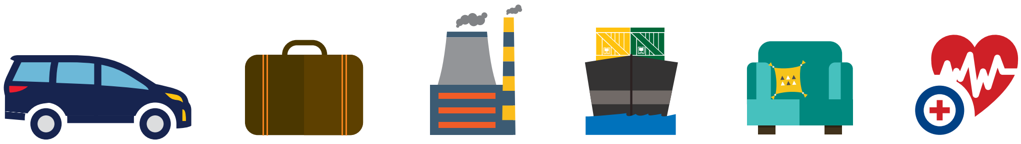
IGI Insurance

60 YEARS
SERVING YOU SINCE 1953

Making Life Simpler



Annual Report 2013

Making Life Simpler

At IGI, we strive to provide the best risk solutions to our customers so that they can feel free to care about what really matters; living life worry free. From preserving the sanctity of a home to providing relief for transport businesses, our products are uniquely positioned to cater to a variety of needs.

We believe that by protecting the future, we are making today better. With our world-class product offerings meeting the highest standards, we work behind the scenes to provide the best service so that our customers' lives can be happier…better…simpler.

AUTO

IGI Auto Cover is a complete auto insurance plan for both individuals and corporate customers covering a range of risks so that they can drive on worry-free.

2013 Highlights

A year of growth and stability

Gross Written Premiums Rs. 2,035 million

10% Growth

Net Written Premiums Rs. 1,067 million

12% Growth

Cash Dividend

25%

Stock Dividend

10%

Contents

TRAVEL

IGI Travel Sure covers a wide variety of scenarios including medical expenses so that your journey can be stress-free.

Vision

IGI Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.

Mission

Our vision will be realized through:

Customers
Being the preferred insurer in providing solutions to risk exposure.

Shareholders
Consistently delivering above market average return on capital.

Employees
Providing the environment necessary to be the employer of choice.

Community
Compliance with the highest ethical and moral standards.

FIRE

IGI Fire products are designed to cover a wide variety of risks and offer protection for multiple property types. Our policies provide cover for factories, machinery, warehouse stock, offices and homes.

Strategic Objective

To create a niche market within the Insurance Industry, wherein customers are provided unrivaled services – permeated by best practices – that will assist them in minimizing their risk via dedicated and tailored advice.

MARINE

IGI Marine & inland cargo policies provide the best protection for clients' assets and business reputation. We take pride in our local expertise and familiarity with international marine networks, so our clients can continue shipping smoothly.

Core Values

Professionalism

We define professionalism as a mind-set towards perfection. Our business model works on the philosophy of passion and customer delight. We serve all our stakeholders with dedication, discipline, decisiveness and distinction.

Commitment to Growth

Through our expertise, analysis and focus, we assure growth for all our stakeholders.

Integrity

In conducting business we are inspired by and comply with the principles of fairness, transparency, completeness and efficiency. Our relationships with employees and other stakeholders are characterized by honesty, co-operation and mutual respect.

Commitment to Excellence

Performing consistently at higher levels, striving continuously for innovation, agility, optimization and responding vigorously to change is our mark of excellence.

HOME

IGI Home Cover is a customized insurance solution for all home owners/renters so that they get peace of mind where they need it most.

Company Information

BOARD OF DIRECTORS
Syed Babar Ali (Chairman)
Shamim Ahmad Khan
Syed Kamal Ali
Syed Yawar Ali
Syed Shahid Ali
Syed Hyder Ali
Waqar Ahmed Malik
Jalees Ahmed Siddiqi

CHIEF EXECUTIVE OFFICER
Jalees Ahmed Siddiqi

CHIEF FINANCIAL OFFICER
Usman Saifi

COMPANY SECRETARY
Haider Raza

AUDIT COMMITTEE
Shamim Ahmad Khan (Chairman)
Syed Yawar Ali
Syed Hyder Ali
Haider Raza (Secretary)

INVESTMENT COMMITTEE
Syed Hyder Ali (Chairman)
Shamim Ahmad Khan
Syed Kamal Ali
Syed Yawar Ali
Jalees Ahmed Siddiqi
Usman Saifi (Secretary)

CLAIMS COMMITTEE
Shamim Ahmad Khan (Chairman)
Jalees Ahmed Siddiqi
Moeez Karim
Usman Saifi
Mir Mehmood Ali (Secretary)

UNDERWRITING COMMITTEE
Syed Hyder Ali (Chairman)
Jalees Ahmed Siddiqi
Moeez Karim
Faisal Khan
Haider Ali
Syed Matin Ahmed (Secretary)

RE-INSURANCE & CO-INSURANCE COMMITTEE
Syed Hyder Ali (Chairman)
Jalees Ahmed Siddiqi
Faisal Khan (Secretary)

HUMAN RESOURCES & COMPENSATION COMMITTEE
Syed Yawar Ali (Chairman)
Syed Shahid Ali
Syed Hyder Ali
Waqar Ahmed Malik
Jalees Ahmed Siddiqi
Fauzia Ahmad (Secretary)

STRATEGY COMMITTEE
Syed Babar Ali (Chairman)
Shamim Ahmad Khan
Syed Yawar Ali
Syed Hyder Ali
Waqar Ahmed Malik
Jalees Ahmed Siddiqi (Secretary)

BANKERS
Allied Bank Limited
Habib Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Faysal Bank Limited
National Bank of Pakistan
Habib Metro Bank

AUDITORS
A.F. Ferguson & Co.
Chartered Accountants

INTERNAL AUDITORS
Ernst & Young
Chartered Accountants

LEGAL ADVISORS
Ramday Law Associates
Hassan & Hassan
Lari & Company
Habib ur Rehman & Co.

SHARE REGISTRAR
FAMCO Associates (Private) Limited
8-F, Next to Hotel Faran,
Nursery, Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi.

REGISTERED & HEAD OFFICE
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan.
www.igiinsurance.com.pk

CONTACT
UAN: 111-308-308
Toll Free No.: 0800-2-3434
Fax: 92-21-35301772

IGI is celebrating its 60 years of service!

Company Profile

IGI is celebrating its 60 years of service!

In 2013, we celebrated our 60th anniversary which represented a significant milestone for IGI Insurance. As with any major “life event”, this presented us with an opportunity to reflect on our business and services. In this age of technology and mass communication, building solid connections with our customers is the cornerstone of a long-term business relationship; and your relationship is very important to us.

We want to say thank you for your business and your investment in IGI over the past 60 years.

We are working hard to continue to earn your trust every day and hope you see we are committed to enhancing your overall experience with IGI.

About IGI Insurance

Founded in 1953 and head quartered in Karachi, IGI is a leading general insurance services provider in Pakistan. It is a flagship organization of ‘The Packages Group’ of companies and maintains its position as the largest insurance company in Pakistan by market capitalization.

Rated ‘AA’ by Pakistan Credit Rating Agency (PACRA), IGI has an asset base of PKR 13 Billion as of December 2013.

Its clients include some of the leading names in Local and Multinational enterprises. IGI has presence in 7 cities across Pakistan serving over 4,000 corporate and 19,000 individual customers.

Achievements (2006-2013)

Amount of Claims settled

Rs. 5,497,096,439

Number of Claims

152,794

Our Timeline

2nd November
1953
Incorporated under Companies Act 1913 as a Public Limited Company joint venture between Alliance Plc UK and the Ali Group – Alliance Plc held 28% share in IGI.

1st January
1954
Commenced business with a paid up capital of Rs. 1.0 million. The first fire policy was issued to Syed Babar Ali.

1954
Syed Maratib Ali was the first Chairman of IGI and Syed Babar Ali its first MD.

1964
As a corporate decision, Alliance Plc decided to pull out of the Sub-Continent. As such the share of Alliance Plc was taken over by the Ali Group.

1987
Listed on KSE & LSE.

2001
First General Insurance Company in Pakistan to obtain ISO 9002 certification.

2004
Acquired Royal and SunAlliance (RSA) Plc. UK, Pakistan Operations.

2006
Acquired American Express Bank shareholding in IGI Investment Bank

2007
Premiums exceed PKR 1 bn.

2007
Name changed from International General Insurance to IGI.

2008
ISO 9001: 2008 Certification

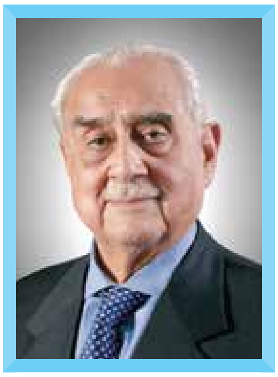
2009
Organisation redesigned with a focus on Customer Service.

2010
Introduced Automated & Centralized Claims

2013
Signing of SPA with Metlife, USA for acquisition of Alico (American Life Insurance Company) Business in Pakistan.

2013
No. 1 Insurance company in terms of Market Capitalization

Board of Directors



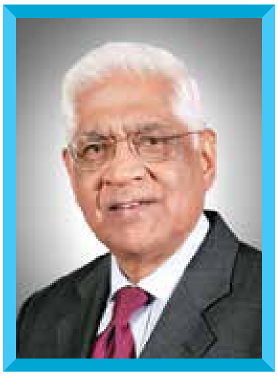
(Chairman) Syed Babar Ali

Director since 1954

Other Engagements:

IGI Investment Bank Limited, Sanofi Aventis Pakistan Limited, Tri-Pack Films Limited, Nestle Pakistan Limited, Coca Cola Beverages Pakistan Limited, Tetra Pak Pakistan Limited, Acumen Fund, Ali Institute of Education, Babar Ali Foundation, Gumani Foundation, Industrial Technical & Educational Institute, National Management Foundation, Syed Maratib Ali Religious and Charitable Trust Society

Pro Chancellor
Lahore University of Management Sciences (LUMS)

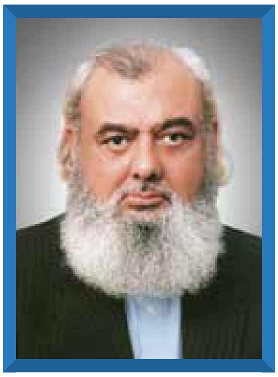


Shamim Ahmad Khan

Director since 2000

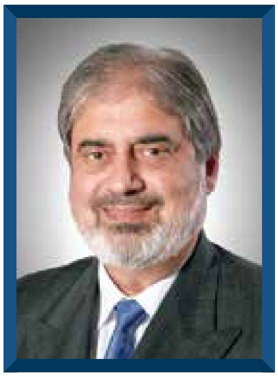
Other Engagements:

Packages Limited, Abbott Laboratories Pakistan Limited, Member of Advisory Committee of Center for International Private Enterprise (CIPE)



Syed Kamal Ali

Director since 1979

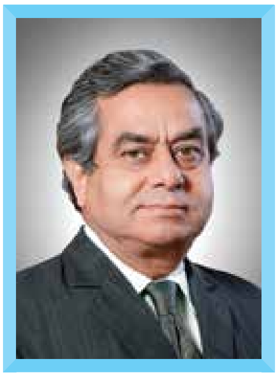


Syed Yawar Ali

Director since 1999

Other Engagements:

Nestle Pakistan Limited, Pakistan Dairy Association, Wazir Ali Industries Ltd., HY Enterprises (Pvt) Ltd Company, Fatima Jinnah Medical College & Sir Ganga Ram Hospital, Punjab Livestock & Dairy Development Board, Dairy & Rural Development Foundation (NGO), India-Pakistan International Airline, ZIL Limited, Safe Mix Concrete Products Ltd.



Syed Shahid Ali

Director since 1980

Other Engagements:

Packages Limited, Treet Corporation Limited, Treet Power Limited, Ali Automobiles Limited, Loads Limited, Global Econo Trade (Pvt.) Limited, Specialized Motorcycle (Pvt) Limited, Specialized Autoparts Industries (Pvt) Limited, Multiple Autoparts Industries (Pvt) Limited, Treet Assets (Pvt) Ltd, First Trust Manufacturing Modaraba

Waqar Ahmed Malik

Director since 2008

Other Engagements

Engro Polymer & Chemicals Limited, Noesis (Pvt) Ltd. Trustee, I-Care

Syed Hyder Ali

Director since 1989

Other Engagements:

Bulleh Shah Paper Mill (Pvt) Limited, Nestle Pakistan Limited, Packages Limited, Packages Lanka (Pvt) Limited, Sanofi-Aventis Pakistan Limited, Tetra Pak Pakistan Limited, Tri-Pack Films Limited, International Steel Limited, Babar Ali Foundation, National Management Foundation, Pakistan Business Council, Pakistan Centre for Philanthropy, KSB Pumps Company Limited, Syed Maratib Ali Religious and Charitable Trust Society

Member

Ali Institute of Education, International Chamber of Commerce Pakistan, Lahore University of Management Sciences (LUMS)

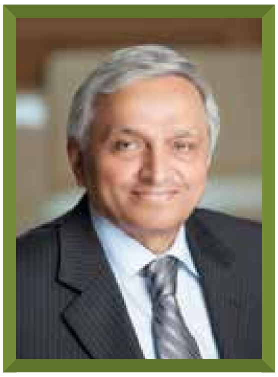
Jalees Ahmed Siddiqi

Chief Executive since 2009

Other Engagements:

IGI Investment Bank, Loads Limited, Treet Corporation, Global Econo Trade (Pvt) Limited, Selection Board of Institute of Business Administration, Specialized Motorcycle (Pvt) Limited, Specialized Autoparts Industries (Pvt) Limited, Multiple Autoparts Industries (Pvt) Limited

Management Profiles



Jalees Ahmed Siddiqi
Chief Executive Officer

Jalees Ahmed Siddiqi joined IGI Insurance with over thirty five years of experience spanning major global and national corporations in various industry segments. His background, among others, includes achievement of operational excellence in implementing significant change management initiatives, resource optimization and building leadership capability at management level.

Moeez Karim
Head of Marketing & Sales

Moeez joined IGI insurance in 2013 as Head of Marketing & Sales. He spent 13 years with a group company Packages Limited on various key positions in Marketing & Sales and Business Unit management. Moeez has a Bachelors in Engineering from Illinois Institute of Technology (USA) and an MBA from Lahore University of Management Sciences (LUMS).

Faisal Khan
Head of Underwriting, Reinsurance & Risk Management

A Civil Engineer from NED University, Faisal brings across over 10 years of experience, including his association with prominent companies in the Insurance and Engineering sectors. He was appointed Head of Reinsurance & Risk Management in 2008 and since 2012 has also been responsible for the overall Underwriting Function.

Mir Mahmood Ali
Head of Claims

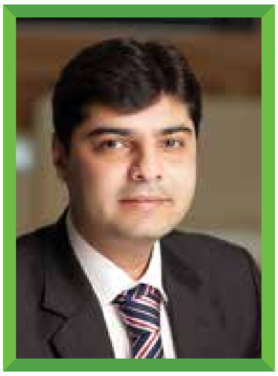
Mir Mahmood Ali joined IGI as Head of Claims in December 2007. He has over 20 years of professional experience with 15 years of management experience in the insurance industry. Before being associated with IGI insurance, Mahmood was heading claims for a Takaful company. He also spent 11 years at Royal & Sun Alliance Insurance Plc as Manager Claims.

Usman Saifi
Chief Financial Officer

Usman is a Qualified Chartered Accountant from the Institute of Chartered Accountants of Pakistan. He has over 10 years of diversified experience in the areas of Internal Audit, Risk Assessment, System Advisory Projects, Corporate Governance, Strategic Planning and implementation of best practices with leading local and multinational financial institutions of the country.

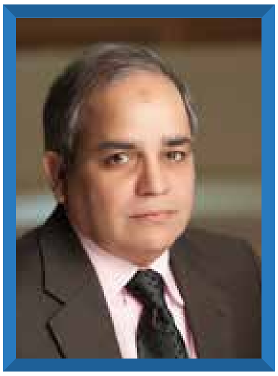
Fauzia Ahmad
Group Head of Human Resource

Fauzia became a part of the IGI team as Group Head HR in early 2009, bringing with her over 15 years of national and international experience. She holds an associate degree in IT from Canada and HR certifications from UK. Fauzia made her transition to Human Resource Management in 2000 in a leading MNC.



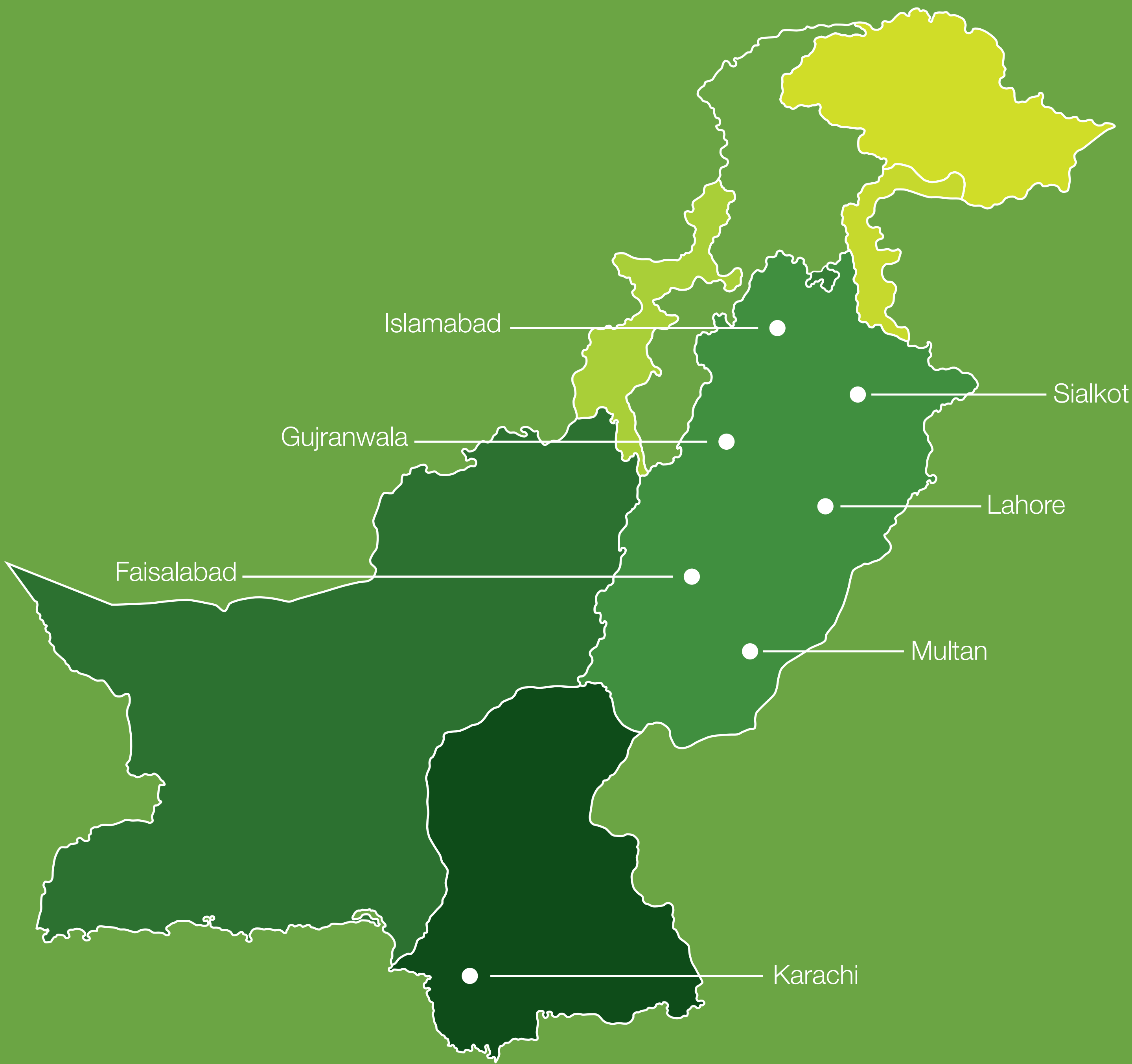
Muhammad Faisal Younus Bawani
Group Head of Information Technology, Service & Quality

Faisal Bawani, an IT professional, brings 13 years of experience of managing IT services for financial institutions. Faisal holds a Masters degree in Computer Science from National University of Computer & Emerging Sciences (FAST), Karachi. He is also a certified Project Management Professional (PMP) from PMI, USA.



Haider Raza
Company Secretary

Haider is an Associate Public Accountant from Pakistan Institute of Public & Finance Accountants. He has over 20 years of professional experience in accounting, finance, audit and taxation. Haider joined IGI Insurance in 2004 and is currently performing finance and company secretarial duties for the Company. He has also worked for Royal Sun & Alliance.


Islamabad
Sialkot
Gujranwala
Lahore
Faisalabad
Multan
Karachi

IGI Presence

Registered Head Office / Karachi Branch

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Fax: 92-21-111-567-567, 35301729

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Fax: 92-51-2277356
E-mail: insurance.islamabad@igi.com.pk

Faisalabad

Second Floor, Sitara Tower,
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Faisalabad, Pakistan.
UAN: 92-41-111-308-308
Phone: 92-41-2629416, 92-41-2602415, 92-41-2644735
Fax: 92-41-2629415
E-mail: insurance.faisalabad@igi.com.pk

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Fax: 92-42-35752338, 92-42-35763542
E-mail: insurance.lahore@igi.com.pk

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G.T. Road, Gujranwala, Pakistan.
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Fax: 92-55-4294273
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Fax: 92-52-3258438
E-mail: insurance.sialkot@igi.com.pk

Multan

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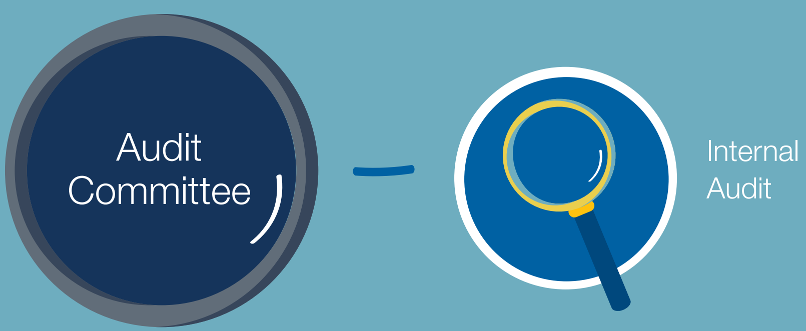
Abdali Road, Chowk Nawa Shehar,
Multan Cantt., Pakistan.
Phone: 92-61-4784402, 92-61-4500179
Fax: 92-61-4784403
E-mail: insurance.multan@igi.com.pk

Organogram


Finance & Accounts
Human Resources & Administration
Marketing & Sales
Information Technology Service & Quality
Chief Executive Officer
Claims
Compliance
Underwriting, Reinsurance & Risk Management
Corporate Secretarial


Audit Committee
Internal Audit

Quality Policy

IGI Insurance believes in providing high quality solutions to risk exposures to the satisfaction of its customers through:

- Developing and maintaining a total quality culture
- Developing capabilities of the employees
- Continuous improvement and teamwork
- Updating business knowledge and techniques
- Efficient utilization of resources and manpower
- Introducing high standards of professionalism

Code of Conduct

The “Values” and “Principles” that the organization has developed over the years are adhered to by all employees within the organization.

Following are some salient features of the code of conduct:

The company’s operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All IGI employees are committed to fulfill their duties with utmost sincerity and fairness.

In conducting its business IGI is inspired by acts in accordance with the principles of loyalty, fairness, transparency and efficiency.

All employees of IGI avoid conflict of interest while conducting IGI’s business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.

The employees of IGI should not take advantage of the Company’s information or property for personal gains. Any member of IGI shall not disclose or reveal any information which is confidential in nature or any such information which may benefit the employee directly or indirectly.

The members of IGI are forbidden to pass on inside information at any time to any other person, inside or outside the company. Inside information refers to information about IGI, its business, or any other companies doing business that is generally not known to the public, but if known would affect the price of a company’s shares or influence a person’s investment decisions.

IGI has a culture of zero tolerance towards fraud and maintains the highest standards of prevention, detection and remediation. All IGI staff members are responsible for ensuring strong, robust and effective fraud control.

The employee shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party.

It is the responsibility of all IGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment, so as to act in a manner that will not damage the integrity and reputation of the organization.

Every employee of IGI has the right to work in an environment that is free from harassment, whether it is based on a person’s race, color, ethnic or national origin, age, gender or religion.

IGI is an equal opportunity employer. All phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoff and leaves are carried out by all managers without regard to race, color, ethnic and national origin, age, gender or religion.

All employees are responsible for the security of authorized access to and proper use of IGI physical and intangible assets any third party assets in custody with an employee

Board Committees

The Board has formed the following sub committees to exercise good governance.

- Audit Committee
- Human Resources & Compensation Committee
- Underwriting Committee
- Claims Committee
- Re-insurance & Co-insurance Committee
- Investment Committee

Audit Committee

The terms of reference of the Committee are aligned with the Code of Corporate Governance. The Committee shall meet at least four times a year & comprise of three Directors and Company Secretary. The names of current members are:

1. Shamim Ahmad Khan (Non-Executive Director and Chairman)
2. Syed Yawar Ali (Non Executive Director)
3. Syed Hyder Ali (Non Executive Director)
4. Haider Raza (Secretary to the Committee)

The terms of reference of the Committee are as follows:

i) To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
ii) To review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
iii) To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
iv) To review the management letter issued by external auditors and management's response thereto;
v) To ensure coordination between the internal and external auditors of the Company;
vi) To review the scope and extent of internal audit and ensuring that the outsourced internal audit function has adequate resources and skills sets to carry out the function;
vii) To consider the major findings of internal investigations and management's response thereto;
viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
ix) To determine compliance with relevant statutory requirements; and
x) To monitor compliance with the best practices of corporate governance and identification of significant violations thereof.

Human Resources & Compensation Committee

Human Resources Committee assists the Board in fulfilling its obligations relating to human resources and related matters and to establish a plan of continuity and development of senior management for IGI Insurance Limited.

The Committee shall meet at least twice a year & comprise of four Directors, Chief Executive Officer and Head of Human Resources. The names of current members are:

1. Syed Yawar Ali (Non Executive Director and Chairman)
2. Syed Shahid Ali (Non Executive Director)
3. Syed Hyder Ali (Non Executive Director)
4. Waqar Ahmed Malik (Independent Director)
5. Jalees Ahmed Siddiqi (Chief Executive Officer)
6. Fauzia Ahmad (Head of Human Resources and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

i) To review and recommend the organizational structure of the Company;
ii) To review and recommend the compensation and benefits philosophy and strategy within the Company;
iii) To review and recommend to the Board the Company's Human Resources management, including recruitment, retention, training, performance management and related matters and to report to the Board on the implementation of these strategies;
iv) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;
v) To review and recommend, in consultation with the CEO, the compensation of all its employees, including incentives and other benefit;
vi) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentives calculation; and
vii) To review and recommend the CEO's compensation, including incentives and other benefits, to the Board for approval.

Underwriting Committee

The Committee shall meet at least four times a year & comprise of Director, Chief Executive Officer, Head of Marketing and Head of Fire, Marine, Motor and Miscellaneous Underwriting. The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Jalees Ahmed Siddiqi (Chief Executive Officer)
3. Moeez Karim (Head of Marketing & Sales)
4. Faisal Khan (Head of Underwriting, Reinsurance and Risk Management)
5. Haider Ali (Head of Fire Underwriting)
6. Syed Matin Ahmed (Head of Marine, Motor & Miscellaneous Underwriting and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

i) The Underwriting Committee formulates the underwriting policy of the Company;
ii) It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers; and
iii) It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as its business portfolio and the market development.

Claims Committee

The Committee shall meet at least four times a year & comprise of Director, Chief Executive Officer, Head of Marketing, Chief Financial Officer and Head of Claims. The names of current members are:

1. Shamim Ahmad Khan (Non Executive Director and Chairman)
2. Jalees Ahmed Siddiqi (Chief Executive Officer)
3. Moeez Karim (Head of Marketing & Sales)
4. Usman Saifi (Chief Financial Officer)
5. Mir Mehmood Ali (Head of Claims and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

i) To review the quarterly performance of Claims settlement;
ii) To analyze the class wise aging of outstanding claims;
iii) To monitor class wise claims trend; &
iv) To ensure that workshop & surveyor selection is done on merit & their performance is monitored.

Re-insurance & Co-insurance Committee

The Committee shall meet at least four times a year & comprise of Director, Chief Executive Officer and Head of Re insurance. The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Jalees Ahmed Siddiqi (Chief Executive Officer)
3. Faisal Khan (Head of Underwriting, Reinsurance and Risk Management and Secretary to the Committee)

The Terms of Reference of the Committee are as follows:

i) This Committee ensures that adequate re-insurance arrangements are made for the Company's businesses;
ii) It peruses the proposed re-insurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating re-insures, makes appropriate adjustments to those arrangements in the light of the market development; and
iii) It also assesses the effectiveness of the re-insurance programme for future reference.

Investment Committee

The Committee shall meet at least four times a year & comprise of four Directors, Chief Executive Officer and Chief Financial Officer. The names of current members are:

1. Syed Hyder Ali (Non Executive Director and Chairman)
2. Shamim Ahmad Khan (Non Executive Director)
3. Syed Kamal Ali (Executive Director)
4. Syed Yawar Ali (Non Executive Director)
5. Jalees Ahmed Siddiqi (Chief Executive Officer)
6. Usman Saifi (Chief Financial Officer and Secretary to the Committee)

The purpose of the Investment Committee is to recommend to the Board the investment policy, including the asset mix policy and the appropriate benchmark. The Investment Committee also reviews the effectiveness of these policies and their implementation and the Company's risk management approach.

The Terms of reference of the Investment Committee are as follows:

i) To review performance for all asset classes and total portfolio relative to the appropriate benchmark.
ii) To review management's proposed annual rate of return to be included in the Company's budget;
iii) To review the risk assumptions and asset return assumptions embedded in the current investment policy statement and, if changes have occurred, then review the policy asset mix and the weighted benchmark standard of performance;
iv) To approve investments beyond delegated limits; and
v) To ensure compliance with applicable legislation.

Key Financial Data (Ten years at a glance)

(Rupees in thousand)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
GROSS PREMIUM	2,035,289	1,846,856	1,747,015	1,296,765	1,151,797	1,035,218	1,060,836	916,696	642,592	430,341
BALANCE SHEET										
PAID UP CAPITAL	1,115,359	1,115,359	1,115,359	718,427	598,689	598,689	319,301	199,563	153,510	122,808
GENERAL & CAPITAL RESERVES	8,749,620	8,972,692	9,530,371	10,264,964	10,534,374	10,624,177	8,103,740	823,740	673,740	704,442
SHAREHOLDERS EQUITY	10,841,827	10,249,864	11,179,366	11,575,854	10,960,813	10,846,519	11,271,456	8,509,721	1,228,755	994,276
INVESTMENTS-AT BOOK VALUE	11,041,469	10,619,980	11,517,573	11,905,802	11,235,758	11,709,948	12,404,727	9,246,735	1,873,786	954,802
INVESTMENTS-AT MARKET VALUE	41,428,682	25,732,615	18,578,665	14,367,621	9,393,620	8,964,435	16,647,641	9,765,736	8,286,127	5,624,871
FIXED ASSETS	222,085	163,797	165,115	270,822	282,545	302,531	309,283	292,084	246,253	17,142
TOTAL ASSETS-AT BOOK VALUE	13,152,116	12,518,449	13,470,805	12,960,451	12,366,066	13,200,639	14,099,555	10,399,049	2,957,949	1,626,127
UNDERWRITING PROVISIONS	1,278,317	1,207,028	1,363,873	701,366	699,522	801,975	915,454	622,417	431,259	390,003
PROFIT AND LOSS ACCOUNT										
UNDERWRITING PROFIT	104,616	232,399	207,782	205,095	253,103	193,166	160,102	226,929	190,065	106,878
INVESTMENT INCOME	672,690	402,173	492,524	929,344	(414,649)	(157,476)	3,021,533	7,315,629	258,822	230,054
PROFIT BEFORE TAX	911,026	(342,508)	56,632	920,771	364,766	(404,103)	2,983,516	7,357,109	326,757	260,565
INCOME TAX	98,381	11,326	6,929	84,215	100,800	(27,061)	53,938	14,739	37,014	28,000
PROFIT AFTER TAX	812,645	(353,834)	49,703	836,556	263,966	(377,042)	2,929,578	7,342,370	289,743	232,565
CASH FLOW SUMMARY										
OPERATING ACTIVITIES	155,276	177,039	(18,106)	278,667	126,941	(27,651)	2,306	227,769	110,553	66,334
INVESTING ACTIVITIES	667,840	268,042	266,935	175,741	768,554	367,307	(160,701)	29,285	(915,312)	44,081
FINANCING ACTIVITIES	(260,305)	(616,604)	(319,720)	(369,442)	(587,100)	(153,632)	(599,910)	(351,009)	491,859	(63,575)
CASH & CASH EQUIVALENTS AT THE YEAR END	(75,509)	(638,320)	(466,797)	(395,906)	(480,872)	(789,267)	(975,291)	(216,986)	(123,031)	189,869

Key Financial Data (Ten years at a glance)

(Rupees in thousand)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
INVESTMENT / MARKET RATIOS										
Earnings per share (Rs.)	7.29	(3.17)	0.45	11.64	4.41	(6.30)	91.75	367.92	18.87	18.94
Market value per share (Rs.)	164.38	96.28	44.00	97.00	87.89	115.27	420.00	399.00	271.00	250.00
Break up value per share (Rs.)	97.20	91.90	100.23	161.13	183.08	181.17	353.00	426.42	80.04	80.96
Price earning ratio (Times)	22.56	(30.35)	98.74	8.33	19.93	(18.30)	4.58	1.08	14.36	13.20
Price to book ratio (Times)	1.69	1.05	0.44	0.60	0.48	0.64	1.19	0.94	3.39	3.09
Dividend yield (%)	0.91	3.12	11.36	3.09	3.98	1.30	0.95	1.00	1.48	1.80
Dividend payout (%)	20.59	(94.57)	1,060.48	25.76	79.38	(23.82)	4.36	1.09	21.19	23.76
Dividend cover (Times)	4.86	(1.06)	0.09	3.88	1.26	(4.20)	22.94	91.98	4.72	4.21
Investment yield (%)	1.62	1.56	2.65	6.47	(4.41)	(1.76)	18.15	74.91	3.12	4.09
Market capitalization (Rs. M)	18,334.27	10,738.68	4,907.58	6,968.74	5,261.88	6,901.09	13,410.64	7,962.56	4,160.12	3,070.20
Cash dividend per share (Rs.)	2.50	3.00	5.00	3.00	3.50	1.50	4.00	4.00	4.00	4.50
Cash dividend (%)	25.00	30.00	50.00	30.00	35.00	15.00	40.00	40.00	40.00	45.00
Stock Dividend per share (Rs.)	1.00	-	1.50	5.50	-	5.00	2.50	6.00	3.00	2.50
Stock dividend (%)	10.00	-	15.00	55.00	-	50.00	25.00	60.00	30.00	25.00
PROFITABILITY RATIOS										
Return on equity (%)	8.40	(3.34)	0.51	7.95	3.33	(3.73)	26.47	86.46	26.59	26.21
Return on assets (%)	6.18	(2.83)	0.37	6.45	2.13	(2.86)	20.78	70.61	9.80	14.30
EBITDA to gross premium (Times)	0.49	(0.19)	0.08	0.79	0.46	(0.15)	2.96	8.15	0.60	0.63
Underwriting profit to gross premium (%)	5.14	12.58	11.89	15.82	21.97	18.66	15.09	24.76	29.58	24.84
Profit before tax to gross premium (%)	44.76	(18.55)	3.24	71.01	31.67	(39.04)	281.24	802.57	50.85	60.55
Profit after tax to gross premium (%)	39.93	(19.16)	2.85	64.51	22.92	(36.42)	276.16	800.96	45.09	54.04
Cost / income ratios (Times)	1.01	0.94	0.56	0.30	(0.73)	(1.06)	0.10	0.02	0.42	0.42
LIQUIDITY / PERFORMANCE RATIOS										
Equity / Total assets (%)	82.43	81.88	82.99	89.32	88.64	82.17	79.94	81.83	41.54	61.14
Financial leverage	0.03	0.06	0.05	0.03	0.05	0.13	0.14	0.11	0.91	0.11
Paid up capital / Total assets (%)	8.48	8.91	8.28	5.54	4.84	4.54	2.26	1.92	5.19	7.55
Incurred loss ratio (%)	71.87	62.08	62.24	50.56	41.83	44.41	57.34	43.84	45.20	41.42
Total liabilities / Equity (Times)	1.14	1.23	0.20	0.12	0.13	0.22	0.25	0.22	1.41	0.71
Cash flow from operations to gross premium (Times)	0.08	0.10	(0.01)	0.21	0.11	(0.03)	0.00	0.25	0.17	0.15
Total assets turnover (Times)	0.15	0.15	0.13	0.10	0.09	0.08	0.08	0.09	0.22	0.26
Fixed assets turnover (Times)	9.16	11.28	10.58	4.79	4.08	3.42	3.43	3.14	2.61	25.10

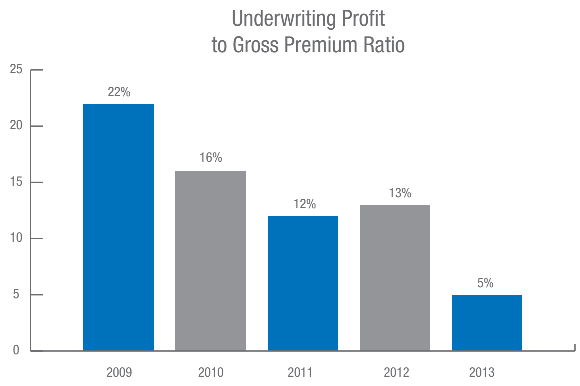
Key Financial Data (for the year)

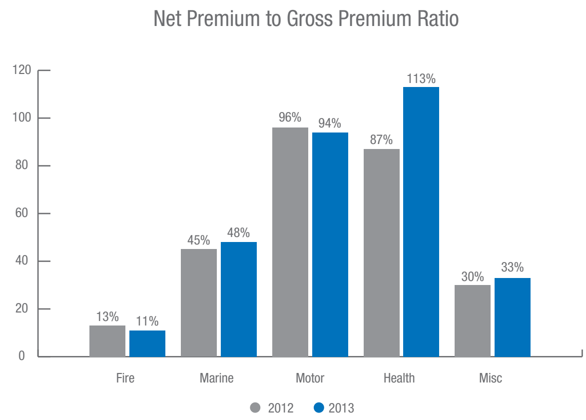
	2013	2012
	(Rupees in thousand)	
		Restated
PROFIT AND LOSS ACCOUNT		
Gross Written Premium	2,035,289	1,846,856
Net Written Premium	1,067,885	948,609
Net Premium Revenue	1,066,554	939,849
Claims Incurred	1,103,328	1,038,420
Net Claims Expenses	766,535	583,482
Direct Expenses	287,064	270,961
Commission Income	233,839	261,576
Commission Expense	142,138	114,582
Underwriting Profit	104,616	232,399
Investment Income	657,728	397,528
Return on Bank Balances	14,962	4,645
Profit/(Loss) Before Tax	911,026	(342,508)
Profit/(Loss) After Tax	812,645	(353,834)
TECHNICAL RESERVES COVER		
Fire	570,670	516,718
Marine	80,509	89,762
Motor	312,534	265,601
Health	121,717	130,202
Miscellaneous	192,847	204,745
Total	1,278,277	1,207,028
CORPORATE ASSETS		
Investment Property	17,398	84,936
Investment in Fixed Assets	222,085	163,797
Equity Investment in Associated Companies	3,437,662	3,075,886
Other Investments	7,603,807	7,544,095
Total Investments	11,041,469	10,672,090
Total Investments at Realizable Value	41,428,682	25,732,615
NUMBER OF EMPLOYEES		
Karachi Corporate Office	69	42
Karachi	-	25
Lahore	36	41
Islamabad	11	11
Faisalabad	3	3
Multan	3	2
Sialkot	2	1
Gujranwala	1	1
Total	125	126

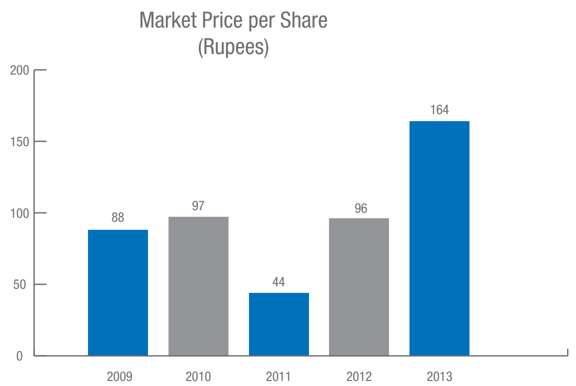
RATIOS

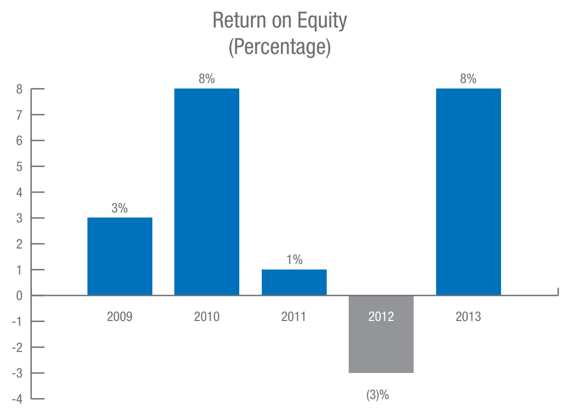
	2013					2012				
	Fire	Marine	Motor	Health	Misc	Fire	Marine	Motor	Health	Misc
Net Premium to Gross Premium	11%	48%	94%	113%	33%	13%	45%	96%	87%	30%
Loss Ratio	82%	45%	61%	113%	48%	11%	53%	56%	107%	45%
Expense Ratio	26%	-2%	26%	12%	25%	-7%	36%	-26%	-16%	-26%
Reserves to Net Premium	770%	48%	64%	46%	256%	632%	68%	58%	63%	329%
Policy Acquisition Cost to Gross Premium	21%	21%	25%	14%	22%	20%	21%	25%	14%	22%

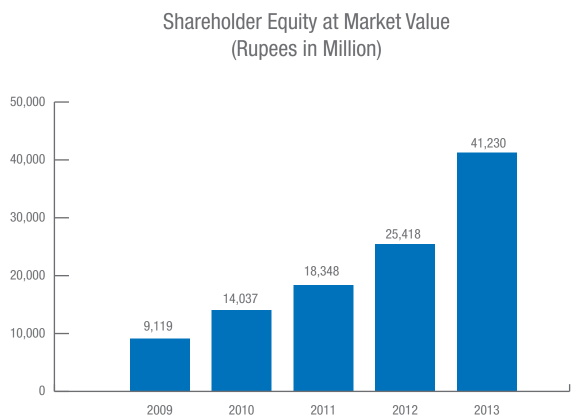
Key Financial Data

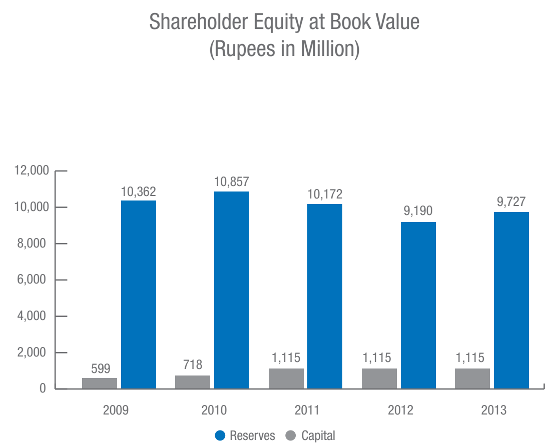


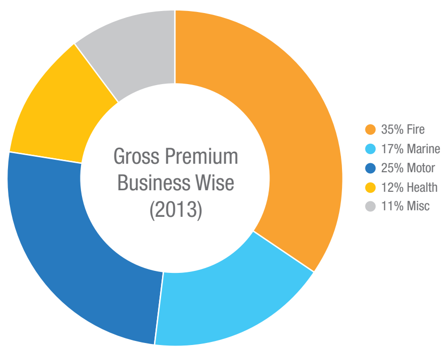


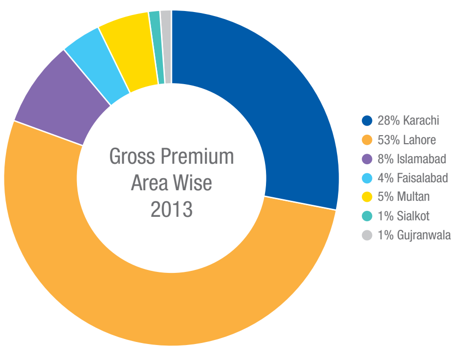












Horizontal Analysis

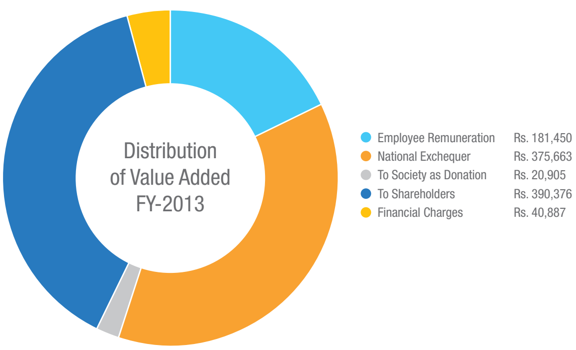
	2008	2009	2010	2011	2012	2013
BALANCE SHEET ITEMS						
Cash and bank deposits	100	3	0	30	1	99
Investments	100	96	102	98	91	94
Investment property	-	-	100	(6)	(12)	(82)
Deferred tax	100	-	-	-	73	-
Premiums due but unpaid - unsecured	100	75	78	136	116	114
Amounts due from other insurers / reinsurers - unsecured	100	137	112	213	232	231
Accrued investment income	100	156	164	131	109	354
Reinsurance recoveries against outstanding claims	100	88	49	269	188	174
Prepaid reinsurance premium ceded	100	71	79	138	149	164
Prepayments- Others	100	112	98	140	154	206
Taxation - payments less provision	100	101	97	93	100	115
Asset classified as held for sale	-	-	-	-	100	73
Sundry receivables	100	66	133	137	61	73
Fixed assets	100	93	55	51	52	72
Intangible	-	100	233	392	272	157
Total Assets	100	94	98	102	95	100
Issued, subscribed and paid up share capital	100	100	120	186	186	186
(Accumulated losses) / Unappropriated profits	100	46	157	142	43	260
Reserves	100	99	97	90	84	82
Provision for outstanding claims [including IBNR]	100	78	62	198	148	158
Provision for unearned premium	100	99	112	151	159	166
Premium deficiency reserve	-	-	-	-	-	100
Commission income unearned	100	67	86	117	115	121
Deferred tax	-	100	134	32	-	22
Premiums received in advance	100	192	66	656	111	275
Amounts due to other insurers / reinsurers	100	41	101	219	207	388
Accrued expenses	100	68	80	102	124	181
Sundry creditors	100	108	187	266	371	563
Long term finance	100	13	-	-	-	-
Short term finance	100	47	38	52	61	32
Unclaimed dividend	100	132	177	330	364	451
Total Shareholders' Equity and Liabilities	100	94	98	102	95	100
Profit and Loss Account						
Net premium revenue	100	113	133	157	173	197
Net claims	100	107	151	220	242	318
Premium deficiency reserve	-	-	-	-	-	100
Expenses	100	103	113	110	164	174
Net commission	100	115	62	119	260	162
Investment income	100	263	(590)	(313)	(252)	(418)
Other income	100	66	78	70	93	106
Financial charges	100	60	31	19	27	19
General and administration expenses	100	84	102	122	143	223
Impairment on asset classified as held for sale	-	-	-	-	-	100
Share of (loss) / profit of associates	100	(468)	43	323	516	(288)
(Loss) / profit before tax	100	(90)	(228)	(14)	85	(225)
Taxation	100	(372)	(311)	(26)	(42)	(364)
(Loss) / profit after tax	100	(70)	(222)	(13)	94	(216)
EPS	100	(70)	(185)	(7)	50	(116)

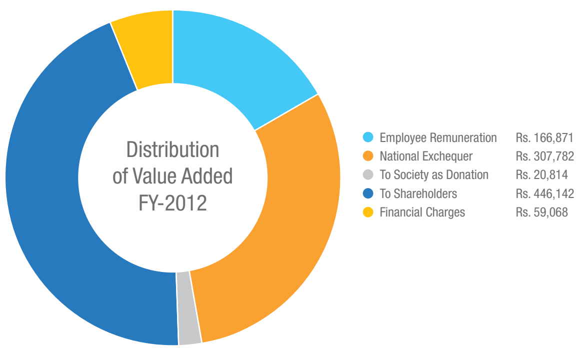
Vertical Analysis

	2013	2012	2011	2010	2009	2008
BALANCE SHEET ITEMS						
Cash and bank deposits	1.9%	0.0%	0.6%	0.0%	0.1%	2.0%
Investments	84.0%	84.8%	85.5%	91.9%	90.9%	88.7%
Investment property	0.1%	0.7%	0.7%	0.7%	0.0%	0.0%
Deferred tax	0.0%	0.1%	0.0%	0.0%	0.0%	0.1%
Premiums due but unpaid - unsecured	1.5%	1.6%	1.7%	1.0%	1.0%	1.3%
Amounts due from other insurers / reinsurers - unsecured	3.3%	3.5%	3.0%	1.6%	2.1%	1.4%
Accrued investment income	0.1%	0.0%	0.1%	0.1%	0.1%	0.0%
Reinsurance recoveries against outstanding claims	2.6%	3.0%	3.9%	0.7%	1.4%	1.5%
Prepaid reinsurance premium ceded	2.3%	2.2%	1.9%	1.1%	1.1%	1.4%
Others	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Taxation - payments less provision	0.7%	0.6%	0.5%	0.6%	0.6%	0.6%
Asset classified as held for sale	1.1%	1.6%	0.0%	0.0%	0.0%	0.0%
Sundry receivables	0.4%	0.4%	0.8%	0.8%	0.4%	0.6%
Fixed assets	1.6%	1.2%	1.2%	1.3%	2.3%	2.3%
Intangible	0.0%	0.1%	0.1%	0.1%	0.0%	0.0%
Total Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Issued, subscribed and paid up share capital	8.5%	8.9%	8.3%	5.5%	4.8%	4.5%
(Accumulated losses) / Unappropriated profits	7.4%	1.3%	4.0%	4.6%	-1.4%	-2.9%
Reserves	66.5%	71.7%	70.7%	79.2%	85.2%	80.5%
Provision for outstanding claims [including IBNR]	4.4%	4.3%	5.4%	1.8%	2.3%	2.8%
Provision for unearned premium	4.8%	4.8%	4.2%	3.3%	3.0%	2.9%
Premium deficiency reserve	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commission income unearned	0.5%	0.5%	0.5%	0.4%	0.3%	0.4%
Deferred tax	0.1%	0.0%	0.1%	0.5%	0.4%	0.0%
Premiums received in advance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amounts due to other insurers / reinsurers	2.2%	1.3%	1.2%	0.6%	0.3%	0.6%
Accrued expenses	0.8%	0.6%	0.4%	0.3%	0.3%	0.4%
Sundry creditors	2.2%	1.5%	1.0%	0.7%	0.4%	0.4%
Long term finance	0.0%	0.0%	0.0%	0.0%	0.3%	2.4%
Short term finance	2.5%	5.1%	4.0%	3.1%	3.9%	7.9%
Unclaimed dividend	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%
Total Shareholders' Equity and Liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Profit and Loss Account						
Net premium revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net claims	-71.9%	-62.1%	-62.2%	-50.6%	-41.8%	-44.4%
Premium deficiency reserve	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Expenses	-26.9%	-28.8%	-21.2%	-25.8%	-27.6%	-29.4%
Net commission	8.6%	15.6%	7.9%	4.8%	10.6%	9.4%
Investment income	61.7%	42.3%	57.8%	128.9%	-67.5%	-29.0%
Other income	3.6%	3.6%	3.0%	3.9%	3.9%	6.7%
Financial charges	-3.8%	-6.3%	-4.8%	-9.2%	-21.1%	-39.7%
General and administration expenses	-22.3%	-16.2%	-15.3%	-15.1%	-14.5%	-19.7%
Impairment on asset classified as held for sale	-5.0%	0.0%				
Share of (loss) / profit of associates	41.6%	-84.6%	-58.4%	-9.2%	117.4%	-28.4%
Taxation	-9.2%	-1.2%	-0.8%	-11.7%	-16.4%	5.0%
(Profit) / loss after tax	-76.2%	37.6%	-5.8%	-116.1%	-43.0%	69.5%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Statement of Value Addition

	2013	2012
	(Rupees in thousand)	
Gross Premium(including FED and FIF)	2,336,225	2,114,926
Add:		
Commission income from reinsurers	233,839	261,575
Rental income	13,179	21,389
Income from investment	1,125,652	(403,593)
Other income	10,136	7,632
	1,382,806	(112,997)
	3,719,031	2,001,929
Less: Claims, commission, management and other expenses (excluding remuneration to employees, donations & depreciation/ amortization expenses)	(2,246,051)	(1,780,840)
Total value added	1,472,980	221,089
DISTRIBUTED AS FOLLOWS		
Employee remuneration	181,450	166,871
Government as:		
Company taxation	74,668	39,713
Levies(including FIF and FED)	300,995	268,069
To society:	20,905	20,814
To shareholders:		
Dividend	278,840	446,141
Bonus shares	111,536	-
Retained in Business:		
Depreciation	39,040	38,376
Net earnings	424,659	(817,964)
Financial Charges	40,887	59,068
Total	1,472,980	221,089





Shareholder's Information

Registered Office
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Block-9, Khayaban-e-Jami,
Clifton, Karachi-75600
Tel # 111-234-234
Fax # 92-21-35301772
Website: www.igiinsurance.com.pk

Share Registrar Office
FAMCO Associates (Pvt.) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S.,
Shahrah-e-Faisal, Karachi.
Tel # (9221) 34380101-5
Fax # (9221) 34380106

Listing on Stock Exchanges

IGI equity shares are listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE) and effective from March 20, 2014 IGI Insurance Limited also enlisted with Islamabad Stock Exchange (ISE)

Listing Fees

The annual listing fee for the financial year 2013-2014 has been paid to all stock exchanges within the prescribed time limit.

Stock Code

The stock code for dealing in equity shares of IGI at KSE, LSE and ISB is IGIIL.

Investor Service Centre

IGIIL share department is operated by FAMCO Associates (Pvt.) Ltd. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1693 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Haider Raza, Deputy General Manager Accounts and Company Secretary at IGI Registered Office.

IGI's share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate/ re-validated dividend warrants, issue of duplicate/ replaced share certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

Contact Persons:

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Mr. Hussain Ahmed
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(9221) –34380101-5

Shareholder's Information

Services Standards

IGI has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For request received through post	Over the counter
Transfer of shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

Well reputed and experienced firm of the share registrar services has been entrusted with the responsibility of ensuring that services are rendered within the specified time limits.

Statutory Compliance

During the year the Company has complied with all applicable provisions, filed all returns/ forms and furnished all the relevant information as required under the Companies Ordinance 1984 and allied laws and rules, the Securities and Exchange Commission of Pakistan (SECP) Regulations and the Listing Regulations.

Dematerialization of Shares

The equity shares of the Company are under the compulsory demat category. As at December 31, 2013, 33.89% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of 15% (Rs.1.50 per share). This is in addition to the interim dividend of 10% (Rs. 1.00 per share) already paid during the year making total 25.% cash dividend, Rs.2.50 per share (2012: 30% Cash dividend i.e., Rs. 3.00 per share) and the bonus share in proportion of 1 share for every 10 shares held i.e.10%., subject to approval by the shareholders of the Company at the Annual General Meeting.

Book Closure Dates

The register of Members and share transfer books of the Company will remain closed from April 11, 2014 to April 23, 2014 both days inclusive.

Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after April 23, 2014, but within the statutory time limit of 30 days:

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all request for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

Withholding of Tax & Zakat on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001 tax on dividend payable to a shareholder is to be withheld @ 10% and will be deposited in the Government Treasury unless the shareholder's income is tax-exempted. This certificate is issued pursuant to section 164 of the Income Tax Ordinance, 2001.

Shareholder's Information

Zakat has already been deducted on the payment of Interim Dividend (D-33) for the financial year 2013 being the first payment of Dividend after the current valuation i.e. July 9, 2013. No Zakat is to be deducted on the Dividend now being paid.

Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the Company in clearing their unclaimed dividend account.

Under Section 250 of the Companies Ordinance, 1984, a shareholder may, if so desire, direct a Company to pay dividend through his/her/its bank account to provide the detail of bank account to our registrar on bank mandate form.

Investors' Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the Company to its shareholders.

Legal Proceedings

No case has ever been filed by shareholders against the Company for non-receipt of share/ refund.

General Meetings & Voting Rights

Pursuant to section 158 of The Companies Ordinance 1984, IGI holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having a holding of at least 10% of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in a Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited at the office of the Company not less than forty-eight hours before the meeting.

Web Presence

Updated information regarding the Company can be accessed at IGI web site, www.igiinsurance.com.pk.

The web site contains the latest financial results of the Company together with Company's profile, the corporate philosophy and major products.

Shareholder's Information

Shareholders Category	No. of Shareholder	No. of Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	14	35,394,639	31.73
Associated Companies, undertakings and related parties.	2	30,796,418	27.61
Banks Development Financial Institutions, Non Banking Financial Institutions.	8	4,810,678	4.31
Insurance Companies	5	1,912,640	1.71
Modarabas and Mutual Funds	10	1,015,034	0.91
Share holders holding 10%	3	55,232,291	49.52
General Public :			
a. Local	1,587	20,126,212	18.04
b. Foreign	-	-	-
Others	67	17,480,317	15.67
Total (excluding : share holders holding 10%)	1,693	111,535,938	100.00

Information as required under Code of Corporate Governance - Categories of Shareholding

as at 31 December, 2013

Shareholder's category	Number of shareholder	Number of share held
Associated Companies, Undertakings and Related Parties		
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	18,958,151
PACKAGES LIMITED	1	11,838,267
Mutual Funds		
CDC - TRUSTEE AKD INDEX TRACKER FUND	1	8,952
CDC - TRUSTEE FIRST HABIB STOCK FUND	1	18,700
CDC - TRUSTEE JS AGGRESSIVE ASSET ALLOCATION FUND	1	65,000
CDC - TRUSTEE JS LARGE CAP FUND	1	331,900
CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT	1	22,000
CDC - TRUSTEE PICIC STOCK FUND	1	28,000
MC FSL - TRUSTEE JS GROWTH FUND	1	404,800
MCBFSL - TRUSTEE ABL AMC CAPITAL PROTECTED FUND	1	10,000
MCBFSL - TRUSTEE JS VALUE FUND	1	105,682
MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND	1	20,000
Directors and their spouse(s) and minor children		
JALEES AHMED SIDDIQI	1	931
MR. WAQAR A. MALIK	1	15,067
MRS. AMINA HYDER ALI	1	268,345
MRS. PERWIN BABAR ALI	1	1,524,252
SHAMIM AHMAD KHAN	1	5,733
SYED BABAR ALI	2	24,436,918
SYED HYDER ALI	1	4,764,927
SYED KAMAL ALI	1	116,133
SYED SHAHID ALI	3	3,626,222
SYED YAWAR ALI	2	1,136,361
Executives		
Faisal Khan	1	186
Muhammad Nasir Iqbal	1	6
Public Sector Companies and Corporations	1	1,104,069
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds	13	6,146,682
Shareholders Holding five percent or more Voting Rights in the Listed Company		
INDUSTRIAL TECHNICAL AND EDUCATIONAL INSTITUTE	1	18,958,151
PACKAGES LIMITED	1	11,838,267
SYED BABAR ALI	1	24,435,873

Distribution of Shareholding in Centre Depository Company of Pakistan Limited as at 31 December, 2013

Number of Shareholders	Shareholdings From	Shareholdings To	Total Number of Shares Held
216	1	100	8,509
276	101	500	89,370
164	501	1,000	136,258
316	1,001	5,000	824,558
87	5,001	10,000	649,132
23	10,001	15,000	287,275
18	15,001	20,000	325,095
17	20,001	25,000	382,990
15	25,001	30,000	419,190
6	30,001	35,000	196,748
4	35,001	40,000	153,862
2	40,001	45,000	86,245
6	45,001	50,000	298,036
2	55,001	60,000	119,758
3	60,001	65,000	192,703
5	65,001	70,000	342,928
2	70,001	75,000	141,639
1	75,001	80,000	75,451
2	95,001	100,000	199,077
2	105,001	110,000	213,381
1	115,001	120,000	116,133
2	120,001	125,000	248,600
1	135,001	140,000	136,000
1	160,001	165,000	162,920
1	175,001	180,000	177,139
3	195,001	200,000	600,000
1	200,001	205,000	204,156
1	205,001	210,000	209,099
1	210,001	215,000	213,010
1	230,001	235,000	231,822
2	245,001	250,000	498,400
1	280,001	285,000	281,061
1	290,001	295,000	291,696
1	295,001	300,000	300,000
1	305,001	310,000	305,188
2	330,001	335,000	666,766
1	350,001	355,000	350,104
1	395,001	400,000	400,000
1	400,001	405,000	404,800
1	440,001	445,000	444,253
1	485,001	490,000	485,250
2	525,001	530,000	1,053,577
1	575,001	580,000	578,755
1	595,001	600,000	600,000
1	605,001	610,000	606,493
1	610,001	615,000	611,255
1	680,001	685,000	683,696
1	685,001	690,000	690,000
1	800,001	805,000	804,213
1	865,001	870,000	866,121
1	905,001	910,000	907,019
1	1,060,001	1,065,000	1,061,742
2	1,100,001	1,105,000	2,206,964
1	1,115,001	1,120,000	1,115,274
1	1,325,001	1,330,000	1,329,500
1	2,135,001	2,140,000	2,139,610
1	2,285,001	2,290,000	2,289,780
1	4,165,001	4,170,000	4,169,441
1	4,220,001	4,225,000	4,220,222
1213			37,802,264

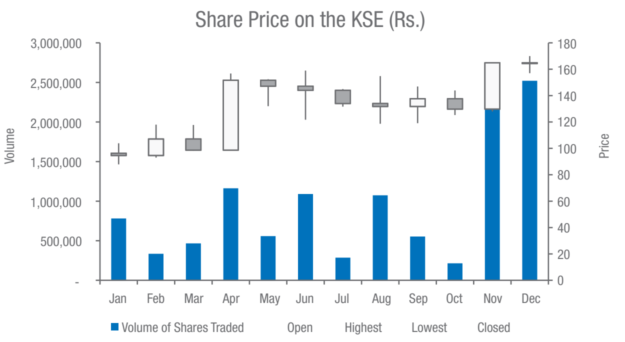
Pattern of Shareholding as at 31 December, 2013

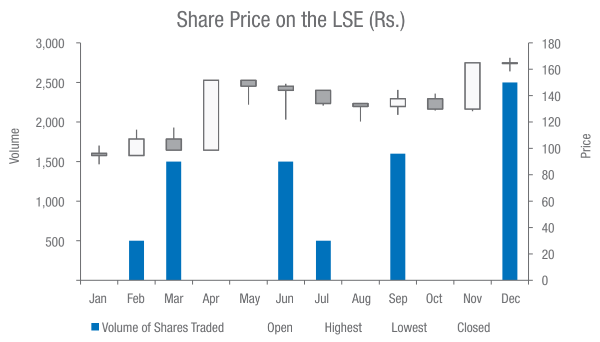
Number of Shareholders	Shareholdings From	Shareholdings To	Total Number of Shares Held
317	1	100	11,943
384	101	500	118,709
219	501	1,000	176,384
404	1,001	5,000	1,024,408
156	5,001	10,000	1,141,481
34	10,001	15,000	425,443
19	15,001	20,000	341,889
22	20,001	25,000	495,924
18	25,001	30,000	499,711
8	30,001	35,000	265,445
6	35,001	40,000	230,065
5	40,001	45,000	210,699
7	45,001	50,000	347,902
2	50,001	55,000	105,777
2	55,001	60,000	119,758
4	60,001	65,000	256,418
6	65,001	70,000	410,476
3	70,001	75,000	214,782
2	75,001	80,000	152,328
2	95,001	100,000	199,077
1	100,001	105,000	101,886
2	105,001	110,000	213,381
1	110,001	115,000	111,839
1	115,001	120,000	116,133
2	120,001	125,000	248,600
1	125,001	130,000	125,115
1	130,001	135,000	134,923
2	135,001	140,000	273,544
2	150,001	155,000	309,294
1	160,001	165,000	162,920
1	170,001	175,000	173,874
1	175,001	180,000	177,139
3	195,001	200,000	600,000
1	200,001	205,000	204,156
2	205,001	210,000	414,768
1	210,001	215,000	213,010
2	230,001	235,000	462,989
2	245,001	250,000	498,400
1	255,001	260,000	259,536
1	265,001	270,000	268,345
1	280,001	285,000	281,061
1	290,001	295,000	291,696
1	295,001	300,000	300,000
1	300,001	305,000	304,134
1	305,001	310,000	305,188
2	330,001	335,000	666,766
1	350,001	355,000	350,104
1	395,001	400,000	400,000
1	400,001	405,000	404,800
1	440,001	445,000	444,253
1	485,001	490,000	485,250
2	500,001	505,000	1,001,362
2	525,001	530,000	1,053,577
1	530,001	535,000	532,234
1	575,001	580,000	578,755
1	595,001	600,000	600,000
1	605,001	610,000	606,493
1	610,001	615,000	611,255
1	680,001	685,000	683,696
1	685,001	690,000	690,000
1	800,001	805,000	804,213
1	865,001	870,000	866,121
1	905,001	910,000	907,019
1	960,001	965,000	962,487
1	965,001	970,000	966,552
1	1,060,001	1,065,000	1,061,742
2	1,100,001	1,105,000	2,206,964
1	1,115,001	1,120,000	1,115,274
1	1,325,001	1,330,000	1,329,500
1	1,520,001	1,525,000	1,524,252
1	1,765,001	1,770,000	1,769,422
1	2,135,001	2,140,000	2,139,610
1	2,285,001	2,290,000	2,289,780
1	2,795,001	2,800,000	2,797,026
1	4,165,001	4,170,000	4,169,441
1	4,220,001	4,225,000	4,220,222
1	4,760,001	4,765,000	4,764,927
1	11,835,001	11,840,000	11,838,267
1	18,955,001	18,960,000	18,958,151
1	24,435,001	24,440,000	24,435,873
1,693			111,535,938

Share Price / Volume

The monthly high and low prices and the volume of shares traded on KSE and LSE during the financial year 2013 are as under:

	Share Price on the KSE (Rs.)					Share Price on the LSE (Rs.)				
Month	Open	Highest	Lowest	Closed	Volume of Shares Traded	Open	Highest	Lowest	Closed	Volume of Shares Traded
Jan	96.28	103.85	87.88	94.60	781,000	96.28	102.19	87.89	94.60	-
Feb	94.60	117.99	93.00	107.11	335,500	94.60	114.22	94.60	107.11	500
Mar	107.11	117.75	98.30	98.65	466,000	107.11	115.79	98.55	98.65	1,500
Apr	98.65	156.75	99.50	151.62	1,163,000	98.65	151.62	98.65	151.62	-
May	151.62	152.40	132.00	147.15	558,000	151.62	151.62	133.10	147.15	-
Jun	147.15	158.99	121.72	144.00	1,090,000	147.15	149.00	121.80	144.00	1,500
Jul	144.00	144.95	131.61	134.00	286,100	144.00	144.00	132.46	134.00	500
Aug	134.00	154.82	118.67	131.75	1,074,000	134.00	120.00	119.99	131.75	-
Sep	131.75	146.90	119.12	137.62	553,600	131.75	144.37	125.38	137.62	1,600
Oct	137.62	143.95	125.29	129.79	215,000	137.62	141.52	128.67	129.79	-
Nov	129.79	164.82	127.95	164.82	2,557,200	129.79	164.82	128.15	164.82	-
Dec	164.82	170.00	157.00	164.38	2,521,200	164.82	158.35	168.68	164.38	2,500



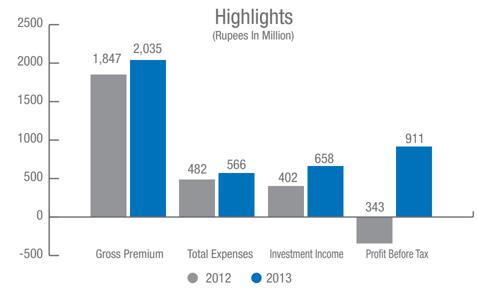


Corporate Calendar

First quarter ended March 31, 2013	Announced on	April 25, 2013
Half year ended June 30, 2013	Announced on	August 28, 2013
Third quarter ended September 30, 2013	Announced on	October 29, 2013
Year ended December 31, 2013	Announced on	February 25, 2014
Final - Cash (2012)	Announced on	March 19, 2013
	Entitlement date	April 11, 2013
	Statutory limit up to which payable	May 24, 2013
	Credited & Paid on	April 24, 2013
Interim - Cash (2013)	Announced on	August 28, 2013
	Entitlement date	September 16, 2013
	Statutory limit up to which payable	October 26, 2013
	Credited & Paid on	September 26, 2013
Final – Cash (2013)	Announced on	February 26, 2014
	Entitlement date	April 10, 2014
	Statutory limit up to which payable	May 23, 2014
	Expected to be paid on	April 23, 2014
Bonus (2013)	Announced on	February 26, 2014
	Entitlement date	April 10, 2014
	Statutory limit up to which payable	May 23, 2014
	Expected to be paid on	April 23, 2014
Issuance of Annual Report		April 01, 2014
60th Annual General Meeting		April 23, 2014

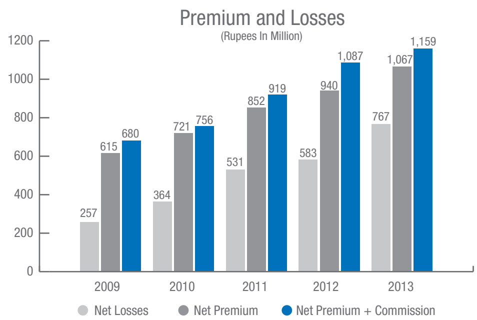
Directors' Report to the Shareholders

The Directors of IGI Insurance Limited take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2013.



ECONOMIC OVERVIEW

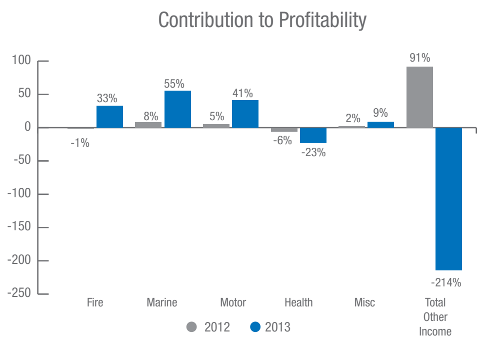
Following the General Elections of May 2013, marking a milestone event for the first democratically elected government completing its full tenure, economic policy has focused on fiscal stability, infrastructure development and energy enhancement. However, Pakistan continues to face challenges of fiscal imbalance, current account deficit and inflationary pressures inhibiting both domestic development and foreign direct investment. During this period, the rupee also continued to depreciate against dollar, putting further pressure on the balance of payments.



The GDP growth rate slowed down to 3.6% in the fiscal year 2013 compared to 4.4% in the previous year. In order to meet the economic challenges, the government has taken a number of measures including finalization of the Extended Fund Facility with the IMF. The government has also announced its economic programme of privatization of some of the state-owned enterprises to enhance domestic and foreign inflows.

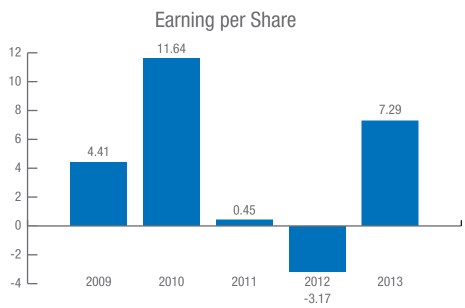
COMPANY PERFORMANCE REVIEW 2013

Despite the challenging environment, and a nominal growth of 3% (year on year) in the non-life insurance sector, your Company achieved growth in gross written premium of 10% posting Rs 2,035 million as compared to that of Rs 1,847 million in the previous year. The main contributors to this growth were Fire, Marine and Motor business segments. A balanced mix of Fire, Marine, Motor, Health and Miscellaneous classes was achieved with 34%, 17%, 25%, 11% and 11% respectively.



The net retained premium increased by 13% over that of last year, representing 52% of gross written premium. Net claims registered during the year increased by 31% over those of last year adversely impacting underwriting income of the Company. Overall, Underwriting Profit to Gross Premium ratio of 5% was witnessed in 2013 (2012: 13%).

As you were informed in the Directors report for the year 2012, your Company had signed a Share Purchase Agreement for acquisition of ALICO Pakistan, with a view to entering into the life insurance sector which has potential for growth. Subsequent to signing of the Sales Purchase Agreement, your Company made a Public announcement of offer on August 23, 2013 as required by the Takeover law. No shares were tendered by the shareholders of ALICO Pakistan during the acceptance period and your Company has now fulfilled and complied with its statutory obligations. A certificate to this effect has been received from the Manger to the Offer. The process of acquisition has moved forward and regulatory approvals have been obtained. Your Company is now completing the remaining formalities for acquisition of MetLife shares in ALICO Pakistan.

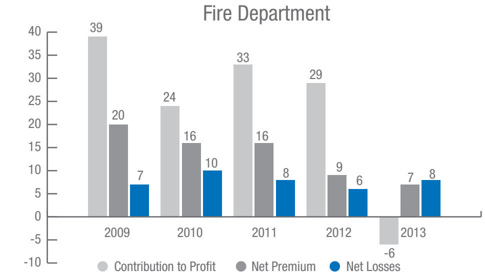


During 2013 your Company announced its intention to consider the divestment of 42.01% shareholding in its associate, IGI Investment Bank Limited, following the receipt of preliminary expressions of interest from prospective buyers. Consequently, due diligence process was initiated but negotiations with prospective buyers have not led to finalization of the divestment transaction, as the terms offered by said prospective buyers were not acceptable to the Company. Therefore, your Company has decided that no divestment will be made of any shareholding of the Company in IGI Investment Bank Limited till further decision by the Board.

Directors' Report to the Shareholders

The increase in the General and Administrative Expenses is mainly due to expenses relating to acquisition of ALICO Pakistan Limited and expenses in connection with IGI Investment Bank's due diligence/ divestment process. The total amount related to these was Rs 80 million. Otherwise, these expenses increased only in line with the prevailing inflation trends during the year. Financial charges decreased by 31%.

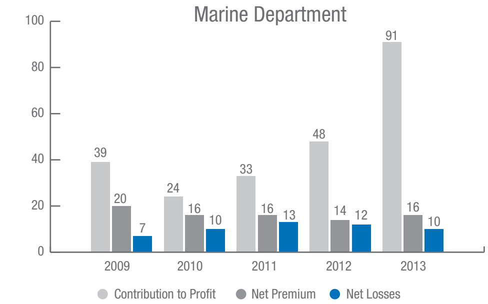
The profit before tax increased to Rs 911 million as compared to a loss of Rs 343 million in 2012. The increase has been partly due to increase in the share of profit from associated entities amounting to Rs 443 million as against the loss of Rs 795 million in 2012 as well as the increase in investment income by Rs 260 million. The Company's profit for the year and earnings per share, excluding share of loss of said associate on its discontinued operations, amounts to Rs 866 million and Rs 7.76 per share respectively whereas the net profit for the year and earnings per share, amounts to Rs 813 million and Rs 7.29 per share respectively.



SEGMENTS AT A GLANCE

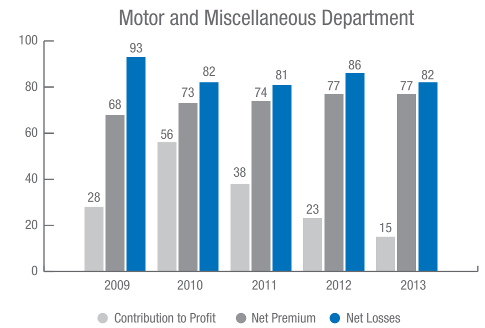
FIRE

During the review year, Gross Premium increased by 12% from Rs 627 million in 2012 to Rs 702 million in 2013. Net Premium Earned decreased from Rs 82 million to Rs 74 million. Net Claims increased from Rs 9 million in 2012 to Rs 61 million in 2013 primarily due to flood losses and one off losses in the textile sector. This resulted in underwriting loss of Rs 6 million against underwriting profit of Rs 67 million in 2012.



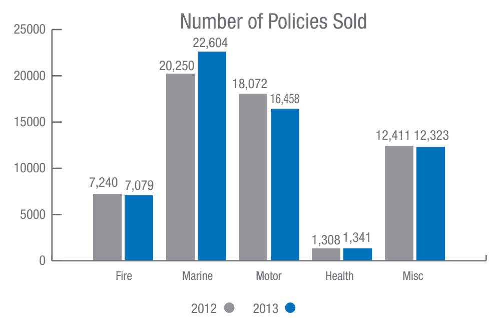
MARINE, AVIATION AND TRANSPORT

Marine business increased by 19% from Rs 297 million in 2012 to Rs 352 million in 2013. Net Premium Earned increased from Rs 133 million to Rs 168 million. Net Claims increased from Rs 70 million to Rs 75 million, resulting in marginal decrease in Underwriting Profit from Rs 111 million to Rs 96 million.



MOTOR

Gross Premium increased by 9% from Rs 475 million in 2012 to Rs 519 million in 2013. Net Premium Earned increased from Rs 455 million to Rs 487 million. Net Claims increased from Rs 254 million in 2012 to Rs 296 million resulting in a decrease in Underwriting Profit from Rs 83 million in 2012 to Rs 62 million in 2013.



HEALTH

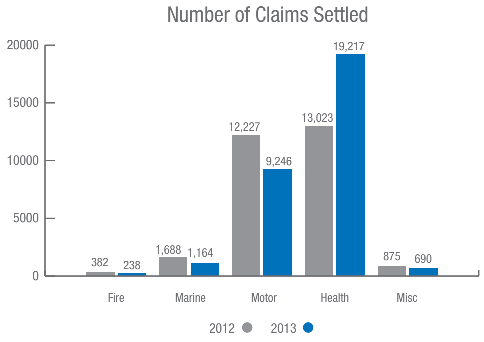
Health business grew in the previous year requiring it to be disclosed as a separate segment in 2012. During the year, Gross Premium decreased by 2%. The Net Claims registered a 34% growth from Rs 222 million in 2012 to Rs 298 million in 2013 mainly due to the losses from some large corporate clients. This resulted in an Underwriting Loss of Rs 67 million in 2013.

OTHERS (MISCELLANEOUS)

For Miscellaneous segment, which includes Engineering, Contract, Travel, Bond and Cash business, Gross Written Premium increased from Rs 209 million in 2012 to Rs 230 million resulting in an increase in Underwriting Profit by Rs 2 million from Rs 18 million in 2012 to Rs 20 million. The Net Claims increased from Rs 28 million in 2012 to Rs 36 million in 2013.

Directors’ Report to the Shareholders

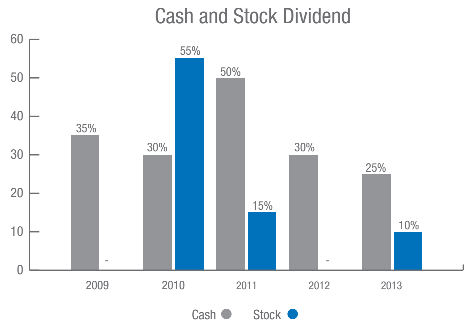
CLAIMS



The Company places strategic focus on settlement of claims. Over the years, the Company has developed systems to monitor the progress of settlement of claims with a view to reducing the settlement time to the minimum. We also evaluate the performance of surveyors periodically.

To capitalize on increased operational efficiency and effective controls of claims management, further technological improvement in the internal processes was made by the IT team. Using our system, the surveyors submit their reports electronically and the Claims department tracks the claims on a real time basis. This has helped the Company to strengthen control system and appreciably reduce claims processing and settlement time. As a result of these measures and commitment of the management, your company was able to achieve settlement ratio of 94% for all claims reported in 2013.

RE-INSURANCE AND RISK MANAGEMENT



Your Company pays special attention to risk management and follows a policy of optimizing retention of risks through a carefully designed, high quality program of re-insurance. We work in partnership with our clients in identifying, mitigating and managing the risks. We believe the cost of risk mitigation is marginal when compared with the cost of an unexpected loss.

We have structured our re-insurance program to safeguard the value at risk by ensuring timely and quality protection for individual risks. The exposure to accumulation and concentration of risk at any location is assessed with the support of our integrated IT systems across all branches.

In this period of economic challenges, declining prices and softening of local insurance markets, our strategy of continuous improvement in risk management is critical to sustainable growth.

LOSS PREVENTION INITIATIVES

Risk mitigation is built into our planning process; the concept of loss prevention is now part of our business philosophy. The Company has developed guidelines for defining risk tolerance levels. Through our loss prevention program we protect our clients’ business continuity.

We also consider it as our responsibility to educate the clients on the scope of the coverage of the insurance policies. The efforts of our risk engineering team have helped our clients significantly.

For a successful insurance carrier, pervasive spirit of partnership is required with the insured. Focused risk engineering services help clients understand the hazards that threaten their businesses and determine cost-effective loss prevention solutions.

We are committed to developing strong relationships with our clients through:

- Underwriting knowledge, expertise and products;
- Customized property and marine loss prevention engineering programs; and
- Sharing the lessons learnt from major industrial losses

INVESTMENTS

Our investment objective is to achieve an optimum return on the investment portfolio while adhering to our investment philosophy and the applicable regulations. The Book Value of your Company's investments is Rs 11,041 million as at December 31, 2013 as compared to Rs 10,620 million for 2012.

Directors’ Report to the Shareholders

CAPITAL MANAGEMENT AND LIQUIDITY

The Company actively manages and monitors the matching of its asset positions against its commitments, together with diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities, including Premiums and Net Investment Income. These funds are used primarily to pay claims, commissions, operating expenses, interest expenses and shareholder dividends. Cash flows generated from operating activities are generally invested in supporting future payment requirements, including the payment of dividends to shareholders.

INFORMATION TECHNOLOGY AND BUSINESS PROCESS RE-ENGINEERING

2013 was yet another year for further technological advancement at your Company. Besides strengthening core ERP System which provides real time decision making capability, further automation and digitization was introduced by implementing in-house developed Web based Workflow Application.

Processes related to claims intimation till settlement and payment requests have been automated with various alerts for efficient monitoring.

In addition to existing value-added SMS services, this year different Web portals have been introduced to augment our client relationship. The purpose of this facility is to fulfill our client’s insurance-related needs in a timely manner.

The primary data center has been further equipped with the latest hardware for robust IT platform and high availability.

HUMAN RESOURCE

People are our most valuable asset. Your Company’s HR philosophy encourages ownership, initiative and transparency. In raising the bar to deliver more, a culture of continuous improvement prevails resulting in increased efficiencies.

Development plans for employees are a key priority to motivate and retain them. Employees are provided opportunities for training linked to their roles and professional certifications to raise their skill sets. The skill pool at IGI is further enhanced with the induction of Management Trainees in various functions.

The Company continues to strive for inducting best talent, rightly placed, retained and developed to deliver, as a team.

CODE OF CONDUCT

Your Company has designed a Code of Conduct to ensure ethical practices and integrity which is signed by all the employees. All our operational activities are carried out in a transparent manner strictly following the code of ethics, on which there is no compromise.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is fully aware of its corporate social responsibilities and is supporting social sector organizations in the fields of education, health and environment. The Company contributed Rs 21 million towards these areas in 2013. The Company also offers internships all around the year to students from colleges and universities.

ISO CERTIFICATION AND ITS VALUE TO OUR CUSTOMERS

The Company achieved a milestone by obtaining ISO 9002 certification from SGS Malaysia Sdn. Bhd and reaffirmed its commitment to quality in 2003 by successfully shifting to the new ISO 9001:2000 standard as certified by SGS Malaysia. In 2010 it became the First general insurance Company in Pakistan to receive the new ISO 9001:2008 certification.

INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency Limited (PACRA) has, for the fourteenth consecutive year, assigned your Company an “Insurer Financial Strength” (IFS) Rating of “AA” (Double A), in January 2014.

Directors' Report to the Shareholders

The Insurer Financial Strength (IFS) rating of "AA" (Double A) denotes a very strong capacity to meet policyholder and contract obligations, modest risk factors, and the expectation that the impact of any adverse business and economic factors will be very limited.

APPROPRIATIONS

The proposed appropriations are as under:	2013	2012
	(Rupees in thousand)	
Final Dividend for the year – 15% (2012: 10%)	167,304	111,536
Interim Dividend for the year – 10% (2012: 20%)	111,536	223,074
Transfer from reserve to pay final dividend for the year	167,304	111,536
Transfer from reserve to issue final Bonus shares – 10% (2012: Nil)	111,536	Nil

By proposing the final dividend of 15% for 2013, the total dividend amount will be Rs 278.840 million.

FUTURE OUTLOOK

The Board and the management of your Company are fully cognizant of the challenges for an insurance company. Presently, general insurance companies are operating in a highly competitive environment. We are well equipped in terms of human resource and technology to improve our performance in the coming years. We have carefully analyzed the losses in the Health segment during the year and have introduced remedial measures. These should help us to achieve better underwriting results.

ACKNOWLEDGEMENT

We would like to thank our customers, business partners and employees for their faith in us, which has helped us to achieve progress over the years. We also thank our shareholders for their continued patronage and confidence in IGI.

For and on behalf of the Board

Syed Babar Ali
Chairman
Karachi: February 25, 2014

Corporate Sustainability at IGI

IGI is conscious of its responsibility towards the society and the environment.

Since Corporate Social Responsibility (CSR) is a continuous process, this year we have strived to ensure sustainability for our stakeholders through numerous initiatives encompassing:

- Corporate Social Responsibility;
- Employee Development;
- Compliance; and
- Optimization of Resources.

CORPORATE SOCIAL RESPONSIBILITY

- IGI believes in giving the youth of Pakistan confidence, opportunities for learning and success. We have offered paid internships all around the year to students from diverse colleges and universities to apply their knowledge practically and gain hands on experience which can enable them to secure rewarding opportunities not only at IGI but in the external job market as well.
- We take our contribution towards national economy seriously and have always discharged our obligations in a transparent, accurate and timely manner. During the year, Rs. 79 M was paid on account of income tax and other levies.
- The Company contributed Rs. 21 M towards various social sector organizations in the education, health and environment areas during the year and aims to enhance its contribution in the future.
- We also extend support to the employees for the education of their children. This year the Company share was Rs. 6 M.

ENVIRONMENTAL SUSTAINABILITY

Pollution reduction and waste management measures have been defined and are being applied to ensure that it has a minimal impact on our environment. Our waste management process is based on reduce, reuse, recycle and disposal philosophy.

IGI Insurance gives due care to energy conservation. All departments and employees are conscious and implement power conservation measures not only during, but after business hours as well.

EMPLOYEE DEVELOPMENT & ENGAGEMENT

- IGI recognizes the value of a balanced work force and is committed to the principles of equal opportunity, equality of treatment and creating a dynamic climate where diversity is valued as a source of enrichment and opportunity.

– Female participation now stands at 14%

- We have an outstanding concentration of specialist expertise and talent. Providing our people with learning and growth opportunities coupled with a safe and secure workplace is one of our top priorities. It is encouraging to report that this year:

– Customized training programs were carried out in various disciplines like Finance, Claims, Underwriting and Risk management function.
– Investment on employee training & education was around Rs. 2 M.
– Average training hours per employee for the year were 16 hours.
– There have been zero accidents / injury at the workplace.
– Health Awareness Sessions arranged for employees every quarter.

BUSINESS SUSTAINABILITY

The Company has built a reputation for conducting business with integrity, in accordance with high standards of ethical behavior, and in compliance with the laws and regulations that govern our business. IGI carefully checks for compliance with the Code by providing suitable information, prevention and control tools and ensuring transparency in all transactions and behaviors by taking creative measures as required.

To further capitalize on internal & external strengths, adopt best practices and increase operational efficiencies the following committees exist:

– ISO Management Representative Team for actions on identified improvement areas and ensures compliance.
– Cross functional team for business process optimization
– Salvage Disposal Committee & Theft Vehicle Recovery Team for maximizing the return for the company while ensuring integrity & transparency

Report on Corporate Governance

The Directors confirm compliance with the Corporate and Financial Reporting Framework of the SECP Code of Corporate Governance for the following:

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

2. Proper books of accounts of the Company have been maintained.

3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

4. The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.

5. The system of internal control is sound in design and has been effectively implemented and monitored.

6. There is no significant doubt upon the Company's ability to continue as a going concern.

7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, except as stated in the Statement of Compliance with the Code of Corporate Governance.

8. Key operating and financial data for the last ten years is shown in the annual report.

9. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2013, except as those disclosed in the financial statements.

10. The value of investments based on audited accounts of the respective funds were as follows:
    Provident Fund as at June 30, 2012 Rs. 36.68 million
    Gratuity Fund as at December 31, 2011 Rs. 14.89 million

11. The related party transactions are approved or ratified by the audit committee and the Board of Directors.

12. The trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given below:

Directors & spouses
Syed Kamal Ali, Director purchased 31,000 shares.
Mr. Waqar Ahmed Malik, Director purchased 15,000 shares.

13. All the major decisions relating to investments / disinvestments of fund, change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.

14. Out of the eight members on the board, only three members are yet to obtain certification which shall be obtained by 30 June 2016 in accordance with the requirement of the Code. Subsequent to the year end, one of these members has already attended two training courses of the said certification.

15. The aggregate remunerations of executives and non-executive directors including salary, fee, benefits, etc are Rs. 19.82 million and 4.10 million.

Insurance Ordinance, 2000

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

- In their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up

for the year ended 31 December, 2013

capital, solvency and re-insurance arrangements; and as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

BOARD & SUB COMMITTEE MEETINGS

Meetings of the Board of Directors, Audit, Underwriting, Reinsurance, Claims, Investment and Human Resources and Compensation Committee were held according to schedule. No causal vacancy occurred on the Board. Meetings held and attendance by each Director in the meetings of the Board and its subcommittees are as follows.

The Board granted leave of absence to those Directors who could not attend the Board meetings.

Board / Sub Committees	Board Committees	Audit Meeting	Underwriting Committee	Reinsurance Committee	Claims Committee	Investment Committee	Human Resources & Compensation Committee
No. of meetings held	5	4	4	4	4	4	2
				ATTENDANCE			
Syed Babar Ali	4	-	-	-	-	-	-
Shamim Ahmed Khan	5	4	-	-	4	4	-
Syed Kamal Ali	1	-	-	-	-	1	-
Syed Yawar Ali	5	4	-	-	-	4	2
Syed Shahid Ali	1	-	-	-	-	-	-
Syed Hyder Ali	5	4	4	4		4	2
Waqar Ahmed Malik	4	-	-	-	-	-	2
Jalees Ahmed Siddiqi	5	4	4	4	4	4	2

Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board. The Committee composition and its terms of reference are attached in the annual report.

Auditors

The present auditors M/S A.F. FERGUSON & Co., Chartered Accountants retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountant of Pakistan (ICAP) as required under their Quality Control Review Program, As suggested by Audit Committee, the Board of Directors has recommended the appointment of M/S A.F. FERGUSON & Co., Chartered Accountants as auditors of the Company for the year 2014, at a fee to be mutually agreed.

Material Changes

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2013.

Pattern of Shareholding

A statement showing the pattern of shareholding is attached with annual report.

For and on behalf of the Board

Syed Babar Ali
Chairman

Karachi, February 25, 2014

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulation of Karachi and Lahore Stock Exchanges and SRO 68(1)/2003 issued by the Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Non-Executive	Syed Babar Ali
Non Executive	Mr. Shamim Ahmad Khan
Executive	Syed Kamal Ali
Non-Executive	Syed Yawar Ali
Non-Executive	Syed Shahid Ali
Non-Executive	Syed Hyder Ali
Executive	Mr. Jalees Ahmed Siddiqi
Independent	Mr. Waqar Ahmed Malik

The independent director meets the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred during the year.

5. The Company has prepared a “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Out of the eight members on the board, only three members are yet to obtain certification which shall be obtained by June 30, 2016 in accordance with the requirement of the Code. Subsequent to the year end, one of these members has already attended two training courses of the said certification.

10. The directors’ report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

11. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit are approved by the Board of Directors.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

for the year ended 31 December, 2013

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises three (3) members, all of whom are non-executive directors including Chairman of the Committee.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed a Human Resource and Remuneration Committee. It comprises of five (5) members of whom three (3) are non-executive Director including Chairman of the Committee, one Independent Director and Chief Executive Officer of the Company.

18. The Company has outsourced the internal audit function to Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. The Company has designated the Company Secretary as Head of Internal Audit of the Company. The management considers that there is no conflict in designation of him as Head of Internal Audit since the internal audit function has been outsourced to a professional firm.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

21. The ‘closed period’, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company’s securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through the stock exchanges.

23. The Board ensures that the appointed actuary complied with the requirements set out for him in this code.

24. The actuary appointed by the Company has confirmed that he or his spouse and minor children do not hold shares of the Company.

25. The underwriting, claims settlement and reinsurance and coinsurance committees have been formed. The minutes of meetings of committees were circulated timely to the members, directors and the CFO.

26. We confirm that all other material principles enshrined in the CCG have been complied with.

Syed Babar Ali
Chairman

Karachi, February 25, 2014

pwc

A. F. FERGUSON & CO.

Review Report to the members on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of IGI Insurance Limited (the Company) for the year ended December 31, 2013 to comply with Regulation No. 35 of Chapter XI contained in the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code of Corporate Governance. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code of Corporate Governance requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arms' length prices and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of the above requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

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

Further, we highlight below an instance of non-compliance with the requirements of the Code as reflected in paragraph reference where this has been stated in the Statement of Compliance:

Paragraph Reference	Description
18	The Company has designated the Company Secretary as the Head of Internal Audit of the Company.

Afergusonco

Chartered Accountants
Dated: February 26, 2014
Karachi

A.F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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A. F. FERGUSON & CO.

Auditors' Report to the members of IGI Insurance Limited

We have audited the annexed financial statements comprising of:

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

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

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

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

In our opinion:

(a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.2 to the financial statements with which we concur;

(c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2013, and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

(d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Company for the year ended December 31, 2012 were audited by another firm of Chartered Accountants who had expressed an unqualified opinion thereon vide their report dated March 19, 2013.

Afergusonco

Chartered Accountants
Engagement Partner: **Shahbaz Akbar**
Dated: February 26, 2014
Karachi

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Balance Sheet

	Notes	2013	2012	2011
			(Rupees in thousand) Restated	Restated
Share capital and reserves				
Authorised share capital				
200,000,000 (2012: 200,000,000) ordinary shares of Rs. 10 each		2,000,000	2,000,000	2,000,000
Issued, subscribed and paid up share capital	5	1,115,359	1,115,359	1,115,359
Unappropriated profit		976,848	161,813	533,636
Reserves		8,749,620	8,972,692	9,530,371
		10,841,827	10,249,864	11,179,366
Underwriting provisions				
Provision for outstanding claims (including IBNR)		579,185	541,686	727,343
Provision for unearned premium		630,220	600,136	570,173
Premium deficiency reserve		40	-	-
Commission income unearned		68,872	65,206	66,357
		1,278,317	1,207,028	1,363,873
Deferred liabilities				
Deferred taxation	12	11,099	-	16,149
Creditors and accruals				
Premium received in advance		1,427	575	3,396
Amounts due to other insurers / reinsurers		294,173	156,942	165,999
Accrued expenses		101,740	69,578	57,350
Sundry creditors	6	283,287	186,637	133,878
		680,627	413,732	360,623
Borrowings				
Short term finances - secured	7	331,395	640,684	544,314
Other liabilities				
Unclaimed dividend		8,851	7,141	6,480
TOTAL LIABILITIES		2,310,289	2,268,585	2,291,439
TOTAL EQUITY AND LIABILITIES		13,152,116	12,518,449	13,470,805
CONTINGENCIES	8			

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

as at 31 December, 2013

	Notes	2013	2012	2011
			(Rupees in thousand)	
			Restated	Restated
Cash and bank deposits				
Cash and other equivalents	9	314	105	378
Current and other accounts	10	572	2,259	77,139
Deposits maturing within 12 months		255,000	-	-
		255,886	2,364	77,517
Investments	11	11,041,469	10,619,980	11,517,573
Investment property	21	17,398	84,936	90,932
Deferred taxation	12	-	12,315	-
Current assets - others				
Premiums due but unpaid - unsecured	13	194,495	197,503	231,656
Amounts due from other insurers / reinsurers - unsecured	14	436,891	440,294	403,195
Accrued income on investments and deposits		19,047	5,862	7,028
Reinsurance recoveries against outstanding claims		342,336	370,053	528,856
Prepayments:				
- prepaid reinsurance premium ceded		308,659	279,906	258,703
- others		18,864	14,116	12,834
Taxation - payments less provision		90,667	78,605	73,170
Asset classified as held for sale	15	148,789	202,615	-
Sundry receivables	16	55,530	46,103	104,226
		1,615,278	1,635,057	1,619,668
Fixed assets				
Tangible	19			
Furniture, fixtures and office equipments		16,996	19,811	21,236
Buildings		140,483	84,937	90,933
Motor vehicles		59,457	51,600	43,104
		216,936	156,348	155,273
Intangibles	20			
Computer software		5,149	7,449	9,842
TOTAL ASSETS		13,152,116	12,518,449	13,470,805

Chairman | Director | Director | Principal Officer and Chief Executive

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

	Notes	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	2013 Aggregate	2012 Aggregate Restated
		(Rupees in thousand)						
Revenue account								
Net premium revenue		74,108	167,749	486,696	262,808	75,193	1,066,554	939,849
Net claims		(60,995)	(75,106)	(296,184)	(297,973)	(36,277)	(766,535)	(583,482)
Premium deficiency expense		-	-	-	-	(40)	(40)	-
Management expenses	22	(90,222)	(45,219)	(92,099)	(30,000)	(29,524)	(287,064)	(270,961)
Net commission		70,684	48,178	(36,168)	(1,967)	10,974	91,701	146,993
Underwriting result		(6,425)	95,602	62,245	(67,132)	20,326	104,616	232,399
Investment income							657,728	397,528
Rental income							13,179	21,389
Return on bank balances							14,962	4,645
Other income	23						10,136	7,632
Financial charges	24						(40,887)	(59,068)
General and administrative expenses	25						(238,125)	(152,372)
							416,993	219,754
							521,609	452,153
Impairment on asset classified as held for sale	15						(53,826)	-
Share of profit / (loss) of associates arising from:								
- continuing operations							496,572	214,891
- discontinued operations	11.1.3						(53,329)	(1,009,552)
							443,243	(794,661)
Profit / (loss) before taxation							911,026	(342,508)
Taxation	26						(98,381)	(11,326)
Profit / (loss) after taxation							812,645	(353,834)
Other comprehensive income - not reclassifiable to profit and loss								
- Re-measurement of post employment benefit obligations							(3,484)	(144)
- Share of other comprehensive income of associate							5,874	(17,845)
							2,390	(17,989)
Total comprehensive income / (loss)							815,035	(371,823)
Profit and loss appropriation account								
Balance of unappropriated profit at commencement of the year							161,813	533,636
Profit / (loss) after taxation							812,645	(353,834)
Other comprehensive income / (loss)							2,390	(17,989)
Transferred from general reserve							223,072	557,679
Final dividend for the year ended December 31, 2012 Re. 1 per share (2011: Rs. 3 per share)							(111,536)	(334,605)
Interim dividend for the year ending December 31, 2013 : Re. 1 per share (2012: Rs. 2 per share)							(111,536)	(223,074)
							815,035	(371,823)
Balance of unappropriated profit at end of the year							976,848	161,813
							(Rupees)	Restated
Earnings per share - basic and diluted excluding share of loss of associate arising from discontinued operations	27						7.76	5.88
Earnings / (loss) per share - basic and diluted	27						7.29	(3.17)

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

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

	Issued, subscribed and paid-up share capital	Reserves			Unappropriated profit	Total
		Capital reserves		Revenue reserves		
		Premium on issue of shares	Other capital reserves	General reserve		
	(Rupees in thousand)					
Balance as at January 1, 2012	1,115,359	35,762	33,267	9,461,342	642,166	11,287,896
Effect of change in accounting policy with respect to accounting for actuarial gains and losses applied retrospectively - net of tax - referred in note 2.2	-	-	-	-	(108,530)	(108,530)
Balance as at January 1, 2012 (restated)	1,115,359	35,762	33,267	9,461,342	533,636	11,179,366
Loss after taxation for the year ended December 31, 2012	-	-	-	-	(353,834)	(353,834)
Other comprehensive income for the year						
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	(144)	(144)
- Share of other comprehensive income of associate - net of tax	-	-	-	-	(17,845)	(17,845)
	-	-	-	-	(17,989)	(17,989)
Total comprehensive loss for the year ended December 31, 2012	-	-	-	-	(371,823)	(371,823)
Transactions with owners, recorded directly in equity						
Final dividend for the year ended December 31, 2011 - Rs. 3 per share	-	-	-	-	(334,605)	(334,605)
Interim dividend for the period ended June 30, 2012 - Rs. 2 per share	-	-	-	-	(223,074)	(223,074)
	-	-	-	-	(557,679)	(557,679)
Transfer from general reserve to unappropriated profit	-	-	-	(557,679)	557,679	-
Balance as at December 31, 2012 - restated	1,115,359	35,762	33,267	8,903,663	161,813	10,249,864
Profit after taxation for the year ended December 31, 2013	-	-	-	-	812,645	812,645
Other comprehensive income for the year						
- Re-measurement of post employment benefit obligations - net of tax	-	-	-	-	(3,484)	(3,484)
- Share of other comprehensive income of associate - net of tax	-	-	-	-	5,874	5,874
	-	-	-	-	2,390	2,390
Total comprehensive income for the year ended December 31, 2013	-	-	-	-	815,035	815,035
Transactions with owners, recorded directly in equity						
Final dividend for the year ended December 31, 2012 - Re. 1 per share	-	-	-	-	(111,536)	(111,536)
Interim dividend for the period ended June 30, 2013 - Re. 1 per share	-	-	-	-	(111,536)	(111,536)
	-	-	-	-	(223,072)	(223,072)
Transfer from general reserve to unappropriated profit	-	-	-	(223,072)	223,072	-
Balance as at December 31, 2013	1,115,359	35,762	33,267	8,680,591	976,848	10,841,827

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Cash Flows

	2013	2012
	(Rupees in thousand)	
		Restated
OPERATING CASH FLOWS		
Underwriting activities		
Premiums received	2,039,149	1,878,188
Reinsurance premiums paid	(826,770)	(944,403)
Claims paid	(1,103,328)	(1,038,420)
Reinsurance and other recoveries received	402,009	428,084
Commissions paid	(92,820)	(86,186)
Commissions received	237,505	260,424
Net cash generated from underwriting activities	655,745	497,687
Other operating activities		
Income tax paid	(87,029)	(45,225)
General and management expenses paid	(305,084)	(220,860)
Operating payments - net	(108,356)	(54,563)
Net cash generated from other operating activities	(500,469)	(320,648)
Total cash generated from all operating activities	155,276	177,039
INVESTMENT ACTIVITIES		
Profit / return received	16,060	15,165
Dividends received	680,308	265,194
Payments for investments	(16,506)	(1,586,701)
Proceeds from disposal of investments	7,632	1,520,790
Redemption of held to maturity investments	-	77,959
Fixed capital expenditure	(31,548)	(36,404)
Proceeds from disposal of fixed assets	11,894	12,039
Total cash generated from investing activities	667,840	268,042
FINANCING ACTIVITIES		
Dividends paid	(221,362)	(557,018)
Financial charges paid	(38,943)	(59,586)
Total cash used in from financing activities	(260,305)	(616,604)
Net cash generated from / (used in) from all activities	562,811	(171,523)
Cash at beginning of the year	(638,320)	(466,797)
Cash at end of the year	(75,509)	(638,320)

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

for the year ended 31 December, 2013

	2013	2012
	(Rupees in thousand)	
		Restated
Reconciliation to profit and loss account		
Operating cash flows	155,276	177,039
Depreciation expense	(39,040)	(38,376)
Financial charges	(40,887)	(59,068)
Gain on disposal of fixed assets	10,136	6,697
Decrease / (increase) in other assets	(2,552)	(173,745)
(Increase) / decrease in liabilities other than term finances	(336,240)	119,367
Reversal of provision for impairment in the value of available for sale investments	54,429	152,445
Impairment of asset classified as held for sale	(53,826)	-
Others		
Gain / (loss) on disposal of investments	7,632	2,971
Dividend and other investment income	614,474	253,497
Share of profit / (loss) of associate	443,243	(794,661)
Profit / (loss) after tax	812,645	(353,834)

Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and short term finance.

Cash for the purposes of the Statement of Cash Flows consists of:

	2013	2012
Cash and other equivalents		
- Cash in hand	-	8
- Policy stamps in hand	314	97
	314	105
Current and other accounts		
- Current accounts	404	397
- Saving accounts	168	1,862
	572	2,259
Deposits maturing within 12 months	255,000	-
Short term finances	(331,395)	(640,684)
	(75,509)	(638,320)

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Premiums for the year ended 31 December, 2013

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2013	2012
	(Rupees in thousand)									
Direct and facultative										
Fire and property damage	701,808	233,319	265,986	669,141	620,757	207,960	233,684	595,033	74,108	81,815
Marine, aviation and transport	351,748	19,045	19,668	351,125	183,311	10,475	10,410	183,376	167,749	132,879
Motor	518,713	182,980	209,088	492,605	5,182	908	181	5,909	486,696	455,241
Health	233,364	79,041	49,597	262,808	-	-	-	-	262,808	207,771
Miscellaneous	229,656	85,751	85,881	229,526	158,154	60,563	64,384	154,333	75,193	62,143
Total	2,035,289	600,136	630,220	2,005,205	967,404	279,906	308,659	938,651	1,066,554	939,849

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Claims for the year ended 31 December, 2013

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2013	2012
	(Rupees in thousand)									
Direct and facultative										
Fire and property damage	284,326	238,716	252,855	298,465	239,555	229,874	227,789	237,470	60,995	9,294
Marine, aviation and transport	169,971	63,918	56,499	162,552	94,883	25,605	18,168	87,446	75,106	70,159
Motor	274,872	82,621	103,446	295,697	1,133	16,307	14,687	(487)	296,184	254,095
Health	277,014	51,161	72,120	297,973	-	-	-	-	297,973	222,229
Miscellaneous	97,145	105,270	94,265	86,140	66,438	98,267	81,692	49,863	36,277	27,705
Total	1,103,328	541,686	579,185	1,140,827	402,009	370,053	342,336	374,292	766,535	583,482

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Statement of Expenses for the year ended 31 December, 2013

Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission for reinsurers	Net underwriting expense	
		Opening	Closing					2013	2012
	(Rupees in thousand)								
Direct and facultative									
Fire and property damage	54,701	-	-	54,701	90,222	144,923	125,385	19,538	5,767
Marine, aviation and transport	28,013	-	-	28,013	45,219	73,232	76,191	(2,959)	(48,492)
Motor	36,168	-	-	36,168	92,099	128,267	-	128,267	117,884
Health	1,967	-	-	1,967	30,000	31,967	-	31,967	32,847
Miscellaneous	21,289	-	-	21,289	29,524	50,813	32,263	18,550	15,962
Total	142,138	-	-	142,138	287,064	429,202	233,839	195,363	123,968

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman | Director | Director | Principal Officer and Chief Executive

Statement of Investment Income for the year ended 31 December, 2013

	2013	2012
	(Rupees in thousand)	
Income from trading investments		
Loss on trading (i.e. buying and selling difference)	-	(2,865)
Dividend income (earned while holding the securities)	-	2,658
	-	(207)
Income from non-trading investments		
Held to maturity		
Return on government securities	14,283	16,002
Dividend income on available for sale investments	585,229	230,192
Gain on sale of available for sale investments	7,632	13,819
Reversal for impairment in value of available for sale investments	54,429	152,445
Loss on sale of associated companies	-	(7,983)
Less: Investment related expenses	(3,845)	(6,740)
Net investment income	657,728	397,528

The annexed notes 1 to 37 form an integral part of these financial statements.

Chairman	Director	Director	Principal Officer and Chief Executive

Notes to and forming part of the Financial Statements

1 STATUS AND NATURE OF BUSINESS

IGI Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore stock exchanges and is engaged in providing general insurance services in spheres of Fire, Marine, Motor, Health and Miscellaneous. The registered office of the Company is situated at 7th Floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

During the preceding year, the Company entered into negotiations with American Life Insurance Company U.S.A ("ALICO") for the acquisition of ALICO's ownership interest in American Life Insurance Company (Pakistan) Limited ("ALICO Pakistan") of 40,986,690 ordinary shares of Rs. 10 each representing approximately 81.97% of the total issued, subscribed and paid up capital of ALICO Pakistan (the "Shares").

During the current year, the Company and ALICO entered into a share purchase agreement dated January 21, 2013 (the "SPA") in respect of the sale by ALICO of their Shares to the Company at Rs. 20 per share, subject to certain terms and conditions as stated in the SPA (the "Transaction"). The consummation of the Transaction was subject to regulatory approvals and completion of the requirements pursuant to the Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Ordinance, 2002 (the "Takeover Ordinance"), including the mandatory tender offer for shares to the remaining shareholders of ALICO Pakistan pursuant to the Takeover Ordinance.

Under the provisions of the Takeover Ordinance, the Company was required to make public announcement of offer for the acquisition of shares of ALICO Pakistan, under the mandatory tender offer, by June 25, 2013. The Company was impeded from making such public announcement of offer within the stipulated period due to an interim order of the Honourable High Court of Sindh, dated May 25, 2013 in relation to suit filed by certain employees of ALICO Pakistan in which the Company was named as one of the defendants. It may be mentioned here that the Company was not the principal defendant in the subject suit.

Subsequently, the Honourable High Court of Sindh in its order dated July 05, 2013 clarified / modified the previous interim order and determined that "the share purchase transaction…may be consummated and given effect to". Accordingly, on August 23, 2013 the Company had made the public announcement of offer in accordance with the provisions of the Takeover Ordinance.

No shares were tendered by the shareholders of ALICO Pakistan during the acceptance period and the Company has now fulfilled and complied with its obligations under the Takeover Ordinance. The Manager to the Offer (namely 'United Bank Limited') has provided the Company with a certificate to this effect. The Company is now completing the remaining formalities for the acquisition of the Shares.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format of financial statements prescribed under the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance)Rules, 2002].

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and directives issued by the SECP. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 the SEC (Insurance) Rules, 2002 or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 or the said directives prevail.

2.2 Changes in accounting policies and disclosures arising from standards, interpretations and amendments to published approved accounting standards that are effective in the current year

IAS 1, 'Presentation of Financial Statements' has been amended effective January 1, 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to the profit or loss subsequently (reclassification adjustments). The specified change has been made in the profit and loss account for the year.

IAS 19 (revised) 'Employee benefits' which became effective for annual periods beginning on or after January 1, 2013 amends accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses and the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

for the year ended 31 December, 2013

During the year the Company has changed its accounting policy to comply with the changes made in IAS 19. As per the previous policy actuarial gains and losses in excess of the corridor limit (10% of the higher of fair value of assets and present value of obligation at the beginning of the period) were recognised in the profit and loss account over the future expected average remaining working lives of the employees.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. Further, as required under IAS 1, 'Presentation of Financial Statements', the Company has presented a third balance sheet as at the beginning of the preceding period as a result of the change in accounting policy.

The Company's financial statements are affected only by the 'remeasurements' relating to prior years. The effects for the current and prior years on the financial statements have been summarised below:

	December 31, 2013	December 31, 2012	December 31, 2011
		(Rupees in thousand)	
Impact on balance sheet			
Increase / (decrease) in sundry receivables	9,772	(4,493)	(4,840)
(Decrease) / Increase in deferred taxation	(3,322)	1,771	1,694
Decrease in investment in associate	(46,235)	(52,109)	(105,384)

	Year ended December 31, 2013	Year ended December 31, 2012
	(Rupees in thousand)	
Impact on profit and loss account		
Increase in share of profit of associate	-	71,120
Decrease in management expenses	-	568
(Increase) in taxation	-	(198)
Increase in profit after taxation	-	71,490
Increase / (decrease) in other comprehensive income		
Remeasurement of post employment benefit obligation	2,390	(17,989)
Increase in earnings per share (Rupees)	-	0.64

	For the year ended December 31, 2012 (Rupees in thousand)
Impact on statement of changes in equity	
Cumulative decrease in unappropriated profit at January 1, 2012	(108,530)
Increase in total comprehensive income for the year ended December 31, 2012	53,501
Cumulative decrease in unappropriated profit at January 1, 2013	(55,029)

The Company's policy for staff retirement benefits (note 4.9.2) and disclosure relating to defined benefit plans (note 16) have been amended to comply with the requirement of IAS 19 (revised).

2.3 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2013 but are considered not be to relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in these financial statements.

2.4 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

3 BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention, except as otherwise disclosed.

Notes to and forming part of the Financial Statements

3.1 Critical accounting judgments and estimates

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 reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

- Provision for outstanding claims including IBNR (note 4.1.3)
- Provision for taxation and deferred tax (note 4.3)
- Defined benefit plan (note 4.9.2)
- Useful lives and residual values of fixed assets (note 4.8)
- Premium deficiency reserve (note 4.1.6)
- Classification of investments and its impairment (note 4.5)
- Reinsurance recoveries against outstanding claims (note 4.1.4)

3.2 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional currency.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented except for the changes described in note 2.2 to these financial statements.

4.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders.

The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, engineering losses and other insurance contracts with corporate clients and individuals residing or located in Pakistan.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company neither issues investment contracts nor does it issue insurance contracts with Discretionary Participation Features (DPF).

4.1.1 Premium

Premium written under a policy is recognised as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs. 2,000 per policy.

Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the profit and loss account.

4.1.2 Reinsurance ceded

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

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

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

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

4.1.3 Claims expense

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

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

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

IBNR for health and personal accident is determined and recognised in accordance with valuation carried out by an appointed actuary.

4.1.4 Reinsurance recoveries against claims

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

4.1.5 Commission and other acquisition costs

Commission expense and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognised on accrual basis.

4.1.6 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Accident and Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on 9 January 2012. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

Notes to and forming part of the Financial Statements

Fire and property damage	56%
Marine, aviation and transport	62%
Motor	79%
Health	97%
Miscellaneous	58%

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. The appointed actuary has advised the Company to recognise an amount of Rs. 0.04 million as premium deficiency reserve in respect of personal and accident segment. Accordingly, reserve for the same has been recognised in these financial statements.

4.2 Creditors, accruals and provisions

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

Provisions are recognised 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.

4.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash in hand, deposits with banks, stamps in hand and short term finances.

4.5 Investments

4.5.1 All investments are initially recognised at cost, being the fair value of the consideration given and include transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Investment in associates
- Held to maturity
- Available for sale
- Investment at fair value through profit and loss - held for trading

for the year ended 31 December, 2013

4.5.1.1 Investment in associates

Investment in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Company's share of the changes in the net asset of the associates are accounted for at the end of each reporting period. After application of the equity method, the Company determines whether it is necessary to recognize any permanent impairment loss with respect to the Company's net investment in the associate by comparing the entire carrying amount with its recoverable amount. Share of profit and loss of associate is accounted for in the Company's profit and loss account. Associates' accounting policies are adjusted where necessary to ensure consistency with the policies adopted by the Company.

4.5.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortised cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortised over the term of the investment using the effective yield.

Income from held to maturity investments is recognised 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 profit and loss account over the term of the investment.

4.5.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. It also includes investments in associated undertakings where the Company does not have significant influence. The Company follows trade date accounting for 'regular way purchase and sales' of investments.

Subsequent to initial recognition, these are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP) in December 2002. The Company uses stock exchange quotation at the balance sheet date to determine the market value of its quoted investments whereas, impairment of unquoted investments is computed by reference to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

Had these investments been measured at fair value as required by IAS 39 - Financial Instruments: Recognition and Measurement, the Company's net equity would have been higher by Rs. 28,035 million at December 31, 2013.

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

Gain / (loss) on sale of available for sale investments are recognised in the profit and loss account.

4.5.1.4 Investments at fair value through profit or loss - held for trading

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.

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

Dividend income and entitlement of bonus shares are recognised when the Company's right to receive such dividend and bonus shares is established.

4.5.1.5 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition these are measured at amortised cost.

4.5.2 Derivative financial instruments

Derivatives are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from revaluation of derivative using prevailing market rates. Derivatives are classified as held for trading and the net unrealised gain or loss are included in investment income.

Notes to and forming part of the Financial Statements

4.5.3 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

4.6 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognised in the financial statements as investments and the amount extended to the counter party is included in sundry receivables. The difference between the sale and repurchase price is recognised as mark-up income and included in other income.

4.7 Investment property

Investment property is held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with International Accounting Standards (IAS) 40, "Investment property" and S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditures and gain or losses on disposal are accounted for in the same manner as tangible fixed assets.

4.8 Fixed assets

Tangible

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation on all fixed assets is charged to profit and loss account on the straight line method so as to write-off depreciable amount of an asset over its useful life at the rates stated in note 19 to the financial statements. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalised, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted, if impact on depreciation is significant. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit and loss in the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

Intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

4.9 Staff retirement benefits

4.9.1 Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 percent of basic salary.

4.9.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. Contributions to the fund are made based on actuarial recommendations . The most recent actuarial valuation was carried out for the year ended December 31, 2013 using the Projected Unit Credit Method. In pursuance to the amendment in IAS-19, 'Employee Benefits' as described in note 2.2, the Company has changed its accounting policy to recognise actuarial gains or losses arising on each valuation date in 'other comprehensive income'. Previously, the Company had a policy of recognising actuarial gains / losses in excess of corridor limits (10% of the higher of fair value of the plan assets and present value of obligation) over the average remaining service life of the employees. Impact of this change has been described in note 2.2 to these financial statements.

4.9.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

for the year ended 31 December, 2013

4.10 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and are de-recognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet mainly include cash and bank deposits, investments, accrued investment income, sundry receivables, accrued expenses, amount due from / to other insurers / reinsurers, sundry creditors, short term finances and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.11 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.12 Asset classified as held for sale

Assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when all of the following criteria are met: a decision has been made to sell, the assets are available for sale immediately, the assets are being actively marketed, and a sale has been or is expected to be concluded within twelve months of the balance sheet date. Assets and disposal groups 'held for sale' are valued at lower of the carrying amount and fair value less disposal costs.

4.13 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

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

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

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Health insurance provides coverage against expenses incurred during the hospitalisation due to sickness, emergency and accidents.

Miscellaneous insurance provides cover against health, burglary, loss of cash in safe and cash in transit, travel, personal accident, money, engineering losses, live stocks, crops and other covers.

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

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

4.14 Impairment

The carrying values of the Company's fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

4.15 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and

Notes to and forming part of the Financial Statements

liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

4.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

4.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except in cases where such costs are directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) in which costs such costs are capitalised as part of the cost of that asset. Currently, the company does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

4.18 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.19 Expenses of management

Expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue. Expenses not allocable to the underwriting business are charged as administrative expenses.

4.20 Dividends and appropriations to reserves

Dividends and appropriations to reserves are recorded in the period in which these are approved.

4.21 Earnings per share

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

5 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2013	2012		2013	2012
(Number of shares)			(Rupees in thousand)	
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
109,593,751	109,593,751	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	1,095,937	1,095,937
111,535,938	111,535,938		1,115,359	1,115,359

5.1 Ordinary shares of the Company held by associated undertakings are as follows:

	2013	2012
	(Rupees in thousand)	
Packages Limited	11,838,267	11,838,267
Industrial Technical and Educational Institute	18,958,151	18,958,151
	30,796,418	30,796,418

6 SUNDRY CREDITORS

	Notes	2013	2012
		(Rupees in thousand)	
Federal excise duty		16,527	6,572
Federal insurance fee		1,158	576
Car finance payable		1,765	2,650
Agent commission payable		115,618	66,300
Cash margin		117,534	83,539
Others		30,685	27,000
		283,287	186,637

7 SHORT TERM FINANCES - SECURED

	Notes	2013	2012
Running finances	7.1	171,395	190,684
Term finances	7.2	160,000	450,000
		331,395	640,684

7.1 Running finance facilities available from various commercial banks under mark-up arrangements amount to Rs. 1,940 million (2012: Rs. 3,200 million). The rates of mark-up on these facilities range from 10.33% to 11.55% per annum (2012: 10.91% to 13.97% per annum) and are payable latest by January 17, 2014. Running finances are secured against pledge of shares held by the Company. Running finance facility available during 2012, amounting to Rs. 1,500 million was converted into long term facility during the current year for the purpose of acquisition of ALICO Pakistan. However, the Company has not availed this long term facility during the year ended December 31, 2013.

7.2 Term finance facilities available from various commercial banks under mark-up arrangements amount to Rs. 310 million (2012: Rs. 550 million). The rates of mark-up on these facilities range from 9.49% to 10.67% per annum (2012: 9.67% to 12.60% per annum). Term finance is secured against pledge of shares held by the Company. These finances are due to mature latest by January 27, 2014.

8 CONTINGENCIES

8.1 Company is defending a suit against it by M/s Nawaz Enterprises for recovery of Rs. 9.45 million on account of insurance claim. The management, based on advice of the legal counsel, is confident that the outcome of the case is likely to be in favor of the Company.

8.2 Company is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The petition is pending for hearing before Civil Court judge. As per the management, the outcome of the case is likely to be favourable.

9 CASH AND OTHER EQUIVALENTS

	Note	2013	2012
		(Rupees in thousand)	
Cash		-	8
Policy stamps in hand		314	97
		314	105

10 CURRENT AND OTHER ACCOUNTS

	Note	2013	2012
Current accounts		404	397
PLS savings accounts	10.1	168	1,862
		572	2,259

10.1 The balances in PLS savings accounts carry mark-up at 6.00% per annum (2012: 6.00% per annum).

11 INVESTMENTS

	Note	2013	2012	2011
			(Rupees in thousand)	
			Restated	Restated
The investments comprise of the following:				
Equity instruments of associates	11.1	3,437,662	3,075,886	4,236,382
Held to maturity	11.2	112,950	112,636	172,292
Available for sale	11.3	7,490,857	7,431,458	7,107,132
At fair value through profit or loss - held for trading		-	-	1,767
		11,041,469	10,619,980	11,517,573

Notes to and forming part of the Financial Statements

11.1 Equity instruments of associates

	Note	2013	2012
		(Rupees in thousand)	
Quoted			
Packages Limited			
21,133,101 (2012: 21,082,601) fully paid ordinary shares of Rs. 10 each	11.1.3	3,437,662	3,075,886
Equity held 25.05% (2012: 24.99%)			
Market value Rs. 272.63 per share			
Unquoted			
Dane Foods Limited			
2,643,161 (2012: 2,643,161) fully paid ordinary shares of Rs. 10 each			
Equity held 30.62% (2012: 30.62%)			
Cost		26,432	26,432
Provision for diminution in value		(26,432)	(26,432)
		-	-
		3,437,662	3,075,886

11.1.1 Investment in unquoted associate do not include any goodwill as the investment was made when this associate was incorporated.

11.1.2 The summarised financial information of Packages Limited is as follows:

	Country of incorporation	2013 Assets	Liabilities	Revenues	Profit
		(Rupees in thousand)			
Packages Limited	Pakistan	55,537,580	12,378,379	20,062,744	1,820,773

	Country of incorporation	2012 Assets	Liabilities	Revenues	(Loss) / profit
		(Rupees in thousand)			
Packages Limited	Pakistan	47,853,676	16,217,038	16,617,735	(1,938,893)

11.1.3 The share of profit / (loss) from Packages Limited is based on unaudited results as at December 31, 2013. During the preceding year, Packages Limited had entered into a Joint Venture in relation to its wholly owned subsidiary. As a result, the operations of Packages Limited had been divided into continuing and discontinued operations in accordance with the requirements of International Financial Reporting Standards (IFRS) 5, 'Non-current assets held for sale and discontinued operations'.

The Company has accordingly recognised share of profits from continuing operations of Packages Limited amounting to Rs. 496.572 million while share of loss from its discontinued operations amounts to Rs. 53.329 million respectively.

11.2 Held to maturity

	Note	2013	2012
		(Rupees in thousand)	
Government securities	11.2.1	112,950	112,636

for the year ended 31 December, 2013

11.2.1 Government securities

Particulars	Maturity year	Effective yield % per annum	Profit payment	2013	2012
				(Rupees in thousand)	
Pakistan Investment Bonds	2019	15.00%	Half yearly	14,282	14,185
Pakistan Investment Bonds	2021	13.08%	Half yearly	14,228	14,174
Pakistan Investment Bonds	2020	13.98%	Half yearly	22,886	22,712
Pakistan Investment Bonds	2022	12.00%	Half yearly	60,513	60,522
Pakistan Investment Bonds	2022	11.25%	Half yearly	1,041	1,043
				112,950	112,636

11.2.1.1 The Pakistan Investment Bonds are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

11.2.1.2 Market value of Pakistan Investment Bonds carried at amortised cost amounts to Rs. 112.678 million (2012: Rs. 119.870 million).

11.3 Available for sale

	Note	2013	2012
		(Rupees in thousand)	
Related parties	11.3.1		
- Quoted		7,238,290	7,226,684
- Unquoted		100,236	100,236
		7,338,526	7,326,920
Others	11.3.2		
- Quoted		138,575	90,782
- Unquoted		13,756	13,756
		152,331	104,538
		7,490,857	7,431,458

11.3.1 Related parties

Quoted

2013	2012	Percentage equity held	Face value per share (Rupees)	Company's name	Note	2013	2012
(Number of shares)						(Rupees in thousand)	
4,357,466	4,356,666	9.61%	10	Nestle Pakistan Limited	11.4	6,412,361	6,407,392
1,841,739	1,841,739	19.10%	10	Sanofi Aventis Pakistan Limited		391,348	391,348
1,353,416	1,353,416	4.51%	10	Tri-Pack Films Limited		264,985	264,985
5,442,060	5,442,060	13.01%	10	Treet Corporation Limited		150,035	150,035
173,191	173,191	3.25%	10	Zulfiqar Industries Limited		19,561	19,561
				Total investment		7,238,290	7,233,321
				Provision for diminution in value		-	(6,637)
						7,238,290	7,226,684
				Market value as at December 31		35,131,043	21,992,288

Unquoted

2013	2012	Percentage equity held	Face value per share (Rupees)	Company's name	2013	2012
12,433,934	12,433,934	1.48%	10	Coca Cola Beverages Pakistan Limited Chief Executive: Mr. John Seward Break-up value is Rs. 8.27 per share based on unaudited financial statements for the period ended June 30, 2013		
				Cost	134,665	134,665
				Provision for diminution in value	(34,429)	(34,429)
					100,236	100,236
				Breakup value as at December 31	102,818	98,104

Notes to and forming part of the Financial Statements

11.3.2 Others

Quoted

2013 (Number of Shares)	2012 (Number of Shares)	Percentage equity held	Face value per share (Rupees)	Company's name	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
70,031	70,031	0.85%	10	Siemens Pakistan Engineering Company Limited		125,442	125,443
458,611	458,611	0.38%	10	International Industries Limited		37,395	37,395
234,191	187,353	3.72%	10	Mitchell's Fruit Farms Limited		21,437	21,437
						184,274	184,275
				Provision for diminution in value		(45,699)	(93,493)
						138,575	90,782
				Market value as at December 31		280,962	141,498

Unquoted

2013 (Number of Shares)	2012 (Number of Shares)	Percentage equity held	Face value per share (Rupees)	Company's name	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
44	44	4.87%	100	Kissan Fruit Growers (Private) Limited Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended September 30, 2006		4	4
32	32	4.83%	100	Punjab Fruit Growers (Private) Limited Break-up value is Rs. 107.09 per share based on audited financial statements for the year ended September 30, 2006		3	3
1,705	1,705	4.87%	10	Haider Fruit Growers (Private) Limited Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended June 30, 2006			
				Cost		17	17
				Provision for diminution in value		(1)	(1)
						16	16
350	350	-	100	Petroleum Development Pakistan Limited		1	1
500	500	-	100	National Steel of Pakistan Limited	11.5	1	1
422,499	422,499	0.65%	10	Central Depository Company of Pakistan Chief Executive: Muhammad Hanif Break-up value is Rs. 31.05 per share based on audited financial statements for the year ended June 30, 2013	11.5	9,110	9,110
1,900,000	1,900,000	0.67%	10	DHA Cogen Limited Chief Executive: Naseem Khan Break-up value is Rs. 2.095 per share based on audited financial statements for the year ended December 31, 2009			
				Cost		19,125	19,125
				Provision for diminution in value		(19,125)	(19,125)
						-	-

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2013 (Number of Shares)	2012	Percentage equity held	Face value per share (Rupees)	Company's name	2013 (Rupees in thousand)	2012
374,440	374,440	0.37%	10	Techlogix International Limited Chief Executive: Mr. Kawan Khawaja Break-up value is Rs. 2.58 per share based on audited financial statements for the period ended December 31, 2012		
				Cost	4,261	4,261
				Provision for diminution in value	(3,291)	(3,291)
					970	970
956,172	956,172	2.46%	10	Systems (Private) Limited Chief Executive: Mr. Ashraf Kapadia Break-up value is Rs. 22.25 per share based on unaudited financial statements for the period ended December 31, 2013		
				Cost	10,150	10,150
				Provision for diminution in value	(6,499)	(6,499)
					3,651	3,651
					13,756	13,756
				Breakup value as at 31 December	39,392	39,436

11.4 408,900 shares of Nestle Pakistan Limited with a book value of Rs. 601.729 million are pledged as security against short term finances as referred to in note 7 to these financial statements.

11.5 These represent investments in Bangladesh.

11.6 During the year ended December 31, 2011, 36,981 shares of Visionet Systems Inc were received as specie dividend by the Company from Systems (Private) Limited.

12 DEFERRED TAXATION

	2013	2012 (Rupees in thousand) Restated	2011 Restated
Deferred tax debits / (credits) have arisen in respect of:			
Accelerated tax depreciation	(27,453)	(15,354)	(35,112)
Investment in associate	(24,216)	-	(380)
Provision for doubtful receivables	31,490	26,096	17,649
Unused tax losses	8,516	-	-
Remeasurement of post employment benefit obligations	1,795	1,573	1,694
Defined benefit plan	(1,231)	-	-
	(11,099)	12,315	(16,149)

13 PREMIUMS DUE BUT UNPAID

	Note	2013 (Rupees in thousand)	2012
Unsecured			
- Considered good		194,495	197,503
- Considered doubtful		66,785	60,000
		261,280	257,503
Provision for doubtful receivables	13.3	(66,785)	(60,000)
		194,495	197,503

Notes to and forming part of the Financial Statements

13.1 This includes an amount of Rs 79.876 million receivable from related parties out of which an amount of Rs 10.560 million have been considered doubtful.

13.2 The aggregate amount due by directors, chief executive and executives of the Company amounts to Rs. 0.131 million (2012: Rs 0.068 million).

13.3 Provision for doubtful receivables

	Note	2013	2012
		(Rupees in thousand)	
Balance as at January 1		60,000	45,425
Provision made during the year		6,785	14,575
Balance as at December 31		66,785	60,000

14 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS

	Note	2013	2012
Unsecured			
- Considered good		436,891	440,294
- Considered doubtful		25,833	14,559
		462,724	454,853
Provision for doubtful receivables	14.1	(25,833)	(14,559)
		436,891	440,294

14.1 Provision for doubtful receivables

	2013	2012
Balance as at January 1	14,559	5,000
Provision made during the year	11,274	9,559
Balance as at December 31	25,833	14,559

15 ASSET CLASSIFIED AS HELD FOR SALE

During the current year, the Company announced its intention to consider the divestment of 42.01% shareholding in its associate, IGI Investment Bank Limited (IGIBL), following the receipt of preliminary expressions of interest from prospective buyers. Consequently, due diligence process was initiated but negotiations with prospective buyers have not led to finalisation of the subject divestment transaction, as the terms offered by said prospective buyers were not acceptable to the Company.

Accordingly, in the meeting held on February 25, 2014 the Board of Directors of the Company have decided that no divestment will be made of any shareholding of the company in IGIBL till further decision of the Board of Directors. As the decision of the Board of Directors of the Company in this regard was made subsequent to the balance sheet date, the asset has been classified as 'held for sale' in these financial statements.

During the year, the Company recognised an impairment loss on the asset classified as held for sale amounting to Rs. 53.826 million based on the market value of the shares of IGIBL as at December 31, 2013.

16 SUNDRY RECEIVABLES

	Note	2013	2012	2011
			(Rupees in thousand)	
			Restated	Restated
Receivable under share trading		-	-	50,758
Advances - considered good		1,849	751	11,965
Security deposits		10,407	8,220	7,519
Agent balances		2,299	4,206	5,329
Receivable from defined benefit plan	16.1	3,621	5,397	2,823
Sales tax recoverable		1,253	771	983
Salvage recoverable		7,318	18,211	24,849
Others	16.2	28,783	8,547	-
		55,530	46,103	104,226

for the year ended 31 December, 2013

16.1 Defined benefit plan - approved gratuity fund

16.1.1 Salient features

The Company offers an approved gratuity fund for all employees. Annual contributions are made to the fund on the basis of actuarial recommendations. The gratuity is governed under the Trust Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

The Company faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares, are subject to adverse fluctuation as a result of change in market price.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

16.1.2 Valuation results

The Company operates an approved funded gratuity scheme for all eligible employees. Actuarial valuation is carried out every year and the latest valuation was carried out as at December 31, 2013. The information provided in notes 16.1.3 to 16.1.13 has been obtained from the actuarial valuation carried out as at December 31, 2013. The following significant assumptions have been used for valuation of this scheme:

		2013	2012
		'Per annum	
a)	Expected rate of increase in salary level	13.0%	11.5%
b)	Discount rate	13.0%	11.5%
c)	Expected return on plan assets	13.0%	11.5%
d)	Assumptions regarding future mortality experience are based on actuarial recommendations and published statistics.		

16.1.3 Amounts recognised in the balance sheet:

	Note	2013	2012	2011
			(Rupees in thousand)	
			Restated	Restated
Present value of defined benefit obligation	16.1.4	28,040	21,362	17,184
Less: Fair value of plan assets	16.1.5	(31,661)	(26,759)	(20,007)
		(3,621)	(5,397)	(2,823)

Notes to and forming part of the Financial Statements

Movement in (asset) / liability during the year	2013	2012
	(Rupees in thousand)	
Obligation at the beginning of the year	(5,397)	(2,823)
Charge to profit and loss account	2,405	2,321
Other comprehensive income	5,279	221
Contribution to the fund during the year	(5,908)	(5,116)
Obligation at the end of the year	(3,621)	(5,397)

16.1.4 Movement in defined benefit obligation:

Present value of obligation as at January 1	21,362	17,184
Current service cost	3,365	2,994
Interest cost	2,260	2,071
Benefits paid	(3,422)	(1,237)
Actuarial loss	4,475	350
Present value of obligation as at December 31	28,040	21,362

16.1.5 Movement in fair value of plan assets:

Fair value of plan assets as at January 1	26,759	20,007
Expected return on plan assets	3,220	2,744
Contributions to the fund	5,908	5,116
Benefits paid	(3,422)	(1,237)
Actuarial gain / (loss)	(804)	129
Fair value as at December 31	31,661	26,759

16.1.6 Amounts recognised in the profit and loss account:

Current service cost	3,365	2,994
Interest cost	2,260	2,071
Expected return on investments	(3,220)	(2,744)
Recognition of actuarial loss	-	-
Expense for the year	2,405	2,321

16.1.7 Actual return on plan assets

Expected return on assets	3,220	2,744
Actuarial gain	-	129
	3,220	2,873

16.1.8 Sensitivity analysis

a) The impact of 1% change in following variables on defined benefit obligation is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees in thousand)	
Discount rate	1%	24,767	31,964
Expected rate of increase in salaries	1%	31,926	24,740

b) The impact on defined benefit obligation due to increase in life expectancy by 1 year would be Rs 27.886 million

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

for the year ended 31 December, 2013

16.1.9 Plan assets comprise of the following:

	2013 (Rupees in thousand)	Percentage composition	2012 (Rupees in thousand)	Percentage composition	2011 (Rupees in thousand)	Percentage composition
Equity investments	2,429	7.67%	1,810	6.76%	1,448	7.24%
Cash and bank deposits	1,135	3.58%	4,203	15.71%	18,559	92.76%
Government Securities	28,097	88.74%	20,746	77.53%	-	0.00%
Fair value of plan assets	31,661	100.00%	26,759	100.00%	20,007	100.00%

16.1.10 As per the actuarial recommendations, the expected return on plan assets was taken as 13% (2012:11.5%), which is representative of yields on long-term Government bonds. Due to the increased volatility of share prices in recent months, there is no clear indication of return on equity. It is therefore assumed that the yield on equity matches the return on debt.

16.1.11 Based on actuarial advice, the Company intends to charge an amount of Rs 4.284 million in the financial statements for the year ending December 31, 2014.

16.1.12 5 year data on the deficit / (surplus) of the plan is as follows:

	2013	2012	2011	2010	2009
			(Rupees in thousand)		
Present value of defined benefit obligation	28,040	21,362	17,184	14,063	10,038
Fair value of plan assets	(31,661)	(26,759)	(20,007)	(14,662)	(10,109)
(Surplus) / deficit	(3,621)	(5,397)	(2,823)	(599)	(71)

16.1.13 Experience adjustment

	2013	2012	2011	2010	2009
			(Percentage)		
Experience adjustments on obligation	-16%	-2%	-3%	-13%	-20%
Experience adjustments on assets	-3%	0%	1%	2%	-25%

16.2 This includes an amount of Rs. 26.881 million (2012: Rs. 4.356 million) receivable from related parties under group shared services.

17 Defined contribution plan - provident fund

The Company has set up provident fund for its permanent employees and the contributions were made by the Company to the Trust in accordance with the requirement of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31, 2013 was Rs. 7.834 million (2012: Rs. 6.486 million). The audit of the provident fund for the year ended June 30, 2013 is in progress. The net assets based on audited financial statements of Provident Fund as at June 30, 2012 was Rs. 46.775 million out of which 87% was invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of investments of provident fund as at June 30, 2012 was Rs. 40.887 million and the cost of investment was Rs. 40.300 million. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	2012	
Break up of investments	Rupees in '000	% of the size of the fund
Debt securities	5,301	12.97%
Government securities	24,670	60.34%
Listed securities	6,713	16.42%
Bank deposits	4,203	10.28%
Total	40,887	

18 STAFF STRENGTH

	2013	2012
	(Number of employees)	
Number of employees as at December 31	125	126
Average number of employees during the year	126	123

Notes to and forming part of the Financial Statements

19 FIXED ASSETS - Tangible

	Furniture, fixtures and office equipment			Sub total	Buildings	Motor vehicles	Total
	Furniture and fixtures	Office equipment	Computer equipment				
				(Rupees in thousand)			
As at January 1, 2012							
Cost	22,499	21,610	28,978	73,087	119,913	81,058	274,058
Accumulated depreciation	(10,554)	(16,620)	(24,677)	(51,851)	(28,980)	(37,954)	(118,785)
Net book value as at January 1, 2012	11,945	4,990	4,301	21,236	90,933	43,104	155,273
For the year ended December 31, 2012							
Opening net book value	11,945	4,990	4,301	21,236	90,933	43,104	155,273
Additions	235	1,786	5,022	7,043	-	29,361	36,404
Disposals							
- Cost	-	(60)	(1,457)	(1,517)	-	(19,200)	(20,717)
- Accumulated depreciation	-	51	1,332	1,383	-	13,992	15,375
	-	(9)	(125)	(134)	-	(5,208)	(5,342)
Depreciation charge	(2,210)	(3,145)	(2,979)	(8,334)	(5,996)	(15,657)	(29,987)
Net book value as at December 31, 2012	9,970	3,622	6,219	19,811	84,937	51,600	156,348
As at January 1, 2013							
Cost	22,734	23,336	32,543	78,613	119,913	91,219	289,745
Accumulated depreciation	(12,764)	(19,714)	(26,324)	(58,802)	(34,976)	(39,619)	(133,397)
Net book value as at January 1, 2013	9,970	3,622	6,219	19,811	84,937	51,600	156,348
For the year ended December 31, 2013							
Opening net book value	9,970	3,622	6,219	19,811	84,937	51,600	156,348
Additions	642	1,550	2,275	4,467	-	26,983	31,450
Disposals / Transfer							
- Cost	-	(330)	(6,417)	(6,747)	93,484*	(19,018)	67,719
- Accumulated depreciation	-	298	6,309	6,607	(29,605)*	17,400	(5,598)
	-	(32)	(108)	(140)	63,879	(1,618)	62,121
Depreciation charge	(2,242)	(1,431)	(3,469)	(7,142)	(8,333)	(17,508)	(32,983)
Net book value as at December 31, 2013	8,370	3,709	4,917	16,996	140,483	59,457	216,936
As at December 31, 2013							
Cost	23,376	24,556	28,401	76,333	213,397	99,184	388,914
Accumulated depreciation	(15,006)	(20,847)	(23,484)	(59,337)	(72,914)	(39,727)	(171,978)
Net book value as at December 31, 2013	8,370	3,709	4,917	16,996	140,483	59,457	216,936
Annual rate of depreciation	10%	10-20%	33.33%		5%	20%	

* During the year, the Company reclassified investment property having a cost of Rs 93.484 million and accumulated depreciation of Rs 29.605 million into tangible fixed assets due to occupation of certain area by the Company which was previously rented to a related party.

for the year ended 31 December, 2013

19.1 Disposal of operating fixed assets

Particulars of the assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	(Rupees in thousand)					
Vehicles						Employees
Suzuki Cultus	825	192	633	701	Company policy	Asif Siddiqi
Suzuki Alto	450	367	83	251	Company policy	Iqbal Hassan
Suzuki Cultus	400	339	61	209	Company policy	Fahad Aqeel
						Outsiders
Toyota Corolla	1,451	870	581	1,113	Negotiation	Kamran Jamil
Suzuki Alto	629	535	94	515	Negotiation	Allah dita Ranjha
Other assets with book value of less than Rs. 50,000						
Computers						
Computer Equipments	6,417	6,309	108	513	Negotiation	Various
Vehicles	15,263	15,097	166	8,559	Company policy	Various employees
Office and electrical equipments	330	298	32	33	Insurance claim	Alfalah Insurance Company Limited / Outsiders
	25,765	24,007	1,758	11,894		

20 INTANGIBLES

	2013	2012
	(Rupees in thousand)	
Computer Software		
Net book value as at January 1	7,449	9,842
Addition	98	-
Amortisation	(2,398)	(2,393)
Net book value as at December 31	5,149	7,449

21 INVESTMENT PROPERTY

2013

	Cost			Accumulated Depreciation			WDV	Useful life
	As at Jan 1, 2013	Additions (disposals) (transfer)	As at Dec 31, 2013	As at Jan 1, 2013	For the year (disposal) (transfer)	As at Dec 31, 2013	as at Dec 31, 2013	
	(Rupees in thousand)							
Building	119,913	- (93,484)*	26,429	34,977	3,659 (29,605)*	9,031	17,398	20 years

2012

	Cost			Accumulated Depreciation			WDV	Useful life
	As at Jan 1, 2012	Additions (disposals) (transfer)	As at Dec 31, 2012	As at Jan 1, 2012	For the year (disposal) (transfer)	As at Dec 31, 2012	as at Dec 31, 2012	
	(Rupees in thousand)							
Building	119,913	-	119,913	28,981	5,996	34,977	84,936	20 years

Notes to and forming part of the Financial Statements

* During the year, the Company reclassified investment property having a cost of Rs 93.484 million and accumulated depreciation of Rs 29.605 million into tangible fixed assets due to occupation of certain area by the Company which was previously rented to a related party.

21.1 The market value of the investment property is Rs. 26.338 million as December 31, 2013 as per the valuation carried out by an independent valuer M/s. Joseph Lobo (Pvt) Limited.

22 MANAGEMENT EXPENSES

	Note	2013	2012
		(Rupees in thousand)	
			Restated
Salaries, wages and benefits	22.1	181,450	166,303
Rent, rates and taxes		27,598	23,479
Utilities		14,679	11,379
Repairs and maintenance		3,521	2,589
Conveyance		33	142
Education and training		1,750	1,880
Computer expenses		4,109	3,934
Communication		9,595	7,782
Provision for doubtful debts		18,060	24,134
Inspection fee		854	2,808
Security expenses		25,415	26,531
		287,064	270,961

22.1 This includes charge for defined benefit and defined contribution plans amounting to Rs. 2.405 million (2012: Rs. 2.889 million) and Rs. 7.834 million (2012: Rs. 6.494 million) respectively.

23 OTHER INCOME

	Note	2013	2012
		(Rupees in thousand)	
Income from non-financial assets		10,136	6,697
Gain on disposal of fixed assets		-	935
Gain tendered by director		10,136	7,632

24 FINANCIAL CHARGES

Markup on short term finance		38,874	57,887
Bank charges		2,013	1,181
		40,887	59,068

25 GENERAL AND ADMINISTRATIVE EXPENSES

General office premium		7,024	6,562
Motor car expenses		16,874	13,367
Tour and travelling		16,433	17,250
Representation expenses		1,478	1,303
Stationery and printing		8,538	7,517
Depreciation and amortisation	19, 20 & 21	39,040	38,376
Donations	25.1	20,905	20,814
Audit fee	25.2	2,670	1,040
Advertisement expenses		5,931	1,710
Legal and professional	25.3	99,429	36,656
Workers' Welfare Fund		18,593	7,089
Sundry expenses		1,210	688
		238,125	152,372

25.1 Donations amounting to Rs. 20.546 million (2012: Rs. 20.150) were made to following institutes in which the directors of the Company had interest during the year:

Name of the Institute	Address
National Management Foundation	Lahore University of Management Sciences, DHA,Lahore
Ali Institute of Education	Shahrah-e-Roomi, (Ferozepur Road) Lahore
Liaquat National Hospital	Stadium Road, Karachi

for the year ended 31 December, 2013

25.2 Audit fee

	2013	2012
	(Rupees in thousand)	
Fee for statutory audit	750	550
Fee for interim review	300	215
Fee for audit of regulatory return	200	100
Special certifications and sundry services	1,350	75
Out of pocket expenses	70	100
	2,670	1,040

25.3 This mainly includes expenses incurred by the Company in connection with the acquisition of controlling interest in ALICO Pakistan as described in note 1 to these financial statements and the intended divestment of its shareholding in IGI Investment Bank Limited as described in note 15 to these financial statements. These expenses include an amount of Rs 33.109 million charged by the auditors for providing permitted services in connection with the afore-mentioned acquisition and divestment and taxation services.

26 TAXATION

	2013	2012
	(Rupees in thousand)	
For the year		
- Current	81,819	58,771
- Deferred	23,713	(28,387)
Prior year	(7,151)	(19,058)
	98,381	11,326

26.1 Tax charge reconciliation

Numerical reconciliation between the average tax rate and applicable tax rate has not been presented as provision for the current year income tax has been made under the provisions of minimum tax under Section 113 of the Income Tax Ordinance, 2001 (Ordinance).

26.2 The income tax assessments of the Company have been finalised up to and including the tax year 2013. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalising the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs. 3 million for which rectification application is filed which is pending.

- The Company has also filed applications in respect of certain mistakes made in the orders passed under section 124 of the Income tax Ordinance for 2001-2002 and 2002-2003. The applications filed were rejected by the T.O. against which appeals have been filed with the CIT (A) which are pending.

- The Additional Commissioner of Income Tax (AC) has issued notice under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from Associates. Against the above notice, the Company has filed a constitutional petition before the Honourable High Court. The regular hearing of petition is currently pending with the High Court.

- In respect of tax year 2007, all significant issues involved amounting to Rs. 7 billion were decided in favour of the Company by CIR(A) and then by the ATIR. However, no appeal effect order has been passed. Further, certain matters amounting to Rs. 82 million that were remanded back to DCIR by the CIR(A) were not decided upon by the High Court. The Company has written a letter to the taxation officer for passing appeal effect orders. The department has recently filed Income Tax Reference Application before Honourable High Court of Sindh against the deletion of the addition made on account of re-characterisation of actual realized capital gain. The said Income Tax Reference Application is still pending adjudication.

- In case of tax year 2008, the Additional Commissioner Audit Division-11 had issued notice under section 122 (5A) of the Ordinance for passing an amended order on certain issues. The Company filed a writ petition before the High Court of Sindh which has restrained the department to take up the amended proceedings.

The management and tax advisor of the Company are confident that the above matters will be decided in the Company's favor.

27 EARNINGS PER SHARE

27.1 Basic earnings per share

	2013	2012
	(Rupees in thousand)	
		Restated
Profit for the year - excluding share of loss of associate arising from discontinued operations	865,974	655,718
Profit / (loss) for the year	812,645	(353,834)
	(Number of shares)	
Weighted average number of ordinary shares	111,535,938	111,535,938

	2013	2012
	(Rupees in thousand)	
		Restated
Earnings per share - excluding share of loss of associate arising from discontinued operations	7.76	5.88
Earnings / (loss) per share	7.29	(3.17)

27.2 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at December 31, 2013 and December 31, 2012 which would have any effect on the earnings per share if the option to convert is exercised.

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including certain benefits, to the Chief Executive, Director and Executives of the Company during the year are as follows:

	Chief Executive		Directors		Executives*	
	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)					
Fee for attending board meeting	-	-	2,305**	1,140	-	-
Managerial remuneration	7,680	6,887	2,777	2,355	43,648	31,490
Bonus	2,913	2,490	-	-	7,025	5,697
Retirement benefits (including provident fund)	1,332	1,195	-	-	7,558	5,461
Housing and utilities	4,292	3,839	620	645	24,960	17,433
Medical expenses	-	-	-	-	1,819	1,267
Conveyance allowance	265	226	-	-	6,028	5,207
Others	1,739	1,661	-	-	6,414	4,091
	18,221	16,298	5,702	4,140	97,452	70,646
Number of persons	1	1	2	2	40	30

28.1 Chief Executive and executives of the Company are provided with Company maintained cars and residential telephones.

* The above includes an aggregate amount of Rs 29.088 million (2012: 28.062 million) in respect of remuneration of key management personnel.

** This includes fee for attending Board meeting of all the seven directors.

29 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associated companies, other related group companies, directors of the Company, companies where directors also hold directorship, key management personnel, major shareholders and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties at agreed / commercial terms and conditions. Remuneration of key management personnel is disclosed in note 28. Amounts due to / from and other significant transactions, other than those disclosed else where in these financial statements, are as follows:

for the year ended 31 December, 2013

Relationship with the Company		Nature of transactions	2013	2012
			(Rupees in thousand)	
i)	Associated companies	**Transactions**		
		Premium underwritten	845,649	691,310
		Premium collected	966,488	801,270
		Claims expense	219,671	314,706
		Commission expense	24,634	19,842
		Commission paid	19,465	14,627
		Rental income	13,179	21,389
		Dividend received	665,639	245,713
		Dividend paid	56,848	142,250
		Rent expense	17,435	13,674
		Rent paid	17,959	15,443
		Security deposits	577	601
		Investment / (divestment) in shares - net of provision for impairment	25,533	390,427
		Investment in Certificates of Deposit	395,000	-
		Certificates of Deposit matured	140,000	-
		Impairment on asset classified as held for sale	53,826	-
		Profit on Certificates of Deposit	14,353	-
		Brokerage commission	15	867
		Balances		
		Premium receivable	79,745	84,175
		Commission payable	25,032	19,380
		Investment in shares	10,675,952	10,339,965
		Asset classified as held for sale	148,789	202,615
		Profit receivable on Certificates of Deposit	13,134	-
		Investment in Certificates of Deposit	255,000	-
		Other receivable	28,279	1,078
		Security deposits	5,750	5,173
		Prepaid rent	9,577	8,670
		Donations paid	20,546	20,150
ii)	Directors	**Transactions**		
		Premium underwritten	677	459
		Premium collected	616	459
		Claims expense	846	1,251
		Dividend paid	61,867	145,126
		Balances		
		Premium receivable	131	69
iii)	Key management personnel	Premium underwritten	44	44
		Premium collected	44	44
		Claims expense	-	54
		Dividend paid	1	4
iv)	Post employment benefit plans	**Transactions**		
		Charge in respect of gratuity fund	2,405	2,889
		Charge in respect of provident fund	7,834	6,494
		Contribution to gratuity fund	5,908	5,116
		Contribution to provident fund	8,577	6,243
		Balances		
		Receivable from gratuity fund	3,621	5,397
		Receivable from provident fund	743	-

Notes to and forming part of the Financial Statements

30 OPERATING SEGMENT

30.1 The Company's business is organised and managed separately according to the nature of services provided with the following segments:

- Fire and property insurance provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.
- Marine, aviation and transport insurance provides coverage against cargo risk, war risk, damages occurring in inland transit and other related perils.
- Motor insurance provides comprehensive car coverage, indemnity against third party loss and other related coverage.
- Accident and health insurance provides coverage against personal accident, hospitalization and other medical benefits.
- Miscellaneous insurance provides coverage against burglary, loss of cash in safe and cash in transit, engineering losses, travel and other coverage.

30.2 Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium written by the segments.

	2013					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
			(Rupees in thousand)			
Segment assets	765,646	181,031	239,685	101,142	245,611	1,533,115
Unallocated assets	-	-	-	-	-	11,619,001
Consolidated total assets	-	-	-	-	-	13,152,116
Segment liabilities	672,599	131,595	387,871	155,611	226,241	1,573,917
Unallocated liabilities	-	-	-	-	-	736,372
Consolidated total liabilities	-	-	-	-	-	2,310,289

	2012					
	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	Total
			(Rupees in thousand)			
Segment assets	724,176	171,572	233,956	109,126	254,470	1,493,300
Unallocated assets	-	-	-	-	-	11,025,149
Consolidated total assets	-	-	-	-	-	12,518,449
Segment liabilities	570,200	115,069	306,084	150,584	222,608	1,364,545
Unallocated liabilities	-	-	-	-	-	904,040
Consolidated total liabilities	-	-	-	-	-	2,268,585

31 FINANCIAL INSTRUMENTS BY CATEGORY

	2013	2012
	(Rupees in thousand)	
Financial assets and financial liabilities		
Financial assets		
Loans and receivables - amortised cost		
Cash and bank deposits		
Cash and other equivalents	314	105
Current and other accounts	572	2,259
Deposits maturing within 12 months	255,000	-
	255,886	2,364

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	2013	2012
	(Rupees in thousand)	
Current assets - others		
Premiums due but unpaid - unsecured	194,495	197,503
Amounts due from other insurers / reinsurers - unsecured	436,891	440,294
Accrued income on investments and deposits	19,047	5,862
Reinsurance recoveries against outstanding claims	342,336	370,053
Asset classified as held for sale	148,789	202,615
Sundry receivables	55,530	46,103
	1,197,088	1,262,430
Investments - held to maturity	112,950	112,636
Investments - available for sale	7,490,857	7,431,458
Financial Liabilities		
Amortised cost		
Provision for outstanding claims (including IBNR)	579,185	541,686
Amounts due to other insurers / reinsurers	294,173	156,942
Accrued expenses	101,740	69,578
Sundry creditors	264,812	176,473
Short term finances - secured	331,395	640,684
Unclaimed dividend	8,851	7,141
	1,580,156	1,592,504

32 RISK MANAGEMENT

32.1 Risk management framework

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall, risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

32.2 Insurance risks

32.2.1 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts. The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial businesses. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

The Company mainly issues the following types of insurance contracts:

Concentration of insurance risk

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial businesses. The Company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Notes to and forming part of the Financial Statements

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors and physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and decoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system / application through which a number of MIS reports can be generated to assess the concentration of risk

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. For catastrophic aggregates, the IT system also assigns precise geographic CRESTA (Catastrophe Risk Evaluating and Standardizing Target Accumulations) codes with reference to the accumulation of sums insured in force at any particular location against natural perils. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For Marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

32.2.2 Reinsurance Arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, accumulated losses on net account can also be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The Company's class wise risk exposure (based on maximum loss coverage in a single policy) is as follows:

	2013		
	Maximum sum insured	Reinsurance cover	Highest net liability
		(Rupees in thousand)	
Fire and property damage	30,201,385	30,138,466	62,919
Marine, aviation and transport	6,731,250	6,058,125	673,125
Motor	27,900	14,229	13,671
Health	1,000	-	1,000
Miscellaneous	12,053,396	11,812,328	241,068
	49,014,931	48,023,148	991,783

	2012		
	Maximum sum insured	Reinsurance cover	Highest net liability
		(Rupees in thousand)	
Fire and property damage	30,169,086	30,081,086	88,000
Marine, aviation and transport	7,700,000	6,930,000	770,000
Motor	31,000	15,655	15,345
Health	1,000	-	1,000
Miscellaneous	17,100,000	17,031,600	68,400
	55,001,086	54,058,341	942,745

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The table below sets out the concentration of insurance contract liabilities by type of contract:

	2013		
	Gross liabilities	Gross assets	Net liabilities / (assets)
		(Rupees in thousand)	
Fire and property damage	672,599	679,188	(6,589)
Marine, aviation and transport	131,595	137,698	(6,103)
Motor	387,871	175,783	212,088
Health	155,611	72,393	83,218
Miscellaneous	226,241	217,319	8,922
	1,573,917	1,282,381	291,536

	2012		
	Gross liabilities	Gross assets	Net liabilities / (assets)
		(Rupees in thousand)	
Fire and property damage	570,200	654,387	(84,187)
Marine, aviation and transport	115,069	138,549	(23,480)
Motor	306,084	181,131	124,953
Health	150,584	82,529	68,055
Miscellaneous	222,608	231,160	(8,552)
	1,364,545	1,287,756	76,789

32.2.3 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company uses historical experience factor based on analysis of the past years claim reporting pattern.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

32.2.4 Key assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserve is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

32.2.5 Sensitivities

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below:

	Effect of 10% increase in claims		Effect of 10% decrease in claims	
	Profit and Loss account	Equity	Profit and Loss account	Equity
		(Rupees in thousand)		
Fire and property damage	(6,100)	(6,100)	6,100	6,100
Marine, aviation and transport	(7,511)	(7,511)	7,511	7,511
Motor	(29,618)	(29,618)	29,618	29,618
Health	(29,797)	(29,797)	29,797	29,797
Miscellaneous	(3,628)	(3,628)	3,628	3,628
	(76,654)	(76,654)	76,654	76,654

Notes to and forming part of the Financial Statements

Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2009	2010	2011	2012	2013	Total
			(Rupees in thousand)			
Estimate of ultimate claims cost:						
At end of accident year	47,418	124,748	696,865	228,529	322,760	1,420,320
One year later	47,722	133,815	577,426	215,891	-	974,854
Two years later	47,950	133,731	560,613	-	-	742,294
Three years later	47,963	114,232	-	-	-	162,195
Four years later	47,011	-	-	-	-	47,011
Estimate of cumulative claims	47,011	114,232	560,613	215,891	322,760	1,260,507
Cumulative payments to date	(44,120)	(109,067)	(503,776)	(209,281)	(150,422)	(1,016,666)
Liability recognised in the balance sheet	2,891	5,165	56,837	6,610	172,338	243,841

The above effects have been worked out on the assumption that increase / decrease in net claims expense pertains to individual segment in isolation.

32.3 Financial risk

(i) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and market prices.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest / mark-up rate risk in respect of the following:

	2013							
		Interest / mark-up bearing			Interest / mark-up bearing			
	Interest Rates	Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	Total
				(Rupees in thousand)				
Financial assets								
Cash and bank deposits	6.00% - 11.50%	255,168	-	255,168	718	-	718	255,886
Investments	12.00%	-	112,950	112,950	7,490,857	-	7,490,857	7,603,807
Premium due but unpaid		-	-	-	194,495	-	194,495	194,495
Amounts due from other insurers / reinsurers - unsecured		-	-	-	436,891	-	436,891	- 436,891
Accrued income on investments and deposits		19,047	-	19,047	-	-	-	19,047
Reinsurance recoveries against outstanding claims		-	-	-	342,336	-	342,336	342,336
Asset classified as held for sale		-	-	-	148,789	-	148,789	148,789
Sundry receivables		-	-	-	55,530	-	55,530	55,530
		274,215	112,950	387,165	8,669,616	-	8,669,616	9,056,781
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	579,185	-	579,185	579,185
Amounts due to other insurers / reinsurers		-	-	-	294,173	-	294,173	294,173
Accrued expenses		-	-	-	101,740	-	101,740	101,740
Sundry creditors		-	-	-	264,812	-	264,812	264,812
Short term finances - secured	10.33% - 11.55%	331,395	-	331,395	-	-	-	331,395
Unclaimed dividend		-	-	-	8,851	-	8,851	8,851
		331,395	-	331,395	1,248,761	-	1,248,761	1,580,156
		(57,180)	112,950	55,770	7,420,855	-	7,420,855	7,476,625

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	2012							
	Interest Rates	Interest / mark-up bearing			Interest / mark-up bearing			Total
		Maturity up to one year	Maturity after one year	Sub total	Maturity up to one year	Maturity after one year	Sub total	
		(Rupees in thousand)						
Financial assets								
Cash and bank deposits	6.00% - 10.00%	1,862	-	1,862	502	-	502	2,364
Investments	12.00%	-	112,636	112,636	7,431,458	-	7,431,458	7,544,094
Premium due but unpaid		-	-	-	197,503	-	197,503	197,503
Amounts due from other insurers / reinsurers - unsecured		-	-	-	440,294	-	440,294	440,294
Accrued income on investments and deposits		-	-	-	5,862	-	5,862	5,862
Reinsurance recoveries against outstanding claims		-	-	-	370,053	-	370,053	370,053
Asset classified as held for sale		-	-	-	202,615	-	202,615	202,615
Sundry receivables		-	-	-	46,103	-	46,103	46,103
		1,862	112,636	114,498	8,694,390	-	8,694,390	8,808,888
Financial liabilities								
Provision for outstanding claims [including IBNR]		-	-	-	541,686	-	541,686	541,686
Amounts due to other insurers / reinsurers		-	-	-	156,942	-	156,942	156,942
Accrued expenses		-	-	-	69,578	-	69,578	69,578
Sundry creditors		-	-	-	176,473	-	176,473	176,473
Short term finances - secured	10.91% - 13.97%	640,684	-	640,684	-	-	-	640,684
Unclaimed dividend		-	-	-	7,141	-	7,141	7,141
		640,684	-	640,684	951,820	-	951,820	1,592,504
		(638,822)	112,636	(526,186)	7,742,570	-	7,742,570	7,216,384

Sensitivity analysis

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

	Profit and Loss	
	Increase	Decrease
	(Rupees in thousand)	
As at December 31, 2013		
Cash flow sensitivity-Variable rate financial liabilities	(874)	874
Cash flow sensitivity-Variable rate financial assets	-	-
As at December 31, 2012		
Cash flow sensitivity-Variable rate financial liabilities	(505)	505
Cash flow sensitivity-Variable rate financial assets	-	-

(b) Foreign currency risk

Currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exist due to transactions in foreign currencies. As of the balance sheet date, the Company does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to reinsurers.

(c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 10,814 million (2012: Rs. 10,748 million) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favorable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date except for investments in associates which are carried under equity method and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realised in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2013 and 2012 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
31 Dec 2013	35,412,005	10% increase	38,953,206	3,541,201	-
		10% decrease	31,870,805	(3,541,201)	-
31 Dec 2012	22,133,786	10% increase	24,347,165	2,213,379	-
		10% decrease	19,920,407	(2,213,379)	-

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained. All financial liabilities of the Company are short term in nature.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

	2013			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	(Rupees in thousand)			
Provision for outstanding claims	579,185	579,185	579,185	-
Amount due to other insurers / reinsurers	294,173	294,173	294,173	-
Accrued expenses	101,740	101,740	101,740	-
Unclaimed dividend	8,851	8,851	8,851	-
Short term finance	331,395	331,395	331,395	-
Sundry creditors	264,812	264,812	264,812	-
	1,580,156	1,580,156	1,580,156	-

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	2012			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
		(Rupees in thousand)		
Provision for outstanding claims	541,686	541,686	541,686	-
Amount due to other insurers / reinsurers	156,942	156,942	156,942	-
Accrued expenses	69,578	69,578	69,578	-
Unclaimed dividend	7,141	7,141	7,141	-
Short term finance	640,684	640,684	640,684	-
Sundry creditors	176,473	176,473	176,473	-
	1,592,504	1,592,504	1,592,504	-

(iii) Credit risk

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

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

	2013	2012
	(Rupees in thousand)	
- Bank deposits	572	2,259
- Deposits maturing within 12 months	255,000	-
- Investments	-	-
- Premiums due but unpaid	194,495	197,503
- Amount due from other insurers / reinsurers	436,891	440,294
- Accrued income on investments and deposits	19,047	5,862
- Prepaid reinsurance premium ceded	308,659	279,906
- Reinsurance recoveries against outstanding claims	342,336	370,053
- Sundry receivables	55,530	46,103
	1,356,958	1,339,721

The Company did not hold any collateral against the above during the year. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery. During the year receivables of Rs. 18,059 million were further impaired. The movement in the provision for doubtful debt account is shown in note 13.2 & 14.1. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default.

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

	Rating Short Term	Rating Long Term	Rating Agency	2013	2012
				(Rupees in thousand)	
Bank deposits					
JS Bank Limited	A1	A+	PACRA	84	1,782
Habib Bank Limited	A1+	AAA	JCR-VIS	13	15
KASB Bank Limited	A3	BBB	PACRA	30	28
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	53	52
MCB Bank Limited	A1+	AAA	PACRA	382	382
National Bank of Pakistan	A1+	AAA	JCR-VIS	10	-
				572	2,259

The certificates of deposit amounting to Rs 255 million have been placed with IGI Investment Bank having short-term credit rating of 'A2' and long-term credit rating of 'A-'.

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** The age analysis of premiums due but unpaid and amounts due form other insurers / reinsurers is as follows:

	2013	2012
	(Rupees in thousand)	
Up to 1 year	526,632	482,149
1-2 years	67,901	69,697
2-3 years	52,736	35,971
Over 3 years	76,735	124,359
	724,004	712,176

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial assets subject to credit risk is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

Sector wise analysis of premiums due but unpaid	2013	2012
	(Rupees in thousand)	
Foods and beverages	53,013	26,592
Financial services	14,575	8,056
Pharmaceuticals	15,198	20,159
Textile and composites	26,513	16,820
Plastic industries	268	220
Engineering	30,420	26,486
Other manufacturing	10,995	40,315
Miscellaneous	110,298	118,855
	261,280	257,503

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2013	2012
			(Rupees in thousand)		
A- or above (including PRCL)	430,523	254,054	207,212	891,789	1,040,151
BBB and B+	7,877	40,309	56,042	104,228	35,239
Others	24,324	47,973	45,405	117,702	29,422
Total	462,724	342,336	308,659	1,113,719	1,104,812

33 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company has no items to report in this level.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). The Company has no items to report in this level.

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values. In case of available for sale investments, the equity securities are carried at lower of cost or market value in line with SECP's SRO (Refer note 4.5.1.3).

34 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

35 CORRESPONDING FIGURES

Corresponding figures have been restated / rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications / restatements in the financial statements except for the following:

- The Company has applied the amendment to IAS 19 (revised): 'Employee Benefits' retrospectively in accordance with the transition provisions of the standard as disclosed in note 4.2 to these financial statements.

36 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 25, 2014 by the Board of Directors of the Company.

37 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend for the year ended December 31, 2013 of Rs.1.50 per share (2012 : Re. 1 per share), amounting to Rs 167.304 million (2012: Rs 111.536 million) and bonus shares at 10% (2012: Nil) amounting to Rs 111.536 million (2012: Nil) in its meeting held on February 25, 2014 for the approval of the members at the annual general meeting to be held on April 23, 2014. The Board has also recommended to transfer Rs 278.840 million (2012: Rs 111.536 million) to unappropriated profit from general reserves. The financial statements for the year ended December 31, 2013 do not include the effect of these appropriations which will be accounted for in the financial statements for the year ending December 31, 2014.

Chairman	Director	Director	Principal Officer and Chief Executive

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 60th Annual General Meeting of IGI Insurance Limited (the "Company") will be held on Wednesday, April 23, 2014, at 10:00 a.m. at the Registered Office of the Company located at 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi, to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting of the Company held on April 24, 2013.

2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2013.

3. To consider and approve the payment of final cash dividend @ fifteen percent (15%) that is Rupees one and a half (Rs.1.50) per ordinary share of Rs. 10 (Ten) each for the year ended December 31, 2013 as recommended by the Board of Directors (the "Board") of the Company in addition to the interim cash dividend already paid at the rate of Rs. 1/- (One) per share (i.e. 10%).

4. To elect eight directors as fixed by the Board under section 178(1) of the Companies Ordinance, 1984 in accordance with the provisions of the said Ordinance for a period of three years commencing April 27, 2014. The names of the retiring directors are:

Syed Babar Ali	Syed Shahid Ali
Shamim Ahmad Khan	Mr. Waqar Ahmed Malik
Syed Kamal Ali	Syed Hyder Ali
Syed Yawar Ali	Mr. Jalees Ahmed Siddiqi

5. To appoint auditors for the ensuing year and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and approve the issue of Bonus Shares in the ratio of 1 (One) new shares for every 10 (Ten) shares held (i.e. 10 %.)

ANY OTHER BUSINESS

7. To consider any other business with the permission of the Chairman.

(Attached to this Notice is a statement of material facts covering the above-mentioned special business, as required under Section 160(1)(b) of the Companies Ordinance, 1984)

By Order of the Board

Haider Raza
Company Secretary
Karachi: April 01, 2014

Notice of Annual General Meeting

Notes:

1. Any person who seeks to contest the election of director shall file with the Company at its Registered Office not later than fourteen days before the date of the meeting his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with:

a) Consent to act as a director on Under Section 184(1) of the Ordinance

b) Information on Annexure A and affidavit on Annexure B required under Insurance Companies (Sound and Prudent Management) Regulation 2012 notified by the Securities and Exchange Commission of Pakistan vide SRO 15 (1)/2012 dated 9th January 2012. Annexure A and Annexure B are available on SECP website and can also be obtained from Registered office: 7th Floor, The Forum, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi.

c) The profile alongwith office address for placing on website of the Company seven days prior to the date of election in terms of SRO 25 (1) /2012 dated January 16, 2012.

2. The listing regulation 35 of Karachi, Lahore and Islamabad Stock Exchanges state that no person shall be elected or nominated as a director of more than seven listed companies simultaneously.

3. The Share Transfer Books of the Company will be closed from April 11, 2014, to April 23, 2014, both days inclusive.

4. A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote instead of him. The proxy forms duly completed and signed by the member appointing a proxy must be deposited with the Company's Share Registrar, FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi, not later than forty-eight (48) hours before the time appointed for the Meeting.

5. Any individual Beneficial Owner of Central Depository Company, entitled to vote at this Meeting must bring his/her Computerized National Identity Card ("CNIC") with him/her to provide his/her identity and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copy of Board of Directors Resolution / Power of Attorney and/or all such documents as are required under Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for this purpose.

6. Change of address, if any, should be notified immediately to the Company's Share Registrar aforestated.

7. Members are requested to provide their e-mail addresses to enable the Company to send notices, financial statements etc. via e-mail.

8. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.

Notice of Annual General Meeting

"STATEMENT OF MATERIAL FACTS"

This statement sets out the material facts concerning the Special Business given in agenda item No. 6 of this Notice, to be transacted at the AGM of IGI Insurance Limited's Shareholders.

Item No. 6 of the Notice
Issue of Bonus Shares

The Board has recommend the issue of Bonus Shares in the ratio of 1 (One) new share for every 10 (Ten) shares held (i.e.10%) in its meeting held on February 25, 2014. Accordingly, it is proposed to consider and if thought fit, pass the following ordinary resolutions, with or without modifications:

Bonus Shares

a) **"RESOLVED** that the decision of the Board of Directors of the Company to issue 11,153,594 ordinary shares of Rs. 10 each by capitalizing Rs. 111,535,938 out of the Free Reserves of the Company and allotted as fully paid up bonus shares to the members of the Company who will registered in the books of the Company on April 10, 2014 in the ratio of 1 (One) such new share for every 10 (Ten) existing ordinary shares held ranking pari passu with the existing ordinary shares of the Company be and is hereby ratified and confirmed.."

b) **"FURTHER RESOLVED** that the sale proceeds of members' entitlement to fractions of shares shall be paid to a charitable institution approved under section 61(1) of the Income Tax Ordinance, 2001 for which purpose the fractional shares shall be consolidated into whole shares and issued to the Company Secretary upon trust to sell these shares on the Stock Exchange, through a member of the Exchange, and pay the net proceeds of sale when realized to the institution selected by the Directors for this purpose."

c) **"FURTHER RESOLVED** that for the purpose of giving effect to the foregoing the Directors be and are hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractional shares."

None of the Directors of the Company are interested in this business except to the extent of their entitlement to bonus shares as shareholders.

Notice of Annual General Meeting

Status of approvals for investments in associated companies

As required by Regulation 4(2) of the Companies (Associated Companies or Associated Undertakings) Regulations 2012, the position of various investments in associated companies against approvals held by the Company is as under:

1. Nestle Pakistan Limited

(a) Amount approved in the Annual General Meeting held on April 26, 2012 : Rs. 1,000 million;

(b) The Company has invested Rs. 11.35 million so far;

(c) The said amount could not be fully utilized for non-availability of shares at reasonable price (the resolution did not require implementation within specified time); and

(d) There was no major change in the financial position of the investee company.

2. Packages Limited

(a) Amount approved in the Annual General Meeting held on April 26, 2012 : Rs. 500 million;

(b) The Company has invested Rs. 7.74 million so far;

(c) The said authorized amount could not be fully utilized for non-availability of shares at reasonable price (the resolution did not require implementation within specified period); and

(d) There was no major change in the financial position of the investee company.

3. Tri-Pack Films Limited

(a) Amount approved in the Annual General Meeting held on April 26, 2012 : Rs. 500 million;

(b) The Company has made no investment during the year because of non- availability of shares at reasonable price (the resolution did not require implementation within specified period); and

(c) There was no major change in the financial position of the investee company.

Notice of Annual General Meeting

4. Sanofi-Aventis Pakistan Limited

(a) Amount approved in the Annual General Meeting held on April 26, 2012 : Rs. 500 million;

(b) The Company has invested Rs. 91.02 million so far.

(c) The said amount could not be fully utilized for non-availability of shares at reasonable price(the resolution did not require implementation within specified period); and

(d) There was no major change in the financial position of the investee company.

5. Siemens (Pakistan) Engineering Company Limited

(a) Amount approved in the Annual General Meeting held on April 26, 2012 : Rs. 500 million;

(b) The Company has made no investment during the year because of non-availability of shares at reasonable price (the resolution did not require implementation within specified period); and

(c) There was no major change in the financial position of the investee company.

(d) This company has declared net loss after tax of Rs. 974.94 million translating into Rs. 118.22 per share in its financial results for the year ended 30 September 2013.

Form of Proxy

The Company Secretary,
IGI Insurance Limited,
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

I/We ____

of ____ being member (s)
of **IGI Insurance Limited**, and holder of ______________________ Ordinary Shares as per Share

Registered **Folio No.** __________ and/or **CDC Participant I. D. No.** __________ and **Sub Account No.** __________
hereby appoint ______________________ of ______________________

or failing him / her ____ of

____

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the Sixtieth Annual General Meeting of the Company to be held on Wednesday, April 23, 2014 at 10:00 a.m. at the registered office of the Company at 7th Floor, The Forum, Suite Nos. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 and at any adjournment thereof.

Signed this ______________ day of ______________ 2014.

1) **Witness:**
Signature ______________________
Name ______________________
Address ______________________

CNIC or ______________________
Passport No. ______________________

2) **Witness:**
Signature ______________________
Name ______________________
Address ______________________

CNIC or ______________________
Passport No. ______________________

Signature:

Please affix Rupees Five Revenue Stamp

(Signature should agree with the specimen signature registered with the Company)

Note: Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting.

CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original Computerized National Identity Cards and CDC account number for verification.

AFFIX
CORRECT
POSTAGE

The Company Secretary

IGI Insurance Limited,
7th Floor, The Forum,
Suite Nos. 701-713, G-20, Block 9,
Khayaban-e-Jami, Clifton,
Karachi-75600, Pakistan

IGI Insurance
7th Floor, The Forum,
Suite Nos. 701-713, G-20
Block 9, Khayaban-e-Jami,
Clifton, Karachi, Pakistan

Designed & Produced by PRESTIGE