



PROGRESSIVE INSURANCE COMPANY LTD.

A large, stylized handwritten signature in black ink, likely belonging to a Progressive Insurance representative, is written over the company name and the report title.

Annual Report 2013



CONTENTS

VISION / MISSION STATEMENT AND QUALITY POLICIES.....	2
COMPANY INFORMATION.....	3
NOTICE OF MEETING.....	4
DIRECTORS' REPORT.....	6
PATTERN OF SHARE HOLDINGS.....	10
AUDITORS' REPORT.....	12
STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE.....	14
REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE.....	17
BALANCE SHEET.....	18
PROFIT AND LOSS ACCOUNT.....	19
STATEMENT OF COMPREHENSIVE INCOME.....	20
STATEMENT OF CHANGES IN EQUITY.....	21
CASH FLOW STATEMENT.....	22
STATEMENT OF PREMIUMS	24
STATEMENT OF CLAIMS.....	25
STATEMENT OF EXPENSES.....	26
STATEMENT OF INVESTMENT INCOME.....	27
NOTES TO THE ACCOUNTS.....	28
FORM OF PROXY.....	43



VISION STATEMENT

To grow as a professional and trusted business entity with the objective to play a leading role in progress of insurance industry and safeguard interest of the policy holders, share holders, re-insurance, business associate's partners as a whole.

MISSION STATEMENT

- ❖ To strengthen the roots of the company, lifting it way past other Companies to standout and emerge as one of the leading Insurance Companies of Pakistan.
- ❖ To restore trust among shareholders and policyholders.
- ❖ To increase wealth of shareholders by procuring quality business and introducing new products with competitive edge over others.
- ❖ To Progress through good governance, recognized corporate and insurance practices and highly skilled marketing and office staff.

QUALITY POLICY

Progressive Insurance Company Limited believes in providing high quality solutions to risk exposures to the satisfaction of its, customers through:

- ❖ Developing and maintaining the best quality culture;
- ❖ Developing capabilities of employees of the Company;
- ❖ Continuous improvement and teamwork spirit;
- ❖ Updating business knowledge and techniques for betterment of each concern;
- ❖ Efficient utilization of resources and manpower of the Company; and
- ❖ Introducing high standards of professionalism globally.



PROGRESSIVE INSURANCE COMPANY LTD.

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Nasir Munir Ahmed
Mr. Syed Sabur Rehman
Mr. Barrister Rashid Munir Ahmed
Mr. Kifayat Hussain Kaifi
Mr. Abdul Haleem
Mr. Syed Ali Sarwar
Mr. Aamir Pervaiz

Chairman
Director/CEO
Director
Director
Director
Director
Director

CHIEF EXECUTIVE

Syed Sabur Rehman

COMPANY SECRETARY

Rehan Ali

REGISTERED OFFICE

Office No.502-, 5th Floor
Park Avenue Building Block-6 PECHS
Shahrah-e-Faisal, Karachi.
Tel: 021-34551045.

HEAD OFFICE

Office No.502-, 5th Floor
Park Avenue Building Block-6 PECHS
Shahrah-e-Faisal, Karachi.
Tel: 021-34551045.

BANKERS

The Bank Of Khyber

AUDITORS

M/s. Muqtadir & Company
Chartered Accountants

LEGAL ADVISOR

Mr. A. Wahab Baloch,
Advocate

STOCK EXCHANGE LISTING

Progressive Insurance Company Limited is on the Karachi,
Stock Exchanges. Daily Quotation on the Company's Stock
can be obtained from leading newspapers. Progressive Insurance
company limited is listed under "Insurance"

PUBLIC INFORMATION

Financial analysts, stock brokers and media desiring
Information about the company and all types of general
Insurance should contact Mr. Rehan Ali & Chief Executive Officer,
Progressive Insurance Company Limited, at Company's Head Office, Karachi.

SHAREHOLDER INFORMATION

Inquires concerning lost share certificates,
dividend payment, change of address,
verification of transfer deeds and share
transfer should be directed to contact our
Registrar office 502, 5th Floor, Park Avenue
Building Block-6 PECHS Shahrah-e-Faisal
Karachi. Tel: 021-34551045

ANNUAL GENERAL MEETING

Annual General Meeting of Progressive
Insurance Company Limited will be held at
26th May, 2018, on Saturday at 9:00 am



PROGRESSIVE INSURANCE COMPANY LTD.

NOTICE OF ANNUAL GENERAL MEETINGS

Notice is hereby given that the Annual General Meetings of Progressive Insurance Company Limited will be held at Office No. 505, fifth floor, Japan Plaza, M.A. Jinnah Road, Karachi on May 26, 2018 to transact the following business:

1. To confirm the Minutes of the last Extra Ordinary General Meeting of the Company held on July 22, 2017.
2. To receive, consider and adopt the Audited Accounts for the years ended December 31, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015 & 2016 together with the Directors' and Auditors' reports thereon.
3. To consider for issue Right Shares on discount rate.
4. To appoint Auditors and fix their remuneration for the year ended December 31, 2017.

Special Business:

To consider and if thought fit, increase the Authorized Capital of the Company be and is hereby increased from 200,000,000/- (Rupees two hundred million) to Rs. 500,000,000/- (Rupees Five hundred Million) divided into 50,000,000 Ordinary shares of Rupees 10/- each and to passed the following Special Resolution with and Without modification.

5. SPECIAL RESOLUTION:

Statement Under Section 13(3) of the Companies Act 2017.

This statement sets out material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on May 26, 2018.

"RESOLVED that the Authorized Shares Capital of the Company be and is hereby from Rs. 200,000,000/- (Rupees Tow Hundred Million) to Rs. 500,000,000/- (Rupees Five hundred Million) divided into 50,000,000 Ordinary shares of Rs.10/- each.

FURTHER RESOLVED that Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be and are hereby amended to be read as under:

Clause.

The Capital of the Company is Rupees Five Hundred Million (Rs. 500,000,000/-) divided into Fifty Million (50,000,000) Ordinary shares of Rupees Ten (Rs.10/-) each with the rights, privileges and conditions attaching thereto as are provided by regulations of the banking company for the time being with powers to increase or reduce the capital and to sub-divide the shares in the capital for the time being into several classes, however, various Classes of ordinary shares, if any, as to profit, and other benefits shall be strictly proportionate to the paid up value of shares.

Article

6. The Authorized Capital of the Company is Rs. 500,000,000/- divided into 50,000,000 Ordinary shares of Rs. 10/- each.



PROGRESSIVE INSURANCE COMPANY LTD.

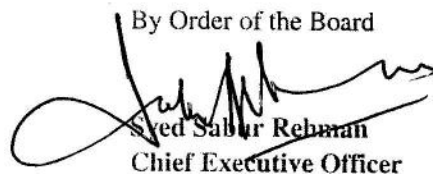
FURTHER RESOLVED that the Chief Executive and/or Secretary of the Company be and is hereby authorized to take all the necessary steps and fulfill the legal, corporate and procedural formalities in connection therewith.

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

Karachi:

Dated: May 02, 2018

By Order of the Board



Syed Sabur Rehman
Chief Executive Officer

NOTES:

1. The Share Transfer Book of the Company closed from May 26, 2018 to June 02, 2018 (both days inclusive).
2. A member entitled to attend and vote at this meeting may appoint another member as his/her Proxies in order to be received at the Registered Office of the Company not less the 48 hours before the time of Meetings.
3. For attending the meetings and appointing proxies CDC Account holders will further have to follow the guidelines as laid in circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are required to inform the Company of any change in their address immediately.



PROGRESSIVE INSURANCE COMPANY LTD.

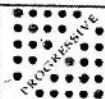
DIRECTORS' REPORT

The Directors of Progressive Insurance Company limited take pleasure in presenting the twentieth Nine Annual Report of the Company, together with the audited financial statements for the year ended 31st December 2013 and Auditors' Report thereon.

FINANCIAL STATEMENT

Preparation of Financial Statements

- The financial Statements is prepared by the management of the company, present fairly; it's state of affairs and result of its operation.
- The company has maintained proper book of accounts.
- In preparation of financial Statements, appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgement.
- In preparation of financial Statements International accounting Standards, as applicable in Pakistan have been followed and non applicability, if any has been adequately disclosed.
- The company is dormant for the last Ten years and all the expenses, staff salaries are being paid by the sponsors, that when the economical & political atmosphere are good it would start its operations, it has been decided that the security and economic activity has been good for the last two years, its time now to start and revive the company.
- The company is inoperative since long time and as such every effort is being made to revive the company and start its operation.
- The corporate Governance regulations as detailed in the listing regulations have been fully implemented.
- No dividend or Bonus shares have been declared during the year as the company has not earned any profit and remains dormant.



PROGRESSIVE INSURANCE COMPANY LTD.

Operating Review

The business activities of company remain suspended during the financial year ended 2013, due to suspension of licence. However, company is endeavouring to resolve all pending issues.

Future Prospects

At present, company has 161.5 (million) paid up capital, and more efforts is being made to meet and fulfil requirement of minimum capital as required under the Insurance Ordinance 2000. The management has taken up the task afresh to launch the Company to new heights. The management has restructured the organizational structure of the Company specially focusing on the marketing side by inducting professionals already interviewed for appointment well known in the insurance industry having vast experience in the field. New areas of business are being explored and a network of viable productive branches is being planned.

Re-Insurance

Negotiations/arrangements with many national/international re-insurers companies are under way.

Capital Requirement

Since the company is dormant for the last ten years, because of unfavourable political circumstances in the country, consequently minimum capital requirement could not be fulfilled as required under the Insurance Ordinance 2000, sponsor/directors of the company have decided to issue right shares to meet the capital requirement, and a letter has been submitted to SECP for approval; to raise the company paid up capital.

Net Loss

Operating net loss by company is 1.19 (million) during the year 2013 on account of written of liabilities/assets accounts.

Going Concern

The directors of company have given to SECP plans and forecast for revival of the company, keeping in view of the facts, the company has the ability to continue as a going concern because of the equity position of company is still now positive.

Title of Property

The land and building amounting to Rs.111.87 million, which includes a amount 0.365 million related to building which is suited in Lahore, occupied by tenant and suit against the tenant for recovery of building has been filed by the company. In addition to, the title of the said property shall have in form VII which was issued in the name of Progressive Insurance Company Ltd, except the building. Others legal formalities could not be done for scarcity of funds, since the company was dormant and ceased its operation,

Loan from director/sponsor

An amounts of Rs.3.17 (million) has been obtained by the company from the director to meet the regular misc. expenditures of the company, the sponsor/directors of the company are continuously giving loan, as interest free, and payable to the directors as and when available with the company.



PROGRESSIVE INSURANCE COMPANY LTD.

Sundry Receivable

Sundry receivable includes advance, which has been paid by the company for purchase of property amounting to Rs. 28.6 (million) since 2003; but the transaction could not be occurred on accounts of default. The management of the company has made efforts/pursuing for recovery of such amount. Consequently, the company has recovered almost 10% of the said amounts. Although the company is making efforts to recover the payment of advance given and the chances are very low. However, it has been decided by management to be written off.

Tax Return

Since the company was dormant for long period, hence the statutory return could not be filed to concern authority/dapartment, this financial statement has been prepared without of such affect.

Internal Control

The management has designed sound and effective internal controls. Since the company was almost dormant during the year under review, these controls shall be fully implemented and monitored from next year on resuming of business operations of the Company.

Corporate Governance

Since the Company was almost dormant during the year, there was almost no business operation during the year. Keeping these limitations in mind, the Company had tried its efforts to comply with the Code of Corporate Governance. However, the Company shall ensure complete implement of these codes in the organization when it resumes its operation in full swing.

KEY OPERATING AND FINANCIAL DATA

Following is the summary of key operating and financial data for the last 6 years:-

	2013	2012	2011	2010	2009	2008
Reserves and Retained Earnings	(36.17)	(36.98)	(34.27)	(33.57)	(32.87)	(31.815)
Investment Income	0.23	0.36	0.34	0.29	0.29	0.456
Direct Premium						-
Retained Premium						-
Net Claims Paid & Outstanding						-
Profit after Tax	(1.19)	(0.70)	(0.69)	(0.69)	(1.06)	(2.453)
Divided declared – Cash						
- Stock						

Currently shares of the Company are at default counters. On completion of certain requirements as default shall be released.

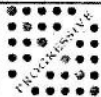
There were no material changes and commitments affecting the financial position of your Company from the close of the financial year and up to the date of signing of the Directors' Report.

Meetings Of The Board Of Directors

No meets of the Board of Directors were held held during the year 2013 due to ceased of business operation.

Pattern Of Shareholding

The pattern of shareholding of the Company is annexed to this report.



PROGRESSIVE INSURANCE COMPANY LTD.

Segmental Results

As the company was almost dormant during the year, the management is not in a position to reflect the segmental results of its' operation. Underwriting, Claims settlement, Re-Insurance and Co-Insurance Committee have been established subsequently as there was no such committee effectively in operation during the year under review, due to nominal business operation.

Audit Committee

As required under the Code of Corporate Governance, the Board could not establish an audit committee during the year 2013.

Future Outlook

The Directors and the management of the company are quite confident for a quick and better growth of the company. It has been agreed that the major business of the Associated Companies would be transacted through our Company.

The future outlook is also dependent on improved political situation in the region, besides the continuation of economic and fiscal policies of the Government. All economic indicators are, however, positive and expected to lead to higher growth during the next year.

Insurance Ordinance 2000

As required under the Insurance Ordinance 2000 and Rules framed thereunder, the Directors confirm that:

- in their opinion and to the best of their belief the annual statutory accounts of the Company as set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance 2000 and Rules made thereunder;
- the Company has at all the times in the year where ever practicable complied with the provisions of the Ordinance and the Rules made thereunder relating to the paid up capital, solvency and reinsurance arrangements; and
- as at the date of statements, the Company continues to be in compliance with the provisions of the Ordinance and Rules framed thereunder as mentioned above.

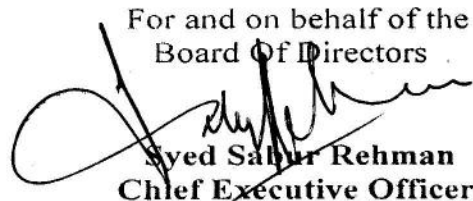
Thanks and Appreciation

We are grateful to the Securities and Exchange Commission of Pakistan; peculiarly (Insurance Division) of SECP, and their staff/officer/officials of the SECP, for their guidance and support and co-operation extended for the growth and progress of the Company.

Karachi:

Date:

For and on behalf of the
Board Of Directors



Syed Sahar Rehman
Chief Executive Officer



PATTERN OF SHARE HOLDING AS AT 31-12-2013

NUMBER OF SHARE HOLDER	SHARE HOLDINGS		TOTAL SHARE HELD
151	1	100	13,572
200	101	500	87,900
158	501	1000	155,895
249	1001	5000	745,800
69	5001	10000	558,250
29	10001	15000	364,883
14	15001	20000	261,000
10	20001	25000	244,000
5	25001	30000	138,800
3	30001	35000	99,500
7	35001	40000	269,500
1	40001	45000	42,000
1	55001	60000	57,000
1	60001	65000	64,500
2	65001	70000	132,700
1	95001	100000	100,000
1	120001	125000	125,000
1	135001	140000	140,000
1	145001	150000	150,000
1	165001	170000	166,400
1	180001	185000	185,000
1	500001	505000	505,000
1	975001	980000	978,000
1	2900001	2905000	2,902,000
1	7660001	7665000	7,663,300
910			16,150,000



PROGRESSIVE INSURANCE COMPANY LTD.

CATEGORIES OF CERTIFICATE HOLDING AS ON 31-12-2013

	<u>NO OF SHARE</u>	<u>NO OF SHARE HOLDERS</u>	<u>PERCENTAGE %</u>
<u>Associated Companies Undertaking & Related Parties</u>	1	978000	6.06
Pakistan Industrial & Commercial Leasing Ltd.			
<u>DIRECTORS, C.E.O THEIR SPOUSE AND MINOR CHILDREN</u>	7	10,568,300	65.44
Nasir Munir Ahmed	500		
Barrister Rashid Munir Ahmed	500		
Kifayat Hussain Kaifi	500		
Abdul Haleem	500		
Syed Ali Sarwer	500		
Aamir Pervaiz	500		
<u>DIRECTOR/CHIEF EXECUTIVE OFFICER</u>			
Syed Sabur Rehman	10,565,300		
<u>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS</u>	3	29,500	0.18
Bank Al-Falah Ltd	6,500		
First Dawood Investment Bank Ltd.	3,000		
Escort Investment Bank Ltd	20,000		
<u>SHAREHOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANIES.</u>			
Mr. Sabur Rehman			
<u>INDIVIDUAL</u>	875	3,361,700	20.82
<u>OTHER CORPORATE SHAREHOLDERS</u>	24	1,212,500	7.5
	<u>910</u>	<u>16,150,000</u>	<u>100</u>



PROGRESSIVE INSURANCE COMPANY LTD.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- balance sheet;
- profit and loss account;
- statement of comprehensive income;
- statement of changes in equity;
- cash flow statement;
- statement of premiums;
- statement of claims;
- statement of expenses; and
- statement of investment income;

of **Progressive Insurance Company Limited** (the Company) as at December 31, 2013 together with the notes forming part thereof, for the year then ended.

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

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

- a) The Insurance Ordinance, 2000 requires the minimum capital of Rs. 300 million (now enhanced to Rs. 500 million from year 2015 with allowed time limit upto 2017) to be maintained by an insurance company; since the company was dormant; it was unable to increase the capital.
- b) The Company has suffered a net loss of Rs. 1.19 million; the Company's accumulated loss has reached upto Rs. 36.17 million. Further, the business of underwriting insurance by the Company was continuously ceased since 2008.

Presently, the recommencement of the business activity related to insurance is contingent on having minimum paid up capital upto Rs. 500 million. The management has taken initiative and is making efforts to bring in conformance according to the insurance regulation and has written to SECP for granting permission to issue further right shares to meet the capital requirements.

- c) Due to long cessation of the business activity related to insurance, the Company is expecting no liability against the claims amounting to Rs. 4.13 million (including IBNR). and payable to insurer/reinsurer amounting to Rs. 12.98 million could not verify; further liabilities against claims and payable to insurer/reinsurer (has been time barred) and no claims were made for the last ten years.



PROGRESSIVE INSURANCE COMPANY LTD.

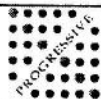
- d) The land and building amounting to Rs. 111.87 million that has been classified as investment property, and the title of the land having carrying value of Rs. 111.50 million is established and shown to us as per record to the extent of availability of Form 7.
- e) Sundry receivable includes advance, which has been paid by the company for purchase of property amounting to Rs. 28.6 (million) since 2003; but the transaction could not be occurred on accounts of default. The management of the company has made efforts/pursuing for recovery of such amount.
- f) Loan from directors amounting to Rs. 3.17 million has not been valued at discounted value. Further, due to the non availability of the loan repayment and other terms, we were not able to ascertain the actual financial impact over the value of the loan.
- g) The company has not filed its tax returns nor has ascertained the tax liability since financial year 2007. Due to the absence of any basis, the financial impact of this non compliance with related contingency is not presently ascertainable.

Except for the effects on the financial statement of the matter presented in paragraphs (a) to (g), above; in our opinion;

- proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984;
- the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984;
- the financial statements together with the notes thereon, present fairly, the state of Company's affairs as at 31 December 2013 and of the loss, its comprehensive loss, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and do not give the information required to be disclosed by the Insurance Ordinance, 2000 and the repealed Companies Ordinance, 1984; and
- No Zakat was deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980).

Muqtadir & Co.
Chartered Accountants

Dated:
Place : Karachi.



STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE TO THE MEMBERS FOR THE YEAR ENDED DECEMBER 31, 2013

The Code of Corporate Governance issued by the Securities & Exchange Commission of Pakistan for establishing a framework of good corporate governance to manage a Company in compliance with the best practices of corporate governance. The Company applies the principal contained in the Code in the following manner.

1. The company encourages representative of independent non-executive directors on its board and at presents the board; includes:

Category	Name
Independent Directors	--
Executive Director	--
Non-Executive Director	Barrister Rashid Munir Ahmed Nasir Munir Ahmed Manzoor Hussain Jilani Khalid Mehmood Moed Asghar Kidwai Waqas Ahmed Syed Saleem Ahmed

2. The Directors have confirmed that none of them is serving as a director in Seven or more listed companies.
3. All of the resident directors of the company are registered as taxpayers and none of them have defaulted in payment of any dues, to a banking company, a DFI or NBF1 or being a member of Stock Exchange, has been declared as a defaulter by the Stock Exchange.
4. No casual vacancy occurred on the board during the year 2013.
5. The company has prepared a "Vision and Mission Statement". The Statement of business ethics and practice, over all corporate strategy, and significant policies are in process of finalization.
6. All the major decisions are taken or rectified by the Board.



PROGRESSIVE INSURANCE COMPANY LTD.

7. Due to suspension of companies' license, no Board of directors Meeting were held during the year 2013.
8. The Board has not established a sound system of internal control due to suspension of business activities.
9. The Board have not arranged the orientation course of directors to apprise them of their duties and responsibilities due to suspension of Company.
10. The Board has approved the appointment of company secretary and head of internal Audit, including their remuneration and terms and conditions of employment.
11. The director's report has been prepared keeping in mind in the requirement of the Board and fully describes the salient matters require to be disclosed.
12. CEO and CFO have duly endorsed the Financial Statements of the company before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company other then that disclosed in the pattern of share holding.
14. The company has complied with all the corporate and financial reporting requirements of the code.
15. The Board is in the process to form underwriting, claim settlement, Re-insurance and Co-insurance committees.
16. The Board has not formed an Audit committee at present due to cease business activities.
17. The directors CEO and Executives do not hold any interest in the shares of the company other than that have already been disclosed in the pattern of share holding and to SECP.
18. The meeting of Audit committee was not held during the year to review the financial results of the company.
19. The statutory auditors of the Company 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 International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.



PROGRESSIVE INSURANCE COMPANY LTD.

20. The statutory Auditors or the persons associated with them have not appointed to provide other services and Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. We confirm that all other materials principles contained in the code have been complied with, with reasonable progress is being made by the company to seek compliance by the end of next Accounting year.

Place: Karachi.
Date

Syed Sabur Rehman
Chief Executive



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of compliance with the best practices contained in the code of corporate governance prepared by the Board of Directors of Progressive Insurance Company Limited to comply with the listing regulations of the respective stock exchanges where the company is listed No. 37 of the Karachi Stock Exchange and chapter XIII of the Lahore Stock Exchange, where the company is listed.

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

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

Based on our review, except as disclosed by the management, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the status of the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2013

Karachi:
Date:

Muqtadir & Co.
Chartered Accountants



PROGRESSIVE INSURANCE COMPANY LTD.

Balance Sheet As at December 31, 2013

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorised share capital

20,000,000 (2013: 20,000,000) ordinary shares of Rs. 10 each

Issued, subscribed and paid - up capital

Accumulated losses

Underwriting Provisions

Provision for outstanding claims (including IBNR)

Creditors and Accruals

Amounts due to other insurers/reinsurers

Accrued expenses

Other creditors and accruals

Other Liabilities

Loan from Director

Unclaimed dividend

Total Liabilities

TOTAL EQUITY AND LIABILITIES

Contingencies and Commitments

ASSETS

Cash and Bank Deposits

Cash and other equivalent

Current and other accounts

Deposits (maturing within 12 months)

Investments in Shares

Investment Property

Other Assests

Amount due from other insurers/reinsurers

Accrued investment income

Advance income tax

Sundry receivables

Tangible Assets

Property, plant and equipments

Total Assets

Note	2013 (Amounts in Rupees)	2012
	200,000,000	200,000,000
7	161,500,000 (36,179,858)	161,500,000 (34,985,026)
	125,320,142	126,514,974
	4,128,773	4,128,773
	12,986,660	12,986,660
	96,559	35,475
	1,123,033	1,123,033
	14,206,252	14,145,168
8	3,172,695 300,755	3,177,695 300,755
	3,473,450	3,478,450
	21,808,475	21,752,391
	147,128,617	148,267,365
9	-	-
	43,991	17,601
	99,620	162,804
	2,250,000	2,250,000
	2,393,611	2,430,405
10	920,765	1,130,808
11	111,865,000	111,865,000
12	268,103 309,500	268,103 350,365
	1,176,003	1,153,449
13	29,449,617	30,223,700
	31,203,223	31,995,617
14	746,018	845,535
	746,018	845,535
	147,128,617	148,267,365

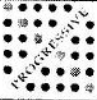
The annexed notes 1 to 24, form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive

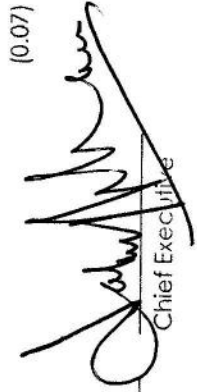


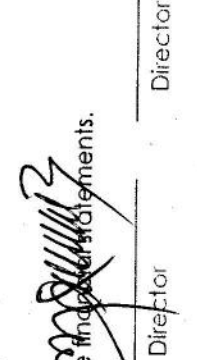
PROGRESSIVE INSURANCE COMPANY LTD.

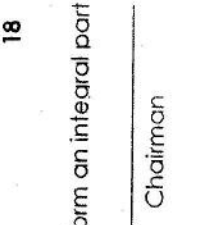
Profit and Loss Account For the year ended December 31, 2013

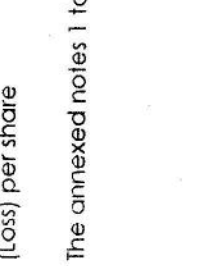
INCOME	Note	Fire and Property	Marine Aviation and Transport	Motor	Miscellaneous	2013 Aggregate	2012 Aggregate
(Amounts in Rupees)							
Revenue Account							
Net Premium Revenue		-	-	-	-	-	-
Administrative Surcharge		-	-	-	-	-	-
Net Claims		-	-	-	-	-	-
Expenses		-	-	-	-	-	-
Net Commission		-	-	-	-	-	-
Underwriting result		-	-	-	-	-	-
Profit on deposit		-	-	-	-	-	-
Dividend Income		-	-	-	-	-	-
General and administration Expenses	15	-	-	-	-	81,851	234,763
Capital gain/ (loss)	16	-	-	-	-	150,423	125,798
Profit/(Loss) before tax		-	-	-	-	(1,160,692)	(1,070,419)
Provision for taxation		-	-	-	-	(266,414)	-
Profit/(Loss) after tax	17	-	-	-	-	(1,194,832)	(709,858)
Profit and loss Appropriation Account							
Balance as at commencement of year		-	-	-	-	(1,194,832)	(709,858)
(Loss) before tax for the year		-	-	-	-	(34,985,026)	(34,275,168)
Balance Unappropriated Profit/(Loss) at end of the year		-	-	-	-	(1,194,832)	(709,858)
(Loss) per share	18	-	-	-	-	(36,179,858)	(34,985,026)
		-	-	-	-	(0.07)	(0.04)

The annexed notes 1 to 24, form an integral part of these financial statements.


Chairman


Director


Director


Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

Statement of Comprehensive Income For the year ended December 31, 2013

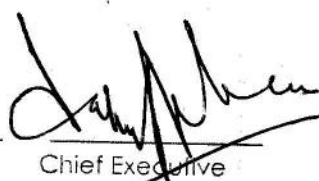
COMPREHENSIVE INCOME	2013	2012
	(Amounts in Rupees)	
Net (loss) for the year	(1,194,832)	(709,858)
Other comprehensive income	-	-
Total Comprehensive (Loss) For The Year	(1,194,832)	(709,858)

The annexed notes 1 to 24, form an integral part of these financial statements.

Chairman


Director

Director


Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

Statement of Changes in Equity
For the year ended December 31, 2013

Particulars	(Amounts in Rupees)		
	Share Capital	Revenue Reserves	Total
Balance as at December 31, 2011	161,500,000	(34,250,168)	127,249,832
Profit / (Loss) for the Year 2012		(709,858)	
Balance as at December 31, 2012	161,500,000	(34,960,026)	126,539,974
Profit / (Loss) for the Year 2013		(1,194,832)	
Balance as at December 31, 2013	161,500,000	(36,154,858)	125,345,142

The annexed notes 1 to 24, form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

Cash Flow Statement For the year ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

2013
(Amounts in Rupees)

a) Underwriting activities

Premium received
Reinsurance premiums paid
Claims paid
Surrender Paid
Reinsurance and other recovered received
Commission paid
Commission received
Other underwriting payments.
Other underwriting receipts.

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

Net Cash Flow From Underwriting Activities

b) Other operating activities

Income tax paid
General management expenses paid
Other operating payment
Other operating receipts
Loans advanced
Loans repayments received
Other payments on operating assets
Other receipts in respect of operating assets

(22,554)	(35,246)
(266,404)	(248,694)
(15,975)	
40,865	
-	-
-	-
-	-
-	-

Total Net Cash Flows From All Operating Activities

(264,068) (283,940)

CASH FLOW FROM INVESTING ACTIVITIES

Investment income
Dividend received
Rental received
Proceed from sale fixed assets
Proceed from sale shares
Purchased of shares
Total Cash Flow From Investing Activities

81,851	234,763
150,423	125,798
-	-
-	-
-	-
-	-

232,274 360,561

CASH FLOW FROM FINANCING ACTIVITIES

Loans received
Loans repaid
Total cash flow from financing activities
Net cash inflow/(outflow) from all activities
Cash at the beginning of the year
Cash at the end of the year

25,000	25,000
(30,000)	(40,000)
(5,000)	(15,000)
(36,794)	61,620
2,430,405	2,368,785
2,393,611	2,430,405



PROGRESSIVE INSURANCE COMPANY LTD.

RECONCILIATION TO THE PROFIT AND LOSS ACCOUNT

	2013	2012
	(Amounts in Rupees)	
Operating cash flows	(264,068)	(283,940)
Depreciation Expense	(99,517)	(114,731)
(Loss)/ Gain on disposal of Shares/Fixed Assets	(266,414)	-
Increase/ (decrease) in assets other than cash	(874,166)	(667,748)
(Increase)/ decrease in liabilities other than running finance	77,059	(4,000)
	(1,427,106)	(1,070,419)
Other Adjustments		
Markup on deposits	81,851	234,763
Dividend income	150,423	125,798
	232,274	360,561
Profit or loss other taxation	(1,194,832)	(709,858)
Definition of Cash		
Cash in hand and at banks and with stamps in hand		
Cash and other Equivalents		
Cash in hand	43,991	17,601
Current and other accounts		
Current account	99,620	162,804
Deposits maturing within 12 months		
Fixed and term deposits	2,250,000	2,250,000
	2,393,611	2,430,405

The annexed notes 1 to 24, form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

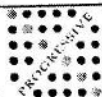
Statement of Premiums For the year ended December 31, 2013

Class	Premium written	Unearned premium reserves		Premium earned	Re insurance ceded	Reinsurance Prepaid ceded	Premium ceded	Re-insurance expense	2013 Net Premiums	2012 Net Premiums
		Opening	Closing							
(Amounts in Rupees)										
Direct and facultative										
1. Fire and Property Damage	-	-	-	-	-	-	-	-	-	-
2. Marine, Aviation and Transport	-	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

The annexed notes 1 to 24, form an integral part of these financial statements.




Chairman Director Director Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

Statement of Claims

For the year ended December 31, 2013

For the year ended December 31, 2013										
Class	Claims paid	Outstanding claims		Claims expense	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	2013 Net claims Expense	2012 Net claims Expense
		Opening	Closing			Opening	Closing			
(Amounts in Rupees)										
Direct and facultative										
1. Fire and Property Damage	-	2,171,639	-	-	-	-	-	-	-	-
2. Marine, Aviation and Transport	-	227,958	-	-	-	-	-	-	-	-
3. Motor	-	1,453,193	-	-	-	-	-	-	-	-
4. Miscellaneous	-	275,983	-	-	-	-	-	-	-	-
Total	-	4,128,773	-	-	-	-	-	-	-	-

The annexed notes 1 to 24, form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

Statement of Expenses for the year ended December 31, 2013

Class	Commissions paid or payable	Opening deferred commission	Closing Deferred commission	Net commission expenses	Other management expenses	Underwriting expense	Commissions from insurers	2013 Net Underwriting expense	2012 Net Underwriting expense
(Amounts in Rupees)									
Direct and facultative									
1. Fire and Property Damage	-	-	-	-	-	-	-	-	-
2. Marine, Aviation and Transport	-	-	-	-	-	-	-	-	-
3. Motor	-	-	-	-	-	-	-	-	-
4. Miscellaneous	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-

The annexed notes 1 to 24, form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

Statement of Investment For the year ended December 31, 2013

INCOME FROM TRADING INVESTMENTS	2013	2012
	(Amounts in Rupees)	
Gain /(Loss) on trading	(266,414)	-
Dividend Income		125,798
Dividend Income (earned while holding the securities)	150,423	125,798
INCOME FROM NON-TRADING INVESTMENTS		
Held to maturity		
Markup Income	81,851	234,763
Gain on sale of non-trading investments	-	-
Surplus of revaluation of investment	-	-
LESS INVESTMENT RELATED EXPENSES		
Less Investment Related Expenses	-	-
Net Investment Income	(34,140)	360,561

The annexed notes 1 to 24, form an integral part of these financial statements.

Chairman

Director

Director

Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

Notes to and forming part of these Financial Statements For the year ended December 31, 2013

Note 1 THE COMPANY AND IT'S OPERATIONS

The Company was incorporated as a Public Limited Company in 1987 under the repealed Companies Ordinance, 1984 and is quoted on the Karachi, Lahore and Islamabad stock exchanges (now merged as Pakistan Stock Exchange) in Pakistan. The company is engaged in providing general insurance services in shape of fire, marine, motor and miscellaneous. The registered office of the company is situated at Room # 505-507, 5th floor, Japan Plaza, M.A Jinnah Road, Karachi.

Note 2 GOING CONCERN ISSUE

The company is facing recurring losses due to suspension of its insurance business because of non compliance with the requirement of minimum paid up capital. It has suffered net loss of Rs. 1.19 million during the year under review which has increased its accumulated loss to Rs. 36.17 million. However, the management has planned to expand its operation to all over Pakistan to develop the business activities and also hopeful that Company will earn a sizable amount of profit in future years to offset its losses. Further, the Company has a paid-up capital of Rs. 161.5 million. The directors of the Company agreed that they will provide the necessary interest free funds to the Company, as and when required, to meet its working capital requirements. In view of the assurance given by the directors and substantial reduction in negative equity, the financial statements have been prepared on the basis of going concern.

Note 3 USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and assumptions are reviewed on frequent basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods, the areas involving a higher degree of judgment and complexity, or areas where assumptions and estimates are significant to these financial statements or judgment was exercised in application of accounting policies, are as follows:

- Provision for outstanding claim including claims incurred but not reported (IBNR)
- Provision for taxation including the amount relating to tax contingency
- Provision for doubtful receivables
- Useful lives, pattern of economic benefits and impairments - Fixed assets
- Classification of investments
- Premium deficiency reserve



**Note STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED INTERNATIONAL FINANCIAL
4 REPORTING STANDARDS NOT YET EFFECTIVE**

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016] clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.



PROGRESSIVE INSURANCE COMPANY LTD.

Note **STANDARDS AND AMENDMENTS TO PUBLISHED APPROVED INTERNATIONAL FINANCIAL**

4 REPORTING STANDARDS NOT YET EFFECTIVE

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

The above improvements are not likely to have material impact on unconsolidated financial statements of the Company.

Note **BASIS OF PREPARATION**

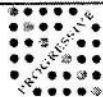
5

5.1 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002, the Insurance Ordinance 2000, the requirements of the repealed Companies Ordinance 1984, and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the repealed Companies Ordinance, 1984. Wherever, the requirements of the Insurance Ordinance 2000, repealed Companies Ordinance 1984 or directives issued by the SECP differ with the requirement of these standards, the requirement of Insurance Ordinance 2000, repealed Companies Ordinance, 1984 or the requirements of the said directives take precedence. During the year SECP substituted Fourth Schedule of the repealed Companies Ordinance, 1984 effective from the current year.

5.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation.



Note
6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change explained below:

6.1 Provision for outstanding claims

The liability in respect of outstanding claims is based on certified returns of the branches and represents the estimates of the claims intimated or assessed before the end of the accounting year less anticipated recoveries, if any.

As the business of the Company is ceased since long and no claim is expected to be raised therefore, the Company has recorded a provision for claims incurred but not reported (IBNR) on estimated basis instead of on actuary valuation, taking into consideration the expected recoveries and settlement costs, as opposed to the past policy of not providing for the same.

The management has however, provided no amount on this account for the reason based on previous experience and expectation that provision made for outstanding claims at year end, as shown in balance sheet, is sufficient to settle the claim in future.

The company has adopted the 1/24ths method to calculate the provision for unearned premium as per the option given in SRO 938 issued by SECP of Pakistan. However, provision for the difference has not been accounted in unearned premium as per the 1/24ths method as there will be no material adjustment, if any, required due to short period of operation during the year.

6.2 Commission Income

In accordance with the requirement of the SRO 938 issued by the SECP in December 2002, commission income is taken to profit and loss account on a time proportion basis in accordance with the pattern of reinsurance premium to which they relate.

6.3 Amount due to the other insurers / reinsurers and sundry creditors

Liabilities for other insurers / reinsurers and sundry creditors are carried at cost, which is the fair value of the consideration to be paid in the future for the goods and services.

6.4 Taxation

6.4.1 Current

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

6.4.2 Deferred

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amount for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the assets is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or subsequently enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the amount can be utilized.

6.5 Cash and cash equivalents

Cash and cash equivalents comprises: (a) cash on deposit account with bank; (b) cash (and Cheque) in hand, in transit and at banks on current accounts; (c) stamps in hand and (d) highly liquid investments.



6.6 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are recognized and classified into the following categories:

- Held to maturity
- Available for sale
- Held for trading

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the company has positive intent and ability to hold to maturity.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight-line-basis over the term

Subsequent to initial recognition at cost, the investments that have a fixed maturity are measured at amortized cost.

The financial assets including investments in associated undertakings that are intended to be held for an indefinite period of time and may be sold in response to the need for liquidity are classified as available for sale.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SRO 938 issued by the SECP in December 2002. The Company uses latest stock exchange quotations in an active market to determine the market value of its listed investments whereas, impairment of investments in unlisted companies is computed by reference to net assets of the investee on the basis of the latest available audited financial statements or latest un audited management accounts. These financial assets are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of a portfolio for which there is a recent actual pattern of short term profit taking and are included in current assets.

Subsequent to initial recognition these are re-measured at fair value by reference to quoted market price with the resulting gain or loss being included in net profit or loss for

6.7 Deferred commission expense

Commission cost incurred in obtaining and recording policies of insurance and reinsurance are being deferred and recognized as an asset in correlation with unearned premium that will be recognized in the subsequent reporting periods.

The Company is deferring the commission cost incurred in obtaining and recording policies of insurance and reinsurance systematically over the period over which the related revenue is recognized.

6.8 Investment in properties

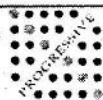
The investments in properties are accounted for under the cost model as per IAS 40.

The carrying amount of fixed assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where exceeding this estimated recoverable amount, assets are written down at the year end to

Any impairment in the value of these assets is recognized in the accounts accordingly.

6.9 Trade and Other Receivables

Trade debtors and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts. Bad debts are written off when



6.10 Tangible fixed assets

Owned

These are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charge to income using the reducing balance method where by the cost of an asset is written off over its estimated useful life at the rates mentioned in respective

Full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposals.

The carrying amount of fixed assets are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed this estimated recoverable amount, assets are written down to their

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gain or losses on disposals of fixed assets are taken to the profit and loss account.

Leased

The Company accounts for assets acquired under finance lease by recording the assets and related liabilities at fair value. Depreciation is charged on these assets in the same manner as use for owned fixed asset. Financial charges under the lease agreements are allocated to periods during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liabilities for each period.

6.11 Off-setting of financial assets and financial liabilities

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

6.12 Segment reporting

The company's operating businesses are organized and managed separately according to the nature of services provided with each segment representing a strategic business unit that serves different markets. Due to some practical problems, the management is not providing segment wise break-up of assets and liabilities for the year.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damages, flood, electric fluctuation and impact.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party

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

6.13 Revenue recognition

6.13.1 Premium Income

Premium received / receivable under a policy is recognized as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognized over the period of insurance from inception to expiry evenly over the period of the policy using twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002 except

- a. for marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies; and
- b. for crop business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies; and



6.13.1 Premium Income

- c. for other classes / lines of business, by applying the twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any, provision for impairment of premium receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivable. Receivables are also analyzed as

6.13.2 Interest Income

Interest income is recognized on the time proportion basis that takes into account effective yield on the assets

6.13.3 Dividend Income and Bonus shares

Dividend income and entitlement of bonus shares are recognized when right to receive such dividend and bonus shares is established.

Profit / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

6.13.4 Income on Held to Maturity Investments

Income on held to maturity investments are recognized on a time proportion basis taking into account of the relevant maturity dates and the applicable mark-up in respect

6.14 Premium Deficiency Reserves

A Premium deficiency reserve is maintained where the unearned premium for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of the policies in that class of business, to comply with the requirements of the S.R.O 938 issued by the Securities and Exchange Commission of Pakistan in December 2002. Any movement in the reserve is to be charged to the Profit & Loss account.

The management considers that the unearned premium reserves for all classes of business as at the year end was adequate to meet the expected future liability after reinsurance claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

6.15 Transactions with related parties

Transactions with related parties are made at arms length transaction price, except otherwise with the approval of the Board of directors of the Company.

6.16 Management Expenses

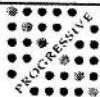
Management expenses are allocated to all classes of business in proportion to the pre-determined rate.

6.17 Foreign Currency Transaction

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing on the date of transaction. Exchange differences on foreign currency transactions are included in income, currently.

6.18 Functional and Presentation Currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional currency.



PROGRESSIVE INSURANCE COMPANY LTD.

Notes to and forming part of these Financial Statements For the year ended December 31, 2013

Note	ISSUED, SUBSCRIBED AND PAID UP CAPITAL	2013	2012
		(Amounts in Rupees)	
7	5,000,000 Ordinary shares of Rs. 10 each fully paid in cash	50,000,000	50,000,000
	11,150,000 Ordinary shares of Rs. 10 each fully paid in kind	111,500,000	111,500,000
	Total Issued, Subscribed And Paid Up Capital	<u>161,500,000</u>	<u>161,500,000</u>

Note	LOAN FROM DIRECTOR	2013	2012
		(Amounts in Rupees)	
8	Unsecured and interest free	3,172,695	3,177,695
	Total Loan From Director	<u>3,172,695</u>	<u>3,177,695</u>
	This represents interest free loan and no repayment term has been agreed however presently it is repayable at the discretion of the Company.		

Note	CONTINGENCIES AND COMMITMENT	2013	2012
		(Amounts in Rupees)	
9	There were no contingencies or commitment at end of December 31, 2013 and 2012.		

Note	INVESTMENT IN SHARES	2013	2012
		(Amounts in Rupees)	
10	Available for sale		
	Quoted - Others	920,765	1,130,808
	Total Investment In Shares	<u>920,765</u>	<u>1,130,808</u>

Number of shares		Company's Name	Book Value	
2103	2012		2013	2012
92	80	Sui Northern Gas Pipelines Limited	1,350	1,350
297	227	Sui Southern Gas Company Limited	7,605	7,605
132	74	Crescent Investment Bank Limited	2,158	2,158
1,700	1,852	Bank of Punjab Limited	56,215	114,451
60	60	First Equity Modaraba Limited	519	519
-	6,925	First Pak Modaraba Limited	-	65,815
172	172	First Punjab Modaraba Limited	1,353	1,353
477	435	Karachi Electricity Supply Corporation Limited	8,299	8,299
108	90	Suraj Cotton Limited	1,455	1,455
359	359	First Grindlays Modaraba Limited	4,308	4,308
500	500	PICIC Growth Fund Limited	14,000	14,000
-	1,237	Bank Al Falah Ltd	-	56,739
-	378	KASB Bank Ltd	-	5,049
-	40	NIB Bank Ltd	-	1,438
-	100	Saudi Pak Comm. Bank Ltd	-	2,319
-	194	PICIC Insurance Co. Ltd	-	1,110
1,375	1,375	DG Khan Cement Limited	144,158	144,158
-	2,500	Askari Bank Ltd	-	39,495
-	15,000	Bank Islami Pakistan Ltd	-	240,417
-	5,250	Bank of Khyber Ltd	-	68,770
2,500	-	Adamjee Insurance Co. Ltd	254,035	-
600	-	Nishat Mills	75,310	-
35,000	35,000	NIT Units	350,000	350,000
<u>43,372</u>	<u>71,848</u>		<u>920,765</u>	<u>1,130,808</u>



PROGRESSIVE INSURANCE COMPANY LTD.

Notes to and forming part of these Financial Statements For the year ended December 31, 2013

Note		2013	2012
11	INVESTMENT PROPERTY	(Amounts in Rupees)	
	Building-Lahore (Note 11.1)	365,000	365,000
	Held for capital appreciation		
	Land	35,000,000	35,000,000
	Land	76,500,000	76,500,000
	Total Investment Property	111,865,000	111,865,000

11.1 The Property is not in possession of the company. The Company has filed a suite against the tennent for recovery and vacation of the property.

Note	AMOUNT DUE FROM OTHER INSURERS / REINSURERS		
12			
	Considered doubtful	268,103	268,103
	Less: Provision for doubtful recovery	-	-
	Total Amount Due From Other Insurers / Reinsurers	268,103	268,103

This represents the amount of agents balances and outstanding premiums and the balance due from other persons or bodies carrying on insurance business.

Note	SUNDRY RECEIVABLE	2013	2012
13		(Amounts in Rupees)	
	Unsecured		
	Considered good	29,449,617	30,223,700
	Considered doubtful	-	-
	Provision for doubtful	-	-
	Total Sundry Receivable	29,449,617	30,223,700

The amount considered good comprises of advance given for purchase of property however the transaction is not yet accomplished and the amount is not yet returned.

14 Property, Plant and Equipments

(Amounts in Rupees)

Description	Office equipment	Furniture and fixtures	Air conditioner	Vehicles	Total
Depreciation rate%	10%	10%	10%	30%	
FOR YEAR 2013					
COST:					
Balance at beginning of year	1,272,371	1,497,096	324,860	2,642,053	5,736,380
Addition/Adjustment during the	-	-	-	-	-
Balance at end of year	1,272,371	1,497,096	324,860	2,642,053	5,736,380
DEPRECIATION :					
Accumulated depreciation at beginning of the year	949,348	1,160,346	288,740	2,492,411	4,890,845
Charge for the year	32,302	33,675	3,612	29,928	99,517
Balance at end of year	981,650	1,194,021	292,352	2,522,339	4,990,362
CARRYING VALUE - 2013	290,721	303,075	32,508	119,714	746,018
CARRYING VALUE - 2012	323,023	336,750	36,120	149,642	845,535



PROGRESSIVE INSURANCE COMPANY LTD.

14 Property, Plant and Equipments

(Amounts in Rupees)

Description	Office equipment	Furniture and fixtures	Air conditioner	Vehicles	Total
Depreciation rate%	10%	10%	10%	30%	
FOR YEAR 2012					
COST:					
Balance at beginning of the year	1,272,371	1,497,096	324,860	2,642,053	5,736,380
Addition during the year	-	-	-	-	-
Balance at end of year	1,272,371	1,497,096	324,860	2,642,053	5,736,380
DEPRECIATION :					
Accumulated depreciation at beginning of year	913,457	1,122,929	284,727	2,455,001	4,776,114
Charge for the year	35,891	37,417	4,013	37,410	114,731
Balance at end of year	949,348	1,160,346	288,740	2,492,411	4,890,845
CARRYING VALUE - 2012	323,023	336,750	36,120	149,642	845,535
CARRYING VALUE - 2011	358,914	374,167	40,133	187,052	960,266

14.1 Reconciliation of carrying values:

(Amounts in Rupees)

Particulars	Carrying value at beginning of year	Additions during the year	Depreciation charged during the year	Disposal during the year
FOR YEAR 2013				
Office equipment	323,023	-	(32,302)	290,721
Furniture and fixtures	336,750	-	(33,675)	303,075
Air conditioner	36,120	-	(3,612)	32,508
Vehicles	149,642	-	(29,928)	119,714
TOTAL	845,535	-	(99,517)	746,018
FOR YEAR 2012				
Office equipment	358,914	-	(35,891)	323,023
Furniture and fixtures	374,167	-	(37,417)	336,750
Air conditioner	40,133	-	(4,013)	36,120
Vehicles	187,052	-	(37,410)	149,642
TOTAL	960,266	-	(114,731)	845,535



PROGRESSIVE INSURANCE COMPANY LTD.

Notes to and forming part of these Financial Statements For the year ended December 31, 2013

Note		2013	2012
15	GENERAL AND ADMINISTRATIVE EXPENSES	(Amounts in Rupees)	
	Salary Expense	198,000	182,000
	Rent Rate & Taxes Expenses	850,344	702,768
	Electricity Expenses	9,244	10,618
	Legal and professional fee	300,000	-
	Auditors' remuneration	25,000	25,000
	General Expenses	98,044	24,626
	Telephone Expenses	4,926	8,840
	Depreciation Expenses - Operating assets	99,517	114,731
			-
	Total General And Administrative Expenses	1,160,692	1,070,419
Note	CAPITAL GAIN/ LOSS		
16			
	From trading	(281,452)	-
	From bonus shares	15,038	-
	Total Capital Gain/ Loss	(266,414)	-
Note	PROVISION FOR TAXATION		
17			
	No provision has been made in accounts during the year, as the Company has no profit during the year.		
Note	LOSS PER SHARE		
18			
	Loss per share is calculated by dividing net loss for the year by weighted average number of shares outstanding during the year as follows:		
	Loss after taxation for the year	(1,194,832)	(709,858)
	Average number of ordinary shares outstanding during the year	16,150,000	16,150,000
	Loss per share for the year - Rupee	(0.07)	(0.04)
Note	REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES		
19			
	The Directors and the Chief Executive have performed voluntary services and no remuneration has been paid to them.		

Notes to and forming part of these Financial Statements For the year ended December 31, 2013

for the year ended December 31, 2013					
Note	FINANCIAL AND INSURANCE RISK MANAGEMENT				
20	The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk including interest / markup rate risk, price risk and currency risk). However as the Company is not carrying its operation since long therefore these risk does not arise. The Company's overall risk management programme focuses on the only relevant financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.				
Note	CREDIT RISK MANAGEMENT				
20.1	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 exposure by undertaking transactions with a large number of counterparties in various sectors and by continually assessing the credit worthiness of counterparties. Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company's credit risk exposure is not significantly different from that reflected in these unconsolidated financial statements. The management monitors and limits the Company's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.				
			2013	2012	
			(all amount in Rupees)		
	Bank deposits		2,349,620	2,412,804	
	Investments		920,765	1,130,808	
	Amount due from other insurers / reinsurers		268,103	268,103	
	Accrued investment income		309,500	350,365	
	Advance tax		1,176,003	1,153,449	
	Sundry receivables		29,449,617	30,223,700	
			34,473,608	35,539,229	
	Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in notes.				
	Total amount of receivable have aged more than 2 years.				
	The credit quality of Company's bank balance can be assessed with reference to external credit rating as follows:				
		Short term rating	Long term rating	Rating agency	2013
					(Amounts in Rupees)
	United Bank Limited	A-1+	AA+	JCR-VIS	1,000,000
	Faysal Bank Limited	A-1+	AA+	JCR-VIS	99,620
	Bank of Khyber	A-1	A	JCR-VIS	250,000
	Industrial Development Bank of Pakistan	-	-	-	1,000,000
					2,349,620
					2,412,804



PROGRESSIVE INSURANCE COMPANY LTD.

Note 20.2 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management.

Interest / mark - up rate risk

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

(all amount in Rupees)									
On-balance sheet financial Instruments	Effective yeld/mark up rate %	Mark up Bearing		Sub total	Non Mark up Bearing		Sub total	2013 Total	2012 Total
		Maturity within one year	Maturity after one year		Maturity within one year	Maturity upto one year			
Assets									
Cash and bank deposits	4% - 6%	2,250,000	-	2,250,000	143,611	-	143,611	2,393,611	2,430,405
Investments		-	-	-	920,765	-	920,765	920,765	1,130,808
Amount due from insurer/reinsurer		-	-	-	268,103	-	268,103	268,103	268,103
Accrued investment income				-	309,500	-	309,500	309,500	350,365
Advance tax				-	1,176,003	-	1,176,003	1,176,003	1,153,449
Sundry receivables				-	29,449,617	-	29,449,617	29,449,617	30,223,700
2013		2,250,000	-	2,250,000	32,267,599	-	32,267,599	34,517,599	35,556,830
2012		2,250,000	-	2,250,000	33,306,830	-	33,306,830	35,556,830	
Liabilities									
Provision for outstanding claims		-	-	-	4,128,773	-	4,128,773	4,128,773	4,128,773
Amount due to other insurers / reinsurers		-	-	-	12,986,660	-	12,986,660	12,986,660	12,986,660
Accrued expenses		-	-	-	96,559	-	96,559	96,559	35,475
Other creditors and accruals		-	-	-	15,329,285	-	15,329,285	1,123,033	1,123,033
Loan from Director		-	-	-	3,172,695	-	3,172,695	3,172,695	3,177,695
Unclaimed dividend		-	-	-	300,755	-	300,755	300,755	300,755
2013		-	-	-	35,713,972	-	35,713,972	21,507,720	21,752,391
2012		-	-	-	22,079,616	-	22,079,616	21,752,391	-

Sensitivity analysis

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 will not affect the fair value of any financial instruments. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. However as business of the Company is ceased and no payments and receipts are expected as result of assets and liabilities in the normal course of business therefore sensitive analysis is not required to be carried.

Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is exposed to equity price risk that arises as a result of changes in the levels of PSE - Index and the value of individual shares. The equity price risk arises from the Company's investment in equity securities for which the prices in the future are uncertain. The Company policy is to manage price risk through selection of blue chip securities.

Insurance risk

The principal risk that the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. However as the Company is not carrying any insurance business since long and no claims are further made till now therefore there is no need to ascertain and manage insurance risk as they do not exists.

Fair value financial assets and liabilities

The carrying value of all financial assets and liabilities reflected in the financial statements approximate their fair values.



PROGRESSIVE INSURANCE COMPANY LTD.

Notes to and forming part of these Financial Statements For the year ended December 31, 2013

Note		2013	2012
21	TRANSACTIONS WITH ASSOCIATED COMPANIES	(Amounts in Rupees)	
	Related parties includes parent, associated undertakings, other related Companies, retirements benefits and key management personnel. The Company in the normal course of business carries out transactions with related parties except with the prior approval of the Board. Details of transactions carried with related parties during the year are as follows:		
	Directors		
	Loan obtain	25,000	25,000
	Loan repaid	(30,000)	(40,000)
	Details of account balances with related parties are as under		
	Directors		
	Loan payable	3,172,695	3,177,695
	Advance Against Property	23,327,163	24,177,507
	Receivable - Considered doubtful	-	-
		23,327,163	24,177,507
Note 22	STAFF STRENGTH	2013	2012
	Number of employees at the end of the year were	4	4
	Average number of employees	4	4
Note 23	DATE OF AUTHORIZATION		
	These accounts were authorized for issue in accordance with a resolution of the Board of Directors on _____, 2018		
Note 24	GENERAL		
	Figures have been rounded off to the nearest of rupee.		

Chairman

Director

Director

Chief Executive



PROGRESSIVE INSURANCE COMPANY LTD.

FORM OF PROXY

I/We. _____

Of _____

Being a shareholder of Progressive Insurance Company Limited do hereby appoint
_____ of _____

Also a share holder of the said Company, to be my proxy and to vote for me at the Annual General Meeting of the Company to be held on the May 26, 2018 and at any adjournment thereof in the same manner as I/We myself/ourselves would vote if personally present at such meeting.

As witness my/our hand this _____ day of _____ 2018.

Signature _____

CNIC No: _____

Revenue
stamp

Number of shares held

Folio No/ Id No: _____

Witness: _____

Name: _____

Address: _____

- Note:**
1. This form of Proxy, duly completed, must be deposited with registered office 502, Park Avenue Block-6, PECHS , Main Shahrah-e-Faisal, Karachi
 2. CDC Shareholders and their Proxies are each requested to attach attested photocopy of their National Identity Card or Passport with this proxy from before submission to the Company.
 3. No person shall act as proxy unless he/she is a member of the Company.
 4. CDC Shareholders or their Proxies are requested to bring with them their original National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.