withholding taxes;
- Spent Rs.6.8 million to assist the less privileged members of our communities with healthcare and education, across the country;
- Continued to encourage energy conservation as a national priority and as a cost saving;
- Continued to encourage and contributed a further Rs1.2 million to The Citizens Foundation and Patients Aid Foundation events to raise funds to provide quality education and healthcare across Pakistan and AJK.



The company believes in ethical business practices and where codified, is compliant therewith.

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, 2014, 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 as Code of Conduct for directors and employees. Acknowledgments for compliance are obtained and held by the company.

Board Committees

The audit committee, comprising non-executive members of the Board, held five 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 Human Resources & Remuneration, Underwriting, Claims, 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 Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, be re-appointed auditors of the company for the year ending December 31, 2015.

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 and 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

Nadeem Maqbool

Chairman

Karachi: March 27, 2015



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No 35 of the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and SRO 68(I)/2003 for the purpose of establishing a framework of good governance, whereby a listed insurance company is managed in compliance with the best practices of corporate governance. The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors.

At present the Board includes;

Name	Category
Mr. Zahid Bashir	Executive director
Mr. Khalid Bashir	Non- executive director
Mr. Nadeem Maqbool	Non- executive director
Mr. Imran Maqbool	Non- executive director
Mr. Shams Rafi	Non- executive director
Mr. Khurram Mazhar	Non- executive director
Mr. Attaullah A. Rasheed	Non- executive director- nominee

2. The directors have confirmed that none of them is serving as a director in more than seven 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 NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year 2014, one casual vacancy occurred on March 1, 2014 due to resignation of executive director and was filled in the subsequent board of directors election on June 23, 2014.
5. The company despite encouraging nomination of non-executive independent directors could not attract an independent director to nominate

him/herself for election.

6. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. A complete record of the particulars of the significant policies along with the dates on which they were approved or amended has been maintained.
8. 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, other executive and non-executive directors, have been taken by the Board.
9. All 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 circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. Mr. Attaullah A. Rasheed had attended the ICAP's director training program in 2013, other directors meet the eligibility criteria for exemption from director's training program as mentioned in Listing Regulation No. 35 (xi)
11. The Board has approved the appointment of the Internal Audit coordinator including his remuneration and terms and conditions of employment.
12. The directors' report for the year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by the CEO and the CFO before approval of the Board.



14. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed an audit committee which comprises of three members all of whom are non-executive directors including the Chairman of the committee.
17. 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the Chairman of the Committee is a non-executive director. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
19. The Board has also formed underwriting, claims, reinsurance and co-insurance and investment committees. The meetings of the committees were held at least once every quarter except for the reinsurance committee which were held in the first, third and fourth quarter.
20. The Board has outsourced the internal audit function to BDO Ebrahim & Co (Chartered Accountants) who are considerably experienced and qualified for the purpose and are conversant with the policies and procedures of the company.
21. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit Committee and Board of Directors alongwith pricing method.
22. 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.
23. 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 regard.
24. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the company's securities, was determined and intimated to the directors, employees and Stock Exchanges.
25. Material/price sensitive information has been disseminated among all market participants at once though the Stock Exchanges.
26. We confirm that all other material principles contained in the CCG have been complied with.

Nadeem Maqbool
Chairman

Karachi: March 27, 2015



Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended December 31, 2014 prepared by the Board of Directors (the Board) of Premier Insurance Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed and SRO 68(1)/2003.

The responsibility for compliance with the Code 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 reflects the status of the company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the company's personnel and review of various documents prepared by the company to comply with the Code.

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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, the Listing Regulations require the company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended December 31, 2014.

Further, we highlight below instance of non-compliance with requirements of the Code as reflected in the Statement of Compliance.

	Clause Reference	Description
i.	5	Currently the company's Board of Directors do not have any independent directors for the reasons stated therein.
ii.	4	During the year, there was a casual vacancy which was not filed within 90 days.
iii.	19	Re-insurance committee did not meet once every quarter.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Date: March 27, 2015
Karachi



Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

of **Premier Insurance Limited** (the Company) as at December 31, 2014 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the company's Board of Directors 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, 2014 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and Companies Ordinance, 1984 and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Audit Engagement Partner: Omer Chughtai

Date: March 27, 2015
Karachi



Balance Sheet

As at December 31, 2014

(Amounts in Rupees '000)

	Note	2014	2013
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 50,000,000 ordinary shares of Rs 10 each (2013: 100,000,000 ordinary shares of Rs 5 each)	6	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital 30,282,134 ordinary shares of Rs.10 each (2013: 60,564,269 ordinary shares of Rs.5 each)	7	<u>302,821</u> <u>(59,028)</u>	<u>302,821</u> <u>(93,938)</u>
Retained earnings	8	<u>1,284,461</u>	<u>1,345,025</u>
Reserves			
Shareholders' equity		1,528,254	1,553,908
Underwriting provisions			
Provision for outstanding claims (including IBNR)		<u>466,606</u>	<u>731,767</u>
Provision for unearned premium		<u>595,858</u>	<u>567,149</u>
Commission income unearned		<u>33,086</u>	<u>26,222</u>
Total underwriting provisions		1,095,550	1,325,138
Deferred liability			
Staff retirement benefits	9	32,346	32,206
Creditors and accruals			
Amounts due to other insurers / reinsurers		<u>211,284</u>	<u>144,630</u>
Accrued expenses		<u>24,835</u>	<u>27,980</u>
Taxation - provision less payments		<u>101,038</u>	<u>100,055</u>
Other creditors and accruals	10	<u>409,918</u>	<u>349,039</u>
		747,075	621,704
Other liabilities			
Unclaimed dividend		26,757	21,341
TOTAL EQUITY AND LIABILITIES		<u>3,429,982</u>	<u>3,554,297</u>
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes from 1 to 35 form an integral part of these financial statements.



(Amounts in Rupees '000)

	Note	2014	2013
ASSETS			
Cash and bank deposits	12		
Cash and other equivalents		745	744
Current and other accounts		150,248	108,194
		150,993	108,938
Investments	13	1,121,133	1,169,535
Loan - unsecured considered good	14	1,475	250
Investment properties	15	53,823	54,286
Other assets			
Premium due but unpaid	16	567,327	537,574
Amounts due from other insurers / reinsurers	17	456,818	606,017
Accrued investment income		1,090	1,338
Accrued salvage recoveries		26,026	32,776
Reinsurance recoveries against outstanding claims		321,565	362,964
Deferred commission expense		93,379	90,478
Prepayments	18	338,770	311,158
Deposits and other receivables	19	52,935	35,524
		1,857,910	1,977,829
Fixed assets			
Tangible			
Land and buildings	20	154,954	155,744
Furniture, fixtures and office equipment		19,916	21,134
Motor vehicles		41,107	36,813
Capital work in progress	21	26,109	26,109
Intangible			
Computer software		2,562	3,659
		244,648	243,459
TOTAL ASSETS		<u>3,429,982</u>	<u>3,554,297</u>

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



PREMIER INSURANCE LIMITED

Profit and Loss Account

For the year ended December 31, 2014

(Amounts in Rupees '000)

	Note	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	2014 Aggregate	2013 Aggregate
Revenue accounts								
Net premium revenue		243,593	65,469	333,712	51,732	-	694,506	652,924
Net claims		(169,166)	(28,543)	(110,866)	(38,545)	-	(347,120)	(573,236)
Management expenses	22	(74,597)	(20,049)	(102,196)	(15,842)	-	(212,684)	(202,327)
Net commission		(86,158)	(14,381)	(49,464)	6,229	-	(143,774)	(102,320)
Underwriting result		<u>(86,328)</u>	<u>2,496</u>	<u>71,186</u>	<u>3,574</u>	<u>-</u>	<u>(9,072)</u>	<u>(224,959)</u>
Investment income							145,734	173,463
Gain / (loss) on disposal of fixed assets							536	(42)
Rental income							4,692	4,043
General and administration expenses	22						(101,377)	(104,486)
Profit / (loss) before tax							<u>40,513</u>	<u>(151,981)</u>
Provision for taxation	23						(5,866)	(14,818)
Profit / (loss) after tax							<u>34,647</u>	<u>(166,799)</u>
Profit and loss appropriation account								
Balance at commencement of year							(93,938)	134,092
Profit after tax for the year							34,647	(166,799)
Other comprehensive income / (loss) for the year							263	(667)
Transfer from general reserves							60,564	-
Cash dividend for 2013 @ Rs 2 per share (2012 @ Rs 2 per share)							(60,564)	(60,564)
Balance unappropriated (loss) at the end of the year							<u>(59,028)</u>	<u>(93,938)</u>
Earnings / (loss) per share								
- basic and diluted (in Rupees)	24						<u>1.14</u>	<u>(5.51)</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Statement of Comprehensive Income

For the year ended December 31, 2014

(Amounts in Rupees '000)

	2014	2013
Net profit / (loss) for the year	34,647	(166,799)
Other comprehensive income for the year	-	-
Remeasurement of defined benefit plan for the year	263	(667)
Total comprehensive income / (loss) for the year	<u>34,910</u>	<u>(167,466)</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Statement of Cash Flows

For the year ended December 31, 2014

(Amounts in Rupees '000)

	2014	2013
OPERATING CASH FLOWS		
a) Underwriting activities		
Premium received	1,421,274	949,728
Reinsurance premium paid	(602,342)	(487,548)
Claims paid	(809,216)	(807,120)
Reinsurance and other recoveries received	238,334	429,282
Commissions paid	(155,023)	(150,478)
Commissions received	66,496	57,134
Net cash flow from / (used in) underwriting activities	159,523	(9,002)
b) Other operating activities		
Income tax paid	(4,883)	(4,478)
General management expenses paid	(212,684)	(202,327)
Other operating payments	(35,337)	(18,293)
Advances, deposits and sundry receivables	15,077	(22,909)
Other liabilities and accruals	9,502	19,003
Net cash used in other operating activities	(228,325)	(229,004)
Total cash used in operating activities	(68,802)	(238,006)
INVESTMENT ACTIVITIES		
Investment income received	34,602	36,811
Payments for investments	(1,176,514)	(1,288,426)
Proceeds from disposal of investments	1,318,641	1,504,767
Loan - unsecured considered good	(1,125)	-
Fixed capital expenditure	(15,604)	(2,734)
Proceeds from disposal of fixed assets	850	103
Rental income received	5,155	4,536
Total cash flow from investing activities	166,005	255,057
FINANCING ACTIVITIES		
Dividends paid	(55,148)	(54,949)
Total cash used in financing activities	(55,148)	(54,949)
Total cash flow from / (used in) all activities	42,055	(37,898)
Cash and cash equivalents at beginning of the year	108,938	146,836
Cash and cash equivalents at the end of the year	150,993	108,938



Statement of Cash Flows

For the year ended December 31, 2013

(Amounts in Rupees '000)

	2014	2013
Reconciliation to profit and loss account		
Operating cash flows	(68,802)	(238,006)
Depreciation expense	(14,101)	(14,702)
Investment income	145,734	173,463
Gain / (loss) on disposal of fixed assets	536	(42)
Rental income	4,686	4,043
(Decrease) / increase in assets other than cash	(136,489)	378,213
(Decrease) / increase in liabilities	103,083	(469,768)
Profit / (loss) after taxation	<u>34,647</u>	<u>(166,799)</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	46	123
Stamps in hand	699	621
	745	744

Current and other accounts

Current accounts	20,487	19,242
Savings accounts	129,761	88,952
	150,248	108,194

Total cash and cash equivalents

<u>150,993</u>	<u>108,938</u>
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The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Statement of Changes in Equity

For the year ended December 31, 2014

(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	General reserve	Reserve for bad and doubtful debts	Unappropriated profit		
Balance at January 1, 2013 (restated)	302,821	19,490	185	1,325,000	350	134,092	1,479,117	1,781,938	
Loss for the year ended December 31, 2013	-	-	-	-	-	(166,799)	(166,799)	(166,799)	
Remeasurement of defined benefit plan for the year	-	-	-	-	-	(667)	(667)	(667)	
Total comprehensive loss for the year ended December 31, 2013	-	-	-	-	-	(167,466)	(167,466)	(167,466)	
Cash dividend for the year ended December 31, 2012 declared subsequent to the year ended	-	-	-	-	-	(60,564)	(60,564)	(60,564)	
Balance as at December 31, 2013	302,821	19,490	185	1,325,000	350	(93,938)	1,251,087	1,553,908	
Profit for the year ended December 31, 2014	-	-	-	-	-	34,647	34,647	34,647	
Remeasurement of defined benefit plan for the year	-	-	-	-	-	263	263	263	
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	34,910	34,910	34,910	
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 December 31, 2014	302,821	19,490	185	1,264,436	350	(59,028)	1,225,433	1,528,254	

The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Statement of Premium

For the year ended December 31, 2014

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2014	2013
		Opening	Closing			Opening	Closing		Net premium revenue	Net premium revenue
Direct and Facultative										
1 Fire and property damage	549,177	251,649	280,052	520,774	331,566	148,698	203,083	277,181	243,593	172,967
2 Marine, aviation and transport	264,603	47,745	49,189	263,159	190,272	52,663	45,245	197,690	65,469	93,868
3 Motor	312,346	168,856	140,385	340,817	6,827	3,923	3,645	7,105	333,712	340,753
4 Miscellaneous	229,556	98,899	126,232	202,223	140,331	96,616	86,456	150,491	51,732	45,339
Total	<u>1,355,682</u>	<u>567,149</u>	<u>595,858</u>	<u>1,326,973</u>	<u>668,996</u>	<u>301,900</u>	<u>338,429</u>	<u>632,467</u>	<u>694,506</u>	<u>652,927</u>
Treaty										
5 Proportional	-	-	-	-	-	-	-	-	-	(3)
Grand Total	<u>1,355,682</u>	<u>567,149</u>	<u>595,858</u>	<u>1,326,973</u>	<u>668,996</u>	<u>301,900</u>	<u>338,429</u>	<u>632,467</u>	<u>694,506</u>	<u>652,924</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Statement of Claims

For the year ended December 31, 2014

(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	2014	2013
		Opening	Closing			Opening	Closing		Net claims expense	Net claims expense
Direct and Facultative										
1 Fire and property damage	312,021	349,837	222,076	184,260	31,335	156,098	139,857	15,094	169,166	285,279
2 Marine, aviation and transport	134,021	115,373	72,475	91,123	104,953	86,215	43,842	62,580	28,543	30,566
3 Motor	202,276	111,226	20,265	111,315	504	96	41	449	110,866	215,742
4 Miscellaneous	160,898	155,331	151,790	157,357	101,542	120,555	137,825	118,812	38,545	41,649
Total	<u>809,216</u>	<u>731,767</u>	<u>466,606</u>	<u>544,055</u>	<u>238,334</u>	<u>362,964</u>	<u>321,565</u>	<u>196,935</u>	<u>347,120</u>	<u>573,236</u>
Treaty										
5 Proportional	-	-	-	-	-	-	-	-	-	-
Grand Total	<u>809,216</u>	<u>731,767</u>	<u>466,606</u>	<u>544,055</u>	<u>238,334</u>	<u>362,964</u>	<u>321,565</u>	<u>196,935</u>	<u>347,120</u>	<u>573,236</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Statement of Expenses

For the year ended December 31, 2014

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expenses	2014		2013
							Commission from reinsurers	Net underwriting expense	Net underwriting expense
Direct and Facultative									
1 Fire and property damage	107,884	49,468	54,661	102,691	74,597	177,288	16,533	160,755	94,503
2 Marine, aviation and transport	28,314	4,102	2,196	30,220	20,049	50,269	15,839	34,430	39,817
3 Motor	43,116	27,058	20,684	49,490	102,196	151,686	26	151,660	161,036
4 Miscellaneous	26,993	9,850	15,838	21,005	15,842	36,847	27,234	9,613	9,292
Total	<u>206,307</u>	<u>90,478</u>	<u>93,379</u>	<u>203,406</u>	<u>212,684</u>	<u>416,090</u>	<u>59,632</u>	<u>356,458</u>	<u>304,648</u>
Treaty									
5 Proportional	-	-	-	-	-	-	-	-	(1)
Grand Total	<u><u>206,307</u></u>	<u><u>90,478</u></u>	<u><u>93,379</u></u>	<u><u>203,406</u></u>	<u><u>212,684</u></u>	<u><u>416,090</u></u>	<u><u>59,632</u></u>	<u><u>356,458</u></u>	<u><u>304,647</u></u>

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

The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Statement of Investment Income

For the year ended December 31, 2014

(Amounts in Rupees '000)

	2014	2013
Income from non-trading investments		
Return on bank deposits	10,503	9,899
Available for sale		
Dividend income	24,494	28,176
Gain on sale of investments	113,485	128,921
	137,979	157,097
(Charge) / reversal of impairment in value of investments	(2,105)	6,633
Investment management expenses	(643)	(166)
Investment income	<u>145,734</u>	<u>173,463</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Notes to the Financial Statements

for the year ended December 31, 2014

1. STATUS AND NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

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

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

3. STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with 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 the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

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

3.2 Adoption of new standards, amendments and interpretations of existing standards and forthcoming requirements

3.2.1 Adoption of new and amended standards and interpretations

The company has adopted the following new and amended IFRS which became effective during the year:

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

The adoption of the above amendments did not have any material effect on the financial statements



Notes to the Financial Statements

for the year ended December 31, 2014

3.2.2 Forthcoming requirements

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

IFRS 10	- Consolidated Financial Statements	01 January 2015
IFRS 11	- Joint Arrangements	01 January 2015
IFRS 12	- Disclosure of Interests in other equities	01 January 2015
IFRS 13	- Fair value measurement	01 January 2015
IAS 1	- Presentation of Financial Statements - (Amendment) - Disclosure Initiative	01 January 2016
IAS 16 & 38	- Property, Plant and Equipment & intangible assets - (Amendment) - Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41	- Property, Plant and Equipment & Agriculture (Amendment) - Agriculture: Bearer Plants	01 January 2016
IAS 19	- Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions	01 July 2014

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after July 1, 2014 and January 1, 2016. The company expects that such improvements to the standards will not have any material impact on the company's financial statements in the period of initial application.

Further following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

IFRS 9	- Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14	- Regulatory Deferral Accounts	01 January 2016
IFRS 15	- Revenue from Contracts with Customers	01 January 2017

In November 2012, the SECP vide its notification SRO No. 1383/2012 and SRO No. 1384/2012 published revised draft of Insurance Accounting Regulations and draft Amendment in SEC (Insurance) Rules, 2002 respectively. These regulations and amendments are not yet effective.

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



Notes to the Financial Statements

for the year ended December 31, 2014

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 5.15)
- b. Impairment of assets (Note 5.13.3 & 5.15)
- c. Provision for outstanding claims including claims incurred but not reported [IBNR] (Note 5.6)
- d. Provision for premium deficiency reserves (Note 5.9)
- e. Reinsurance recoveries against outstanding claims (Note 5.7)
- f. Provision against premium due but unpaid (Note 5.4)
- g. Staff retirement benefits (Note 5.11)
- h. Provision for income taxes (Note 5.12)

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all years presented.

5.1 Insurance contracts

Insurance contracts are those contracts under which the company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into the following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

Fire and property
Marine, aviation and transport
Motor
Miscellaneous

These contracts are provided to individuals as well as commercial organizations with various tenures according to the nature and terms of the contract and the needs of the insured.

The company also accepts insurance risk pertaining to insurance contracts of other insurers as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL).



Notes to the Financial Statements

for the year ended December 31, 2014

The company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

5.2 Premium income

Premium written, including administrative surcharge, under a policy is recognized from the date of issuance of the policy to which it relates. Premium on facultative reinsurance accepted is reflected in the financial statements along with direct premium.

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements.

5.3 Unexpired risk and premium

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the company. This liability is calculated by applying the 1/24 method as specified in the SEC (Insurance) Rules, 2002.

The related deferred portion of reinsurance premium is recognized as a prepayment calculated by using the 1/24 method.

5.4 Receivables and payables related to insurance contracts

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

If there is objective evidence that any premium due but unpaid is impaired, the company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

5.5 Reinsurance contracts held

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

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

The company assesses its reinsurance assets for impairment on balance sheet date. If there is objective evidence that the reinsurance asset is impaired, the company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.



Notes to the Financial Statements

for the year ended December 31, 2014

5.6 Claims

General insurance claims include all claims occurring during the year, whether reported or not, including external claims handling costs that are directly related to the processing and settlement of claims, reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for IBNR is based on the management's best estimate which takes into account the past trends net of exceptional claims.

5.7 Reinsurance recoveries against outstanding claims

Claims recoveries receivable from reinsurers are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

5.8 Commissions

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized on a quarterly basis as per terms and conditions agreed with the reinsurers. These are deferred and brought to account as expense or income in accordance with the pattern of recognition of the premium to which they relate.

5.9 Premium deficiency reserve

The SEC (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.

The company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.



Notes to the Financial Statements

for the year ended December 31, 2014

5.10 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

5.11 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, 2014 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 or losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and passed service cost, gains or losses on settlements and interest expense.

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 at the rate of 8.33% of basic salary.

5.12 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.



Notes to the Financial Statements

for the year ended December 31, 2014

5.13 Investments

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

5.13.1 At fair value through profit or loss - held for trading

- 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 cannot 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.

5.13.2 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.

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.

5.13.3 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.

Quoted investments are initially recognized at cost inclusive of transaction costs.

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 the SECP dated December 12, 2002. This treatment, in contravention to requirements of IAS 39, Financial Instruments: Recognition and Measurement, is in line with the Rules.



Notes to the Financial Statements

for the year ended December 31, 2014

Under the requirements of IAS 39, Financial Instruments: Recognition and Measurement, the investments of the company would have been higher by Rs 142.1 million (2013: Rs 164.5 million) and the corresponding amount would have been reflected in the equity by the same amount.

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 the profit and loss account when there is a permanent diminution / impairment in their value.

Impairment

The carrying amounts of the investments are reviewed to determine whether there is any indication of impairment. If such indication exists the investments recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of the investment exceeds its recoverable amount. Impairment losses are recognized in the profit and loss account.

De-recognition

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.

5.14 Investment properties

Investment properties are accounted for under the cost model in accordance with IAS 40: Investment Property and S.R.O. 938 issued by the SECP on December 12, 2002.

- Land is stated at cost.
- Buildings are depreciated to their estimated salvage value over their useful life.

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

5.15 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 dates of purchase to disposal.

Rates of depreciation:

- | | |
|--|-----|
| • Land and buildings | 5% |
| • Computer equipment | 30% |
| • Office equipment, furniture & fixtures | 10% |
| • Motor vehicles | 20% |
| • Computer software | 30% |

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



Notes to the Financial Statements

for the year ended December 31, 2014

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.

5.16 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.

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.

5.17 Proposed dividend

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

5.18 Expenses of management

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



Notes to the Financial Statements

for the year ended December 31, 2014

5.19 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.

5.20 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand, stamps in hand, current and saving accounts and short term deposits.

5.21 Segment reporting

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

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

The perils covered under fire and property insurance include 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.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditure that are directly attributable to segments have been assigned to them. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

5.22 Financial instruments

Financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and financial liabilities are initially measured at cost which is the fair value of the consideration given and received respectively including transaction cost. These financial assets and liabilities are subsequently measured at fair value or cost, as the case may be. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to the profit and loss account.



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

5.23 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.

5.24 Zakat

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

6. AUTHORIZED SHARE CAPITAL

During the year, the company consolidated its shares by increasing the face value from Rs 5 per share to Rs 10 per share pursuant to special resolution passed by the members at AGM held on April 29, 2014.

As a result of the above consolidation, the number of shares in authorized capital reduced from 100,000,000 shares of Rs 5/- to 50,000,000 shares of Rs 10/- per share.

Accordingly, the number of shares issued, subscribed and paid-up reduced from 60,564,269 shares of Rs 5 per share to 30,282,134 shares of Rs 10 per share. One remaining share has been cancelled from the shareholding in accordance with the special resolution.

7. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
Number of shares				
200,000	400,000	Ordinary shares of Rs. 10 (2013: Rs 5) each fully paid in cash	2,000	2,000
		Ordinary shares of Rs. 10 (2013: Rs 5) each issued as fully paid bonus shares		
30,082,134	60,164,269	As at January, 01	300,821	300,821
-	-	Issued during the year	-	-
30,082,134	60,164,269		300,821	300,821
30,282,134	60,564,269		302,821	302,821

As at December 31, 2014, the number of shares held by the associated undertakings were 3,713,765 of Rs 10 per share (2013: 7,449,708 of Rs 5 per share).



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	Note	2014	2013
8. RESERVES			
Capital reserves			
Reserve for exceptional losses	8.1	19,490	19,490
Devaluation reserve	8.2	185	185
		19,675	19,675
Revenue reserves			
General reserve	8.3	1,264,436	1,325,000
Reserves for bad and doubtful debts		350	350
		<u>1,264,786</u>	<u>1,325,350</u>
		<u>1,284,461</u>	<u>1,345,025</u>
8.1 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.			
8.2 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.			
8.3 General reserve	Note	2014	2013
Balance at the beginning of the year		1,325,000	1,325,000
Transfer from profit and loss account		(60,564)	-
Balance at the end of the year		<u>1,264,436</u>	<u>1,325,000</u>
9. STAFF RETIREMENT BENEFITS			
Gratuity	9.1	18,652	18,063
Employees compensated absences	9.10	13,694	14,143
		<u>32,346</u>	<u>32,206</u>
9.1 Liability / (assets) in balance sheet	9.2	18,652	18,063
Present value of defined benefit obligation		-	-
Fair value of plan assets		<u>18,652</u>	<u>18,063</u>
9.2 Movement in the net liability recognized in the balance sheet			
Opening net liability		18,063	14,374
Unrecognised amounts charged to retained earning		-	-
Expense for the year	9.3	1,360	3,262
		19,423	17,636
Remeasurment chargeable in other comprehensive income		(263)	667
Payments during the year		(508)	(240)
Closing net liability		<u>18,652</u>	<u>18,063</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	2014	2013			
9.3 Expense recognized in the profit and loss account					
Current service cost	116	1,681			
Interest cost	1,244	1,581			
Net actuarial gain recognized in the year	-	-			
	<u>1,360</u>	<u>3,262</u>			
9.4 Reconciliation of the present value of the defined benefit obligations					
Present value of obligation as at January 1	18,063	14,374			
Current service cost	116	1,681			
Interest costs	1,244	1,581			
Benefit paid	(508)	(240)			
Experience adjustment	(263)	667			
Present value of obligation as at December 31	<u>18,652</u>	<u>18,063</u>			
9.5 Total remeasurments chargeable in other comprehensive income					
Remeasurement of plan obligation					
Experience adjustments	<u>(263)</u>	<u>667</u>			
	(263)	667			
Returns on plan assets, excluding interest income	<u>-</u>	<u>-</u>			
	(263)	667			
9.6 Maturity profile of defined benefit obligation					
Average duration of the defined benefit obligation is:	<u>6 years</u>	<u>2 years</u>			
9.7					
The estimated expense to be charged to profit and loss account for the year 2015 is Rs 1.8 million.					
9.8 Sensivity analysis on significant acturial assumptions: Acturial liability					
	2014	2013			
Base	18,652	18,063			
Discount Rate + 100 bps	2,782	17,679			
Discount Rate - 100 bps	3,112	18,467			
Salary increase + 100 bps	2,939	18,330			
Salary increase - 100 bps	2,936	17,800			
9.9 Historical data of gratuity scheme					
	2014	2013	2012	2011	2010
Present value of defined benefit obligations	18,652	18,063	14,375	12,324	9,612
Experience adjustment arising on plan liabilities	263	(667)	389	(863)	(147)



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	Note	2014	2013			
9.10 Movement in the net liability recognized in the balance sheet						
Opening net liability		13,086	14,014			
Expense for the year	9.11	1,594	1,961			
		14,680	15,975			
Payments due but not paid		-	(1,057)			
Payment during the year		(986)	(1,832)			
Closing net liability		13,694	13,086			
9.11 Expense recognized in the profit and loss account						
Current service cost		432	391			
Interest cost		1,272	1,542			
Net actuarial gain recognized in the year		(110)	28			
		1,594	1,961			
9.12 Historical data of leave encashment scheme						
		2014	2013	2012	2011	2010
Present value of defined benefit obligations		13,694	13,086	14,014	13,978	12,425
Experience adjustment arising on plan liabilities		(110)	28	(1,538)	(92)	(1,083)
9.13 Principal actuarial assumptions						
Following are a few important actuarial assumptions used in the benefits' valuation	Note	2014	2013			
Discount rate		10.5%	12.5%			
Expected rate of increase in salary		9.5%	11.5%			
10. OTHER CREDITORS AND ACCRUALS						
Commissions payable		333,049	281,765			
Federal excise duty & sales tax		12,815	16,485			
Federal insurance fee		832	1,078			
Donations		5,235	7,035			
Workers welfare fund	10.1	7,182	6,355			
Deposits and margins		6,737	10,844			
Salaries payable		21,416	6,219			
Others	10.2	22,652	19,258			
		409,918	349,039			

10.1 The Finance Act 2008 introduced an amendment to the Workers' Welfare Fund Ordinance, 1971 (WWF Ordinance). As a result of this amendment it may be construed that all Insurance companies whose income exceeds Rs.0.5 million in a tax year, have been brought within the scope of the WWF Ordinance, thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition has been filed by certain Insurance companies through their lawyers in the Honourable High Court of Sindh (the Court), challenging the applicability of WWF to the Insurance companies, which is pending for adjudication.



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

During the year 2011, a single bench of the Lahore High Court (LHC) in a constitutional petition relating to the amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, has declared the said amendments as unlawful and unconstitutional and struck them down. However, in the month of March 2013, a larger bench of the Sindh High Court (SHC) in various constitutional petitions declared that amendments brought in the WWF Ordinance, 1971 through the Finance Act, 2006, and the Finance Act 2008, do not suffer from any constitutional or legal infirmity and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

However, as per the advice of legal counsel of Premier Insurance Limited, the constitutional petitions filed by the Insurance Companies (as mentioned in the first paragraph) challenging the applicability of WWF contribution have not been affected by the SHC judgment.

Further, in May 2014, the Honorable Peshawar High Court (PHC) held that the impugned levy of contribution introduced in the ordinance through Finance Acts, 1996 and 2009 lacks the essential mandate to be introduced and passed through a Money bill under the constitution and, hence, the amendments made through the Finance Acts are declared as 'Ultra Vires'.

As the matter relating to levy of WWF is currently pending in the Court, the company, as a matter of abundant caution, has decided to retain and continue with the provision for WWF amounting to Rs 7,182 (2013: Rs 6,355) in these financial statements. Had the provision not been made, the profit of the company would be higher by Rs 827 (2013: Nil).

- 10.2 This includes provision for rent amounting to Rs 14 million (2013: 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.

11. CONTINGENCIES AND COMMITMENTS	Note	2014	2013
Commitments for capital expenditure.		<u>15,038</u>	<u>15,038</u>
There are no contingencies to report as at the balance sheet date.			
12. CASH AND BANK DEPOSITS			
Cash and other equivalents			
Cash		46	123
Stamps in hand		<u>699</u>	<u>621</u>
		<u>745</u>	<u>744</u>
Current and other accounts			
Current accounts		15,550	19,242
Savings accounts	12.1	<u>134,698</u>	<u>88,952</u>
		<u>150,248</u>	<u>108,194</u>
12.1 The rate of return on saving accounts by various banks range from 6% to 8.5% per annum (2013: 6% to 8.25% per annum).			
Deposits maturing within 12 months			
Deposits		8,743	8,743
Less: Impairment		<u>(8,743)</u>	<u>(8,743)</u>
		<u>-</u>	<u>-</u>
		<u>150,993</u>	<u>108,938</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	Note	2014	2013
13. INVESTMENTS			
Available for sale			
Related Parties			
Quoted shares (market value Rs 124.0 million [2013: Rs 143.9 million])	13.1	44,643	42,868
Unquoted shares	13.2	4,000	4,000
		48,643	46,868
Others			
Quoted shares (market value Rs 341.2 million [2013: Rs 295.9 million])	13.3	348,411	282,655
Unquoted shares	13.4	114,983	114,983
Mutual funds (market value Rs 698.8 million [2013: Rs 792.9 million])	13.5	628,911	742,739
		1,092,305	1,140,377
Less: Impairment	13.6	(19,815)	(17,710)
		1,121,133	1,169,535

All investments have a face value of Rs.10 per share / certificate unless stated otherwise.

	Number of		Name of entity	% of	2014	2013
	shares /	certificates /					units	Equity held
	2014	2013				
Related parties						
13.1 Quoted						
	200,000	200,000	Crescent Cotton Mills Limited	0.94%	1,050	1,050
	434,500	-	First Equity Modaraba	0.40%	2,118	-
	327,500	262,000	The Crescent Textile Mills Limited	1.95%	9,598	8,616
	272,799	312,799	Pakistan Reinsurance Company Limited	0.30%	9,009	10,333
	53,125	53,125	Shakarganj Mills Limited (8.5% cumulative preference shares redeemable after 5 years of issue, convertible after every financial year of investee)	0.08%	526	526
	399,000	399,000	Shams Textile Mills Limited	4.60%	6,693	6,694
	798,467	659,890	Suraj Cotton Mills Limited	6.50%	15,649	15,649
					44,643	42,868
			Market value as at December 31		124,001	143,911
13.2 Unquoted						
	400,000	400,000	Crescent Powertec Limited	8%	4,000	4,000
			Break-up value 2014: Rs 303.9 (2013: Rs 243.6) per audited accounts for the year ended June 30, 2014 Chief Executive : Mr Ahsan Bashir		4,000	4,000
Others						
13.3 Quoted						
	63,700	66,000	Allied Bank Limited		6,338	4,321
	49,000	39,000	Attock Refinery Limited		10,704	8,574
	50,000	50,000	Bahawalpur Textile Mills Limited		-	-



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

Number of shares / certificates / units		Name of entity	2014	2013
2014	2013		2014	2013
119,080	-	Cherat Cement Company Limited	6,846	-
-	20,000	Dawood Hercules Corporation Limited	-	1,216
11,500	235,000	D.G. Khan Cement Company Limited	1,048	17,341
70,000	70,000	Engro Polymer & Chemicals Limited	1,466	1,521
36,333	-	Engro Fertilizer Limited	2,259	-
8,835	38,335	Engro Corporation Limited	1,783	5,704
190,000	170,000	Fauji Cement Company Limited	3,358	2,088
368,038	333,038	Fauji Fertilizer Bin Qasim Limited	15,857	14,423
197,889	252,889	Fauji Fertilizer Company Limited	22,459	28,702
138,500	245,000	Fatima Fertilizer Company Limited	3,604	5,808
20,000	-	Fecto Cement Company Limited	1,387	-
13,980	68,255	GlaxosmithKline Pakistan Limited	1,094	5,877
25,000	-	Habib Metropolitan Bank Limited	915	-
25,000	-	Hascol Petroleum Limited	1,751	-
74,970	74,970	Kot Addu Power Company Limited	3,635	3,498
320,000	285,000	K-Electric Limited (Face value Rs.3.50 per share)	2,146	3,028
-	88,000	Kohat Cement Company Limited	-	6,825
25,000	-	Lafarge Pakistan Cement Ltd	414	-
400,000	425,000	Lotte Pakistan PTA Limited	5,431	5,770
21,100	11,100	Lucky Cement Limited	9,957	2,662
46,090	92,900	MCB Bank Limited	12,114	25,031
85,000	-	National Bank of Pakistan	5,219	-
84,011	86,011	National Refinery Limited	27,946	28,611
7,150	7,150	Netsol Technologies Limited	233	233
312,500	238,000	Nishat Chunian Limited	15,572	11,873
260,000	265,000	Nishat Chunian Power Limited	7,632	8,366
25,000	-	Nishat Mills Limited	2,994	-
282,500	232,500	Nishat Power Limited	7,822	5,630
164,600	10,000	Oil & Gas Development Company Limited	41,689	2,763
160,000	100,000	Pakgen Power Limited	3,684	2,373
499,599	499,599	Pak Oman Advantage Fund	5,019	5,019
100,000	-	Pakistan Telecommunication Company Limited	2,262	-
50,000	50,000	Pakistan International Air Lines Corporation-(A)	483	483
81,250	26,000	Pakistan Oilfields Limited	41,892	12,529
158,420	28,120	Pakistan Petroleum Limited	32,239	5,229
63,225	68,678	Pakistan State Oil Company Limited	22,644	19,109
268,977	268,977	PICIC Growth Fund	3,809	3,809
48,717	48,717	PICIC Investment Fund	186	186
19,650	65,720	Shell Pakistan Limited	3,857	12,584
82,500	202,500	The Hub Power Company Limited	4,868	11,935
120,000	425,000	Sui Northern Gas Pipelines Limited	2,372	8,382
-	25,000	Sui Southern Gas Company Limited	-	617
3,317	3,317	Tri-pack Films Limited	535	535
5,000	-	United Bank Limited	888	-
			<u>348,411</u>	<u>282,655</u>
		Market value as at December 31	<u>341,227</u>	<u>295,919</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	Number of		Name of entity	% of Equity held		
	shares / certificates / units				2014	2013
	2014	2013			2014	2013
13.4 Unquoted						
	9,407,275	9,407,275	Novelty Enterprises (Private) Limited Break-up value 2013 Rs.9.95 as per accounts for the year ended June 30, 2014 Chief Executive : Mr.Maqbool Sadiq	16.66%	114,983	114,983
					<u>114,983</u>	<u>114,983</u>
13.5 Mutual funds (unit trusts)						
	2,232,509	10,068,521	ABL Cash Fund (Face value Rs 10 per unit)		19,834	93,000
	4,847,310	-	ABL Government Securities Fund - B		50,000	-
	51,292	696,711	First Habib Cash Fund (Face value Rs 100 per unit)		4,596	65,000
	1,264,827	1,206,037	HBL Money Market Fund (Face value Rs 100 per unit)		128,827	118,464
	2,645,758	-	Metro Bank-Pakistan Sovereign Fund		130,000	-
	1,769,200	2,171,178	MCB Cash Management Optimizer Fund (Face value Rs 100 per unit)		169,332	216,652
	25,525	3,250,448	NAFA Government Security Liquid Fund (Face value Rs 10 per unit)		235	31,190
	823,084	789,336	Pakistan Income Fund (Face value Rs 50 per unit)		24,711	24,711
	1,011,911	-	UBL Government Securities Fund - C		101,376	-
	-	2,085,015	UBL Liquidity Plus Fund (Face value Rs 100 per unit)		-	193,722
					<u>628,911</u>	<u>742,739</u>
			Market value as at December 31		<u>698,789</u>	<u>792,925</u>
13.6 Impairment						
	Opening balance				17,710	24,563
	Less: write-off				-	(220)
	Charge / (Reversal) for the year				2,105	(6,633)
	Closing balance				<u>19,815</u>	<u>17,710</u>
13.7	Mutual funds include Rs 24.7 million (2013: Rs 24.7 million) placed as statutory deposit with the State Bank of Pakistan (market value: Rs 45.6 million [2013: Rs 41.0 million]).					
14. LOAN – UNSECURED CONSIDERED GOOD						
The company has provided an unsecured interest free loan to Novelty Enterprises (Private) Limited for the purpose of real estate development. The company has 12.5% equity stake in Novelty Enterprises (Private) Limited.						



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

15. INVESTMENT PROPERTIES

	2014							
	Cost			Depreciation				
	As at Jan 1, 2014	Additions/ (disposals)/ adjustments	As at Dec 31, 2014	Accumulated as at Jan 1, 2014	Charge for the year/ (disposals)/ adjustments	Accumulated as at Dec 31, 2014	Written down value as at Dec 31, 2014	Depreciation rate on written down value % per annum
Land	45,032	-	45,032	-	-	-	45,032	-
Building	11,928	-	11,928	2,674	463	3,137	8,791	5
2014	56,960	-	56,960	2,674	463	3,137	53,823	

The fair value of the investment properties at December 31, 2014 as per valuation carried out by professional valuers in January 2015 is Rs 133.0 million.

	2013							
	Cost			Depreciation				
	As at Jan 1, 2013	Additions/ (disposals)/ adjustments	As at Dec 31, 2013	Accumulated as at Jan 1, 2013	Charge for the year/ (disposals)/ adjustments	Accumulated as at Dec 31, 2013	Written down value as at Dec 31, 2013	Depreciation rate on written down value % per annum
Land	45,032	-	45,032	-	-	-	45,032	-
Building	11,928	-	11,928	2,187	487	2,674	9,254	5
2013	56,960	-	56,960	2,187	487	2,674	54,286	

The fair value of the investment properties at December 31, 2013 as per valuation carried out by professional valuers in January 2014 is Rs 114.0 million.

	Note	2014	2013
16.1 PREMIUM DUE BUT UNPAID - unsecured			
Considered good		370,727	354,949
Considered doubtful		352,727	322,885
		723,454	677,834
Provision for doubtful balances	16.1	156,127	140,260
		<u>567,327</u>	<u>537,574</u>
16.1 Provision for doubtful balances			
Opening balance		140,260	109,668
Charge for the year		15,867	30,592
Closing balance		<u>156,127</u>	<u>140,260</u>
17. AMOUNT DUE FROM OTHER INSURERS/REINSURERS			
Considered good		347,457	291,754
Considered doubtful		287,300	454,215
		634,757	745,969
Provision for doubtful balances	17.1	177,939	139,952
		<u>456,818</u>	<u>606,017</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	Note	2014	2013
17.1 Provision for doubtful balances			
Opening balance		139,952	115,683
Charge for the year		37,987	24,269
Closing balance		<u>177,939</u>	<u>139,952</u>
18. PREPAYMENTS			
Prepaid premium to insurers / reinsurers		338,429	301,900
Prepaid rent		165	165
Others		176	9,093
		<u>338,770</u>	<u>311,158</u>
19. DEPOSITS & OTHER RECEIVABLES			
Deposits	19.1	27,495	29,105
Investment proceeds receivable		18,430	1,509
Other receivables		7,010	4,910
		<u>52,935</u>	<u>35,524</u>

19.1 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.

20. FIXED ASSETS

	2014							
	Cost			Depreciation / Amortization				
	As at Jan 1, 2014	Additions/ (disposals)/ adjustments	As at Dec 31, 2014	Accumulated as at Jan 1, 2014	Charge for the year/ (disposals)/ adjustments	Accumulated as at Dec 31, 2014	Written down value as at Dec 31, 2014	Depreciation rate on written down value % per annum
Tangible								
Owned								
Land and buildings (Office premises)	165,706	-	165,706	9,962	790	10,752	154,954	5
Computer equipment	13,209	1,449 (57)	14,601	10,591	1,031 (48)	11,574	3,027	30
Office equipment	11,594	240	11,834	6,291	546	6,837	4,997	10
Furniture and fixtures	23,971	-	23,971	10,758	1,321	12,079	11,892	10
Motor vehicles	98,527	13,915 (1,579)	110,863	61,714	9,316 (1,274)	69,756	41,107	20
	<u>313,007</u>	<u>15,604</u> <u>(1,636)</u>	<u>326,975</u>	<u>99,316</u>	<u>13,004</u> <u>(1,322)</u>	<u>110,998</u>	<u>215,977</u>	
Intangible								
Computer software	11,008	-	11,008	7,349	1,097	8,446	2,562	30
2014	<u>324,015</u>	<u>15,604</u> <u>(1,636)</u>	<u>337,983</u>	<u>106,665</u>	<u>14,101</u> <u>(1,322)</u>	<u>119,444</u>	<u>218,539</u>	



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	2013								
	Cost			Depreciation / Amortization					
	As at Jan 1, 2013	Additions/ (disposals)/ adjustments	As at Dec 31, 2013	Accumulated as at Jan 1, 2013	Charge for the year/ (disposals)/ adjustments	Accumulated as at Dec 31, 2013	Written down value as at Dec 31, 2013	Depreciation rate on written down value % per annum	
Tangible									
Owned									
Land and buildings (Office premises)	154,791	10,915	165,706	9,184	778	9,962	155,744	5	
Computer equipment	13,209	-	13,209	9,469	1,122	10,591	2,618	30	
Office equipment	11,449	433 (288)	11,594	5,853	589 (151)	6,291	5,303	10	
Furniture and fixtures	23,971	-	23,971	9,290	1,468	10,758	13,213	10	
Motor vehicles	96,792	1,794 (59)	98,527	52,588	9,177 (51)	61,714	36,813	20	
	<u>300,212</u>	<u>13,142</u> <u>(347)</u>	<u>313,007</u>	<u>86,384</u>	<u>13,134</u> <u>(202)</u>	<u>99,316</u>	<u>213,691</u>		
Intangible									
Computer software	11,008	-	11,008	5,781	1,568	7,349	3,659	30	
2013	<u>311,220</u>	<u>13,142</u> <u>(347)</u>	<u>324,015</u>	<u>92,165</u>	<u>14,702</u> <u>(202)</u>	<u>106,665</u>	<u>217,350</u>		

20.1 Disposal of fixed assets

Description	Cost	Accumulated depreciation	Book value	Disposal proceeds	Gain/ (Loss)	Mode of disposal	Disposal to
Chevrolet Joy AKF-466	585	496	89	250	161	Tendor	Syed Muhammad Fahad (Individual)
Toyota Corolla AQF-811	995	778	217	600	383	Settlement	Ms Shazia Bashir (Ex-employee)
HP-540 Note Book	56	48	8	-	(8)	Settlement	Ms Shazia Bashir (Ex-employee)
2014	<u>1,636</u>	<u>1,322</u>	<u>314</u>	<u>850</u>	<u>536</u>		
2013	<u>347</u>	<u>202</u>	<u>145</u>	<u>103</u>	<u>(42)</u>		

Note 2014 2013

21. CAPITAL WORK IN PROGRESS

This represents property acquisition and renovation costs 21.1 26,109 26,109

21.1 Market value of this property as assessed at December 31, 2014 is Rs 51 million.



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	Note	2014	2013
22. MANAGEMENT EXPENSES			
Underwriting expenses			
Salaries, wages and benefits		101,152	107,217
Rent, taxes etc.		3,789	3,932
Communication		5,805	5,670
Fuel and power		22,473	21,210
Tracking devices		17,784	10,461
Insurance		3,734	2,530
Printing and stationery		3,896	4,358
Travelling and entertainment		14,967	12,109
Repairs and maintenance		11,298	8,848
Legal and professional		1,548	2,094
Advertisement		861	3,409
Others		25,377	20,489
		212,684	202,327
General and administration expenses			
Depreciation and amortization		14,101	14,702
Bonus, retirement and other benefits		26,672	29,173
Provision for doubtful balances		53,854	54,861
Workers welfare fund		827	-
Donation	22.1	5,000	5,000
Others		923	750
		101,377	104,486
Total		<u>314,061</u>	<u>306,813</u>

22.1 Donations

Charitable donations paid during the year amounted to Rs 6.8 million (2013: Rs 3.9 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, Chief Executive, is also the Chairman of the Board of Governors of the donee.

23. TAXATION

	2014	2013
Current	14,657	14,818
Prior year	(8,791)	-
	<u>5,866</u>	<u>14,818</u>

The company has filed return of total income for the tax year 2014 which is deemed to have been assessed under the Income Tax Ordinance, 2001 unless selected by the taxation authority for audit purpose.

As at the balance sheet date, the company has aggregate carried forward tax losses of Rs 454.6 million. The deferred tax assets on such losses and other temporary differences between the tax and accounting base of tax and other liabilities amounts to Rs 137.2 million. The company has not recognised such deferred tax assets due to uncertainty regarding the realization of such assets.



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	2014	2013
23.1 Tax charge reconciliation	%	%
Applicable tax rate	34.00	34.00
Effect of amounts that may not be allowable, net of exemptions / rebates	66.60	(13.45)
Effect of amounts taxed at a different rate	(64.43)	(30.30)
	2.17	(43.75)
Effect of prior year adjustment	(21.70)	-
Effective tax rate	14.47	(9.75)

23.2 AUDITORS' REMUNERATION

Audit fee	383	331
Fee for review of financial statements	80	69
Certification fee	173	150
Out of pocket expenses	163	80
	799	630

24. EARNINGS / (LOSS) PER SHARE

Profit / (loss) after tax for the year	34,647	(166,799)
Weighted average number of shares	30,282,134	30,282,134
Basic earnings / (loss) per share of Rs 10 each - Rupees	1.14	(5.51)

No figure for diluted earnings per share has been presented as the company has not issued any instrument which would dilute its basic earnings per share when exercised.

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Managerial remuneration	11,878	16,268	1,815	10,414	20,559	15,298	34,252	41,980
Retirement benefits	-	3,393	-	-	1,713	2,861	1,713	6,254
Housing and utilities	1,678	1,841	272	1,562	11,338	9,607	13,288	13,010
Bonus	-	-	-	-	4,264	2,637	4,264	2,637
Meeting fees	-	-	923	750	-	-	923	750
Others	1,762	120	664	3,946	6,077	1,793	8,503	5,859
	15,318	21,622	3,674	16,672	43,951	32,196	62,943	70,490
Number of persons	1	1	5	6	25	19		

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



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

26. SEGMENT REPORTING

The following presents segment revenue and profit information for the years ended December 31, 2014 and December 31, 2013 and estimated information regarding certain assets and liabilities as at December 31, 2014 and December 31, 2013.

	Fire and property		Marine, aviation & transport		Motor		Miscellaneous		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue										
Premium earned	<u>520,774</u>	<u>424,650</u>	<u>263,159</u>	<u>234,249</u>	<u>340,817</u>	<u>343,503</u>	<u>202,223</u>	<u>159,803</u>	<u>1,326,973</u>	<u>1,162,205</u>
Segment results	<u>(86,328)</u>	<u>(206,815)</u>	<u>2,496</u>	<u>23,486</u>	<u>71,186</u>	<u>(36,025)</u>	<u>3,574</u>	<u>(5,605)</u>	<u>(9,072)</u>	<u>(224,959)</u>
Investment income									<u>145,734</u>	<u>173,463</u>
Gain / (loss) on disposal of fixed assets									<u>536</u>	<u>(42)</u>
Rental income									<u>4,692</u>	<u>4,043</u>
General and administration expenses									<u>(101,377)</u>	<u>(104,486)</u>
									<u>49,585</u>	<u>72,978</u>
Profit / (Loss) before tax									<u>40,513</u>	<u>(151,981)</u>
Provision for taxation									<u>(5,866)</u>	<u>(14,818)</u>
Profit / (Loss) after tax									<u>34,647</u>	<u>(166,799)</u>
Other information										
Segment assets	<u>812,525</u>	<u>795,304</u>	<u>304,201</u>	<u>392,244</u>	<u>273,260</u>	<u>351,849</u>	<u>413,558</u>	<u>392,312</u>	<u>1,803,544</u>	<u>1,931,709</u>
Unallocated corporate assets									<u>1,626,438</u>	<u>1,622,588</u>
Consolidated total assets									<u>3,429,982</u>	<u>3,554,297</u>
Segment liabilities	<u>598,728</u>	<u>661,705</u>	<u>164,542</u>	<u>187,279</u>	<u>209,387</u>	<u>319,622</u>	<u>334,177</u>	<u>291,171</u>	<u>1,306,834</u>	<u>1,459,777</u>
Unallocated corporate liabilities									<u>594,894</u>	<u>519,708</u>
Consolidated total liabilities									<u>1,901,728</u>	<u>1,979,485</u>
Capital expenditure	<u>6,321</u>	<u>1,025</u>	<u>3,046</u>	<u>579</u>	<u>3,595</u>	<u>745</u>	<u>2,642</u>	<u>384</u>	<u>15,604</u>	<u>2,733</u>
Depreciation / Amortization	<u>5,712</u>	<u>5,512</u>	<u>2,752</u>	<u>3,115</u>	<u>3,249</u>	<u>4,009</u>	<u>2,388</u>	<u>2,066</u>	<u>14,101</u>	<u>14,702</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

27.1 Financial risk management objectives and policies

The company is exposed to a variety of financial risks: market risk, yield/mark-up rate risk, foreign currency risk, credit risk and liquidity risk that could result in a reduction in the company's net assets or a reduction in the profits available for dividends. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The Board of Directors has the overall responsibility for the establishment and oversight of the company's risk management framework and is responsible for developing risk management policies and its monitoring.

27.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The company manages the market risk by monitoring exposure on related securities by following internal risk management policies.

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

The table below summarizes the company's equity price risk as of December 31, 2014 and 2013 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in company's equity investment portfolio because of the nature of equity markets.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase/ (decrease) in shareholder's equity	Hypothetical increase/ (decrease) in profit / (loss) before tax
December 31, 2014	465,228	10% increase	511,751	46,523	46,523
		10% decrease	418,705	(46,523)	(46,523)
December 31, 2013	439,830	10% increase	483,813	43,983	43,983
		10% decrease	395,847	(43,983)	(43,983)



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

27.1.2 Yield / mark-up rate risk

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

	2014							
	Effective yield/mark-up rate %	Exposed to yield/mark-up risk			Not exposed to yield/mark-up rate risk			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
Financial assets								
Cash and bank deposits	6 - 8.25	134,698	-	134,698	15,550	-	15,550	150,248
Investments	....	-	-	-	1,121,133	-	1,121,133	1,121,133
Premium due but unpaid	....	-	-	-	567,327	-	567,327	567,327
Amount due from other insurers / reinsurers	....	-	-	-	456,818	-	456,818	456,818
Accrued investment income	....	-	-	-	1,090	-	1,090	1,090
Accrued salvage recoveries	....	-	-	-	26,026	-	26,026	26,026
Reinsurance recoveries	....	-	-	-	321,565	-	321,565	321,565
Deposits & other receivables	....	-	-	-	52,935	-	52,935	52,935
		<u>134,698</u>	<u>-</u>	<u>134,698</u>	<u>2,562,444</u>	<u>-</u>	<u>2,562,444</u>	<u>2,697,142</u>
Financial liabilities								
Provision for outstanding claims	....	-	-	-	466,606	-	466,606	466,606
Amount due to other insurers / reinsurers	....	-	-	-	211,284	-	211,284	211,284
Accrued expenses	....	-	-	-	24,835	-	24,835	24,835
Other creditors and accruals	....	-	-	-	409,918	-	409,918	409,918
Dividend payable	....	-	-	-	26,757	-	26,757	26,757
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,139,400</u>	<u>-</u>	<u>1,139,400</u>	<u>1,139,400</u>
Total yield / mark-up rate risk sensitivity gap 2014		<u>134,698</u>	<u>-</u>	<u>134,698</u>	<u>1,423,044</u>	<u>-</u>	<u>1,423,044</u>	<u>1,557,742</u>

	2013							
	Effective yield/mark-up rate %	Exposed to yield/mark-up risk			Not exposed to yield/mark-up rate risk			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
Financial assets								
Cash and bank deposits	6 - 8.25	108,938	-	108,938	-	-	-	108,938
Investments	....	-	-	-	1,169,535	-	1,169,535	1,169,535
Premium due but unpaid	....	-	-	-	537,574	-	537,574	537,574
Amount due from other insurers / reinsurers	....	-	-	-	606,017	-	606,017	606,017
Accrued investment income	....	-	-	-	1,338	-	1,338	1,338
Accrued salvage recoveries	....	-	-	-	32,776	-	32,776	32,776
Reinsurance recoveries	....	-	-	-	362,964	-	362,964	362,964
Deposits & other receivables	....	-	-	-	35,774	-	35,774	35,774
		<u>108,938</u>	<u>-</u>	<u>108,938</u>	<u>2,745,978</u>	<u>-</u>	<u>2,745,978</u>	<u>2,854,916</u>
Financial liabilities								
Provision for outstanding claims	....	-	-	-	731,767	-	731,767	731,767
Amount due to other insurers / reinsurers	....	-	-	-	144,630	-	144,630	144,630
Accrued expenses	....	-	-	-	27,980	-	27,980	27,980
Other creditors and accruals	....	-	-	-	349,039	-	349,039	349,039
Dividend payable	....	-	-	-	21,341	-	21,341	21,341
		<u>-</u>	<u>-</u>	<u>-</u>	<u>1,274,757</u>	<u>-</u>	<u>1,274,757</u>	<u>1,274,757</u>
Total yield / mark-up rate risk sensitivity gap 2013		<u>108,938</u>	<u>-</u>	<u>108,938</u>	<u>1,471,221</u>	<u>-</u>	<u>1,471,221</u>	<u>1,580,159</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
December 31, 2014	100 (100)	8,260 (8,260)	5,369 (5,369)
December 31, 2013	100 (100)	9,835 (9,835)	6,393 (6,393)

27.1.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

27.1.4 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2014	2013
Bank deposits	150,248	108,938
Investments in mutual funds	628,911	742,739
Premium due but unpaid - net of provision	567,327	537,574
Amount due from other insurers / reinsurers - net of provision	456,818	606,017
Accrued investment income	1,090	1,338
Reinsurance recoveries against outstanding claims	321,565	362,964
Deposits & other receivables	52,935	35,524

General provision is made for receivables according to the company's policies. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no history of default.

	2014	2013
The age analysis of receivables is as follows:		
Upto 1 year	346,066	274,787
1 -2 years	74,629	168,611
2 - 3 years	83,082	59,669
Over 3 years	219,677	174,767
	<u>723,454</u>	<u>677,834</u>
Considered impaired	<u>156,127</u>	<u>140,260</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

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

	Rating		Rating Agency	2014	2013
	Short term	Long term			
United Bank Limited	A-1+	AA+	JCR-VIS	37,111	19,650
Allied Bank Limited	A1+	AA+	PACRA	5,203	12,717
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	88,264	65,411
NIB Bank Limited	A1+	AA-	PACRA	11,905	8,088
Habib Bank Limited	A1+	AAA	JCR-VIS	3,373	1,741
Samba Bank Limited	A1	AA-	JCR-VIS	9	9
MCB Bank Limited	A1+	AAA	PACRA	24	-
National Bank of Pakistan	A1+	AAA	JCR-VIS	4,359	573
Industrial Development Bank of Pakistan				-	5
				<u>150,248</u>	<u>108,194</u>

The credit quality of amount due from other insurers and reinsurers (gross of provision held) can be assessed with reference to external credit ratings as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2014	2013
A or above (including PRCL)	602,141	298,942	202,651	1,103,734	1,256,082
BBB	24,624	21,482	15,492	61,598	79,845
Others	7,992	1,141	120,286	129,419	74,906
Total	<u>634,757</u>	<u>321,565</u>	<u>338,429</u>	<u>1,294,751</u>	<u>1,410,833</u>

26.1.5 Liquidity risk

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting payment obligations when they fall due under normal circumstances. To guard against the 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 adequate liquidity is maintained.

The table below summarises the maturity profile of the company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2014			Total
	Within one year	Over one year to five years	Over five years	
Financial liabilities				
Provision for outstanding claims	466,606	-	-	466,606
Staff retirement benefits	-	32,346	-	32,346
Amount due to other insurers / reinsurers	211,284	-	-	211,284
Accrued expense	24,835	-	-	24,835
Other creditors and accruals	409,918	-	-	409,918
Unclaimed dividend	26,757	-	-	26,757
	<u>1,139,400</u>	<u>32,346</u>	<u>-</u>	<u>1,171,746</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	2013			Total Restated
	Within one year	Over one year to five years	Over five years	
Financial liabilities				
Provision for outstanding claims	731,767	-	-	731,767
Staff retirement benefits	-	32,206	-	32,206
Amount due to other insurers / reinsurers	144,630	-	-	144,630
Accrued expense	27,980	-	-	27,980
Other creditors and accruals	349,039	-	-	349,039
Unclaimed dividend	21,341	-	-	21,341
	<u>1,274,757</u>	<u>32,206</u>	<u>-</u>	<u>1,306,963</u>

27.2 Insurance risk

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.

The company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes.

The company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the company from individual to large or catastrophic insured events. Further, the company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

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

	2014 Maximum Gross Risk Exposure	2013 Maximum Gross Risk Exposure
Fire and property	12,052,682	13,971,266
Marine, aviation and transport	62,000,000	2,040,000
Motor	20,000	10,000
Miscellaneous	1,790,250	200,000



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

The reinsurance arrangements against major risk exposures include excess of loss, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on company's net retentions.

Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. The estimation of provision of claims incurred but not reported (IBNR) is based on analysis of the past claim reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The assumed net of reinsurance loss ratios for each class of business is as follows:

Class	Assumed Net Loss Ratio 2014	Assumed Net Loss Ratio 2013
Fire and property	53%	62%
Marine, aviation and transport	29%	26%
Motor	55%	66%
Miscellaneous	80%	85%



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The company makes various assumptions and uses techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The company considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the company mostly enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

	Pre tax profit		Shareholders' equity	
	2014	2013	2014	2013
10% increase in loss	(34,712)	(57,324)	(22,563)	(37,261)
10% decrease in loss	34,712	57,324	22,563	37,261

Claims development

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

27.3 Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, both proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a catastrophe. Apart from the adequate event limit, any loss over and above the said limit would be recovered from the non-proportional treaty which is considered adequate by the company. In compliance with the regulatory requirements, the reinsurance arrangements are duly submitted to the SECP.

The risk by type of contract is summarised below:

	Gross exposure		Net exposure	
	2014	2013	2014	2013
Fire and property	388,986,500	376,043,652	154,116,451	203,251,594
Marine, aviation and transport	175,407,037	102,618,243	49,271,837	32,283,699
Motor	14,737,288	15,417,619	14,414,541	15,180,188
Miscellaneous	42,460,004	41,735,814	16,504,204	8,564,189
	<u>621,590,829</u>	<u>535,815,328</u>	<u>234,307,033</u>	<u>259,279,670</u>



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

27.4 Geographical concentration of insurance risk

To optimize benefits from the principle of averages and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the location, occupation and coverage of the insureds.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, we have utilised precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. It provides a way to better visualize the risk exposures so the company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

28. 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 solvency requirements.

29. 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 approximates their fair value, which have been disclosed in the respective notes to these financial statements.

30. 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 schemes.

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 24, are as follows:



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

	2014	2013
Associated undertakings		
Premium written	<u>87,008</u>	<u>86,066</u>
Reinsurance premium ceded	<u>113,139</u>	<u>83,576</u>
Claims paid	<u>93,128</u>	<u>86,080</u>
Dividend received	<u>6,802</u>	<u>7,406</u>
Dividend paid	<u>7,427</u>	<u>7,450</u>
Others		
Premium written	<u>852</u>	<u>270</u>
Dividend paid	<u>2,497</u>	<u>2,315</u>
Meeting fees	<u>923</u>	<u>750</u>
Rent received	<u>-</u>	<u>1,125</u>
Period-end balances		
Associated undertakings		
Claims outstanding	<u>13,931</u>	<u>35,250</u>
Premium receivable	<u>88,308</u>	<u>96,135</u>
Reinsurance claims receivable	<u>705,999</u>	<u>664,002</u>
Reinsurance premium payable	<u>842,317</u>	<u>734,553</u>
Others		
Premium receivable	<u>1,134</u>	<u>128</u>
Other payables	<u>-</u>	<u>425</u>

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

	Unaudited 2014	Audited 2013
31. DEFINED CONTRIBUTION PLAN		
31.1 Provident Fund Trust		
Size of the fund	38,370	37,023
Cost of investment made	36,401	32,813
Percentage of investments made (based on fair value)	105%	93%
Fair value of investments	40,429	34,537



Notes to the Financial Statements

for the year ended December 31, 2014

(Amounts in Rupees '000)

31.2 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The break-up of investments is as follows:

	2014	2013
Breakup of investments		
Listed securities / mutual funds	12,355	9,901
Government securities	6,683	5,034
Other debt instruments	21,391	19,602
	<u>40,429</u>	<u>34,537</u>

32. NUMBER OF EMPLOYEES

The company employed 149 (2013: 150) employees at the end of the year.

33. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on March 27, 2015 has proposed a cash dividend of 10% (2013: 20%). In addition, the directors have also announced a bonus issue of 15% (2013: Nil), which will be distributed out of the reserves. This distribution will be approved in the forthcoming Annual General Meeting. The financial statements for the year ended December 31, 2014 do not include the effect of the following appropriation which will be accounted for in the financial statements for the year ending December 31, 2015 as follows:

Transfer from reserves to proposed dividend	30,282
Transfer from reserves to issue of bonus shares	45,423

34. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 27, 2015 by the directors of the company.

35. GENERAL

The comparative information has been reclassified, rearranged or additionally restated in these financial statements, wherever necessary, to facilitate comparative and to confirm with changes in presentation in the current year. However there were no material reclassification / restatements to report.

All amounts have been rounded to the nearest thousand Rupees.

Nadeem Maqbool
Chairman

Attaullah A. Rasheed
Director

Imran Maqbool
Director

Zahid Bashir
Chief Executive



Pattern of Shareholding

As at December 31, 2014

Information as required under Code of Corporate Governance

Shareholder's category	Number of shareholders	Number of shares held
i. Associated Companies, Undertakings and Related Parties		
Crescent Cotton Mills Limited	1	181,690
Crescent Fibres Limited	1	42,238
Crescent Powertec Limited	1	2,103,926
Equity Textiles Limited	2	490,566
Muhammad Amin Muhammad Bashir Limited	2	7,023
Shams Textile Mills Limited	1	442,610
Suraj Cotton Mills Limited	1	360,926
The Crescent Textile Mills Limited	1	84,786
Total :	10	3,713,765
ii. Directors and their spouse(s) and minor children		
Mr Zahid Bashir	2	3,682
Mr Khalid Bashir	1	83,250
Mr Shams Rafi	1	215,788
Mr Nadeem Maqbool	1	286,696
Mr Imran Maqbool	1	296,829
Mr Khurram Mazhar	1	204,651
Mrs Umbreen Zahid Bashir (w/o. Mr Zahid Bashir)	1	12,459
Mrs Tanveer Khalid Bashir (w/o. Mr Khalid Bashir)	1	96,018
Mrs Nazia Maqbool (w/o. Mr Nadeem Maqbool)	1	121,124
Mrs Asma Imran Maqbool (w/o. Mr Imran Maqbool)	1	91,808
Total :	11	1,412,305
iii. Executives		
Mr Muhammad Athar Saleem Chaudhry	1	50
Mr Fariq M.K. Rohilla	1	1,518
Mr Ghulam Sabir Akbar	1	65
Mr Ali Muhammad	1	17
Mr Ayazuddin Alavi	2	295
Mr Fakhar-e-Alam	1	198
Mr Kamaluddin	1	5
Mr Kamran Safi Rizvi	1	50
Mr Khalid Rafiq	1	50
Total :	10	2,248
iv. Public Sector Companies and Corporations	2	3,278,656
Total :	2	3,278,656
v. Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
	9	536,158
Total :	9	536,158
vi. Shareholders Holding five percent or more Voting Rights in the Listed Company		
State Life Insurance Corporation of Pakistan	2	3,278,656
Crescent Powertec Limited	1	2,103,926
Mahmood Textile Mills Limited	1	2,968,432
Total :	4	8,351,014



Pattern of Shareholding

As at December 31, 2014

Number of Shareholders	Shareholdings		Total Shares Held
	From	To	
724	1	100	20884
500	101	500	133683
207	501	1000	152695
359	1001	5000	872308
103	5001	10000	731493
44	10001	15000	548485
39	15001	20000	686722
24	20001	25000	539551
9	25001	30000	244944
7	30001	35000	220027
4	35001	40000	150372
11	40001	45000	466233
4	45001	50000	189057
3	50001	55000	159871
2	55001	60000	115899
7	60001	65000	436024
1	65001	70000	67997
1	70001	75000	70118
6	75001	80000	464668
9	80001	85000	740063
5	90001	95000	459040
1	95001	100000	96018
1	100001	105000	103305
1	110001	115000	113529
3	115001	120000	350870
2	120001	125000	244217
2	125001	130000	252586
2	130001	135000	265789
3	150001	155000	455257
1	155001	160000	159497
1	165001	170000	165943
1	170001	175000	174926
1	175001	180000	176175
4	180001	185000	727728
2	185001	190000	378386
2	195001	200000	393464
1	200001	205000	204651
1	205001	210000	207009
1	210001	215000	210503
1	215001	220000	215788
1	225001	230000	225000
1	230001	235000	230237
1	235001	240000	238366
1	275001	280000	275000
1	285001	290000	286696
3	295001	300000	888842
1	300001	305000	302818
2	315001	320000	634997
1	340001	345000	340438
2	360001	365000	723426
1	390001	395000	392203
1	415001	420000	419967
1	440001	445000	442610
1	445001	450000	448189
1	510001	515000	510134
1	545001	550000	547417
1	550001	555000	553667
1	645001	650000	647500
1	705001	710000	708501
1	745001	750000	749509
1	2100001	2105000	2103926
1	2965001	2970000	2968432
1	3275001	3280000	3278484
2127			30282134



Pattern of Shareholding

As at December 31, 2014

Additional Information

Categories of Shareholders	Shares Held	Percentage
Directors, CEO and their spouses & minor children		
Mr. Zahid Bashir (Director)	3,682	0.01
Mr. Khalid Bashir (Director)	83,250	0.27
Mr. Shams Rafi (Director)	215,788	0.71
Mr. Nadeem Maqbool (Director)	286,696	0.95
Mr. Imran Maqbool (Director)	286,829	0.95
Mr. Khurram Mazhar (Director)	204,651	0.68
Mrs Umbreen Zahid Bashir (w/o. Mr Zahid Bashir)	12,459	0.04
Mrs.Tanveer Khalid (w/o. Mr.Khalid Bashir)	96,018	0.32
Mrs.Nazia Maqbool (w/o.Mr.Nadeem Maqbool)	121,124	0.40
Mrs.Asma Imran Maqbool (w/o.Mr.Imran Maqbool)	91,808	0.30
Associated companies, undertakings & related parties		
Crescent Fibres Limited	42,238	0.14
Crescent Powertec Limited	2,103,926	6.95
Crescent Cotton Mills Limited	181,690	0.60
Equity Textiles Limited	490,566	1.62
Muhammad Amin Muhammad Bashir Limited	7,023	0.02
Shams Textile Mills Limited	442,610	1.46
Suraj Cotton Mills Limited	360,926	1.19
The Crescent Textile Mills Limited	84,786	0.28
NIT & ICP		
Investment Corporation of Pakistan	694	-
Banks, Development Financial Institutions, Non Banking Financial Institutions		
Banks	519,554	1.72
Investment Companies	9,277	0.03
Joint Stock Companies	3,136,882	10.36
Financial Institutions	22,449	0.07
Insurance Companies	10,073	0.03
Modarabas & Mutual Funds	100	-
Shareholders holding 10%		
State Life Insurance Corporation of Pakistan	3,278,656	10.83
General Public		
Local	17,880,213	59.05
Others		
Deputy Administrator Abandoned Properties Organization	165,943	0.55
Trustees Muhammad Amin Wakf Estate	118,382	0.39
Trustees Crescent Steel & Allied Products Limited	7,590	0.03
Trustees Saeeda Amin Wakf	7,762	0.03
Trustees Rashid Latif Jamal Trust	1,518	0.01
Trustees Aziz Latif Jamal Trust	1,518	0.01
Ali Trust	27	-
Islamabad Stock Exchange (G) Limited	5,426	0.02
	30,282,134	100.00



Locations

KARACHI

Head Office:
State Life Building No. 2A
5th Floor, Wallace Road
Phones: (021) 32416331-34
Fax : (021) 32416572

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

QUETTA

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2nd Floor
Circular Road
Phones: (081) 2842883

PESHAWAR

1081/A, Rehman Building
Saddar Road Cantt
Phones: (091) 5273757
Fax : (091) 5277809

SIALKOT

Room # 3 & 4, Sahib Plaza
Saga Chowk
Defence Road
Phones: (052) 3572192-3
Fax : (052) 3572194

GUJRANWALA

Block "L"
Trust Plaza
G.T. Road
Phones: (055) 3859719-20
Fax : (055) 3256432

KHANPUR

Liaison office
365, Model Town - B
Phones: (068) 5572834
Fax : (068) 5572834

LAHORE

North Zone Office:
162, Shadman II
Phones: (042) 37425881-85
Fax : (042) 37425886

F-13, Hafeez Centre, 4th Floor
Main Boulevard Gulberg
Phones: (042) 37425881-85
Fax : (042) 37425886

23, Shahrah-e-Quaid-e-Azam
P. O. Box No. 355
Phones: (042) 37230602-5
Fax : (042) 37235557

FAISALABAD

1st Floor 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
Phones: (041) 8503541-42

MULTAN

4th Floor, Mehr Fatima Tower, Opp: High Court,
Old Bahawalpur Road
Phones: (061) 4515007, 4515009, 4585006
4580114, 4545008
Fax : (061) 4587143

RAWALPINDI

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

ISLAMABAD

Masco Plaza, 64-E, 2nd Floor Blue Area,
Jinnah Avenue
Phones: (051) 2270134, 2270135, 2876967
Fax : (051) 2829654

SAHIWAL

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



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 Tuesday, April 28,
2015 at 9:00 a.m. at the Beach Luxury, Aquarius Hall, Molvi Tamizuddin Khan Road, Karachi and at any
adjournment thereof.

Signed this.....day of..... 2015

1. Witness:

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



Signature of Shareholder

2. Witness:

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

Note:

- 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.
- 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.
- 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.



PREMIER INSURANCE LIMITED

Share Registrar:

M/s. FAMCO Associates (Pvt) Limited
8-F, Next to Hotel Faran
Nursery, Block-6, P.E.C.H.S.
Shahrah-e-Faisal
Phone No. (+92-21) 34380101-5
Fax No. (+92-21) 34380106
E-mail: info.shares@famco.com.pk

Subject: Consent for Electronic Transmission of Annual Report

Dear Sirs,

I/we, being the shareholder(s) of Premier Insurance Limited, ("Company"), do hereby give consent and authorize the company for electronic transmission of the Annual Report containing Annual Audited Financial Statements, Directors' Report and Notice of Annual General Meeting via the Email provided herein below and further undertake to promptly notify the company of any change in my Email address.

I understand that the transmission of Annual Report via the Email shall meet the requirements as mentioned under Section 50, 158, 233 and 236 of the Companies Ordinance, 1984.

1. Name of Shareholder(s): _____
2. Fathers / Husband Name: _____
3. CNIC: _____ 4. NTN (If any): _____
5. Participant ID / Folio No: _____ 6. Telephone: _____
7. Mailing address: _____

Email address:

Date: _____

Signature:

Premier Insurance Limited
5th Floor, State Life Building No.2A
Wallace Road
Karachi.

(In case of corporate shareholders,
the authorized signatory shall sign)

