



Annual Report 2022

# PROGRESSIVE INSURANCE COMPANY LIMITED

# PROGRESSIVE INSURANCE COMPANY LTD.

## CONTENTS

Sr.No.	Descriptions	Page No.
1	VISION / MISSION STATEMENT AND QUALITY POLICIES	3
2	COMPANY INFORMATION	4
3	NOTICE OF MEETING	5
4	DIRECTORS' REPORT	7
5	DIRECTORS' REPORT (Urdu)	10
6	REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE	12
7	STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE	14
8	AUDITORS' REPORT	18
9	STATEMENT OF FINANCIAL POSITION	22
10	PROFIT AND LOSS ACCOUNT & OTHER COMPREHENSIVE INCOME	23
11	STATEMENT OF CHANGES IN EQUITY	24
12	STATEMENT CASH FLOW	25
13	RECONCILIATION OF PROFIT & LOSS ACCOUNT	26
14	NOTES TO THE ACCOUNTS	27
15	PATTEREN OF SAHARE HOLDINGS	45
16	FORM OF PROXY	47



## 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, shareholders, 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 stand out 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	Chairman
Mr. Syed Sabur Rehman	Director / CEO
Mr. Barrister Rashid Munir Ahmed	Director
Mr. Kifayat Hussain Kaifi	Director
Mr. Abdul Haleem	Director
Mr. Syed Ali Sarwar	Director
Mr. Aamir Pervaiz	Director

### CHIEF EXECUTIVE COMPANY SECRETARY

Syed Sabur Rehman  
Abdul Wahab

### REGISTERED OFFICE

Office No. 505-507, 5<sup>th</sup> Floor, Japan Plaza  
M.A Jinnah Road Karachi.  
Tel: 021-32712551-52.

### HEAD OFFICE

Office No. 505-507, 5<sup>th</sup> Floor, Japan Plaza  
M.A Jinnah Road Karachi.  
Tel: 021-32712551- 52.

## AUDIT COMMITTEE

Name of Person	Designation
Nasir Munir Ahmed	Chairman (Non-Executive Director)
Barister Rashid Munir	Member (Non-Executive Director)
Abdul Haleem	Member (Non-Executive Director)

### BANKERS

The Bank of Khyber

### SHARES REGISTRAR

F.D Registrar Service (Pvt) Ltd

### AUDITORS

M/s. S.M Souhail & Co  
Chartered Accountants

### LEGAL ADVISOR

Mr. A. Wahab Baloch,  
Advocate

### STOCK EXCHANGE LISTING

Progressive Insurance Company Limited is  
on the Pakistan Stock Exchange Ltd.

### PUBLIC INFORMATION

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

### SHAREHOLDER INFORMATION

Inquiries concerning lost share certificates,  
dividend payment, change of address,  
verification of transfer deeds and share  
transfer should be directed to contact our  
registered office 505-507, 5<sup>th</sup> Floor, Japan  
Plaza, M.A Jinnah Road, Karachi.  
Tel: 021-32712551-52.

# PROGRESSIVE INSURANCE COMPANY LTD.

---

## NOTICE OF ANNUAL GENERAL MEETINGS

Notice is hereby given that the Thirty Sixth Annual General Meeting of Progressive Insurance Company Limited will be held at 09:30 a.m. at Office No. 505, 5th floor, Japan Plaza, M.A. Jinnah Road, Karachi on April 28, 2023 to transact the following business:

1. To confirm the Minutes of the last Extra Ordinary General Meeting of the Company held on January 2, 2023.
2. To receive, consider and adopt the Audited Accounts for the years ended December 31, 2022 together with the Directors' and Auditors' reports thereon.
3. To appoint Auditors and fix their remuneration for the year ended December 31, 2023.
4. To transact any other business with the permission of the Chair.

### **2. Special Business:-**

To consider and if thought fit approve an increase in the authorized share capital of the Company and for this purpose pass the following special resolution, with or without any amendments and to approve the consequent amendments in the Memorandum and Articles of Association of the Company, subject to requisite approvals, if any:

**"RESOLVED THAT** subject to the approval of the Securities & Exchange Commission of Pakistan, the issuance of shares by ways of Right Shares, the authorized share capital of the company be and is hereby increased from the authorized share capital of the company be and is hereby increased from Rs.2,500,000,000/- divided into 250,000,000 shares Rs.10 each ranking pari passu in every respect with the existing ordinary shares of the Company.

**"RESOLVED FURTHER THAT**, in consequence of the said increase in the Authorized Share Capital of the Company, the existing Clause of the Memorandum & Article of Association of the Company be and hereby replaced in accordance with the regulations of the Company or subject to the provisions of the Companies Act, 2017.

**"FURTHER RESOLVED THAT** the Chief Executive Officer and the Chief Financial Officer and the Company Secretary of the Company be and is hereby singly authorized to take all necessary steps and execute documents including legal and corporate formalities and file all requisite documents with Securities & Exchange Commission of Pakistan as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the above resolutions."

## PROGRESSIVE INSURANCE COMPANY LTD.

---

There being no other business the Meeting ended with a vote of thanks of the Chair.

Karachi:

By Order of the Board

Dated: April 07, 2023



**Syed Sabur Rehman**  
**Chief Executive Officer**

### NOTES:

1. The Share Transfer Book of the Company closed from April 22, 2023 to April 28, 2023 (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.

## DIRECTORS' REPORT

The Directors of Progressive Insurance Company Limited take pleasure in presenting the thirty sixth Annual Report of the Company, together with the audited financial statements for the year ended 31st, December 2022 and Auditors' Report thereon.

### Operating Review

The business activities of the company remain suspended during the financial year ended 2022, due to suspension of license. However, companies have resolved almost all pending issues and are confident that the S.E.C.P will lift the suspension of trading of Shares of P.S.X.

### Net Loss

Operating net loss by company is Rs. 10,038,638/- during the year 2022.

### Loan from director/sponsor

An amount of Rs. 10,637,346/- has been obtained by the company during the year from the director to meet the 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.

### Re-Insurance

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

### Observation of External Auditor

Sponsor and directors of the company have decided to issue right shares to meet the capital requirement and correspondence with SECP for approval to raise the company's paid up capital is under way. After issue of right shares minimum capital requirement will be met. 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 positive and the sponsor are willing to finance the expenses.

### CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial Statements is prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments.
  - The International Financial Reporting Standards (IFRS) as Applicable in Pakistan have been followed in preparation of financial statement and any departure from there has been adequately disclosed.



## PROGRESSIVE INSURANCE COMPANY LTD.

---

- The board is establishing a system of sound internal control, which will be effectively implemented at all levels within the insurer.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as defined in our statement of CCG.
- The key operating and financial data for the last six years is annexed.
- The statement of the pattern of shareholding of the Company as at 31 December, 2022 is included in the Report.
- During the year board of directors meeting was held and attendance of each director was as follows:

<b>Board of Directors</b>	<b>Nos. of Meeting Attended</b>
Nasir Munir Ahmed	3
Syed Sabur Rehman	3
Barrister Rashid Muneer Ahmed	2
Kifayat Hussain Kaifi	3
Syed Ali Sarwar	3
Abdul Haleem	3
Amir Pervaiz	2

### AUDITORS

The Present auditors namely S.M. Sohail Chartered Accountant being eligible gave consent to act as auditors for the next term.

The board of Directors on suggestion of the Audit Committee recommended the appointment of S.M. Sohail Chartered Accountant as statutory auditors for the next term.

### Pattern of Shareholding

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

### 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 are being established subsequently as there was no such committee effectively in operation during the year under review, due to nominal business operation.

# PROGRESSIVE INSURANCE COMPANY LTD.

## KEY OPERATING AND FINANCIAL DATA

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

	2022	2021	2020	2019	2018	2017
Reserves and Retained Earnings	(68.04)	(57.57)	(48.01)	(46.73)	(44.67)	(43.51)
Investment Income	0.21	(0.12)	(0.29)	(0.30)	(0.45)	(0.0028)
Direct Premium	-	-	-	-	-	-
Retained Premium	-	-	-	-	-	-
Net Claims Paid & Outstanding	-	-	-	-	-	-
Profit before Tax	(10.03)	(9.487)	(0.175)	(0.178)	(0.81)	(0.67)
Divided declared – Cash	-	-	-	-	-	-

### 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 and Corona Virus in the region, besides the continuation of economic and fiscal policies of the Government. All economic indicators are, however, positive and expect to lead a higher growth during the next year.

At present, company has 161.5 (million) paid up capital, and more efforts is being made to meet and fulfill 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.

New areas of business are being explored and a network of viable productive branches is being planned.

### Thanks and Appreciation

We are grateful to the Securities and Exchange Commission of Pakistan; particularly (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: 5<sup>th</sup> April 2023

For and on behalf of the  
Board of Directors

**Syed Sabur Rehman**  
Chief Executive Officer

## ڈائریکٹرز رپورٹ

پروگریسو انشورنس کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز انتہائی مسرت کے ساتھ اپنی کمپنی کے 31 دسمبر 2022ء کو اختتام پزیر ہونے والی 36 ویں سالانہ آڈٹ شدہ مالیاتی گوشوارہ بمع آڈیٹر رپورٹ پیش کر رہے ہیں۔

### کارکردگی کا جائزہ:

کمپنی کی کاروباری سرگرمیاں 2022ء کے مالی سال میں لائنس کی معطلی کی وجہ سے بند رہی اور کمپنی اپنے تمام زیر التواء مسائل کو حل کرنے کی کوشش کر رہی ہے۔

### خالص نقصان:

کمپنی کا 2022ء کے داران آپریٹنگ خالص نقصان -/10,038,638 روپے ہیں۔

### ڈائریکٹرز/اسپانسر سے قرض:

-/10,637,346 کی رقم ڈائریکٹرز/اسپانسر سے روز مرہ کے اخراجات کو پورا کرنے کے لئے حاصل کی گئی ہیں اور کمپنی ڈائریکٹرز/اسپانسر مسلسل کمپنی کو فنڈ دے رہے جو کہ Interest فری ہے اور اس وقت ادا کیا جائے گا جب کمپنی اس قابل ہو سکے گی۔

### دبرایمہ:

دبرایمہ کے لئے کئی قومی و بین الاقوامی اداروں کے ساتھ مذاکرات، انتظامات جاری ہیں۔

### بیرونی آڈیٹر کا مشاہدہ:

ڈائریکٹرز/اسپانسر نے سرمائے کی کم سے کم حد کو پورا کرنے کے لئے (Right Shares) جارہی کرنے کا فیصلہ کر لیا ہے اور اس سلسلے میں سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان اجازت کے لئے خط و کتابت کی جارہی ہے۔ (Right Shares) کے اجراء کے بعد سرمائے کی کم از کم حد پوری ہو جائے گی۔ ڈائریکٹرز نے اینڈ سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کو کمپنی کی بحالی کے منصوبوں سے متعلق آگاہ کر چکے ہیں۔ اس تمام صورت حال کو دیکھتے ہوئے کمپنی میں جاری رہنے کی صلاحیت ہے کیونکہ کمپنی کی ایکٹیویٹی ابھی مثبت ہے۔

### کارپوریٹ اور فنانینشل رپورٹنگ فریم ورک:

(اے) کمپنی کی انتظامہ کی جانب سے تیار کردہ مالیاتی اسٹیٹمیٹ کی تمام معلومات کو صاف شفاف انداز میں واضح کرنے کے ساتھ اس کی کارکردگی کے نتائج، نقد کی آمد و رفت اور ایکٹیویٹی میں تبدیلیاں شامل ہیں۔  
(بی) اکاؤنٹس کی کتابیں کمپنی کی جانب سے قوند و ضوابط کے مطابق تیار کی گئی ہیں۔  
(سی) موزوں اکاؤنٹنگ پالیسیز مالیاتی اسٹیٹمیٹ اور اکاؤنٹنگ تخمینہ جات کی تیاری کے لئے مستقل اپنائی جاتی ہیں جو موزوں اور محتاط اندازوں پر منحصر ہوتی ہیں۔  
(ڈی) انٹرنیشنل فنانینشل رپورٹنگ اسٹینڈرٹز (IFRS)، جو کہ پاکستان میں نافذ العمل ہے کے مطابق مالیاتی اسٹیٹمیٹ کی تیاری کی جاتی ہیں اور کہیں اس سے انحراف کیا گیا ہو تو اس کو واضح طور پر ظاہر کر دیا جاتا ہے۔  
(ای) داخلی کنٹرول کا مستحکم نظام ترتیب دیا جا رہا ہے اور جس کو موثر طور پر عملدرآمد کیا جائے گا۔  
(ایف) کمپنی کی اس صلاحیت پر کسی قسم کے شکوک و شبہات نہیں کہ یہ چلتے رہنے والا ادارہ ہے۔  
(جی) کارپوریٹ گورننس کے بہترین طریقہ کار سے جیسا کہ لسٹنگ ریگولیشنز میں درج ہے کوئی قابل اثر انحراف نہیں کیا گیا۔

(ایچ) گزشتہ چھ سال کے لئے نمایاں آپریٹنگ اور فنانینشل اعداد و شمار منسلک ہیں۔

(آئی) کمپنی میں 31 دسمبر 2022ء کو شیئر ہولڈنگ کی جو صورتحال تھی اس کا اسٹیٹمیٹ رپورٹ میں شامل ہے۔

بورڈ آف ڈائریکٹرز	منعہ ہونے والے اجلاسوں کی تعداد
ناصر منیر احمد	3
سید صبور الرحمان	3
برسٹر راشد منیر احمد	2
کفیا یت حسین کیفی	3
سید علی سرور	3
عبد الحلیم	3
عامر پرویز	2

آڈیٹرز

موجودہ آڈیٹرز یعنی S.M. سہیل چارٹرڈ اکاؤنٹنٹ نے اہل ہونے کے بعد اگلی مدت کے لیے آڈیٹر کے طور پر کام کرنے کی رضامندی دی۔

آڈٹ کمیٹی کی تجویز پر بورڈ آف ڈائریکٹرز نے . سہیل چارٹرڈ اکاؤنٹنٹ کی تقرری کی سفارش کی۔ اگلی مدت کے لیے بطور قانونی آڈیٹر ۔

جزوی نتائج:

جیسا کہ کمپنی سال کے داران تقریباً غیر فعال تھی۔ انتظامیہ اس آپریشن کے جزوی نتائج کی عکاسی کرنے کے حیثیت میں نہیں ہے لکھاؤٹ، دعویٰ کا تصفیہ، دوبارہ انشورنس اور شریک انشورنس کمیٹی قائم نہیں کی گئی ہے۔ اس کے علاوہ ناممکن کاروباری آپریشن کی وجہ سے سال کے دوران آپریشن کا جائزہ مؤثر طریقے لینے کے لئے ایسی کمیٹی نہیں بنائی گئی۔

اہم آپریٹنگ اور مالیاتی اعداد و شمار

گزشتہ بھ سالوں کے اہم آپریٹنگ اور مالیاتی اعداد و شمار درج ذیل ہیں۔  
مستقبل کا نقطہ نظر:

	2022	2021	2020	2019	2018	2017
Reserves and Retained Earnings	(68.04)	(57.57)	(48.01)	(46.73)	(44.67)	(43.51)
Investment Income	0.21	(0.12)	(0.29)	(0.30)	(0.45)	(0.0028)
Direct Premium	-	-	-	-	-	-
Retained Premium	-	-	-	-	-	-
Net Claims Paid & Outstanding	-	-	-	-	-	-
Profit before Tax	(10.03)	(9.487)	(0.175)	(0.178)	(0.81)	(0.67)
Divided declared – Cash	-	-	-	-	-	-

کمپنی کے ڈائریکٹرز اور انتظامیہ کمپنی کی فوری اور بہتر ترقی کے لئے پُر اعتماد ہیں۔ اس بات پر اتفاق کیا گیا ہے کہ منسلک کمپنیوں کا بڑا کاروبار ہماری کمپنی کے ذریعے منتقل ہوگا۔ مستقبل کے نقطہ نظر، علاقے کے بہتر سیاست پر بھی اور کورونا وائرس پر منحصر ہے حکومت کی اقتصادی اور مالی پالیسیوں کے تسلسل کے علاوہ تاہم تمام معاشی اشاری اگلے سسال کے دوران اعلیٰ ترقی کی مثبت متوقع ہیں۔

اس وقت کمپنی کا موجودہ ادا شدہ سرمایہ 161.5 ملین ہے اور انشورنس آرڈیننس 2000 کے تحت لازمی طور پر کم از کم سرمایہ کی ضرورت کو پوری کرنے کی کوشش کی جارہی ہے۔ انتظامیہ نے کمپنی کو نئی بلندیوں تک لے جانے کے لئے اس کام کو نئے سرے سے شروع کیا ہے اور اس لئے نئے کاروباری علاقوں کو دریافت کیا جا رہا ہے اور قابل عمل پیداواری شاخوں کے نیٹ ورک کی منصوبہ بندی کی جا رہی ہے۔

تعریف اور تسلیم

سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان کے انشورنس ڈویژن کے افسروان اور عملے کے تعاون اور پیشہ وارانہ حمایت کے لئے ان کے شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی

جانب سے

سید صبور رحمان  
چیف ایگزیکٹو

کراچی:

تاریخ: 5<sup>th</sup> April 2023



**INDEPENDENT AUDITORS' REVIEW REPORT TO THE MEMBERS OF  
PROGRESSIVE INSURANCE COMPANY LIMITED  
ON THE STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR  
INSURERS, 2016 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2019 FOR THE YEAR ENDED DECEMBER 31, 2022**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Code of Corporate Governance for Insurers, 2016 prepared by the Board of Directors of **Progressive Insurance Company Limited** (the Company) for the year ended December 31, 2022, in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Code is that of the Board 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 and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquire of the Company's personnel and review of the various documents prepared by the Company to comply with the Code.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risk and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedure and risks;

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transaction were undertaken at arm's length price or not.

We have highlighted the instances of non-compliances with the Regulations below, as reflected in the corresponding paragraph reference in the Statement of Compliance. These instances of non-compliances are primarily due to the fact that the Company is not in operation due to suspension of license by the Pakistan Stock Exchange.

Reference	Description
1	No female director is appointed at the board as required by regulation 7 of the regulations.
2	No independent director is being appointed on the board as required by regulation 6(1) of the Code.
5	The complete record of particulars of the significant policies along with their date of approval or updating is not being maintained by the company.

# PROGRESSIVE INSURANCE COMPANY LTD.



Reference	Description
6	The Company has not prepared a code of conduct as required by the Regulation 10(3) (II) of the Code.
11	The Company has not established a sound system of internal control as required by the regulation 10(3) (II) of the Code.
12	The Company has not arranged the Director's training program as required by the regulation 18 of the regulations.
18	The Company has not established Underwriting Committee, Claim Statement Committee, Reinsurance and Co-Insurance Committee, HR & Remuneration Committee, Nomination Committee, Ethics Committee and Risk Management Committee.
20	The quarterly and half yearly meetings were not held due to the non-existence of the committees stipulated in point 18. Further, the Audit Committee only convened three meetings, failing to fulfill the regulatory requirement of holding the last quarterly meeting as per regulation 27(2)(I) of the Code.
22	The Company has not established an effective internal audit function as per the requirements of regulation of Regulation 31(1) of the Code.
27	The Company has not appointed as Actuary as per the requirement (IXXIII) of the Code.
28	The Company has not prepared an Investment Policy as per the requirement of the Code.
29	The Company has not established a Risk Management Department as per the requirement of the Code.
31	The Company has not set up a Grievance Function as per the requirement of the Code.

Based on our review, except for the above instances of non-compliances with the Regulations, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2022.

S.M. Suhail

S.M. Suhail & Co.  
Chartered Accountants  
Karachi

Date: April 7, 2023  
Our Ref: SMS-A-06482023

UDIN: CR20221019792Lba76HM

## PROGRESSIVE INSURANCE COMPANY LTD.

### STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016 & LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**Name of Insurer:** Progressive Insurance Company Limited

**Year Ended:** 31<sup>st</sup> December 2022

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (CCG 2016) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations 2019) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in CCG 2016 and the Regulations in the following manner:

- 1) The total numbers of Directors are Seven as per following:
  - a: Male: Seven
  - b: Female: None
- 2) The Company encourages representation of independent non-executive directors and directors representing minority interest on its board of directors. At present the Board includes:

Category	Names
Independent Directors	-
Executive Directors	-
Non-Executive Directors	Mr. Nasir Munir Ahmed Mr. Syed Sabur Rehman Barrister Rashid Munir Ahmed Mr. Kifayat Hussain Kiafi Mr. Abdul Haleem Mr. Syed Ali Sarwar Mr. Aamir Pervaiz

- 3) The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.
- 4) All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.
- 5) No casual vacancy occurred on the Board of Directors during the year.
- 6) The Company is in process of preparing a Code of Conduct.

- 7) The Board has developed a vision/mission statement & overall corporate strategy and Company is in the process of developing significant policies that will be approved by the Board. A Complete record of particulars of significant policies along with the dates on which they are approved or amended will be maintained.
- 8) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (Act) and the Regulations 2019.
- 9) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations 2019 with respect to frequency, recording and circulating minutes of meeting of Board.
- 10) The Board of Directors has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and CCG 2019.
- 11) The Board is establishing a system of sound internal control, which will be effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
- 12) The Board has not arranged training programs for its directors during the year, but the directors are well aware of the prevailing laws, rules and regulations.
- 13) The appointment of Company Secretary was approved by the Board whereas there was no change in the Chief Financial Officer and Head of Internal Audit during the year. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit have been approved by the Board of Directors.
- 14) The Directors' report for this year has been prepared in compliance with the requirements of the CCG 2016 and the Regulations 2019 and fully describes the salient matters required to be disclosed.
- 15) The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.
- 16) The Directors, CEO and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
- 17) The Company has complied with all the corporate and financial reporting requirements of CCG 2016 and the Regulations 2019.
- 18) The Board is in the process of establishing underwriting committee, claim settlement committee, reinsurance and coinsurance committee, HR & remuneration committee, nomination committee, ethics committee and risk management committee as required under the CCG 2016.
- 19) The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:



# PROGRESSIVE INSURANCE COMPANY LTD.

## Audit Committee

Name of Person	Designation
Nasir Munir Ahmed	Chairman (Non-Executive Director)
Barister Rashid Munir	Member (Non-Executive Director)
Abdul Haleem	Member (Non-Executive Director)

20) The meeting of the Committees, except underwriting committee, claim settlement committee, reinsurance and coinsurance committee, HR & remuneration committee, nomination committee, ethics committee and risk management committee were held at least once every quarter prior to the approval of interim and final results of the Company and as required by the Code.

The frequencies of meetings of the committees were as per following;

a) Audit Committee 03 meetings

21) The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

22) The Board is in process of establishing internal audit function.

23) The Chief Executive Officer, Chief Financial Officer and Company Secretary possess such qualification and experience as is required under the Code of Corporate Governance for Insurers, 2016.

Name of Person	Designation
Syed Sabur Rehman	Chief Executive Officer
Syed Ali Sarwar	Chief Financial Officer
Abdul Wahab	Company Secretary

24) The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors 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 and registered with Audit Oversight Board of Pakistan, that they and all their 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 and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

25) The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

26) The Board is in the process of establishing a system of sound internal control, which will be effectively implemented at all levels within the Company.

## PROGRESSIVE INSURANCE COMPANY LTD.

---

- 27) The Board is in the process of appointing an actuary of the Company and will ensure that the appointment of actuary will be as per the requirement of the CCG 2016.
- 28) The Board is in the process of preparing investment policy in accordance of provisions of the Code.
- 29) The Board is in the process of setting up a risk management function/ department as required the CCG 2016.
- 30) After the formation of risk management system, the Company will get itself rated from credit rating agency.
- 31) The Board is in the process of setting up a grievance department/function.
- 32) The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of any of the requirements of the Code.
- 33) We confirm that all other material principles enshrined in CCG 2016 and all requirements of the Regulations 2019 have been complied except those as defined above due to ceasing of business operation, toward which reasonable progress has been made by the Company to seek compliance by the end of next accounting year.

For and on behalf of the Board of Directors



**CHIEF EXECUTIVE OFFICER**

**Karachi**

**Date: 20<sup>th</sup> March 2023**



**S.M. SUHAIL & CO.**  
Chartered Accountants  
A Member Firm of:



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PROGRESSIVE INSURANCE COMPANY LIMITED ON THE AUDIT OF THE FINANCIAL STATEMENTS OF DECEMBER 31, 2022

### OPINION

We have audited the annexed financial statements of **Progressive Insurance Company Limited** (the Company), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 and the Insurance Ordinance, 2000, in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December, 31 2022, the statement of profit or loss and other comprehensive Income, the statement of changes in equity, the statement of cash flows for the year then ended.

### BASIS FOR OPINION

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

### MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 2 to these financial statements which describes the matters relating to non-compliance by the Company with the minimum paid-up capital required of Rs. 500 million net off any discount offered on issue of shares as required under clause 11 of the Insurance Rule 2017. As a result of this, the insurance license of the Company has been suspended, many years ago. Further, the trading of shares of the Company was suspended and the Company's shares were placed on the default counter of Pakistan Stock Exchange ("PSX"), according to the PSX regulation 5.11.1(b) in this regard. The Company has not generated any revenue and is reporting recurring losses and the loss for the year ended on December 31, 2022, amounted to Rs. 10.039 million (Dec 2021: Rs. 9.487 million).

However, the management of the Company is striving to increase its paid-up capital up to the requirements of the Insurance Rules up to Rs. 500 million, and is in the process of complying with all of the PSX regulations and is actively pursuing obtaining necessary approvals from relevant authorities for removal of its shares from the default counter of the PSX, so that, the process of issuance of the right shares would be initiated to meet the paid-up capital requirement. The Company has also filed a petition in November 2019 in the High Court of Sindh, against the SECP to issue a directive to put the Company's shares on the active trading counter, so that the process of issuing of right shares could be initiated. The Directors of the Company have also agreed to provide interest-free funds to finance the working capital requirements of the Company as and when needed.

Our opinion is not modified in respect of the above matters.

## **KEY AUDIT MATTERS**

Except for the matters described in the Material Uncertainty Relating to Going Concern section of our report, we have determined that there are no other key audit matters to communicate in our report.

## **INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

## **RESPONSIBILITIES OF MANAGEMENT AND BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENTS**

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

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

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

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

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

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017) and the Insurance Ordinance, 2000; and

- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statement thereon have been drawn up in conformity with the Companies Act, 2017 (XXI of 2017) and the Insurance Ordinance, 2000, and are in agreement with the books of account; and
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

#### OTHER MATTER

The financial statements of Progressive Insurance Company Limited for the year ended December 31, 2021 were audited by the predecessor auditing firm whose opinion, dated April 20, 2022, on those statements was unqualified.

The engagement partner on the audit resulting in this independent auditor's report is Mr. S.M. Suhail, FCA.

*S.M. Suhail*

S.M. Suhail & Co.  
Chartered Accountants  
Karachi

Date: April 7, 2023  
Our Ref: SMS-06472023

UDIN: AR202210197OdVCwe04G

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED Statement of Financial Position As at December 31, 2022

ASSETS	Note	2022	2021
		(Amounts in PKR)	
<b>Non Current Assets</b>			
Operating assets	5	393,018	366,067
<b>Total Non Current Assets</b>		<b>393,018</b>	<b>366,067</b>
<b>Current Assets</b>			
Investments			
- In equity securities	6	2,223,314	2,648,612
- In term deposits	7	1,250,000	1,250,000
Advance tax		526,748	526,748
Accrued investment income	8	194,026	-
Deposit with State Bank of Pakistan		1,000,000	1,000,000
Advances and other receivables	9	5,518,346	5,279,854
Cash and bank balances	10	205,022	299,955
Non current assets held for sale	11	111,500,000	111,500,000
<b>Total Current Assets</b>		<b>122,417,456</b>	<b>122,505,169</b>
<b>TOTAL ASSETS</b>		<b>122,810,473</b>	<b>122,871,236</b>
<b>EQUITY AND LIABILITIES</b>	Note		
Capital and reserves attributable to Company's equity			
Authorized share capital			
20 million (Dec 2021: 20 million) Ordinary Shares of Rs. 10 each		200,000,000	200,000,000
Issued, subscribed and paid-up capital			
16.15 million (Dec 2021: 16.15 million) Ordinary Shares of Rs. 10/- each	12	161,500,000	161,500,000
Reserves		1,391,057	1,823,786
Loan from Director	13	24,818,384	14,878,180
Accumulated (loss)		(69,440,056)	(59,401,418)
<b>Total Equity</b>		<b>118,269,385</b>	<b>118,800,548</b>
<b>Liabilities</b>			
<b>Underwriting Provisions</b>			
Provision for outstanding claims (including IBNR)		-	-
<b>Creditors and accruals</b>			
Advance against non current assets held for sale	11	3,100,000	3,100,000
Unclaimed dividend		300,755	300,755
Accrued expenses	14	761,960	291,560
Other creditors	15	378,373	378,373
<b>Total Creditors and accruals</b>		<b>4,541,088</b>	<b>4,070,688</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>122,810,473</b>	<b>122,871,236</b>
<b>Contingencies and commitments</b>	16	-	-

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED Statement of Profit or Loss and Other Comprehensive Income For the year ended December 31, 2022

STATEMENT OF PROFIT OR LOSS	Note	2022	2021
		(Amounts in PKR)	
<b>REVENUE ACCOUNT</b>			
<b>Premium</b>			
Premium revenue		-	-
Premium ceded to reinsurers		-	-
Net premium revenue		-	-
<b>Claims and commission</b>			
Net insurance claims		-	-
Net commission expense		-	-
Insurance claims and commission expenses		-	-
Management expenses		-	-
Underwriting results		-	-
<b>Other income</b>			
Investment income / (loss)	17	216,278	(121,014)
Total other income		216,278	(121,014)
<b>Results of operating activities</b>		<b>216,278</b>	<b>(121,014)</b>
General and administrative expenses	18	(10,251,656)	(9,357,984)
Bank charges		(3,260)	(8,344)
Other expenses		-	-
Total expenses		(10,254,916)	(9,366,328)
<b>(Loss) before tax from operation</b>		<b>(10,038,638)</b>	<b>(9,487,342)</b>
Taxation		-	-
<b>(Loss) after taxation</b>		<b>(10,038,638)</b>	<b>(9,487,342)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Unrealized gain / (loss) on NIT units		(337,750)	1,050
Unrealized (loss) on equity investments		(94,980)	(74,470)
<b>Total comprehensive (loss) for the year</b>		<b>(10,471,368)</b>	<b>(9,560,762)</b>
(Loss) per share		(0.65)	(0.59)

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
Chief Executive

  
Director

  
Chief Financial Officer



# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Statement of Changes in Equity

For the year ended December 31, 2022

Particulars	(all amounts in PKR)				
	Share Capital		Reserves		Total
	Issued, Subscribed and Paid-up Capital	Loan from Director	Unrealized Gain/ (Loss) Investment Available for Sale	Accumulated Profit / (Loss)	
Balance as at January 1, 2021	161,500,000	8,846,781	1,897,206	(49,914,076)	122,329,911
(Loss) after taxation	-	-	-	(9,487,342)	(9,487,342)
Additional loan from Director	-	6,031,399	-	-	6,031,399
Unrealized gain on NIF units	-	-	1,050	-	1,050
Unrealized (loss) on equity investments	-	-	(74,470)	-	(74,470)
Balance as at December 31, 2021	161,500,000	14,878,180	1,823,786	(59,401,418)	118,800,548
(Loss) after taxation	-	-	-	(10,038,638)	(10,038,638)
Additional loan from Director	-	10,637,346	-	-	10,637,346
Loan repaid to Director	-	(697,142)	-	-	(697,142)
Unrealized (loss) on NIF units	-	-	(337,750)	-	(337,750)
Unrealized (loss) on equity investments	-	-	(94,980)	-	(94,980)
Balance as at December 31, 2022	161,500,000	24,818,384	1,391,057	(69,440,056)	118,269,385

The annexed notes from 1 to 27 form an integral part of these financial statements.

Summa

  
Chief Executive

  
Director

  
Chief Financial Officer

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED Statement of Cash Flows For the year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	2022	2021
	(Amounts in PKR)	
<b>(a) Underwriting activity</b>		
Premium received	-	-
Reinsurance premium paid	-	-
Claims paid	-	-
Surrender paid	-	-
Reinsurance and other recoveries received	-	-
Commission paid	-	-
Commission received	-	-
Other underwriting payments	-	-
Other underwriting receipts	-	-
<b>Net Cash Flow from Underwriting Activities</b>	<b>-</b>	<b>-</b>
<b>(b) Other operating activities</b>		
Income tax paid	-	(6,505)
General management expenses paid	(9,734,674)	(9,290,656)
Other operating payment / receipts	(241,023)	126,170
Finance cost	(3,260)	(8,344)
<b>Total Cash Flow utilized in Operating Activities</b>	<b>(9,978,958)</b>	<b>(9,179,335)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Profit / return received	-	775
Dividend received	13,797	35,690
Proceeds from non current asset held for sale	-	3,100,000
Fixed capital expenditure	(71,000)	(92,400)
Proceed from investments	23,441	3,079,782
Additional investments	(22,417)	(3,299,798)
<b>Total cash flow generated from investing activities</b>	<b>(56,180)</b>	<b>2,824,049</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loans received	9,940,204	6,031,399
<b>Total cash flow generated from financing activities</b>	<b>9,940,204</b>	<b>6,031,399</b>
Net cash (used in) / generated from all activities	(94,933)	(323,887)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>299,955</b>	<b>623,842</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>205,022</b>	<b>299,955</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Financial Officer

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED Reconciliation to Profit or Loss Account For the year ended December 31, 2022

RECONCILIATION	2022	2021
	(Amounts in PKR)	
Operating cash flows	(9,978,958)	(9,179,335)
Depreciation	(44,049)	(47,518)
Gain / (loss) on disposal of shares	8,455	(163,984)
Increase in assets other than cash	238,491	(117,827)
Increase in liabilities other than running finance	(470,400)	(21,648)
Markup on deposits	-	775
Markup on TDR	194,026	-
Dividend income	13,797	42,195
<b>(Loss) after taxation</b>	<b>(10,038,638)</b>	<b>(9,487,342)</b>

The annexed notes from 1 to 27 form an integral part of these financial statements.



Chief Executive



Director



Chief Financial Officer

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note 1	<b>THE COMPANY AND IT'S OPERATIONS</b>
	<p>The Company was incorporated as a Public Limited Company in 1987 under the repealed Companies Ordinance, 1984 now the Companies Act, 2017. Its shares are quoted on the Pakistan Stock Exchange. The Company is engaged in providing non-life insurance services for fire, marine, motor, and miscellaneous classes. The registered office of the company is situated at Room # 505-507, 5th floor, Japan Plaza, M.A Jinnah Road, Karachi.</p>
Note 2	<b>GOING CONCERN ISSUE</b>
	<p>The Company cannot undertake any new insurance business as the Company does not meet the minimum paid-up capital required of Rs. 500 million net off any discount offered on issue of shares as required under clause 11 of the Insurance Rule 2017. As a result of this, the insurance license of the Company has been suspended, many years ago.</p> <p>Further, the trading of shares of the Company was suspended and the Company's shares were placed on the default counter of Pakistan Stock Exchange ("PSX"), according to the PSX regulation 5.11.1(b) in this regard.</p> <p>The Company has not generated any revenue and is reporting recurring losses and the loss for the year ended on December 31, 2022, amounted to Rs. 10.039 million (Dec 2021: Rs. 9.487 million).</p> <p>The above-stated conditions indicate the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the management of the Company is striving to increase its paid-up capital up to the requirements of the Insurance Rules up to Rs. 500 million, and is in the process of complying with all of the PSX regulations and is actively pursuing obtaining necessary approvals from relevant authorities for removal of its shares from the default counter of the PSX, so that, the process of issuance of the right shares would be initiated to meet the paid-up capital requirement. The Company has also filed a petition in November 2019 in the High Court of Sindh, against the SECP to issue a directive to put the Company's shares on the active trading counter, so that the process of issuing of right shares could be initiated. The Directors of the Company have also agreed to provide interest-free funds to finance the working capital requirements of the Company as and when needed.</p> <p>Keeping in view of these facts, these financial statements have been prepared on going concern basis.</p>

S.M.S.

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note 3	BASIS OF PREPARATION
	<p>These financial statements have been prepared in line with the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002, with appropriate modifications based on the advice of the Shariah Board of the Company. Furthermore, the guidelines issued by the Institute of Chartered Accountants of Pakistan (ICAP) vide its circular no. 3 / 2017 dated February 7, 2017 in respect of companies that are not considered going concern for recognition and measurement of assets and liabilities, have also been applied considering the facts mentioned in the note 1.3.</p> <p>These financial statements reflect the financial position and results of operations of both, the Company, and the PTF, in a manner that the assets, liabilities, income and expenses of the Company, and of PTF, remain separately identifiable. For this purpose, any receivables and payables between the Company and, the PTF have been eliminated.</p>
<b>3.1</b>	<b>Statement of compliance</b>
	<p>These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017, the Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017, Insurance Ordinance, 2000, Insurance Rules, 2017 and Insurance Accounting Regulations, 2017, 2002 have been prevailed.</p>
<b>3.2</b>	<b>Use of estimates and judgements</b>
	<p>The preparation of 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 policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions 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 the assets and liabilities that are not readily apparent, from the other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed, on an ongoing 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 the revision and future periods if the revision affects both current and future periods.</p>
<b>3.2</b>	<b>Basis of measurement</b>
	<p>The financial statements have been prepared under the historical cost bases except for the available-for-sale investments that have been measured at fair value.</p>

*imma*

**PROGRESSIVE INSURANCE COMPANY LIMITED**

**Notes to the Financial Statements**

**For the year ended December 31, 2022**

<b>3.3</b>	<b>Functional and presentation currency</b>	
	These financial statements have been prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.	
<b>3.4</b>	<b>Standards, interpretations and amendments to published approved accounting standards that are effective in the current year</b>	
	There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore, have not been stated in these financial statements.	
<b>3.5</b>	<b>Standards, interpretations and amendments to published approved accounting standards that are not yet effective:</b>	
	The following standards, amendments and interpretations of the accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 1, 2023:	
	<b>Standards, amendments or interpretations</b>	<b>Effective date (period beginning on or after)</b>
	- IFRS 16 - 'Leases' (amendments)	January 01, 2024
	- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023 & January 1, 2024
	- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 01, 2023
	- IAS 12 - 'Income taxes' (amendments)	January 01, 2023
	- IFRS 9 - 'Financial Instruments'	January 01, 2023
	IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023 but is yet to be notified by the Securities and Exchange Commission of Pakistan.	
	The management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance. Further details relating to temporary exemption from the application of IFRS 9 are given in notes 3.5.1 and 3.5.1.1 to these financial statements.	
	The management is in the process of assessing the impacts of these standards and amendments on the financial statements of the Company.	
<b>3.5.1</b>	<b>Temporary exemption from application of IFRS 9</b>	
	As an insurance company, the management has opted temporary exemption from the application of IFRS 9 as allowed by the International Accounting Standards Board (IASB) for entities whose activities are predominantly connected with insurance as the percentage of the total carrying amount of its liabilities connected with insurance relative to the total carrying amount of all its liabilities is greater than 90 percent and the Company doesn't engage in significant activities unconnected with insurance based on historical available information. Additional disclosures, as required by IASB, for being eligible to apply the temporary exemption from the application of IFRS 9 are given in note 21.2.3.	

*Sumo*

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
4	The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated changes in the relevant financial statements.
<b>4.1</b>	<b>Operating assets</b>
	These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the reducing balance method at the rates specified in note 7 to the financial statements, after taking into account residual value.
	Depreciation on additions is charged from the month in which the asset is put to use whereas no depreciation is charged in the month the asset is disposed off.
	Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to the statement of profit and loss currently.
	An item of tangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss in the year the asset is derecognized.
	An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
<b>4.2</b>	<b>Impairment</b>
	The carrying amount of assets are reviewed at each reporting period to determine whether there is any indication of impairment of any assets of group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized immediately in the financial statements. The resulting impairment loss is taken to statement of profit and loss except for impairment loss on revalued assets, which is adjusted against related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.
	An impairment loss is reversed (except for impairment loss relating to goodwill), if there has been a change in the estimate used to determine the recoverable amount. Such reversals are only made to the extent that the asset's carrying amount does not exceed the amount the would have been determined if no impairment loss had been recognized.
	In accordance with the Company's policy, an allowance for doubtful accounts is established to account for the potential impairment of receivables. The provision for impairment is recognized based on an assessment of the likelihood of recovery of the outstanding balance. In cases where the Company determines that it is improbable that the receivable will be collected, the allowance for impairment is written off as an expense.

*Sumno*

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

<b>4.3</b>	<b>Financial instruments</b>
	Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the contractual right to receive future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognized when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognized in the statement of profit and loss of the current year.
<b>4.4</b>	<b>Offsetting of financial assets and liabilities</b>
	Financial assets and financial liabilities are only offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Company intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.
<b>4.5</b>	<b>Investments</b>
<b>4.5.1</b>	<b>Recognition</b>
a.	All investments are initially recognized at cost being the fair value of the consideration given and include transaction costs, except for held for trading investments in which case transaction costs are charged to statement of profit and loss.
b.	All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.
c.	Investments are recognized and classified as follows:
	- Investments at 'fair value through profit or loss'
	- Held to maturity
	- Loans and receivables
	- Available for sale
<b>4.5.2</b>	<b>Measurement</b>
(i)	- Investments at fair value through statement of profit or loss
a.	These financial assets are acquired principally for the purpose of generating profit from short term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short term profit taking.
b.	These include held-for-trading investments and those designated under this category upon initial recognition. Subsequent to initial recognition, these are carried at fair value.
(ii)	- Held to maturity and loans and receivables
a.	Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.
b.	Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
c.	Subsequently, both held to maturity and loans and receivables are measured at amortized cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortized over the term of investment using the effective yield.

Sumo



# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

(iii)	- Available for sale
a.	Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.
b.	These are investments that do not fall under investment at "fair value through profit or loss", "loans and receivables" and "held to maturity" categories.
c.	Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002.
d.	The Company uses the market values of respective investments (based on stock exchange quotations) in case of listed equity securities and net assets value announced by the respective mutual funds in case of investments in mutual funds at the reporting date to determine the market values of investments.
e.	Since the company's no longer going concern, the fair value gain on Available for sale investment was directly recorded in P&L.
(iv)	- Date of recognition
a.	Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.
<b>4.6</b>	<b>Cash and cash equivalents</b>
	Cash and cash equivalent for the purposes of Statement of cash flows statement and the statement of financial position, consist of cash in hand, policy stamps, bond papers, bank balances and short term deposits with original maturities of three months or less and, highly liquid short-term investments that are convertible in to known amount of cash and, are subject to insignificant risk of change in value.
<b>4.7</b>	<b>Creditors, Accruals and Provisions</b>
	Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the services received, whether or not billed to the Company.
	Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that, an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
<b>4.8</b>	<b>Investment Income</b>
	Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the statement of profit and loss.
	Dividend income from investments is recognized when the Company's right to receive the payment is established.
	Gain or loss on sale of investments is recognized when the investment is sold and to receive the payment is established.
	Profit on bank deposits and Islamic investment products is recognized on a receipt basis taking into account the effective yield.

5/11/20

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

<b>4.9</b>	<b>Management expenses</b>
	All direct management expenses and expenses not allocable to the underwriting business are charged as administrative and investment related expenses.
<b>4.10</b>	<b>Taxation</b>
	Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss, except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.
<b>4.10.1</b>	<b>Current</b>
	Provision for current taxation is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income using prevailing tax rates after taking into account available tax credits and rebates, if any or minimum tax under the Income Tax Ordinance, 2001, whichever is higher. The charge for current tax also include adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments finalized during the current year for such years.
<b>4.10.3</b>	<b>Deferred</b>
	Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary differences at the reporting date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.
	Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the statement of profit and loss, except in the case of items credited or charged to equity in which case it is included in equity.

Sumo

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note 5	OPERATING ASSETS		December 31, 2022 (Amounts in PKR)							
Particulars - Owned Assets	COST			DEPRECIATION					Book Value As at December 30, 2022	Rate of %
	As at January 01, 2022	Addition	Disposal	As at December 31, 2022	As at January 01, 2022	Charge for the Period	Elimination on Disposal	As at December 31, 2022		
Office equipment	1,364,771	71,000	-	1,435,771	1,162,624	23,765	-	1,186,388	249,383	10
Furniture & fixtures	1,497,096	-	-	1,497,096	1,366,634	13,046	-	1,379,680	117,416	10
Air conditioner	324,860	-	-	324,860	310,866	1,399	-	312,265	12,595	10
Motor vehicles	2,642,053	-	-	2,642,053	2,622,591	5,839	-	2,628,429	13,624	30
<b>December 31, 2022</b>	<b>5,828,780</b>	<b>71,000</b>	<b>-</b>	<b>5,899,780</b>	<b>5,462,714</b>	<b>44,049</b>	<b>-</b>	<b>5,506,763</b>	<b>393,018</b>	
December 31, 2021	5,736,380	92,400	-	5,828,780	5,415,196	47,518	-	5,462,714	366,067	

SMM

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED Notes to the Financial Statements For the year ended December 31, 2022

Note 6	EQUITY SECURITIES	2022		2021			
		(Amounts in PKR)					
	<b>Available for sale</b>						
	Quoted - Others (Note 6.1)		129,964		217,512		
	Mutual funds - Nit Units (Note 6.2)		2,093,350		2,431,100		
	<b>Total Equity Securities</b>		<b>2,223,314</b>		<b>2,648,612</b>		
Note 6.1	Investee name	Number of Shares/ Unit		Market Value per Share		Total Market Value	
		2022	2021	2022	2021	2022	2021
	Sui Southern Gas Company Limited	297	297	9.22	9.29	2,738	2,759
	SAMBA Bank Ltd	74	74	6.50	12.45	481	921
	Bank of Punjab Limited	1,912	1,700	4.57	8.47	8,738	14,399
	K Electricity Corporation Limited	477	477	2.70	3.44	1,288	1,641
	Suraj Cotton Limited	16	15	150.00	218.00	2,400	3,270
	Orix Madaraba	359	359	12.70	16.00	4,559	5,744
	HBL growth fund - Class A	500	500	4.80	6.70	2,400	3,350
	HBL growth fund - Class B segment	500	500	11.88	-	5,940	-
	DG Khan Cement Limited	375	375	51.64	82.94	19,365	31,103
	Nirala MSR Foods Limited	2,000	2,000	-	12.76	-	25,520
	Ghani Global Limited	165	150	11.25	24.12	1,856	3,618
	Ghani Chemical Industries Limited	306	930	12.16	9.91	3,721	9,216
	Silk Bank Limited	5,173	173	0.97	1.45	5,018	251
	Saudi Pak Leasing Company Limited	2,000	2,000	-	1.89	-	3,780
	First Dawood Investment Bank	-	7,000	-	2.00	-	14,000
	Treet Corporation Limited	1,000	1,000	16.22	41.69	16,220	41,690
	Escort Investment Bank	4,000	4,000	4.24	9.23	16,960	36,920
	Engro Power Gen Gadipur	1,000	1,000	24.78	19.33	24,780	19,330
	HASCOL Petroleum Limited	-	-	-	-	-	-
	Shaheen Insurance Company Limited	-	-	-	-	-	-
	Fauji Cement Company Limited	-	-	-	-	-	-
	Ghandhara Tyre And Rubber Co.Ltd	500	-	27.00	-	13,500	-
	<b>Quoted - Others</b>	<b>20,654</b>	<b>22,550</b>			<b>129,964</b>	<b>217,512</b>
Note 6.2	Mutual Funds	Number of Shares/ Unit		Market Value per Share		Total Market Value	
		2022	2021	2022	2021	2022	2021
	NIT Units	35,000	35,000	59.81	69.46	2,093,350	2,431,100
	<b>Mutual Funds</b>	<b>35,000</b>	<b>35,000</b>			<b>2,093,350</b>	<b>2,431,100</b>

*Summa*

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note 7	<b>TERM DEPOSITS</b>	2022	2021
		(Amounts in PKR)	
	<b>Investment In Term Deposits</b>		
	Bank of Khyber	250,000	250,000
	United Bank Limited	1,000,000	1,000,000
	<b>Total Term Deposits</b>	<b>1,250,000</b>	<b>1,250,000</b>
Note 7.1	The term deposits carry markup at rates ranging from 4% - 6%.		
Note 8	<b>ACCRUED INVESTMENT INCOME</b>	2022	2021
		(Amounts in PKR)	
	Accrued profit on deposit receipts	194,026	-
	<b>Total Accrued Investment Income</b>	<b>194,026</b>	<b>-</b>
Note 8.1	As of the current reporting period due to the misplacement of Term Deposit Receipts by the Bank, confirmation of accrued profits was not provided until last year. Consequently, no profits have been accrued until last year. However, upon inquiry by management from the Bank in the current year, the accrued profits till date were discovered and consequently recorded.		
Note 9	<b>ADVANCES AND OTHER RECEIVABLES</b>	2022	2021
		(Amounts in PKR)	
	Advances (Note 9.1)	5,512,000	5,272,000
	Other receivables	6,346	7,854
	<b>Total Advances And Other Receivables</b>	<b>5,518,346</b>	<b>5,279,854</b>
Note 9.1	This represents an amount of Rs. 5,512 million (Dec 2021: 5,272) given as advances against the purchase of properties. However, the deals not yet materialized and the refund amount is outstanding from the parties.		
Note 10	<b>CASH AND BANK BALANCES</b>	2022	2021
		(Amounts in PKR)	
	Cash in hand	29,898	29,898
	Cash at bank - Current account	175,124	270,057
	<b>Total Cash And Bank Balances</b>	<b>205,022</b>	<b>299,955</b>
Note 11	<b>NON CURRENT ASSETS HELD FOR SALE</b>		
	Description	Written Down Value	Fair Value Less cost to sell
			Lower of carrying value or fair value
	Property	111,500,000	120,000,000
	<b>Total Non Current Assets Held For Sale</b>	<b>111,500,000</b>	<b>120,000,000</b>
	On December 23, 2020, the Company entered into a contractual agreement with Mr. Ghulam Nabi Gandro, an individual party, for the sale of its property located at Mirpur Sakro, Thatta. The property spans 999 acres and was sold for a total consideration of Rs. 120 million, whereas its carrying value was recorded at Rs. 111.5 million. The payment terms stipulated in the agreement allowed for the total consideration to be received over a period of two years. However, due to unforeseen circumstances, the Company has only received a partial payment of Rs. 3.1 million to date. The Company expects to receive the remaining balance in the next financial year.		

*Sumro*

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note		2022	2021
12	<b>ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>	(Amounts in PKR)	
	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
	<b>Total Issued, Subscribed And Paid-Up Capital</b>	<b>161,500,000</b>	<b>161,500,000</b>
13	<b>LOAN FROM Director</b>		
	Unsecured and interest free loan (Note 13.1)	24,818,384	14,878,180
	<b>Total Loan From Director</b>	<b>24,818,384</b>	<b>14,878,180</b>
13.1	<p>This represents the funds provided by one of the Directors, Mr. S. Sabur Rehman, to meet day to day operational expenses of the Company. As per TR - 32, issued by the ICAP, if there is no contractual obligation with the Company to pay back this amount, thus, it is treated as a part of the equity.</p> <p>However, subject to approval from the SECP, the Company intends to settle this loan via issuance of shares other than right to Mr. S. Sabur Rehman.</p>		
14	<b>ACCRUED EXPENSES</b>	(Amounts in PKR)	
	Salary payable	168,000	-
	Audit fee payable	359,910	138,510
	Professional fee payable	81,000	-
	Other payable	153,050	153,050
	<b>Total Accrued Expenses</b>	<b>761,960</b>	<b>291,560</b>
15	<b>OTHER CREDITORS</b>		
	Payable to Controller Insurance (Federal)	378,373	378,373
	<b>Total Other Creditors</b>	<b>378,373</b>	<b>378,373</b>
16	<b>CONTINGENCIES AND COMMITMENTS</b>		
	<p>Except as disclosed in Note 2 to the financial statements, there were no other contingencies and commitments as at December 31, 2022 (December 31, 2021: Nil).</p>		

Summa

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note		2022	2021
17	<b>INVESTMENT INCOME / (LOSS)</b>		
		(Amounts in PKR)	
	Dividend Income	13,797	42,195
	Capital gain/(loss) on sale of securities	8,456	(163,984)
	Markup on TDRs	194,026	-
	Profit on deposits	-	775
	<b>Total Investment Income / (Loss)</b>	<b>216,278</b>	<b>(121,014)</b>
18	<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
	Salaries, allowances and benefits	2,345,200	2,519,826
	Rent expense	1,320,000	1,248,150
	Postage and courier	4,324	-
	Utilities	269,148	287,265
	Auditors' remuneration	302,400	188,428
	Advertisement	26,789	-
	Depreciation	44,049	47,518
	Communication	-	60,023
	Conveyance	55,230	-
	Repair and maintenance	591,812	1,002,187
	Website maintenance	50,000	-
	Legal and professional charges	2,070,172	2,149,104
	Printing and stationery	33,100	35,855
	Entertainment	430,659	288,005
	Security charges	116,000	-
	Travelling	1,114,222	740,553
	Fuel	511,243	266,368
	Internet charges	24,231	-
	Donation	400,000	50,000
	Agricultural expenses	100,000	-
	Miscellaneous	443,077	474,702
	<b>Total General And Administrative Expenses</b>	<b>10,251,656</b>	<b>9,357,984</b>
18.1	<b>AUDITORS' REMUNERATION</b>		
	Annual audit fee	200,000	125,000
	Interim review fee	75,000	45,000
	Out-of-pocket expenses	5,000	4,470
	Sindh sales tax @ 8%	22,400	13,958
	<b>Total Auditors' Remuneration</b>	<b>302,400</b>	<b>188,428</b>
19	<b>REMUNERATION OF CHIEF EXECUTIVE, DirectorS AND OTHER EXECUTIVES</b>		
	The Chief Executive, Directors and other Executives, have been performing voluntary services and no remuneration has been paid to them.		

38/10

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note 20	RELATED PARTY TRANSACTIONS				
	Related parties comprise related group companies, associates, Directors, staff retirement funds, and key management personnel. The Company in the normal course of the business carried out transactions with various related parties. During the year ended on December 31, 2022, there were no related party transactions, except as disclosed below.				
Note	Transactions during the year			2022	2021
20.1	Name of related party	Relationship	Nature of Relationship	(Amounts in PKR)	
	<b>Mr. S. Sabur Rehman</b>	<b>Director</b>	<b>Directorship</b>		
	Additional loan			10,637,346	6,031,399
	Loan repaid			(697,142)	-
Note	Balances at the end of the year			2022	2021
20.2	Name of related party	Relationship	Nature of Relationship	(Amounts in PKR)	
	<b>Mr. S. Sabur Rehman</b>	<b>Director</b>	<b>Directorship</b>		
	Loan from Director			24,818,384	14,878,180
	<b>Pearl Air Limited</b>	<b>Associated Company</b>	<b>Associated by virtue of common Directorship</b>		
	Advance against purchase of property			5,272,000	5,272,000
Note 21	MANAGEMENT OF INSURANCE AND FINANCIAL RISK				
	The Company is exposed to various insurance and financial risks as part of its operations. However, given its relatively short time in business, these risks have not yet materialized. To mitigate any potential negative impact on the Company's financial performance, its risk management program focuses solely on relevant financial markets. The risks arising from the Company's financial assets and liabilities are also limited. The Company consistently manages its financial exposure in a manner consistent with previous periods, as described in the notes below.				
	The Board of Directors bears ultimate responsibility for establishing and overseeing the Company's risk management framework. This includes developing policies aimed at managing risk effectively.				
Note 21.1	Insurance Risk				
	The Company issues insurance contract which are classified in the following segments.				
	- Fire and property damage				
	- Marine, aviation and transport				
	- Motor				
	- Miscellaneous				
	The basic risk that the company faces under these contracts is that the actual claims payments or timing thereof, differs from expectation. This is influenced by the frequency of claims, severity of claims and subsequent development of claims. However, as explained in Note 2, the company cannot undertake any insurance business as the Company does not meet the minimum paid-up capital requirement, therefore, the insurance risk in currently Nil.				

*Sumo*



# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note	Financial Risk		
21.2	<p>The Board of Director of the company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from use of financial instruments.</p> <ul style="list-style-type: none"> <li>- Liquidity risk</li> <li>- Credit risk</li> <li>- Market risk</li> </ul>		
<b>21.2.1</b>	<b>Liquidity Risk</b>		
	<p>Liquidity risk refers to the potential that a company may experience challenges in meeting its financial obligations as they become due. Effective liquidity risk management practices necessitate maintaining adequate cash and marketable securities, as well as ensuring access to adequate funds through committed credit facilities. To minimize risk, the company finances its operations through equity and working capital while preserving an appropriate balance between various sources of financing.</p> <p>The management is committed to implementing an effective cash management system, which facilitates the company's ability to maintain adequate liquidity levels. By monitoring cash flows, identifying potential liquidity challenges, and taking proactive steps to mitigate risks, the company aims to safeguard its ability to meet financial obligations as they arise.</p>		
<b>21.2.2</b>	<b>Credit Risk</b>		
	<p>Credit risk is a significant risk factor that arises when one party involved in a financial instrument fails to meet their obligation, potentially causing financial losses for the other party. The Company recognizes the importance of managing credit risk effectively and employs several strategies to mitigate it, including closely monitoring credit exposure, conducting transactions with a diversified pool of counterparties across various sectors, and continuously evaluating the creditworthiness of counterparties to ensure they meet the established standards. By implementing these measures, the Company aims to maintain a robust credit risk management framework that mitigates potential losses and enables it to continue conducting business operations with confidence.</p> <p>Concentration of credit risk arises when several counterparties share similar business activities, and any change in economic, political, or other conditions could affect their ability to meet contractual obligations in the same way. The Company recognizes this risk and takes proactive steps to manage its credit risk exposure effectively. The Company's credit risk exposure is not significantly different from that reflected in its financial statements. The management monitors and limits the Company's exposure to concentration of credit risk and maintains conservative estimates of provisions for doubtful assets, if any. Based on its assessment, the management believes that the Company's financial assets are adequately diversified among entities of sound financial standing, covering various industrial sectors, as noted in note 6, and that it is not exposed to significant concentration of credit risk.</p> <p>The credit quality of the Company's bank balance can be assessed with reference to external credit rating as:</p>		
		<b>2022</b>	<b>2021</b>
	<b>Facility</b>	<b>(Amounts in PKR)</b>	
	<b>Short term rating</b>		
	Bank of Khyber	175,124	270,057

Surra

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

21.2.3 Market Risk			
Market risk refers to the possibility that the value of financial instruments held by an organization may experience fluctuations due to changes in market prices. These fluctuations may arise from factors specific to individual securities or issuers, or from general market trends affecting all traded securities. The organization under consideration is exposed to equity price risk, which arises from changes in the levels of the PSX-Index and the value of individual shares.			
To manage market risk, the organization has implemented a policy of selecting blue-chip securities, which are typically large, stable, and well-established companies with a history of steady performance. Additionally, the organization has diversified its portfolio by investing in various sectors, thereby reducing the potential impact of losses in any one sector. By adopting these risk management strategies, the organization aims to minimize the potential impact of market risk on its financial position and performance.			
Fair value of financial assets as at December 31, 2022 and change in the fair values during the year ended December 31, 2022			
			Dec 31, 2022
			(Amounts in PKR)
Equity Securities - Available for sale			
Opening fair value			217,512
Additions / (Disposals) during the year - net			7,432
Decrease in fair value			(94,980)
Closing fair value			129,964
21.2.4 Interest Rate Risk			
Interest rate risk refers to the potential for the value of financial instruments to fluctuate as a result of changes in market yield. This risk arises due to discrepancies between the maturity or repricing of financial assets and liabilities within a given timeframe, resulting in sensitivity to yield mark-up rates. The management of such discrepancies is carried out by the company through the implementation of risk management strategies, which can allow for the adjustment of significant gap position changes. The company acknowledges exposure to interest rate risk in relation to the following:			
		2022	2021
Financial Instrument	Effective Interest Rate	(Amounts in PKR)	
Term deposit receipt	4% - 6%	1,250,000	1,250,000
Sensitivity Analysis			
The Company does not utilize fair value through profit or loss accounting for any fixed-rate financial assets or liabilities. Consequently, changes in interest rates will not impact the fair value of any financial instruments. To perform cash flow sensitivity analysis on variable-rate instruments, a hypothetical 100 basis point interest rate adjustment at the reporting date is used to determine the expected increase or decrease in profit for the year, as indicated below. The assumption is that these changes occur uniformly and immediately across each instrument category containing interest rate risk.			
It is worth noting that market interest variations could result in significant changes if early repayments occur. However, given that the Company is not currently engaged in any business activities and no payments or receipts are expected from assets and liabilities in the normal course of business, a sensitivity analysis is not necessary.			

S.M.M.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note 22	FAIR VALUE OF MEASUREMENT OF FINANCIAL INSTRUMENTS
	Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
	Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.
	A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
	IFRS 13 'Fair Value Measurement requires the Company to classify fair value measurement in a fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value. It has the following levels:
	- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
	- Inputs other than quoted prices included within level 1 that are observable for the assets or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
	- Inputs for assets or liabilities that are not based on observable market data (i.e. unadjusted) inputs (Level 3).
	Transfer between levels of the fair value hierarchy is recognized at the end of the reporting period during which the changes have occurred.

*same*

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

Notes to the Financial Statements

For the year ended December 31, 2022

Note	SEGMENT REPORTING	For the year ended 31 Dec 2022				
		Fire and property damage	Marine, aviation and transport	Motor	Miscellane ous	Aggregate
23		(Amounts in PKR)				
	<b>Premium</b>					
	Gross premium written (inclusive of surcharge)	-	-	-	-	-
	<b>Gross insurance premium</b>	-	-	-	-	-
	Insurance premium earned	-	-	-	-	-
	Insurance premium ceded to reinsurers	-	-	-	-	-
	<b>Net insurance premium</b>	-	-	-	-	-
	Commission income	-	-	-	-	-
	<b>Net underwriting income</b>	-	-	-	-	-
	<b>Claims and expenses</b>					
	Insurance claims	-	-	-	-	-
	Insurance claims recovered from reinsurers	-	-	-	-	-
	<b>Net claims</b>	-	-	-	-	-
	Commission expense	-	-	-	-	-
	Management expense	-	-	-	-	-
	<b>Net insurance claims and expenses</b>	-	-	-	-	-
	<b>Underwriting results</b>	-	-	-	-	-
	Net investment income					216,278
	General and administrative expenses					(10,251,656)
	<b>Result of operating activities</b>					<b>(10,035,378)</b>
	Bank charges					(3,260)
	<b>Loss before tax</b>					<b>(10,038,638)</b>
Note	SEGMENT INFORMATION	For the year ended 31 Dec 2021				
23		Fire and property damage	Marine, aviation and transport	Motor	Miscellane ous	Aggregate
		(Amounts in PKR)				
	<b>Premium</b>					
	Gross premium written (inclusive of surcharge)	-	-	-	-	-
	<b>Gross insurance premium</b>	-	-	-	-	-
	Insurance premium earned	-	-	-	-	-
	Insurance premium ceded to reinsurers	-	-	-	-	-
	<b>Net insurance premium</b>	-	-	-	-	-
	Commission income	-	-	-	-	-
	<b>Net underwriting income</b>	-	-	-	-	-
	<b>Claims and expenses</b>					
	Insurance claims	-	-	-	-	-
	Insurance claims recovered from reinsurers	-	-	-	-	-
	<b>Net claims</b>	-	-	-	-	-
	Commission expense	-	-	-	-	-
	Management expense	-	-	-	-	-
	<b>Net insurance claims and expenses</b>	-	-	-	-	-
	<b>Underwriting results</b>	-	-	-	-	-
	Net investment income					(121,014)
	General and administrative expenses					(9,357,984)
	<b>Result of operating activities</b>					<b>(9,478,998)</b>
	Bank charges					(8,344)
	<b>Loss before tax</b>					<b>(9,487,342)</b>

fms

# PROGRESSIVE INSURANCE COMPANY LTD.

## PROGRESSIVE INSURANCE COMPANY LIMITED

### Notes to the Financial Statements

For the year ended December 31, 2022

Note 24	<b>NUMBER OF EMPLOYEES</b>
	The total number of employees as on December 31, 2022, is 7 (December 31, 2021: 8). The average number of employees during the year is 7 (December 31, 2021: 8).
Note 25	<b>CORRESPONDING FIGURES</b>
	Corresponding figures have been re-arranged or reclassified wherever necessary for better presentation and disclosure. There is no material reclassification to report in the financial statements.
Note 26	<b>GENERAL</b>
	Figures have been rounded off to the nearest of a Pakistani Rupee.
Note 27	<b>DATE OF AUTHORISATION FOR ISSUE</b>
	These financial statements have been authorized for issue by the Board of Directors meeting held on _____.

5/11/22



Chief Executive



Director



Chief Financial Officer

# PROGRESSIVE INSURANCE COMPANY LTD.

## PATTERN OF SHARE HOLDING AS AT 31-12-2022

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 31-12-2022

	<u>NO OF SHARE</u>	<u>NO OF SHARE HOLDERS</u>	<u>PERCENTAGE %</u>
<b><u>Associated Companies Undertaking &amp; Related Parties</u></b>	1	978,000	6.06
Pakistan Industrial & Commercial Leasing Ltd.			
<b><u>DIRECTORS, C.E.O THEIR SPOUSE AND MINOR CHILDREN</u></b>	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	
Amir Pervaiz		500	
<b><u>DIRECTOR/CHIEF EXECUTIVE OFFICER</u></b>			
Syed Sabur Rehman		10,565,300	
<b><u>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS NON BANKING FINANCIAL INSTITUTION, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS</u></b>	3	29,500	0.18
Bank Al-Falah Ltd		6,500	
First Dawood Investment Bank Ltd.		3,000	
Escort Investment Bank Ltd		20,000	
<b><u>SHAREHOLDING TEN PERCENT OR MORE VOTING INTEREST IN THE LISTED COMPANIES.</u></b>			
Syed Sabur Rehman			
<b><u>INDIVIDUAL</u></b>	875	3,361,700	20.82
<b><u>OTHER CORPORATE SHAREHOLDERS</u></b>	24	1,212,500	7.5
	<u>910</u>	<u>16,150,000</u>	<u>100</u>

# 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 April 28, 2023 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 \_\_\_\_\_ 2023.

Signature \_\_\_\_\_

CNIC No: \_\_\_\_\_

Number of shares held

Folio No/ Id No: \_\_\_\_\_

Witness: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

### Important Note:

- 1 This form of Proxy, duly completed, must be deposited with registered office 505-507, 5<sup>th</sup> Floor, Japan Plaza, M.A Jinnah Road 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.





Office No. 505-507 , 5<sup>th</sup> Floor, Japan Plaza M.A Jinnah Road Karachi  
Tel: 021-32712551