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## Company Information

### BOARD OF DIRECTORS

(In Alphabetical Order)

Chaudhry Muhammad Sadiq *Chairman*

Mr. Faisal Zaka Bajwa

Mr. Imran Amjad Khan

Mr. Mudassar Imran

Mr. Muhammad Kashif

Syed Kashif Hussain

Mr. Zahir Muhammad Sadiq *Managing Director & Chief Executive*

### COMPANY SECRETARY / CHIEF FINANCIAL OFFICER

Mr. Tanveer Ahmad Alvi

### ADVISOR ON STRATEGIC PLANNING

Mr. Sajid Asghar Khan

### MANAGEMENT

Mr. Faisal Jawaid

*General Manager*

Syed Mumtaz Hussain

*Executive Director Business Development*

Syed Safdar Ali Shah

*Executive Director South*

Mr. Muhammad Munir

*Technical Advisor*

Mr. Zia -ud - Din Zia

*Head of Risk*

Mr. Abdul Ghaffar Shah

*Manager Underwriting*

Mr. Muhammad Sajjad

*Head of Reinsurance*

Mr. Muhammad Tariq Baloch

*Manager Shares*

Mr. Islahuddin Ayyubi

*Manager Claims*

### BOARD AUDIT COMMITTEE

Mr. Faisal Zaka Bajwa

*Chairman*

Mr. Imran Amjad Khan

*Member*

Mr. Mudassar Imran

*Member*

### HR & REMUNERATION COMMITTEE

Chaudhry Muhammad Sadiq *Chairman*

Mr. Faisal Zaka Bajwa *Member*

Syed Kashif Hussain *Member*

### UNDERWRITING COMMITTEE

Mr. Abdul Ghaffar Shah *Chairman*

Mr. Sajid Asghar Khan *Member*

Mr. Muhammad Munir *Member*

### INVESTMENT COMMITTEE

Mr. Tanveer Ahmad Alvi *Chairman*

Mr. Imran Amjad Khan *Member*

Mr. Muhammad Kashif *Member*

### CLAIM SETTLEMENT COMMITTEE

Mr. Faisal Jawaid *Chairman*

Mr. Islahuddin Ayubi *Member*

Mr. Tanveer Ahmad Alvi *Member*

### REINSURANCE COMMITTEE

Mr. Sajid Asghar Khan *Chairman*

Mr. Muhammad Sajjad *Member*

Mr. Muhammad Munir *Member*

### LEGAL ADVISOR

● Mr. Maqsood Hassan

● Amir Basharat & Umar Law Associates

### TAX ADVISOR

SARWARS

Chartered Accountants

### BANKERS

(In Alphabetical Order)

Al-Baraka Islamic Bank Limited

Allied Bank Limited

Askari Bank Limited

Bank Alfalah Limited

Bank Al-Habib Limited

Bank of Azad Jammoo Kashmir Limited

Faysal Bank Limited

First Women Bank Limited

Habib Bank Limited

Habib Metropolitan Bank Limited

Industrial Development Bank of Pakistan

J.S Bank Limited

KASB Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

NIB Bank Limited

Samba Bank Limited

Silk Bank Limited

SME Bank Limited

Soneri Bank Limited

Standard Chartered Bank Ltd.

State Bank of Pakistan

Summit Bank Limited

The Bank of Khyber

The Bank of Punjab

The Punjab Provincial Co-operative

Bank Limited

Trust Investment Bank Limited

United Bank Limited

Zarai Taraqati Bank Limited

### AUDITORS

Hyder Bhimji & Company

Chartered Accountants

### REGISTERED & HEAD OFFICE

Silver Star House, 5-Bank Square

P.O. Box 2533, Lahore-54000 (Pakistan)

PABX : +(92-42) 3732 4488, 3735 5614

3723 7518, 3723 1449

Telefax : +(92-42) 3722 9966

E-mail : info@ssic.com.pk

### WEB PRESENCE

www.ssic.com.pk

## Notice of Annual General Meeting

Notice is hereby given that Thirtieth (30<sup>th</sup>) Annual General Meeting of the Shareholders of Silver Star Insurance Company Limited will be held at the Registered and Head Office of the Company at Silver Star House, 5-Bank Square, Lahore, on Wednesday, April 30, 2014 at 10:30 a.m. to transact the following business:

### A) ORDINARY BUSINESS

1. To confirm the Minutes of Twenty Ninth (29<sup>th</sup>) the Annual General Meeting held on Wednesday, July 31, 2013
2. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2013 together with Auditors' and Directors' reports thereon.
3. To appoint Auditors for the year 2014 and to fix their remuneration.

### B) OTHER BUSINESS

4. To transact any other business of the company with the permission of the Chair.



By order of the Board

Tanveer Ahmad Alvi  
Company Secretary

Lahore: April 03, 2014

### NOTES:

### NOTES:

1. The share transfer books of the Company will remain closed from April 20, 2014 to April 30, 2014 (both days inclusive)
2. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his / her proxy to attend, speak and vote instead of him / her.
3. The proxy forms must be received at the Registered Office of the Company duly stamped signed and witnessed not later than 48 hours before the Meeting.
4. Change of address of a member, if any, should be notified immediately at the Registered Office of the Company.
5. For attending the Meeting and appointing the proxies CDC account holders will further have to follow the guidelines as laid in Circular 01 dated 26 January, 2000 issued by the Securities and Exchange Commission of Pakistan.

## Vision Statement



To provide value-added and cost effective insurance solutions by a team of professionals with a passionate commitment to service excellence.



Our mission is to provide financially secure insurance protection to individuals and businesses, a quality working environment, emphasis on easy to use services, a commitment to continuous improvement and a passion for pleasing our customers.

## Company Products



### Fire Insurance

This is the most important form of insurance and is essential for all types of business concerns. Fire and Allied Perils Insurance provides comprehensive cover in respect of loss or damage to your property against Riot Strike Damage, Riot Fire Damage, Malicious Damage, Explosion Damage, Earthquake (Fire and Shock), Atmospheric disturbance (Rain, Flood, Hurricane, etc.), Impact Damage, Air Craft Damage and Electrical Risks.

### Marine Insurance

Provides coverage of goods in transit for both imports & exports through following modes of transport:

- Sea
- Road
- Rail
- Air

### Motor Insurance

Motor Insurance deals with comprehensive insurance of road transport such as private, commercial, Industrial and Agricultural Vehicles and also covers Third Party Liability.

### Assorted Insurances

Provides solutions to cover a range of insurance needs.

The product range includes:

- Workmen's compensation Insurance
- Personal accident Insurance
- Fidelity Guarantee Insurance
- Cash in Transit Insurance
- Cash in Safe & Hand Insurance
- Burglary/Theft Insurance

## Company Products



### Engineering Insurance

Provides a wide variety of engineering insurance solutions such as:

- Contractors All Risk
- Erections All Risks
- Machinery Equipment
- Machinery Breakdown including boilers and pressure vessels

### Bond Insurance

Provide guarantees against Bid Bond, Performance Bond, Mobilization Advance Bond, Professional Indemnity Bond, Maintenance Bond, Excise Bond, Custom Duty Bond and Surety Bond.

### Livestock Insurance

Protection against mortality due to disease, theft & disability of the insured animals including fire and lightning.

### Crop Insurance

Protection against natural disasters, Excessive Rain, Flood, Hail storm, Wind Storm, Frost, fire & lightening and insect / pest attack on standing crop.

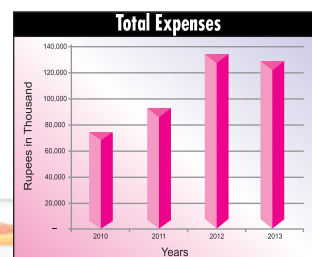
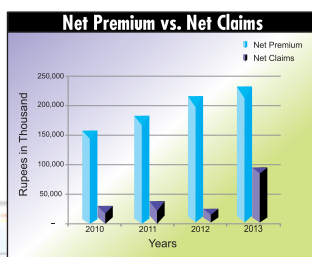
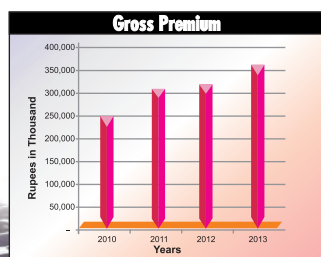
## Key Financial Data (Ten Years at a Glance)

Years	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>(Rupees in '000')</b>										
<b>Operating Data</b>										
Gross Premium	369,492	315,235	310,728	249,604	219,808	212,849	191,986	165,748	120,876	49,479
Net Premium	229,721	220,025	188,429	154,114	147,869	139,662	120,026	86,271	42,034	19,444
Net Claims	90,738	25,368	33,999	31,957	22,819	19,368	19,556	23,774	9,432	5,151
Management expenses	111,406	115,062	63,425	50,378	48,837	33,897	20,188	18,491	10,297	7,801
Administrative expenses	14,017	15,554	30,402	22,852	17,035	15,578	11,542	9,362	8,457	5,280
Total expenses	125,423	130,616	93,827	73,230	65,871	49,475	31,730	27,853	18,754	13,081
Underwriting results	(2,276)	51,002	69,821	50,892	58,972	84,270	75,377	49,343	32,471	10,817
Investment & other incomes	27,589	11,773	8,717	10,693	(3,240)	13,600	13,964	14,008	3,661	1,787
Profit before tax	11,296	47,221	48,137	38,733	38,698	82,292	77,798	53,990	27,675	7,325
Profit after tax	1,444	41,516	48,454	37,291	34,073	74,774	70,173	49,611	25,082	6,076
<b>Financial Data</b>										
Paid up capital	305,648	305,648	305,648	253,125	210,938	168,750	125,000	100,000	80,000	80,000
Reserves & Retained Earnings	184,617	181,545	139,079	139,656	144,343	152,237	120,981	75,431	45,425	20,113
Underwriting provisions	472,619	230,338	223,725	184,264	124,452	120,025	114,472	92,591	92,406	64,980
Cash & bank deposit	381,357	300,335	324,146	328,765	315,872	279,284	211,517	126,268	64,391	47,960
Investments at book value	59,883	83,479	65,635	36,314	31,349	40,554	33,513	26,944	13,936	9,911
Due from reinsurers	6,286	1,438	1,883	1,515	1,831	2,864	3,174	3,941	6,636	6,636
Total assets	1,154,006	896,952	849,010	746,429	584,051	536,238	439,614	332,285	282,287	197,765
<b>Ratio analysis</b>										
Net Claim to net premium	39.50 %	11.53 %	18.04 %	20.74 %	15.45%	13.87%	16.29%	27.56%	22.44%	26.49%
Total expenses to gross Premium	33.94 %	41.43 %	30.20 %	29.34 %	29.97%	23.24%	16.53%	16.80%	15.52%	26.44%
Underwriting profit / loss to gross Premium	(0.62) %	16.18 %	22.47 %	20.39 %	26.83%	39.59%	39.26%	29.77%	26.86%	21.86%
Profit before tax to gross Premium	3.06 %	15.10 %	15.49 %	15.52 %	17.61%	38.66%	40.52%	32.57%	22.90%	14.80%
Profit after tax to gross Premium	0.39 %	13.29 %	15.59 %	14.94 %	15.50%	35.13%	36.55%	29.93%	20.75%	12.28%
Return on assets	0.13 %	4.67 %	5.71 %	5.00 %	5.83%	13.94%	15.96%	14.93%	8.89%	3.07%
Return on equity	0.29 %	8.60 %	10.90 %	9.49 %	9.59%	23.30%	28.53%	28.28%	20.00%	6.07%
EPS (Rs.)	0.05	1.37	1.59	1.22	1.35	3.54	4.16	3.97	2.51	0.760



## Vertical Analysis

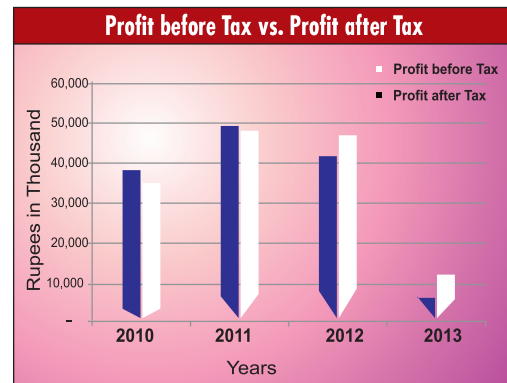
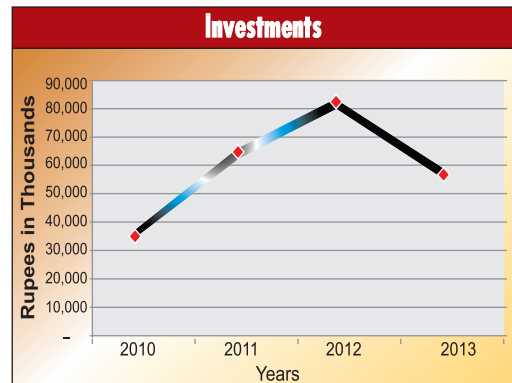
Year	2013		2012		2011		2010	
	(Rs.'000')	%	(Rs.'000')	%	(Rs.'000')	%	(Rs.'000')	%
<b>Profit &amp; Loss Account</b>								
Net Premium Revenue	229,721	100.00	220,025	100.00	188,429	100.00	154,114	100.00
Net Claims	90,738	39.50	25,368	11.53	33,999	18.04	40,909	26.54
Expenses	111,406	48.50	115,062	52.30	63,425	33.66	50,378	32.69
Net Commission	29,853	13.00	28,592	12.99	21,184	11.24	11,936	7.74
Underwriting Profits / (loss)	(2,276)	0.99	51,002	23.18	69,821	37.05	50,892	33.02
General and Administration Expenses	14,017	6.10	15,554	7.07	30,402	16.13	22,852	14.83
Investment Income	23,809	10.36	2,028	0.92	3,493	1.85	8,997	5.84
Other income	3,780	1.65	9,745	4.43	5,224	2.77	1,696	1.10
Profit/ (Loss) before Tax	11,296	4.92	47,221	21.46	48,137	25.55	38,733	25.13
Income Tax	9,852	4.29	5,705	2.59	317	0.17	1,442	0.94
Profit/ (Loss) after Tax	1,444	0.63	41,516	18.87	48,454	25.71	37,291	24.20
<b>Balance Sheet</b>								
Cash and Current Accounts	111,357	9.65	85,135	9.49	119,338	14.20	89,575	12.00
Short and Long Term Deposits	275,009	23.83	223,568	24.93	196,500	23.37	239,190	32.04
Loans to Employees	1,858	0.16	1,131	0.13	3,774	0.45	6,697	0.89
Investments	59,883	5.19	83,479	9.31	65,635	7.81	36,314	4.82
Investment Property	11,184	0.97	11,221	1.25	11,259	1.34	11,300	1.51
Others Assets	529,802	45.91	333,214	37.15	295,813	35.19	218,491	29.27
Fixed Assets-Tangible & intangible	149,089	12.92	121,899	13.59	109,533	13.03	102,191	13.69
Leased Assets	15,825	1.37	37,304	4.16	38,850	4.62	42,670	5.72
Total Assets	1,154,006	100.00	896,952	100.00	840,702	100.00	746,429	100
<b>Equity &amp; Liabilities</b>								
Share Capital and Reserves	490,266	42.48	487,193	54.32	444,728	52.38	392,781	52.09
Surplus on Revaluation of Fixed Assets	55,976	4.85	56,541	6.30	57,127	6.73	60,620	8.12
Underwriting Provisions	472,618	40.95	230,338	25.68	235,672	27.76	184,264	24.69
Deferred Liabilities	9,051	0.78	2,993	0.33	1,273	0.15	5,579	0.74
Creditors and Accruals	113,109	9.80	94,907	10.58	79,886	9.41	68,521	9.18
Other Liabilities	12,985	1.13	24,979	2.78	30,325	3.57	34,665	4.64
Total Equity and Liabilities	1,154,006	100.00	896,952	100.00	849,010	100.00	746,429	100





## Horizontal Analysis

	Change %	2013 (Rs.'000')	2012 (Rs.'000')
<b>Profit and Loss Account</b>			
<b>Underwriting results</b>			
Net Premium	4.41	229,721	220,025
Net Claims	257.68	90,738	25,368
Expenses	(3.18)	111,406	115,062
Net Commission	4.41	29,853	28,592
Underwriting profit / (loss)	(104.46)	(2,276)	51,002
General and administration Expenses	(9.88)	14,017	15,554
Investment Income	1,073.90	23,809	2,028
Other Incomes	(61.21)	3,780	9,745
Profit/ (Loss) before Tax	(76.08)	11,296	47,221
Income Tax	72.68	9,852	5,705
Profit/ (Loss) after Tax	(96.52)	1,444	41,516
<b>Balance Sheet</b>			
<b>Assets</b>			
Cash and Current Accounts	30.80	111,357	85,135
Short and Long Term Deposits	23.01	275,009	223,568
Loans to Employees	64.20	1,858	1,131
Investments	(28.27)	59,883	83,479
Investment Property	(0.33)	11,184	11,221
Others Assets	59.00	529,802	333,214
Fixed Assets-Tangible & Intangible	22.31	149,089	121,899
Leased Assets	(57.58)	15,825	37,304
Total Assets	28.66	1,154,006	896,952
<b>Equity and Liabilities</b>			
<b>Shareholders equity</b>			
Share Capital and Reserves	0.63	490,266	487,193
Surplus on Revaluation of Fixed Assets	(1.00)	55,976	56,541
<b>Liabilities and Provisions</b>			
Underwriting Provisions	105.19	472,619	230,338
Deferred Liabilities	202.40	9,051	2,993
Creditors and Accruals	19.18	113,109	94,907
Other Liabilities	(48.02)	12,985	24,979
Total Equity and Liabilities	28.66	1,154,006	896,952



## Directors' Report 2013



The directors of your company are pleased to present their report and the 30<sup>th</sup> audited financial statements for the year ended December 31, 2013



## Financial Highlights

The highlights for the period under review are as under:

	2013	(Rupees in million)	2012
Gross Premium	369		315
Net Premium	230		220
Underwriting Results	(2.28)		51
Investment Income	24		2
Profit before tax	11		47
Profit after tax	1.4		42
Earning per share (Rs.)	0.05		1.36

During the year under review, your Company has underwriting premium of Rs. 369 Million which is 17 % more than the last year.

## Earnings per Share

Earnings per share for the Company for the year under review stood at Rs.0.05 as against Rs.1.36 per Share for the Comparable period of last year. The reduction in the profit after tax of the Company for the year under review was mainly due to the provision of extraordinary marine claims of Rs.57 Million because of the sinking of two ships. Had there been no claims, the profit after tax would have been Rs. 39 million translated into EPS of Rs. 1.29.

## Dividend

The board has decided not to declare any bonus shares / dividend and keep all profits in reserve due to extraordinary marine claims because of the sinking of the ships.

## Human Resource (HR)

At Silver Star, a greater emphasis is being made on enhancing the productivity of the employees resulting in increased operational profitability. The Company believes in the positive relationship between the talent of its human resources and the creation of innovative processes.

The Company continues to provide challenging opportunities for growth to its employees and pushing for superior performance. The Company has created a culture that promotes teamwork, collaboration, openness and transparency of all processes and builds trust by being just and transparent in granting rewards and recognition.

## Insurer Financial Strength Rating

PACRA has reaffirmed the Insurer Financial Strength Rating of Silver Star Insurance Company to "A-" with a stable outlook. The rating reflects that your Company possesses strong capacity to meet policyholder's contractual obligations.

## Claim Settlement

Prompt settlement of claims and customer satisfaction is management's top priority. The Company endeavors to indemnify the losses of the insured promptly. This is the most important element which builds the image of an insurance company in the eyes of its valued clients and consolidates goodwill which is critical for an insurance business.

## Corporate and Financial Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Insurance Ordinance 2000 and Companies Ordinance 1984. These Statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- The International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of these financial statements.
- The system of internal control is sound in design. The system is being continuously monitored by an internal audit function and through other monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring improvements in the system.
- There is no doubt upon the Company's ability to continue as a "going concern".
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

## Board of Directors

The Board of Directors has always been a source of guidance and inspiration. They have contributed immensely in terms of their experience and practical advice. I would like to place on record my appreciation and gratitude for their valued participation and wisdom.

During the year, four board meetings were held. The number of meetings attended by each Director is given here under:-

Sr.	Name of Director	No of Meetings Attended
1.	Chaudhary Muhammad Sadiq	4
2.	Mr. Faisal Zaka Bajwa	3
3.	Mr. Imran Amjad Khan	3
4.	Mr. Mudassar Imran	4
5.	Mr. Muhammad Kashif	3
6.	Syed Kashif Hussain	4
7.	Mr. Zahir Muhammad Sadiq	4

## Statement of Ethics and Business Practices

The Statement of Business Ethics and Core Values provide the framework on which Silver Star Insurance Company Limited conducts its business. The Board of Directors and the employees of Silver Star Insurance Company Limited are the custodians of excellent reputation for conducting our business according to the highest principles of business ethics.

## Board Audit Committee

The Board of Directors, in compliance with the Code, has constituted an Audit Committee comprising of three directors. The relevant detail is as under:

Sr. No.	Name of Members	No. of meetings attended
1	Mr. Faisal Zaka Bajwa	4
2	Mr. Imran Amjad Khan	4
3	Mr. Mudassar Imran	4

## Board Human Resource & Remuneration Committee

Human Resource and Remuneration Committee was established by the Board to assist directors in discharging their responsibilities with regard to selection, evaluation, compensation and succession planning of key management personnel. The Committee is also responsible for human recourse policies and procedures of the Company and its periodic review. During the year 2013 three meeting of this Committee were held which were attended by all members.

## Information Technology

Your Company invested appropriately in Information Technology (IT) infrastructure and strongly believes that it can be used for a competitive edge in the Industry. The management is continuously focusing on enhancing the features of existing software platform being used in the organization to improve productivity.

## Investment in Provident Employees Fund

The value of investment of the provident fund as of December 31, 2013 aggregated to Rs. 6.5 Million

## Professionalism

We believe professionalism is perfection. Business resources are utilized in a manner to achieve optimum returns on resources.

## Reinsurance Arrangement

Reinsurance Committee ensures that adequate reinsurance arrangements are made for the Company business. It pursues the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time subject to the consent of the participating reinsurers, suggests appropriate adjustments to those arrangements in the lights of the market development. It also assesses the effectiveness of the reinsurance program for future reference. The Company has very strong re-insurance arrangements with world renowned companies which demonstrate faith and confidence of the re-insurers for their unwavering support and continued cooperation.

## Insurance Ordinance 2000

As required under the Insurance Ordinance and rules framed there under, the directors confirm that:

1. 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 2000 and any rules made there under;
2. 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 capital, solvency and re-insurance arrangement; and
3. 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.



## Corporate Social Responsibility

The Company is committed to act ethically towards society at large and aims to contribute to the social development in the country. Our Company contributes donations to Shaukat Khanum Hospital, Child Welfare Centre, Layton Rehmatullah Trust, Saylani Welfare International Trust, Care and Kindness Society and Edhi Welfare.

## The Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned by the Board. In particular, the Chairman coordinates the activities of the Directors and various Committees of the Board and presides over the meetings of the Board and shareholders.

Chief Executive Officer is responsible for the operations of the Company and conduct its business, in accordance with the powers vested in him by law, the Articles of Association of the Company and authorities delegated to him through a General Power of Attorney and Board Resolutions from time to time. Chief Executive Officer recommends policies and strategic directions, financial statements, annual business plans and budget for the Board approval and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the Company.

## Major Events

Sr. No.	Date	Events
1	10-07-13	Meeting of the Board of Directors for approval of the audited financial statements for the year ended December 31, 2012
2	31-07-13	The Annual General Meeting of the Company was held at the Registered Office for approval of its annual audited financial statements for the year ended December 31, 2012, appointment of auditors, etc.
3	05-08-13	Meeting of the Board of Directors for approval of the unaudited first quarter financial statements for the period ended March 31, 2013.
4	26-08-13	Meeting of the Board of Directors for approval of the half year financial statement for the period ended June 30, 2013.
5	29-10-13	Meeting of the Board of Directors for approval of the unaudited financial statements for the nine months period ended September 30, 2013

## 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.

## Auditors

M/s. Hyder Bhimji & Company, Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible they have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment.

The audit firm has confirmed that it has been awarded satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.



## Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2013 is annexed with this report.

The Board has determined threshold under the clause xvi(I) of CCG-2012 in respect of trading of Company's shares by executives and employees who are drawing annual salary of Rs. 1 million or above.

## Trading in Company's Shares

No trading in the shares of the Company was carried out by the, CFO / Company Secretary, Directors, CEO / MD and their spouses and minor children.

## Performance Review and Future Outlook

The year 2013 was indeed a turbulent year not for Silver Star Insurance but also for many other insurance companies which had covered risks in the two vessels which sank, namely Atlantik confidence and Fu Sheng Hai.

Your company has shown positive trends in premium underwritten, investment income and has simultaneously managed to keep expenses under control. Unfortunately all of these positive attributes were overshadowed by the two huge losses that we incurred because of two vessels which sank in International waters. Nevertheless your company has not only absorbed these losses but has also made new inroads into avenues which we had not explored before; and which will increase the diversity of business as well as spread out risk

Had we not incurred these losses, our Profit for the year would have been Rs. 39 million translated into an EPS of Rs. 1.29.

We expect 2014 to be extremely fruitful for our share holders, as we project a huge increase in premium which shall automatically translate into increased profitability.

## Acknowledgments

The Directors of your Company would like to take this opportunity to thank the Securities & Exchange Commission of Pakistan (SECP), Insurance Association of Pakistan (IAP), State Bank of Pakistan (SBP), banks and financial institutions, insurance companies and PACRA Credit Rating Company for their continued support and cooperation.

The Directors would also like to express their gratitude and appreciation for the support provided by our valued reinsurers.

We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company

Finally the Directors also wish to place on record their appreciation of the devotion, loyalty and hard work of the officers and members of the staff towards the growth of the Company and success of its operations.

Lahore: April 03, 2014

On behalf of the Board of Directors

Chaudhry Muhammad Sadiq

Chairman

## Statement of Compliance with the best practices of Corporate Governance

### Financial year ended 31 December 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of listing regulations of Karachi Stock Exchange 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:

- 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	Name
<b>Executive Director</b>	Mr. Zahir Mohammad Sadiq
<b>Independent Director</b>	Syed Kashif Hussain
<b>Non-Executive Directors</b>	Chaudhary Muhammad Sadiq Mr. Imran Amjad Khan Mr. Faisal Zaka Bajwa Mr. Mudassar Imran Mr. Muhammad Kashif

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

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies).
- 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- No casual vacancy occurred in the Board of Directors during the period.
- 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.

- 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.
- 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.
- 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 appropriately recorded and circulated.
- The board is in the process of arranging training programs for its directors.
- The board approves the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
- 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.
- The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
- 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.
- The company has complied with all the corporate and financial reporting requirement of the CCG.



15. The board has formed an Audit Committee. It comprises three members, all of whom are non-executive director 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 Board HR and Remuneration Committee. It comprises three Members, all of whom are non-executive directors.
18. The board has set up an effective internal audit function which is manned suitably by qualified and experienced staff who are conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouse 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 result, 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 stock exchange (s).
23. The Board has been updated with respect to amendments in various relevant regulations.
24. The Board has formed underwriting committee and it comprises of three members.
25. The Board has formed a claim committee and it comprises of three members.
26. The Board has formed a re-insurance committee and it comprises of three members.
27. The Board has formed an investment committee and it comprises of three members.
28. We confirm that all other material principles included in the CCG have been complied with.

On behalf of the Board of Directors

Chaudhry Muhammad Sadiq  
Chairman

Lahore: April 03, 2014



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with affiliated offices worldwide

## HYDER BHIMJI & CO. CHARTERED ACCOUNTANTS

Amin Building, 65 - The Mall,  
Lahore - Pakistan.  
Tel: 042 - 37352661 - 37321043  
Fax: 042 - 37359515  
E-mail : info-lhr@hyderbhimji.com  
: hyderbhimjilahoreoffice@gmail.com

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended 31 December 2013, prepared by the Board of Directors of Silver Star Insurance Company Limited ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed and the Code of Corporate Governance applicable to listed Insurance Companies issued under SRO 68 (i) / 2003 by Securities and Exchange Commission of Pakistan.

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. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of 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.

Further, the Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval 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 arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

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

Lahore: April 03, 2014

HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner - Shabir Ahmed, FCA

**KARACHI:** Suit No. 1601, Kashif Centre, Main Shakra-e-Faisal, Karachi  
Phone: 92-21-35640050-2, Fax: 92-21-35640053  
E-mail: bhimji@cyber.net.pk

**FAISALABAD:** 206-1st Floor, Business Centre, New Civil Line,  
Phone: 92-21-2615632-2615650 Fax: 92-21-2617902  
E-mail: hyderbhimjifsd@gmail.com, info-fsd@hyderbhimji.com

URL: <http://www.hyderbhimji.com>



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Amin Building, 65 - The Mall,  
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Fax: 042 - 37359515  
E-mail : info-lhr@hyderbhimji.com  
: hyderbhimjilahoreoffice@gmail.com

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

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

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

In our opinion:

- a) proper books of account 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;

**KARACHI:** Suit No. 1601, Kashif Centre, Main Shahr-e-Faisal, Karachi  
Phone: 92-21-35640050-2, Fax: 92-21-35640053  
E-mail: bhimji@cyber.net.pk

**FAISALABAD:** 206-1st Floor, Business Centre, New Civil Line,  
Phone: 92-21-2615632-2615650 Fax: 92-21-2617902  
E-mail: hyderbhimjifsd@gmail.com, info-fsd@hyderbhimji.com

URL: <http://www.hyderbhimji.com>

- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 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) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Lahore: April 03, 2014

HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS  
Engagement Partner - Shabir Ahmed, FCA

# Financial Statements

## for the Year Ended December 31, 2013





## BALANCE SHEET

	Note	2013 Rupees	Restated 2012 Rupees	Restated 2011 Rupees
<b>Share Capital and Reserves</b>				
Authorized share capital	5	400,000,000	400,000,000	400,000,000
Issued, Subscribed and Paid-up share capital	5	305,648,440	305,648,440	305,648,440
Retained earnings		108,117,257	105,044,592	62,579,180
Reserves	6	76,500,095	76,500,095	76,500,095
		490,265,792	487,193,127	444,727,715
<b>Surplus on Revaluation of Fixed Assets</b>	7	55,976,445	56,541,363	57,127,004
<b>Underwriting Provisions</b>				
Provision for outstanding claims (including IBNR)		284,316,040	65,888,007	60,568,859
Premium received in advance		1,378,144	14,162,866	11,947,108
Provision for unearned premium		172,634,065	138,420,988	150,419,914
Commission income unearned		14,290,727	11,865,736	12,735,835
Total underwriting provisions		472,618,976	230,337,597	235,671,716
<b>Deferred Liabilities</b>				
Deferred taxation	8	9,051,204	2,993,107	1,272,631
<b>Creditors and Accruals</b>				
Amounts due to other insurers/reinsurers		23,887,217	5,100,757	5,211,874
Taxation - Provision less payments		6,025,318	13,029,510	11,080,208
Other creditors and accruals	9	83,196,323	76,777,029	63,594,197
		113,108,858	94,907,296	79,886,279
<b>Other Liabilities</b>				
Liabilities against assets subject to finance lease	10	12,985,138	24,979,369	30,325,020
<b>TOTAL LIABILITIES</b>		<b>607,764,176</b>	<b>353,217,369</b>	<b>347,155,646</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,154,006,413</b>	<b>896,951,859</b>	<b>849,010,365</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	11	-	-	-

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

## As At December 31, 2013

	Note	2013 Rupees	Restated 2012 Rupees	Restated 2011 Rupees
<b>Cash and Bank Deposits</b>				
	12			
Cash and other equivalents		15,207	7,724,748	6,364,725
Current and other accounts		111,341,669	77,410,685	112,972,968
Deposits maturing within 12 months		270,000,000	215,200,000	196,500,000
		<b>381,356,876</b>	<b>300,335,433</b>	<b>315,837,693</b>
<b>Loan to Employees</b>	13	1,857,731	1,131,350	3,773,606
<b>Investments</b>	14	59,883,279	83,479,284	65,635,037
<b>Investment Property</b>	15	11,183,984	11,220,623	11,259,191
<b>Other Assets</b>				
Premium due but unpaid	16	175,570,609	184,431,252	173,457,759
Amounts due from other insurers / reinsurers	17	6,286,485	1,438,095	1,883,008
Accrued investment income	18	4,265,889	1,288,711	1,253,243
Reinsurance recoveries against outstanding claims		196,481,373	42,150,006	32,897,503
Deferred commission expense		45,694,641	30,680,944	30,582,663
Security deposits	19	5,009,035	8,368,225	8,308,725
Prepayments	20	101,434,621	73,156,769	55,684,459
Stationery		67,951	67,937	53,970
		<b>534,810,604</b>	<b>341,581,939</b>	<b>304,121,330</b>
<b>Fixed Assets</b>				
<b>Owned - Tangible</b>				
Land freehold		55,846,183	55,846,183	55,846,183
Buildings		34,754,453	36,583,634	21,442,489
Motor vehicles		28,781,049	11,685,635	8,712,154
Furniture and fixtures		14,519,786	10,632,617	7,312,735
Office and computer equipment		12,366,658	4,016,072	4,321,810
		<b>146,268,129</b>	<b>118,764,141</b>	<b>97,635,371</b>
<b>Leased - Tangible</b>				
Motor vehicles		15,824,516	37,304,319	38,850,266
<b>Intangible assets</b>				
		2,821,294	3,134,770	3,431,742
<b>Capital Work in Progress</b>				
		-	-	8,466,129
<b>TOTAL ASSETS</b>		<b><u>1,154,006,413</u></b>	<b><u>896,951,859</u></b>	<b><u>849,010,365</u></b>

Director

Director



## PROFIT AND LOSS ACCOUNT

### FINANCIAL YEAR ENDED DECEMBER 31, 2013

	Note	Fire & Property Damage	Marine, Aviation & Transport	Motor	Miscellaneous	2013 Aggregate	Restated 2012 Aggregate
		Rupees					
<b>Revenue Account</b>							
Net premium revenue		136,224,611	41,538,808	24,900,903	27,056,625	229,720,947	220,024,730
Net claims		(21,833,178)	(64,829,427)	(3,176,139)	(899,016)	(90,737,760)	(25,368,133)
Expenses	23	(66,063,580)	(20,144,689)	(12,075,959)	(13,121,399)	(111,405,627)	(115,062,364)
Net commission		(19,002,512)	(3,160,588)	(3,168,239)	(4,521,935)	(29,853,274)	(28,591,839)
Underwriting results		<u>29,325,341</u>	<u>(46,595,896)</u>	<u>6,480,566</u>	<u>8,514,275</u>	<u>(2,275,714)</u>	<u>51,002,394</u>
Investment income / (Loss)						23,808,780	2,028,181
Rental income						596,262	536,712
Other income	24					3,183,884	9,208,157
General and administrative expenses	25					(14,017,052)	(15,554,147)
						<u>13,571,874</u>	<u>(3,781,097)</u>
Profit before tax						11,296,160	47,221,297
Provision for Taxation	26					9,851,660	5,705,038
Profit after tax						<u>1,444,500</u>	<u>41,516,259</u>
<b>Profit and Loss Appropriation Account</b>							
Balance at commencement of year						105,044,592	62,579,180
Total Comprehensive income for the year						3,072,665	42,465,412
Profit available for appropriation						<u>108,117,257</u>	<u>105,044,592</u>
Earnings per share of Rs. 10 each - Basic and diluted	27					<u>0.05</u>	<u>1.36</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director





## STATEMENT OF COMPREHENSIVE INCOME

### FINANCIAL YEAR ENDED DECEMBER 31, 2013

	<b>Note</b>	2013 Rupees	Restated 2012 Rupees
Profit after tax		1,444,500	41,516,259
Other comprehensive income for the year			
Incremental depreciation - net of deferred tax - originally stated		564,918	215,085
Correction of error	4.23	-	370,556
<b>Incremental depreciation - net of deferred tax - restated</b>		564,918	585,641
Reversal of provision for impairment in value of investment - originally stated		-	-
Correction of error	4.23	-	363,512
Reversal of provision for impairment in value of investment for the year		1,063,247	-
<b>Reversal of provision for impairment in value of investment restated</b>		1,063,247	363,512
		1,628,165	949,153
<b>Total Comprehensive income for the year</b>		<u>3,072,665</u>	<u>42,465,412</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director



## CASH FLOW STATEMENT

### FINANCIAL YEAR ENDED DECEMBER 31, 2013

	2013 Rupees	2012 Rupees
<b>OPERATING CASH FLOWS:</b>		
<b>a) Underwriting activities:</b>		
Premium received	343,466,585	267,118,881
Reinsurance premium paid	(98,761,668)	(105,226,690)
Claims paid	(104,307,206)	(93,551,945)
Reinsurance and other recoveries received	72,817,722	64,695,370
Commission paid	(70,856,021)	(56,066,756)
Commission received	28,414,041	26,506,537
Net cash flow from underwriting activities	170,773,453	103,475,397
<b>b) Other operating activities:</b>		
General management expenses paid	(76,147,127)	(65,077,237)
Other operating payments	(2,180,684)	3,744,556
Other receipts / (payments) on operating assets	(22,041,614)	(15,683,910)
Taxes Paid	(5,769,940)	(3,275,213)
Net cash flow from other operating activities	(106,139,365)	(80,291,804)
Total cash flow from all operating activities	64,634,088	23,183,593
<b>INVESTMENT ACTIVITIES:</b>		
Investment income received	9,275,025	3,226,444
Dividend received	172,668	125,471
Rental income received	596,262	536,712
Sale / (Purchase) of investment	36,489,066	(18,770,883)
Old credit balances written back	-	5,118,245
Payment for deposits	(51,440,810)	(18,759,500)
Fixed capital expenditure	(24,008,012)	(27,061,153)
Proceeds from disposal of fixed assets & miscellaneous income	4,311,637	6,670,689
Net cash flow from investing activities	(24,604,164)	(48,913,975)
<b>FINANCING ACTIVITIES:</b>		
Lease rental paid	(19,613,298)	(19,612,793)
Lease obtained during the year	5,804,817	11,140,915
Net cash flow from financing activities	(13,808,481)	(8,471,878)
Net cash inflow from all activities	26,221,443	(34,202,260)
Cash and cash equivalents at the beginning of year	85,135,433	119,337,693
Cash and cash equivalents at the end of year	111,356,876	85,135,433



## CASH FLOW STATEMENT

### FINANCIAL YEAR ENDED DECEMBER 31, 2013

	2013 Rupees	2012 Rupees
<b>Reconciliation of Profit and Loss Account</b>		
Total cash flow from operating activities	64,634,088	23,183,593
Depreciation	(16,446,808)	(13,283,197)
Amortization	(313,476)	(346,972)
Lease finance charges	(1,814,250)	(3,126,227)
Investment Income	11,978,967	3,318,329
Rent received	596,262	536,712
Gain / (Loss) on disposal of investments	11,829,813	(1,290,148)
Gain on disposal of fixed assets	2,524,343	3,991,669
Other Income	659,542	5,216,489
Increase/(Decrease) in Assets other than cash	194,337,058	34,723,384
(Increase)/Decrease in Liabilities	(266,541,039)	(11,407,373)
<b>Profit after taxation</b>	<u>1,444,500</u>	<u>41,516,259</u>

#### Definition of Cash

Cash for the purpose of the statement of cash flows comprises of cash in hand, bank balances and other assets which are readily convertible to cash and used for cash management day to day business operations.

#### Cash for the purpose of cash flows comprises of :

Cash and other equivalents		
- cash in hand	15,207	512,325
- cheques in hand	-	7,212,423
Current and other accounts		
- bank balances	111,341,669	77,410,685
	<u>111,356,876</u>	<u>85,135,433</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director

## STATEMENT OF CHANGES IN EQUITY

### FINANCIAL YEAR ENDED DECEMBER 31, 2013

DISCRIPTION	Issued for cash	Other than cash	GENERAL RESERVE	RETAINED EARNINGS	TOTAL
	Rupees				
Balance as at January 01, 2012 - originally stated	57,229,760	248,418,680	76,500,095	59,308,934	441,457,469
Correction of the error (Note - 4.23)	-	-	-	3,270,246	3,270,246
<b>Balance as at January 01, 2012 - restated</b>	57,229,760	248,418,680	76,500,095	62,579,180	444,727,715
Total Comprehensive income for the year - originally stated	-	-	-	42,094,856	42,094,856
Correction of error (Note - 4.23)	-	-	-	370,556	370,556
Total Comprehensive income for the year - restated	-	-	-	42,465,412	42,465,412
<b>Balance as at December 31, 2012 - restated</b>	57,229,760	248,418,680	76,500,095	105,044,592	487,193,127
Balance as at January 01, 2012 originally stated	57,229,760	248,418,680	76,500,095	101,403,790	483,552,325
Correction of error (Note - 4.23)	-	-	-		
Up to year 2011				3,270,246	3,270,246
Year 2012				370,556	370,556
				3,640,802	3,640,802
Balance as at January 01, 2013 restated	57,229,760	248,418,680	76,500,095	105,044,592	487,193,127
Total Comprehensive income for the year	-	-	-	3,072,665	3,072,665
<b>Balance as at December 31, 2013</b>	57,229,760	248,418,680	76,500,095	108,117,257	490,265,792

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director



## STATEMENT OF PREMIUMS FINANCIAL YEAR ENDED DECEMBER 31, 2013

### Business underwritten inside Pakistan

Class	Premiums written (Note - 22)	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid Reinsurance Premium Ceded		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		2013	2012
<b>Direct and facultative</b>										
1 Fire and Property damage	229,971,634	83,262,423	107,159,027	206,075,030	81,538,120	30,607,568	42,295,269	69,850,419	136,224,611	129,675,383
2 Marine, aviation and transport	69,995,512	27,166,717	29,904,636	67,257,593	24,847,640	11,895,045	11,023,900	25,718,785	41,538,808	40,899,320
3 Motor	29,457,336	12,247,844	15,189,117	26,516,063	1,636,424	853,193	874,457	1,615,160	24,900,903	26,430,358
4 Miscellaneous	40,067,235	15,744,004	20,381,285	35,429,954	9,525,944	3,883,589	5,036,204	8,373,329	27,056,625	23,019,669
<b>GRAND TOTAL</b>	<u>369,491,717</u>	<u>138,420,988</u>	<u>172,634,065</u>	<u>335,278,640</u>	<u>117,548,128</u>	<u>47,239,395</u>	<u>59,229,830</u>	<u>105,557,693</u>	<u>229,720,947</u>	<u>220,024,730</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director



## STATEMENT OF CLAIMS FINANCIAL YEAR ENDED DECEMBER 31, 2013

### Business underwritten inside Pakistan

Class	Claims Paid	Outstanding Claims		Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expenses	
		Opening	Closing			Opening	Closing		2013	2012
<b>Direct and facultative</b>										
1 Fire and property damage	71,211,213	52,035,800	57,785,014	76,960,427	56,605,132	41,370,516	39,892,633	55,127,249	21,833,178	13,680,265
2 Marine, aviation and transport	23,856,160	1,946,750	217,581,901	239,491,311	18,852,634	779,490	156,588,740	174,661,884	64,829,427	4,744,055
3 Motor	3,822,901	1,107,192	460,430	3,176,139	-	-	-	-	3,176,139	5,221,553
4 Miscellaneous	5,416,932	10,798,265	8,488,695	3,107,362	2,208,346	-	-	2,208,346	899,016	1,722,260
<b>Grand Total</b>	<u>104,307,206</u>	<u>65,888,007</u>	<u>284,316,040</u>	<u>322,735,239</u>	<u>77,666,112</u>	<u>42,150,006</u>	<u>196,481,373</u>	<u>231,997,479</u>	<u>90,737,760</u>	<u>25,368,133</u>

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director



## STATEMENT OF EXPENSES

### FINANCIAL YEAR ENDED DECEMBER 31, 2013

#### Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expense (Note - 23)	Underwriting expenses	Net commission from reinsurers	Net underwriting expenses	
		Opening	Closing					2013	2012
<b>Direct and facultative</b>									
1 Fire and property damage	51,561,334	19,823,509	34,919,727	36,465,116	66,063,580	102,528,696	17,462,604	85,066,092	86,655,418
2 Marine, aviation and transport	10,414,171	5,197,009	5,664,045	9,947,135	20,144,689	30,091,824	6,786,547	23,305,277	23,205,593
3 Motor	3,464,627	1,841,776	2,138,164	3,168,239	12,075,959	15,244,198	-	15,244,198	17,502,014
4 Miscellaneous	5,415,889	3,818,650	2,972,705	6,261,834	13,121,399	19,383,233	1,739,899	17,643,334	16,291,178
<b>Grand Total</b>	<u>70,856,021</u>	<u>30,680,944</u>	<u>45,694,641</u>	<u>55,842,324</u>	<u>111,405,627</u>	<u>167,247,951</u>	<u>25,989,050</u>	<u>141,258,901</u>	<u>143,654,203</u>

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

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director



## STATEMENT OF INVESTMENT INCOME

### FINANCIAL YEAR ENDED DECEMBER 31, 2013

	Note	2013 Rupees	Restated 2012 Rupees
<b>Income from non-trading investments:</b>			
<b>— Available for sale</b>			
Dividend income		172,668	125,471
Gain / (loss) on sale of “available for sale” investments		11,829,813	(1,290,148)
		12,002,481	(1,164,677)
<b>Held to maturity</b>			
Return on Government Securities - PIBs		4,069,314	2,801,753
Return on bank deposits		7,736,985	391,105
		11,806,299	3,192,858
Reversal of impairment in value of investment		-	363,512
<b>Net investment income - originally stated</b>		23,808,780	2,391,693
Correction of error	4.23	-	(363,512)
<b>Net investment income</b>		23,808,780	2,028,181

The annexed notes 1 to 35 form an integral part of these financial statements.

Chairman

Managing Director  
& Chief Executive

Director

Director





# NOTES TO THE FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED DECEMBER 31, 2013

## 1. STATUS AND NATURE OF BUSINESS

Silver Star Insurance Company Limited (hereinafter called "the Company") was incorporated in Pakistan on May 03, 1984, under the repealed Companies Act 1913, and the business commencement certificate was issued on September 02, 1984. The Company is engaged in providing General Insurance services in sphere of Fire, Marine, Motor and Miscellaneous business in Pakistan. The Company is listed on Karachi and Lahore Stock Exchanges and is classified as a domestic General Insurance Company under the Insurance Ordinance 2000. The Company has not transacted any insurance or other business outside Pakistan. The Registered and Head Office of the Company is situated at Silver Star House, 5-Bank Square, Lahore.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] issued vide S.R.O. 938 dated December 31, 2002.

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 ("the Ordinance"), directives issued under the Securities and Exchange Commission of Pakistan ("SECP"), and 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 provisions of the Ordinance. In case requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or directives issued by SECP differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Companies Ordinance, 1984 or the requirements of the said directives shall prevail.

### 2.2 Adoption of International Financial Reporting Standards that is effective and applicable to the Company

The Following standards, amendments to standards and interpretations including amendments to interpretations became effective during the year. However, the applications of these amendments and interpretations did not have any material effect on the Company's financial statements.

#### New and revised standards and interpretations

IFRS 7	Financial Instruments: Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IAS 1	Presentation of Financial Statements - Presentation of items of other comprehensive Income
IAS 19	Employee Benefits - (Revised)
IFRIC 20	Stripping costs in Production Phase of Surface Mine

### Improvements to Accounting Standards

- IAS 1 - Presentation of Financial Statements - presentation of items of other comprehensive Income
- IAS 16 - Property, plant and equipment
- IAS 32 - Offsetting Financial Assets and Financial Liabilities
- IAS 34 - Interim Financial Reporting

#### 2.3 Standards, interpretations and amendments to the published approved accounting standards not yet effective

The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard	IASB effective date (annual periods beginning on or after)
IAS 32 Offsetting Financial Assets and Financial Liabilities	1 January 2014
IAS 36 Recoverable amount for non-financial assets	1 January 2014
IAS 39 Novation of derivatives and continuation of Hedge Accounting	1 January 2014
IFRIC 21 Levies	1 January 2014

The Company expects that the adoption of the above revision, amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB effective date (annual periods beginning on or after)
IFRS 9 Financial Instruments: Classification and Measurement	1 January 2015
IFRS 10 Consolidated Financial Statements	1 January 2013
IFRS 11 Joint Arrangements	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 Fair Value Measurement	1 January 2013

In November 2012, the SECP vide its notifications SRO No. 1383/2012 and SRO No. 1384/2012 published revised draft of insurance accounting regulations and draft amendments in SEC (Insurance) Rules, 2002 respectively. However, these regulations and amendments are not yet effective.

### 3. BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention, except for certain investments, which are stated at fair value.

#### 3.1 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision is made.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

- Provision for outstanding claims including IBNR (Note no. 4.4)
- Premium deficiency reserve (Note no. 4.8)
- Provision for taxation and deferred tax (Note no. 4.10)
- Useful lives and residual values of fixed assets (Note no. 4.13)

#### 3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded off to the nearest rupee, unless otherwise stated.

### 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 year after year unless otherwise stated.

#### 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 policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

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 does not issue any insurance contracts with discretionary participation features (DPF) or any investment contracts.

The Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, aviation and transport, motor, miscellaneous and treaty contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those which fall under treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the company as insurer.

Fire and property insurance contracts mainly compensate the customers for damages suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

Marine, aviation and transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor insurance covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.

All other insurance like cash in hand, cash in transit, personal accident, infidelity, public liabilities, health, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, mobilization and performance bonds, workers compensation, etc. are included under miscellaneous insurance cover.

#### 4.2 Premium

Premium written under a policy is recognized 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 recognized 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 recognized 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 subject to a maximum of Rs. 2,000 per policy.

Receivables under insurance contracts are recognized when due at the fair value of 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 recognizes that impairment loss in profit and loss account.

#### 4.3 Reinsurance ceded

The Company enters in to 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 balance 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 provisions 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 contract are not offset against expenses or income from related insurance assets. Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

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

#### **4.4 Claims**

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 recognizes 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 incident giving rise to the claims 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.

Provisions for liability in respect of unpaid reported claims are made on the basis of individual case estimates. Provisions 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.

#### **4.5 Reinsurance recoveries against outstanding claims**

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

#### **4.6 Commission expenses and income**

Commission expenses and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized 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, profit commission, if any, which the company may be entitled to under the terms of reinsurance is recognized on accrual basis.

#### **4.7 Rental and Other income**

Rental and other incomes are recognized as and when accrued.

#### **4.8 Premium Deficiency Reserve (liability adequacy test)**

The Company maintains 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. Historical experience is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined.

Based on analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all the 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. Hence no reserve for the same has been made in these financial statements.

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.

#### 4.9 Creditors, accruals and provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### 4.10 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 the prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted, or minimum tax which ever is higher. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized 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 recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

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

#### 4.11 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, cheques, pay orders, demand drafts and balances with banks.

#### 4.12 Investments

All investments are initially recognized 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:

- Held to maturity
- Available for sale

#### **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 amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of investment.

#### **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 are classified as available for sale .

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if 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 latest stock exchange quotation to determine the market value of its quoted investments.

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

Gain on sale of available for sale investments is recognized in other comprehensive income. However, the loss on such investments is charged to other comprehensive income to the extent it adjusts the balance outstanding to the credit of any other component of comprehensive income and remaining amount of loss if any is reported in profit and loss account.

Return on fixed income securities classified as available-for-sale is recognized on a time proportion basis.

4.13

#### **Fixed assets**

##### **Tangible - Owned**

These are stated at cost less accumulated depreciation except for freehold land, which is stated at cost, and certain buildings which are stated at revalued amount so as to keep the carrying value equal to the fair market value of the asset.

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 21.1. Depreciation on additions to fixed assets is charged on "number of day's basis".

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The company's estimate of the residual value of its fixed assets as at 31 December 2013 did not require any adjustment as its impact is considered insignificant.

Subsequent costs are included in the asset's carrying amount or recognized 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 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 recognized as an income or expense.

### **Intangible**

Cost of Intangible is 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 amortization and impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

### **Capital work in progress**

Capital work in progress is carried at cost. The capital cost of any completed unit of the overall project cost is transferred to the relevant component of fixed asset of the project on completion.

The capital work in progress costs towards the project are debited to this account on remittances or equipment receipt basis. The capital cost of any completed unit of the overall project is transferred to the relevant component / fixed asset on completion. The capital cost means the direct costs, without changing any proportional indirect costs.

### **Tangible - Leased**

Assets held under finance lease are stated at lower of present value of minimum lease payments under the lease agreements and their fair value. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of liabilities.

Assets acquired are depreciated over their expected useful life on reducing balance method on the basis of number of days, at the rates mentioned in the relevant note.

#### **4.14 Surplus on Revaluation of Fixed Assets**

In accordance with the provisions of section 235 of the Companies Ordinance, 1984 and SRO 45 (1) 2003, the Company has the policy to charge surplus account for incremental depreciation of related revalued assets by transferring the amounts to retained earnings.

#### **4.15 Investment property**

Investment properties are accounted for under the cost model, where building is depreciated @ 5% per annum using the reducing balance method.

#### **4.16 Staff retirement benefits - 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% of basic salary.



**4.17****Financial instruments**

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized 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 derecognizing 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 include cash and bank deposits, investments, premium due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves detained by decants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, liabilities against assets subject to finance lease.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**4.17.1****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 recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

**4.18****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 as the primary reporting format.

Based on its classification of insurance contracts issued, the Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Assets, liabilities, revenue and expenses are allocated to particular segments on the basis of premium written. Those assets, liabilities and other general expenses which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets, liabilities and net expenses. Depreciation and amortization are allocated to a particular segment on the basis of premium written.

**4.19****Impairment**

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. In addition impairment on available for sale investments and reinsurance assets are recognized as follows:

### Available for sale

The Company determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged required judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

### Reinsurance Assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition the Company also monitors the financial ratings of its reinsurers on each reporting date.

#### 4.20 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All nonmonetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

#### 4.21 Management Expenses

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.

#### 4.22 Related party transactions

Party is said to be related if they are able to influence the operating and financial decisions of the company and vice versa. The company in the normal course of business carries out transactions with such party. Transactions with related party are priced at comparable uncontrolled market price and are carried out at arm's length prices.

#### 4.23 Correction of error

The following errors has been identified during the year :

Incremental depreciation - net of deferred tax in aggregate sum of Rs. 3,270,246 upto the year ended December 31, 2011 and Rs. 370,556 for the year ended December 31, 2012 on the surplus arising on the revaluation of fixed assets were inadvertently less transferred from surplus on revaluation of fixed assets to other comprehensive income.

The gain / reversal of provision for impairment in value of investment were erroneously being charged to profit and loss account instead of recognizing the same in other comprehensive income.

The above errors are being rectified as "prior period errors" in accordance with the para 42 of IAS 8, "Accounting policies, changes in accounting estimates and errors". The effect of these adjustments in these financial statements is as under:



**Effect on year 2012**

**Rupees**

**Effect on balance sheet**

Decrease in surplus on revaluation of fixed assets 370,556

**Effect on statement of comprehensive income**

Increase due to reversal of provision for impairment in value of investment (363,512)

Increase in incremental depreciation –net of deferred tax (370,556)

**Effect on Profit & Loss account**

Decrease in net investment income 363,512

**Period prior and up to 2011**

**Effect in statement of changes in equity**

Increase in retained earning (3,270,246)

**Effect on balance sheet**

Decrease in surplus on revaluation of fixed assets 3,270,246

**Earnings per share - Basic & Diluted**

- After restatement	1.36
- Before restatement	1.37

**5. SHARE CAPITAL**

5.1	Authorized Share Capital	Note	2013 Rupees	2012 Rupees				
	2013      2012							
	(Number of shares)							
	<u>40,000,000</u> <u>40,000,000</u>	Ordinary shares of Rs. 10 each.	<u>400,000,000</u>	<u>400,000,000</u>				

**5.2 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL**

	2013	2012					
	(Number of Shares)						
	5,722,976	5,722,976	Ordinary shares of Rs. 10 - each fully paid in cash	57,229,760	57,229,760		
	24,841,868	24,841,868	Ordinary shares of Rs. 10 - each issued as fully paid bonus shares	248,418,680	248,418,680		
	<u>30,564,844</u>	<u>30,564,844</u>		<u>305,648,440</u>	<u>305,648,440</u>		

**6. RESERVES**

Revenue reserve	<u>76,500,095</u>
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## 7. SURPLUS ON REVALUATION OF FIXED ASSETS

The land and building of the company were revalued by an independent valuer Messrs ARCH-e-Decon on 24 December, 2010 resulting in surplus of Rs. 31,639,096, which was charged to surplus on Revaluation of Fixed Assets as required by Section 235 of Companies Ordinance, 1984. Revaluation surplus is carried at the amount after adjustment of deferred taxation.

### Movement in Surplus on revaluation of fixed assets - net of deferred tax

	Note	2013 Rupees	2012 Rupees
Balance as on 1st January - originally stated		56,541,363	60,397,250
Correction of error	4.23	-	(3,270,246)
Balance as on 1st January - restated		56,541,363	57,127,004
Incremental depreciation for the year - originally stated		(855,937)	(330,900)
Correction of error		-	(570,086)
<b>Incremental depreciation for the year - restated</b>		<b>(855,937)</b>	<b>(900,986)</b>
		<u>55,685,426</u>	<u>56,226,018</u>
Deferred tax attributed to surplus:			
- Incremental depreciation for the year - originally stated		291,019	115,815
- Correction of error	4.23	-	199,530
<b>- Incremental depreciation for the year - restated</b>		<b>291,019</b>	<b>315,354</b>
Balance as on 31st December		<u>55,976,445</u>	<u>56,541,363</u>

7.1 The incremental depreciation charged on revalued assets has been transferred to equity as per SRO # 45(1)/2003 issued by SECP, read with Section 235 of Companies Ordinance, 1984.

7.2 Had there been no revaluation, the related figures of Land & Buildings as at December 31, 2013 would have been as follows:

	Cost	Accumulated depreciation	Written down value
		Rupees	
Land	10,432,000	-	10,432,000
Buildings	24,458,064	5,966,414	18,491,650
<b>Total</b>	<u>34,890,064</u>	<u>5,966,414</u>	<u>28,923,650</u>

## 8. DEFERRED TAXATION

Deferred tax liabilities / (assets) arising in respect of:

	Note	2013 Rupees	Restated 2012 Rupees
Accelerated depreciation on Fixed Assets		12,503,435	2,736,018
Provision for impairment in value of investments		(1,317,800)	-
provision for doubtful receivables		(8,791,800)	(10,048,203)
Difference between book value of lease assets and lease liability		965,388	4,313,733
Deferred tax related to revaluation of fixed assets		5,691,981	5,991,559
<b>Total</b>		<u>9,051,204</u>	<u>2,993,107</u>

8.1 The liability of deferred tax has been computed by applying the tax rate of 34 % as reduced by the Finance Act 2013 from 35 %.

	Note	2013	Restated 2012
<b>9. OTHER CREDITORS AND ACCRUALS</b>			
Provision for Government Levies		81,214,493	72,366,298
Accrued expenses	9.1	1,522,228	3,674,082
Rent received in advance		51,942	51,492
Other payables		407,660	685,157
		<u>83,196,323</u>	<u>76,777,029</u>

9.1 This includes amount of Rs. 190,294 (2012 : NIL) payable to provident fund trust - related party, for the month of December 2013. The amount was paid to trust on January 15, 2014.

## 10. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent finance leases entered into with leasing companies against purchase of vehicles. The rentals are payable in equal monthly instalments in arrears. Leases are secured against security deposit of Rs. 3.733 million (2012: Rs. 7.172 million). Financing rates approximately ranges from 12% to 19 % per annum (2012: 12% to 19% per annum) subject to KIBOR fluctuations, have been used as discounting factor. The company intends to exercise its option to purchase the leased assets upon completion of the respective lease terms. Vehicles whose leases have been matured are transferred to own assets. Leased agreements are terminable only with the consent of lessor. All taxes, duties, fees, insurance costs and repair costs are to be borne by the lessee.

The amount of future minimum lease payments under finance lease together with the present value of minimum lease payments and finance charges allocable to future periods in which these payments will become due are as under:

	2013		2012	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
	<b>Rupees</b>			
Due within one year	6,672,794	5,743,308	18,430,240	16,766,520
Due after one year but not later than five years	7,603,940	7,241,830	8,915,036	8,212,849
Total minimum lease payments	<u>14,276,734</u>	<u>12,985,138</u>	27,345,276	24,979,369
Less:				
Lease finance charges allocable to future periods	(1,291,596)	-	(2,365,907)	-
<b>Present value of minimum lease payments</b>	<u>12,985,138</u>	<u>12,985,138</u>	<u>24,979,369</u>	<u>24,979,369</u>

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

11.1 The company is contingently liable on account of eleven (2012 : five) insurance claims in the sum of Rs. 154.302 million (2012 : Rs. 110.971 million) against which the company has incorporated claims amounting to Rs. 43.302 million (2012 : Rs. 32.375 million) on the recommendations of the insurance surveyors. Being aggrieved the claimants had filed suit against the company, pending adjudication at the terminal date. The management as well as its legal advisors are affirmed that the decision of these cases will be made in favour of the company.

### 11.2 Commitments

There are no known commitments of the company at the terminal date (2012 : NIL).

	Note	2013 Rupees	2012 Rupees
<b>12. CASH AND BANK DEPOSITS</b>			
<b>Cash and other equivalents</b>			
Cash in hand		15,207	512,325
Cheques in hand		-	7,212,423
		15,207	7,724,748
<b>Current and other accounts</b>			
Foreign currency accounts		57,488	12,283,658
Current accounts		99,753,024	61,208,420
PLS saving accounts	12.1	11,531,157	3,918,607
		111,341,669	77,410,685
<b>Deposits maturing within 12 months</b>	12.2	270,000,000	215,200,000
		381,356,876	300,335,433

12.1 The balances in PLS saving accounts carry mark-up ranging from 6% to 8% per annum (2012: 6% to 15%).

12.2 These represents Term Deposits Receipts (TDRs) in local currency carrying interest rates ranging from 8% to 9% per annum , converted from Call Deposits Receipts (CDR) during the year (2012 : NIL).

### 13. LOAN TO EMPLOYEES AND AGENTS-UNSECURED

Unsecured - Considered Good	13.1	1,857,731	1,131,350
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13.1 This represents interest free loans to employees for general purposes in accordance with the terms of their employment and are recoverable within a period of one year.

## 14. INVESTMENTS

	Note	2013 Rupees	2012 Rupees
Held to maturity	14.1	32,810,679	31,772,057
Available for sale	14.2	27,072,600	51,707,227
		<u>59,883,279</u>	<u>83,479,284</u>

### 14.1 Held to maturity - Government securities

Face Value (Rupees)	Coupon rate %	Profit payment	Particulars	Maturity date	2013 Rupees	2012 Rupees	
2013	2012						
-	2,200,000	8%	Semi annually	Pakistan Investment Bond - 10 years	October 2013	-	2,206,008
15,000,000	15,000,000	12%	Semi annually	Pakistan Investment Bond - 10 years	August 2018	15,165,038	14,464,219
4,400,000	4,400,000	12%	Semi annually	Pakistan Investment Bond - 10 years	September 2019	4,459,597	4,268,511
4,000,000	4,000,000	12%	Semi annually	Pakistan Investment Bond - 10 years	July 2020	3,883,029	3,626,051
1,500,000	1,500,000	12%	Semi annually	Pakistan Investment Bond - 10 years	August 2020	1,486,294	1,411,082
1,500,000	1,500,000	12%	Semi annually	Pakistan Investment Bond - 10 years	August 2021	1,486,465	1,411,270
4,000,000	4,000,000	11.50%	Semi annually	Pakistan Investment Bond - 5 years	July 2017	3,165,128	4,384,916
3,000,000	-	11.25%	Semi annually	Pakistan Investment Bond - 3 years	July 2016	3,165,128	-
<u>33,400,000</u>	<u>32,600,000</u>				<u>32,810,679</u>	<u>31,772,057</u>	

14.1.1 Market value of Pakistan Investment Bonds as at December 31,2013 is Rs. 32,810,679 (2012: Rs. 31,772,057)

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

	Note	2013	2012
14.2 Available for sale			
Cost	14.2.1	30,948,483	56,646,357
Less: Provision for Impairment of investment	14.2.4	(3,875,883)	(4,939,130)
		<u>27,072,600</u>	<u>51,707,227</u>

	Note	2013	2012
14.2.1 Available for sale			
Listed / quoted shares	14.2.2	27,456,643	53,154,517
Unlisted / delisted shares	14.2.3	3,491,840	3,491,840
		<u>30,948,483</u>	<u>56,646,357</u>

### 14.2.2 Shares in quoted companies

No. of Shares		Face value		2013	2012
2013	2012	Rupees	Quoted companies/ Listed companies	Rupees	Rupees
<b>EQUITY INVESTMENT INSTRUMENTS</b>					
575	575	10	I.B.L. Modaraba	15,220	15,220
400	400	10	Trust Modaraba	1,480	1,480
<b>Financial services</b>					
509	509	10	Security Investment Bank Ltd.	6,027	6,027
62	62	10	Trust Leasing & Invst. Bank	978	978
75,000	60,000	10	Jahagir Siddiqui & Co. Ltd.	683,700	998,279
40,000	-	10	JS Investment Bank Ltd.	442,640	-
100,000	-	10	Pervaiaz Ahmed Securities	306,600	-
<b>Banks</b>					
30,075	75	10	Askari Commercial Bank Ltd.	414,966	2,887
112	112	10	Bank Alfalah Ltd.	4,809	4,809
150	150	10	Samba Bank Ltd.	2,938	2,938
83,505	83,505	10	Habib Metropolitan Bank Ltd.	2,221,909	2,221,909
196	670,196	10	The Bank of Punjab	11,648	7,205,574
10	10	10	Standard Chartered Bank Pakistan Ltd.	546	546
500,000	1,500,000	10	NIB Bank Ltd.	1,208,000	4,029,221
120,000	-	10	Faysal Bank Ltd.	1,371,120	-
<b>REAL ESTATE INVESTMENT</b>					
100,000	-	10	Pace (Pakistan)	392,600	-
<b>SOFTWARE &amp; COMPUTER SERVICES</b>					
5,000	-	10	Netsol Technologies	223,583	-
<b>PERSONAL GOODS</b>					
42	42	10	Nishat Chunian Ltd.	849	849
180,000	700,000	10	Azgard Nine Limited	1,214,280	5,754,000
110,000	-	10	Colony Mills	646,360	-
<b>TRAVEL &amp; LEISURE</b>					
240,000	-	10	PIA	1,971,840	-
<b>FIXED LINE TELECOMMUNICATION</b>					
40,000	-	10	Telecard Limited.	205,840	-
<b>OIL AND GAS PRODUCERS</b>					
-	500,000	10	BYCO Petroleum	-	7,368,864
<b>GAS WATER &amp; MULTI UTILITIES</b>					
1,052	1,052	10	Sui Southern	23,168	23,168
-	40,000	10	Sui Northern	-	951,520
<b>POWER GENERATION</b>					
10,648	10,648	10	Karachi Electric Supply Co. Ltd.	188,496	188,496
50,000	-	10	Pakgen Power	1,080,300	-
<b>GENERAL INDUSTRIES</b>					
12,000	-	10	Tri - Pack Films	2,363,075	-
<b>AUTOMOBILES &amp; PARTS</b>					
13,000	-	10	Honda Car Atlas	547,517	-
50,000	-	10	Ghandhara Nissan	613,800	-
<b>FOOD PRODUCER</b>					
40,000	-	10	Punjab Oil Mills Limited	3,441,134	-
<b>CHEMICALS</b>					
30,000	-	10	Fatima Fertilizer	852,784	-





No. of Shares		Face value		2013	2012
2013	2012	Rupees	Quoted companies/ Listed companies	Rupees	Rupees
<b>PHARMA &amp; BIOTECH</b>					
-	50,000	10	Glaxosmithkline Pakistan Limited	-	3,689,773
<b>CONSTRUCTION &amp; MATERIALS</b>					
80	80	10	Cherat Cement Co. Ltd.	3,966	3,966
107,000	7,000	10	Lefrage Pakistan Cement	938,950	105,350
-	1,500,000	10	Fauji Cement	-	10,030,008
-	20,000	10	Kohat Cement	-	1,404,900
-	350,000	10	Maple Leaf	-	5,228,214
800,000	-	10	Dewan Cement.	5,652,800	-
9,000	-	10	Fecto Cement.	402,721	-
<b>HOUSEHOLD GOODS</b>					
-	350,000	10	Pak Elektron	-	3,915,542
<u>2,748,416</u>	<u>5,844,416</u>			<u>27,456,643</u>	<u>53,154,517</u>

Market value of available for sale investments is Rs. 27,313,103/- (2012 : Rs. 51,363,283).

#### 14.2.3 Shares in unlisted companies

				2013	2012
				Rupees	Rupees
5,000	5,000	5	LTV Capital Modaraba	2,250	2,250
275	275	10	Innovative House Finance	236,220	236,220
250	250	10	Amin Spinning Limited	975	975
55,000	55,000	10	J.O.V & Co.	3,252,395	3,252,395
<u>60,525</u>	<u>60,525</u>			<u>3,491,840</u>	<u>3,491,840</u>

Due to non-availability of break up value of investment in unquoted shares of the companies, the cost and the break up value of unquoted shares are considered to be the same

	2013	2012
	Rupees	Rupees
<b>14.2.4 Provision for impairment in value of investment</b>		
Balance at the beginning of the year	4,939,130	5,302,642
Add: provision/ (reversals) for the year	(1,063,247)	(363,512)
	<u>3,875,883</u>	<u>4,939,130</u>

## 15. INVESTMENT PROPERTY

2013

Particulars	Cost		RATE %	Depreciation			W.D.V.	
	As at 1/1/2013	Addition/Transfer		As at 31/12/2013	As at 1/1/2013	Deletions/ Transfer	For the year	As at 31/12/2013
	Rupees			Rupees				
Free Hold Land	10,487,840	-	10,487,840	-	-	-	-	10,487,840
Buildings	1,389,750	-	1,389,750	5	656,967	36,639	693,606	696,144
<b>Total</b>	<b>11,877,590</b>	<b>-</b>	<b>11,877,590</b>		<b>656,967</b>	<b>36,639</b>	<b>693,606</b>	<b>11,183,984</b>

2012

Particulars	Cost		RATE %	Depreciation			W.D.V.	
	As at 1/1/2012	Addition/Transfer		As at 31/12/2012	As at 1/1/2012	Deletions/ Transfer	For the year	As at 31/12/2012
	Rupees			Rupees				
Free Hold Land	10,487,840	-	10,487,840	-	-	-	-	10,487,840
Buildings	1,389,750	-	1,389,750	5	618,399	38,568	656,967	732,783
<b>Total</b>	<b>11,877,590</b>	<b>-</b>	<b>11,877,590</b>		<b>618,399</b>	<b>38,568</b>	<b>656,967</b>	<b>11,220,623</b>

15.1 Market value of investment property as at December 31, 2013 is Rs. 18.94 million (2012: Rs. 18.94 million). The valuation has been carried out by an independent valuer Messers ARCH-e-Decon.

## 16. PREMIUM DUE BUT UNPAID

	Note	2013 Rupees	2012 Rupees
Unsecured			
- Considered good		175,570,609	184,431,252
- Considered doubtful		79,543,242	57,442,189
		<u>255,113,851</u>	<u>241,873,441</u>
Less: Provision for doubtful receivables	16.1	(79,543,242)	(57,442,189)
		<u>175,570,851</u>	<u>184,431,252</u>
<b>16.1. Provision for doubtful receivables</b>			
Balance at the beginning of the year		57,442,189	18,083,620
Provision made during the year		22,101,053	39,358,569
		<u>79,543,242</u>	<u>57,442,189</u>



	Note	2013 Rupees	2012 Rupees
<b>17. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS</b>			
Unsecured and considered good		<u>6,286,485</u>	<u>1,438,095</u>
<b>18. ACCRUED INVESTMENT INCOME</b>			
Term Deposit Receipts		2,769,862	-
Investments held to maturity - PIBs		1,406,027	1,258,711
Rental Income on Investment property		90,000	30,000
		<u>4,265,889</u>	<u>1,288,711</u>
<b>19. SECURITY DEPOSITS</b>			
Lease key money			
Adjustable within twelve months		1,029,800	4,565,990
Adjustable after twelve months		2,702,900	2,605,900
		<u>3,732,700</u>	<u>7,171,890</u>
Other deposits - Adjustable after twelve months		1,276,335	1,196,335
		<u>5,009,035</u>	<u>8,368,225</u>
<b>20. PREPAYMENTS</b>			
Prepaid reinsurance premium ceded		59,229,830	47,239,395
Prepaid rent		54,000	207,000
Advance tax		-	5,027,815
Other advances - considered good		39,214,929	15,955,721
Other deposits - considered good	20.1	2,300,000	4,100,000
Other receivables - considered good		635,862	626,838
		<u>101,434,621</u>	<u>73,156,769</u>
20.1	This represents the amount deposited with State Bank of Pakistan in excess of the requirement as laid down in clause (a) of sub-section 29 of Insurance Ordinance, 2000.		
<b>21. FIXED ASSETS</b>			
Owned assets - Tangible	21.1	146,268,129	118,764,141
Leased assets - Tangible	21.2	15,824,516	37,304,319
Intangible assets	21.4	2,821,294	3,134,770
Capital work in progress	21.6	-	-
		<u>164,913,939</u>	<u>159,203,230</u>

## 21.1 SCHEDULE OF FIXED ASSETS - TANGIBLE

Cost	Owned Assets							Leased Assets		Grand Total
	Freehold Land Rupees	Buildings Rupees	Vehicles Rupees	Furniture & fixture Rupees	Office equipment Rupees	Computer equipment Rupees	Total Rupees	Vehicles Rupees	Total Rupees	
Balance as at January 01, 2012	55,846,183	30,363,060	30,993,802	13,235,512	5,117,543	3,658,244	139,214,344	55,029,193	55,029,193	194,243,537
Additions during the year	-	-	3,281,500	123,700	68,600	396,438	3,870,239	11,140,915	11,140,915	15,011,154
Disposals	-	-	(7,566,574)	(7,000)	-	(88,940)	(7,662,514)	-	-	(7,662,514)
Transfers / Adjustments	-	16,421,907	9,411,339	4,044,222	-	-	29,877,468	(9,411,339)	(9,411,339)	20,466,129
<b>Balance as at December 31, 2012</b>	<u>55,846,183</u>	<u>46,784,967</u>	<u>36,120,067</u>	<u>17,396,434</u>	<u>5,186,143</u>	<u>3,965,742</u>	<u>165,299,537</u>	<u>56,758,769</u>	<u>56,758,769</u>	<u>222,058,306</u>
Balance as at January 01, 2013	55,846,183	46,784,967	36,120,067	17,396,434	5,186,143	3,965,742	165,299,537	56,758,769	56,758,769	222,058,306
Additions during the year	-	-	2,047,333	5,405,242	5,612,820	5,137,800	18,203,195	5,804,817	5,804,817	24,008,012
Disposals	-	-	(4,780,990)	-	-	-	(4,780,990)	-	-	(4,780,990)
Transfers / Adjustments	-	-	39,584,999	-	-	-	39,584,999	(39,584,999)	(39,584,999)	-
<b>Balance as at December 31, 2013</b>	<u>55,846,183</u>	<u>46,784,967</u>	<u>72,971,409</u>	<u>22,801,676</u>	<u>10,798,963</u>	<u>9,103,542</u>	<u>218,306,740</u>	<u>22,978,587</u>	<u>22,978,587</u>	<u>241,285,327</u>

### DEPRECIATION

Balance as at January 01, 2012	-	8,920,571	22,281,648	5,922,777	1,976,557	2,477,419	41,578,972	16,178,927	16,178,927	57,757,899
Charge for the year	-	1,280,762	2,596,538	843,437	315,488	406,390	5,442,615	7,802,014	7,802,014	13,244,629
Depreciation on disposals	-	-	(4,970,245)	(2,397)	-	(40,041)	(5,012,683)	-	-	(5,012,683)
Transfers / Adjustment	-	-	4,526,491	-	-	-	4,526,491	(4,526,491)	(4,526,491)	-
<b>Balance as at December 31, 2012</b>	<u>-</u>	<u>10,201,333</u>	<u>24,434,432</u>	<u>6,763,817</u>	<u>2,292,045</u>	<u>2,843,768</u>	<u>46,535,395</u>	<u>19,454,450</u>	<u>19,454,450</u>	<u>65,989,845</u>
Balance as at January 01, 2013	-	10,201,333	24,434,432	6,763,817	2,292,045	2,843,768	46,535,395	19,454,450	19,454,450	65,989,845
Charge for the year	-	1,829,181	3,553,465	1,518,073	754,921	1,645,113	9,300,753	7,109,417	7,109,417	16,410,172
Depreciation on disposals	-	-	(3,207,333)	-	-	-	(3,207,333)	-	-	(3,207,333)
Transfers / Adjustments	-	-	19,409,796	-	-	-	19,409,796	(19,409,796)	(19,409,796)	-
<b>Balance as at December 31, 2013</b>	<u>-</u>	<u>12,030,514</u>	<u>44,190,360</u>	<u>8,281,890</u>	<u>3,046,966</u>	<u>4,488,881</u>	<u>72,038,611</u>	<u>7,154,071</u>	<u>7,154,071</u>	<u>79,192,684</u>
Written down values as at December 31, 2012	<u>55,846,183</u>	<u>36,583,634</u>	<u>11,685,635</u>	<u>10,632,617</u>	<u>2,894,098</u>	<u>1,121,974</u>	<u>118,764,142</u>	<u>37,304,319</u>	<u>37,304,319</u>	<u>156,068,461</u>
<b>Written down values as at December 31, 2013</b>	<u>55,846,183</u>	<u>34,754,453</u>	<u>28,781,049</u>	<u>14,519,786</u>	<u>7,751,997</u>	<u>4,614,661</u>	<u>146,268,129</u>	<u>15,824,516</u>	<u>15,824,516</u>	<u>162,092,643</u>
Rate of depreciation in (%)	-	5%	20%	10%	10%	30%	-	20%	-	-

21.1.1 Depreciation charge for the year has been allocated as under:

	Note	2013 Rupees	2012 Rupees
Management Expenses	23	13,157,446	10,626,558
General and administration expenses	25	3,289,362	2,656,639
		<u>16,446,808</u>	<u>13,283,197</u>

21.2 The revaluation of fixed assets was carried out by an independent valuer on December 24, 2010 resulting in a surplus of Rs. 31,639,096, which was credited to surplus on revaluation of fixed assets as required by section 235 of the Companies Ordinance, 1984.

21.3 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2013 would have been as follows:

DESCRIPTION	Cost			RATE %	Depreciation			W.D.V.		
	As at 1/1/2013	Addition	Deletions		As at 31/12/2013	As at 1/1/2013	For the year	Adjustment	As at 31/12/2013	As at 31/12/2013
	Rupees				Rupees					
Land	10,432,000	-	-	10,432,000	-	-	-	-	10,432,000	
Building	24,458,064	-	-	24,458,064	5	4,993,169	973,245	-	5,966,414	18,491,650
<b>Total 2013</b>	<b>34,890,064</b>	<b>-</b>	<b>-</b>	<b>34,890,064</b>		<b>4,993,169</b>	<b>973,245</b>	<b>-</b>	<b>5,966,414</b>	<b>28,923,650</b>
Land	10,432,000	-	-	10,432,000		-	-	-	-	10,432,000
Building	8,036,157	16,421,907	-	24,458,064	5	4,613,392	379,777	-	4,993,169	19,464,895
<b>Total 2012</b>	<b>18,468,157</b>	<b>16,421,907</b>	<b>-</b>	<b>34,890,064</b>		<b>4,613,392</b>	<b>379,777</b>	<b>-</b>	<b>4,993,169</b>	<b>29,896,895</b>

## 21.4 Owned assets - intangible

	Website Development Rupees	Network Resources Rupees	Computer Software Rupees	Capita Work in Progress Rupees	Total Rupees
<b>Cost</b>					
Balance as at January 01, 2012	71,000	55,000	4,788,259	8,466,129	13,380,388
Additions during the year	-	50,000	-	-	50,000
Transfers / Adjustments	-	-	-	(8,466,129)	(8,466,129)
<b>Balance as at December 31, 2012</b>	<u>71,000</u>	<u>105,000</u>	<u>4,788,259</u>	<u>-</u>	<u>4,964,259</u>
Balance as at January 01, 2013	71,000	105,000	4,788,259	-	4,964,259
Additions during the year	-	-	-	-	-
Transfers / Adjustments	-	-	-	-	-
<b>Balance as at December 31, 2013</b>	<u>71,000</u>	<u>105,000</u>	<u>4,788,259</u>	<u>-</u>	<u>4,964,259</u>
<b>Amortization</b>					
Balance as at January 01, 2012	24,653	26,187	1,431,677	-	1,482,517
Charge for the year	4,635	6,679	335,658	-	346,972
Additions during the year	-	-	-	-	-
Transfers / Adjustments	-	-	-	-	-
<b>Balance as at December 31, 2012</b>	<u>29,288</u>	<u>32,866</u>	<u>1,767,335</u>	<u>-</u>	<u>1,829,489</u>
Balance as at January 01, 2013	29,288	32,866	1,767,335	-	1,829,489
Charge for the year	4,171	7,213	302,092	-	313,476
Additions during the year	-	-	-	-	-
Transfers / Adjustments	-	-	-	-	-
<b>Balance as at December 31, 2013</b>	<u>33,459</u>	<u>40,079</u>	<u>2,069,427</u>	<u>-</u>	<u>2,142,965</u>
Written down value as at December 31, 2012	<u>41,712</u>	<u>72,134</u>	<u>3,020,924</u>	<u>-</u>	<u>3,134,770</u>
<b>Written down value as at December 31, 2013</b>	<u>37,541</u>	<u>64,921</u>	<u>2,718,832</u>	<u>-</u>	<u>2,821,294</u>
Rate of amortization (%)	10%	10%	10%	-	-

## 21.5 DISPOSAL OF FIXED ASSETS

Discription	Cost Rupees	Accumulated Depreciation Rupees	Net Book Value Rupees	Sale Proceeds Rupees	Gain / (Loss) on Sale Rupees	Mode of Disposal	Particulars of Buyers
<b>Vehicles</b>							
Daihatsu Move LEB-12-4960	750,000	123,124	626,876	670,000	43,124	Negotiation	Mr. M. Zeeshan S/o Shafique Khan CNIC# 35202-2434186-9
Toyota Charade LOR-0987	235,000	232,379	2,621	50,000	47,379	Negotiation	Mr. M. Shafique S/o Ghulam Mahay-ud-Din CNIC# 35202-2827333-3
Suzuki Mehran LEJ-07-1495	388,050	272,658	115,392	360,000	244,608	Negotiation	Mr. M. Younis S/o Ghulam Mohammad CNIC # 35201-1890637-9
Suzuki Cultus LEB-08-4761	643,115	442,756	200,359	590,000	389,641	Negotiation	Mr. Tahla Munir S/o Munir Ahmad CNIC # 35201-7880071-1
Motorcycle STJ-1348	48,000	44,057	3,943	11,000	7,057	Negotiation	Mr. Zulfiqar Ali S/o M. Sadiq CNIC # 35202-5263341-5
Motorcycle LZL-4640	54,000	45,512	8,488	15,000	6,512	Negotiation	Mr. Umer Mashi S/o Boota Mashi CNIC # 35201-5441913-7
Motorcycle LZC-5860	17,000	7,012	9,988	12,000	2,012	Negotiation	Mr. Faiz Rasool S/o M. Musa Rahi CNIC # 35202-3022252-5
Suzuki Alto LEB-08-7256	529,860	372,744	157,116	430,000	272,884	Negotiation	Mr. M. Munir Mirza S/o M. Bashir Mirza CNIC # 35202-2679128-7
Toyota Corolla XLI LWO-7143	809,000	676,202	132,798	1,025,000	892,202	Negotiation	Mr. Nasar Hayat S/o Imam Buksh CNIC # 35202-8786215-3
Honda City LEA-08-1734	916,665	664,257	252,408	830,000	577,592	Negotiation	Mr. M. Mushtaq S/o Mehr. M. Bashir CNIC # 35202-6520314-7
Honda Motorcycle RIU-8170	41,600	41,191	409	5,000	4,591	Negotiation	Mr. Yousaf Ali Khan S/o Mehboob Ali Khan, CNIC # 33100-6668495-5
Honda CD 70 LZC-5962	60,200	52,301	7,899	20,000	12,101	Negotiation	Mr. Yousaf Ali Khan S/o Mehboob Ali Khan, CNIC # 33100-6668495-5
Honda CD 70 LZH-6169	55,700	47,968	7,732	7,000	(732)	Negotiation	Mr. Yousaf Ali Khan S/o Mehboob Ali Khan, CNIC # 33100-6668495-5
Honda CD 70 LZH-6186	55,700	47,968	7,732	20,000	12,268	Negotiation	Mr. Yousaf Ali Khan S/o Mehboob Ali Khan, CNIC # 33100-6668495-5
Honda CD 70 LZL-4793	54,000	46,111	7,889	15,000	7,111	Negotiation	Mr. Mehboob Ali Khan CNIC # 33100-6668495-5
Honda CD 70 LRX-9436	60,200	53,044	7,156	10,000	2,844	Negotiation	Mr. M. Nawaz S/o M. Ramzan CNIC # 38401-7633678-5
Honda CD 70 LEX-8055	62,900	38,049	24,851	28,000	3,149	Negotiation	Mr. M. Pervaiz S/o Saddar - ud - Din CNIC # 35202-2957740-3
<b>TOTAL</b>	<u>4,780,990</u>	<u>3,207,333</u>	<u>1,573,657</u>	<u>4,098,000</u>	<u>2,524,343</u>		

**21.6 Owned assets - capital work in progress**

<b>Cost</b>	Building Rupees	Furniture & Fixtures Rupees	Total Rupees
Balance as at January 01, 2012	8,466,129	-	8,466,129
Additions during the year	7,955,778	4,044,222	12,000,000
Transfer / Adjustment	(16,421,907)	(4,044,222)	(20,466,129)
<b>Balance as at December 31, 2012</b>	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at January 01, 2013	-	-	-
Additions during the year	-	-	-
Transfer / Adjustment	-	-	-
<b>Balance as at December 31, 2013</b>	<u>-</u>	<u>-</u>	<u>-</u>

**22. ADMINISTRATIVE SURCHARGE**

Premium written and net premium revenue (statement of premium) include administrative surcharge, class wise detail of which is given below:

	Note	2013 Rupees	2012 Rupees
Fire and property damage		8,928,437	8,035,792
Marine, aviation and transport		2,591,091	1,477,698
Motor		1,033,053	741,665
Miscellaneous		1,516,182	978,599
		<u>14,068,763</u>	<u>11,233,754</u>

**23. MANAGEMENT EXPENSES**

Salaries, wages and benefits	23.1	32,751,313	28,266,867
Rent expenses		589,911	2,636,480
Depreciation	15 & 21.1	13,157,446	10,626,558
Utilities		2,096,428	4,475,900
Printing and stationery expenses		2,043,671	1,803,572
Traveling and conveyance expenses		6,599,766	4,924,991
Repairing and maintenance		14,294,350	4,908,130
Legal and professional expenses		4,865,755	7,529,770
Provision for doubtful receivables		22,101,053	39,358,569
Advertisement expenses		146,140	233,200
Other expenses		12,759,793	10,298,327
		<u>111,405,626</u>	<u>115,062,364</u>

23.1 Salaries, wages and benefits include company's contribution to provident fund aggregating Rs. 838,668 (2012:Rs. 913,006).





	Note	2013 Rupees	2012 Rupees
<b>24. OTHER INCOME</b>			
<b>Income / (Loss) from financial assets / liabilities</b>			
Profit on PLS bank accounts		445,904	69,054
<b>Income from non financial assets</b>			
Gain on disposal of fixed assets		2,524,343	3,991,669
Miscellaneous income		213,637	29,189
		2,737,980	4,020,858
Old credit balances written back		-	5,118,245
		3,183,884	9,208,157
<b>25. GENERAL AND ADMINISTRATION EXPENSES</b>			
Directors' & Executives' remuneration	28	6,779,363	7,726,458
Auditors' remuneration	25.1	1,329,200	1,424,974
Professional & service charges		226,143	-
Depreciation	15 & 21.1	3,289,362	2,656,639
Professional Tax		86,400	90,600
Property Tax		178,858	182,277
Lease finance charges		1,814,250	3,126,227
Amortization of intangible assets	21.4	313,476	346,972
		14,017,052	15,554,147
<b>25.1 AUDITORS' REMUNERATION</b>			
Legal and professional fee includes Auditors' Remuneration, as under:			
Annual Audit fee		1,000,000	1,000,000
Half yearly review		254,200	304,974
Other certifications		-	45,000
Out of pocket expenses		75,000	75,000
		1,329,200	1,424,974
<b>26. PROVISION FOR TAXATION</b>		2013 Rupees	2012 Rupees
Current		3,793,563	3,984,562
Deferred		6,058,097	1,720,476
		9,851,660	5,705,038

26.1 Reconciliation between effective and applicable tax rate	Percentage %	
	2013	2012
Applicable tax rate	34.00	35.00
- Effect of income charged at different rates	(1.49)	(0.39)
- Net effect of tax on amounts deductible for tax purposes	1.07	(26.30)
- Effect of opening deferred tax	53.63	3.69
Average effective tax rate (Tax expenses / Profit before tax)	<u>87.21</u>	<u>12.00</u>

## 27. EARNINGS PER SHARE- BASIC AND DILUTED

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares as at the year end, as follows:

Profit after tax for the year	<u>1,444,500</u>	<u>Restated 41,516,259</u>
	(Number of shares)	
Weighted average number of shares of Rs. 10 each	<u>30,564,844</u>	<u>30,564,844</u>
	(Rupees per share)	
Earnings per share of Rs. 10 each - basic and diluted	<u>0.05</u>	<u>Restated 1.36</u>

27.1 There is no diluted effect on the basic earning per share as the company has not issued any potentially issuable instrument and does not have any convertible instruments in issue as at December 31, 2013 and 2012, which would have an impact on earnings per share when such option is exercised.

## 28. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including all benefits to Chairman, Chief Executive, Directors and Executives of the company are as follows:

Description	Chairman	Chief Executive	Directors	Executives	Total	Total
	2013 Rupees	2013 Rupees	2013 Rupees	2013 Rupees	2013 Rupees	2012 Rupees
Managerial Remuneration	1,560,000	2,559,996	-	-	4,119,996	4,653,760
House Rent - Allowance	780,000	1,280,004	-	-	2,060,004	2,326,878
Bonus	130,000	213,367	-	-	343,367	423,450
Provident Fund	-	255,996	-	-	255,996	322,370
Total	<u>2,470,000</u>	<u>4,309,363</u>	<u>-</u>	<u>-</u>	<u>6,779,363</u>	<u>7,726,458</u>
Number of persons	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>5</u>

In addition, the company's maintained car and mobiles are provided to these persons for business purpose only.



**29. EMPLOYEES PROVIDENT FUND**

	2013 Rupees	2012 Rupees
Size of the fund	10,842,696	8,317,210
Number of members	52	48
Cost of Investment made	6,450,088	3,336,448
Percentage of Investment made	59	40
Fair value of Investment	6,450,088	3,336,448

29.1 The management is in compliance with the regulation of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

**30. SEGMENT REPORTING**

The company has four primary business segments for reporting purpose namely fire, marine, motor and miscellaneous.

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

	FIRE		MARINE		MOTOR		MISCELLANEOUS		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
<b>Rupees</b>										
<b>OTHER INFORMATION</b>										
Segment assets	<u>230,295,479</u>	206,018,789	<u>207,727,201</u>	55,963,421	<u>17,510,985</u>	17,774,758	<u>27,729,272</u>	26,182,725	483,262,938	305,939,692
Unallocated assets									670,743,475	591,012,166
<b>CONSOLIDATED TOTAL ASSETS</b>									<u>1,154,006,413</u>	<u>896,951,859</u>
<b>SEGMENT LIABILITIES</b>										
Segment liabilities	<u>191,243,017</u>	146,084,543	<u>255,028,714</u>	33,489,424	<u>17,663,801</u>	13,768,866	<u>32,570,661</u>	27,932,654	496,506,193	221,275,488
Unallocated liabilities									111,257,983	131,941,881
<b>CONSOLIDATED TOTAL LIABILITIES</b>									<u>607,764,176</u>	<u>353,217,369</u>
Segment underwriting results	<u>29,325,341</u>	29,339,700	<u>(46,595,896)</u>	12,949,672	<u>6,480,566</u>	3,706,791	<u>8,514,275</u>	5,006,231	(2,275,714)	51,002,394
Unallocated other expenses-net									13,571,874	(3,781,097)
Profit before tax									<u>11,296,160</u>	<u>47,221,297</u>
Capital expenditure	<u>14,942,586</u>	9,783,028	<u>4,548,013</u>	3,262,678	<u>1,914,013</u>	1,291,627	<u>2,603,400</u>	1,582,906	24,008,012	15,920,238
Depreciation	<u>10,236,493</u>	8,162,559	<u>3,115,639</u>	2,722,245	<u>1,311,204</u>	1,077,681	<u>1,783,472</u>	1,320,712	16,446,808	13,283,197
Amortization	<u>195,107</u>	213,215	<u>59,384</u>	71,108	<u>24,992</u>	28,150	<u>33,993</u>	34,498	313,476	346,972

### 30.1 Financial Instruments - Maturity analysis

FINANCIAL ASSETS AND LIABILITIES	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity within year	Maturity more than 1 year but less than 5 years	Sub Total	Maturity within year	Maturity more than 1 year but less than 5 years	Sub Total	
Rupees							
<b>Financial Assets</b>							
Loan to employees and agents	-	-	-	1,857,731	-	1,857,731	1,857,731
Investment	-	32,810,679	32,810,679	27,072,600	-	27,072,600	59,883,279
Premium due but unpaid	-	-	-	175,570,609	-	175,570,609	175,570,609
Accrued investment income	4,175,889	-	4,175,889	90,000	-	90,000	4,265,889
Amounts due from other insurers/reinsurers	-	-	-	6,286,485	-	6,286,485	6,286,485
Reinsurance recoveries against O/S claims	-	-	-	196,481,373	-	196,481,373	196,481,373
Other deposits-considered good	-	-	-	2,300,000	-	2,300,000	2,300,000
Other advances-considered good	-	-	-	39,205,268	-	39,205,268	39,305,268
Deposits maturing within 12 months	270,000,000	-	270,000,000	-	-	-	270,000,000
Current and other accounts	11,531,157	-	11,531,157	99,180,512	-	99,180,512	111,341,669
Cash and other equivalents	-	-	-	15,207	-	15,207	15,207
	<u>285,707,046</u>	<u>32,810,679</u>	<u>318,517,725</u>	<u>548,689,785</u>	<u>-</u>	<u>548,689,785</u>	<u>867,207,510</u>
<b>Financial Liabilities</b>							
Claims outstanding	-	-	-	284,316,040	-	284,316,040	284,316,040
Amounts due to other insurers / reinsurers	-	-	-	23,887,217	-	23,887,217	23,887,217
Other creditor & accruals	-	-	-	83,196,323	-	83,196,323	83,196,323
	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,399,580</u>	<u>-</u>	<u>391,399,580</u>	<u>391,399,580</u>

FINANCIAL ASSETS AND LIABILITIES	Interest / mark-up bearing			Non interest / mark-up bearing			Total
	Maturity within year	Maturity more than 1 year but less than 5 years	Sub Total	Maturity within year	Maturity more than 1 year but less than 5 years	Sub Total	
Rupees							
<b>Financial Assets</b>							
Loan to employees and agents	-	-	-	1,131,350	-	1,131,350	1,131,350
Investment	-	31,772,057	31,772,057	51,707,227	-	51,707,227	83,479,284
Premium due but unpaid	-	-	-	184,341,252	-	184,341,252	184,341,252
Accrued income	1,258,711	-	1,258,711	30,000	-	30,000	1,288,711
Amounts due from other insurers/reinsurers	-	-	-	1,438,095	-	1,438,095	1,438,095
Reinsurance recoveries against O/S claims	-	-	-	42,150,006	-	42,150,006	42,150,006
Other deposits-considered good	-	-	-	4,100,000	-	4,100,000	4,100,000
Other advances-considered good	-	-	-	15,952,119	-	15,952,119	15,952,119
Deposits	-	-	-	215,200,000	-	215,200,000	215,200,000
Current and other accounts	3,918,607	-	3,918,607	73,492,078	-	73,492,078	77,410,685
Cash and other equivalents	-	-	-	7,724,748	-	7,724,748	7,724,748
	<u>5,177,318</u>	<u>31,772,057</u>	<u>36,949,375</u>	<u>597,356,875</u>	<u>-</u>	<u>597,356,875</u>	<u>634,306,250</u>
<b>Financial Liabilities</b>							
Claims outstanding	-	-	-	65,888,007	-	65,888,007	65,888,007
Amounts due to other insurers / reinsurers	-	-	-	5,100,757	-	5,100,757	5,100,757
Other creditor & accruals	-	-	-	76,777,029	-	76,777,029	76,777,029
	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,765,793</u>	<u>-</u>	<u>147,765,793</u>	<u>147,765,793</u>

### 31. FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk and price risk)

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risks and company's management of capital. 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, whereas quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board is responsible for developing and monitoring the company's risk management policies.

The company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations towards risk management. The Board of Directors reviews and agrees policies for managing each of these risks.

The company's Audit Committee oversees how management monitors compliance with the company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

#### 31.1 Credit risk and concentration of 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.

The company is exposed to credit risk from its operating activities primarily for premiums due but unpaid, reinsurance recoveries and other financial assets.

31.1.1 Out of the total financial assets amounting to Rs. 867.207 million (2012 : Rs. 634.306 million), the carrying amount of financial assets which represent the maximum credit exposure, are specified below:

	Note	2013 Rupees	2012 Rupees
Cheques in hand	12	-	7,212,423
Current and other accounts	12	111,341,669	77,410,685
Deposits maturing within 12 months	12	270,000,000	215,200,000
Loan to employees	13	1,857,731	1,131,350
Investments - Held to maturity	14.1	32,810,679	31,772,057
Investments - Available for sale	14.2	27,072,600	51,707,227
Premium due but unpaid	16	175,570,609	184,431,252
Amounts due from other insurers/reinsurers	17	6,286,485	1,438,095
Accrued investment income	18	4,265,889	1,288,711
Reinsurance recoveries against outstanding claims		196,481,373	42,150,006
Other deposits - considered good	20.1	2,300,000	4,100,000
Other advances - considered good	20	39,205,268	15,952,119
		<u>867,192,302</u>	<u>633,793,925</u>

Geographically there is no concentration of credit risk. The company did not hold any collateral against the above as security during the year. There is no significant customer in the receivables of the company. General provision is made for receivables according to the company's policy. The impairment provision is written off when the company expects that it cannot recover the balance due. During the year a provision for doubtful of recovery in the sum of Rs. 22.101 million has been provided, while the remaining rceivables are considered good. 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 age analysis of premium due but unpaid is as follows

	2013 Rupees	2012 Rupees
Upto 1 year	158,013,548	138,323,439
1-2 years	17,557,061	46,107,813
Over 2 years	79,543,242	57,442,189
	<u>255,113,851</u>	<u>241,873,441</u>

31.1.2 The credit quality of company's bank balances can be assessed with reference to external credit ratings, as give below:

	Rating Short Term	Rating Long Term	Rating agency	2013 Rupees	2012 Rupees
Allied Bank Limited	A1+	AA+	PACRA	1,879,129	1,725,433
Al-Baraka Islamic Bank	A1	A	PACRA	213,763	12,414
Bank of Punjab	A1+	AA-	PACRA	73,299,100	1,701,805
Bank Al-Habib Limited	A1+	AA+	PACRA	19,575	20,247
Bank Islamic Limited	A1	A	PACRA	-	439
Habib Bank Limited	A1+	AAA	JCR - VIS	5,580,558	4,312,590
MCB Bank Limited	AA+	AAA	PACRA	895,339	33,785,355
National Bank of Pakistan	A1+	AAA	JCR - VIS	360,955	594,277
Standard Chartered Bank	A1+	AAA	PACRA	(236,109)	266,970
United Bank Limited	A1+	AA+	JCR-VIS	5,524,396	3,839,124
NIB Bank Limited	A1+	AA-	PACRA	7,629,369	3,121,780
Bank of Khyber	A1	A	PACRA	10,921	10,921
Bank Alfalah Limited	A1+	AA	PACRA	119,969	2,280,749
Soneri Bank Limited	A1+	AA-	PACRA	95,352	2,244
Silk Bank Limited	A2	A-	JCR-VIS	-	40,889
Askari Bank Limited	A1+	AA	PACRA	2,990,747	276,518
Punjab Provincial Cooperative Bank	Rating not available			11,330,339	174,863
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	75,151	5,505,915
Faysal Bank Limited	A1+	AA	PACRA	911,915	13,845,831
KASB Bank Limited	A3	BBB	PACRA	625,500	376,574
JS Bank Limited	A1	A+	PACRA	11,258	11,078
Summit Bank Limited	A3	A-	JCR-VIS	4,442	5,504,669
				<u>111,341,669</u>	<u>77,410,685</u>

31.1.3 Sector-wise analysis of premiums due but unpaid

Banks	220,564,423	200,101,082
Cement	13,807,852	16,694,531
Petrol / CNG Pumps	911,710	1,102,313
Pharmaceuticals	116,740	141,146
Sugar Factories	193,216	233,610
Oil Mills	546,672	660,960
Showrooms	764,952	924,874
Miscellaneous	18,208,286	22,014,923
	<u>255,113,851</u>	<u>241,873,439</u>

31.1.4 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	Other reinsurance assets	2013	TOTAL 2012
	Rupees				
A or above (including PRCL)	6,286,485	156,282,281	44,422,372	206,991,138	90,827,496
BBB	-	40,199,092	14,807,458	55,006,550	-
Total	<u>6,286,485</u>	<u>196,481,373</u>	<u>59,229,830</u>	<u>261,997,688</u>	<u>90,827,496</u>

### 31.2 Liquidity risk

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

On the balance sheet date, the company has cash and bank balance of Rs. 111,356,876(2012:Rs.84,135,433).

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis

	2013			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	..... Rupees .....			
<b>Financial liabilities</b>				
Provision for Outstanding Claims	284,316,040	284,316,040	284,316,040	-
Amount due to other insurers / reinsurers	23,887,217	23,887,217	23,887,217	-
Other creditors and accruals	83,196,323	83,196,323	83,196,323	-
	<u>391,399,580</u>	<u>391,399,580</u>	<u>391,399,580</u>	<u>-</u>

	2012			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	..... Rupees .....			
<b>Financial liabilities</b>				
Provision for Outstanding Claims	65,888,007	65,888,007	65,888,007	-
Amount due to other insurers / reinsurers	5,100,757	5,100,757	5,100,757	-
Other creditors and accruals	76,777,029	76,777,029	76,777,029	-
	<u>147,765,793</u>	<u>147,765,793</u>	<u>147,765,793</u>	<u>-</u>

### 31.3 Market Risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risk associated with company's business activities are interest/mark-up rate risk and price risk.

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 realized 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.



**a) Interest / mark-up rate risk**

Interest/mark-up rate risk is the risk that value of financial instrument or future cash flows of the financial instruments will fluctuate due to changes in market interest/mark-up rates. Sensitivity to interest/mark-up rate risk arises from mismatches of financial assets and liabilities, the mature or reprice in a given period. The company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The rate of return on financial instruments i.e. PLS accounts, investments and arrangements for liabilities against assets subject to finance lease have been disclosed in the respective notes to these financial statements.

**Sensitivity Analysis**

The company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below.

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	increase / (decrease) in basic points	Effect on profit before tax	Effect on equity
<b>As at December 31, 2013</b>			
Cash flow sensitivity - Variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - Variable rate financial assets	100	(3,185,177)	(2,102,217)
	(100)	3,185,177	2,102,217
<b>As at December 31, 2012</b>			
Cash flow sensitivity - Variable rate financial liabilities	100	-	-
	(100)	-	-
Cash flow sensitivity - Variable rate financial assets	100	(369,494)	(240,171)
	(100)	369,494	240,171

**b) 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. 27.457 million (2012: Rs. 53.155 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 favourable. The company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date.

Available for sale equity instruments 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 realized in the sale of a particular security may be affected by relative quantity of the security being sold. However, 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 - available for sale been measured at fair value 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 changes in price	hypothetical increase / (decrease) in shareholder's equity	hypothetical increase / (decrease) in profit / (loss) before tax
December 31, 2013	27,072,600	10% increase	29,779,860	2,707,260	-
		10% decrease	24,365,340	(2,707,260)	(2,707,260)
December 31, 2012	51,707,227	10% increase	56,877,950	5,170,723	-
		10% decrease	46,536,504	(5,170,723)	(5,170,723)

However in case of loss, it is charged to other comprehensive income to the extent it adjusted the balance standing to the credit of any other component of other comprehensive income and remaining amount of loss if any, shall be charged to profit & loss account.

**c) Foreign currency risk**

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The company, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

**31.4 Fair value of financial instruments**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximates their fair values except for equity and debt instruments held whose fair values have been disclosed in their respective notes to these financial statements.

**31.5 Insurance risk**

The Company accepts the insurance risk through its insurance contract where it assumes the risk of loss from persons or organizations that are directly subject to the underline 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 limit and criteria. Reinsurance is purchased to mitigate the risk of potential loss to the company. 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 particular demographic type of policyholder, within a geographical location or to types of commercial business. The company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers who are dispersed over several geographical regions.

**Geographical concentration of insurance risk**

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.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial residential occupation of the insurers. 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, physical separation between the buildings within an 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 geocoding 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.

### Reinsurance arrangements

Reinsurance arrangements are key components in the global economy as a means of supporting acceptance of risk by insurance organizations. Arrangements are the most effective ways of getting risks of all types, underwritten by the company. The company has prestigious reinsurance arrangements with the world wide acclaimed reinsurers.

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

The concentration of risk by type of contracts is summarized below by reference to liabilities:

	Gross sum insured		Reinsurance		Net	
	2013	2012	2013	2012	2013	2012
	..... Rupees .....					
Fire	116,019,497,827	97,289,481,705	52,964,630,294	44,414,098,721	63,054,887,533	52,875,382,984
Marine	17,384,805,409	17,497,082,674	12,013,133,792	12,090,717,882	5,371,672,617	5,406,364,792
Motor	939,077,688	788,503,676	-	-	939,077,688	788,503,676
Miscellaneous	3,978,722,868	12,864,351,740	2,294,298,999	7,418,126,445	1,684,423,869	5,446,225,295
	<u>138,322,103,792</u>	<u>128,439,419,795</u>	<u>67,272,062,085</u>	<u>63,922,943,048</u>	<u>71,050,041,707</u>	<u>64,516,476,747</u>

### Sensitivity analysis

The risk associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The company makes various assumptions and techniques based on past claims developments experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The company considers that the liability for insurance claims recognized in the balance sheet is adequate. However actual experience will differ from the expected outcome.

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, showing the impact on profit before tax net of reinsurance.

	Profit before tax		Shareholders' equity	
	2013	2012	2013	2012
	..... Rupees .....			
<b>10% increase in loss</b>				
Net				
Fire	(2,183,319)	(1,368,027)	(1,440,990)	(889,217)
Marine	(6,482,943)	(474,406)	(4,278,742)	(308,364)
Motor	(317,614)	(522,155)	(209,625)	(339,401)
Miscellaneous	(89,902)	(172,226)	(59,335)	(111,947)
	<u>(9,073,777)</u>	<u>(2,536,813)</u>	<u>(5,988,692)</u>	<u>(1,648,928)</u>

	Profit before tax		Shareholders' equity	
	2013	2012	2013	2012
	..... Rupees .....			
<b>10% decrease in loss</b>				
Net				
Fire	2,183,319	1,368,027	1,440,990	889,218
Marine	6,482,943	474,406	4,278,742	308,364
Motor	317,614	522,155	209,625	339,401
Miscellaneous	89,902	172,226	59,335	111,947
	<u>9,073,778</u>	<u>2,536,814</u>	<u>5,988,692</u>	<u>1,648,928</u>

### 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. Further, claims with significant uncertainties are not outstanding as at 31 December 2013.

Accident year	2013 Rupees	2012 Rupees
Estimate of ultimate claims cost:		
At the end of accident year	<u>322,735,239</u>	<u>98,871,093</u>
Current estimate of cumulative claims	65,888,007	60,568,859
Cumulative payments to date	104,307,206	93,551,945
Liability recognized in the balance sheet date	<u>284,316,040</u>	<u>65,888,007</u>

## 32. CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base for the confidence of stakeholders and to sustain future development of the business. The Company's objective when managing capital is to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders. The management closely monitors the return on capital along with the level of distribution to ordinary shareholders. The Company meets minimum paid up capital requirements as required by Securities and Exchange Commission of Pakistan.

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

## 33. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at December 31, 2013 and 2012 respectively are as follows:

Number of employees at the end of year	53	43
Average number of employees	<u>53</u>	<u>47</u>



**34. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on April 03, 2014 by the Board of Directors of the Company.

**35. GENERAL**

**35.1** Corresponding figures have been rearranged and regrouped with necessary for the purpose of better presentation. Major reclassification during the year as follows:

	<u>Note</u>	<u>From</u>	<u>To</u>	<u>Reason</u>	<u>Amount (Rs.)</u>
Security deposits	19	Lease key money	Other deposits	Better presentation	1,196,335

**35.2** Figures in these financial statements have been rounded off to the nearest rupee.

Chairman

Managing Director  
& Chief Executive

Director

Director



## PATTERN OF SHAREHOLDING AS AT 31 December, 2013

Number of Shareholders	Shareholding		Total Shares Held	Total % of Paid-up Capital
	From	To		
167	1	100	5,896	0.02
164	101	500	44,496	0.15
114	501	1,000	90,741	0.30
195	1,001	5,000	488,067	1.60
55	5,001	10,000	417,884	1.37
23	10,001	15,000	289,637	0.95
10	15,001	20,000	170,503	0.56
6	20,001	25,000	136,777	0.45
5	25,001	30,000	136,449	0.45
5	30,001	35,000	158,797	0.52
2	35,001	40,000	72,185	0.24
5	40,001	45,000	206,898	0.68
3	50,001	55,000	157,704	0.52
2	65,001	70,000	132,849	0.43
1	75,001	80,000	76,072	0.25
4	95,001	100,000	386,577	1.26
1	105,001	110,000	107,545	0.35
1	110,001	115,000	113,537	0.37
3	115,001	120,000	344,723	1.13
1	120,001	125,000	121,420	0.40
5	130,001	135,000	669,340	2.19
1	145,001	150,000	149,001	0.49
4	150,001	155,000	611,288	2.00
1	160,001	165,000	162,374	0.53
5	170,001	175,000	860,216	2.81
4	190,001	195,000	764,112	2.50
2	195,001	200,000	400,000	1.31
2	225,001	230,000	458,466	1.50
3	245,001	250,000	746,672	2.44
1	340,001	345,000	343,850	1.12
1	380,001	385,000	382,058	1.25
1	435,001	440,000	436,657	1.43
1	455,001	460,000	556,600	1.82
1	510,001	515,000	510,048	1.67
1	705,001	710,000	706,800	2.31
1	840,001	845,000	843,501	2.67
1	1,010,001	1,015,000	1,013,500	3.32
2	1,040,001	1,045,000	2,088,708	6.83
1	2,045,001	2,050,000	2,046,212	6.69
1	1,275,001	1,280,000	1,275,072	4.17
1	4,160,001	4,165,000	4,164,550	13.63
1	7,715,001	7,720,000	7,717,062	25.25
<u>808</u>			<u>30,564,844</u>	<u>100.00</u>

### Categories of Shareholders

Shareholder's Category	Number of Shareholders	Number of Shares Held	Percentage
Financial Institutions	2	56,026	0.18
Individuals	785	30,419,319	99.53
Joint Stock Companies	21	89,499	0.29
	<u>808</u>	<u>30,564,844</u>	<u>100.00</u>

## Information Under Clause XIX (1) of the Code of Corporate Governance As at December 31, 2013

1	CATEGORIES OF SHAREHOLDERS	SHARES HELD	PERCENTAGE
1.1	ASSOCIATED COMPANIES UNDERTAKING & RELATED PARTIES	-	-
1.2	NIT AND ICP	1,282	0.0042
1.3	DIRECTORS, CEO & THEIR SPOUSES & MINOR CHILDREN		
	Chaudhry Muhammad Sadiq      Chairman / Director	7,717,062	25.2482
	Mr. Faisal Zaka Bajwa      Director	8,150	0.0267
	Mr. Muhammad Kashif      Director	2,002	0.0070
	Syed Kashif Hussain      Director	1,000	0.0000
	Mr. Mudassar Imran      Director	2,002	0.0070
	Mr. Imran Amjad Khan      Director	3,998	0.0131
	Mr. Zahir Muhammad Sadiq      Director / CEO	1,275,072	4.1720
	Mrs. Shehnaz Sadiq	4,164,550	13.6253
1.4	EXECUTIVES / EMPLOYEES	295,669	0.9673
1.5	PUBLIC SECTOR COMPANIES & CORPORATIONS	-	-
1.6	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE INSTITUTIONS, INSURANCE COMPANIES, MODARABAS AND MUTUAL FUNDS FINANCIAL INSTITUTION	56,026	0.1840
1.7	JOINT STOCK COMPANIES	89,499	0.2928
1.8	GENERAL PUBLIC & OTHERS	16,948,532	55.4511
<b>TOTAL</b>		<b>30,564,844</b>	<b>100</b>

2	SHAREHOLDERS MORE THAN 10%	SHARES HELD	PERCENTAGE
2.1	Chaudhry Muhammad Sadiq	7,717,062	25.248
2.2	Mrs. Shehnaz Sadiq	4,164,550	13.625





## BRANCH NETWORK

<b>Mr. Niaz Ahmed</b> Vice President	<b>Lahore Marketing Unit:</b> 5-Bank Square, Lahore. Tel: 042-37358041, Fax: 042-37358041, Cell: 0300-9496572
<b>Mr. Muhammad Rafique Baig</b> Vice President	<b>Regional Office:</b> Suite # 24, 2nd Floor, 73-Jail Road, Lahore. Tel: 042-37576907, Fax: 042-37582296, Cell : 0300-8416602
<b>Mr. Riaz Bhatti</b> Vice President	1st. Floor, Carpet Plaza, 10- Abbot Road, Lahore. Tel: 042-36311662, Fax: 042-36311663, Cell: 0333-4303511
<b>Mr. Nadeem Haider</b> A.V.P./ Branch Manager	Office # 7, 2nd Floor, Patiala Complex, 2-Link Macleod Road, Lahore. Tel: 042-37351138, Fax: 042-37351139, Cell: 0301-4464115
<b>Mr. Muhammad Azeem</b> Branch Manager	Room # 50-G, Ground Floor, Auto Centre, 108-Lytton Road, Lahore. Tel: 042-37245606, Fax: 042-37245606, Cell: 0333-4748644
<b>Mr. Sattar Ahmed</b> Manager	Shouaib Manzil, Chowk Chohan Park, Out Fall Road, Krishan Nagar, Lahore. Tel: 042-37154029, Cell: 0300-4870280
<b>Ch. Habibullah</b> Branch Manager	89-A, Temple Road, Lahore. Tel: 042-36366997, Fax: 042-36361206, Cell: 0300-4250811
<b>Mr. Daulat Qadir Khan</b> Branch Manager	Javed Manzil, Opp. Nawab Tubewell, Chah Miran Road, Gorey Shah, Lahore Tel: 042-36858002, Cell: 0322-4642588
<b>Mr. Abdul Rehman</b> Branch Manager	1st Floor, Tabarak Chamber, 19-Abbot Road, Lahore. Tel: 042-3636585, Fax: 042-36308071, Cell: 0333-4290875
<b>Mr. Muhammad Adeel</b> Branch Manager	Township, Lahore. Cell: 0322-4890582
<b>Mr. Mian Adnan</b> Branch Manager	Siddique Trade Centre, Lahore. Tel: 042 35787524 Cell: 0345 4563642
<b>Mr. Sohail Khan</b> Branch Manager	Saffah wala Chowk, Lahore. Cell: 0321-6325007
<b>Mr. Syed Touseef Raza</b> AVP / Branch Manager	C/O OCS, Sheikhpura. Cell: 0333-4343703, 0300-9468582
<b>Mr. Shehram Rafiq</b> Branch Manager	280-X, Housing Colony, Lahore Road, Sheikhpura. Tel: 056-3500462, Cell: 0300-4329021
<b>Mr. Asad Iqbal</b> Regional Manager	438-1, 2nd Floor, B-Block, Mini Market, Model Town, Gujranwala. Tel: 055-3841278, Fax: 055-3857461, Cell: 0300-8741041
<b>Mr. Sahibzada Aftab Ahmed</b> Vice President	3rd Floor, Din Plaza, G.T. Road, Gujranwala. Tel: 055-3252489, Fax: 055-3258716, Cell: 0300-9640020
<b>Mr. Mubeen Abbas</b> Branch Manager	Din Plaza, G.T. Road, Gujranwala. Cell: 0300-7267451
<b>Ch. Shehnaz Ahmed</b> Joint General Manager	Shehroze Plaza, Near Sultan Public School, G.T. Road, Gujrat. Tel: 053-3536111, Fax: 053-3535105, Cell: 0300-6228211
<b>Mr. Masood Ahmad</b> Manager	Alvi Chowk, Mandi Bahauddin. Cell: 0321-7750589
<b>Mr. Rana Faqir Hussain</b> Vice President	1st Floor, Irsilan Plaza, Kotwali Road, Faisalabad. Tel: 041-2636160, Tel: 041-2631275, Cell: 0333-6500739
<b>Ch. Muhammad Akram</b> Branch Manager	1st Floor, Ummed Plaza, Near Rays Hotel, Allama Iqbal Road, Faisalabad. Tel: 041-32647933, Fax: 041-2601098, Cell: 0300-7227170
<b>Mr. Tariq Mehmood Goraya</b> Branch Manager	Gali # 1, Muhallah Wazir Park, Mehdiabad Road, Tehsil Gojra, Distt. Toba Tek Singh. Tel: 046-3515595, Cell: 0300-7978418
<b>Mr. Rai Nawazish Ali</b> Branch Manager	Near NBP, Quaid-e-Azam Road, Tandlianwala. Tel: 041-3441342, Cell: 0333-6581781
<b>Mr. Sheikh M. Ishaq</b> Branch Manager	C/o Ashraf Computer, 1st Floor, Trust Plaza, Sargodha. Tel: 048-3011474, Cell: 0300-9601439



<b>Mr. Muhammad Ameen</b> Branch Manager	Habib Bank Ltd, Adda Jahan Khan, Bhakkar. Cell: 0300-7782846
<b>Mr. Riaz Ahmed Akhter</b> Branch Manager	517-A, Nai Eid Ghah Road, Jhang Saddar. Tel: 047-7611102, Cell: 0300-7504200
<b>Mr. Muhammad Ashraf</b> Branch Manager	Jhang Saddar. Cell: 0300 6507287
<b>Mr. Sabir Hussain</b> Zonal Manager	Room # 9-10, 3rd Floor, Khawar Plaza, Stadium Chowk, Opp. Five Ways Hotel, Sahiwal. Tel: 040-4226247, Fax: 040-4226247, Cell: 0314-3612110
<b>Mr. Rao M. Ashiq Sajid</b> Assistant Vice President	New Taj Jamia Masjid, Muhallah Haripura, Mailsi. Tel: 067-3411525, Cell: 0300-6346645
<b>Mr. Rai Anwar Alam</b> Zonal Manager	Street # 13, Main Road, Madni Colony, Bahawalnager. Cell: 0300-7585601, 0300-7920337
<b>Mr. Ibad Ali Malik</b> Chief Manager	Room # 8, Al-Muzaffar Building, Chowk Ghanta Ghar, Multan. Tel: 061-4582628, Fax: 061-4582628, Cell: 0300-8738770
<b>Mr. Rao M. Naeem Akhter</b> Branch Manager	Shaheen Town, Opp. Railway Station Muzaffarabad, Sher Shah Road, Multan Cantt. Tel: 061-3536326, Cell: 0308-7836093
<b>Mr. Rao Iftikhar Ahmad</b> Branch Manager	Tuglaq Road, Multan. Cell: 0300 8680832
<b>Ch. Muhammad Amin</b> Manager	Ghalla Mandi, Chishtian. Tel: 063-2503042, Cell: 0333-8904180
<b>Mr. Khalil Ahmed Khan</b> Branch Manager	Plot # 54, Kangan Road, Dera Ghazi Khan. Cell: 0321-6782000
<b>Mr. Laal Muhammad Khan</b> Branch Manager	2046-New Civil Line, Block # 18, Dera Ghazi Khan. Tel: 0642-463219, Cell: 0333-6475175
<b>Mr. Sajjad Hussain</b> Branch Manager	2046-New Civil Line, Block # 18, Dera Ghazi Khan. Cell: 0333-6459805
<b>Mr. Rao Nisar Ahmed</b> Zonal Manager	Zonal Office, 1st Floor, Shahdin Plaza, Farid Gate, Bahawalpur. Tel: 062-2886272, Fax: 062-2886272, Cell: 0300-6808832
<b>Mr. Zia Ullah</b> Vice President	9-D, Firdous Market, Upper Story, D-Link, Net Cafe, Rahim Yar Khan. Tel: 068-5877523, Cell: 0300-6746912
<b>Ch. Ihsan-ul-Haq</b> Branch Manager	6-Railway Road, Rahim Yar Khan. Tel: 068-5876961, Cell: 0300-6731885
<b>Mr. Amir Manzoor</b> Regional Head/ S.V.P	Office # 8, 1st Floor, Royal Plaza, 6th Road, Rawalpindi. Tel: 051-4423944, Fax: 051-4423955, Cell: 0333-5112370
<b>Mr. Jamil Akhter Bhatti</b> Zonal Manager	Office # 6, Behind. BOP, Supply Bazar, Abbotabad. Tel: 099-2341431, Cell: 0333-5115628
<b>Mr. Raja Munir Akhter</b> Branch Manager	Silver Star Insurance Company Ltd. Chakwal. Tel: 054-3551150, Cell: 0333-6798679
<b>Mr. Jamshaid Akhter Samo</b> Senior Vice President	B-268, New Liaqat Market, Mohni Bazar, Nawab Shah. Tel: 024-4361284, Fax: 024-4361284, Cell: 0300-3200323
<b>Mr. Junaid Akhter Samo</b> V.P./ Regional Chief	Room # 26, 2nd Floor, Goal Building, Risala Road, Hyderabad. Tel: 022-2728707, Fax: 022-2728707, Cell: 0300-2038707
<b>Mr. Muhammad Afzal</b> Vice President	1-C, 2nd Floor, Namco Centre, New Challi, Campbell Street, Karachi. Tel: 021-32621558, Fax: 021-32621563, Cell: 0333-2211472
<b>Mr. Jan Muhammad</b> Senior Vice President	B-1/3, Malir Cantt. Bazar, Karachi. Tel: 021-34491943, Fax: 021-32621563, Cell: 0333-2193195



**Syed Safdar Ali Shah**  
Executive Director South

Suite # 205, 2nd Floor, Europa Centre, Hasrat Mohani Road,  
I.I. Chundrigar Road, Karachi.  
Tel: 021-32217771, Fax: 021-32626732, Cell: 0300-2285929

**Mr. Farooq Rashid**  
Branch Manager

Suite # 206, 2nd Floor, Europa Centre, Hasrat Mohani Road,  
I.I. Chundrigar Road, Karachi. Tel:021-32631750, Cell: 0300-2379846

**Mr. Muhammad Hassan Rajput**  
Branch Manager

House # B-204/3, Baburki Bazar Challa, Sukkar.  
Cell: 0345-4931333, 0333-7118078

**Mr. Waqar Ahmad**  
Branch Manager

House # B-204/3, Baburki Bazar Challa, Sukkar.

**Mr. Ghulam Qasim Khan**  
Branch Manager

Swag Hosue, Opp. Canal Colony, Layyah.  
Tel: 0606-411621, Cell: 0300-6767088

**Mr. Muhammad Asif Iqbal**  
Branch Manager

Farrukh Abad Khan Pur, Distt. Rahim Yar Khan.  
Cell: 0300-6727412

**Mr. Muhammad Sadiq Ghauri**  
Branch Manager

381-L, Shah Rukan-Alam, Multan.  
Tel: 061-6770771, Cell: 0322-6646316

**Mr. Muhammad Kashif Shah**  
Branch Manager

Paris Raod, Sialkot.  
Cell: 0333-4622663

**Mr. Ghulam Safdar Malik**  
Branch Manager

G.T. Road, Wazirabad.  
Cell: 0301-6494194

**Mr. Rana Najmul Haasan**  
Manager

Railway Road, Muzaffar Garh.  
Cell: 0302-7428804

**Mr. Muhammad Iqbal**  
Branch Manager

Daska.  
Cell: 0301-8644286

**Mr. M. Yaseen**  
Branch Manager

183- V, Peoples Colony, Vehari.  
Tel: 067-3366415 Cell: 0300-7721278

**Mr. Muhammad Asif Iqbal**  
Branch Manager

Farrukh Abad, Khan Pur, Distt. Rahim Yar Khan  
Cell: 0300-6727412

**Mr. Abdul Sattar Anjum**  
Branch Manager

194- Alumdar Abbas, Old Hassil Pur  
Cell: 0300-7850667

**Ch. Ejaz**  
Vice President

Capital Road, Din Pura, Sialkot.  
Tel: 052-3552172 Fax:052-3241937 Cell:0333-8746655, 0333-8693700



## PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_

being a member of SILVER STAR INSURANCE COMPANY LIMITED and holder of \_\_\_\_\_

Ordinary Shares, as per:

Share Register Folio No. \_\_\_\_\_ and / or

CDC Participant ID No. \_\_\_\_\_ Sub A/c No. \_\_\_\_\_,

hereby appoint Mr. / Ms. \_\_\_\_\_ of

\_\_\_\_\_, another member of the Company (or failing him / her \_\_\_\_\_

of \_\_\_\_\_, another member of the Company) as my / our proxy to attend, speak and vote for me / us and on my / our behalf, at the 30<sup>th</sup> Annual General Meeting of the Company to be held on April 30, 2014 at the Company's Registered Office at Silver Star House, 5 - Bank Square Lahore, and at any adjournment thereof,

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

1) Witness

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. or \_\_\_\_\_

Passport No. \_\_\_\_\_

Affix  
Revenue  
Stamp of Rs. 5/-

\_\_\_\_\_  
Signature should agree with the  
specimen signature with the Company.

2) Witness

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. or \_\_\_\_\_

Passport No. \_\_\_\_\_

Note:

- 1) This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty eight hours before the meeting.
- 2) CDC shareholders and their proxies are each requested to attach an attested photocopy of their new/ computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
- 3) All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

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AFFIX  
CORRECT  
POSTAGE

The Company Secretary

**SILVER STAR INSURANCE COMPANY LIMITED**

Silver Star House, 5 Bank Square

P.O. Box 2533, Lahore-54000 (Pakistan)

Phone : +(92-42) 3732 4488, 3735 5614, 3723 7518, 3723 1449

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