

INTERIM FINANCIAL STATEMENTS  
for the half year ended  
June 30, 2013 (Unaudited)



**PREMIER INSURANCE**



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## Company Information

<b>Board of Directors</b>	<p>Khalid Bashir                  Zahid Bashir (Chairman)                  Imran Maqbool                  Nadeem Maqbool                  Shams Rafi                  Fakhir Rahman (Director &amp; Chief Executive)                  Attaullah A Rasheed</p>
<b>Audit Committee</b>	<p>Khalid Bashir (Chairman)                  Imran Maqbool                  Nadeem Maqbool</p>
<b>Human Resources &amp; Remuneration Committee</b>	<p>Mr Zahid Bashir                  Mr Nadeem Maqbool (Chairman)                  Mr Fakhir Rahman                  Mr Attaullah A Rasheed</p>
<b>Auditors</b>	<p>Ernst &amp; Young Ford Rhodes Sidat Hyder,                  Chartered Accountants</p>
<b>Legal Advisors</b>	<p>Arfin &amp; Company                  Advocates</p>
<b>Registered &amp; Head Office</b>	<p>5th Floor, State Life Building No. 2A                  Wallace Road, Karachi-74000, Pakistan                  Phones : (21) 32416331-4                  Fax : (21) 32416572                  Email : <a href="mailto:info@pil.com.pk">info@pil.com.pk</a>                  Website : <a href="http://www.pil.com.pk">www.pil.com.pk</a></p>
<b>Registrar</b>	<p>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                  E-mail : <a href="mailto:info.shares@famco.com.pk">info.shares@famco.com.pk</a></p>



## Report of the Directors to the Members

The directors are pleased to present the unaudited interim financial statements of the company for the half year ended June 30, 2013.

### Review

	(Amounts in Rupees millions)	
	2013	2012
Premium written	454.8	544.4
Net premium	299.4	255.4
Underwriting result	(49.1)	(34.5)
Investment income	73.0	43.0
Profit / (loss) before taxation	22.5	(2.8)
Profit / (loss) after taxation	18.2	(5.9)

Written premium dropped due to client preferences between June and July renewals, year on year. Net premium grew more than 17% with strong retention and acquisition rates on an ongoing basis. However, claims and acquisition cost increases had a significantly negative impact on the underwriting result.

Investment income grew 70% to give a significant swing in before and after tax earnings, aided by visible expense control.

### Outlook

Our recent 61st Annual Report presents our outlook for 2013, the reasoning for which is fortified by currently unfolding events. Your company has the financial means and a management that is well able to protect and create long term value for all stakeholders. Sustainability will remain our watchword until we can justify a more optimistic posture.

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

### Acknowledgement

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

On behalf of the Board

Zahid Bashir  
Chairman

Karachi: August 26, 2013



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

### Introduction

We have reviewed the accompanying

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

and notes to the financial statements of **Premier Insurance Limited** (the company) for the six month period ended **June 30, 2013** (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

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

### Conclusion

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

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

Engagement Partner: Omer Chughtai

Date : August 26, 2013  
Karachi.



## PREMIER INSURANCE LIMITED

### Condensed Interim Balance Sheet

As at June 30, 2013

(Amounts in Rupees '000)	Note	Unaudited June 30, 2013	Audited December 31, 2012 Restated
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital Rs 100,000,000 ordinary shares of Rs 5 each		<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid-up capital 60,564,269 ordinary shares of Rs.5 each		302,821	302,821
Retained earnings		91,766	134,092
Reserves		1,345,025	1,345,025
<b>Shareholders' equity</b>		<b>1,739,612</b>	<b>1,781,938</b>
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		620,785	451,304
Provision for unearned premium		383,372	490,053
Commission income unearned		22,619	59,500
<b>Total underwriting provisions</b>		<b>1,026,776</b>	<b>1,000,857</b>
<b>Deferred liability</b>			
Staff retirement benefits		28,539	28,389
<b>Creditors and accruals</b>			
Amounts due to other insurers / reinsurers		165,846	95,074
Accrued expenses		15,230	14,500
Taxation - provision less payments		92,206	89,715
Other creditors and accruals	8	276,345	279,660
		549,627	478,949
<b>Other liabilities</b>			
Unclaimed and dividend payable		23,042	15,726
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>3,367,596</u></b>	<b><u>3,305,859</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

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



(Amounts in Rupees '000)	Note	Unaudited June 30, 2013	Audited December 31, 2012 Restated
<b>ASSETS</b>			
<b>Cash and bank deposits</b>			
Cash and other equivalents		779	556
Current and other accounts		110,083	146,280
		<u>110,862</u>	<u>146,836</u>
<b>Investments</b>	10	1,231,145	1,250,871
<b>Investment properties</b>		54,532	54,773
<b>Other assets</b>			
Premium due but unpaid		508,878	558,817
Amounts due from other insurers / reinsurers		472,965	350,062
Accrued investment income		608	240
Accrued salvage recoveries		10,334	11,510
Reinsurance recoveries against outstanding claims		381,568	277,899
Deferred commission expense		65,575	82,774
Prepayments		247,571	285,615
Deposits and other receivables	11	32,657	30,890
		<u>1,720,156</u>	<u>1,597,807</u>
<b>Fixed assets</b>			
<b>Tangible</b>			
Land and buildings	12	156,149	145,607
Furniture, fixtures and office equipment		22,744	24,017
Motor vehicles		41,450	44,204
Capital work in progress		26,109	36,517
<b>Intangible</b>			
Computer software		4,449	5,227
		<u>250,901</u>	<u>255,572</u>
<b>TOTAL ASSETS</b>		<u><u>3,367,596</u></u>	<u><u>3,305,859</u></u>

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive





# PREMIER INSURANCE LIMITED

## Condensed Interim Profit and Loss Account (Unaudited)

For the quarter and half year ended June 30, 2013

(Amounts in Rupees '000)

	For the quarter ended June 30,					2013	2012
	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	Aggregate
<b>Revenue accounts</b>							
Net premium revenue	28,709	34,922	86,369	8,817	(1)	<b>158,816</b>	129,858
Net claims	(42,569)	(5,404)	(57,324)	(2,934)	-	<b>(108,231)</b>	(66,538)
Management expenses	(10,104)	(12,296)	(30,398)	(3,102)	-	<b>(55,900)</b>	(53,330)
Net commission	(1,934)	(4,488)	(14,350)	2,024	-	<b>(18,748)</b>	(10,526)
<b>Underwriting result</b>	<u>(25,898)</u>	<u>12,734</u>	<u>(15,703)</u>	<u>4,805</u>	<u>(1)</u>	<b>(24,063)</b>	(536)
Investment income							
(Loss) / gain on disposal of fixed assets						<b>40,925</b>	15,731
Rental income						(42)	943
Other income						<b>923</b>	807
General and administration expenses						-	492
						<b>576</b>	(8,437)
<b>Profit before tax</b>						<u><b>18,319</b></u>	9,000
Provision for taxation						<b>(2,414)</b>	(305)
<b>Profit after tax</b>						<u><b>15,905</b></u>	<u>8,695</u>
<b>Earnings per share - basic and diluted (in Rupees)</b>						<u><b>0.26</b></u>	<u>0.14</u>
For the half year ended June 30,							
						2013	2012
<b>Revenue accounts</b>							
Net premium revenue	56,264	53,857	169,839	19,455	(3)	<b>299,412</b>	255,435
Net claims	(77,684)	(11,644)	(102,770)	(9,065)	-	<b>(201,163)</b>	(160,953)
Management expenses	(19,821)	(18,972)	(59,829)	(6,853)	1	<b>(105,474)</b>	(102,738)
Net commission	(9,711)	(7,464)	(27,574)	2,905	-	<b>(41,844)</b>	(26,259)
<b>Underwriting result</b>	<u>(50,952)</u>	<u>15,777</u>	<u>(20,334)</u>	<u>6,442</u>	<u>(2)</u>	<b>(49,069)</b>	(34,515)
Investment income							
(Loss) / gain on disposal of fixed assets						<b>72,978</b>	42,969
Rental income						(42)	3,689
Other income						<b>1,841</b>	1,609
General and administration expenses						-	1,032
						<b>(3,212)</b>	(17,595)
<b>Profit / (loss) before tax</b>						<u><b>22,496</b></u>	<u>(2,811)</u>
Provision for taxation						<b>(4,258)</b>	(3,070)
<b>Profit / (loss) after tax</b>						<u><b>18,238</b></u>	<u>(5,881)</u>
<b>Profit and loss appropriation account</b>							
Balance at commencement of year						<b>134,092</b>	190,332
Profit / (loss) after tax for the period						<b>18,238</b>	(5,881)
Cash dividend for 2012 @ Re 1 per share (2011 @ Re 1 per share)						<b>(60,564)</b>	(60,564)
<b>Balance unappropriated profit at the end of the period</b>						<u><b>91,766</b></u>	<u>123,887</u>
<b>Earnings / (loss) per share - basic and diluted (in Rupees)</b>					Note 15	<u><b>0.30</b></u>	<u>(0.10)</u>

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter and half year ended June 30, 2013

(Amounts in Rupees '000)

	For the quarter ended June 30,		For the half year ended June 30,	
	2013	2012	2013	2012
Net profit / (loss) for the period	15,905	8,695	18,238	(5,881)
Remeasurement of defined benefit plan for the period	-	98	-	195
Other comprehensive income for the period	-	-	-	-
Total comprehensive income / (loss) for the period	<u>15,905</u>	<u>8,793</u>	<u>18,238</u>	<u>(5,686)</u>

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



PREMIER INSURANCE LIMITED

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

For the half year ended June 30, 2013

<b>(Amounts in Rupees '000)</b>	<b>2013</b>	<b>2012</b>
<b>OPERATING CASH FLOWS</b>		
a) Underwriting activities		
Premium received	393,494	397,970
Reinsurance premium paid	(153,687)	(288,207)
Claims paid	(297,358)	(409,798)
Reinsurance and other recoveries received	162,007	279,220
Commissions paid	(80,991)	(47,543)
Commissions received	17,652	59,097
Net cash flow from / (used in) underwriting activities	41,117	(9,261)
b) Other operating activities		
Income tax paid	(1,767)	(3,547)
General management expenses paid	(105,474)	(102,738)
Other operating payments	(6,732)	(5,638)
Advances, deposits and sundry receivables	593	(31,402)
Other liabilities and accruals	(3,861)	14,541
Net cash used in other operating activities	(117,241)	(128,784)
<b>Total cash used in operating activities</b>	<b>(76,124)</b>	<b>(138,045)</b>
<b>INVESTMENT ACTIVITIES</b>		
Investment income received	11,579	19,232
Payments for investments	(729,365)	(578,950)
Proceeds from disposal of investments	810,202	673,708
Fixed capital expenditure	(2,734)	(5,020)
Proceeds from disposal of fixed assets	103	5,048
Rental income received	3,613	3,288
Other income received	-	1,032
<b>Total cash flow from investing activities</b>	<b>93,398</b>	<b>118,338</b>
<b>FINANCING ACTIVITIES</b>		
Dividends paid	(53,248)	(50,971)
<b>Total cash used in financing activities</b>	<b>(53,248)</b>	<b>(50,971)</b>
<b>Total cash used in all activities</b>	<b>(35,974)</b>	<b>(70,678)</b>
Cash and cash equivalents at beginning of the period	146,836	186,633
<b>Cash and cash equivalents at the end of the period</b>	<b>110,862</b>	<b>115,955</b>



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

For the half year ended June 30, 2013

(Amounts in Rupees '000)

	2013	2012
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(76,124)	(138,045)
Depreciation expense	(7,260)	(7,212)
Investment income	72,978	42,969
(Loss) / gain on disposal of fixed assets	(42)	3,689
Rental income	1,841	1,609
Other income	-	1,032
Increase in assets other than cash	121,233	317,009
Increase in liabilities	(94,388)	(228,356)
<b>Profit / (loss) after taxation</b>	<u>18,238</u>	<u>(7,305)</u>

**Definition of cash**

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

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

<b>Cash and other equivalents</b>		
Cash	89	145
Stamps in hand	690	420
	779	565
<b>Current and other accounts</b>		
Current accounts	15,133	8,820
Savings accounts	94,950	106,570
	110,083	115,390
<b>Total cash and cash equivalents</b>	<u>110,862</u>	<u>115,955</u>

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## PREMIER INSURANCE LIMITED

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

For the half year ended June 30, 2013

(Amounts in Rupees '000)

	Share capital Issued, subscribed and paid-up	Capital reserves		Reserves			Total reserves	Total equity
		Reserve for exceptional losses	Devaluation reserve	Revenue reserves				
				General reserve	Reserve for bad and doubtful debts	Unappropriated profit		
Balance at January 1, 2012	302,821	19,490	185	1,325,000	350	190,163	1,535,188	1,838,009
Effect as of change in accounting policy (Note 4.1)	-	-	-	-	-	169	169	169
Balance at January 1, 2012 (Restated)	302,821	19,490	185	1,325,000	350	190,332	1,535,357	1,838,178
Loss for the half year ended June 30, 2012	-	-	-	-	-	(5,881)	(5,881)	(5,881)
Remeasurement of defined benefit plan for the period	-	-	-	-	-	195	195	195
Total comprehensive loss for the half year ended June 30, 2012	-	-	-	-	-	(5,686)	(5,686)	(5,686)
Cash dividend for the year ended December 31, 2011 declared subsequent to the year ended	-	-	-	-	-	(60,564)	(60,564)	(60,564)
Balance as at June 30, 2012 (Restated)	302,821	19,490	185	1,325,000	350	124,082	1,469,107	1,771,928
Profit for the half year ended December 31, 2012	-	-	-	-	-	9,815	9,815	9,815
Remeasurement of defined benefit plan for the period	-	-	-	-	-	195	195	195
Total comprehensive income for the half year ended December 31, 2012	-	-	-	-	-	10,010	10,010	10,010
Balance at January 1, 2013 (Restated)	302,821	19,490	185	1,325,000	350	134,092	1,479,117	1,781,938
Profit for the half year ended June 30, 2013	-	-	-	-	-	18,238	18,238	18,238
Remeasurement of defined benefit plan for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the half year ended June 30, 2013	-	-	-	-	-	18,238	18,238	18,238
Cash dividend for the year ended December 31, 2012 declared subsequent to the year ended	-	-	-	-	-	(60,564)	(60,564)	(60,564)
<b>Balance as at June 30, 2013</b>	<b>302,821</b>	<b>19,490</b>	<b>185</b>	<b>1,325,000</b>	<b>350</b>	<b>91,766</b>	<b>1,436,791</b>	<b>1,739,612</b>

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



**Condensed Interim Statement of Premium (Unaudited)**

For the quarter and half year ended June 30, 2013

(Amounts in Rupees '000)

**Business underwritten inside Pakistan**

		For the quarter ended June 30,							2013	2012		
Class	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	Net premium revenue		
		Opening	Closing			Opening	Closing					
Direct and Facultative	1	Fire and property damage	23,618	186,905	105,677	104,846	30,017	139,906	93,786	76,137	<b>28,709</b>	39,101
	2	Marine, aviation and transport	132,412	20,696	92,964	60,144	112,687	18,105	105,570	25,222	<b>34,922</b>	15,666
	3	Motor	67,768	168,693	149,577	86,884	845	1,192	1,522	515	<b>86,369</b>	66,124
	4	Miscellaneous	15,638	58,331	35,154	38,815	12,071	53,519	35,592	29,998	<b>8,817</b>	8,969
		<b>Total</b>	<b>239,436</b>	<b>434,625</b>	<b>383,372</b>	<b>290,689</b>	<b>155,620</b>	<b>212,722</b>	<b>236,470</b>	<b>131,872</b>	<b>158,817</b>	129,860
Treaty	5	Proportional	-	(1)	-	(1)	-	-	-	-	(1)	(2)
		<b>Grand Total</b>	<b>239,436</b>	<b>434,624</b>	<b>383,372</b>	<b>290,688</b>	<b>155,620</b>	<b>212,722</b>	<b>236,470</b>	<b>131,872</b>	<b>158,816</b>	129,858
		For the half year ended June 30,							2013	2012		
Direct and Facultative	1	Fire and property damage	107,568	211,664	105,677	213,555	64,194	186,883	93,786	157,291	<b>56,264</b>	82,258
	2	Marine, aviation and transport	169,319	19,395	92,964	95,750	134,413	13,050	105,570	41,893	<b>53,857</b>	27,340
	3	Motor	146,395	174,425	149,577	171,243	1,468	1,458	1,522	1,404	<b>169,839</b>	129,298
	4	Miscellaneous	31,515	84,572	35,154	80,933	24,384	72,686	35,592	61,478	<b>19,455</b>	16,539
		<b>Total</b>	<b>454,797</b>	<b>490,056</b>	<b>383,372</b>	<b>561,481</b>	<b>224,459</b>	<b>274,077</b>	<b>236,470</b>	<b>262,066</b>	<b>299,415</b>	255,435
Treaty	5	Proportional	-	(3)	-	(3)	-	-	-	-	(3)	-
		<b>Grand Total</b>	<b>454,797</b>	<b>490,053</b>	<b>383,372</b>	<b>561,478</b>	<b>224,459</b>	<b>274,077</b>	<b>236,470</b>	<b>262,066</b>	<b>299,412</b>	255,435

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## PREMIER INSURANCE LIMITED

### Condensed Interim Statement of Claims (Unaudited)

For the quarter and half year ended June 30, 2013

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		For the quarter ended June 30,							2013	2012	
Class		Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	Net claims expense
			Opening	Closing			Opening	Closing			
Direct and Facultative	1 Fire and property damage	82,756	248,145	326,392	161,003	62,018	170,167	226,583	118,434	<b>42,569</b>	1,684
	2 Marine, aviation and transport	19,408	66,814	82,187	34,781	13,426	46,006	61,957	29,377	<b>5,404</b>	4,716
	3 Motor	43,859	86,157	99,622	57,324	-	96	96	-	<b>57,324</b>	53,601
	4 Miscellaneous	40,104	127,201	112,584	25,487	32,663	103,042	92,932	22,553	<b>2,934</b>	6,589
	Total	<u>186,127</u>	<u>528,317</u>	<u>620,785</u>	<u>278,595</u>	<u>108,107</u>	<u>319,311</u>	<u>381,568</u>	<u>170,364</u>	<u><b>108,231</b></u>	<u>66,590</u>
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	(52)
	Grand Total	<u><u>186,127</u></u>	<u><u>528,317</u></u>	<u><u>620,785</u></u>	<u><u>278,595</u></u>	<u><u>108,107</u></u>	<u><u>319,311</u></u>	<u><u>381,568</u></u>	<u><u>170,364</u></u>	<u><u><b>108,231</b></u></u>	<u><u>66,538</u></u>
		For the half year ended June 30,							2013	2012	
Direct and Facultative	1 Fire and property damage	97,711	174,834	326,392	249,269	74,587	129,585	226,583	171,585	<b>77,684</b>	30,352
	2 Marine, aviation and transport	42,662	68,247	82,187	56,602	29,563	46,562	61,957	44,958	<b>11,644</b>	12,965
	3 Motor	86,525	83,337	99,622	102,810	107	163	96	40	<b>102,770</b>	104,562
	4 Miscellaneous	70,460	124,886	112,584	58,158	57,750	101,589	92,932	49,093	<b>9,065</b>	13,128
	Total	<u>297,358</u>	<u>451,304</u>	<u>620,785</u>	<u>466,839</u>	<u>162,007</u>	<u>277,899</u>	<u>381,568</u>	<u>265,676</u>	<u><b>201,163</b></u>	<u>161,007</u>
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-	(54)
	Grand Total	<u><u>297,358</u></u>	<u><u>451,304</u></u>	<u><u>620,785</u></u>	<u><u>466,839</u></u>	<u><u>162,007</u></u>	<u><u>277,899</u></u>	<u><u>381,568</u></u>	<u><u>265,676</u></u>	<u><u><b>201,163</b></u></u>	<u><u>160,953</u></u>

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



## Condensed Interim Statement of Expenses (Unaudited)

For the quarter and half year ended June 30, 2013

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class		For the quarter ended June 30,					2013				2012
		Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurers	Net underwriting expense	Net underwriting expense	
Direct and Facultative	1	8,967	35,855	25,358	19,464	10,104	29,568	17,530	<b>12,038</b>	17,933	
	2	17,096	3,934	11,293	9,737	12,296	22,033	5,249	<b>16,784</b>	8,124	
	3	11,100	28,306	25,056	14,350	30,398	44,748	-	<b>44,748</b>	35,519	
	4	1,574	6,750	3,868	4,456	3,102	7,558	6,480	<b>1,078</b>	2,282	
	Total	<u>38,737</u>	<u>74,845</u>	<u>65,575</u>	<u>48,007</u>	<u>55,900</u>	<u>103,907</u>	<u>29,259</u>	<u><b>74,648</b></u>	<u>63,858</u>	
Treaty	5	-	-	-	-	-	-	-	-	(2)	
	Grand Total	<u>38,737</u>	<u>74,845</u>	<u>65,575</u>	<u>48,007</u>	<u>55,900</u>	<u>103,907</u>	<u>29,259</u>	<u><b>74,648</b></u>	<u>63,856</u>	
		For the half year ended June 30,					2013				2012
Direct and Facultative	1	27,747	39,940	25,358	42,329	19,821	62,150	32,618	<b>29,532</b>	41,654	
	2	24,425	3,615	11,293	16,747	18,972	35,719	9,283	<b>26,436</b>	13,687	
	3	23,390	29,195	25,056	27,529	59,829	87,358	(45)	<b>87,403</b>	69,669	
	4	3,616	10,024	3,868	9,772	6,853	16,625	12,677	<b>3,948</b>	3,987	
	Total	<u>79,178</u>	<u>82,774</u>	<u>65,575</u>	<u>96,377</u>	<u>105,475</u>	<u>201,852</u>	<u>54,533</u>	<u><b>147,319</b></u>	<u>128,997</u>	
Treaty	5	-	-	-	-	(1)	(1)	-	<b>(1)</b>	-	
	Grand Total	<u>79,178</u>	<u>82,774</u>	<u>65,575</u>	<u>96,377</u>	<u>105,474</u>	<u>201,851</u>	<u>54,533</u>	<u><b>147,318</b></u>	<u>128,997</u>	

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

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive





## PREMIER INSURANCE LIMITED

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

For the quarter and half year ended June 30, 2013

(Amounts in Rupees '000)

	For the quarter ended June 30,		For the half year ended June 30,	
	2013	2012	2013	2012
<b>Income from non-trading investments</b>				
<b>Held to maturity</b>				
Return on bank deposits	2,457	2,942	4,545	7,132
<b>Available for sale</b>				
Dividend income	3,163	2,184	7,443	11,811
Gain on sale of investments	33,269	11,943	62,606	25,370
	36,432	14,127	70,049	37,181
<b>Impairment in value of investments</b>	2,063	(1,324)	(1,575)	(1,324)
Investment management expenses	(27)	(14)	(41)	(20)
<b>Investment income</b>	<u>40,925</u>	<u>15,731</u>	<u>72,978</u>	<u>42,969</u>

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive



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

For the half year ended June 30, 2013

### 1. STATUS AND NATURE OF BUSINESS

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

### 2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the company for the half year ended June 30, 2013 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended December 31, 2012.

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

### 3. BASIS OF PRESENTATION

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

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

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2012, except as follows:

#### **New, amended and revised standards and interpretations of IFRSs**

The company has adopted the following revised standards, amendments and interpretation of IFRSs which became effective for the current period:

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



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

For the half year ended June 30, 2013

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

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

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

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

### 4.1 CHANGES IN ACCOUNTING POLICY

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

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



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

For the half year ended June 30, 2013

### (Amounts in Rupees '000)

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

	December 31, 2012
Decrease in staff retirement benefit	569
Increase in equity	569

### 5. ESTIMATES AND JUDGMENTS

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

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2012.

### 6. FINANCIAL AND INSURANCE RISK MANAGEMENT

The company's financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2012.

### 7. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at June 30, 2013 is considered adequate to meet the expected liability after reinsurance, for claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date.

	Unaudited June 30, 2013	Audited December 31, 2012
8. OTHER CREDITORS AND ACCRUALS		
Commissions payable	229,993	231,806
Federal excise duty & sales tax	2,590	3,314
Federal insurance fee	221	215
Donations	5,935	5,935
Workers welfare fund	6,355	6,355
Deposits and margins	9,686	11,766
Salaries payable	19	2,500
Others	8.1 21,546	17,769
	<u>276,345</u>	<u>279,660</u>



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

For the half year ended June 30, 2013

(Amounts in Rupees '000)

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

	Unaudited June 30, 2013	Audited December 31, 2012
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
Commitments for capital expenditure	<u>15,038</u>	<u>15,138</u>

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

**10. INVESTMENTS**

**Available for sale**

**Related Parties**

Quoted shares (market value: Rs 92.3 million [2012: Rs 67.6 million])	32,535	32,535
Unquoted shares	<u>4,000</u>	<u>4,000</u>
	36,535	36,535

**Others**

Quoted shares (market value: Rs 327.5 million [2012: Rs 208.1 million])	326,502	242,766
Unquoted shares	115,203	115,203
Mutual funds (market value: Rs 834.2 million [2012: Rs 935.2 million])	779,043	880,930
	<u>1,220,748</u>	<u>1,238,899</u>

Less: Impairment	(26,138)	(24,563)
	<u>1,231,145</u>	<u>1,250,871</u>

10.1 Mutual funds include Rs 24.7 million (2012: Rs 24.7 million) placed as statutory deposit with the State Bank of Pakistan (market value: Rs 39.6 million [2012: Rs 38.3 million]).



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

For the half year ended June 30, 2013

(Amounts in Rupees '000)

	Note	Unaudited June 30, 2013	Audited December 31, 2012
<b>11. DEPOSITS AND OTHER RECEIVABLES</b>			
Deposits	11.1	26,624	25,550
Investment proceeds receivable		1,294	547
Others receivables		4,739	4,793
		<u>32,657</u>	<u>30,890</u>

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

**12. FIXED ASSETS - TANGIBLE AND INTANGIBLE**

During the period, the company acquired fixed assets for Rs 2.7 million (2012: Rs 5.0 million). Disposals at cost were Rs 0.35 million (2012: Rs 6.5 million).

**13. TRANSACTIONS WITH RELATED PARTIES**

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

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

	Unaudited June 30, 2013	Unaudited June 30, 2012
<b>Transactions for the period</b>		
<b>Associated undertakings</b>		
Premium written	<u>6,649</u>	<u>85,822</u>
Claims paid	<u>28,194</u>	<u>214,272</u>
Commission paid	<u>-</u>	<u>2,746</u>
Dividend paid	<u>7,450</u>	<u>7,450</u>
Dividend received	<u>250</u>	<u>1,600</u>



## PREMIER INSURANCE LIMITED

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

For the half year ended June 30, 2013

(Amounts in Rupees '000)

	Unaudited June 30, 2013	Unaudited June 30, 2012
<b>Others</b>		
Premium written	<u>59</u>	<u>52</u>
Dividend paid	<u>2,315</u>	<u>2,315</u>
Rent received	<u>563</u>	<u>450</u>
Meeting fees	<u>435</u>	<u>275</u>
Remuneration and retirement benefits to key personnel	<u>37,874</u>	<u>33,287</u>
<b>Period-end balances</b>		
<b>Associated undertakings</b>		
Claims outstanding	<u>19,540</u>	<u>53,902</u>
Premium receivable	<u>75,299</u>	<u>204,541</u>
<b>Others</b>		
Premium receivable	<u>128</u>	<u>60</u>
Other payables	<u>111</u>	<u>11</u>

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

#### 14. SEGMENT REPORTING

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

	Fire and property		Marine, aviation & transport		Motor		Miscellaneous		Total	
	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012	June 30, 2013	December 31, 2012
Segment assets	577,951	730,948	544,364	191,257	353,039	305,620	200,437	327,314	1,675,790	1,555,139
Unallocated corporate assets									1,691,806	1,750,720
Consolidated total assets									3,367,596	3,305,859
Segment liabilities	482,635	466,404	241,469	104,073	302,583	286,104	165,935	239,350	1,192,622	1,095,931
Unallocated corporate liabilities									435,167	427,990
Consolidated total liabilities									1,627,789	1,523,921



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

For the half year ended June 30, 2013

(Amounts in Rupees '000)

### 15. EARNINGS / (LOSS) PER SHARE - basic and diluted

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

	Unaudited June 30, 2013	Unaudited March 31, 2012
Profit / (loss) after tax for the period	<u>18,238</u>	<u>(5,881)</u>
Weighted average number of shares	<u>60,564,269</u>	<u>60,564,269</u>
Basic earnings / (loss) per share of Rs.5 each - Rupees	<u>0.30</u>	<u>(0.10)</u>

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

### 16. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorized for issue on August 26, 2013 by the Board of Directors of the company.

### 17. GENERAL

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

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

Zahid Bashir  
Chairman

Nadeem Maqbool  
Director

Imran Maqbool  
Director

Fakhir Rahman  
Director & Chief Executive





## PREMIER INSURANCE LIMITED

### Locations

#### KARACHI

Head Office:  
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#### GUJRANWALA

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#### KHANPUR

Liaison office  
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#### LAHORE

North Zone Office:  
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#### FAISALABAD

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Fax : (041) 2617802

2nd Floor, 18-S.M. Plaza, Chenab Market  
Susan Road, Madina Town  
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#### MULTAN

4th Floor, Mehr Fatima Tower, Opp: High Court,  
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4580114, 4545008  
Fax : (061) 4587143

#### RAWALPINDI

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

#### ISLAMABAD

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

#### SAHIWAL

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