

بمیشه کلاه

67th

Annual Report  
2018



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## Vision Statement

Our vision is to be the first choice company for all stakeholders, while achieving the stature of the market leader in the general insurance industry of Pakistan.



## Mission Statement



Our mission is to be a professionally managed and financially sound, top general insurance company. Premier Insurance strives to work in the interest of all stakeholders including our clients, employees, reinsurers, shareholders and the nation.



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## PROFESSIONALISM

Our clients deserve the best service. Premier Insurance guarantees that it remains Pakistan's first choice insurer by hiring highly competent, intelligent and skilled management to be able to best facilitate our clients' needs.

## INTEGRITY

Premier Insurance upholds its integrity by being upright, honest and candid in all its dealings. With integrity, we foster trust by our clients in the company.



## Core Values

### EMPATHY

We are in the business of providing security because we understand our clients' apprehension when their valuable assets are at risk. With empathy, we are able to not only provide professional service but personalised service because we understand you.

### TRADITION

Premier Insurance is Pakistan's first insurer and we have a long and proud tradition of promptly settling claims and providing exemplary service since 1952. The company was conceived for the service of the nation and till today we stand steadfastly by our founding principles which has helped us develop relationships lasting generations.

## Company Information

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### Board of Directors

Khalid Bashir (Chairman)  
Zahid Bashir  
Imran Maqbool  
Nadeem Maqbool  
Shehryar Mazhar  
Shams Rafi  
Asadullah Khawaja  
Attaullah A. Rasheed

### Chief Executive Officer

Zahid Bashir

### Chief Financial Officer

Amjed Bahadur Ali

### Head of Internal Audit

Oan Ali Mustansir

### Company Secretary & Head of Compliance

Zeeshan Sattar

### Audit Committee

Nadeem Maqbool (Chairman)  
Khalid Bashir (Member)  
Imran Maqbool (Member)  
Asadullah Khawaja (Member)  
Oan Ali Mustansir (Secretary)

### Ethics, Human Resource, Remuneration & Nomination Committee

Nadeem Maqbool (Chairman)  
Zahid Bashir (Member)  
Attaullah A. Rasheed (Member)  
Niina Khan (Secretary)

### Investment Committee

Zahid Bashir (Chairman)  
Nadeem Maqbool (Member)  
Imran Maqbool (Member)  
Asadullah Khawaja (Member)  
Amjed Bahadur Ali (Member)  
Shazia Bashir (Secretary)

### Claim Settlement Committee

Attaullah A. Rasheed (Chairman)  
Muhammad Imran (Member)  
Hassan Mustafa (Member/Secretary)



# Company Information

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## Underwriting Committee

Imran Maqbool (Chairman)  
M. K. Baig (Member)  
Afzal Ur Rehman (Member)  
M. A. Hannan Shadani (Secretary)

## Reinsurance & Co-Insurance Committee

Shams Rafi (Chairman)  
Afzal Ur Rehman (Member)  
Kamran Safi Rizvi (Member/Secretary)

## Risk Management & Compliance Committee

Shams Rafi (Chairman)  
Zahid Bashir (Member)  
Amjed Bahadur Ali (Member)  
Zeeshan Sattar (Member/Secretary)

## Auditors

Deloitte Yousuf Adil & Co.,  
Chartered Accountants

## Legal Advisors

Arfin & Company Advocates

## 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

## 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

## Our Journey

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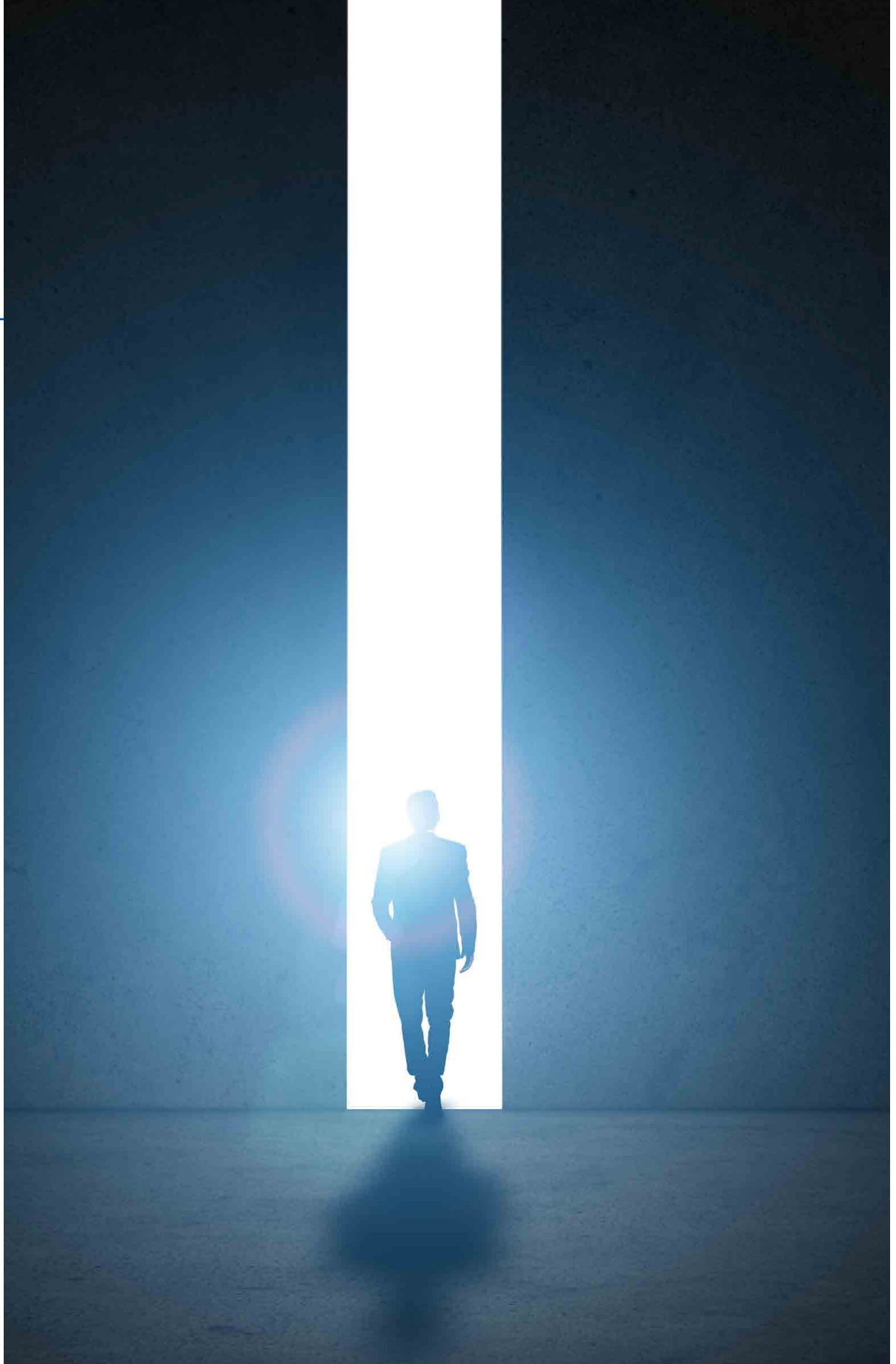
1952 – Zahid Hussain, the 1st Governor of the State Bank of Pakistan brought together leading industrialists of the newly established country realising the need for a Pakistani insurer – a crucial component for a young, burgeoning economy. This event set into motion the conception of Premier Insurance, a company with a vision to serve the nation.

Today, the company remains steadfast by its founding principles. It is a leading insurer listed on the Karachi, Lahore and Islamabad Stock Exchanges having earned numerous 'Top Companies' Awards. Premier Insurance is a member of the Insurance Association of Pakistan, a member of the Management Association of Pakistan and is licensed by the Securities and Exchange Commission of Pakistan.

Our business spans the country, provides services to clients across all economic sectors and offers products in all classes of general insurance. Premier Insurance employs exceedingly proficient management that enables the company to remain competitive, growing and at the cutting edge of technology.

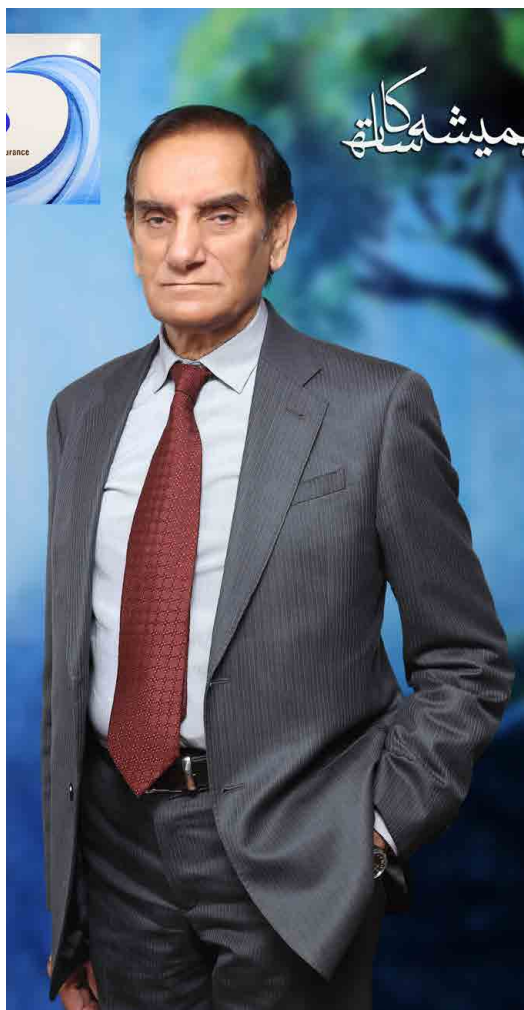
It is our historical practice of striving to achieve prompt settlement of even the largest claims that has allowed us to build relationships lasting generations, with some of the oldest institutions of Pakistan, and attract new clients seeking to prosper in the modern economy.

With our values firmly anchored in our founders' objective of serving the nation, we are committed to maintaining and forever building upon our tradition of excellence in all that we do.



## Board of Directors

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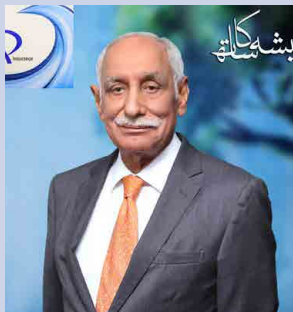
**Khalid Bashir**  
Chairman

Premier Insurance is a stalwart of the insurance industry of Pakistan. As the first company created after the independence of Pakistan, the company has for long been a trusted partner for her clients, and an anchor institution that has thrived through the history of this nation. Boasting a strong balance sheet and maintaining our reputation of trust and reliability, we are confident that the company will continue to be a partner of choice for the leading businesses of Pakistan.

With the combined efforts of our new team and the old trusted faces that have been with us through decades, we believe that Premier Insurance will push boundaries and expand business rapidly throughout the nation. Given the positive economic climate, improved security, greater foreign investment and growing middle class, we feel the company is well-poised to succeed in a revitalised Pakistan. The company will continue to innovate, continue to provide creative solutions to protect our clients from risks and continue to be a model of exemplary service in the years to come. May Premier Insurance and Pakistan prosper always.

## Board of Directors

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**Zahid Bashir**



**Imran Maqbool**



**Nadeem Maqbool**



**Shehryar Mazhar**



**Shams Rafi**



**Asadullah Khawaja**



**Attaullah A. Rasheed**



## Key Operating and Financial Data



## Key Operating and Financial Data

(Rupees in '000)

	2018	2017 *	2016 *	2015	2014	2013
<b>Paid-up capital</b>	<b>505,650</b>	505,650	417,893	348,244	302,821	302,821
<b>Capital reserves</b>	<b>19,675</b>	19,675	19,675	19,675	19,675	19,675
<b>Revenue reserves</b>	<b>1,129,222</b>	1,147,955	1,371,101	1,240,505	1,205,758	1,231,412
<b>Total reserves</b>	<b>1,148,897</b>	1,167,630	1,390,776	1,260,180	1,225,433	1,251,087
<b>Total equity</b>	<b>1,175,134</b>	1,183,220	1,630,514	1,608,424	1,528,254	1,553,908
<b>Total assets</b>	<b>2,989,203</b>	3,599,157	4,133,594	3,685,412	3,429,982	3,554,297
<b>Premium written</b>	<b>535,976</b>	849,108	1,115,119	1,405,907	1,355,682	1,239,301
<b>Net premium</b>	<b>290,308</b>	517,834	623,366	770,143	694,506	652,924
<b>Investment income</b>	<b>42,937</b>	27,265	258,537	119,300	147,839	166,830
<b>Impairment of financial assets</b>	<b>(10,720)</b>	(47,275)	(98,302)	19,553	(2,105)	6,633
<b>Profit / (loss) before taxation</b>	<b>15,964</b>	(302,008)	(325,134)	123,424	40,513	(151,981)
<b>Profit / (loss) after taxation</b>	<b>10,613</b>	(315,977)	(330,709)	110,616	34,647	(166,799)
<b>Return on equity*(%)</b>	<b>0.90%</b>	-22.46%	-20.42%	7.05%	2.25%	-10.00%
<b>Book value per share**(Rs.)</b>	<b>23.24</b>	23.40	29.70	46.19	50.47	25.66
<b>Earnings / (loss) per share** (Rs.)</b>	<b>0.21</b>	(6.25)	(6.74)	3.18	1.14	(5.51)
<b>Cash dividend (%)</b>	<b>0.00%</b>	0.00%	0.00%	10.00%	10.00%	20.00%
<b>Stock dividend (Bonus - %)</b>	<b>0.00%</b>	20.00%	10.00%	20.00%	15.00%	0.00%

\* Restated figure



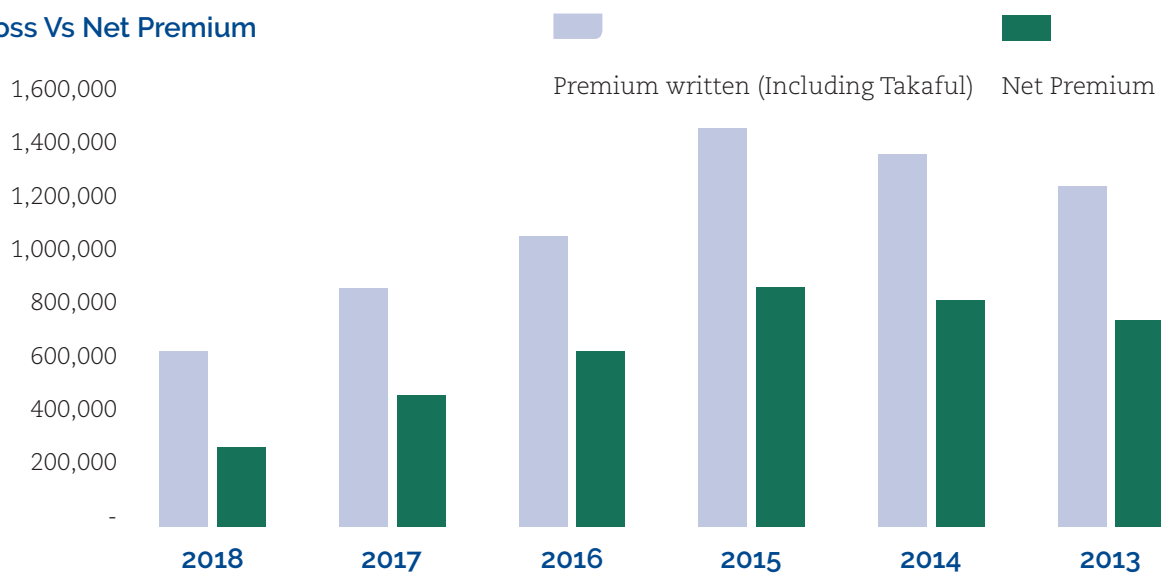
## Performance at a Glance



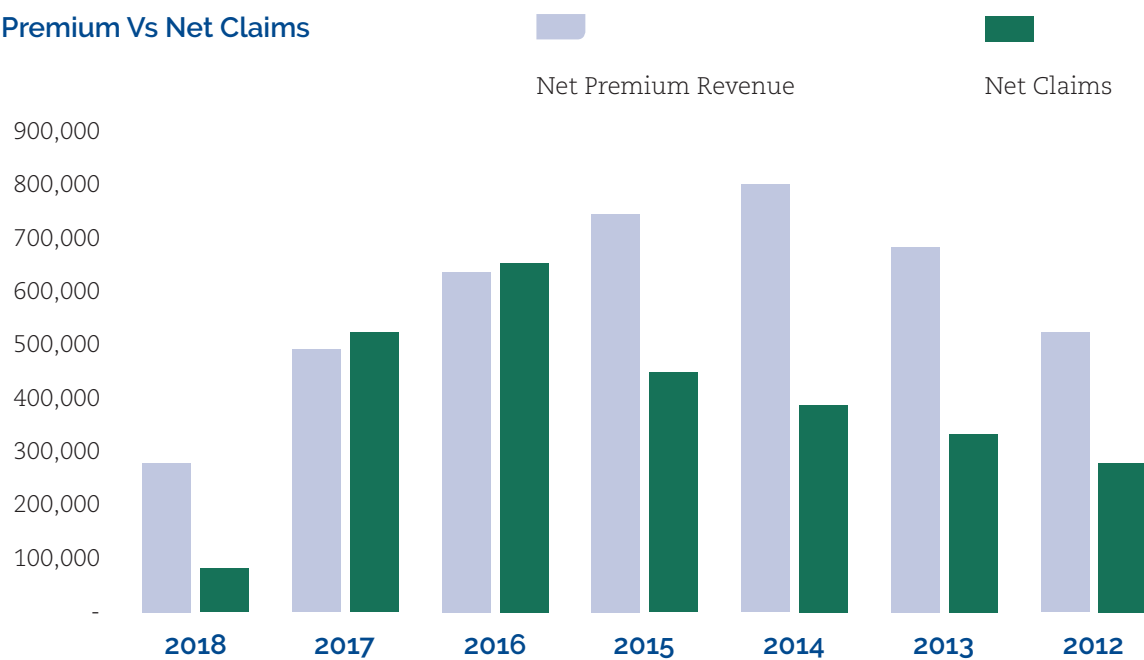
## Performance at a Glance

(Rupees in '000)

### Gross Vs Net Premium

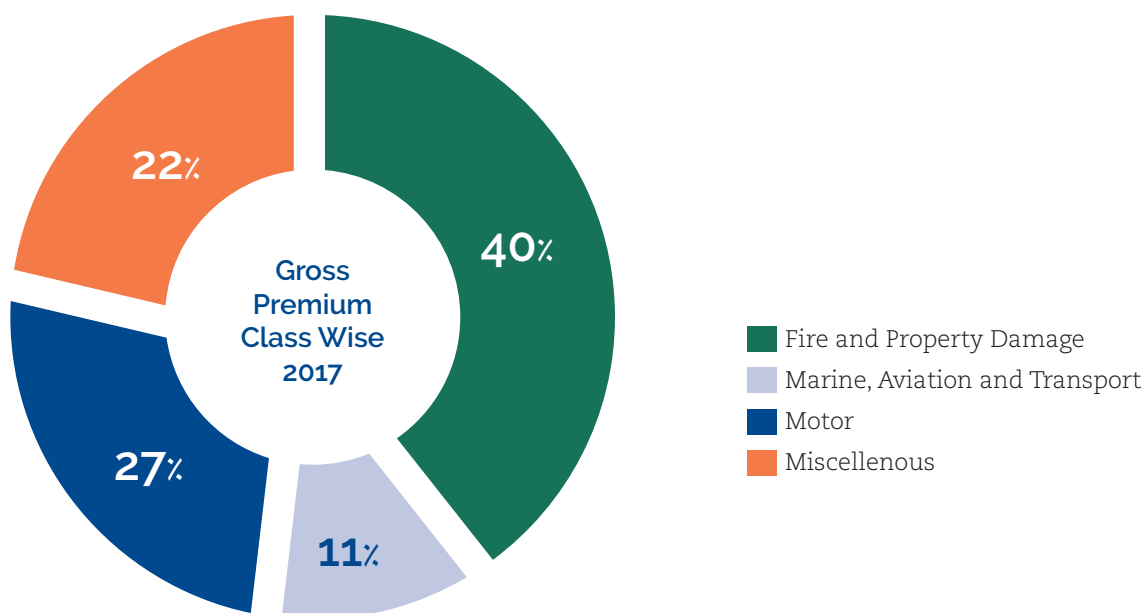
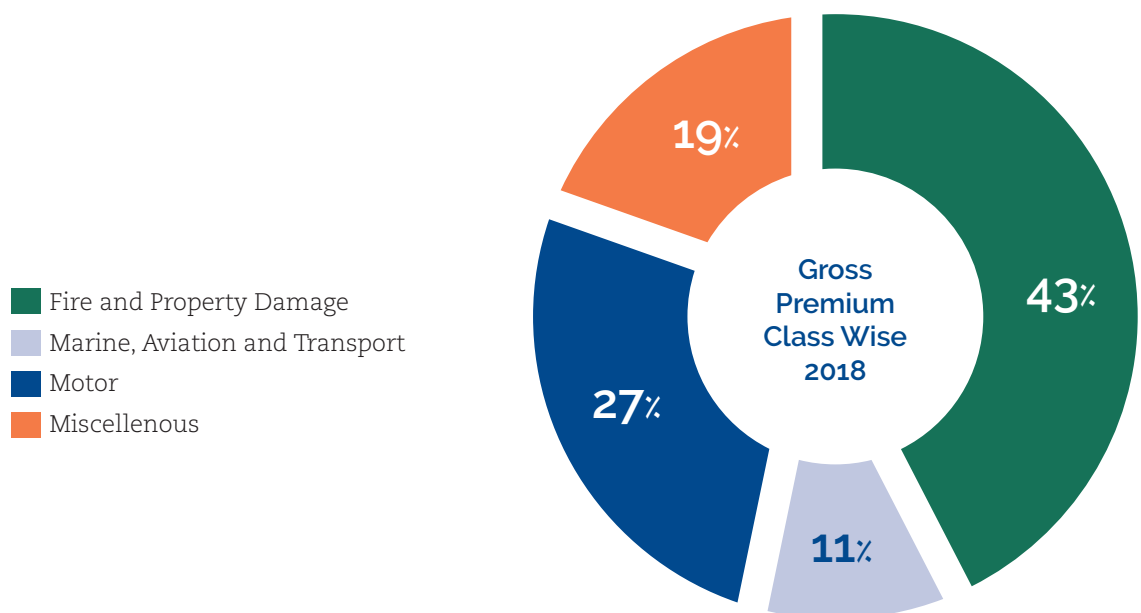


### Net Premium Vs Net Claims



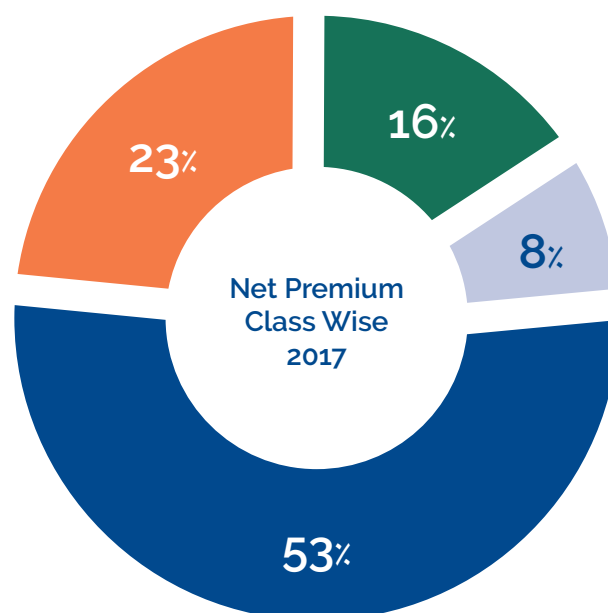
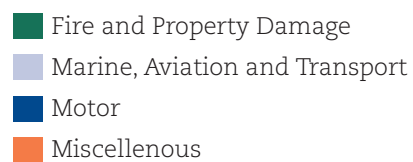
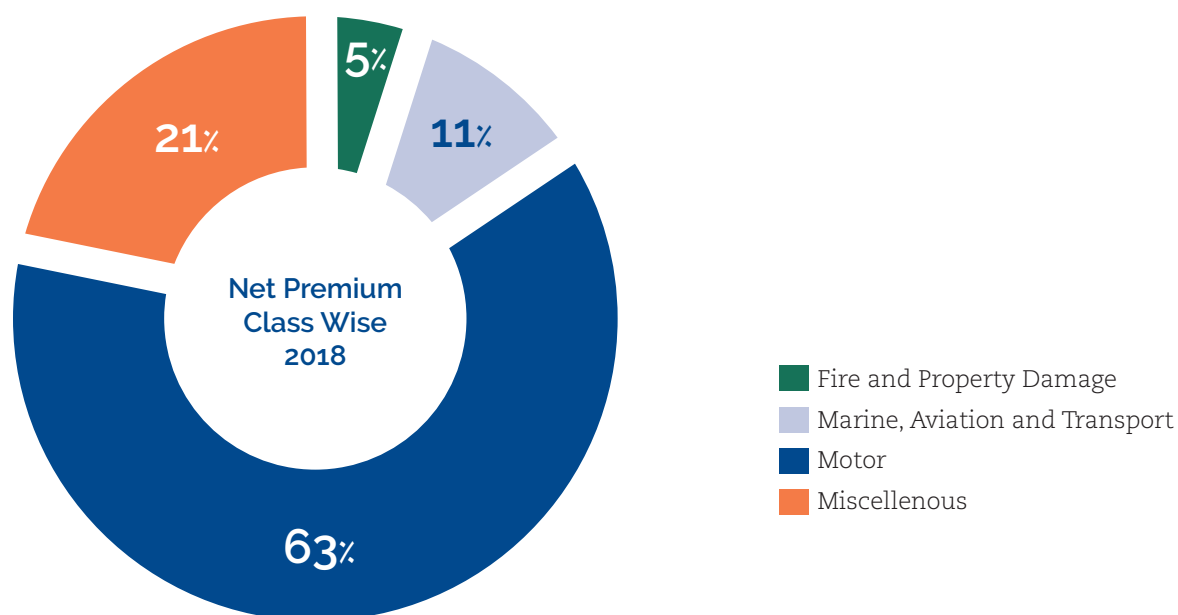
## Performance at a Glance

(Rupees in '000)



## Performance at a Glance

(Rupees in '000)





## Corporate Governance

## Chairman's Review

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It indeed gives me immense pleasure in presenting 67th Annual Report of your Company.

Your company reported decline of 37% in gross written premium as compared to last year by putting off riskier business from its portfolio using better risk management strategy. As a result, the underwriting loss as percentage of net premium has improved considerably from 79% to 25% in the current year as compared to last year.

The economic situation prevalent in the country despite its perplexity has experienced growth momentum in FY18 as the economy achieved its 13-year highest real GDP growth of 5.8 percent in FY18. The acceleration in GDP was supported by host of factors, including low cost of financing, improved energy supplies, favorable business sentiments, fiscal incentives through subsidies, and increased access to credit. At the same time, higher public spending and progress on CPEC-related projects stimulated economic activities besides inducing firms to enhance their production capacities.

The service sector, however, almost repeated its last year's performance, posting 6.4 percent growth compared to 6.5 percent in FY17. This was due to the slower growth of finance and insurance, transport, storage and communication, and other private services.

The insurance industry in Pakistan is relatively small as compared to its peers in the region. The insurance penetration and density has remained very modest as compared to other countries. However, the situation has been improving over the last 5 years and the insurance industry has shown tremendous growth. This growth can be attributed to the change in perception which is now being

perceived as security for prosperous future in the event of some unfortunate incident.

The Management of the company will continuously endeavor to improve performance in the future. The Company's management team is highly motivated and working towards restricting controllable costs and expenses in challenging business and operating environments. The marketing staff has been given challenging and aggressive targets and we are continuing to strengthen the underwriting process.

The Company has continued to acquire and deepen relationships with customers who meet the company's risk criteria. This approach should enable the Company to improve its financial position.

We are hopeful to deliver sustainable growth in a challenging and competitive business environment in order to maintain our position in the industry.

As one of the oldest financial institution of the country, we have remained strong through the history of this nation and will remain resolute to the challenges ahead. It is our foremost desire to see Pakistan prosper, and with it, we will peg our fortunes to those of the nation.

I wish to place on record my appreciation and gratitude for the support received by the Company from the Securities and Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited and all our reinsurers for their continued guidance. I would also like to thank the field force, officers and staff of the Company for the dedicated efforts and all our stakeholders.

**Khalid Bashir**  
Chairman

## چیرمین کا جائزہ

ناخوشگوار واقع کی صورت میں خوشحال مستقبل کا تحفظ۔

کمپنی کی انتظامیہ تسلسل کے ساتھ مستقبل میں اپنی کارکردگی میں اضافہ کے لئے کوشاں ہے۔ کمپنی کی انتظامی ٹیم بہت زیادہ متحرک ہے اور دشوار گزار افعال اور کاروباری ماحول میں قابل گرفت لاگتوں اور اخراجات کو محدود کرنے کے لئے کام کر رہی ہے۔ مارکیٹنگ اسٹاف کو مشکل اور متحرک ہدف دیئے گئے ہیں اور ہم تسلسل کے ساتھ اپنے ذمہ داری کے عمل کو مضبوط کر رہے ہیں۔

کمپنی تسلسل کے ساتھ ایسے کسٹمرز کو حاصل کر رہی اور ان سے گہرے تعلقات استوار کر رہی ہے کہ جو کہ کمپنی کے خطراتی معیار کے اصول پر پورا اترتے ہیں۔ اس رسائی سے کمپنی کی مالیاتی پوزیشن بہتری آئے گی۔

ہم پر امید ہیں کہ دشوار گزار اور مسابقتی ماحول میں صنعت میں اپنی پائیدار پوزیشن برقرار رکھنے میں کامیاب ہو جائیں گے۔

ملک کے قدیم ترین ادارے کی حیثیت سے ہم ملکی تاریخ میں ہمیشہ مستحکم رہے ہیں اور آنے والے چیلنجز کے لئے ہم پر عزم ہیں۔ یہ ہماری بنیادی خواہش ہے کہ پاکستان خوشحال بنے جس سے بحیثیت قوم ہماری ترقی ہوگی۔

میں اس موقع پر سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان ری انشورنس لمیٹڈ اور تمام ری انشوررز کی مسلسل رہنمائی پر ان کے لئے ستائش ریکارڈ پر لا نا چاہتا ہوں اور ان کا بھید مشکور ہوں۔ میں کمپنی کی فیلڈ فورس، آفیسرز اور اسٹاف اور تمام مستفیدان کا بھی شکریہ ادا کرتا ہوں۔

خالد بشیر  
چیرمین

میں بلاشبہ انتہائی مسرت کے ساتھ کمپنی کی 67 سالانہ رپورٹ پیش کر رہا ہوں۔ آپ کی کمپنی کے خام تحریری پریمیم میں گزشتہ سال کی بہ نسبت 37 فیصد کی دیکھی گئی جس میں مصنوعات کے پرخطر کاروبار سے اجتناب کرتے ہوئے بہتر خطراتی انتظام کی حکمت عملی کو اختیار کیا گیا۔ جس کے نتیجے میں ذمہ داری کا خسارہ کی شرح فیصد بلحاظ خالص پریمیم بہت زیادہ بہتری دیکھی گئی یعنی گزشتہ سال 79 فیصد سے کم ہو کر 25 فیصد رہی گئی۔

ملک میں جاری معاشی صورتحال میں تمام پیچیدگیوں کے باوجود مالیاتی سال 2018 میں مستحکم نمو دیکھی گئی یعنی FY18 میں GDP کی نمو 5.8 فیصد رہی جو کہ گزشتہ 13 سالوں میں بلند ترین ہے۔ GDP میں تیز ترین اضافہ میں کئی ایک عناصر نے اہم کردار ادا کیا جیسے کہ مالیاتی لاگتوں کی نچلی سطح، توانائی کی فراہمی میں بہتری، سازگار کاروباری رجحانات، مالیاتی ترغیبات بذریعہ اعانت اور قرضوں تک آسان رسائی شامل ہے۔ اس کے ساتھ عوامی ترقی کی اسکیموں میں بھاری سرمایہ کاری اور CPEC سے ملحقہ پروجیکٹس نے معاشی سرگرمیوں کو استحکام بخشا جس سے اداروں کی پیداواری گنجائش میں اضافہ ہوا۔

تاہم خدمات کے شعبہ کی کارکردگی گزشتہ سال جیسی ہی رہی یعنی اس میں نمو FY17 کے 6.5 فیصد کے مقابلے میں اس سال 6.4 فیصد رہی۔ معمولی کمی کی بنیادی وجہ مالیات اور انشورنس، نقل و حمل، ذخیرہ اور ذرائع ابلاغ اور دیگر نجی شعبوں میں کچھ سست روی تھی۔

بیمہ کی صنعت پاکستان میں خطے کے دیگر ممالک کی بہ نسبت چھوٹی ہے۔ بیمہ کی مارکیٹ اور کثافت دیگر ممالک کی بہ نسبت بہت زیادہ مناسب رہی۔ تاہم حالات میں گزشتہ پانچ سالوں سے بہتری آ رہی ہے جس میں بیمہ کی صنعت میں شاندار نمو دیکھی گئی۔ اس نمو کی بنیادی وجہ ادارک میں تبدیلی ہے یعنی کسی

# Report of the Directors to Members

The directors of your Company are pleased to present the 67th Annual Report of the Company together with the audited financial statements for the year ended December 31, 2018.

## Economic Situation

The economic situation prevalent in the country despite its perplexity has experienced growth momentum in FY18 as the economy achieved its 13-year highest real GDP growth of 5.8 percent in FY18. The acceleration in GDP was supported by host of factors, including low cost of financing, improved energy supplies, favorable business sentiments, fiscal incentives through subsidies, and increased access to credit. At the same time, higher public spending and progress on CPEC-related projects stimulated economic activities besides inducing firms to enhance their production capacities.

The service sector, however, almost repeated its last year's performance, posting 6.4 percent growth compared to 6.5 percent in FY17. This was due to the slower growth of finance and insurance, transport, storage and communication, and other private services.

The insurance industry in Pakistan is relatively small as compared to its peers in the region. The insurance penetration and density has remained very modest as compared to other countries. However, the situation has been improving over the last 5 years and the insurance industry has shown tremendous growth. This growth can be attributed to the change in perception which is now being perceived as security for prosperous future in the event of some unfortunate incident.

## Performance Review

	2018	(Restated) 2017
Premium Written	535,977	849,108
Net Premium	290,309	517,834
Underwriting result	(71,857)	(407,282)
Investment Income	42,937	27,265
Profit/(Loss) before taxation	15,964	(302,008)
Profit/(Loss) after taxation	10,613	(315,977)
<b>Earnings / (Loss) per share</b>	<b>0.21</b>	<b>(6.25)</b>

Your company reported a decline of 37% in gross written premium as compared to last year by putting off riskier business from its portfolio using better risk management strategy. As a result, the underwriting loss as percentage of net premium has improved considerably from 79% to 25% in the current year as compared to last year.

Your company is constantly striving to acquire new business through customization of its products to suit a wider customer base. As a result your company will regain its momentum in the future years to come.

The loss per share of the company has converted to earnings as compared to previous year due to the above measures.

## Significant Changes

Your company has assured to stay abreast of changes in laws and regulations and ensure better transparency at all times. The financial statements has been restated to reflect better information to the shareholders and has adopted recent changes in the international and local accounting standards.

Your Company has commenced recording Investment in equities and fixed income securities at

fair value effective January 2018.

Insurance Accounting Regulations 2017 gives option to value investment property at either fair value model or cost model. Consequently, the Company has changed its accounting policy for valuation of investment properties from cost model to fair value model.

The Company has changed its accounting policy for 'Investments in Crescent Powertec Ltd which were being accounted for using the cost method of accounting and are now accounted for using the equity method as specified by IAS - 28 'Investment in associates and joint ventures'.

The aforesaid changes are disclosed in Note 4 of accompanying Financial Statements and have been applied retrospectively in accordance with the requirement of International Accounting Standards and the comparatives have been restated accordingly.

The Management of the company will continuously endeavor to improve performance in the future. The Company's management team is highly motivated and working towards restricting controllable costs and expenses in challenging business and operating environments. The marketing staff has been given challenging and aggressive targets and we are continuing to strengthen the underwriting process.

The Company has continued to acquire and deepen relationships with customers who meet the company's risk criteria. This approach should enable the Company to improve its financial position.

### **Window Takaful Operations**

During the year, the company has reported contribution written amounting to Rs.149.49 million as against Rs. 159.88 million last year.

During the year, loss before tax from window takaful operations – OPF is Rs.16.45 million as against a profit of 6.76 million in 2017.

### **Appropriation of Profit**

The profit after tax during this year is Rs.10.61 million as against the loss after tax of Rs.315.98 million in 2017.

### **Credit Rating**

Your Company has been rated by PACRA. PACRA has assigned rating of A to the Company.

### **Information Technology**

Your Company continues to invest in technology not only to maintain a competitive edge but also to offer state of the art service to our customers. During the outgoing year the company has made arrangements to market its product through on-line platforms that aims to digitize access to insurance by integrating technology with existing systems.

The company has taken initiative to assess the impact analysis on insurance accounting and reporting framework and would realign its IT system and processes in accordance with new International Financial Reporting Standards, IFRS-17, applicable on insurance industries.

### **Human Resources**

Your Company invests extensively in cultivating and motivating our employees and trains them to face market challenges efficiently. Necessary training is being provided to the employees so that they have the knowledge and skills needed to accomplish their tasks effectively. The management is of the firm belief that HR is vital for the success of any organization. In today's competitive environment, we foresee an acute shortage of professionals particularly in the insurance industry and realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews. The Company's continued focus on equal opportunity employment goes a long way in maintaining a pool of employees with



knowledge, experience and skills in their respective fields and employees remain the Company's most valuable assets.

Your Company fully realizes to offer market competitive compensation and identifying performers through transparent performance appraisal system. Your company has encouraged employees to participate in various trainings and ensured employee participation at various seminars and workshops. In Year 2019 the company has also taken initiatives to cultivate its female staff by providing Director's Training program as required by the Code of Corporate Governance.

### Entity Objectives

Your Company will continue to lay emphasis on increasing the market share as well as prudent and pragmatic risk management.

### Future Outlook

Our strategy for 2019 is designed to deliver sustainable, profitable growth in a changing and competitive business environment in order to maintain a growing position in the industry. We continue to invest in our people and making Premier a great place to build their career.

We will strive to gain the lost ground by exploring new market segments through prevailing economic and political situation around the country and the soft insurance markets will pose tough challenges. We have, however, taken clear and decisive action to develop and grow each of our activities.

Your Company, due to a strong balance sheet, liquidity and above all a competent and proactive management will be able to explore and write any business that meets its criteria for safe and sustainable growth without compromising our high standards in 2019.

### Reinsurance/Re Takaful

Your Company continues to enjoy very sound re-

insurance and Re-Takaful arrangements which are placed with leading international securities, like SCOR Global P&C, Pakistan Reinsurance Limited, GIC RE, Korean Reinsurance Company, Emirates International, Labuan Retakaful, GIC Retakaful and Echo Re and all are with good credit ratings.

### Related Party Transactions

At each board meeting the Board of Directors approves Company's transactions with related parties. All the transactions executed with related parties are on arm's length basis.

### Capital Management and Liquidity

The Company maintains a strong capital position. Your Company carefully administers its liquidity to ensure its ability to meet its insurance obligations efficiently. The Company operates and honors its obligations through the cash flow generated from its core business as well as investment and other income.

### Enterprise Risk Management (ERM)

Your Company has decided to establish an ERM system overseen by Risk Management Committee to identify and monitor risks associated with various operations of the Company. Premier is committed to enhancing its overall profitability through optimization of value added activities, while maintaining a strong risk adjusted capitalization. The Company plans to further strengthen its risk management culture within its processes and decisions. The Risk Management functions will be overseen by the Risk Management and Compliance Committee who will report on the activities to the Board quarterly.

### Corporate and Financial Reporting Framework

1. 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.

2. Proper books of accounts have been maintained by the Company.
3. Appropriate accounting policies have been consistently applied in the preparation of the financial statements (except those changes which are disclosed in Note 4 of accompanying Financial Statements) and accounting estimates are based on reasonable and prudent judgment.
4. Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There is no significant doubt about the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
8. Key operating and financial data for the last six years is annexed with the report.
9. Trading of shares by Chief Executive, Directors, Chief Financial Officer, Company Secretary, their spouses and minor children were:

Name	Designation	Share Purchased
<b>Mr. Zeeshan Sattar</b>	Company Secretary	1,500

There being no transactions in the share of the Company except for those stated above. The directors, CEO, CFO and Company Secretary and their spouses and minor children have no holding other than reported.

10. The value of investments of Provident Fund based on audited financial statement as at December 31, 2017 was Rs. 52.32 million.
11. The statement of pattern of shareholding in the Company as at 31 December 2018 is included with the Report.

12. During 2018, five meetings of the Board were held, with at least one in each quarter, and were attended as follows:

Name of director	Type	Meetings attended
Mr. Khalid Bashir (Chairman)	(Non-Executive Director)	3
Mr. Zahid Bashir	(Executive Director)	5
Mr. Nadeem Maqbool	(Non-Executive Director)	5
Mr. Imran Maqbool	(Non-Executive Director)	5
Mr. Shams Rafi	(Non-Executive Director)	5
Mr. Asadullah Khawaja	(Independent Director)	4
Mr. Attaullah A Rasheed	(Non-Executive Director)	4
Mr. Khurram Mazhar (resigned from the Services as Director on May 29, 2018)	(Non-Executive Director)	1
Mr. Shehryar Mazhar (appointed in place of Mr. Khurram Mazhar on October 16, 2018)	(Non-Executive Director)	1

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

## Corporate Social Responsibility

Premier is fully committed to the concept of the Corporate Social Responsibility and fulfills this responsibility by energy conservation, environment protection and occupational safety and health by restricting unnecessary lighting, implementing tobacco control law and "No Smoking Zone" and providing a safe and healthy work environment. The Company has ensured safety measures through provision of Fire safety alarms and equipment.

The members of the company actively participates on various NGO's such as The Citizens

Foundation and has been awarded with national award from Government of Pakistan for dedication and service for the welfare of society.

During 2018, the Company contributed Rs. 126.05 million (2017: Rs183.39 million) to the nation's treasury in the form of in the form of Federal Excise Duty, Sales Tax, Income Tax, Federal Insurance Fee, Custom Duties, Policy Stamps, etc.

### **Compliance with the Code of Corporate Governance**

The requirements of the Code of Corporate Governance set out by the regulatory authorities 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 the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations.

### **Board of Directors**

The Board of Directors consists of eight individuals having the knowledge, experience and skill required to provide oversight and the strategic guidelines to the Company. All the directors of the Company are non-executive directors including an independent director, except the Chief Executive Officer.

The Board of Directors has approved a meeting attendance fee for the non-executive directors, including the independent director, for attending the Board and its Committee meetings

### **Board Committees**

The Board constituted committees as required under the Code of Corporate Governance namely:

Audit Committee, Ethics, Human Resource, Remuneration & Nomination Committee, Under-

writing, Claims, Reinsurance and Co-insurance, Investment and Risk Management & Compliance Committees. The committees are chaired by members having sound experience in giving strategic direction to the company through these committees. The responsibilities of the committees are defined by Terms of Reference which are set in accordance with the requirements of the Code. All committees have met during the year as required by the Code.

### **Appointment of Auditors**

The external auditors M/s. Deloitte Yousuf Adil, Chartered Accountants retire at the conclusion of the AGM. Therefore on the recommendation of Board's Audit Committee, and being eligible the Board recommends appointment of M/s. EY Ford Rhodes (Chartered Accountants) as statutory auditors of the company for the next term i.e., year ending on December 31, 2019 for the approval of the members in the AGM.

### **Acknowledgement**

We would like to thank our valued customers for their continued patronage and support and to the Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.

### **On behalf of the Board**

**Chairman**

**CEO/Director**

**April 05, 2019  
Karachi**

ذمہ داریوں کا تعین ضابطہ کی ضروریات کے مطابق کیا جاتا ہے۔ سال کے دوران ضابطہ کے مطابق ان کمیٹیوں کے اجلاس ہوئے۔

### آڈیٹرز کی تقرری

بیرونی آڈیٹرز میسرز ڈیلوئٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس AGM کے اختتام پر ریٹائر ہو جائیں گے۔ لہذا بورڈ کی آڈٹ کمیٹی کی سفارش پر اور ان کی اہلیت کے باعث بورڈ نے میسرز ای وائی فورڈ رھوڈز (چارٹرڈ اکاؤنٹنٹس) بطور کمپنی کے آئینی آڈیٹر اگلی مدت یعنی 31 دسمبر 2019 تک ختم ہونے والے سال کے لئے ممبران کے روبرو ان کی منظوری کے لئے پیش کرنے کی سفارش کی ہے۔

### اعتراف

ہم اپنے قابل قدر گاہکوں کی مسلسل سرپرستی اور تعاون اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور اسٹیٹ بینک آف پاکستان کی رہنمائی اور مدد کے شکر گزار ہیں۔

آپ کے ڈائریکٹران کمپنی کے تمام آفیسرز، فیلڈ فورس اور اسٹاف کو گہری ستائش پیش کرتے ہیں جنہوں نے کمپنی کی ترقی میں اور اس کی مسلسل کامیاب آپریشنز میں اہم کردار ادا کیا۔

### از طرف بورڈ

سی ای او/ڈائریکٹر

چیئر مین

کراچی مورخہ 05 اپریل 2019

جناب ندیم مقبول	نان ایگزیکٹو ڈائریکٹر	5
جناب عمران مقبول	نان ایگزیکٹو ڈائریکٹر	5
جناب شمس رفیع	نان ایگزیکٹو ڈائریکٹر	5
جناب اسد اللہ خواجہ	آزاد ڈائریکٹر	4
جناب عطاء اللہ اے رشید	نان ایگزیکٹو ڈائریکٹر	4
جناب خرم مظہر (جنہوں نے 29 مئی 2018 سے استعفیٰ دے دیا تھا)	نان ایگزیکٹو ڈائریکٹر	1
جناب شہر یا مظہر (جن کا تقرر جناب خرم نان ایگزیکٹو ڈائریکٹر 16 اکتوبر 2018 کو کیا گیا تھا)	نان ایگزیکٹو ڈائریکٹر	1

جوڈائریکٹر حاضرنہ ہوسکے ان کی رخصت منظور کر لی گئی۔

#### ادارتی سماجی ذمہ داری

پرمیئر ادارتی سماجی ذمہ داری کے نظریے سے مکمل آگاہ ہے اور توانائی کی بچت، ماحولیاتی تحفظ اور پیشہ ورانہ حفاظت اور صحت کو غیر ضروری روشنی، تمباکو نوشی کنٹرول کے قانون کے نفاذ اور ”نواسموکنگ زون“ اور کام کے دوران باحفاظت اور صحت مند ماحول فراہم کر کے اپنی ذمہ داری پوری کر رہی ہے۔ کمپنی نے فائرسیفٹی الارم آلات لگا کر تحفظ کے لئے اقدامات کو یقینی بنایا ہے۔ کمپنی کے ممبران متحرکانہ انداز میں مختلف این جی اوز جیسے کہ سٹیٹس فاؤنڈیشن میں شرکت کرتے ہیں اور انہیں حکومت پاکستان سے ان کی مخلصانہ اور معاشرے کی بہبود کے لئے خدمات فراہم کرنے پر قومی ایوارڈ سے نوازا گیا ہے۔

سال 2018 کے دوران کمپنی نے 126.05 ملین روپے (2017 میں 183.39 ملین روپے) قومی خزانے کو فیڈرل ایکسائز ڈیوٹی، سیلز ٹیکس، انکم ٹیکس، فیڈرل انشورنس فیس، کسٹم ڈیوٹیز، پالیسی اسٹیٹیمس وغیرہ کی مد میں معاونت کی۔

#### ادارتی نظم و نسق کے ضابطہ کے پاسداری

نگراں اداروں کی وضع کردہ ادارتی نظم و ضبط کے ضابطے کی ضروریات کی پاسداری کی گئی ہے۔ اس سلسلے میں ایک بیانیہ اس رپورٹ کے ساتھ منسلک ہے۔

#### اخلاقیات اور کاروباری طور طریقوں کے ضابطہ سے متعلق بیانیہ

بورڈ نے اخلاقیات اور کاروباری طور طریقوں سے متعلق بیانیہ کو اختیار کیا ہے۔ تمام ملازمین کو اس بیانیہ سے آگاہ کر دیا گیا ہے اور ان کے لئے لازمی ہے کہ کاروباری اور نگراں قوانین سے متعلق ان اخلاقی ضوابط کی پاسداری کریں۔

#### بورڈ آف ڈائریکٹرز

بورڈ آف ڈائریکٹرز آٹھ افراد پر مشتمل ہے جو کمپنی کی نگرانی اور کلیدی رہنمائی کے لئے درکار علم، تجربہ اور مہارت کے حامل ہیں۔ کمپنی کے تمام ڈائریکٹران نان ایگزیکٹو ڈائریکٹرز ہیں سوائے چیف ایگزیکٹو آفیسر کے جو ایک آزاد ڈائریکٹر ہے۔

بورڈ آف ڈائریکٹرز نے بورڈ اور بورڈ کی کمیٹیوں کے اجلاس میں حاضری ہونے پر نان ایگزیکٹو ڈائریکٹران اور آزاد ڈائریکٹر کی فیس منظور کی ہے۔

#### بورڈ کی کمیٹیاں

بورڈ نے ادارتی نظم و ضبط کے ضابطہ کے تحت جو کمیٹیاں تشکیل دی ان کے نام درج ذیل ہیں:

آڈٹ کمیٹی، اخلاقیات، انسانی وسائل، معاوضہ اور نامزد کمیٹی، ذمہ داری، کلیمز، ری انشورنس اور کو انشورنس، انویسٹمنٹ اینڈ رسک مینجمنٹ اینڈ کمپلائنس کمیٹیاں۔ ان کمیٹیوں کے چیئرمین مضبوط تجربہ کے حامل ہیں جو کہ کمپنی کو ان کمیٹیوں کے ذریعے کلیدی سمت فراہم کرتے ہیں۔ ان کمیٹیوں کی

## نئی سرمایہ کاری کے خطرات (ERM)

آپ کی کمپنی نے ERM سسٹم قائم کرنے کا فیصلہ کر لیا ہے جس کی نگرانی رسک مینجمنٹ کمیٹی کرے گی جس کے ذریعے کمپنی کے افعال کو لاحق خطرات کی نگرانی اور شناخت کی جائے گی۔ پریمیر اپنی مجموعی منافع کاری کو بیش قیمت سرگرمیوں کے ذریعے بڑھائے گا۔ کمپنی کا منصوبہ ہے کہ خطرات کا مقابلہ کرنے کی ثقافت کو اس کے عمل اور فیصلوں میں مزید مضبوط بنایا جائے۔ خطرات سے مقابلہ کرنے کے افعال کی نگرانی رسک مینجمنٹ اینڈ کمپلائنس کمیٹی کرے گی جو کہ اپنی سرگرمیوں کی رپورٹ سہ ماہی بنیاد پر بورڈ کو پیش کرے گی۔

## ادارتی اور مالیاتی رپورٹنگ کا فریم ورک

- i کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے مالیاتی گوشوارے کمپنی کی حالت کار، اس کی سرگرمیوں، امور کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کرتے ہیں۔
- ii کمپنی کے کھاتوں کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- iii کمپنی کے مالیاتی گوشواروں کی تیاری میں تسلسل کے ساتھ مناسب حساباتی پالیسیاں اختیار کی گئی ہیں اور حساباتی تخمینوں کی بنیاد محتاط اور مناسب فیصلوں پر ہے۔
- iv منظور شدہ رپورٹنگ کے عالمی مالیاتی معیارات (IFRS) جو پاکستان میں نافذ ہیں ان کی مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور کسی بھی انحراف کو مناسب انداز میں منکشف کیا گیا ہے۔

v اندرونی گرفت کے نظام کو مضبوط طرز پر بنایا گیا ہے اور اس کا موثر طور پر نفاذ کیا گیا ہے اور نگرانی کی جاتی ہے۔

vi کمپنی کے مسلسل چلتے ہوئے ادارے کی حیثیت میں کوئی شک و شبہ نہیں ہے۔

vii کارباری نظم و نسق کے بہترین طور طریقے جن کی وضاحت لسٹنگ ریگولیشنز میں کی گئی ہے سے کوئی بڑا انحراف نہیں ہوا۔

viii گزشتہ چھ سالوں کے کارباری اور مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہیں۔

ix چیف ایگزیکٹو، ڈائریکٹر، چیف فنانشل آفیسر، کمپنی سیکریٹری، ان کے شریک حیات اور چھوٹے بچوں نے کمپنی کے حصص میں درج ذیل خرید و فروخت کی:

نام	عہدہ	خریدے گئے حصص
جناب ذیشان ستار	کمپنی سیکریٹری	1500

مندرجہ بالا کے علاوہ انہوں نے کمپنی کے حصص میں کوئی خرید و فروخت نہیں کی۔ ڈائریکٹر، سی ای او اور کمپنی سیکریٹری اور ان کے شریک حیات اور چھوٹے بچوں نے ان کے علاوہ کوئی خرید و فروخت نہیں کی۔

x- پروڈنٹ فنڈ سے کی گئی سرمایہ کاریوں کی مالیت ان کے آڈٹ شدہ مالیاتی گوشواروں ختمہ 31 دسمبر 2017 کے مطابق 52.32 ملین روپے ہیں۔x

xi- 31 دسمبر 2018 کو کمپنی کی حصص داری کی ساخت اس رپورٹ میں شامل کی گئی ہے۔

ix- سال 2018 کے دوران بورڈ کے پانچ اجلاس ہوئے، ہر سہ ماہی میں کم از کم ایک اور جن میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام	قسم	حاضر
جناب خالد بشیر (چیئر مین)	نان ایگزیکٹو ڈائریکٹر	3
جناب زاہد بشیر	ایگزیکٹو ڈائریکٹر	5

فراہم کرنے کے لئے سرمایہ کاری کی ہے۔ ضروری تربیت ملازمین کو فراہم کرنے کی جارہی ہے تاکہ وہ معلومات اور مہارت حاصل کریں جو کہ ان کے اپنے کاموں کی موثر تکمیل کے لئے ضروری ہوں۔ انتظامیہ کو مکمل یقین ہے کہ HR کسی بھی ادارے کی کامیابی کے لئے ضروری ہے۔ آج کے مسابقتی ماحول میں، بیمہ کاری کی صنعت میں ہمیں پیشہ ور ماہرین کی شدید کمی کا سامنا ہے اور ہم موجودہ اسٹاف کی ترقی اور انہیں طویل عرصے تک رکھنے اور موثر کارکردگی کے جائزہ کے نفاذ کی کی اہمیت کو تسلیم کرتے ہیں۔ کمپنی تسلسل کے ساتھ اس بات پر توجہ مرکوز رکھتی ہے کہ تمام ملازمین کے لئے یکساں مواقع فراہم کئے جائیں تاکہ ان کے علم، تجربے اور ان کے متعلقہ شعبہ کی مہارت میں اضافہ ہو اور ملازمین کمپنی کا قیمتی اثاثہ بن جائیں۔

آپ کی کمپنی مسابقتی تلافی کی پیشکش کو مکمل طور پر تسلیم کرتی ہے اور کارکردگی کی شفاف آگاہی کے نظام سے کارکردگی دکھانے والوں کی نشاندہی کرتی ہے۔ آپ کی کمپنی ملازمین کی مختلف ٹریننگ میں شرکت کی حوصلہ افزائی کرتی ہے اور مختلف سیمینار اور ورکشاپ میں ان کی شرکت کو یقینی بناتی ہے۔ سال 2019 میں کمپنی نے ڈائریکٹرز ٹریننگ پروگرام کے تحت ایسے اقدامات کئے ہیں جن سے خواتین اسٹاف اوپر آئیں جو کہ ادارتی نظم و ضبط کے ضابطے کے تحت ضروری ہیں۔

#### انٹائی کے مقاصد

آپ کی کمپنی مارکیٹ میں اپنا حصہ بڑھانے کے ساتھ ساتھ محتاط اور باریک بینی کے ساتھ خطرات کا مقابلہ کرنے کی جدوجہد جاری رکھے گی۔

#### مستقبل کی پیش بینی

2019 کے لئے ہماری حکمت عملی بدلتے ہوئے مسابقتی ماحول میں پائیدار منافع کاری اور نمو فراہم کرنا ہے تاکہ صنعت میں بڑھتی ہوئی پوزیشن کو برقرار رکھا جاسکے۔ ہم تسلسل کے ساتھ اپنے لوگوں پر سرمایہ کاری کریں گے اور پریمیر کو ایسی جگہ بنائیں گے جہاں پروہ اپنا طرز معاش تعمیر کر سکیں۔

ہم کھوئے ہوئے میدان کو حاصل کرنے کے لئے مارکیٹ کے نئے شعبوں کو تلاش کریں گے۔ ملک بھر میں جاری معاشی اور سیاسی صورتحال میں نازک بیمہ کاری کے بازار کو بلاشبہ چیلنجوں کا سامنا ہے۔ تاہم ہم نے اپنی سرگرمیوں کی ترقی اور نمو کے لئے واضح اور فیصلہ کن اقدامات کئے ہیں۔

آپ کی کمپنی اپنے مستحکم میزائے، روانی اور سب سے بڑھ کر اہل اور متحرک انتظامیہ کے ذریعے ایسے تمام کارباروں کو تلاش اور حاصل کرنے کے قابل ہو جائیں گے جو کہ 2019 میں ہمارے اعلیٰ معیارات پر تصفیہ کئے بغیر باحفاظت اور پائیدار نمو کے معیاری اصول پر پورا اترتے ہوں۔

#### دہری بیمہ کاری

آپ کی کمپنی بہت زیادہ مستحکم دہری بیمہ کاری اور دہرے تکافل کے اہتمامات سے استفادہ کر رہی ہے جن کا شمار قائدانہ عالمی سیکورٹیز سے ہے جن میں SCOR Globa P&C، پاکستان ری انشورنس لمیٹڈ، جی آئی سی آر ای، کورین ری انشورنس کمپنی، امیرٹس انٹرنیشنل، لائون ری تکافل، جی آئی سی ری تکافل اور ایکوری شامل ہیں اور یہ تمام اچھی ریٹنگ کے حامل ہیں۔

#### ملحقہ پارٹیوں کے سودے

بورڈ کے ہر اجلاس میں بورڈ آف ڈائریکٹرز کمپنی کی ملحقہ پارٹیوں اور ملحقہ کمپنیوں کے سودے منظور کرتا ہے۔ ملحقہ پارٹیوں کے ساتھ تمام سودے بغیر کسی اقربا پروری کے طے کئے جاتے ہیں۔

#### سرمائے کا انتظام اور روانی

کمپنی ایک مستحکم سرمائے کی پوزیشن برقرار رکھتی ہے۔ کمپنی انتہائی احتیاط کے ساتھ اپنی روانی کو برقرار رکھتی ہے تاکہ وہ اپنی بیمہ کاری کی واجب ذمہ داریوں کو مستعدی سے پورا کر سکے۔ کمپنی اپنے افعال اور واجب ذمہ داری کو تسلیم کرتی ہے جسے وہ اپنے بنیادی کاروبار سے پیدا ہونے والے نقدی کے بہاؤ کے ساتھ ساتھ سرمایہ کاری اور دیگر آمدنیوں سے پورا کرتی ہے۔



## قابل ذکر تبدیلیاں

آپ کی کمپنی قوانین اور ضوابط میں تبدیلیوں سے مکمل طور پر آگاہ ہے تاکہ ہر معاملے میں شفافیت کو یقینی بنایا جاسکے۔ مالیاتی گوشواروں کا از سر نو تخمینہ لگایا گیا ہے جس سے حصص یافتگان کے لئے بہتر معلومات کی عکاسی ہوگی اور اس نے عالمی اور مقامی اکاؤنٹنگ کے معیارات میں حالیہ تبدیلیوں کو اختیار کیا ہے۔

آپ کی کمپنی نے جنوری 2018 سے عرفی قدر کی بنیاد پر حصص اور مخصوص آمدنی کی حامل مصنوعات میں سرمایہ کاری کا آغاز کر دیا ہے۔

انشورنس اکاؤنٹنگ ریگولیشنز 2017 کے تحت اس بات کا آپشن دیا گیا ہے کہ سرمایہ کاری جائیداد کو یا تو عرفی قدر یا لاگتی ماڈل کی بنیاد پر اس کی مالیت طے کی جائے۔ جس کے نتیجے میں کمپنی نے اپنی اکاؤنٹنگ پالیسی میں تبدیلی لا کر سرمایہ کاری جائیدادوں کی مالیت کو عرفی قدر یا لاگتی قدر کی بنیاد پر دکھایا ہے۔

کمپنی نے کریسینٹ پاورٹیک لمیٹڈ میں اپنی سرمایہ کاریوں سے متعلق اپنی اکاؤنٹنگ پالیسی میں تبدیلی کی ہے اور اب انہیں اکاؤنٹنگ کے لاگتی طریقہ کار اور ایکویٹی طریقہ کے مطابق دکھایا گیا ہے جیسا کہ IAS-28 ”ساتھی کمپنیوں اور مشترکہ کاروباری اداروں میں سرمایہ کاری“ میں تشریح کی گئی ہے۔

مندرجہ بالا تبدیلیوں کو ملحقہ مالیاتی گوشواروں کے نوٹ نمبر 4 میں منکشف کیا گیا اور عالمی اکاؤنٹنگ کے معیارات کے مطابق پچھلے ماضی سے نافذ کیا گیا ہے اور تناسبات کا از سر نو تخمینہ لگایا گیا ہے۔

کمپنی کی انتظامیہ تسلسل کے ساتھ مستقبل میں اپنی کارکردگی میں اضافہ کے لئے کوشاں ہے۔ کمپنی کی انتظامی ٹیم بہت زیادہ متحرک ہے اور دشوار گزار افعال اور کاروباری ماحول میں قابل گرفت لاگتوں اور اخراجات کو محدود کرنے کے لئے کام کر رہی ہے۔ مارکیٹنگ اسٹاف کو مشکل اور متحرک ہدف دیئے گئے ہیں اور ہم تسلسل کے ساتھ اپنے ذمہ داری کے عمل کو مضبوط کر رہے ہیں۔

کمپنی تسلسل کے ساتھ ایسے کسٹمرز کو حاصل کر رہی اور ان سے گہرے تعلقات استوار کر رہی ہے کہ جو کہ کمپنی کے خطراتی معیار کے اصول پر پورا اترتے ہیں۔ اس رسائی سے کمپنی کی مالیاتی پوزیشن بہتری آئے گی۔

## ونڈ وٹکافل آپریشنز

سال کے دوران کمپنی کا تحریری پریمیم 149.9 ملین روپے رہا جو کہ گزشتہ سال 159.88 ملین روپے تھا۔

سال کے دوران وٹکافل آپریشنز-OPF کا خسارہ قبل از ٹیکس 16.45 ملین روپے رہا جبکہ 2017 میں منافع 6.76 ملین روپے تھا۔

## مصارف منافع

اس سال کے دوران بعد از ٹیکس منافع 10.61 ملین روپے رہا جبکہ 2017 میں بعد از ٹیکس خسارہ 315.98 ملین روپے تھا۔

## کریڈٹ ریٹنگ

آپ کی کمپنی کی ریٹنگ PACRA نے کی ہے۔ پاکرانے کمپنی کو A کی ریٹنگ سے نوازا ہے۔

## انفارمیشن ٹیکنالوجی

کمپنی تسلسل کے ساتھ اس ٹیکنالوجی میں سرمایہ کاری کر رہی ہے تاکہ کمپنی کو نہ صرف مسابقتی فوقیت ملے بلکہ ہمارے گاہکوں کو اعلیٰ تکنیکی خدمات فراہم کی جاسکیں۔ جانے والے سال کے دوران کمپنی نے آن لائن پلیٹ فارمز کے ذریعے اپنی مصنوعات کی مارکیٹنگ کے اہتمامات کئے جس میں موجودہ نظاموں میں ٹیکنالوجی شامل کر کے انشورنس کو ڈیجیٹائز کیا گیا ہے۔

## انسانی وسائل

آپ کی کمپنی نے وسیع پیمانے پر اپنے ملازمین کو ترغیب دینے اور ان کی بہتر نمونہ کے لئے اور انہیں مارکیٹ کے چیلنجوں کا مستعدی سے مقابلہ کرنے کی تربیت



## ڈائریکٹرز رپورٹ برائے ممبران

نا خوشگوار واقع کی صورت میں خوشحال مستقبل کا تحفظ۔

کارکردگی کا جائزہ

(از سر نو نمونہ شدہ)	2018	2017
تحریری پر بیم	535,977	849,108
خالص پر بیم	290,309	517,834
ذمہ داری کے نتائج	(71,857)	(407,282)
سرمایہ کاری آمدنی	42,937	27,265
منافع/ (خسارہ) قبل از ٹیکس	15,964	(302,008)
منافع/ (خسارہ) بعد از ٹیکس	10,613	(315,977)
منافع/ (خسارہ) فی حصص	0.21	(6.25)

آپ نے کمپنی کے خام تحریری پر بیم میں گزشتہ سال کی بہ نسبت 37 فیصد کمی دیکھی گئی جس میں مصنوعات کے پرخطر کاروبار سے اجتناب کرتے ہوئے بہتر خطراتی انتظام کی حکمت عملی کو اختیار کیا گیا۔ جس کے نتیجے میں ذمہ داری کا خسارہ کی شرح فیصد بلحاظ خالص پر بیم بہت زیادہ بہتر دیکھی گئی یعنی گزشتہ سال 79 فیصد سے کم ہو کر 25 فیصد رہی گئی۔

آپ کی کمپنی تسلسل کے ساتھ نئے کاروبار کے حصول کے کوشاں ہے یعنی کسٹمرز کی ضروریات کے عین مطابق مصنوعات میں جدتیں لارہی ہے جس سے ہمارے کسٹمرز میں اضافہ ہو رہا ہے۔ جس کے نتیجے میں کمپنی کو آنے والے سالوں میں استحکام حاصل ہوگا۔

مندرجہ بالا اقدامات کی وجہ سے گزشتہ سال کمپنی کافی حصص خسارہ اس سال فی حصص منافع میں تبدیل ہو گیا ہے۔

آپ کی کمپنی کے ڈائریکٹران کمپنی کی 67 ویں سالانہ رپورٹ کے ساتھ مالیاتی گوشوارے برائے مختتمہ سال 31 دسمبر 2018 پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

### معاشی صورتحال

ملک میں جاری معاشی صورتحال میں تمام پیچیدگیوں کے باوجود مالیاتی سال 2018 میں مستحکم نمو دیکھی گئی یعنی FY18 میں GDP کی نمو 5.8 فیصد رہی جو کہ گزشتہ 13 سالوں میں بلند ترین ہے۔ GDP میں تیز ترین اضافہ میں کئی ایک عناصر نے اہم کردار ادا کیا جیسے کہ مالیاتی لاگتوں کی چٹائی سطح، توانائی کی فراہمی میں بہتری، سازگار کاروباری رجحانات، مالیاتی ترغیبات بذریعہ اعانت اور قرضوں تک آسان رسائی شامل ہے۔ اس کے ساتھ عوامی ترقی کی اسکیموں میں بھاری سرمایہ کاری اور CPEC سے ملحقہ پروجیکٹس نے معاشی سرگرمیوں کو استحکام بخشنا جس سے اداروں کی پیداواری گنجائش میں اضافہ ہوا۔

تاہم خدمات کے شعبہ کی کارکردگی گزشتہ سال جیسی ہی رہی یعنی اس میں نمو FY17 کے 6.5 فیصد کے مقابلے میں اس سال 6.4 فیصد رہی۔ معمولی کمی کی بنیادی وجہ وجہ مالیات اور انشورنس، نقل و حمل، ذخیرہ اور ذرائع ابلاغ اور دیگر نجی شعبوں میں کچھ سست روی تھی۔

بیمہ کی صنعت پاکستان میں خطے کے دیگر ممالک کی بہ نسبت چھوٹی ہے۔ بیمہ کی مارکیٹ اور کثافت دیگر ممالک کی بہ نسبت بہت زیادہ مناسب رہی۔ تاہم حالات میں گزشتہ پانچ سالوں سے بہتری آرہی ہے جس میں بیمہ کی صنعت میں شاندار نمو دیکھی گئی۔ اس نمو کی بنیادی وجہ ادارک میں تبدیلی ہے یعنی کسی

## Statement of compliance with the Code of Corporate Governance for Insurers, 2016

for the Year ended December 31, 2018.

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance 2012 (CCG 2012) as contained in Regulation no 5.19.24 of the rule book of the Pakistan Stock Exchange.

Premier Insurance Limited (the Company) has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the Board includes:

Category	Name
Independent Directors	Mr. Asadullah Khawaja
Executive Directors	Mr. Zahid Bashir
Non-Executive Directors	Mr. Khalid Bashir (Chairman)
	Mr. Nadeem Maqbool
	Mr. Imran Maqbool
	Mr. Shehryar Mazhar
	Mr. Shams Rafi
	Mr. Attaullah A. Rasheed

The independent director meets the criteria of independence as laid down under the Code.

2. The directors have confirmed that none of them is serving as a director in more than five 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 stock exchange, has been declared as a defaulter by a stock exchange.
4. Casual vacancy occurred during the year was duly filled by the Board.
5. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct, has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All 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 Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
8. The meetings of the Board were presided over the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
10. All the directors have been provided appropriate material/guidelines on the orientation course as such they are fully aware of their duties and responsibilities. Two of the directors is certified under Directors' training program while other directors meet the criteria of eligibility as director in view of 15 years of experience on the Board of listed companies and 14 years of education as required under the Listed Companies (Code of Corporate Governance) Regulations, 2017.
11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
14. The director, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed the following Management Committees:

#### **Underwriting Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Imran Maqbool	Chairman
Mr. Afzal ur Rehman	Member
Mr. M. K. Baig	Member
Mr. M. A. Hannan Shadani	Member/Secretary

#### **Claim Settlement Committee;**

Mr. Attaullah A. Rasheed	Chairman
Mr. Muhammad Imran	Member
Mr. Hassan Mustafa	Member/Secretary

#### **Reinsurance & Co-insurance Committee:**

Mr. Shams Rafi	Chairman
Mr. Afzal ur Rehman	Member
Mr. Kamran Safi Rizvi	Member/Secretary

#### **Risk Management & Compliance Committee;**

Mr. Shams Rafi	Chairman
Mr. Zahid Bashir	Member
Mr. Amjed Bahadur Ali	Member
Mr. Zeeshan Sattar	Member/Secretary

17. The Board has formed the following Board Committees:

#### **Ethic, Human Resource, Remuneration & Nomination Committee:**

<b>Name of Member</b>	<b>Category</b>
Mr. Nadeem Maqbool	Chairman
Mr. Zahid Bashir	Member
Mr. Attaullah A. Rasheed	Member
Ms. Niina Khan	Secretary

### Investment Committee:

Mr. Zahid Bashir	Chairman
Mr. Nadeem Maqbool	Member
Mr. Imran Maqbool	Member
Mr. Asadullah Khawaja	Member
Mr. Amjed Bahadur Ali	Member
Ms. Shazia Bashir	Secretary

18. The Board has formed an Audit Committee. It comprises of four (4) members of whom one (1) is an independent director and three (3) are non-executive directors. The composition of the Audit Committee is as follows:

### Audit Committee

Mr. Nadeem Maqbool	Chairman
Mr. Khalid Bashir	Member
Mr. Imran Maqbool	Member
Mr. Asadullah Khawaja	Member
Mr. Oan Ali	Secretary

19. The meetings of the Committees, except Ethics, Human Resource, Remuneration & Nomination Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.
20. The Board has set up an effective internal audit department which comprises of suitably qualified and experience staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on regular basis.
21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and

experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance. Risk management and grievance functions I departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX of 2000):

Name of Person	Designation
Mr. Zahid Bashir	Chief Executive Officer
Mr. Amjed Bahadur Ali	Chief Financial Officer
Mr. Sharik Bashir	ED & Head of Risk Management
Mr. Zeeshan Sattar	Company Secretary & Head of Compliance
Mr. Oan Ali	Head of Internal Audit
Mr. M. A. Hannan Shadani	Head of Underwriting
Mr. Muhammad Imran	Head of Claims
Mr. Afzal ur Rehman	Head of Reinsurance

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review program 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 the 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 and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board is in the process to ensure that the investment policy of the Company meets the provisions of the Code of Corporate Governance for insurers, 2016.
25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
26. The Company has set up a risk management function, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016.
27. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency. On December 07, 2018 is "A" with Negative outlook.
28. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any requirement of the Code.
29. The Board has set up a grievance function, which fully complies with the requirements of the Code.
30. 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 directors, employees and stock exchange.
31. Material/price sensitive information has been disseminated amongst all market participants at once through Pakistan Stock Exchange.
32. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the code.
33. The Company has complied with the requirements relating to maintenance of register of person having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said register.
34. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied.

**By Order of the Board**

**Chairman**

**CEO/Director**

**April 05, 2019  
Karachi**

## Review report to the members on the statement of compliance with the best practices of the code of corporate governance

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To the members of Premier Insurance Limited

Review Report on the Statement of Compliance contained in Code of Corporate Governance for Insurers, 2016 and Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Premier Insurance Limited for the year ended December 31, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 of Directors' 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.

The Regulations require the Company to place be-

fore the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2018.

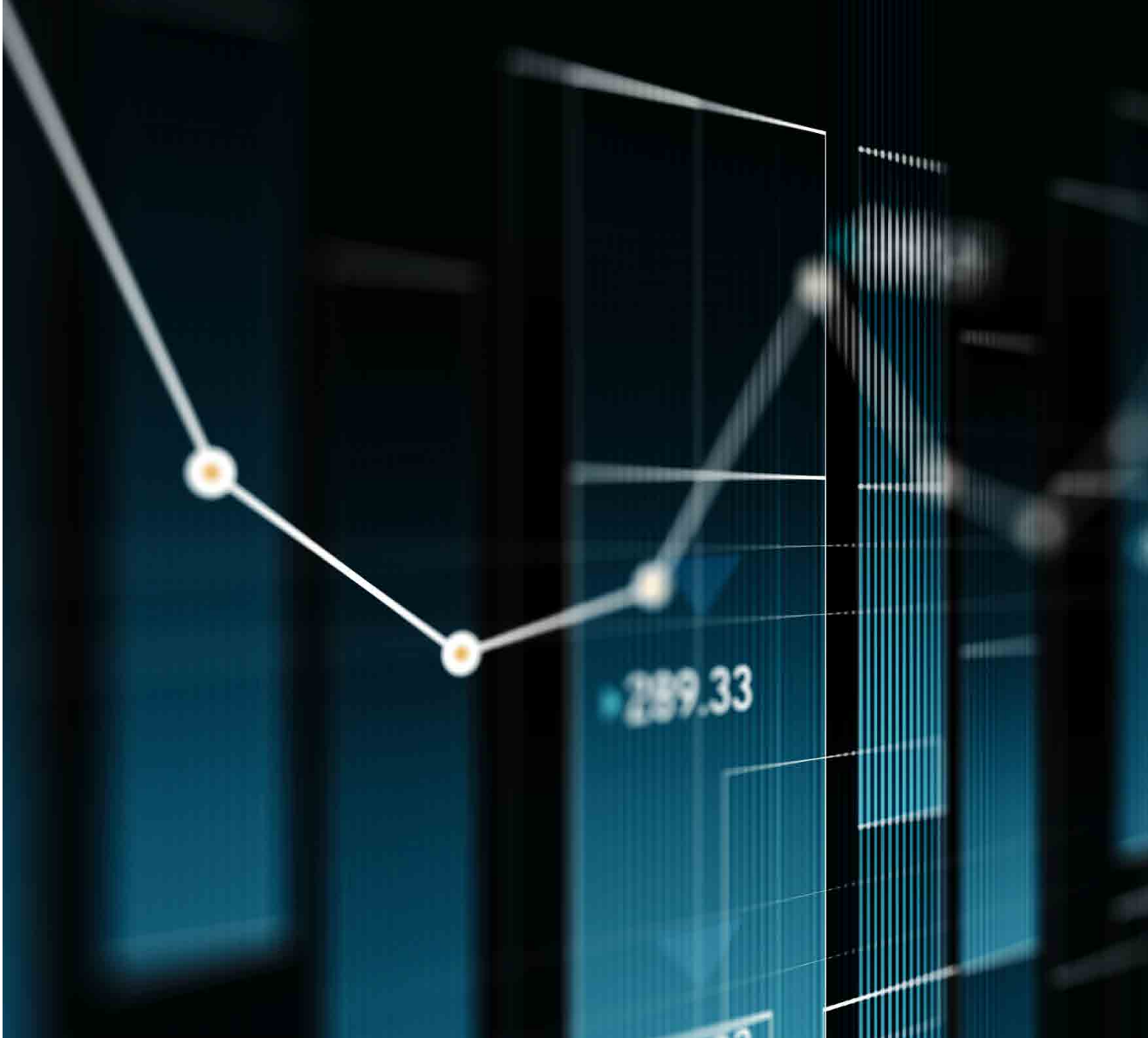
### Chartered Accountants

Engagement Partner:

**Ms. Hina Sadiq**

**April 06, 2019**

**Karachi**



## Financial Statements



# Auditors' Report to the Members

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## Opinion

We have audited the annexed financial statements of the PREMIER INSURANCE LIMITED (the Company), which comprise of the statement of financial position as at December 31, 2018, and the profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2018 and of the profits, total comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	<p><b>Introduction of Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Companies Act, 2017</b></p> <p>As stated in note 2.6 to the financial statements Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective from 1 January 2018. These regulations proposed a new format of financial statements and introduced new disclosures in addition to those required under accounting and reporting standards as applicable in Pakistan. These changes also required changes in basis of valuation of investments classified as available for sale as more fully explained in note 4 to the financial statements. Because of the significance of the 'change', this was identified as key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the rules and regulations and the relevant provisions of the Act as applicable to the Company.</li> <li>• Discussing the applicable changes with the Company's management, evaluating their view point with respect to the new rules, regulations and the Act, and assessing the procedures applied by the management for identification of the changes required in the financial statements and how the compliance of the same is ensured.</li> <li>• Ensuring that the overall presentation of the financial statements and all the material disclosures as required by the rules, regulations and the Act are in accordance with the said requirements and evaluating the internal consistency of such disclosures with other elements of the financial statements.</li> <li>• Ensuring that the restatement of financial statements due to change in accounting policy related to available for sale investments is made in accordance with the provisions of IAS-39 and IAS-8.</li> </ul>
2.	<p><b>Classification, Valuation and Impairment of Investments</b></p> <p>Refer note 3.15 to the financial statements for accounting policies relating to classification, valuation and impairment of investments. The Company's investment portfolio comprises of equity securities and units in mutual funds represents 34% of the total assets.</p> <p>We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.</p>	<p>Our audit procedures in respect of valuation of investments, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of control to ensure appropriate designed to ensure appropriate classification and valuation of the investment and for impairment of investment classified as available for sale.</li> <li>• Tested, on a sample basis transactions and classifications with underlying documentation.</li> <li>• Assessed the methodology used and evaluated the valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and</li> <li>• Assessed the appropriateness of impairment in the value of available for sale securities held by the Company in accordance with accounting and reporting standards as applicable in Pakistan.</li> </ul>

### 3. Valuation of Claim Liabilities

Our audit procedures mainly involved:

Claim liabilities as disclosed in note 22 to the financial statements represent 52% of the Company's total liabilities. Valuation of these claim liabilities involves significant management judgment due to uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimate. The Company also maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary.

Claim liabilities are key audit matter due to involvement of a management's expert and the level of estimation around its recognition and measurement.

- Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards;
- Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported have been accounted for based on terms and conditions;
- Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations;
- Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements;
- Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period;
- Analyze the trends of claims reported as against the Company's historical performance and evaluated the reasonableness of major variations;
- Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and
- Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the report of audit committee, director's report, analysis on financial performance, comments on the financial results, key performance indicators.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have not been provided with the other information.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000, the Companies Act, 2017(XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors is responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a. proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Act, 2017(XIX of 2017);
- b. the statement of financial position, profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, the Companies Act, 2017(XIX of 2017), and are in agreement with the books of account.
- c. investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d. no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

### **Chartered Accountants**

Engagement Partner:

**Ms. Hina Sadiq**

**April 05, 2019**

**Karachi**

# Statement of Financial Position

As at December 31, 2018

	Note	2018	(Restated) 2017	2016
		----- (Rupees in '000) -----		
<b>Assets</b>				
Property and equipment	6	232,684	258,455	275,787
Intangible asset	7	4,038	5,006	6,718
Investment properties	8	266,586	162,243	86,900
Investment in equity securities	9	806,620	987,523	1,047,790
Investment in associate	10	204,828	211,761	174,726
Loans, advances and other receivables	11	50,992	72,132	68,609
Insurance / Reinsurance receivables	12	556,604	665,172	862,523
Reinsurance recoveries against outstanding claims	22	540,560	733,104	786,215
Salvage recoveries accrued		3,080	6,450	15,771
Deferred commission expense / Acquisition cost	23	27,131	50,501	86,921
Prepayments	13	116,928	201,939	214,078
Cash and bank balances	14	72,840	149,275	417,714
Total assets related to operator's fund from Window Takaful Operations (including Qard-e-Hasna)		106,312	95,596	89,842
<b>Total Assets</b>		<b>2,989,203</b>	<b>3,599,157</b>	<b>4,133,594</b>
<b>Equity and Liabilities</b>				
<b>Capital and reserves attributable to Company's equity holders</b>				
Share Capital	15	505,650	505,650	417,893
Reserves	16	1,148,897	1,167,630	1,390,776
Accumulated loss	16	(479,413)	(490,060)	(178,155)
<b>Total Equity</b>		<b>1,175,134</b>	<b>1,183,220</b>	<b>1,630,514</b>
<b>Liabilities</b>				
Underwriting Provisions				
Outstanding claims including IBNR	22	923,861	1,267,121	1,161,637
Unearned premium reserves	21	249,002	389,884	509,562
Unearned reinsurance commission	23	18,362	33,363	42,155
Retirement benefit obligations	17	6,561	7,350	13,441
Finance lease	18	1,614	5,537	9,157
Insurance / Reinsurance payables		192,399	233,261	290,824
Other creditors and accruals	19	300,623	358,435	350,042
Unclaimed dividends		26,166	26,166	26,235
Taxation - provision less payment		51,517	51,586	54,174
<b>Total Liabilities</b>		<b>1,770,105</b>	<b>2,372,703</b>	<b>2,457,227</b>
Total liabilities related to operator's fund from Window Takaful Operations		43,964	43,234	45,853
<b>Total Equity and Liabilities</b>		<b>2,989,203</b>	<b>3,599,157</b>	<b>4,133,594</b>
Contingencies and commitments	20			

The annexed notes 1 to 40 form an integral part of these financial statements

Chairman

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

## Profit and Loss Account

For the Year Ended December 31, 2018

	Note	2018	(Restated) 2017
		----- (Rupees in `000) -----	
Net insurance premium	21	290,308	517,834
Net insurance claims	22	(93,910)	(527,112)
Net commission expense and other acquisition costs	23	(28,786)	(102,443)
Insurance claims and acquisition expenses		(122,696)	(629,555)
Management expenses	24	(239,469)	(295,561)
Underwriting results		<b>(71,857)</b>	<b>(407,282)</b>
Investment income	25	42,937	27,265
Rental income	8	1,865	-
Unrealised gains on investment property	8	59,389	75,343
Other income	26	38,180	20,840
Other expenses	27	(30,267)	(23,602)
Results of operating activities		<b>40,247</b>	<b>(307,436)</b>
Markup on Finance lease	18	(310)	(515)
Share of loss from associate	10	(7,518)	(817)
(Loss) / Profit before tax from window takaful operations - OPF		(16,455)	6,760
Profit / (Loss) before tax		<b>15,964</b>	<b>(302,008)</b>
Taxation	28	(5,351)	(13,969)
Profit / (Loss) after tax		<b>10,613</b>	<b>(315,977)</b>
Earnings/ Loss (after tax) per share - Rupees	29	0.21	(6.25)

The annexed notes 1 to 40 form an integral part of these financial statements

Chairman

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

## Statement of Comprehensive Income

### For the Year Ended December 31, 2018

	Note	2018	(Restated) 2017
		------(Rupees in '000)-----	
Profit / (Loss) after tax		10,613	(315,977)
<b>Other comprehensive income:</b>			
Unrealized losses on available-for-sale investments	34	(52,136)	(172,699)
Gains on revaluation on property and equipment	8.3	35,859	-
Remeasurement of defined benefit plan for the year - net of tax	17	(551)	4,072
Other comprehensive Income from associated companies	10	585	37,852
Others comprehensive loss from window takaful operations		(2,456)	(542)
Other comprehensive loss for the year		(18,699)	(131,317)
<b>Total comprehensive loss for the year</b>		<b>(8,086)</b>	<b>(447,294)</b>

The annexed notes 1 to 40 form an integral part of these financial statements

Chairman

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

## Statement of Changes in Equity

### For the Year Ended December 31, 2018

	Share capital	Reserves							
	Capital reserves			Revenue reserves					
	Issued, sub-scribed and paid-up	Reserve for exceptional losses	Devaluation reserve	General reserve	Revaluation Reserves - Investments	Revaluation Reserves - Property, Plant and Equipment	Unappropri-ated profit / (accumulated loss)	Total reserves	Total equity
	----- (Rupees in '000) -----								
Balance as at January 01, 2017 (as reported previously)	417,893	19,490	185	1,084,608	-	-	(280,102)	824,181	1,242,074
Net effect of change in accounting policy and correction of error including Window Takaful Operation (refer note 4)	-	-	-	-	286,493	-	101,947	388,440	388,440
Balance as at January 01, 2017 (restated)	417,893	19,490	185	1,084,608	286,493	-	(178,155)	1,212,621	1,630,514
Profit for the year ended December 31, 2017 (restated)	-	-	-	-	-	-	(315,977)	(315,977)	(315,977)
Other comprehensive loss	-	-	-	-	(135,389)	-	4,072	(131,317)	(131,317)
Total comprehensive loss for the year ended December 31, 2017	-	-	-	-	(135,389)	-	(311,905)	(447,294)	(447,294)
Bonus shares issued	87,757	-	-	(87,757)	-	-	-	(87,757)	-
Balance as at December 31, 2017 (restated)	505,650	19,490	185	996,851	151,104	-	(490,060)	677,570	1,183,220
Balance as at January 01, 2018	505,650	19,490	185	996,851	151,104	-	(490,060)	677,570	1,183,220
Profit for the year ended December 31, 2018	-	-	-	-	-	-	10,613	10,613	10,613
Other comprehensive loss	-	-	-	-	(54,592)	35,859	34	(18,699)	(18,699)
"Total comprehensive loss for the year ended December 31, 2018"	-	-	-	-	(54,592)	35,859	10,647	(8,086)	(8,086)
Balance as at December 31, 2018	505,650	19,490	185	996,851	96,512	35,859	(479,413)	669,484	1,175,134

The annexed notes 1 to 40 form an integral part of these financial statements

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer



## Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	(Restated) 2017
	----- (Rupees in '000) -----	
<b>Operating Cash flows</b>		
<b>a) Underwriting Activities</b>		
Insurance premium received	532,733	872,274
Reinsurance premium paid	(343,023)	(626,830)
Claims paid	(513,203)	(681,944)
Reinsurance and other recoveries received	362,447	355,059
Commission paid	(71,394)	(140,173)
Commission received	41,257	71,409
Other acquisition costs paid	(28,294)	(26,394)
Management expenses paid	(241,090)	(189,154)
<b>Net cash flows used in underwriting activities</b>	<b>(260,567)</b>	<b>(365,753)</b>
<b>b) Other Operating Activities</b>		
Income tax paid	(5,420)	(14,212)
Other operating payments	(48,980)	(1,613)
Other operating receipts	32,447	6,715
Loans advanced, deposits made and other amounts received	21,140	1,390
Other liabilities and accruals paid	(19,798)	(24,376)
<b>Net cash flows used in other operating activities</b>	<b>(20,611)</b>	<b>(32,096)</b>
<b>Total cash flows used in all operating activities</b>	<b>(281,178)</b>	<b>(397,849)</b>
<b>Investment activities</b>		
Profit/ return received	44,318	65,730
Rental received	1,865	-
Payment for investments / investment properties	(332,351)	(779,916)
Proceeds from investments / investment properties	472,922	835,155
Fixed capital expenditure	(1,517)	(6,879)
Proceeds from sale of property and equipment	19,817	15,904
<b>Total cash flow used in investing activities</b>	<b>205,054</b>	<b>129,994</b>
<b>Financing activities</b>		
Interest paid	(310)	(515)
Dividends paid	-	(69)
<b>Total cash flow from financing activities</b>	<b>(310)</b>	<b>(584)</b>
<b>Net Cash flows from all activities</b>	<b>(76,435)</b>	<b>(268,439)</b>
Cash and cash equivalents at the beginning of the year	149,275	417,714
<b>Cash and cash equivalents at the end of the year</b>	<b>72,840</b>	<b>149,275</b>

## Statement of Cash Flows

For the Year Ended December 31, 2018

	2018	(Restated) 2017
	----- (Rupees in '000) -----	
<b>Reconciliation to Profit and Loss Account</b>		
Operating cash flows	(281,178)	(397,849)
Depreciation expense	(14,890)	(18,314)
Financial charges expense	(310)	(515)
Profit on disposal of property and equipment	5,733	8,261
Profit on disposal of investments	87,382	21,050
Rental income	1,865	-
Dividend income	35,240	48,638
Other income	38,180	6,715
Share of loss of associate	(7,518)	(817)
(Loss) / Profit from Window Takaful Operations	(16,455)	6,760
Decrease in assets other than cash	(533,519)	(183,105)
Decrease in liabilities other than borrowings	598,674	155,347
Revaluation adjustment	97,409	37,852
Profit / (Loss) after taxation	10,612	(315,977)

### Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits maturing within 3 months.

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

	2018	(Restated) 2017
	----- (Rupees in '000) -----	
<b>Cash and other equivalents</b>		
Cash	46	79
Stamps in hand	856	1,040
	902	1,119
<b>Current and other accounts</b>		
Current accounts	26,919	71,097
Savings accounts	45,019	77,059
	71,938	148,156
<b>Total cash and cash equivalents</b>	<b>72,840</b>	<b>149,275</b>

The annexed notes 1 to 40 form an integral part of these financial statements

Chairman

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### 1. LEGAL 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 Pakistan Stock Exchange. The registered office of the Company is situated at 5th Floor, State Life Building No. 2A, Wallace Road, Karachi. The Company has been allowed to work as Window Takaful Operator since October 02, 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

Following are the geographical location and address of all the business units of the Company:

#### **Head office - Registered Office**

5th floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi, Province of Sindh, Pakistan.

#### **Branches**

##### **i) Province of Punjab, Pakistan:**

- Zonal office, 162 Shadman II, Lahore
- CSD North, 162 Shadman II, Lahore
- Canal Branch, 162 Shadman II, Lahore
- Mall Branch, 23 Shahrah-e-Quaid-e-Azam, Lahore
- 4th Floor, Mehr Fatima Tower, Opp. High Court, Old Bahawalpur Road, Multan
- 1st Floor, Regency Arcade, 949-Mall Road Faisalabad
- 2nd Floor, S.M. Plaza, 18 Chenab Market, Susan Road, Madina Town, Faisalabad
- Room 3 & 4, Sahib Plaza, Saga Chowk, Defence Road, Sialkot
- Block - L, Trust Plaza, G.T Road, Gujranwala

##### **ii) Province of Sindh, Pakistan:**

- CSD South Karachi, 5th floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi
- Clifton Branch, 5th floor State Life Building 2-A, Wallace Road, Off. I.I. Chundrigar Road, Karachi

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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**iii) Province of Khyber Pakhtunkhwa, Pakistan:**

- 1081/A, Rehman Building, Saddar Road, Peshawar

**iv) Province of Baluchistan, Pakistan:**

- 43-Regal Plaza, 2nd Floor, Circular Road, Quetta

**v) Islamabad Capital Territory**

- 64-E 2nd floor, Masco Plaza, Jinnah Avenue, 'blue Area, Islamabad.

## **2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE**

These financial statements are 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 as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000 the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 shall prevail.

Further, a separate set of financial statements of General Takaful Operations has been annexed to these financial statements as per the requirements of Takaful Rules, 2012.

### **2.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except that certain investments classified as available-for-sale are stated at fair value and obligations for employee benefits are measured at present value.

These financial statements have been prepared on accrual basis of accounting except for information in the statement of cash flows.

### **2.2 Functional and presentation currency**

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

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

### 2.3 Interpretations and amendments effective for the year ended December 31, 2018

The following amendments and interpretations are effective for the year ended December 31, 2018. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - Clarification of the classification and measurement of share-based payment transactions.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration' - Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

The following amendments had significant influence on the company as the company changed its policy for recording investment properties. Previously these were recorded at cost and are now recorded at fair value. All the changes are accounted for after incorporation of amendment stated below:

	Effective from accounting period beginning on or after
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

### 2.4 Standards, interpretations and amendments not effective at year end

The below mentioned standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them

Following standards can have significant impact on the company's financial statements:

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

	<b>Effective from accounting period beginning on or after</b>
IFRS 9 'Financial Instruments'	June 30, 2019 as per directives issued by the SECP
IFRS 15 'Revenue from Contracts with Customers'	'July 01, 2018 as per directives issued by the SECP
IFRS 16 'Leases'	January 01, 2019

Following standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<b>Effective from accounting period beginning on or after</b>
Amendments to IFRS 9 'Financial Instruments' Prepayment features with negative compensation	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely earlier adoption is permitted
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in Associates and Joint Ventures	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle amendments to:	
IFRS 3 Business Combinations;	January 01, 2019

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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IFRS 11 Joint Arrangements;  
IAS 12 Income Taxes; and  
IAS 23 Borrowing Costs.

Amendments to References to the Conceptual Framework in IFRS Standards January 01, 2020

Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business' January 01, 2020

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards January 01, 2020

**2.5** Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

**2.6** During the period, the Company has changed format for preparation of its condensed interim financial information to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1)/2017 dated February 9, 2017. In line with the requirements provided in the Rules, these are the first set of financial statements of the Company for the year ended December 31, 2018. Certain changes have been made to the presentation of the financial information which includes the following:

Changes in sequence of assets/ liabilities in the statement of financial position.

Discontinuation of separate statements of premium, claims, commissions and investment income which are now presented on aggregate basis into the notes to these financial statements.

Underwriting results in relation to various classes of business which were previously presented on the face of the profit and loss account are now presented in aggregate.

Prior year figures have been reclassified/ rearranged for the purpose of comparison where necessary.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

#### 3.1 Property and equipment

##### 3.1.1 Operating assets

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit and loss account by applying the reducing balance method from the availability of property and equipment to the date of disposal.

##### **Rates of depreciation:**

- |  |     |
|--|-----|
| • Buildings                              | 5%  |
| • Computer equipment                     | 30% |
| • Office equipment, furniture & fixtures | 10% |
| • Motor vehicles                         | 20% |

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

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

##### 3.1.2 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.

##### 3.1.3 Impairment of assets

The carrying amounts of fixed assets are reviewed at each reporting 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 profit and loss account.



# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### 3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged to profit and loss account by applying the reducing balance method from the dates of available to use to disposal.

Rate of amortization used is 30%.

### 3.3 Investment properties

"Investment property is measured at purchase cost on initial recognition including directly attributable to the acquisition of the investment property and subsequently at fair value with any change therein recognized in profit and loss account. The fair value is assessed by the involvement of an individual qualified valuation expert at the end of each reporting date. Subsequently cost is included in the carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account.

### 3.4 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 damage

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their Business activities. These contracts are generally one year contracts except some contracts that are of three months period.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### **Marine, aviation and transport**

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

### **Motor**

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

### **Miscellaneous**

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer 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.

### **3.5 Deferred commission expense / Acquisition cost**

Commission expense incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue.

### **3.6 Unearned premium**

The provision for unearned portion of premiums is calculated by applying one by twenty fourths' method, except Marine Insurance for which unearned premium is calculated by applying one by six method as prescribed by Insurance Accounting Regulations, 2017.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### **3.7 Premium deficiency**

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.

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 date of reporting. In management's opinion, the amount carried for unearned premium is sufficient to meet this requirement.

### **3.8 Re-insurance contracts held**

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

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

The Company assesses its re-insurance assets for impairment on reporting date. If there is objective evidence that the re-insurance asset is impaired, the Company reduces the carrying amount of the re-insurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

### **3.9 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.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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#### 3.10 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.

The company maintains general provision as per the approved policy of board. In addition, 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.

#### 3.11 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 Insurance Rules, 2017.

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.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### **3.12 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 savings accounts and short term deposits having maturity of less than three months.

### **3.13 Revenue recognition**

#### **a) Premium / Underwriting result**

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.

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

#### **b) Commission income**

Commission income from other insurers/ re-insurers is recognized on a quarterly basis as per terms and conditions agreed with the other insurers/ re-insurers.

#### **c) Investment income**

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

#### **d) Dividend income**

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

#### **e) Return on bank accounts**

Return on bank accounts are accounted for on accrual basis.

#### **f) Rental Income**

Rental income from investment properties are recognized on accrual basis of accounting.

### **3.14 Claim**

General insurance claims include all claims occurring during the year, whether reported

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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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.

Salvage values are recorded based on surveyor reports.

#### **3.15 Investments**

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

All purchase and sale of investments that require delivery within the required 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 investments. Investments are recognized and classified as follows:

##### **3.15.1 Investments at fair value through profit and loss - held-for-trading**

Quoted investments which are acquired principally for the purpose of generating profit from short-term fluctuations in price or are part of the portfolio in which there is a recent actual pattern of short-term profit taking are classified as held-for-trading.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in profit and loss of the period in which it arises.

##### **3.15.2 Held-to-maturity**

Investments with fixed maturity, where the management has both the intent and the ability to hold to maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortized cost. Premium paid or discount availed on the acquisition of held-to-maturity investment is deferred and amortized over the term of investment using the effective yield method.

Profit on held-to-maturity instruments is recognized on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising,

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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if any, are charged to the profit and loss account of the period in which they arise.

#### **3.15.3 Available-for-sale**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates or equity prices are classified as available-for-sale. These are valued as follows:

##### **Quoted**

Subsequent to initial recognition at cost, quoted investments are stated at the market value. The Company uses Stock Exchange quotations at the reporting date to determine the market value of listed shares. Furthermore, market value of open-ended mutual funds is determined by using MUFAP rates at the date of reporting.

##### **Unquoted**

Unquoted investments are recorded at cost less impairment (if any) in accordance with the above requirement.

#### **3.15.4 Recognition / de-recognition of investments**

Investments are recognized / derecognized by the Company on the date it commits to purchase / sell the investments.

#### **3.15.5 Securities under repurchase / resale agreements**

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not recognized in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in the financial statements as balance receivables for securities purchased under resale arrangements in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the period of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not derecognized from the financial statements and continue to be recognized

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

#### **3.15.6 Investment in Associates - Equity method**

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognized at cost and the carrying amount is adjusted to recognize the investor's share of the profit and loss, distribution received and change in the comprehensive income and equity of the investee at the end of each reporting period.

"The carrying amount of investments in associates is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to the profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account."

#### **3.15.7 Impairment in investments**

Impairment is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

#### **3.16 Offsetting of financial assets and liabilities**

A financial asset and a financial liability are offset and the net amount reported in the



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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statement of financial position 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.

#### **3.17 Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources 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 reporting date and adjusted to reflect the current best estimate.

#### **3.18 Provision for outstanding claims including Incurred But Not Reported (IBNR)**

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

##### **Outstanding claims**

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

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

##### **Incurred But Not Reported (IBNR) Claims**

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated 09 March 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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maintain the provision for claims incurred but not reported for each class of business by using prescribed Method “Chain Ladder Method” and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at 31 December 2018 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

#### **3.19 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 reporting 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 reporting 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 reporting date.

#### **3.20 Staff retirement benefits**

##### **Defined benefit 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, 2018 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 past service cost, gains or losses on settlements and interest expense.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### **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 10% of basic salary.

### **3.21 Leases**

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.

### **3.22 Other creditors and accruals**

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 reporting date and adjusted to reflect the current best estimate.

### **3.23 Loans and other receivables**

Loan advances & other receivable are paid & recorded as per the approval of delegation of financial powers. Which are subsequently accounted for after the recovery of amount or services against which the payments were made.

### **3.24 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 maybe. Any gains or losses on de-recognition of financial assets and financial liabilities are taken to the profit and loss account.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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#### 3.25 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

#### 3.26 Zakat

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

#### 3.27 Dividend distribution

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

#### 3.28 Management expenses

Management expenses note is prepared in accordance with the requirements of Insurance Rules, 2017. The Company adopts accrual basis of accounting for its expense recognition.

## 4. CHANGES IN ACCOUNTING POLICY AND CORRECTION OF ERROR

#### 4.1 Available for sale investments

The SEC (Insurance) Rules 2002 (repealed) 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. Hence subsequent to initial recognition the available for sale investments were stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary).

Furthermore, investments in equity instruments that do not have a quoted price in an active market are measured at cost.

During the current year, the adoption of the Insurance Rules, 2017 requires every insurer to comply with applicable International Financial Reporting Standards (IFRS) for recognition and measurement of assets, liabilities, expenses and revenues.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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Accordingly, the Company has applied IAS - 39 and available for sale investments at reporting date are measured at market value. This change has been applied retrospectively in accordance with the requirements of IAS - 8 'Accounting Policies, Change in Accounting Estimates and Errors' and comparatives have been restated to confirm to the changed accounting policy which is illustrated in note 4.5 below.

#### 4.2 Investment properties

The Company used to value its investment properties at cost less accumulated depreciation till prior year, during the year the Company changed its accounting policy to fair value model as per IAS - 40 'Investment property'. This change in accounting policy has been applied retrospectively in accordance with the requirements of IAS - 08 'Accounting policy, change in accounting estimates and error'. The comparatives have been restated accordingly, illustrated in note 4.5 below.

#### 4.3 Prior period adjustments

##### Investment in associates

During the year, the Company has made prior period adjustment for 'Investment in subsidiaries and associates' which were being accounted for using cost method of accounting are now accounted for using the equity method as specified by IAS - 28 'Investment in associates and joint ventures'. This error has been applied retrospectively in accordance with the requirements of IAS - 08 'Accounting policy, change in accounting estimates and error'. The comparatives have been restated accordingly, illustrated in note 4.5 below.

#### 4.4 Correction of prior period errors

During previous years material unreconciled differences which exists between the subsidiary ledgers (registers) and the general ledger (GL) maintained by the Company aggregating to a net amount of Rs. 134.56 million. During the year, the management has passed necessary adjustments in the general ledger to reconcile the differences with subsidiary ledgers. The comparatives have been restated accordingly, illustrated in note 4.5 below.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

- 4.5** As per notes 4.1, 4.2, 4.3 and 4.4, retrospective adjustments have been made in these financial statements and comparatives have been revised as follows:

		December 31, 2017		
	Note	Balance as reported previously	Adjustments	Balance restated
----- (Rupees in '000) -----				
Investment properties	4.2	25,173	137,070	162,243
Investment in equity securities	4.1	1,105,582	(118,059)	987,523
Investment in associates	4.3	4,000	207,761	211,761
Claims payable	4.4	1,221,416	(45,705)	1,267,121
Reinsurance recoveries	4.4	864,119	(131,015)	733,104
Reserves		1,016,526	151,104	1,167,630
Accumulated losses		(388,467)	(101,593)	(490,060)
Total Assets from Window Takaful Operations - WTO	4.1	96,138	(542)	95,596

		December 31, 2016		
	Note	Balance as reported previously	Adjustments	Balance restated
----- (Rupees in '000) -----				
Investment properties	4.2	25,210	61,690	86,900
Investment in equity securities	4.1	901,304	146,488	1,047,792
Investment in associates	4.3	4,000	170,724	174,724
Reserves		1,104,283	286,493	1,390,776
Accumulated losses		(280,102)	101,947	(178,155)
Total Assets from Window Takaful Operations - WTO	4.1	80,304	9,538	89,842

- 4.5.1** The adjustments shown under the year 2017 above include the impact of adjustments of 2016 as well.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

### 5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised. The areas where 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. Provision for outstanding claims including claims incurred but not reported [IBNR] - Note 3.18
- b. Provision for premium deficiency reserves - Note 3.7
- c. Reinsurance recoveries against outstanding claims - Note 3.8
- d. Provision against premium due but unpaid - Note 3.10
- e. Useful life of depreciable / amortizable assets - Note 3.1 and Note 3.2
- f. Impairment of assets - Note 3.1 and Note 3.15.7
- g. Staff retirement obligations - Note 3.2
- h. Provision for income taxes - Note 3.19
- i. Fair valuation of investment properties and property and equipments - Note 3.3
- j. Salvage recoveries - Note 3.14

### 6. PROPERTY AND EQUIPMENT

Operating fixed assets  
Capital work-in-progress

Note	2018	2017
	----- (Rupees in '000) -----	
6.1	206,575	232,346
6.2	26,109	26,109
	232,684	258,455

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 6.1 Operating fixed assets

Particulars	2018									
	Cost				Accumulated Depreciation					
	As at January 1, 2018	Additions/ (Disposals)	Transfers to investment properties/ Adjustments	As at December 31, 2018	As at January 1, 2018	Depreciation for the year / (disposals)	Transfers to investment properties/ Adjustments	As at December 31, 2018	Written down value as at December 31, 2018	Depreciation Rate
----- (Rupees in '000) -----										%
Freehold Land	140,450	-	-	140,450	-	-	-	-	140,450	-
Freehold Building *	35,113	-	(12,331)	22,782	12,916	829	(3,235)	10,508	12,274	5%
Computer Equipment	22,340	202 (1,188)	81	21,435	17,003	1,589 (1,059)	1	17,534	3,901	30%
Office equipment	13,454	635	(81)	14,008	8,484	507	(1)	8,990	5,018	10%
Furniture and Fixtures	25,533	-	-	25,533	15,586	989	-	16,575	8,958	10%
Vehicles (Owned)	98,166	- (12,896)	-	85,270	58,849	7,312 (8,751)	-	57,410	27,860	20%
Vehicles (Leased)	15,195	-	-	15,196	5,067	2,015	-	7,082	8,114	20%
	<b>350,251</b>	<b>837</b> <b>(14,084)</b>	<b>(12,331)</b>	<b>324,674</b>	<b>117,905</b>	<b>13,241</b> <b>(9,810)</b>	<b>(3,235)</b>	<b>118,099</b>	<b>206,575</b>	

\* These represents transfer to investment properties at fair value as disclosed in note 8.3



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

Particulars	2017									Depreciation Rate
	Cost			Accumulated Depreciation						
	As at January 1, 2017	Additions/ (Disposals)	Transfers to investment properties/ Adjustments	As at December 31, 2017	As at January 1, 2017	Depreciation for the year / (disposals)	Transfers to investment properties/ Adjustments	As at December 31, 2017	Written down value as at December 31, 2017	
	(Rupees in '000)									%
Freehold Land	140,450	-	-	140,450	-	-	-	-	140,450	-
Freehold Building *	35,113	-	-	35,113	12,501	415	-	12,916	22,197	5%
Computer Equipment	21,269	1,189 (118)	-	22,340	14,829	2,206 (32)	-	17,003	5,337	30%
Office equipment	13,245	209	-	13,454	7,953	531	-	8,484	4,970	10%
Furniture and Fixtures	25,533	-	-	25,533	14,481	1,105	-	15,586	9,947	10%
Vehicles (Owned)	114,822	4,810 (21,466)	-	98,166	63,635	9,122 (13,908)	-	58,849	39,317	20%
Vehicles (Leased)	15,195	-	-	15,195	2,552	2,515	-	5,067	10,128	20%
	365,627	6,208 (21,584)	-	350,251	115,951	15,894 (13,940)	-	117,905	232,346	

#### 6.1.1 Disposal of operating fixed assets

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain	Mode of Disposal	Purchaser	Location
(Rupees in '000)								
Toyota Corolla A/T(B-DV-159)	1,600	469	1,131	1,400	269	Tender	Mr. Naeem Sarwar	Lahore
Honda Citi A/T(AYM-918)	1,350	457	893	1,075	182	Tender	IGI Insurance Company Limited	Karachi
Toyota Corolla(BBQ-726)	1,200	561	639	1,150	511	Tender	Mr. Imran	Karachi
Suzuki Cultus(BFE-663)	1,099	469	630	990	360	Tender	Mr. Saeed-ul-Rehman	Karachi
Honda City(AWF-231)	1,545	1,162	383	1,150	767	Tender	Mr. Naseem Anwar	Karachi
Cuore(LEB-2513)	687	601	86	455	369	Tender	Mr. Abdul Inam	Karachi
Honda City(LEB-2167)	892	809	83	720	637	Tender	Mr. M. Jam-il-Ur-Rehman	Karachi
Daihatsu Cuore(APU-448)	521	467	54	335	281	Tender	Mr. Arshad Alam	Karachi
Daihatsu Cuore(APU-206)	521	467	54	328	274	Tender	Mr. Nadeem Ahmed	Karachi
Misc.*	4,670	4,348	322	2,404	2,082	Tender	Various	Various
	<b>14,085</b>	<b>9,810</b>	<b>4,275</b>	<b>10,007</b>	<b>5,732</b>			

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

\* This includes all assets sold during the period that have book value less than Rs. 50,000.

**6.1.2** Land and building consists of a property in Lahore, Punjab whose covered area sums upto appx. 2500 Sq. Yards.

#### 6.2 Capital Work-In-Progress

	Note	2018	2017
----- (Rupees in '000) -----			
Property acquisition and renovation costs	6.2.1	26,109	26,109

**6.2.1** Market rate of this property as assessed at December 31, 2018 is Rs. 88 million (2017: Rs. 51 million).

#### 7. Intangible Asset

2018								
Particulars	Cost			Accumulated Amortization			Written down value as at 31 December 2018	Amor-tization Rate
	As at January 1, 2018	Additions	As at December, 31 2018	As at January 1, 2018	Amorti-zation for the year	As at December 31, 2018		
	(Rupees in '000)							
Software	19,093	680	19,773	14,087	1,649	15,735	4,038	30%

2017								
Particulars	Cost			Accumulated Amortization				Amor-tization Rate
	As at January 1, 2017	Additions	As at December, 31 2017	As at January 1, 2017	Amorti-zation for the year	As at December 31, 2017	Written down val-ue as at 31 December 2017	
	(Rupees in `000)							
Software	18,422	671	19,093	11,704	2,383	14,087	5,006	30%

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 8. INVESTMENT PROPERTIES

	Note	2018	(Restated) 2017
----- (Rupees in '000) -----			
Net book value/ cost as at January 01		162,243	86,900
Transfer from PPE	6.1	44,954	-
Unrealized fair value gain	8.1	59,389	75,343
Net book value as at December 31		<b>266,586</b>	<b>162,243</b>

##### 8.1 Investment properties consists of the following:

Particulars	Location	Note	Fair value as at December 31, 2018	Fair value as at transfer date	Value as at December 31, 2017/ Recognition	"Gain 2018"
----- (Rupees in '000) -----						
Bungalow, Aga Khan Road	Islamabad		219,120	-	162,243	56,877
Office, Clifton Centre	Karachi	8.3	18,216	17,204	-	1,012
Apartment, Silver Oaks	Islamabad	8.3	29,250	27,750	-	1,500
			<b>266,586</b>		<b>162,243</b>	<b>59,389</b>

**8.2** The fair value of the investment properties was determined by external, independent property value having appropriate recognized professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provides the fair value of the Company's investment properties every year.

**8.3** The transfer from operating assets pertains to the properties having fair value of Rs. 17.20 million and Rs. 27.75 million respectively transferred to investment property as on March 01, 2018 and May 31, 2018 respectively at its fair value as determined by Hamid Mukhtar and Co. (Pvt.) Limited for bungalow in Islamabad, Masud associates for apartment in Islamabad and Ali Murtaza & Co.(Pvt.) Limited for office in Karachi. The

## Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2018

resultant fair value gain of Rs. 35.85 million on both the properties were transferred through other comprehensive income as surplus on revaluation as required by IAS - 16 "Property, plant and equipment".

**8.4** The company earned rental income from the above mentioned properties amounting to Rs. 1.86 million (2017: Nil).

**8.5** The covered area of the bungalow, office and apartment are 8,793 Sq. ft., 1,012 Sq. ft. and 1500 Sq. ft. respectively.

### 9. INVESTMENTS IN EQUITY SECURITIES

	2018			(Restated) 2017		
	Cost	(Impairment) / Fair Value Gain/ (Loss)	Carrying Value	Cost	(Impairment) / Fair Value Gain/ (Loss)	Carrying Value
<b>Available for sale</b>						
----- (Rupees in '000) -----						
<b>Related parties - Associated Companies</b>						
Listed shares	200,481	29,977	230,458	213,814	(13,333)	200,481
Unlisted shares	114,983	-	114,983	114,983	-	114,983
<b>Other than related parties</b>						
Listed shares	618,626	(195,754)	422,872	667,739	(49,113)	618,626
Mutual funds*	53,433	(15,126)	38,307	51,257	2,176	53,433
	<b>987,523</b>	<b>(180,903)</b>	<b>806,620</b>	<b>1,047,793</b>	<b>(60,270)</b>	<b>987,523</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

\*Investment in mutual funds amounting to Rs. 38.3 million (2017: Rs. 50.37 million) are placed as statutory deposit with State Bank of Pakistan in compliance of Section 29 of Insurance Ordinance, 2000.

#### 10. INVESTMENTS IN ASSOCIATE

	2018	(Restated) 2017
	----- (Rupees in '000) -----	
Balance as at January 01	211,761	174,726
Share of (loss)/profit	(5,518)	1,183
Less: Dividend received	(2,000)	(2,000)
	<b>(7,518)</b>	<b>(817)</b>
Changes in comprehensive income	585	37,852
Balance as at December 31	<b>204,828</b>	<b>211,761</b>

The Company's interests in its associate company, namely, Crescent Powertec Limited (a company incorporated in Pakistan) is as follows:

Year	Assets	Liabilities	Revenues	(Loss) / Profit	Other Comprehensive Income	% Interest held
	----- (Rupees in '000) -----					
<b>As at December 31, 2018</b>	<b>233,379</b>	<b>(28,552)</b>	<b>6,513</b>	<b>(5,518)</b>	<b>585</b>	<b>8%</b>
As at December 31, 2017	238,079	(26,319)	19,401	1,183	37,852	8%
As at December 31, 2016	191,318	(16,592)	36,215	7,873	5,834	8%

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 11. LOANS, ADVANCES AND OTHER RECEIVABLES

	Note	2018	2017
		------(Rupees in '000)-----	
Accrued income		90	6,294
Loans to employees	11.1	1,638	-
Deposits	11.2	35,095	52,753
Advance to agents		2,835	2,329
Other receivables		11,334	10,756
		<b>50,992</b>	<b>72,132</b>

**11.1** These are short term, unsecured interest free loans and advances provided to permanent employees of the Company adjustable against salaries.

**11.2** These include Rs. 24 million (2017: Rs. 24 million) deposited under a court order in respect of a claim where the possibility of the outflow of this amount is considered remote by the Company's legal advisor.

**11.3** Loans and other receivables includes a loan amounting to Rs. 1.71 million that was provided in prior year as it is considered to be doubtful.

#### 12. INSURANCE / REINSURANCE RECEIVABLES

	Note	2018	2017
		------(Rupees in '000)-----	
Premium due but unpaid			
Less: Provision for doubtful	12.1	403,333	410,810
receivables from insurance contract holder	12.2	(123,218)	(117,858)
		<b>280,115</b>	<b>292,952</b>
Amounts due from other insurers / reinsurers			
Less: Provision for doubtful		351,994	442,494
receivables from insurers / reinsurers	12.3	(75,505)	(70,274)
		<b>276,489</b>	<b>372,220</b>
		<b>556,604</b>	<b>665,172</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

**12.1** Amount due from related parties as at year end is Rs. 167.54 million (2017: Rs. 168.89 million).

**12.2** The movement in provision for doubtful receivables from insurance contract holders is as follows:

	2018	2017
	------(Rupees in '000)-----	
Balance at January 1	(117,858)	(76,000)
Charge for the year - net	(5,360)	(41,858)
<b>Balance at December 31</b>	<b>(123,218)</b>	<b>(117,858)</b>

**12.3** The movement in provision for doubtful receivables from insurers / reinsurers is as follows:

	2018	2017
	------(Rupees in '000)-----	
Balance at January 1	(70,274)	(11,151)
Charge for the year - net	(5,231)	(59,123)
<b>Balance at December 31</b>	<b>(75,505)</b>	<b>(70,274)</b>

## 13. PREPAYMENTS

	Note	2018	2017
		------(Rupees in '000)-----	
Prepaid reinsurance premium ceded	21	116,797	201,185
Other prepaid expenses		131	754
		<b>116,928</b>	<b>201,939</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 14. CASH AND BANK BALANCES

	Note	2018	2017
------(Rupees in '000)-----			
Cash and cash equivalent			
- Cash in hand		46	79
- Policy & revenue stamps, bond papers		856	1,040
Cash at bank			
- Current account	14.1	26,919	71,097
- Savings account	14.2	45,019	77,059
		<b>72,840</b>	<b>149,275</b>

**14.1** This includes Rs. 20 million (2017: Rs. 20 million) placed as statutory deposit with the State Bank of Pakistan in compliance with section 29 of Insurance Ordinance, 2000.

**14.2** The rate of return on saving accounts held with various banks range from 2.7% to 6% (2017: 3.5% to 5.25%) per annum.

#### 15. SHARE CAPITAL

##### 15.1 Authorized Capital

2018	2017		2018	2017
Number of shares				
------(Amount in '000)-----			------(Rupees in '000)-----	
<b>75,000</b>	<b>75,000</b>	Ordinary shares of Rs.10 each.	<b>750,000</b>	<b>750,000</b>



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 15.2 Issued, subscribed and paid-up share capital

2018	2017		2018	2017
Number of shares				
------(Amount in '000)-----			------(Rupees in '000)-----	
200	200	Ordinary share of Rs. 10 each	2,000	2,000
		Fully paid in cash		
		Issued as fully paid bonus shares		
50,565	41,789	As at January 01	505,650	417,890
-	8,776	Issued during the year	-	87,760
<b>50,565</b>	<b>50,565</b>	As at December 31	<b>505,650</b>	<b>505,650</b>

**15.3** The Board of Directors in its Annual meeting held on April 07, 2017 and Interim meeting held on October 28, 2017 announced a bonus issue of 10% each (8,775,700 shares) which was distributed out of reserves. The annual distribution of 2016 was approved by the shareholders in the Annual General Meeting held on April 29, 2017.

**15.4** As at December 31, 2018, the number of shares held by the associated undertakings were 20,497,908 (2017: 12,930,803) of Rs. 10 per share.

#### 16. RESERVES AND LOSSES

	NOTE	2018	2017
------(Rupees in '000)-----			
<b>Capital reserves</b>			
Reserve for exceptional loss	16.1	19,490	19,490
Devaluation reserve	16.2	185	185
		<b>19,675</b>	<b>19,675</b>
<b>Revenue reserves</b>			
General reserve		996,851	996,851
Revaluation reserve - Investments		96,512	151,104
Revaluation reserve - Investment Property		35,859	-
		<b>1,129,222</b>	<b>1,147,955</b>
<b>Accumulated Losses</b>			
		(479,413)	(490,060)
		<b>669,484</b>	<b>677,570</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

**16.1** This reserve was created at 10% of premium income net of reinsurance till the year 1978 in terms of the repealed Income Tax, Act 1922.

**16.2** Consequent of 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 year 1973.

#### 17. RETIREMENT BENEFIT OBLIGATIONS

	Note	2018	2017
		----- (Rupees in '000) -----	
Gratuity	17.1	1,024	2,589
Employee compensated absences	17.10	5,537	4,761
		<b>6,561</b>	<b>7,350</b>

##### 17.1 Liability in statement of financial position - Gratuity

	Note	2018	2017
		----- (Rupees in '000) -----	
Present value of defined benefit obligation	17.4	975	2,589
Payable related to previous balance		49	-
		<b>1,024</b>	<b>2,589</b>

##### 17.2 Movement in the net liability recognized

	2018	2017
	----- (Rupees in '000) -----	
Balance at January 01	2,589	5,371
(Income) / Expense for the year	(891)	487
	<b>1,698</b>	<b>5,858</b>
Premeasurement chargeable in other comprehensive income		
Payments during the year	(209)	(2,789)
Balance at December 31	(465)	(480)
	<b>1,024</b>	<b>2,589</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 17.3 Expense recognized in the profit or loss account

	2018	2017
	----- (Rupees in '000) -----	
Current service cost	-	57
Past service cost (Credit)	(695)	-
Gain/(Loss) arising on plan settlements	(389)	-
Interest cost on defined benefit obligation	193	430
<b>(Income) / Expense chargeable to profit and loss account</b>	<b>(891)</b>	<b>487</b>

#### 17.4 Reconciliation of the present value of the defined benefit obligations

	2018	2017
	----- (Rupees in '000) -----	
Present value of obligation as at January 1	2,589	5,371
Current service cost	-	57
Past service cost (Credit)	(695)	-
Interest costs on defined benefit obligation	193	430
Benefit due but not paid (Payable)	(40)	-
Benefit paid	(465)	(480)
Gain/(Loss) arising on plan settlements	(398)	-
Experience adjustment	(209)	(2,789)
<b>Present value of obligation as at December 31</b>	<b>975</b>	<b>2,589</b>

#### 17.5 Total remeasurement chargeable in other comprehensive income

	2018	2017
	----- (Rupees in '000) -----	
Remeasurement of plan obligation		
Experience adjustments	(209)	(2,789)
	(209)	(2,789)
Returns on plan assets, excluding interest income	-	-
	<b>(209)</b>	<b>(2,789)</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 17.6 Maturity profile of defined benefit obligation

Average duration of the defined benefit obligation is: 4 Years 5 Years

17.7 The estimated expenses to be charged to profit and loss account for the year 2019 is Rs. 0.13 million.

17.8 Sensitivity analysis on significant actuarial assumptions: Actuarial liability

Principal actuarial assumptions used are as follows:

	2018	2017
Discount rate used for Interest Cost in P&L Charge	8%	8%
Discount rate used for year end obligation	13%	8%
Salary increase used for year end obligation		
Salary increase FY2019	12%	7%
Salary increase FY2020	12%	7%
Salary increase FY2021	12%	7%
Salary increase FY2022	12%	7%
Salary increase FY2023	12%	7%
Salary increase FY2024 & onward	12%	7%
Next salary is increased at	1-Jan-20	1-Jan-19
Retirement assumption	Age 58	Age 58

Base

	2018	2017
Discount rate +100 bps	938	2,629
Discount rate -100 bps	1,016	2,495
Salary increase +100 bps	975	2,779
Salary increase -100 bps	975	2,630

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 17.9 Historical data of gratuity scheme

	2018	2017	2016	2015	2014
	----- (Rupees in '000) -----				
Present value of defined benefits obligations	1,024	2,589	5,371	3,944	18,652
Experience adjustment arising on plan liabilities	(209)	(2,789)	(817)	(164)	263

#### 17.10 Movement in the net liability recognized in the statement of financial position - Employee Compensated Absences

	2018	2017
Balance at January 01	4,752	8,062
Expense for the year	1,162	1,578
	<b>5,914</b>	<b>9,640</b>
Interest Cost on defined benefit obligation	332	482
Payment during the year	(1,469)	(4,078)
Experience Adjustment	760	(1,283)
<b>Balance at December 31</b>	<b>5,537</b>	<b>4,761</b>

#### 17.11 Expense recognized in other comprehensive income

	2018	2017
Current service cost	1,162	1,577
Interest cost	332	482
Net actuarial gain recognized in the year	760	(1,283)
	<b>2,254</b>	<b>776</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 17.12 Historical data of leave encashment scheme

	2018	2017	2016	2015	2014
	----- (Rupees in '000) -----				
Present value of defined benefits obligations	5,537	4,752	8,070	9,612	13,694
Experience adjustment arising on plan liabilities	760	(1,283)	205	178	(110)

#### 17.13 Principal Actuarial Assumptions

	2018	2017
Following are important actuarial assumptions used in the benefits valuation		
Discount rate	13%	8%
Expected rate of increase in salary	12%	7%

**17.14** Projected Unit Credit (PUC) Actuarial cost method was used for calculating the accounting entries in this report.

## 18. FINANCE LEASE

	NOTE	2018	2017
		----- (Rupees in '000) -----	
Liabilities against asset subject to finance lease	18.1	1,614	5,537

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 18.1 Liabilities against assets subject to finance lease

	2018			2017		
	Minimum lease pay-ments	Financial charges for future periods	Principal out-standing	Minimum lease pay-ments	Financial charges for future periods	Principal out-standing
	----- (Rupees in '000) -----					
Not later than one year	936	89	847	4,227	304	3,923
Later than one year and not later than five years	810	43	767	1,745	131	1,614
	<b>1,746</b>	<b>132</b>	<b>1,614</b>	<b>5,972</b>	<b>435</b>	<b>5,537</b>

The total lease rentals due under the lease agreement are payable in equal monthly installments till April 2021. Taxes, repairs and insurance costs are to be borne by the Company. Financing rate ranging from 6% to 8% per annum has been used as the discounting factor. Purchase option can be exercised by the Company, paying 20% of the leased amount of respective vehicles.

#### 19. OTHER CREDITORS AND ACCRUALS

	NOTE	2018	2017
		----- (Rupees in '000) -----	
Bonus payable		11,021	11,021
Commissions payable	19.1	207,597	245,611
Federal excise duty & sales tax		16,994	23,857
Federal insurance fee		117	211
Deposits and margins		6,690	4,803
Payable against investments		-	24,031
Provision for sales tax	19.2	7,728	-
Provision for rent	19.3	14,000	14,000
Others	19.4	36,476	34,901
		<b>300,623</b>	<b>358,435</b>

## Notes to and Forming Part of the Financial Statements

For the Year Ended December 31, 2018

- 19.1** Amount payable to related parties as at December 31, 2018 is Rs. 14.26 million (2017: Rs. 8.63 million).
- 19.2** This figure pertains to a provision created against the abolished tax exemption by Sindh Revenue Board on health insurance premium from July 1, 2018. Further Punjab Revenue Authority has also introduced sales tax on health insurance premium effective from November 1, 2018.
- 19.3** This includes provision for rent amounting to Rs 14 million (2017: Rs.14 million) against which the Company is in litigation with 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.
- 19.4** This includes outstanding claims in respect of which cheques aggregating to Rs 7.8 million (2017: Rs 7.8 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP's circular 11 of 2014 dated May 19, 2014:

	2018	2017
	----- (Rupees in '000) -----	
1 to 6 months	983	2,523
More than 6 months	12,338	7,850

Claims not encashed	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
	----- (Rupees in '000) -----					
2018	983	1,217	2,402	2,904	5,815	13,321
2017	2,523	1,306	1,249	3,293	2,002	10,373

## 20. CONTINGENCIES AND COMMITMENTS

	2018	2017
	----- (Rupees in '000) -----	
<b>20.1 Commitment for capital expenditure</b>	<b>15,038</b>	<b>15,038</b>



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

**20.2** The Company received a show cause notice dated April 26, 2016 from Sindh Revenue Board (SRB) on account of not charging and paying Sindh Sales Taxes amounting Rs. 188.8 million for services received from foreign reinsurance companies from 2011 to 2014. The Company is of the view that the said amendment was imposed in the Sindh Sales Tax on Services Act, 2011 in the year 2014 that was prospective in nature and can not be made basis for recovery of the said sales tax for the above mentioned period and accordingly the Company filed an appeal with Commissioner Appeals (Sindh Revenue Board). Currently the matter is pending adjudication and no provision has been made in these financial statements as the Company believes that, based on the advice of its legal council, that the matter will be decided in its favor.

#### 21. NET INSURANCE PREMIUM

	NOTE	2018	2017
		----- (Rupees in '000) -----	
Written Gross Premium		535,976	849,108
Add: Unearned premium reserve opening		389,884	509,562
Less: Unearned premium reserve closing		(249,002)	(389,884)
Premium Earned		<b>676,858</b>	<b>968,786</b>
Less: Reinsurance premium ceded		(470,938)	438,251
Add: Prepaid reinsurance premium opening		201,185	213,886
Less: Prepaid reinsurance premium closing		(116,797)	(201,185)
Reinsurance expense		<b>(386,550)</b>	<b>(450,952)</b>
<b>Net Insurance Premium</b>		<b>290,308</b>	<b>517,834</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 22. NET INSURANCE CLAIMS

	NOTE	2018	(Restated) 2017
		----- (Rupees in '000) -----	
Claims Paid		516,573	645,561
Less: Outstanding claims including IBNR opening		(1,267,121)	(1,161,637)
Add: Outstanding claims including IBNR closing	22.1	923,861	1,267,121
Claims expense		<b>173,313</b>	<b>751,045</b>
Less: Reinsurance and other recoveries received		113,141	277,044
Less: Reinsurance and other recoveries received in respect of Outstanding claims opening		(733,104)	(786,215)
Add: Reinsurance and other recoveries received in respect of Outstanding claims closing		540,560	733,104
Reinsurance and other recoveries revenue		<b>(79,403)</b>	<b>(223,933)</b>
<b>Net Insurance claims expense</b>		<b>93,910</b>	<b>527,112</b>

**22.1** Amount due to related parties as at year end is Rs 54.27 million (2017: Rs. 48.50 million )

#### 22.2 Claim Development

Accident year	2014	2015	2016	2017	2018
	----- (Rupees in '000) -----				
Estimate of ultimate claims costs:					
At end of accident year	778,907	329,520	567,501	370,002	276,216
One year later	969,689	602,389	837,303	673,205	-
Two years later	1,005,797	612,670	854,321	-	-
Three years later	1,016,964	613,477	-	-	-
Four years later	1,018,072	-	-	-	-
Current estimate of cumulative claims	1,018,053	614,435	862,583	699,596	416,512
Cumulative payments to date	(607,696)	(572,665)	(629,771)	(620,423)	(175,292)
Liability recognized in the statement financial position	410,357	41,770	232,812	79,173	241,220

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 23. NET COMMISSION EXPENSE AND OTHER ACQUISITION COSTS

	NOTE	2018	2017
		----- (Rupees in '000) -----	
Commission Paid or payable		33,380	119,830
Add: Deferred commission opening		50,501	86,921
Less: Deferred commission closing		(27,131)	(50,501)
Commission expense		56,750	156,250
Less: Commission received or recoverable from reinsurers		(71,259)	(88,993)
Add: Unearned reinsurance commission opening		33,363	42,155
Less: Unearned reinsurance commission closing		(18,362)	(33,363)
Commission from reinsurance		(56,258)	(80,201)
<b>Net Commission expense</b>		<b>492</b>	<b>76,049</b>
Add: Other acquisition costs			
Tracking device expenses		22,480	21,865
Service charges		5,667	4,192
Other Costs		147	337
		28,294	26,394
<b>Net Commission expense and other acquisition costs</b>		<b>28,786</b>	<b>102,443</b>

#### 24. MANAGEMENT EXPENSES

Employee benefit costs	24.1	156,186	175,300
Traveling expenses		3,325	2,358
Advertisements & sales promotion		1,363	828
Printing and stationery		3,899	2,825
Depreciation		13,241	15,894
Amortization		1,649	2,383
Rent, rates and taxes		4,318	4,957
Legal and professional charges - business related		10,367	4,670
Electricity, gas and water		4,609	4,992
Entertainment		2,946	3,630
Vehicle running expenses		3,054	4,872
Office repairs and maintenance		5,523	6,002
Bank charges		713	933
Postages, telegrams and telephone		5,724	8,097
Insurance Ombudsman expense contribution		8,856	6,509
Annual Supervision fee SECP		1,783	2,651
Bad and doubtful debts		10,720	47,275
Miscellaneous		1,193	1,385
		<b>239,469</b>	<b>295,561</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 24.1 Employee benefit cost

	2018	2017
	----- (Rupees in '000) -----	
Salaries, allowance and other benefits	150,370	169,842
Charges for post employment benefit	5,816	5,458
	<b>156,186</b>	<b>175,300</b>

#### 25. INVESTMENT INCOME

	2018	2017
	----- (Rupees in '000) -----	
Income from equity securities		
- Dividend income	35,240	48,639
Net realized gains on investments		
Available for sale financial assets		
- Equity securities	87,382	87,806
<b>Total investment income</b>	<b>122,622</b>	<b>136,445</b>
Less: Impairment in value of available for sale equity securities	(75,581)	(104,933)
Less: Investment related expenses	(4,104)	(4,247)
	<b>42,937</b>	<b>27,265</b>

#### 26. OTHER INCOME

	2018	2017
	----- (Rupees in '000) -----	
Return on bank balances	1,242	5,864
Gain on sale of fixed assets	5,733	8,261
Recovery on previous balances written off	28,038	-
Miscellaneous	3,167	6,715
	<b>38,180</b>	<b>20,840</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 27. OTHER EXPENSES

	NOTE	2018	2017
		----- (Rupees in '000) -----	
Legal & professional fee other than business related		3,873	1,745
Auditors' remuneration	27.1	1,685	1,685
Subscription		9,691	12,009
Donations		100	168
Inadmissible input tax expense		2,792	2,555
Sales promotion expense		2,586	875
Provision for sales tax		7,728	-
Others		1,812	4,565
		<b>30,267</b>	<b>23,602</b>

##### 27.1 Auditors' remuneration

	NOTE	2018	2017
		----- (Rupees in '000) -----	
Audit fee		825	650
Review of interim financial statements		220	150
Special certifications and sundry advisory services		640	885
		<b>1,685</b>	<b>1,685</b>

#### 28. TAXATION

	NOTE	2018	2017
		----- (Rupees in '000) -----	
For the year			
Current	28.1	5,351	13,969
Deferred	28.2	-	-
		<b>5,351</b>	<b>13,969</b>

**28.1** The relationship between tax expense and accounting profit has not been presented in these financial statements as the income of the Company is subject to tax under section 113 of the Income Tax Ordinance, 2001.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

	2018
<b>Tax charge reconciliation</b>	(Rupees in '000)
<b>Turnover</b>	
Premium	290,309
Contribution	137,759
	<b>428,068</b>
<b>Tax rate</b>	<b>1.25%</b>
<b>Tax Expense for the Year - Rupees in '000</b>	<b>5,351</b>

- 28.2** The deferred tax asset is not recognized against unused carry forward tax losses and accelerated depreciation property and equipment as the management estimates that sufficient taxable profits could not be available in future years against which such losses can be utilized. As of December 31, 2018, the Company has accumulated tax losses of Rs. 545.44 million (December 31, 2017: Rs. 502.37 million). The deferred tax on such losses works out to Rs.155.08 million.

	2018	2017
	----- (Rupees in '000) -----	
Profit / (Loss) after tax for the year	<b>10,613</b>	(315,977)
Number of ordinary shares	<b>505,650</b>	505,650
Earnings / (loss) per share	<b>0.21</b>	(6.25)

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

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 30. COMPENSATION OF DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	(Rupees in '000)					
Fees	-	-	1,530	1,365	-	-
Managerial remuneration	14,520	14,270	-	6,050	56,573	40,826
Leave encashment	-	-	-	-	1,098	3,626
Bonus	-	-	-	-	-	2,472
Exgratia allowance	-	-	-	-	155	160
Fuel & Travelling	1,198	-	-	-	9,752	-
Contribution to defined contribution plan	-	580	-	-	5,657	4,083
Rent and house maintenance	726	-	-	-	16,689	-
Utilities	1,452	1,271	-	908	12,732	156
Medical	171	-	-	-	4,678	-
Others	2,106	3,048	-	-	-	4,228
	<b>20,173</b>	<b>19,169</b>	<b>1,530</b>	<b>8,323</b>	<b>107,334</b>	<b>55,551</b>
Number of persons	1	1	7	7	44	45

#### 31. NUMBER OF EMPLOYEES

The total and average number of employees during the year ended December 31, 2018 and 2017 are as follows:

	2018	2017
	(Rupees in '000)	
As at year end	<b>178</b>	154
Average during the year	<b>181</b>	176

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 32. RELATED PARTY TRANSACTIONS

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.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:

		2018									
Name of related party	Relationship	Transactions during the year							Balances		
		Premium underwritten	Premium received	Claims paid	Dividend received	Investments made	Investment sold	Commission paid	Premium outstanding	Claims outstanding	Commission outstanding
----- (Rupees in `000) -----											
Associated Companies											
Suraj Cotton Mills Limited	Common Directorship	25,533	47,562	23,258	4,251	193,232	135,618	-	18,284	24,416	-
Crescent Bahuman Limited	Common Directorship	26,039	27,964	5,537	-	-	-	-	92,825	13,049	-
The Crescent Textile Mills Limited	Common Directorship	25,741	31,018	2,883	-	-	-	-	15,779	383	-
Crescent Fibres Limited	Common Directorship	16,966	24,020	12,424	-	-	-	-	16,222	2,470	-
Crescent Cotton Mills Limited	Common Directorship	9,830	14,397	9,296	21	-	-	-	5,498	2,210	-
Shams Textile Mills Limited	Common Directorship	5,842	9,803	1,638	938	-	-	-	3,967	5,415	-
Crescent Steel and Allied Products Limited	Common Directorship	6,517	10,285	1,330	283	-	637	2,126	2,971	2,735	252
Equity Textiles Limited	Common Directorship	8,569	9,026	760	-	-	-	-	2,405	1,406	-
Shakarganj Limited	Common Directorship	4,628	7,750	2,162	6	-	-	-	4,742	1,836	-
Muhammad Amin Muhammad Bashir Limited	Common Directorship	63	10	-	-	-	-	-	62	146	14,013
Crescent Powertec Limited	Common Directorship	3,490	412	(27)	2,000	-	-	-	4,413	210	-
Individuals											
Directors		387	178	-	-	-	-	-	367	-	-
Others		53	-	-	-	-	-	-	6	-	-
Total		133,658	182,425	59,261	7,499	193,232	136,255	2,126	167,541	54,276	14,265



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

		2017									
Name of related party	Relationship	Transactions during the year							Balances		
		Premium underwritten	Premium received	Claims paid	Dividend received	Investments made	Investment sold	Commission paid	Premium outstanding	Claims outstanding	Commission outstanding
------(Rupees in `000)-----											
Associated Companies											
Suraj Cotton Mills Limited	Common Directorship	34,051	55,244	2,791	2,898	-	-	-	19,158	5,429	-
Crescent Bahuman Limited	Common Directorship	22,297	39,538	14,545	-	-	-	-	90,600	22,835	-
The Crescent Textile Mills Limited	Common Directorship	17,943	18,127	2,161	-	-	-	-	12,798	552	-
Crescent Fibres Limited	Common Directorship	13,942	18,236	6,664	-	932	85	-	21,403	5,991	-
Crescent Cotton Mills Limited	Common Directorship	8,909	10,037	4,714	-	-	-	-	7,219	85	-
Shams Textile Mills Limited	Common Directorship	6,987	4,549	1,290	-	-	-	-	4,032	247	-
Crescent Steel and Allied Products Limited	Common Directorship	6,610	10,286	1,886	762	16,094	17,825	1,071	2,765	2,625	1,348
Equity Textiles Limited	Common Directorship	7,579	9,922	128	-	-	-	-	1,641	2,575	-
Shakarganj Limited	Common Directorship	3,910	6,536	1,867	-	475	-	-	5,940	8,019	-
Muhammad Amin Muhammad Bashir Limited	Common Directorship	54,083	291	17	-	-	-	3,876	-	146	7,288
Crescent Powertec Limited	Common Directorship	1,364	4,157	9	2,000	-	-	-	3,229	-	-
First Equity Modaraba Limited	Common Directorship	-	63	21	-	-	-	-	-	-	-
Individuals											
Directors		290	350	-	-	-	-	-	108	-	-
Others		8	-	-	-	-	-	-	6	-	-
Total		177,973	177,336	36,093	5,660	17,501	17,910	4,947	168,898	48,504	8,636

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

### 33. SEGMENT INFORMATION

#### 33.1 Segment profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)									
<b>Premium receivable ( inclusive of Federal excise duty, Federal insurance fee and Administrative surcharge)</b>	264,438	389,141	65,658	110,404	169,441	266,680	110,478	202,391	610,015	968,616
Less: Federal excise duty	32,926	48,085	7,218	12,399	21,445	33,707	7,215	17,013	68,804	111,204
Less: Federal insurance fee	2,180	3,231	579	972	1,455	2,305	1,021	1,823	5,235	8,331
<b>Gross written Premium (inclusive of Administrative surcharge)</b>	229,332	337,825	57,861	97,033	146,541	230,668	102,242	183,555	535,976	849,081
Gross direct premium	216,017	318,880	55,716	93,444	142,309	225,109	101,410	180,838	515,452	818,271
Facultative inward premium	12,014	16,805	-	-	1,091	359	88	1,380	13,193	18,544
Administrative surcharge	1,301	2,140	2,145	3,589	3,141	5,200	744	1,337	7,331	12,266
Insurance premium earned	287,644	400,547	63,719	99,567	185,647	275,720	139,849	192,952	676,859	968,786
Insurance premium ceded to reinsurers	(273,736)	(318,670)	(32,796)	(56,611)	(2,942)	(2,602)	(77,076)	(73,069)	(386,550)	(450,952)
<b>Net Insurance premium</b>	13,908	81,877	30,923	42,956	182,705	273,118	62,773	119,883	290,309	517,834
Commission income	38,506	55,644	5,739	10,039	13	73	12,001	14,445	56,259	80,201
<b>Net underwriting income</b>	52,414	137,521	36,662	52,995	182,718	273,191	74,774	134,328	346,568	598,035
Insurance claims	(40,117)	(343,986)	(3,581)	(28,231)	(54,950)	(170,785)	(74,665)	(208,043)	(173,313)	(751,045)
Insurance claims recovered from reinsurance	34,613	161,901	2,382	11,625	42	(46)	42,366	50,453	79,403	223,933
<b>Net Claim</b>	(5,504)	(182,085)	(1,199)	(16,606)	(54,908)	(170,831)	(32,299)	(157,590)	(93,910)	(527,112)
Commission expense	(16,118)	(75,682)	(14,732)	(20,314)	(38,290)	(55,391)	(15,906)	(31,256)	(85,046)	(182,643)
Management expense	(11,473)	(46,741)	(25,508)	(24,465)	(150,711)	(155,916)	(51,781)	(68,438)	(239,472)	(295,560)
<b>Net insurance claims and expenses</b>	(33,094)	(304,508)	(41,439)	(61,385)	(243,909)	(382,138)	(99,986)	(257,284)	(418,428)	(1,005,315)
<b>Underwriting result</b>	19,320	(166,987)	(4,777)	(8,390)	(61,191)	(108,947)	(25,212)	(122,956)	(71,860)	(407,280)
Net investment income									42,937	27,265
Rental income									1,865	-
Fair value gains on investment properties									59,389	75,341
Other income									38,180	20,840
Other expenses									(30,267)	(23,602)
Finance cost									(310)	(515)
Share of loss from associate									(7,518)	(817)
Share of (Loss) / Profit from WTO									(16,455)	6,760
<b>Profit / (loss) before tax</b>									15,961	(302,008)

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 33.2 Segment Assets & Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(Rupees in '000)									
Segment assets	59,611	727,152	132,540	542,469	783,097	214,258	269,053	476,382	1,244,302	1,960,261
Unallocated corporate assets									1,742,065	1,638,896
<b>Total assets</b>									<b>2,986,367</b>	<b>3,599,157</b>
Segment liabilities	66,286	522,273	147,380	479,425	870,780	282,146	299,179	720,334	1,383,625	2,004,178
Unallocated corporate liabilities									377,430	368,525
<b>Total liabilities</b>									<b>1,761,055</b>	<b>2,372,703</b>

**33.3** There is no individual class of business within the category of 'miscellaneous', where the gross premium of the class of business is 10% or more of the gross premium revenue of the company.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 34. MOVEMENT IN INVESTMENTS

	Available for sale (Rupees in '000)
<b>January 1, 2017</b>	<b>1,047,790</b>
Additions	779,916
Disposals (sale and redemptions)	(658,308)
Fair value net gains (excluding net realised gains)	87,806
Designated at fair value through profit or loss upon initial recognition	(158,548)
Impairment losses	(111,133)
<b>December 31, 2017</b>	<b>987,523</b>
Additions	332,351
Disposals (sale and redemptions)	(472,922)
Fair value net gains (excluding net realised gains)	87,382
Designated at fair value through profit or loss upon initial recognition	(52,136)
Impairment losses	(75,578)
<b>December 31, 2018</b>	<b>806,620</b>

#### 35. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

##### 35.1 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 cata-

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

strophic 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 insured events.

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

	2018 Maximum Gross Risk Exposure	2017 Maximum Gross Risk Exposure
	----- (Rupees in '000) -----	
Fire and property damage	2,400,000	5,622,262
Marine, aviation and transport	320,500	405,196
Motor	25,250	443,700
Miscellaneous	160,000	2,043,366

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 actuary advice.

There are several variable factors which affect the amount and timing of recognized

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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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 initially recognized amount. The provision for claims incurred but not reported is recorded on actuarial advice which 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 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	2018 Assumed Net Loss Ratio	2017 Assumed Net Loss Ratio
Fire and property damage	55%	47%
Marine, aviation and transport	8%	4%
Motor	50%	47%
Miscellaneous	76%	70%

#### 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 recognized in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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/ (loss)		Shareholders' equity	
	2018	2017	2018	2017
	----- (Rupees in '000) -----			
10% increase in loss	(9,391)	(35,039)	(6,668)	(24,177)
10% decrease in loss	9,391	35,039	6,668	24,177

#### 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.

#### 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 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 utilized 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.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 35.2 Financial risk

##### 35.2.1 Financial instruments by category

	2018	2017
	------(Rupees in '000)-----	
<b>Financial assets</b>		
<b>Loans and receivables</b>		
Loans and other receivables	50,992	72,132
Insurance/ reinsurance receivables	556,604	665,172
Reinsurance recoveries against outstanding claims	540,560	733,104
Salvage recoveries accrued	3,080	6,450
Prepayments	116,928	201,939
Cash and bank balances	72,840	149,275
<b>Available for sale</b>		
Investments - equity securities	806,620	987,523
<b>Financial liabilities</b>		
<b>At amortized cost</b>		
Outstanding claims including IBNR	923,861	1,267,121
Liabilities against assets subject to finance lease	1,614	5,537
Insurance/ reinsurance payables	192,399	233,261
Other creditors and accruals	300,623	358,435
Unclaimed dividend	26,166	26,166

##### 35.2.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 35.2.2.1 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:

	2018	2017
	----- (Rupees in '000) -----	
Bank deposits	71,938	148,156
Premium due but unpaid - net of provision	280,115	292,952
Amount due from other insurers / reinsurers - net of provision	276,489	372,220
Accrued investment income	90	6,294
Reinsurance recoveries against outstanding claim	540,560	733,104
Deposits & other receivables	50,992	72,132
	<b>1,220,184</b>	<b>1,624,858</b>

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.

The age analysis of premium due but unpaid is as follows:

	2018	2017
	----- (Rupees in '000) -----	
Upto 1 year	155,205	81,692
1 - 2 years	61,533	186,887
2 - 3 years	58,975	106,545
Over 3 years	289,387	212,847
	<b>565,100</b>	<b>587,971</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

The age analysis of premium due but unpaid from related parties is as follows:

	2018	2017
	----- (Rupees in '000) -----	
Upto 1 year	75,225	71,635
1 -2 years	10,631	30,408
2 - 3 years	21,573	16,087
Over 3 years	60,112	50,768
	<b>167,541</b>	<b>168,898</b>

The credit quality of claim recoveries from Reinsurance Companies can be assessed with reference to external credit ratings.

	Amount due from reinsurance operators	Reinsurance recoveries against outstanding claims	Other re-insurance asset	2018	2017
	----- Rupees in '000 -----				
A or above (including PRCL)	139,109	669,830	105,117	914,056	1,278,375
BBB	1,661	1,746	11,680	15,087	25,240
Others	8,009	-	-	8,009	6,601
<b>Total</b>	<b>148,779</b>	<b>671,576</b>	<b>116,797</b>	<b>937,152</b>	<b>1,310,216</b>

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

Bank	Rating agency	2018	
		Short term	Long term
MCB Bank Limited	PACRA	A1+	AAA
JS Bank Limited	PACRA	A1+	AA-
Faysal Bank Limited	JCR-VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
National Bank Limited	JCR-VIS	A-1+	AAA
United Bank Limited	JCR-VIS	N/A	AA+
Finca Microfinance Bank Limited	JCR-VIS	A	A-1
Habib Bank Limited	JCR-VIS	N/A	AA+

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 35.2.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

	December 31, 2018			Total
	Within 1 year	2 - 5 years	More than 5 years	
<b>Financial liabilities</b>	(Rupees in '000)			
Outstanding claims including IBNR	923,861	-	-	923,861
Liabilities against assets subject to finance lease	1,614	-	-	1,614
Insurance/ reinsurance payables	192,399	-	-	192,399
Other creditors and accruals	300,623	-	-	300,623
Unclaimed dividend	26,166	-	-	26,166
	<b>1,444,663</b>	<b>-</b>	<b>-</b>	<b>1,444,663</b>
	December 31, 2017			Total
	Within 1 year	2 - 5 years	More than 5 years	
<b>Financial liabilities</b>	(Rupees in '000)			
Outstanding claims including IBNR	1,267,121	-	-	1,267,121
Liabilities against assets subject to finance lease	5,537	-	-	5,537
Insurance/ reinsurance payables	233,261	-	-	233,261
Other creditors and accruals	358,435	-	-	358,435
Unclaimed dividend	26,166	-	-	26,166
	<b>1,890,520</b>	<b>-</b>	<b>-</b>	<b>1,890,520</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 35.2.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

##### 35.2.4.1 Interest rate risk

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

Maturity profile of financial assets and liabilities:

2018	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
----- (Rupees in '000) -----							
<b>FINANCIAL ASSETS</b>							
Investments in equity securities	-	-	-	-	806,620	806,620	806,620
Investments in associates	-	-	-	-	204,828	204,828	204,828
Loans and other receivables	-	-	-	1,728	-	1,728	1,728
Insurance receivables	-	-	-	556,604	-	556,604	556,604
Reinsurance recoveries against outstanding claims	-	-	-	540,560	-	540,560	540,560
Salvage recoveries accrued	-	-	-	3,080	-	3,080	3,080
Cash	45,019	-	45,019	-	27,821	27,821	72,840
<b>December 31, 2018</b>	<b>45,019</b>	<b>-</b>	<b>45,019</b>	<b>1,101,972</b>	<b>1,039,269</b>	<b>2,141,241</b>	<b>2,186,260</b>
<b>FINANCIAL LIABILITIES</b>							
Outstanding claims including IBNR	-	-	-	923,861	-	923,861	923,861
Insurance payables	-	-	-	192,399	-	192,399	192,399
Other Creditors and accruals	-	-	-	283,512	-	283,512	283,512
Finance lease	847	767	1,614	-	-	-	1,614
<b>December 31, 2018</b>	<b>847</b>	<b>767</b>	<b>1,614</b>	<b>1,399,772</b>	<b>-</b>	<b>1,399,772</b>	<b>1,401,386</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

2018	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub- total	
	(Rupees in '000)						
<b>OFF BALANCE SHEET ITEMS</b>							
Capital commitments	-	-	-	-	15,038	15,038	15,038
<b>December 31, 2018</b>	-	-	-	-	15,038	15,038	15,038
<b>Interest risk sensitivity gap</b>	44,172	(767)	43,405	(297,800)	1,039,269	741,469	784,874

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

#### Cash flow sensitivity analysis for variable rate instruments

The Company does not account for any variable rate financial assets and liabilities. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

#### 35.2.4.2 Currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions entered into are denominated in foreign currencies. The Company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 35.2.4.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities and mutual funds are susceptible to market price risk arising from uncertainties about the future value of investment securities and units. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and mutual funds. In addition, the Company actively monitors the key factors that affect stock market.

The following table summarizes the Company's other price risk as of December 31, 2018 and 2017. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
		----- (Rupees in `000) -----	
<b>December 31, 2018</b>	<b>5%</b>	<b>691,637</b>	<b>34,582</b>
December 31, 2017	5%	872,540	43,627

#### 35.2.5 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, to meet the regulatory solvency and paid up capital requirements so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

Currently the Company has a paid up capital of Rs. 505.65 million against the minimum required capital of Rs. 500 million set by the SECP for the year ended December 31, 2018. SECP has prescribed Minimum Paid-up Capital requirement vide SRO 828 as per which minimum required capital for non-life insurer has to gradually increase as per given schedule.

June 30, 2016	December 31, 2016	June 30, 2017	December 31, 2017 onwards
(Rupees in '000)			
350,000	400,000	450,000	500,000

In addition, the Company is also required to maintain minimum solvency in accordance with the rules and regulations set by the SECP which are fully met by the Company.

#### 36. STATEMENT OF SOLVENCY

	2018
Assets	(Rupees in '000)
Property and equipment	232,684
Intangible assets	4,038
Investment properties	266,586
Investments in associate (applicable where equity accounting is followed)	204,828
Investments	
Equity securities	806,620
Loans and other receivables	50,992
Insurance / Reinsurance receivables	556,604
Reinsurance Recoveries against O/S claims	540,560
Salvage recoveries accrued	3,080
Deferred Commission Expense	27,131
Prepayments	116,928
Cash and bank deposits	72,840
Total assets related to operator's fund from Window Takaful Operations (including Qard-e-Hasna)	106,312
<b>Total Assets (A)</b>	<b>2,989,203</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000

	2018
	(Rupees in '000)
(d) Loans to employees	1,638
(h) Insurance/ Reinsurance receivables	213,657
(k) Deposits and other receivables	24,000
(k) Cash and bank deposits	437
(i) Intangible assets	4,038
(q) Investments	408,261
(u) - (i) Vehicles	35,975
(u) - (ii) Office equipment and computers	8,919
(u) - (iii) Furniture and fixtures	8,958
Total assets related to operator's fund from Window Takaful Operations (including Qard-e-Hasna)	106,312
<b>Total of In-admissible assets (B)</b>	<b>812,195</b>
<b>Total Admissible Assets (C-A-B)</b>	<b>2,177,008</b>
Total Liabilities	
Underwriting Provisions	
Outstanding claims including IBNR	923,861
Unearned premium reserves	249,002
Unearned commission income	18,362
Retirement benefit obligations	6,561
Borrowings	1,614
Premium received in advance	-
Insurance / Reinsurance Payables	192,399
Other Creditors and Accruals	300,623
Unclaimed dividends	26,166
Income tax liabilities	51,517
Total liabilities related to operator's fund from Window Takaful Operations	43,964
<b>Total Liabilities (D)</b>	<b>1,814,069</b>
<b>Total Net Admissible Assets (E=C-D)</b>	<b>362,939</b>



# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

### Minimum Solvency Requirement (higher of following)

Method A - U/s 36(3)(a)	150,000	
Method B - U/s 36(3)(b)	67,686	
Method C - U/s 36(3)(c)	118,827	<b>150,000</b>

**Excess in Net Admissible Assets over Minimum Requirements** **212,939**

### 37. CORRESPONDING FIGURES

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.

### 38. PROVIDENT FUND

The Company operates an approved contributory provident fund (the fund) for its permanent employees. Details of net assets and investments as per unaudited (2017 : audited) financial statements of the fund are as follows:

	<b>2018</b>	<b>2017</b>
	------(Rupees in '000)-----	
Size of the fund	54,586	52,323
Cost of investments made	53,075	46,996
Investment - (%)	97%	98%
Fair value of investments	53,096	51,229

All investments in collective investment scheme, listed equity and listed debt securities from the provident fund have been made in accordance with the provisions of section 218 of Companies Act, 2017 and the conditions specified thereunder.

### Break-up of Investment

Mutual Funds	28,096	51,229
Treasury Bills	25,000	-

### 39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 05, 2019 by the directors of the Company.

### 40. GENERAL

All amounts have been rounded to the nearest thousand Rupees.

Chairman	Chief Executive Officer	Director	Director	Chief Financial Officer
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## Financial Statement (Window Takaful)

# Auditors' Report to the Members

## Opinion

We have audited the annexed financial statements of Premier Insurance Limited - Window Takaful Operations (the "Operations"), which comprise the statement of financial position as at December 31, 2018, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in funds and the cash flows statement together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Operation's affairs as at December 31, 2018 and of the profit or loss, total comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Operations in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the Other Information. The Other Information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have not been provided with any information in this regard.

## Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and, Companies Act, 2017 (XIX of 2017), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Operator's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Operation or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Operation's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit, in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Operation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Operation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Operations to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Report on other legal and regulatory requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the cash flow statement together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000, Insurance Rules, 2017, Takaful Rules, 2012 and the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Operation's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

#### **Chartered Accountants**

Engagement Partner:

**Ms. Hina Sadiq**

**April 05, 2019**

**Karachi**

## Statement of Financial Position

As at December 31, 2018

					(Restated )	(Restated )
		2018			2017	2016
Note	Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate	Aggregate	Aggregate	Aggregate
----- (Rupees in '000) -----						
<b>ASSETS</b>						
	36,020	-	36,020	22,610	5,500	
Qard-e-hasna contributed to PTF						
Property and equipment	6	1,040	-	1,040	1,162	1,314
Intangible assets	7	847	-	847	1,208	1,724
Investments	8	39,465	10,242	49,707	52,090	57,880
Loan and other receivables	9	19,100	4,407	23,507	17,594	12,996
Takaful / retakaful receivables	10	-	84,764	84,764	85,400	77,798
Retakaful recoveries against outstanding claims	15	-	5,114	5,114	5,596	2,877
Salvage recoveries accrued		-	1,043	1,043	1,160	-
Deferred wakala fee	18	-	28,989	28,989	30,886	35,939
Deferred commission expense	19	7,742	-	7,742	6,469	10,634
Prepayments	11	539	3,435	3,974	7,026	22,934
Cash and bank	12	1,559	53,593	55,152	66,859	27,906
		<b>70,292</b>	<b>191,587</b>	<b>261,879</b>	<b>275,450</b>	<b>252,002</b>
<b>TOTAL ASSETS</b>		<b>106,312</b>	<b>191,587</b>	<b>297,899</b>	<b>298,060</b>	<b>257,502</b>

# Statement of Financial Position

As at December 31, 2018

		2018			(Restated )	(Restated )
		Operator's Fund (OPF)	Participants' Takaful Fund (PTF)	Aggregate	2017	2016
Note					Aggregate	Aggregate
EQUITY AND LIABILITIES						
------(Rupees in '000)-----						
Operator's fund						
		50,000	-	50,000	50,000	50,000
		(2,456)	-	(2,456)	(542)	9,538
		(43,138)	-	(43,138)	(26,684)	(33,444)
		4,406	-	4,406	22,774	26,094
Waqf / participants' takaful fund						
		-	500	500	500	500
		-	36,020	36,020	22,610	5,500
		-	(468)	(468)	-	-
		-	(24,545)	(24,545)	(23,109)	(5,180)
		-	11,507	11,507	1	820
LIABILITIES						
Underwriting provisions						
		-	49,676	49,676	52,949	24,051
		-	82,824	82,824	88,245	102,612
		-	674	674	1,305	4,656
		28,989	-	28,989	30,886	35,939
		-	28,039	28,039	39,928	21,445
		72,917	18,867	91,784	61,972	41,885
		101,906	180,080	281,986	275,285	230,588
TOTAL FUNDS AND LIABILITIES						
		106,312	191,587	297,899	298,060	257,502

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chairman

Chief Executive Officer

Director

Director

Chief Financial Officer

## Statement of Profit and Loss

### For the Year Ended December 31, 2018

	Note	2018	(Restated) 2017
----- (Rupees in '000) -----			
<b>PTF revenue accounts</b>			
Net takaful contribution	14	137,759	138,669
Net takaful claims	15	(80,308)	(87,228)
Direct expenses	16	(7,650)	(15,626)
Re-takaful rebate	17	2,984	7,268
Wakala expense	18	(54,221)	(61,012)
		<b>(139,195)</b>	<b>(156,598)</b>
<b>Underwriting result</b>		(1,436)	(17,929)
Deficit for the year		<b>(1,436)</b>	<b>(17,929)</b>
<b>Accumulated deficit</b>			
Balance at the beginning of the year		(23,109)	(5,180)
Deficit for the year		(1,436)	(17,929)
Balance at the end of the year		<b>(24,545)</b>	<b>(23,109)</b>
<b>OPF revenue accounts</b>			
Wakala fee	18	54,221	61,012
Net commission expenses and other acquisition costs	19	(11,996)	(16,758)
Management expenses	20	(56,516)	(39,996)
		<b>(14,291)</b>	<b>4,258</b>
Investment income	22	2,265	6,768
Other expenses		(4,429)	(4,266)
(Loss) / profit for the year		<b>(16,454)</b>	<b>6,760</b>
<b>Accumulated loss</b>			
Balance at the beginning of the year		(26,684)	(33,444)
(Loss) / profit for the year		(16,454)	6,760
Balance at the end of the year		<b>(43,138)</b>	<b>(26,684)</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chairman

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer



## Statement of Comprehensive Income

For the Year Ended December 31, 2018

	2018	(Restated) 2017
	------(Rupees in '000)-----	
<b>PARTICIPANTS' TAKAFUL FUND</b>		
Deficit for the year	(1,436)	(17,929)
Unrealized loss on available for sale securities	(468)	-
	<b>(1,904)</b>	<b>(17,929)</b>
<b>OPERATORS' FUND</b>		
(Loss) / profit for the year	(16,454)	6,760
Unrealized loss on available for sale securities	(1,914)	(10,080)
<b>Total comprehensive income for the year</b>	<b>(18,368)</b>	<b>(3,320)</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chairman

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

## Statement of Changes in Fund Balances

For the Year Ended December 31, 2018

	Operator's Fund			Total
	Statutory fund	Unrealised gain/(loss) on available for sale securities	Accumulated deficit	
	------(Rupees in `000)-----			
Balance as at January 01, 2017 (as reported previously)	50,000	-	(33,444)	16,556
Net effect of change in accounting policy	-	9,538	-	9,538
Balance as at January 01, 2017 (restated)	50,000	9,538	(33,444)	26,094
Profit for the year ended December 31, 2017	-	-	6,760	6,760
Other comprehensive loss for the year	-	(10,080)	-	(10,080)
Qard-e-hasna contributed to PTF	-	-	-	-
<b>Balance as at December 31, 2017</b>	<b>50,000</b>	<b>(542)</b>	<b>(26,684)</b>	<b>22,774</b>
Balance as at January 01, 2018 (restated)	50,000	(542)	(26,684)	22,774
Loss for the year ended December 31, 2018	-	-	(16,454)	(16,454)
Other comprehensive income	-	(1,914)	-	(1,914)
Qard-e-hasna contributed to PTF	-	-	-	-
<b>Balance as at December 31, 2018</b>	<b>50,000</b>	<b>(2,456)</b>	<b>(43,138)</b>	<b>4,406</b>

	Participants' Takaful Fund				Total
	Cede Money	Qard-e-hasna	Unrealised gain/(loss) on available for sale securities	Accumulated deficit	
	------(Rupees in `000)-----				
Balance as at January 01, 2017	500	5,500	-	(5,180)	820
Deficit for the year ended December 31, 2017	-	-	-	(17,929)	(17,929)
Qard-e-hasna contributed by OPF	-	17,110	-	-	17,110
<b>Balance as at December 31, 2017</b>	<b>500</b>	<b>22,610</b>	<b>-</b>	<b>(23,109)</b>	<b>1</b>
Balance as at January 01, 2018	500	22,610	-	(23,109)	1
Deficit for the year ended December 31, 2018	-	-	-	(1,436)	(1,436)
Other comprehensive income	-	-	(468)	-	(468)
Qard-e-hasna contributed by OPF	-	13,410	-	-	13,410
<b>Balance as at December 31, 2018</b>	<b>500</b>	<b>36,020</b>	<b>(468)</b>	<b>(24,545)</b>	<b>11,507</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

Chairman

## Statement of Cash Flows

For the Year Ended December 31, 2018

	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate
------(Rupees in '000)-----				
<b>OPERATING CASH FLOWS</b>				
a) Takaful activities				
Contribution received	-	150,133	150,133	153,179
Re-takaful contributions paid	-	(25,706)	(25,706)	(971)
Claims paid	-	(86,839)	(86,839)	(67,771)
Re-takaful recoveries	-	3,740	3,740	6,722
(Commissions paid) / re-takaful rebate received	(11,212)	2,353	(8,859)	(7,043)
Wakala fees received	48,612	-	48,612	53,000
Wakala fees paid	-	(48,612)	(48,612)	(53,000)
Net cash generated from underwriting activities	37,400	(4,930)	32,470	84,116
b) Other operating activities				
General and administration expenses paid	(61,429)	(7,650)	(69,079)	(46,134)
Other operating payments	(290)	-	(290)	(1,525)
Amounts due from other takaful / retakaful operators	-	-	-	(898)
Deposits and other receivables	-	(1,180)	(1,180)	(1,642)
Paid to Premier Insurance Limited	28,943	-	28,943	-
Accrued salvage recoveries	(527)	-	(527)	(1,160)
Other liabilities and accruals	(18)	(6,689)	(6,707)	3,802
Qard-e-hasna contributions	(13,410)	13,410	-	-
Net cash used in other operating activities	(46,731)	(2,109)	(48,840)	(47,557)
<b>Total cash generated from operating activities</b>	<b>(9,331)</b>	<b>(7,039)</b>	<b>(16,370)</b>	<b>36,559</b>
<b>INVESTMENT ACTIVITIES</b>				
Investment income received	2,280	-	2,280	1,588
Additions to fixed assets	-	-	-	-
Sale / (purchase) of investment	2,383	-	2,383	542
<b>Total cash generated from all activities</b>	<b>(4,668)</b>	<b>(7,039)</b>	<b>(11,707)</b>	<b>38,953</b>
Cash and cash equivalents at beginning of the year	6,228	60,631	66,859	27,906
<b>Cash and cash equivalents at the end of the year</b>	<b>1,560</b>	<b>53,592</b>	<b>55,152</b>	<b>66,859</b>

## Statement of Cash Flows

For the Year Ended December 31, 2018

	Operator's Fund	Participants' Takaful Fund	2018 Aggregate	2017 Aggregate
----- (Rupees in '000) -----				
<b>Reconciliation to profit and loss account</b>				
Operating cash flows	(9,331)	(7,039)	(16,370)	36,559
Depreciation	(484)	-	(484)	(668)
Investment income	2,265	-	2,265	6,768
Increase in assets other than cash	48,609	(11,998)	36,611	(18,205)
Decrease in liabilities	(29,084)	(10,828)	(39,912)	(35,623)
Qard-e-hasna contributions	(13,410)	13,410	-	-
<b>Profit / (loss) for the year</b>	<b>(1,435)</b>	<b>(16,455)</b>	<b>(17,890)</b>	<b>(11,169)</b>
<b>Attributed to</b>				
Operators' Fund	(1,435)	-	(1,435)	6,760
Participant's Takaful Fund	-	(16,455)	(16,455)	(17,929)
	<b>(1,435)</b>	<b>(16,455)</b>	<b>(17,890)</b>	<b>(11,169)</b>
<b>Definition of cash</b>				
Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits having maturity of less than three months.				
Cash for the purpose of the statement of cash flows consists of:				
<b>Cash and other equivalents</b>				
Cash	15	977	992	29
<b>Current and other accounts</b>				
Current and savings accounts	1,544	52,616	54,160	66,830
<b>Total cash and cash equivalents</b>	<b>1,559</b>	<b>53,593</b>	<b>55,152</b>	<b>66,859</b>

The annexed notes from 1 to 28 form an integral part of these financial statements.

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

Chairman

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### 1. LEGAL STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the Operator) has been authorized to undertake Window Takaful Operations (WTO) on October 2, 2015 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the Takaful business, the Operator has formed a Waqf (Participants' Takaful Fund (PTF)) on October 31, 2015 under the Waqf Deed with a Cede money of Rs. 500,000. The Waqf Deed and PTF Policies (Waqf Rules) govern the relationship of Operator, Waqf and Participants for management of Takaful operations, investment of Waqf and Operator's Fund as approved by the Sharia Advisor of the Operator. The accounts of the Waqf are maintained by the Operator in a manner that the assets and liabilities of Waqf remain separately identifiable. The financial statements of the Operator are prepared in such a manner that the financial position and results from the operations of Waqf and the Operator are shown separately.

### 2. BASIS OF PRESENTATION AND STATEMENT OF COMPLIANCE

These financial statements are 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) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000 and the Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, and the Takaful Rules, 2012 shall prevail. These financial statements reflect the financial position and results of operations of both the Operator and PTF in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable. For this purpose, the receivables and payables between the company and PTF will be eliminated.

#### 2.1 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention, except that 'held to maturity' investments are stated at amortized cost, investment 'at fair value through profit or loss- held for trading investments' are stated at fair value, certain investments classified as available-for-sale are stated at fair value and obligations under employee benefits are measured at present value.

These financials have been prepared on accrual basis of accounting except for information in the statement of cash flows.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### 2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared and presented in Pakistani Rupees, which is the functional and presentation currency. These financial statements reflect the financial position and results of operations of both the Operator and PTF in a manner that the assets, liabilities, revenue and expenses of the Operator and PTF remain separately identifiable.

### 2.3 STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE IN 2018

The following standards, amendments and interpretations are effective for the year ended December 31, 2018. These standards, interpretations and amendments are either not relevant to the operations or are not expected to have significant impact on the Operations' financial statements other than certain additional disclosures:

	Effective from accounting period beginning on or after
Amendments to IFRS 2 'Share-based Payment' - Clarification of the classification and measurement of share-based payment transactions.	January 01, 2018
Amendments to IAS 40 'Investment Property'- Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration'- Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

### 2.4 STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT EFFECTIVE AT YEAR END

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them.

Following standards can have significant impact on the Operation's financial statements:

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

	<b>Effective from accounting period beginning on or after</b>
IFRS 9 'Financial Instruments'	July 01, 2018 as per directives issued by the SECP
IFRS 15 'Revenue from Contracts with Customers'	'July 01, 2018 as per directives issued by the SECP
IFRS 16 'Leases'	January 01, 2019
These standards, interpretations and amendments are either not relevant to the Operations or are not expected to have significant impact on the Operation's financial statements other than certain additional disclosures:	
	<b>Effective from accounting period beginning on or after</b>
Amendments to IFRS 9 'Financial Instruments' Prepayment features with negative compensation	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective date is deferred indefinitely earlier adoption is permitted
Amendments to IAS 28 'Investments in Associates and Joint Ventures' Long-term interests in Associates and Joint Ventures	January 01, 2019
Amendments to IAS 19 'Employee Benefits'. Plan amendment, curtailment or settlement	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'. Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

	Effective from accounting period beginning on or after
Annual Improvements to IFRS Standards 2015-2017 Cycle amendments to:	
IFRS 3 Business Combinations;	
IFRS 11 Joint Arrangements;	January 01, 2019
IAS 12 Income Taxes; and	
IAS 23 Borrowing Costs.	
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IFRS 3 'Business Combinations' Amendment in the definition of business'	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards	January 01, 2020
<b>2.5</b> Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:	
- IFRS 1 – First Time Adoption of International Financial Reporting Standards	
- IFRS 14 – Regulatory Deferral Accounts	
- IFRS 17 – Insurance Contracts	
<b>2.6</b> During the year, the Operations has changed format for preparation of its condensed interim financial information to comply with the requirements of the 'Insurance Rules, 2017' issued by SECP vide its S.R.O. 89(1)/2017 dated February 9, 2017. In line with the requirements provided in the Rules, these are the first set of financial statements of the Operations for the year ended December 31, 2018. Certain changes have been made to the presentation of the financial information which includes the following:	



# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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- Changes in sequence of assets/ liabilities in the statement of financial position.
- Discontinuation of separate statements of contribution, claims, commissions and investment income which are now presented on aggregate basis into the notes to these financial statements.
- Underwriting results in relation to various classes of business which were previously presented on the face of the profit or loss account are now presented in aggregate.

Prior year figures have been reclassified/ rearranged for the purpose of comparison where necessary.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below:

#### 3.1 Property and equipment

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit or loss account by applying the reducing balance method from the dates of available to use to disposal.

##### **Rates of depreciation:**

• Buildings	5%
• Computer equipment	30%
• Office equipment, furniture & fixtures	10%
• Motor vehicles	20%

Normal repairs and maintenance are charged to profit or loss account as and when incurred; major renewals and replacements are capitalized. Gain or loss on disposal of fixed assets is taken to profit or loss account.

#### 3.2 Intangible assets

These are stated at cost less accumulated amortization and impairment, if any. Amortization is charged to profit or loss account by applying the reducing balance method from the dates of available to use to disposal.

Rate of amortization used is 30%.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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#### 3.3 Takaful Contracts

Takaful contracts are those contracts under which the Operations as Takaful operator has accepted takaful risk from the takaful 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 takaful contract, it remains an takaful contract for the remainder of its tenure, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Takaful 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 damage
- 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 Operator neither issues investment contracts nor does it issue takaful contracts with discretionary participation features (DPF).

#### 3.4 Deferred commission expense /acquisition cost

Commission expenses are deferred and recognized as an asset in correlation with unearned contribution that is recognized in the subsequent reporting period to comply with the requirement of Insurance Accounting Regulations, 2017 as an expense in accordance with the pattern of recognition of contribution.

#### 3.5 Reserve for unearned contribution

The portion of contribution written relating to the unexpired period of coverage is recognized as unearned contribution by the Operations. The unearned portion of contribution income is recognized as a liability. The liability is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

#### 3.6 Contribution deficiency

The Operator determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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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 contribution.

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

#### **3.7 Retakaful contracts held**

The Operator enters into retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contribution is accounted for in the same period as the related contribution for the direct or accepted retakaful business being kept with retakaful operators.

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

The Operator assesses its retakaful assets for impairment on reporting date. If there is objective evidence that the retakaful asset is impaired, the Operator reduces the carrying amount of the retakaful asset to its recoverable amount and recognizes that impairment loss in the profit or loss account.

#### **3.8 Receivables and payables related to takaful contracts**

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

The Operator maintains general provision as per the approved policy of board. In addition, if there is objective evidence that any contribution due but unpaid is impaired, the Operator reduces the carrying amount of that takaful receivable and recognizes the loss in profit or loss account.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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#### 3.9 Segment reporting

A business segment is a distinguishable component of the Operator that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Operator accounts for segment reporting of operating results using the classes of business as specified under the: Insurance Ordinance, 2000 and the Insurance Rules, 2017 and Takaful Rules, 2012.

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

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

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

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

Miscellaneous takaful 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.

#### 3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position 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 having maturity of less than three months.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### **3.11 Revenue recognition**

#### **a) Contribution / underwriting result**

Contribution written, including administrative surcharge, under a policy is recognized from the date of issuance of the policy to which it relates.

The earned contribution less retakaful rebate, claims, direct expenses and wakala fee are reflected in the profit or loss account as the underwriting result.

#### **b) Wakala fee**

Wakala fee charged from PTF is recognized upfront.

#### **c) Retakaful rebate**

Retakaful rebate from retakaful operators is recognized on a quarterly basis as per terms and conditions agreed with the retakaful operators.

#### **d) Profit on islamic investment products**

Profit on islamic investment products is recognized on an accrual basis.

#### **e) Dividend income**

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

#### **e) Gain/ loss on sale of available for sale investments**

Gain / loss on sale of available for sale investments are included in profit or loss account.

### **3.12 Ijarah**

Ijarah rentals are recognized as an expense on accrual basis as and when the rentals become due.

### **3.13 Investments**

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator commits to purchase or sell the investments. The investments are classified upon recognition as:

- Investments at fair value through profit or loss
- Held to maturity
- Available for sale

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

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#### **3.14 Offsetting of financial assets and liabilities**

A financial asset and financial liability other than those relating to takaful contract is offset and the net amount is reported in the statement of financial position when the operator has a legally enforceable right to set-off the recognized amounts and it intends either to settle on the net basis or to realize the asset and settle the liability simultaneously.

#### **3.15 Provision for outstanding claims/ benefits**

PTF maintains provision in respect of all known claims against losses incurred up to the reporting date which is measured at the undiscounted value of expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim / benefits except as otherwise expressly indicated in a takaful contract.

#### **3.16 Taxation**

##### **Current**

Provision for current taxation is based on taxable income at the current rate of taxation after taking in to account tax credits and rebates available, if any.

##### **Deferred**

Deferred tax is recognized using the statement of financial position liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

#### **3.17 Takaful surplus**

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves. Allocation to participants, if applicable, is made after deducting the claims / benefits paid to them during the year.

#### **3.18 Impairment of assets**

The carrying values of the fixed assets are reviewed for impairment annually when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed recoverable amount, the assets are written down to their recoverable amount.

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### 3.19 Management expenses

Expenses allocated to the takaful business represent directly attributable expenses. Expenses not directly allocable to takaful business are charged to OPF and allocated on the basis of gross contribution written during the year.

### 3.20 Qard-e-hasna

Qard-e-Hasna is provided by OPF to PTF in case of deficit in PTF.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires management to use certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator'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 financial statements or where judgment was exercised in application of accounting policies are as follows:

- a) Provision for outstanding claims including claims incurred but not reported [IBNR] Note - 3.16
- b) Re-takaful recoveries against outstanding claims Note - 3.7
- c) Contribution deficiency reserve Note - 3.6

## 5. CHANGE IN ACCOUNTING POLICIES

### 5.1 Available for sale investments

The SEC (Insurance) Rules 2002 (repealed) 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. Hence subsequent to initial recognition the available for sale investments were stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary).

Furthermore, investments in equity instruments that do not have a quoted price in an

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

active market are measured at cost.

During the current year, the adoption of Insurance Rules, 2017 required every insurer to comply with applicable International Financial Reporting Standards (IFRS) for recognition and measurement of assets, liabilities, expenses and revenues.

Accordingly, the Operator has applied IAS-39 and available for sale investments at reporting date are measured at market value. This change has been applied retrospectively in accordance with the requirements of International Accounting Standard-8 'Accounting Policies, Change in Accounting Estimates and Errors' and comparatives have been restated to conform to the changed accounting policy.

Accordingly, retrospectively adjustments have been made in these financial statements and comparatives have been revised as follows:

OPF	December 31, 2017		
	Balance previously reported	Adjustment	Balance restated
	----- (Rupees in '000) -----		
<b>Investment</b>			
Mutual fund	41,921	(542)	41,379
Unrealised gain/ (loss) on available for sale securities	-	(542)	(542)
	December 31, 2016		
	Balance previously reported	Adjustment	Balance restated
	----- (Rupees in '000) -----		
<b>Investment</b>			
Mutual fund	48,342	9,538	57,880
Revaluation reserves	-	9,538	9,538

#### 5.2 Contribution

The Insurance Accounting Regulations, 2017 remodel the recognition criteria for the contribution written under a Insurance Policy. The said regulations require the Operator to recognize contribution receivable under a participant policy/cover note as written from the date of attachment of risk to the policy/cover note. Accordingly, the Operator is required to account for cover notes which are effective as at reporting date. As per



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

repealed SEC(Insurance) Rules, 2002, the contribution was written under a takaful policy at the time of its issuance. The change is considered to be a change in accounting policy in accordance with IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". The impact of the same is not considered to be material to the financial statements and accordingly not included in the comparative restated financial information.

#### 6. PROPERTY AND EQUIPMENT

	Note	2018			2017
		OPF	PTF	Aggregate	Aggregate
----- (Rupees in '000) -----					
Operating assets	6.1	1,040	-	1,040	1,162

#### 6.1 OPERATING ASSETS - OPF

Particulars	2018							Depreciation rate on written down value	
	Cost			Depreciation			Written down value as at December 31, 2018		
	As at January 01, 2018	Additions / (disposals)	As at December 31, 2018	As at January 01, 2018	Charge for the year	As at December 31, 2018			
	(Rupees in '000)								
Leasehold improvements	450	-	450	36	20	56	394	5	
Computer equipment	264	-	264	127	41	168	96	30	
Office equipment	728	-	728	117	61	178	550	10	
	1,442	-	1,442	280	122	402	1,040		

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

2017								
Particulars	Cost			Depreciation			Written down value as at December 31, 2017	Depreciation rate on written down value
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	As at January 01, 2017	Charge for the year	As at December 31, 2017		
	(Rupees in '000)							%
Leasehold improvements	450	-	450	14	22	36	414	5
Computer equipment	264	-	264	63	64	127	137	30
Office equipment	728	-	728	51	66	117	611	10
	<b>1,442</b>	<b>-</b>	<b>1,442</b>	<b>128</b>	<b>152</b>	<b>280</b>	<b>1,162</b>	

#### 7. INTANGIBLE ASSETS

2018								
Particulars	Cost			'Amortization			Written down value as at December 31, 2018	Amortization rate on written down value
	As at January 01, 2018	Additions / (disposals)	As at December 31, 2018	As at January 01, 2018	Charge for the year	As at December 31, 2018		
	(Rupees in '000)							%
Computer software	2,005	-	2,005	797	361	1,158	847	30

2017								
Particulars	Cost			'Amortization			Written down value as at December 31, 2017	Amortization rate on written down value
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	As at January 01, 2017	Charge for the year	As at December 31, 2017		
	(Rupees in '000)							%
Computer software	2,005	-	2,005	281	516	797	1,208	30

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 8. INVESTMENTS

	Note	OPF	2018 PTF	Aggregate	2017 Aggregate
----- (Rupees in '000) -----					
Mutual funds	8.1	39,465	9,642	49,107	51,490
Term deposits	8.2	-	600	600	600
		<b>39,465</b>	<b>10,242</b>	<b>49,707</b>	<b>52,090</b>

##### 8.1 Investments in mutual funds

###### Available for sale

###### Mutual funds (unit trusts) - NAFA Islamic Asset Allocation Fund

	2018	2017	2018	2017
	Number of Units		----- (Rupees in '000) -----	
OPF	2,694,127	2,694,127	39,465	41,380
PTF	658,200	658,200	9,642	10,110

**8.1.1** Carrying cost of mutual funds in OPF for current year is Rs. 41.92 million (2017: Rs. 41.92 million).

Carrying cost of mutual funds in PTF for current year is Rs. 10.11 million (2017: Rs. 10.11 million).

##### 8.2 Investments in term deposits

The investment represent a term deposit of Rs. 600,000 (2017: Rs. 600,000) with Meezan Bank Limited having profit at the rate of 4.5% p.a. maturing on June 30, 2020.

#### 9. LOANS AND OTHER RECEIVABLES - Considered good

	Note	OPF	2018 PTF	Aggregate	2017 Aggregate
----- (Rupees in '000) -----					
Accrued investment income		256	-	256	271
Federal excise duty		30	3,373	3,403	2,222
Others		-	1,034	1,034	
Wakala fee receivable		18,814	-	18,814	15,101
		<b>19,100</b>	<b>4,407</b>	<b>23,507</b>	<b>17,594</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 10. TAKAFUL / RETAKAFUL RECEIVABLES - Unsecured

Note	2018			2017
	OPF	PTF	Aggregate	Aggregate
	----- (Rupees in '000) -----			
Contribution due but unpaid	10.1	-	36,190	36,190
Amounts due from other takaful /		-	48,574	48,574
retakaful operators		-	84,764	84,764
			84,764	85,400

**10.1** This amount includes receivables from related parties Rs. 5.6 million (2017: Rs. 1.8 million)

#### 11. PREPAYMENTS

Note	2018			2017
	OPF	PTF	Aggregate	Aggregate
	----- (Rupees in '000) -----			
Prepaid retakaful contribution ceded	-	3,435	3,435	6,777
Other prepaid expense	539	-	539	249
	539	3,435	3,974	7,026

#### 12. CASH AND BANK

Note	2018			2017
	OPF	PTF	Aggregate	Aggregate
----- (Rupees in '000) -----				
<b>Cash and cash equivalent</b>				
Cash in hand	-	-	-	4
Policy & revenue stamps, bond papers	-	-	-	25
<b>Cash at bank</b>			-	
Current account	15	977	992	1,062
Savings account	12.1 1,544	52,616	54,160	65,768
	<b>1,559</b>	<b>53,593</b>	<b>55,152</b>	<b>66,859</b>

**12.1** Rate of return on pls sharing accounts held with islamic banks during the year ranges between 2.38% to 3.71%.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 13. OTHER CREDITORS AND ACCRUALS

	Note	2018			2017
		OPF	PTF	Aggregate	Aggregate
----- (Rupees in '000) -----					
Wakala fee payable		-	18,814	18,814	15,101
Payable to Premier Insurance Limited		58,531	-	58,531	29,588
Federal insurance fee		-	4	4	24
Sales tax on services		-	49	49	4,911
Commission payable		11,944	-	11,944	9,887
Auditors' remuneration	13.1	183	-	183	196
Others		2,259	-	2,259	2,265
		72,917	18,867	91,784	61,972

**13.1** This includes amounts payable to related parties of Rs. 2.56 million (2017: Rs. 0.87 million)

#### 14. NET TAKAFUL CONTRIBUTION

	2018	2017
----- (Rupees in '000) -----		
Written Gross Contribution	149,497	159,883
Add: Unearned contribution reserve opening	88,245	102,612
Less: Unearned contribution reserve closing	(82,824)	(88,245)
Contribution earned	154,918	174,250
Less :		
Retakaful contribution ceded	13,817	19,454
Add: Prepaid retakaful contribution opening	6,777	22,904
Less: Prepaid retakaful contribution closing	(3,435)	(6,777)
Retakaful expense	17,159	35,581
<b>Net Contribution</b>	<b>137,759</b>	<b>138,669</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 15. NET TAKAFUL CLAIMS

	2018	2017
	------(Rupees in '000)-----	
Claims paid	86,839	67,771
Less: Outstanding claims including IBNR opening	(52,949)	(24,051)
Add: Outstanding claims including IBNR closing	49,676	52,949
<b>Claims expense</b>	<b>83,566</b>	<b>96,669</b>
Less:		
Retakaful and other recoveries received	3,740	6,722
Less: Retakaful and other recoveries receivable in respect of outstanding claims opening	(5,596)	(2,877)
Add: Retakaful and other recoveries receivable in respect of outstanding claims closing	5,114	5,596
<b>Retakaful and other recoveries revenue</b>	<b>3,258</b>	<b>9,441</b>
<b>Net claim</b>	<b>80,308</b>	<b>87,228</b>

**15.1** This includes amounts payable to related parties of Rs. 0.48 million (2017: Rs. 0.52 million)

#### 16. DIRECT EXPENSES

Note	2018	2017
	------(Rupees in '000)-----	
Tracking services	7,591	13,683
Service charges	52	694
Others	7	1,249
	<b>7,650</b>	<b>15,626</b>

#### 17. RETAKAFUL REBATE

Note	2018	2017
	------(Rupees in '000)-----	
Rebate from re-takaful	2,353	3,917
Add: Deferred rebate opening	1,305	4,656
Less: Deferred rebate closing	(674)	(1,305)
<b>Rebate from re-takaful operations</b>	<b>2,984</b>	<b>7,268</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 18. WAKALA EXPENSE

Note	2018	2017
	----- (Rupees in '000) -----	
Gross wakala fee	52,324	55,959
Add: Deferred wakala opening	30,886	35,939
Less: Deferred wakala closing	(28,989)	(30,886)
<b>Wakala expense</b>	<b>54,221</b>	<b>61,012</b>

#### 19. NET COMMISSION AND OTHER ACQUISITION COSTS

Note	2018	2017
	----- (Rupees in '000) -----	
Commission paid or payable	13,269	12,593
Add: Deferred commission opening	6,469	10,634
Less: Deferred commission closing	(7,742)	(6,469)
<b>Commission expense</b>	<b>11,996</b>	<b>16,758</b>

#### 20. MANAGEMENT EXPENSES

Note	2018	2017
	----- (Rupees in '000) -----	
Employee benefit cost	40,085	25,540
Rent, rates and taxes	1,204	632
Communication	787	530
Fuel and power	4,096	2,806
Travelling	915	415
Entertainment	827	403
Advertisements & sales promotion	565	277
Depreciation and amortization	484	668
Repair and maintenance	3,480	4,081
Printing and stationary	1,067	513
Vehicle running expenses	852	944
Annual supervision fee SECP	877	181
Bank charges	136	173
Other	1,141	2,833
	<b>56,516</b>	<b>39,996</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 21. OTHER EXPENSES

	Note	2018	2017
		------(Rupees in '000)-----	
Auditors' remuneration	21.1	264	240
Fees and subscription		4,150	2,741
Legal and professional charges		15	1,285
		<b>4,429</b>	<b>4,266</b>
		<b>60,945</b>	<b>44,262</b>

##### 21.1 Auditors' remuneration

	Note	2018	2017
		------(Rupees in '000)-----	
Audit fee		220	200
Interim review		44	40
		<b>264</b>	<b>240</b>

#### 22. INVESTMENT INCOME

	Note	2018	2017
		------(Rupees in '000)-----	
Dividend from mutual funds		-	4,964
Return on term deposits		2,265	1,804
		<b>2,265</b>	<b>6,768</b>

#### 23. RELATED PARTY TRANSACTIONS

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.

Details of the balances and transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows:



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

		2018						
Name of related party	Relationship	Transactions				Balances		
		Contribution underwritten	Contribution received	Claims paid	Commission paid	Contribution outstanding	Claims outstanding	Commission outstanding
----- (Rupees in '000) -----								
Associated Companies								
Suraj Cotton Mills Limited	Common Directorship	25,533	856	57	-	184	125	-
Crescent Bahuman Limited	Common Directorship	22,297	635	160	-	1,298	-	-
The Crescent Textile Mills Limited	Common Directorship	25,741	-	-	-	-	-	-
Crescent Fibres Limited	Common Directorship	16,966	85	-	-	48	-	-
Crescent Cotton Mills Limited	Common Directorship	9,830	-	-	-	-	-	-
Shams Textile Mills Limited	Common Directorship	5,842	-	-	-	-	-	-
Crescent Steel and Allied Products Limited	Common Directorship	6,517	212	-	-	-	-	68
Equity Textiles Limited	Common Directorship	8,569	907	2	-	171	130	-
Shakarganj Limited	Common Directorship	4,628	808	220	-	3,775	-	-
Muhammad Amin Muhammad Bashir Limited	Common Directorship	63	148	-	-	132	225	188
Crescent Powertec Limited	Common Directorship	1,364	-	-	-	-	-	-
First Equity Modarba Limited	Common Directorship	-	305	-	-	28	-	-
Individuals								
Directors		387	-	-	-	-	-	-
Others		-	-	-	-	-	-	-
Total		127,737	3,956	439	-	5,636	480	256

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

		2017						
Name of related party	Relationship	Transactions				Balances		
		Contribution underwritten	Contribution received	Claims paid	Commission paid	Contribution outstanding	Claims out-standing	Commission outstanding
----- (Rupees in `000) -----								
Associated Companies								
Suraj Cotton Mills Limited	Common Directorship	940	969	5	-	-	155	-
Crescent Bahuman Limited	Common Directorship	631	406	104	-	333	-	-
The Crescent Textile Mills Limited	Common Directorship	-	-	-	-	-	-	-
Crescent Fibres Limited	Common Directorship	63	57	55	-	52	-	-
Crescent Cotton Mills Limited	Common Directorship	-	-	-	-	-	-	-
Shams Textile Mills Limited	Common Directorship	-	-	-	-	-	-	-
Crescent Steel and Allied Products Limited	Common Directorship	-	-	-	-	-	-	-
Equity Textiles Limited	Common Directorship	817	850	113	-	9	142	-
Shakarganj Limited	Common Directorship	2,039	4,158	3,243	-	1,193	-	-
Muhammad Amin Muhammad Bashir Limited	Common Directorship	146	243	-	12	148	225	87
Crescent Powertec Limited	Common Directorship	-	-	-	-	-	-	-
First Equity Modarba Limited	Common Directorship	181	163	50	-	68	-	-
Individuals								
Directors		-	-	-	-	-	-	-
Others		-	-	-	-	-	-	-
Total		4,817	6,846	3,570	12	1,803	522	87

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

### 24. SEGMENT INFORMATION

#### 24.1 Segment profit and loss

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(Rupees in '000)										
Participants Takaful Fund										
<b>Contribution receivable (inclusive of Federal Excise Duty, Federal insurance fee and Administrative surcharge)</b>	4,196	12,279	8,018	7,320	138,911	141,480	17,757	20,374	168,882	181,453
Less: Federal excise duty	539	1,699	935	878	16,226	16,832	194	565	17,894	19,974
Less: Federal insurance fee	34	104	70	64	1,214	1,232	173	196	1,491	1,596
<b>Gross written Contribution (inclusive of Administrative surcharge)</b>	3,623	10,476	7,013	6,378	121,471	123,416	17,390	19,613	149,497	159,883
Gross direct contribution	3,279	10,206	6,674	6,096	116,822	118,620	17,372	21,285	144,147	156,207
Facultative inward contribution	291	137	25	21	33	208	-	-	349	366
Administrative surcharge	53	132	314	261	4,616	4,588	18	(1,672)	5,001	3,309
Takaful contribution earned	6,574	23,974	7,093	6,732	123,350	129,568	17,901	13,976	154,918	174,250
Takaful contribution ceded to retakaful operators	(5,588)	(22,630)	(6,004)	(5,790)	(2,977)	(3,070)	(2,590)	(4,091)	(17,159)	(35,581)
<b>Net takaful contribution</b>	986	1,344	1,089	942	120,373	126,498	15,311	9,885	137,759	138,669
Rebate earned	1,287	5,028	1,381	1,378	32	139	284	723	2,984	7,268
<b>Net underwriting income</b>	2,273	6,372	2,470	2,320	120,405	126,637	15,595	10,608	140,743	145,937
Takaful claims	(512)	(991)	(2,097)	(7,465)	(59,272)	(73,290)	(21,685)	(14,923)	(83,566)	(96,669)
Takaful claims recovered from retakaful	453	1,160	1,930	6,747	(5)	61	880	1,473	3,258	9,441
<b>Net Claim</b>	(59)	169	(167)	(718)	(59,277)	(73,229)	(20,805)	(13,450)	(80,308)	(87,228)
Wakala expense	(2,301)	(8,397)	(2,483)	(2,356)	(43,172)	(45,350)	(6,266)	(4,909)	(54,222)	(61,012)
Direct expense	(185)	(1,024)	(359)	(623)	(6,217)	(12,062)	(890)	(1,917)	(7,651)	(15,626)
<b>Net takaful claims and expense</b>	(2,545)	(9,252)	(3,009)	(3,697)	(108,666)	(130,641)	(27,961)	(20,276)	(142,181)	(163,866)
<b>Surplus/ (deficit)</b>	(272)	(2,880)	(539)	(1,377)	11,739	(4,004)	(12,366)	(9,668)	(1,438)	(17,929)
Operators Fund										
Wakala fee earned	2,301	8,397	2,483	2,356	43,172	45,350	6,265	4,909	54,221	61,012
Commission expense	(1,247)	(4,479)	(1,342)	(1,325)	(7,813)	(9,688)	(1,594)	(1,266)	(11,996)	(16,758)
Management expense	(1,159)	(2,800)	(2,723)	(1,705)	(44,042)	(30,248)	(8,592)	(5,243)	(56,516)	(39,996)
	(105)	1,118	(1,582)	(674)	(8,683)	5,414	(3,921)	(1,600)	(14,291)	4,258
<b>Investment income</b>									2,265	6,768
<b>Other expenses</b>									(4,429)	(4,266)
<b>(Loss)/ Profit before taxation</b>									(16,454)	6,760

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 24.2 Segment Assets & Liabilities

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(Rupees in '000)										
Segment assets	6,432	11,699	6,282	11,089	99,192	71,274	19,960	15,185	131,867	109,247
Unallocated corporate assets									166,032	188,813
<b>Total assets</b>									<b>297,899</b>	<b>298,060</b>
Segment liabilities	5,373	9,823	4,055	5,481	150,985	139,167	29,835	27,955	190,249	182,426
Unallocated corporate liabilities									91,739	92,859
<b>Total liabilities</b>									<b>281,988</b>	<b>275,285</b>

#### 25. MOVEMENT IN INVESTMENTS

	OPF	PTF		Total
	Available for sale	Available for sale	Held to maturity	
(Rupees in '000)				
<b>January 1, 2017</b>	41,921	10,211	600	52,732
Unrealised loss	(542)	(101)	-	(643)
			-	-
<b>December 31, 2017</b>	<b>41,379</b>	<b>10,110</b>	<b>600</b>	<b>52,089</b>
Unrealised loss	(1,914)	(468)	-	(2,382)
<b>December 31, 2018</b>	<b>39,465</b>	<b>9,642</b>	<b>600</b>	<b>49,707</b>

# Notes to and Forming Part of the Financial Statements

## For the Year Ended December 31, 2018

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### 26. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

#### 26.1 Takaful Risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate re-takaful arrangements and proactive claims handling. The underwriting strategy aims to minimize takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly property, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Re-takaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such re-takaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of re-takaful is diversified such that it is neither dependent on a single re-takaful operator nor the operations of the Operator are substantially dependent upon any single re-takaful contract. The Operator obtains re-takaful cover only from companies with sound financial health.

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of re-takaful arrangements.

The Operator monitors concentration of takaful risks primarily by class of business. The table below sets out the concentration of claims and contribution liabilities (in percentage terms) by class of business at balance sheet date.

Class	2018				2017			
	Gross claim liabilities	Net claim liabilities	Gross contribution liabilities	Net contribution liabilities	Gross claim liabilities	Net claim liabilities	Gross contribution liabilities	Net contribution liabilities
	%	%	%	%	%	%	%	%
Fire and property damage	3%	0%	2%	-3%	3%	0%	6%	1%
Marine, aviation and transport	3%	1%	1%	0%	5%	1%	1%	0%
Motor	78%	87%	80%	87%	57%	65%	77%	83%
Miscellaneous	16%	12%	17%	16%	35%	34%	16%	16%

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk.

The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its re-takaful policy to reduce such exposures to levels acceptable to the Operator.

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

	2018	2017
	----- (Rupees in '000) -----	
Fire and property damage	331,775	467,000
Marine, aviation and transport	1,000,000	600,000
Motor	113,344	254,682
Miscellaneous	1,267,920	1,139,962

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

#### Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analyzed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

	PTF			
	2018		2017	
	Revenue	Equity	Revenue	Equity
	----- (Rupees in '000) -----			
<b>Impact of change in claim liabilities by + 10%</b>				
Fire and property damage	(192)	(136)	(150)	(104)
Marine, aviation and transport	(80)	(57)	(288)	(199)
Motor	(6,626)	(4,704)	(3,484)	(2,404)
Miscellaneous	(1,385)	(983)	(2,066)	(1,426)
	<b>(8,283)</b>	<b>(5,880)</b>	<b>(5,988)</b>	<b>(4,133)</b>

	PTF			
	2018		2017	
	Revenue	Equity	Revenue	Equity
	----- (Rupees in '000) -----			
<b>Impact of change in claim liabilities by - 10%</b>				
Fire and property damage	192	136	150	104
Marine, aviation and transport	80	57	288	199
Motor	6,626	4,704	3,484	2,404
Miscellaneous	1,385	983	2,066	1,426
	<b>8,283</b>	<b>5,880</b>	<b>5,988</b>	<b>4,133</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 26.2 Financial risk

Maturity profile of financial assets and liabilities:

OPF	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
FINANCIAL ASSETS	----- (Rupees in '000) -----						
Investments	-	-	-	-	39,465	39,465	39,465
Loans and other receivables	-	-	-	19,070	-	19,070	19,070
Cash and bank	-	1,544	1,544	-	15	15	1,559
December 31, 2018	-	1,544	1,544	19,070	39,480	58,550	60,094
FINANCIAL LIABILITIES							
Other creditors and accruals	-	-	-	72,917	-	72,917	72,917
December 31, 2018	-	-	-	72,917	-	72,917	72,917

PTF	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
FINANCIAL ASSETS	----- (Rupees in '000) -----						
Investments	-	600	600	-	9,642	9,642	10,242
Loans and other receivables	-	-	-	-	1,034	1,034	1,034
Takaful receivables	-	-	-	-	84,764	84,764	84,764
Cash and bank	-	52,616	52,616	-	977	977	53,593
December 31, 2018	-	53,216	53,216	-	96,417	96,417	149,633
FINANCIAL LIABILITIES							
Claims payable	-	-	-	49,676	-	49,676	49,676
Other creditors and accruals	-	-	-	18,814	-	18,814	18,814
Takaful payables	-	-	-	28,039	-	28,039	28,039
December 31, 2018	-	-	-	96,529	-	96,529	96,529



## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

OPF	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
FINANCIAL ASSETS	(Rupees in '000)						
Investments		41,380	41,380			-	41,380
Loans and other receivables			-	15,101		15,101	15,101
Cash and bank	6,138		6,138	90		90	6,228
December 31, 2017	6,138	41,380	47,518	15,191	-	15,191	62,709
FINANCIAL LIABILITIES							
Other creditors and accruals	-	-	-	41,936	-	41,936	41,936
December 31, 2017	-	-	-	41,936	-	41,936	41,936

PTF	Interest / Markup bearing			Non- interest / Non - markup bearing			Total
	Maturity up to one year	Maturity after one year	Sub-total	Maturity up to one year	Maturity after one year	Sub-total	
<b>FINANCIAL ASSETS</b>							
------(Rupees in '000)-----							
Investments		600	600		10,110	10,110	10,710
Loans and other receivables			-	271	-	271	271
Takaful receivables			-		85,400	85,400	85,400
Cash and bank	56,629	-	56,629	97		97	56,726
December 31, 2017	56,629	600	57,229	368	95,510	95,878	153,107
<b>FINANCIAL LIABILITIES</b>							
Claims payable	-	-	-	52,949	-	52,949	52,949
Other creditors and accruals	-	-	-	20,036	-	20,036	20,036
Takaful payables	-	-	-	39,928	-	39,928	39,928
December 31, 2017	-	-	-	112,913	-	112,913	112,913

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 26.3 Credit risk

Credit risk is the risk, which 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 management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

	2018			2017		
	OPF	PTF	Aggregate	OPF	PTF	Aggregate
<b>Financial assets:</b>	----- (Rupees in '000) -----					
Bank balances	1,559	53,593	55,152	6,228	60,631	66,859
Takaful / retakaful receivables	-	84,764	84,764	-	85,400	85,400
Loan and other receivables	19,070	-	19,070	15,101	271	15,372
"Retakaful recoveries against outstanding claims"	-	5,114	5,114	-	5,596	5,596
	<b>20,629</b>	<b>143,471</b>	<b>164,100</b>	<b>21,329</b>	<b>151,898</b>	<b>173,227</b>

The credit quality of Operator's bank balances and deposits can be assessed with reference to external credit ratings.

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

The credit quality of claim recoveries from retakaful operators can be assessed with reference to external credit ratings.

	Amount due from retakaful operators	Retakaful recoveries against outstanding claims	Other retakaful asset	2018	2017
A or above (including PRCL)	24,166	4,042	3,092	31,300	56,816
BBB	85	231	344	660	3,549
Others	24,323	841	-	25,164	10,657
Total	<b>48,574</b>	<b>5,114</b>	<b>3,436</b>	<b>57,124</b>	<b>71,022</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

#### 26.4 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash out-flows and expected re-takaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at the reporting date. All liabilities are presented on a contractual cash flow basis except for the provision of outstanding claims (including IBNR), which are presented with their expected cash flows.

	2018			
	OPF		PTF	
	Upto one year	Greater than one year	Upto one year	Greater than one year
	----- (Rupees in '000) -----			
Claims payable	-	-	49,676	-
Other creditors and accruals	72,917	-	18,867	-
Takaful payables	-	-	28,039	-
<b>Total</b>	<b>72,917</b>	<b>-</b>	<b>96,582</b>	<b>-</b>

## Notes to and Forming Part of the Financial Statements

### For the Year Ended December 31, 2018

	2017			
	OPF		PTF	
	Upto one year	Greater than one year	Upto one year	Greater than one year
	----- (Rupees in '000) -----			
Claims payable	-	-	52,949	-
Other creditors and accruals	41,936	-	20,036	-
Takaful payables	-	-	39,928	-
<b>Total</b>	<b>41,936</b>	<b>-</b>	<b>112,913</b>	<b>-</b>

#### 27. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on April 5<sup>th</sup> 2019 by the Board of Directors of the Company.

#### 28. GENERAL

All amounts have been rounded off to the nearest thousand Rupees.

Chairman

Chief Executive  
Officer

Director

Director

Chief Financial  
Officer

## Pattern of Shareholding

As at December 31, 2018

### Information as required under Code of Corporate Governance

Shareholder's category	Number of Shareholder	Number of share held
<b>Associated Companies, Undertaking and Related Parties (name wise details)</b>		
CRESCENT COTTON MILLS LTD	1	303,384
CRESCENT FIBRES LTD	1	69,621
CRESCENT POWERTEC LIMITED	1	9,246,531
Equity Textiles Limited	1	1,579,749
JUBILEE SPINNING & WEAVING MILLS LIMITED	1	18,682
M/S.MUHAMMAD AMIN MUHAMMAD BASHIR LTD.	1	213
MOHD AMIN MOHA BASHIR LTD	1	11,510
SHAMS TEXTILE MILLS LIMITED	1	739,069
SURAJ COTTON MILLS LTD.	1	820,471
THE CRESENT TEXTILE MILLS LTD	1	141,573
<b>TOTAL &gt;&gt;</b>	<b>10</b>	<b>12,930,803</b>
<b>Mutual Funds (name wise details)</b>		
TOTAL >>	-	-
<b>Directors and their spouse (to be confirmed by company)</b>		
Umbreen Zahid Bashir	1	20,802
Zahid Bashir	1	130,893
SHAMS RAFI	1	354,077
NADEEM MAQBOOL	1	478,724
NAZIA MAQBOOL	1	202,251
IMRAN MAQBOOL	1	489,278
KHURRAM MAZHAR KARIM	1	123,923
ASMA IMRAN MAQBOOL	1	153,299
KHALID BASHIR	1	139,009
MOHAMMAD ASIF	1	339
TOTAL >>	10	2,092,595
<b>Executives (To be confirmed by company)</b>		
TOTAL >>	-	-
<b>Public Sector Companies and Corporations</b>		
TOTAL >>	4	5,984,914
<b>Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds</b>		
<b>TOTAL &gt;&gt;</b>	<b>8</b>	<b>873,750</b>
<b>Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)</b>		
CRESCENT POWERTEC LIMITED	1	9,246,531
STATE LIFE INSURANCE CORP. OF PAKISTAN	1	5,474,410
<b>TOTAL &gt;&gt;</b>	<b>2</b>	<b>14,720,941</b>

## Categories of Shareholding

As at December 31, 2018

SNO.	Shareholders Category	No. of Shareholders	No. of Shares	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	10	2,092,595	4.14
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	10	12,930,803	25.57
3	NIT and ICP			
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	4	860,886	1.70
5	Insurance Companies	3	5,474,810	10.83
6	Modarabas and Mutual Funds	2	158	0.00
7	Share holders holding 10%	2	14,720,941	29.11
8	General Public :			
	a. local	2,083	27,807,017	54.99
	b .Foreign			
9	Others	40	1,398,836	2.77
<b>Total (excluding : share holders holding 10%)</b>		<b>2,152</b>	<b>50,565,105</b>	<b>100.00</b>

## Category Details of Shareholding

As at December 31, 2018

### Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

SNO.	FOLIO	NAME	HOLDING
1	02113-1276	Umbreen Zahid Bashir	20,802
2	02113-617	Zahid Bashir	130,893
3	03277-2773	SHAMS RAFI	354,077
4	03277-48704	NADEEM MAQBOOL	478,724
5	03277-48705	NAZIA MAQBOOL	202,251
6	03277-9900	IMRAN MAQBOOL	489,278
7	03525-17837	KHURRAM MAZHAR KARIM	123,923
8	03525-5627	ASMA IMRAN MAQBOOL	153,299
9	03525-72378	KHALID BASHIR	139,009
10	10629-97900	MOHAMMAD ASIF	339
TOTAL >>			2,092,595

### Associated Companies, Undertakings and related Parties (to be confirm by Company)

SNO.	FOLIO	NAME	HOLDING
1	635	M/S.MUHAMMAD AMIN MUHAMMAD BASHIR LTD.	213
2	02113-1292	MOHD AMIN MOHA BASHIR LTD	11,510
3	02113-2720	Equity Textiles Limited	1,579,749
4	03277-2582	JUBILEE SPINNING & WEAVING MILLS LIMITED	18,682
5	03277-31027	CRESCENT FIBRES LTD	69,621
6	03525-16675	CRESCENT COTTON MILLS LTD	303,384
7	03525-48327	SURAJ COTTON MILLS LTD.	820,471
8	03525-48328	SHAMS TEXTILE MILLS LIMITED	739,069
9	03525-48329	CRESCENT POWERTEC LIMITED	9,246,531
10	03525-8794	THE CRESENT TEXTILE MILLS LTD	141,573
TOTAL >>			12,930,803

### Banks, Development Financial Institutions, Non Banking Financial Institutions

SNO.	FOLIO	NAME	HOLDING
1	133	M/S. BIBOJEE INVESTMENT LIMITED.	12,526
2	2946	PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PVT.) LTD.	847,948

## Category Details of Shareholding

As at December 31, 2018

3	00083-36	IDBL (ICP UNIT)	214
4	03525-100145	ESCORTS INVESTMENT BANK LIMITED	198
<b>TOTAL &gt;&gt;</b>			<b>860,886</b>

### Insurance Companies

SNO.	FOLIO	NAME	HOLDING
1	673	M/S.STATE LIFE INSURANCE CORPN.OF PAK.	283
2	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	5,474,410
3	03277-8997	THE CRESCENT STAR INSURANCE CO.LTD.	117
<b>TOTAL &gt;&gt;</b>			<b>5,474,810</b>

### Modarabas and Mutual Funds

SNO.	FOLIO	NAME	HOLDING
1	1501	M/S.FIRST INTERFUND MODARABA.	117
2	1781	M/S.FIRST CONFIDENCE MODARABA.	41
<b>TOTAL &gt;&gt;</b>			<b>158</b>

### Others

SNO.	FOLIO	NAME	HOLDING
1	110	M/S.THE PAN ISLAMIC STEAMSHIP CO.LTD	65
2	169	M/S.AUSTRALASIA BANK LTD.	2,923
3	345	M/S.MUTUAL TRADING CO.LTD.	1
4	362	M/S.TAYYAB KATCHI & CO.LIMITED.	5,314
5	389	M/S.GOLDEN VALLEY TRADING CO.LTD.	3,525
6	503	M/S.VALIKA INVESTMENT CORPN.LTD.	5,184
7	593	M/S.INVESTMENT CORPN.OF PAKISTAN.	1,128
8	985	M/S.CRESCENT TRADING CORPN.(PVT) LTD	9,095
9	1144	ALI TRUST, LAHORE.	41
10	1665	M/S.SITARA ENTERPRISES (PVT) LTD.	177
11	2279	M/S.N.H.SECURITIES (PVT) LTD.	23
12	2350	M/S.PROGRESSIVE GARMENTS (PVT) LTD.	11,797
13	2352	M/S.CRESCENT SPINNING MILLS LTD.	7,372
14	2577	M/S.AMIN BASHIR VENTURES (PVT) LTD.	12,290
15	3032	TRUSTI BONUS FBR	33,476



## Category Details of Shareholding

As at December 31, 2018

16	3042	TRUSTEE TO 5% BONUS FBR	42,135
17	3068	TRUSTEE TO 5% BONUS FBR 10% BOUNS	15,864
18	3069	TRUSTEE TO BOUNS FRACTION SHARES COMPANY SECRETARY	1,032
19	3082	TRUSTEE TO BONUS FRACTION SHARE COMPENY SECRETARY	958
20	01917-33	PRUDENTIAL SECURITIES LIMITED	2,340
21	01917-41	PRUDENTIAL SECURITIES LIMITED	122
22	02287-14	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	293
23	02287-22	ISE TOWERS REIT MANAGEMENT COMPANY LIMITED	8,548
24	03210-28	Y.S. SECURITIES & SERVICES (PVT) LTD.	912
25	03277-1048	MILLWALA SONS (PRIVATE) LIMITED	29
26	03277-13417	MNG.COMMITTEE OKHAI MEMON MADRESSAH ASSO	72,055
27	03277-64371	DEPUTY ADMINISTRATOR ABANDONED PROPERTIES ORGANIZATION	270,510
28	03277-9352	TRUSTEES CRESCENT STEEL&ALLIED PROD PN.F	12,589
29	03277-9699	BURMA OIL MILLS LTD	191,697
30	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	741
31	03525-63817	NH SECURITIES (PVT) LIMITED.	921
32	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
33	04192-518	NH SECURITIES [PVT] LTD	12
34	04440-20	ZAFAR MOTI CAPITAL SECURITIES (PVT) LTD.	562
35	04580-23	CAPITAL VISION SECURITIES (PVT) LTD.	167
36	04705-87224	FEDERAL BOARD OF REVENUE	239,711
37	06684-29	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES (PVT.) LTD.	428,500
38	07278-28	WASI SECURITIES (SMC-PVT) LTD.	1
39	10231-27	MSMANIAR FINANCIALS (PVT) LTD.	465
40	14241-22	FIKREES (PRIVATE) LIMITED	16,260
<b>TOTAL &gt;&gt;</b>			<b>1,398,836</b>

## Pattern of Shareholding

As at December 31, 2018

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
597	1	100	16,245
432	101	500	111,330
237	501	1,000	171,930
441	1,001	5,000	1,035,746
123	5,001	10,000	910,377
73	10,001	15,000	893,844
30	15,001	20,000	512,142
28	20,001	25,000	620,040
26	25,001	30,000	714,148
17	30,001	35,000	550,813
15	35,001	40,000	553,848
10	40,001	45,000	431,004
3	45,001	50,000	143,317
9	50,001	55,000	470,459
7	65,001	70,000	476,002
10	70,001	75,000	724,533
2	75,001	80,000	156,004
3	80,001	85,000	246,535
5	85,001	90,000	437,532
2	90,001	95,000	185,585
3	95,001	100,000	289,512
3	100,001	105,000	305,179
1	105,001	110,000	106,051
2	115,001	120,000	235,634
3	120,001	125,000	372,110
3	125,001	130,000	383,809
6	130,001	135,000	800,031
2	135,001	140,000	278,016
1	140,001	145,000	141,573
5	150,001	155,000	766,495
1	160,001	165,000	160,329
2	170,001	175,000	345,318
2	175,001	180,000	353,509
1	185,001	190,000	189,568
1	190,001	195,000	191,697
1	195,001	200,000	198,457
1	200,001	205,000	202,251

## Pattern of Shareholding

As at December 31, 2018

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1	205,001	210,000	207,324
1	210,001	215,000	214,625
1	215,001	220,000	218,005
1	220,001	225,000	224,810
1	235,001	240,000	239,711
1	250,001	255,000	254,023
1	270,001	275,000	270,510
1	280,001	285,000	282,384
1	285,001	290,000	285,155
1	290,001	295,000	294,176
1	300,001	305,000	303,384
3	305,001	310,000	918,996
2	325,001	330,000	657,000
1	345,001	350,000	348,307
1	350,001	355,000	354,077
2	355,001	360,000	713,605
1	370,001	375,000	373,997
1	390,001	395,000	394,411
1	425,001	430,000	428,500
1	455,001	460,000	459,441
1	475,001	480,000	478,724
2	485,001	490,000	976,335
1	505,001	510,000	505,643
1	520,001	525,000	524,566
1	550,000	555,000	550,000
1	565,001	570,000	568,461
1	575,001	580,000	577,149
1	665,001	670,000	669,701
1	700,001	705,000	701,259
1	735,001	740,000	739,069
1	820,001	825,000	820,471
1	845,001	850,000	847,948
1	865,001	870,000	866,558
1	910,001	915,000	912,640
1	1,180,001	1,185,000	1,183,054
1	1,215,001	1,220,000	1,219,423
1	1,575,001	1,580,000	1,579,749
1	5,470,001	5,475,000	5,474,410
1	9,245,001	9,250,000	9,246,531
<hr/>			
	2,152		50,565,105

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## Branch Network

## Branch Network

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### Karachi

#### Head Office

5th Floor, State Life Building 2-A, Wallace Road,  
Off. I.I. Chundrigar Road, Karachi, Pakistan.

P: 021-32416331-4

F: 021-32416572

#### CSD South Karachi

5th Floor, State Life Building 2-A, Wallace Road,  
Off. I.I. Chundrigar Road, Karachi, Pakistan.

P: 021-32416331-4

F: 021-32416572

#### Clifton Branch

5th Floor, State Life Building 2-A, Wallace Road,  
Off. I.I. Chundrigar Road, Karachi, Pakistan.

P: 021-32416331-4

F: 021-32416572

### Lahore

#### Zonal Office

162 Shadman II Lahore.

P: 042-35407001-5

F: 042-35407006

#### CSD North Lahore

162 Shadman II Lahore.

P: 042-35407001-5

F: 042-35407006

#### Canal Branch

162 Shadman II Lahore.

P: 042-35407001-5

F: 042-35407006

#### Mall Branch

23 Shahrah-e-Quaid-e-Azam, Lahore.

P: 042-37324262 | 37230602-03

F: 042-37235557

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## Multan Branch

4th Floor, Mehr Fatima Tower, Opp. High Court,  
Old Bahawalpur Road, Multan.

P: 061-4515007-9

F: 061-4587143

## Islamabad Branch

64-E 2nd Floor, Masco Plaza, Jinnah Avenue, Blue  
Area, Islamabad.

P: 051-2348167-8

F: 051-2348169

## Regency Branch Faisalabad

1st Floor Regency Arcade, 949-Mall Road,  
Faisalabad.

P: 041-2632211-3

F: 041-2617802

## Sialkot Branch

Room # 3 & 4, Sahib Plaza, Saga Chowk, Defence  
Road, Sialkot.

P: 052-3572192-3

F: 052-3572194

## Gujrawala Branch

Block - L, Trust Plaza, G.T Road, Gujranwala.

P: 055-3859719-20

F: 055-3256432

## Rahim Yar Khan

Plot # 366, Model Town – B, Khanpur, District  
Rahim Yar Khan

## Peshawar Branch

1081/A, Rehman Building, Saddar Road,  
Peshawar Cantt.

P: 091-5273757

F: 091-5277809

## Quetta Branch

43-Regal Plaza, 2nd Floor, Circular Road, Quetta.

P: 081-2842883

F: 081-2821383

## Dera Ghazi Khan

Mohib Traders, 1st Floor, Block-18, Opposite  
Ghazi Medical College, Jampur Road, Dera Ghazi  
Khan.

P: 064-2403699

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the 67th Annual General Meeting of the shareholders of PREMIER INSURANCE LIMITED will be held Beach Luxury Hotel, M.T. Khan Road, Karachi on Saturday the April 27, 2019 at 09:30 a.m. to transact the following business:-

### Ordinary Business

1. To confirm minutes an 66th Annual General Meeting of the Company held on April 30, 2018;
2. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2018, the report of the Auditors thereon and the report of the Directors;
3. To appoint Auditors of the Company and fix their remuneration;

### Special Business

1. To consider and if thought fit, pass a special resolution pursuant to section 199 of the Companies Act, 2017 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2017, to authorized investment in the Equity of the following Associate Undertakings;

		-----Rupees in '000'-----			
S. No.	Name of Company	Amount of Investment approved in FY- 2018	Amount Utilized to date	Further Investment to be Made in FY-2019	Revised Investment Limit for FY-2019
1	Crescent Cotton Mills Limited	2,500	1,050	1,450	2,500
2	Crescent Textile Mills Limited	25,000	16,858	8,142	25,000
3	Shams Textile Mills Limited	25,000	6,694	18,306	25,000
4	Suraj Cotton Mills Limited	200,000	151,446	48,554	200,000
5	First Equity Modaraba	40,000	18,720	21,280	40,000
6	Shakarganj Mills Limited	1,500	374	1,126	1,500
7	Crescent Steel & Allied Products Limited	100,000	18,014	81,986	100,000
8	Crescent Fibers Limited	5,000	848	4,152	5,000
	<b>Total</b>	<b>399,00</b>	<b>214,004</b>	<b>184,996</b>	<b>399,000</b>

Statement under section 199 of the Companies Act, 2017 relating to the aforesaid special resolution to be transacted at the said Annual General Meeting are attached.

### **Other Business**

5. To transact any other business with the permission of the chair.

Attached to this notice of meeting being sent to the members is a statement under Section 134(3) (b) of the Companies Act, 2017 setting forth:

- a. All material facts concerning the resolution contained in items 4 of the notice.
- b. Status of previous approval of investments in associated company

**By Order of the Board**

**Zeeshan Sattar**

Company Secretary

**April 06, 2019**

**Karachi**



**Notes:****Closure of Share Transfer Books**

The Share Transfer Books of the company shall remain closed from April 18, 2019 to April 27, 2019 (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 15, 2019 will be treated in time for this purpose.

**Participation in the Annual General Meeting**

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.

1. A member eligible to attend and vote at this meeting may appoint another member as proxy to attend and vote in the meeting. Proxies in order to be effective must be received by the company at the Registered Office not later than 48 hours before the time of holding the meeting. .
2. CDC account holders will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000, of the Securities and Exchange Commission of Pakistan.

**For attending the meeting:**

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participant I.D. numbers and account numbers in CDC.
2. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

**For appointing proxies:**

1. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account; and their registration detail are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
2. The proxy form shall be witnessed by two persons whose names and CNIC No's shall be mentioned on the form.
3. Attested copies of CNIC or the Passport of the beneficial owner and the proxy shall be furnished with the proxy form.
4. The proxy shall produce his original CNIC or original Passport at the time of the meeting.
5. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) along with proxy form to the company.

## Electronic Transmission of Financial Statements and Notices

Pursuant to Notification vide SRO 787 (I) / 2014 dated September 08, 2014, the Securities and Exchange Commission of Pakistan (SECP) has directed all companies to facilitate their members receiving annual financial statements and notice of annual general meeting through electronic mail system (E-mail). The Company is pleased to offer this facility to our valued members who desire to receive annual financial statements and notices through email in future. In this regards, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available at the Company's website.

Please ensure that your email account has sufficient rights and space available to receive such email which may be greater than 1 MB in size. Further, it is the responsibility of member(s) to timely update the share registrar of any change in his (her / its / their) registered email address at the address of Company's Registrar.

## Consent for Video Conference Facility

Members can also avail video conference facility. In this regard please fill the following and submit to registered address of the Company 10 days before holding the general meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of conference facility at least 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

I/We, \_\_\_\_\_ of \_\_\_\_\_, being a member of Premier Insurance Limited, holder of \_\_\_\_\_ ordinary share(s) as per Register Folio / CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Signature of member

## Unclaimed Dividend

As per the provision of section 244 of the Companies Act 2017, any shares issued or dividend declared by the Company which have remained unclaimed / unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. The details of the shares issued and dividend declared by the Company which have remained due for more than three years was sent to shareholders. Shareholders are requested to ensure that their claims for unclaimed dividend and

shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall after giving notice in newspaper proceed to deposit the unclaimed / unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act 2017.

### **Dividend, Electronic Credit Mandate (Mandatory)**

Pursuant to the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode by making direct remittance into their respective bank account designated by the entitled shareholder(s) ("the bank account"). Therefore, in order to receive dividends directly into their bank account, shareholders holding shares in physical form are requested to fill in "Electronic Credit Mandate Form" available on Company's website i.e. [www.pil.com.pk](http://www.pil.com.pk) and send the completed form along with a copy of a valid CNIC or provide the following information to the registrar of the Company M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi latest by June 30, 2019.

FolioNumber: \_\_\_\_\_

Name of Shareholder: \_\_\_\_\_

Title of the Bank Account: \_\_\_\_\_

Email address: \_\_\_\_\_

International Bank Account (IBAN) (24 digits): \_\_\_\_\_

Name of Bank: \_\_\_\_\_

Name of Bank Branch and Address: \_\_\_\_\_

Cellular Number of Shareholder: \_\_\_\_\_

Landline Number of Shareholder: \_\_\_\_\_

CNIC/NTN Number: \_\_\_\_\_ (in case of corporate shareholder) (Attach Copy)

\_\_\_\_\_  
Signature of Member

### **Change of Address**

Shareholders are requested to notify our Registrar immediately of any change in their addresses and submit, if applicable to them, the non-deduction of Zakat from CZ-50 with the Company's Registrar. All the shareholders holding their shares through the CDC are requested to please update their addresses and Zakat status with their participants. This will assist in the prompt receipt of Dividend.

## STATEMENT UNDER U/S 134(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning “Special Business” to be transacted at the 67th Annual General Meeting of the Company to held on April 27, 2019.

S. No.	Name of associated company or associated undertaking		Crescent Cotton Mills Limited	Crescent Textile Mills Limited	Shams Textile Mills Limited	Suraj Cotton Mills Limited	First Equity Modaraba	Shakarganj Mills Limited
1	Breakup value		166.76	104.63	78.83	176.25	11.71	69.46
2	Earnings per share for last three years	2016	(1.05)	3.57	(12.86)	16.13	0.17	(0.18)
		2017	1.35	1.42	(5.83)	17.45	0.81	1.80
		2018	0.26	0.11	11.71	17.73	(0.08)	(0.11)
3	Basis of Relationship		Common Directorship	Common Directorship	Common Directorship	Common Directorship	Common Directorship	Common Directorship
4	Current market price		28.44	28.40	28.00	135.41	3.50	70.10
5	Preceding twelve weeks' weighted average market price		29.87	27.61	33.03	133.71	3.91	66.91
6	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
7	Financial Position; including main items of statement of financial position and profit and loss account on the basis of its latest financial statements		Total assets Rs.5.39 bn, debt/equity 0.43 P&L Rs.5.88 mn.	Total assets Rs.17.61 bn, debt/equity 1.1 P&L Rs.8.46 mn.	Total assets Rs.1.74 bn, debt/equity 1.56 P&L Rs.101.18 mn.	Total assets Rs.11.19 bn, debt/equity 0.99 P&L Rs.565.46 mn.	Total assets Rs.0.66 bn, debt/equity 0.07 P&L Rs.- 4.19 mn.	Total assets Rs.14.31 bn, debt/equity 0.47 P&L Rs.- 14.01 mn.
8	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;		Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
9	Direct or Indirect interest of Directors, sponsors, majority shareholders and their relatives, (if any)		1.51	2.70	29.50	27.64	4.68	n/a
10	Interest of the associated company or associated undertaking and its sponsors and directors in the investing company		No Director or Chief Executive has any interest in the investing Company except in their individual capacities as “Directors/ Chief Executive” and/or as shareholders of the investing Company.	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as “Directors/ Chief Executive” and/or as shareholders of the investing Company.	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as “Directors/ Chief Executive” and/or as shareholders of the investing Company.	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as “Directors/ Chief Executive” and/or as shareholders of the investing Company.	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as “Directors/ Chief Executive” and/or as shareholders of the investing Company.	No Director or Chief Executive has any interest in the investing Company except in their individual capacities as “Directors/ Chief Executive” and/or as shareholders of the investing Company.

S. No.	Name of associated company or associated undertaking		Crescent Cotton Mills Limited	Crescent Textile Mills Limited	Shams Textile Mills Limited	Suraj Cotton Mills Limited	First Equity Modaraba	Shakarganj Mills Limited
11	Status of necessary due diligence for the proposed investment		The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment	The Directors of the Company submit that they have carried out necessary due diligence for the proposed Investment
12	Amount Approved 2018	Amount in Rs.	2,500,000	25,000,000	25,000,000	200,000,000	40,000,000	1,500,000.00
13	Investment to date		1,050,000	16,857,633	6,693,610	151,445,934	18,720,000	374,000.00
14	Unutilized		1,450,000	8,142,367	18,306,390	48,554,066	21,280,000	1,126,000.00
15	Reason of underutilization		Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value	Not able to find better value
16	Approval required for FY-2019	Amount in Rs.	1,450,000	8,142,367	18,306,390	48,554,066	21,280,000	1,126,000.00
17	Maximum Amount after 2019 approval		2,500,000	25,000,000	25,000,000	200,000,000	40,000,000	1,500,000.00
18	Sources of Funds		Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company	Excess funds available with company
19	Purpose/benefits from investment / period of investment		dividend and / value appreciation/perpetual/till beneficial	dividend and / value appreciation/perpetual/till beneficial	dividend and / value appreciation/perpetual/till beneficial	dividend and / value appreciation/perpetual/till beneficial	dividend and / value appreciation/perpetual/till beneficial	dividend and / value appreciation/perpetual/till beneficial
20	Max price		not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction	not above the market value at the time of transaction
21	Maximum no of securities		Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount	Per market value at the day of transaction not exceeding approved amount
22	No of securities before and after investment and percentage thereof		flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital	flexible, not more than 10% of the investee's capital



# 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 \_\_\_\_\_ of \_\_\_\_\_  
who 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 Saturday the April 27, 2019 at 09:30 a.m at the Beach Luxury Hotel, M.T. Khan Road, Karachi and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

### 1. Witness:

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No \_\_\_\_\_

### 2. Witness:

Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No \_\_\_\_\_

Rupees Five  
Revenue  
Stamp

Signature of Shareholder

### Note:

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





## پریمیر انشورنس لمیٹڈ

اسٹیٹ لائف بلڈنگ، پانچویں منزل، نمبر-2-A، والیک روڈ، کراچی نمبر-74000

نائب / پراسی فارم

سالانہ جنرل میٹنگ

میں / ہم \_\_\_\_\_ ولد \_\_\_\_\_ بحیثیت پریمیر انشورنس لمیٹڈ کے ممبر کے اور عام شیئر  
بمطابق رجسٹرڈ فوئیو نمبر \_\_\_\_\_ اور / یا \_\_\_\_\_ سی ڈی سی \_\_\_\_\_ کے شراکت دار، شناختی کارڈ  
نمبر \_\_\_\_\_ ذیلی اکاؤنٹ نمبر \_\_\_\_\_ قومی شناختی کارڈ نمبر \_\_\_\_\_ یا پاسپورٹ نمبر \_\_\_\_\_  
اپوائنٹ \_\_\_\_\_ کا \_\_\_\_\_ جو کہ کمپنی کا پہلے سے ممبر ہے، بمطابق فوئیو نمبر  
یا ناکام رہا / رہی \_\_\_\_\_ کیلئے \_\_\_\_\_ بطور میرے نائب میری غیر موجودگی میں حاضر  
ہوئی / ہوا۔ بات کی اور میرے لئے ووٹ میری معرفت ڈالا جو کہ کمپنی کی سالانہ جنرل میٹنگ جو کہ 27 اپریل 2019 کو منعقد ہوئی بوقت 9:30 بجے بمقام بیچ لکشری ہوٹل،  
ایم بی خان روڈ، کراچی اور اس طرح کی کسی بھی تقریب میں۔

دستخط مورخہ \_\_\_\_\_ دن \_\_\_\_\_، 2019۔

۱۔ گواہ: \_\_\_\_\_

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

قومی شناختی کارڈ نمبر: \_\_\_\_\_

۲۔ گواہ: \_\_\_\_\_

دستخط: \_\_\_\_\_

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

قومی شناختی کارڈ نمبر: \_\_\_\_\_

نوٹ:

- ۱۔ نائب کے لئے ضروری ہے کہ وہ کمپنی کے رجسٹرڈ آفس بمقام پانچویں منزل، اسٹیٹ لائف بلڈنگ نمبر-2-A، والیک روڈ، کراچی میں میٹنگ 48 گھنٹے پہلے سے موجود ہو۔
- ۲۔ سی ڈی سی شیئر ہولڈرز اور ان کے نائب پر لازم ہے کہ وہ اپنے شناختی کارڈ کی فوٹو کاپی تصدیق شدہ یا پاسپورٹ کی کاپی اس پراسی فارم کو کمپنی میں جمع کرنے سے پہلے ساتھ منسلک کریں۔
- ۳۔ سینٹرل ڈپازیری کمپنی (سی ڈی سی) میں جمع کرائے کیلئے جھص یا فینگان سے درخواست کی جاتی ہے کہ وہ اپنا اور بیجٹل شناختی کارڈ لائیں تاکہ انکی تصدیق کی جاسکے۔

ریونیو اسٹیٹمپ پانچ روپے

دستخط شیئر ہولڈرز



## Share 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

### 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.

Name of Shareholder(s): \_\_\_\_\_

Fathers / Husband Name: \_\_\_\_\_

CNIC: \_\_\_\_\_ NTN (if any): \_\_\_\_\_

Participant ID / Folio No: \_\_\_\_\_ Telephone: \_\_\_\_\_

Mailing address: \_\_\_\_\_

Email address:

Date: \_\_\_\_\_

\_\_\_\_\_

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

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



**Since 1952 as a life-time companion we have delivered distinctive general insurance services across the country with diligence, zeal and commitment. Yet our journey to excel continues; to do more and better for our clients.**

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