



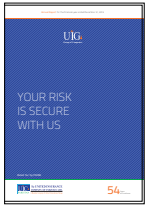
YOUR RISK
IS SECURE
WITH US

Rated "A+" by PACRA



The UNITED INSURANCE
COMPANY OF PAKISTAN LTD.
A Member Company of United International Group

54 Years
of Excellence



A commitment to
**Your Risk
is secure
with us**

The Cover theme for this year's annual report is to express our strong determination that your risk is secure with us.

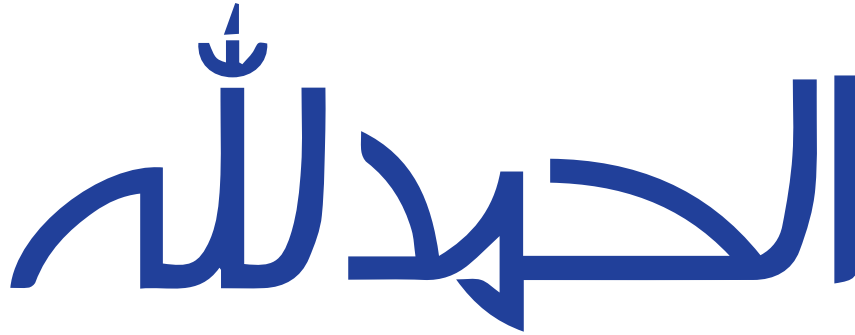
The United Insurance Company of Pakistan Limited minimizes the risk related to its customers by providing a sense of security to people in the event of a problem or disaster. We fulfil all requirements, meets promises and commitments. Strong management and prudent management plays a major role in the company's growth.

Why go online?

<http://www.theunitedinsurance.com/annual-reports>

Many shareholders are now benefiting from more accessible information and helping the environment too. If you haven't already tried it, visit our online Annual Report or just scan the QR code opposite with your smart phone and go direct. You may need to download a QR code reader for your phone.





Expression of gratitude to Allah

“Alhamdulillah” is an expression of praise and gratitude for the unlimited mercy and blessings Allah (swt) bestowed upon humanity and everything else in existence.

This word is a reflection of the permanent servitude of all created to Allah and can be considered the summary of the Islamic faith. The depiction of the word “Alhamdulillah” is the summary form of state of faith and gratitude that is the most widely used motif in Islamic arts.

The first verse (ayat) of Sura Al-Fatiha, the first chapter of the Qur’an, starts with this expression.

WITH YOU, EVERY STEP OF THE WAY



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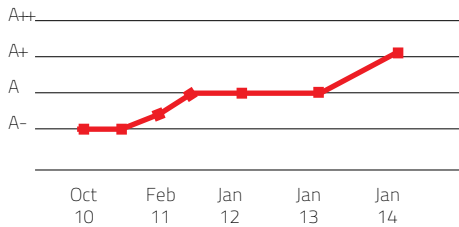
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IN ACHIEVING OUR ENVIRONMENTAL
GOALS, WE RELY ON THE ENGAGEMENT
OF OUR EMPLOYEES AND THE GROWING
AWARENESS OF SOCIETY AT LARGE

Rating

Rating by: PACRA



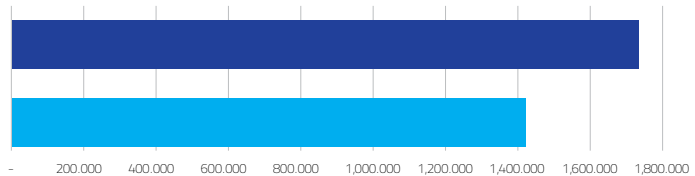
- We continued our focus on customer centricity and sustainability.
- UIC posted 2013 underlying gross premium written of Rs. 1,723.743 million in a challenging environment.
- Capital and liquidity positions improved.
- UIC continued to de-risk, streamline its portfolio and strengthen its business lines.

Financial Performance

at a Glance

Gross Premiums written

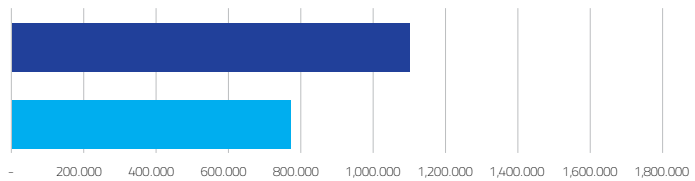
	(Million)
2013	1,723.743
2012	1,422.915



Percentage **21** ↑

Net Premium

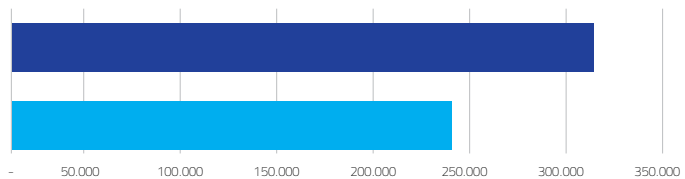
	(Million)
2013	1,108.541
2012	783.340



Percentage **42** ↑

Net Claims Expenses

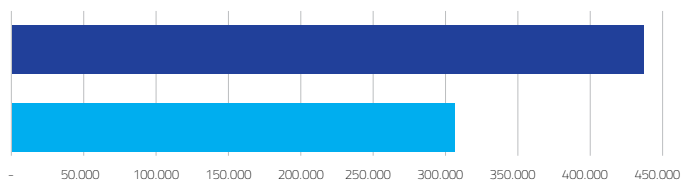
	(Million)
2013	323.083
2012	245.413



Percentage **32** ↑

Underwriting Profit

	(Million)
2013	436.881
2012	302.862



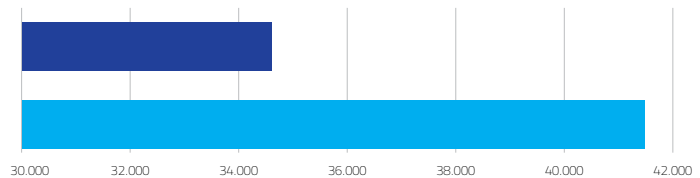
Percentage **44** ↑

Financial Performance

at a Glance

Investment Income

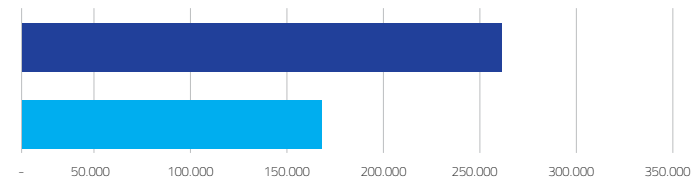
	(Million)
2013	34.689
2012	41.167



Percentage **16** ↓

Profit After Tax

	(Million)
2013	257.380
2012	161.120



Percentage **60** ↑

“ We have inherited a great legacy and We are really excited about the future. In the end, of course, we know it’s all about performance that’s what matters and that’s what we aim to deliver. ”



United International Group

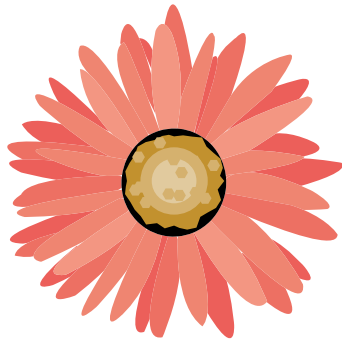


1. The United Insurance Company of Pakistan Limited.
2. APNA Micro Finance Bank Limited.
3. United Track System (Pvt.) Limited.
4. United Software & Technologies International (Pvt.) Limited.
5. United International Farms.
6. Tawasul Insurance Services LLC, Abu Dhabi.
7. Tawasul Risk Management Services (Pvt.) Limited.
8. UIG Global Services Limited, UK.

www.uig.com.pk



Corporate Calendar



2013

April 08, 2013

Audit Committee and Board of Directors meeting to consider annual accounts of the Company for the year ended December 31, 2012.

April 29, 2013

Annual General Meeting of Shareholders to consider annual accounts of the Company for year ended December 31, 2012 and dividend announcement.

April 30, 2013

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended March 31, 2013.

August 28, 2013

Audit Committee and Board of Directors meeting to consider quarterly accounts of the Company for the quarter ended June 30, 2013.

October 30, 2013

Audit Committee and Board of Directors meeting to consider quarterly accounts of the company for the quarter ended September 30, 2013.



Our Network

North Region

Islamabad
Rawalpindi
Peshawar
Azad Kashmir

South Region

Karachi
Hyderabad
Quetta

Central Region

Lahore
Sahiwal
Faisalabad
Gujranwala



Core Beliefs

UIC believes in providing high quality solutions to risk exposures to the fulfillment of its customers through:

- Surpassing the values throughout the entire organization. These principles will guide us to succeed in our business, and will serve us well ahead into the future from day-to-day business operation to product development and customer services.
- Building the team that takes responsibility for the delivery of our services. By developing our technical & marketing staff, who may deliver services competently. Also give them a sense of pride in the Company.
- Believing that by being pro-active and meeting the changing needs of our clients through value – added products and services, meeting the aspirations of all our stakeholders.
- Also believing that quality of work is the key factor in an organization. So, continuous quality improvements shall be the key drivers in our management processes.
- Our commitment to integrity, customer centricity, sustainable value creation, excellence and teamwork fosters trust with our shareholders and our customers. It nurtures talent and mitigates internal risks through openness and transparency. It helps us secure the support of regulators and the investment community. It nurtures talent and mitigates internal risks through openness and transparency. It helps us secure the support of regulators and the investment community.

» **Integrity**

To treat everyone fairly and honestly. To comply with all applicable laws, regulations and internal policies.

» **Customer centricity**

To put our customers at the heart of all we do. To utilize our global scale to turn insights and observations into useful ideas that we put to work for our customers.

» **Sustainable value creation**

To create and sustain value for our customers, our shareholders, our people and society. To maintain a culture of precision, stability and reliability that instills confidence and trust in our commitment to deliver when it matters – now and in the future. A key component of sustainable value creation, and indeed of all our values, is our commitment to a high standard of corporate responsibility.

» **Excellence**

To aim for the highest quality and strive for continuous improvement in all that we do. To find new ways of solving problems. To test what we do and how we do it for fairness, diversity, trust, and mutual respect.

» **Teamwork**

To work together as one team...one Zurich. Collaborating and applying our global insights to deliver the best for our stakeholders. To value our diverse, talented workforce; and support them so that they can contribute to their full potential.

Vision Statement

A first class Insurance Company to provide cost effective risk management solutions to its policyholders through highest level of quality.

Mission Statement

For our customers

- To provide superior services through high quality business solutions and health protection, based on expert advice and financial management and adding value to the all corporate and non corporate customers.

For our Members

- To maximize the members' value by optimum utilization of resources.

For our Employees

- To provide opportunities for self development in a highly challenging performance oriented work environment.

For the Society

- To ensure good governance by maintaining high ethical standards and risk coverage.

For the Government

- Prompt and timely liquidation of liabilities and adherence to the policies established.



Board of Directors



Mian M.A Shahid

Advisor to Board/(Chairman UIG)



Ch. Habib-ur-Rehman

Chairman



Khawas Khan Niazi

Director /President



Mohammed Rahat Sadiq

Chief Executive Officer



Ch. Aziz-ur-Rehman

Director



Huma Waheed

Director



Ch. Najeeb-ur-Rehman

Director



Ch. Maqsood Ahmed

Director

Corporate Information

CHAIRMAN

Chaudhary Habib-ur-Rehman

CHIEF EXECUTIVE OFFICER

Mohammed Rahat Sadiq

DIRECTOR/PRESIDENT

Khawas Khan Niazi

DIRECTORS

Huma Waheed

Chaudhary Najeeb-ur-Rehman

Chaudhary Aziz-ur-Rehman

Chaudhary Maqsood Ahmed

ADVISOR TO BOARD

Mian M.A. Shahid

(Chairman UIG)

**DEPUTY MANAGING DIRECTOR/
COMPANY SECRETARY**

Zia Hassan Zuberi

CHIEF FINANCIAL OFFICER

Maqbool Ahmad

CHIEF INTERNAL AUDITOR

Abdul Mannan Munir (ACCA)

AUDITORS

M/S. Avais Hyder Liaquat Nauman

Chartered Accountants

LEGAL ADVISORS

M. A. Hamdani (Advocate)

Muhammad Farooq Sheikh (Advocate)

TAX ADVISOR

M/S. Sarwars

Chartered Accountants

CREDIT RATING AGENCY (PACRA)

INSURER FINANCIAL STRENGTH

A+ (single A plus). The Rating denotes a capacity of the company to meet policy holder and contract obligations.

COMPANY'S SHARE REGISTRAR

M/S. Shares Corporate Services (Pvt.) Ltd.

Mehersons Estate, Block-E,

Talpur Road-Karachi

WEB PRESENCE

www.theunitedinsurance.com

REGISTERED OFFICE

204, 2nd Floor, Madina City Mall,

Abdullah Haroon Road, Saddar Karachi.

Tel: 021-35621460-2, 021-35221803-4

Fax: 021-35621459

Telegram: UNIT

Email: info@theunitedinsurance.com

HEAD OFFICE

UIG House, 6-D Upper Mall, Lahore.

Tel: 042-35776475, 35776486

UAN: (92-42)-111-000-014

Fax: (92-42) 35776486, 35776487

Email: uicp@theunitedinsurance.com



Corporate Information

AUDIT COMMITTEE

Chaudhary Maqsood Ahmed	Chairman
Chaudhary Aziz-ur-Rehman	Member
Chaudhary Najeeb-ur-Rehman	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Chaudhary Habib-ur-Rehman	Chairman
Chaudhary Najeeb-ur-Rehman	Member
Chaudhary Maqsood Ahmed	Member
Mohammed Rahat Sadiq	Member

INVESTMENT COMMITTEE

Mohammed Rahat sadiq	Chairman
Khawas khan niazi	Member
Huma waheed	Member
Maqbool ahmed	Member
Zia Hassan Zuberi	Member

RE-INSURANCE COMMITTEE & CO-INSURANCE

Mohammed Rahat Sadiq	Chairman
Abrar Ahmed Minhas	Member
Tayyab Bashir	Member

UNDERWRITING COMMITTEE

Mohammed Rahat Sadiq	Chairman
Chaudhary Najeeb-Ur-Rehman	Member
S.M. Qaiser Imam	Member

CLAIMS SETTLEMENT COMMITTEE

Huma Waheed	Chairperson
Mohammed Rahat Sadiq	Member
Muhammed Yasin Khan	Member

Key Management Personnel

CHIEF EXECUTIVE OFFICER

Mohammed Rahat Sadiq

SENIOR EXECUTIVE DIRECTOR UNDERWRITING

S.M. Qaiser Imam

SENIOR GENERAL MANAGER RE-INSURANCE

Abrar Ahmad Minhas

GENERAL MANAGER FINANCE

Tajammal Iqbal

GENERAL MANAGER (HR & R)

Wakeel Ahmad Mirza

GENERAL MANAGER ADMINISTRATION

Jamil Ahmad

GENERAL MANAGER OPERATIONS

Tayyab Bashir

GENERAL MANAGER CLAIMS

Muhammed Yasin Khan

GENERAL MANAGER (I.T)

Munir Ahmed

A.G.M UNDERWRITING

Manzoor Hussain Mirza

A.G.M REINSURANCE

Naeem Ahmed Baber

A.G.M HEALTH/TRAVEL

Kashif Shafique

CHIEF MANAGER CLAIMS

Fayyaz-ud-Din Mirza

CHIEF MANAGER (WEB)

Mohammad Arshad

DEPUTY CHIEF MANAGER AGRICULTURE

Zulfiqar Ahmad

MANAGER FINANCE

Saad Munir Malik

MANAGER COORDINATION

Tahira Ashar

EXECUTIVE DIRECTORS

Qamar-uz-Zaman

Mian M.A Zahid

Zarar Ahmed Butt

Mian Kashif Rasheed

Ch. Aslam Feroz

Shakeel Ahmed

Muhammed Siddique Sheikh

Rizwan-ul-Haq

JOINT DIRECTORS

Muhammed Aslam Rajpoot

Muhammed Naseem Butt

Salman-Ul-Haq

Khurram Mansoor

Malik Zafar Yousaf

Mian Muhammed Rafi

Muhammad Mazhar Shah

Muhammed Riaz Hussain Shah



Financial and Non-Financial Institutions

BANKERS

State Bank of Pakistan
National Bank of Pakistan Limited
Bank Al-Habib Limited
Soneri Bank Limited
Bank Al-Falah Limited
KASB Bank Limited
NIB Bank Limited
SME Bank Limited
The Bank of Khyber
Summit Bank Limited
Silk Bank Limited
Samba Bank Limited
Zarai Taraqati Bank Limited
Sindh Bank Limited
The Bank of Punjab
First Women Bank Limited
The Punjab Provincial Cooperative Bank Limited
Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Al Baraka Bank (Pakistan) Limited
Askari Bank Limited
Burj Bank Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Barclays Bank PLC, Pakistan
APNA Microfinance Bank Limited
Habib Metropolitan Bank Limited
Karakoram Co-Operative Bank Limited
Industrial Development Bank of Pakistan

LEASING COMPANY

Orix Leasing Company Limited

Talented and Motivated Personnel



Mohammed Rahat Sadiq
Chief Executive Officer



Tajammal Iqbal
General Manager Finance



Maqbool Ahmad
Chief Financial Officer



S.M. Qaiser Imam
Senior Executive Director Underwriting



Abrar Ahmad Minhas
Senior General Manager Re-insurance



Muhammad Yasin Khan
General Manager Claims



Wakeel Ahmad Mirza
General Manager HR & R



Abdul Mannan Munir
Chief Internal Auditor



Tayyab Bashir
General Manager Operations



Saad Munir Malik
Manager Finance



Our Identity, Our Prospect!



Zia Hassan Zuberi
Deputy Managing Director /
Company Secretary



Jamil Ahmed
General Manager Administration



Munir Ahmed
General Manager (IT)



Sardar Khan
Advisor



Maj. Gen. (R) Asif Duraiz Akhter
Advisor



Naseer Ahmed
Advisor

Executive Directors



Qamar-uz-Zaman



Mian M.A Zahid



Ch. Aslam Feroz



Zarar Ahmad Butt



Mian Kashif Rasheed



Shakeel Ahmad



Mohammed Siddique Sheikh



Rizwan-ul-Haq

Community Activities



Winner of Super Final 2013

United Insurance At a Glance



- United Insurance is a member Company of "United International Group".
- Operating Since 1959, dealing in all areas of general Insurance business.
- UICL is one of the premier general insurance companies of Pakistan.
- Rated "A+" which signifies our High Financial Capacity to meet policy holders' interest and our contractual obligations.
- Very strong re-insurance arrangements with world's renowned re-insurers.
- Focused on prompt settlement of claims
- Extending success into new challenges

Six Years At a Glance

SIX YEARS AT A GLANCE	(RUPEES IN MILLION)					
	2013	2012	2011	2010	2009	2008
Financial Data						
Paid up Capital	701.943	570.685	496.248	400.200	345.000	302.407
General & Capital Reserves	519.509	393.776	269.896	267.801	204.824	181.439
Equity	1,180.459	918.397	764.809	666.805	548.344	485.402
Underwriting Provisions	1,516.492	886.506	502.906	383.991	301.262	220.888
Investment at Cost	418.404	189.671	115.398	93.945	52.491	40.380
Total Assets book value	3,008.203	2,077.732	1,444.772	1,238.126	1,018.322	844.653
Fixed Assets net	580.294	573.757	444.335	394.930	351.490	267.602
Cash & Bank Deposits	249.656	307.399	271.519	251.676	218.843	205.902
* Advance, Deposits & Prepayments	1,765.760	1,008.823	613.521	497.575	395.498	329.901
Operating Data						
Gross Premium	1,723.743	1,422.915	1,030.438	845.547	715.031	571.285
Net Premium	1,108.541	783.340	643.736	550.559	423.731	356.523
Net Claims expenses	323.083	245.413	262.777	175.550	121.560	102.975
* Underwriting Profit	436.881	302.862	231.626	277.226	205.472	168.587
Investment Income	34.689	41.167	18.085	21.023	10.824	1.662
Profit Before Tax	290.554	187.484	114.473	133.537	72.792	58.223
Income Tax	33.175	26.364	16.540	15.150	8.370	2.310
Profit After Tax	257.380	161.120	97.933	118.387	64.421	55.913
* Management Expenses	286.871	201.896	116.919	75.826	59.936	58.412
Financial Ratios						
Profit Before Tax / Gross Premium (%)	16.856	13.176	11.109	15.793	10.180	10.192
Profit Before Tax / Net Premium (%)	26.210	23.934	17.783	24.255	17.179	16.331
Profit After Tax / Gross Premium (%)	14.931	11.323	9.504	14.001	9.010	9.787
Profit After Tax / Net Premium (%)	23.218	20.568	15.213	21.503	15.203	15.683
* Management Exp. / Gross Premium (%)	16.642	14.189	11.346	8.968	8.382	10.225
* Management Exp. / Net Premium (%)	25.878	25.774	18.162	13.773	14.145	16.384
* Underwriting Profit / Net Premium (%)	39.410	38.663	35.980	50.354	48.491	47.286
Net Claims / Net Premium (%)	29.145	31.329	40.821	31.886	28.688	28.883
Return on Assets (%)	8.556	7.755	6.778	9.562	6.326	6.620
Return To Members						
Return on Equity - PBT (%)	24.614	20.414	14.968	20.026	13.275	11.995
Return on Equity - PAT (%)	21.803	17.544	12.805	17.754	11.748	11.519
Earnings Per Share (Rs.)	3.667	2.3	1.716	2.074	1.610	1.850
Price Earning Ratio (times)	3.873	4.605	2.768	3.298	5.902	8.649
Market Value at end of Year (Rs.)	14.200	13.000	4.750	6.800	9.500	16.000
Highest Value during the Year (Rs.)	17.830	16.200	8.490	11.890	15.930	26.000
Lowest Value during the year (Rs.)	8.070	4.600	3.600	4.020	5.360	11.000
Stock Dividend Per Share (Rs.)	3.100	2.300	1.500	2.400	1.600	1.400
Net Assets Per Share (times)	42.858	36.413	29.114	30.938	29.517	27.931
Liquidity / Leverage Ratio						
Current Ratio (times)	1.182	1.294	1.515	1.622	1.638	1.586
Total Assets Turnover (times)	1.745	1.460	1.402	1.464	1.424	0.676
Fixed Assets Turnover (times)	0.337	0.403	0.431	0.467	0.492	2.135
Total Liability / Equity (times)	1.514	1.212	0.887	0.855	0.460	0.740
Return on Capital Employed (%)	24.614	20.414	14.968	20.026	13.275	18.489
Paid up Capital / Total Assets (%)	23.334	27.467	34.348	32.323	33.879	35.802
Equity / Total Assets (%)	39.241	44.202	52.936	53.856	53.848	57.468
Distribution						
Bonus Share (Rs.)	3.100	2.300	1.500	2.400	1.600	1.400
Bonus Share (%)	31%	23%	15%	24%	16%	14%
Total Distributions (%)	31%	23%	15%	24%	16%	14%

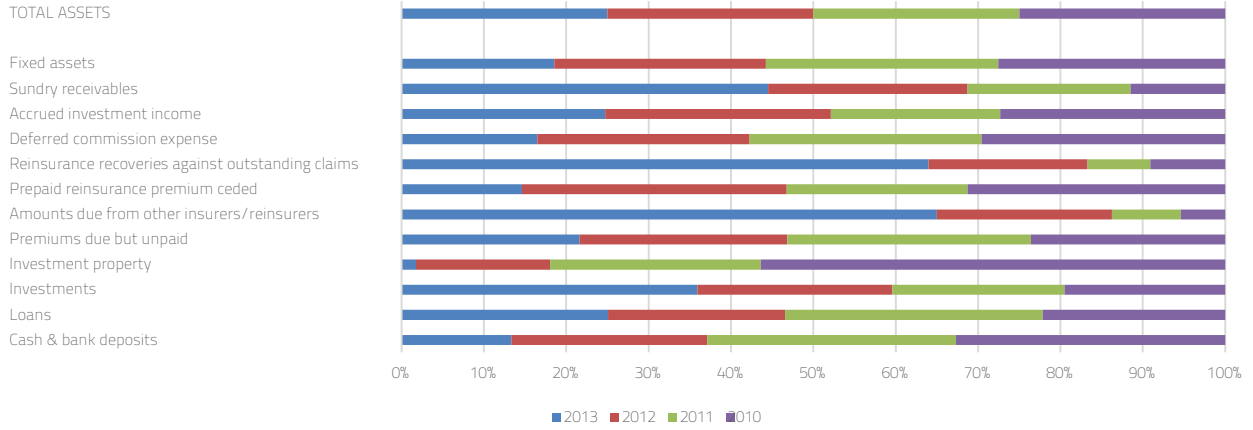
* Comparative figures are re-arranged for better presentation.

Vertical Analysis

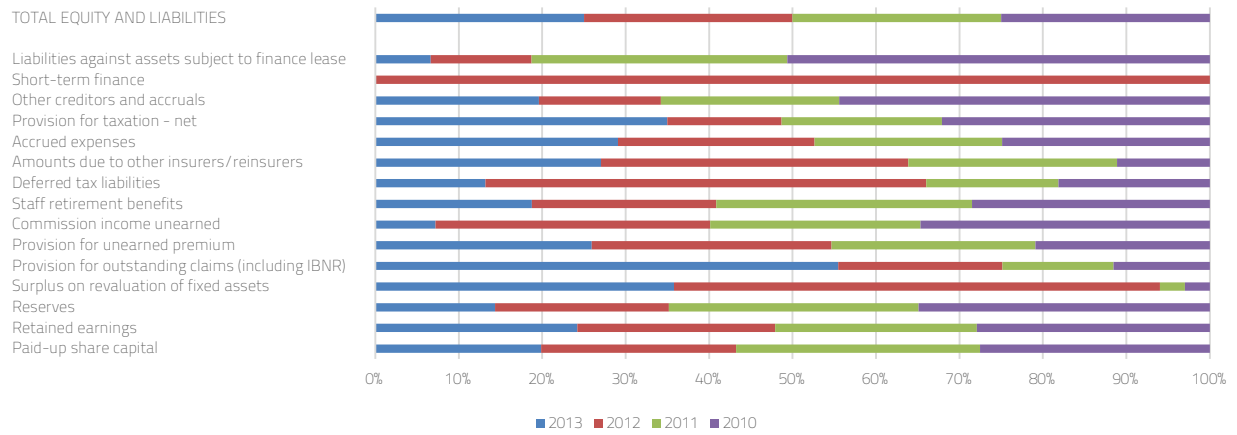
	YEARS			
	2013	2012	2011	2010
Balance Sheet Items				
Cash & bank deposits	8.3%	14.8%	18.8%	20.3%
Loans	0.3%	0.3%	0.4%	0.3%
Investments	13.7%	9.0%	8.0%	7.5%
Investment property	0.1%	1.0%	1.5%	3.4%
Premiums due but unpaid	15.2%	17.8%	20.9%	16.6%
Amounts due from other insurers/reinsurers	4.8%	1.6%	0.6%	0.4%
Prepaid reinsurance premium ceded	5.7%	12.6%	8.6%	12.2%
Reinsurance recoveries against outstanding claims	18.1%	5.5%	2.1%	2.6%
Deferred commission expense	2.4%	3.8%	4.1%	4.3%
Accrued investment income	0.9%	1.0%	0.7%	1.0%
Sundry receivables	11.2%	6.1%	5.0%	2.9%
Fixed assets	19.2%	26.6%	29.2%	28.5%
Total Assets	100.0%	100.0%	100.0%	100.0%
Paid-up share capital	23.3%	27.5%	34.3%	32.3%
Retained earnings	13.4%	13.1%	13.4%	15.4%
Reserves	2.5%	3.6%	5.2%	6.1%
Surplus on revaluation of fixed assets	1.4%	2.2%	0.1%	0.1%
Provision for outstanding claims (including IBNR)	20.6%	7.3%	4.9%	4.3%
Provision for unearned premium	29.2%	32.3%	27.5%	23.5%
Commission income unearned	0.7%	3.1%	2.4%	3.3%
Staff retirement benefits	1.7%	1.9%	2.7%	2.5%
Deferred tax liabilities	0.3%	1.2%	0.3%	0.4%
Amounts due to other insurers/reinsurers	3.1%	4.2%	2.9%	1.3%
Accrued expenses	0.6%	0.5%	0.5%	0.5%
Provision for taxation - net	1.0%	0.4%	0.5%	0.9%
Other creditors and accruals	1.6%	1.2%	1.8%	3.7%
Short-term finance	0.0%	0.2%	0.0%	0.0%
Liabilities against assets subject to finance lease	0.8%	1.4%	3.5%	5.7%
Total Equity And Liabilities	100.0%	100.0%	100.0%	100.0%
Profit And Loss Account				
Net premium revenue	100%	100%	100%	100%
Net claims	-29.1%	-31.3%	-40.8%	-31.9%
Management expenses	-25.9%	-25.8%	-13.9%	-13.8%
Net commission	-5.6%	-4.2%	-5.0%	-4.0%
Investment income	3.1%	5.3%	2.8%	3.8%
Rental income	0.1%	0.1%	0.1%	0.1%
Other income	1.83%	0.85%	0.83%	0.34%
General & administrative expenses	-18.0%	-20.4%	-25.1%	-28.6%
Finance charge on lease rentals	-0.3%	-0.6%	-1.1%	-1.8%
Provision for taxation	-3.0%	-3.4%	-2.6%	-2.8%
(Profit)/ loss after Tax	-23.2%	-20.6%	-15.2%	-21.5%
	100.0%	100.0%	100.0%	100.0%



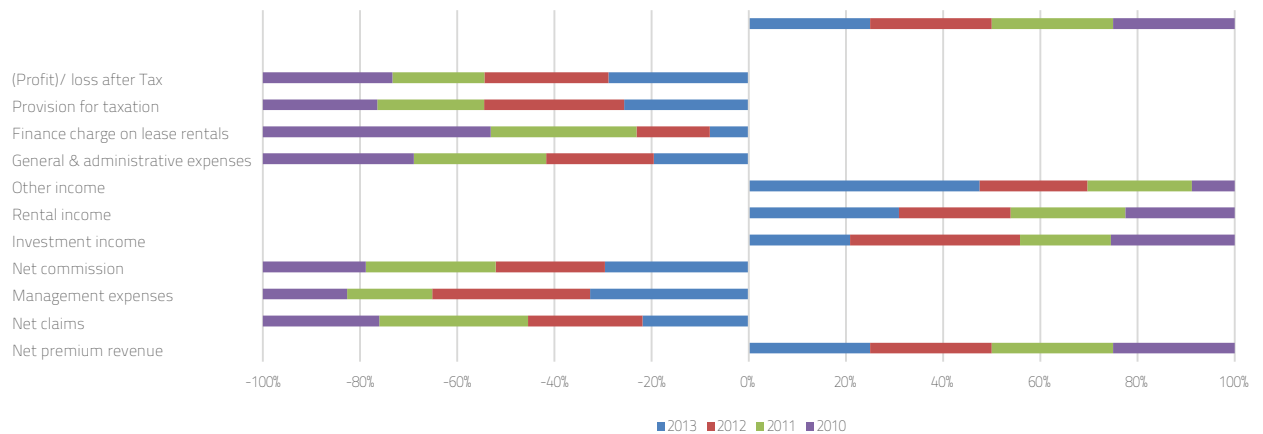
Balance Sheet Analysis - Assets Vertical



Balance Sheet Analysis - Liabilities & Equity Vertical



Profit & Loss Account Vertical



Horizontal Analysis

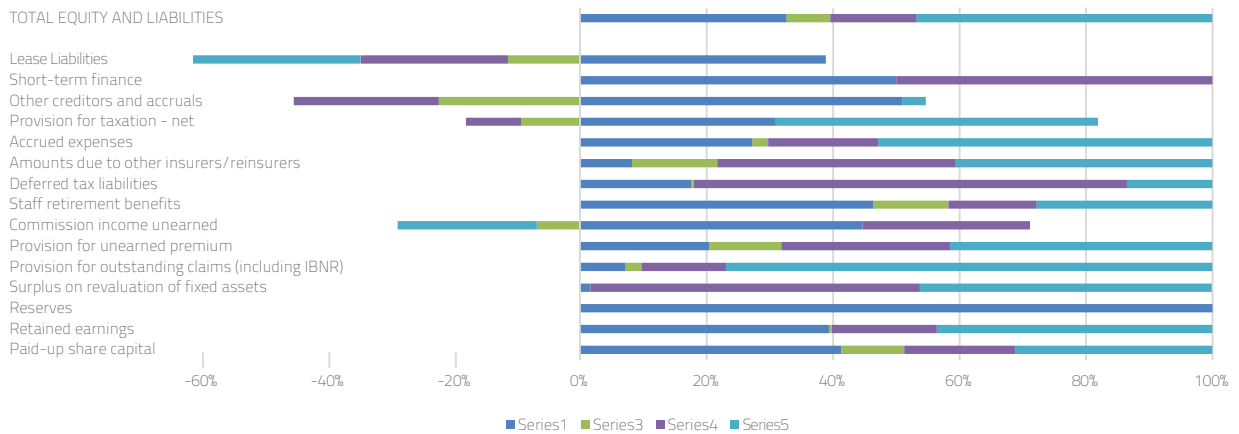
	YEARS			
	2010	2011	2012	2013
Balance Sheet Items				
Cash & bank deposits	100	7.88	22.14	(0.008)
Loans	100	65.02	63.13	175.16
Investments	100	22.84	99.85	339.08
Investment property	100	(47.11)	(51.47)	(92.48)
Premiums due but unpaid	100	46.23	79.65	122.45
Amounts due from other insurers/reinsurers	100	81.74	562.11	2834.49
Prepaid reinsurance premium ceded	100	17.55	72.46	13.69
Reinsurance recoveries against outstanding claims	100	(2.19)	257.54	1612.70
Deferred commission expense	100	11.08	46.20	35.55
Accrued investment income	100	2.35	96.33	156.47
Sundry receivables	100	100.76	253.20	839.77
Fixed assets	100	19.61	56.81	63.55
Total Assets	100	21.00	41.85	142.97
Paid-up share capital	100	24.00	42.60	75.40
Retained earnings	100	1.02	42.36	110.66
Reserves	100	0.00	0.00	0.00
Surplus on revaluation of fixed assets	100	(5.00)	3178.07	2817.17
Provision for outstanding claims (including IBNR)	100	34.76	186.35	1068.88
Provision for unearned premium	100	55.23	130.69	201.83
Commission income unearned	100	(15.22)	59.20	(49.32)
Staff retirement benefits	100	25.59	30.14	59.91
Deferred tax liabilities	100	1.93	388.57	76.64
Amounts due to other insurers/reinsurers	100	163.00	457.13	492.00
Accrued expenses	100	9.03	64.12	193.45
Provision for taxation - net	100	(30.11)	(28.23)	164.84
Other creditors and accruals	100	(43.88)	(44.93)	7.32
Short-term finance	100	0.00	100.00	0.00
Liabilities against assets subject to finance lease	100	(29.38)	(60.02)	(68.07)
Total Equity And Liabilities	100	21.00	41.85	142.97
Net premium revenue	100	16.92	42.28	-68.07
Net claims	100	49.69	39.80	84.04
Management expenses	100	17.80	166.26	278.33
Net commission	100	47.63	51.07	181.05
Investment income	100	(13.97)	95.82	65.01
Rental income	100	22.86	45.71	176.90
Other income	100	185.95	259.89	989.63
General & admin expenses	100	2.61	1.33	23.21
Finance charges on lease rentals	100	(25.16)	(54.24)	10.64
Provision for taxation	100	9.18	74.02	118.98



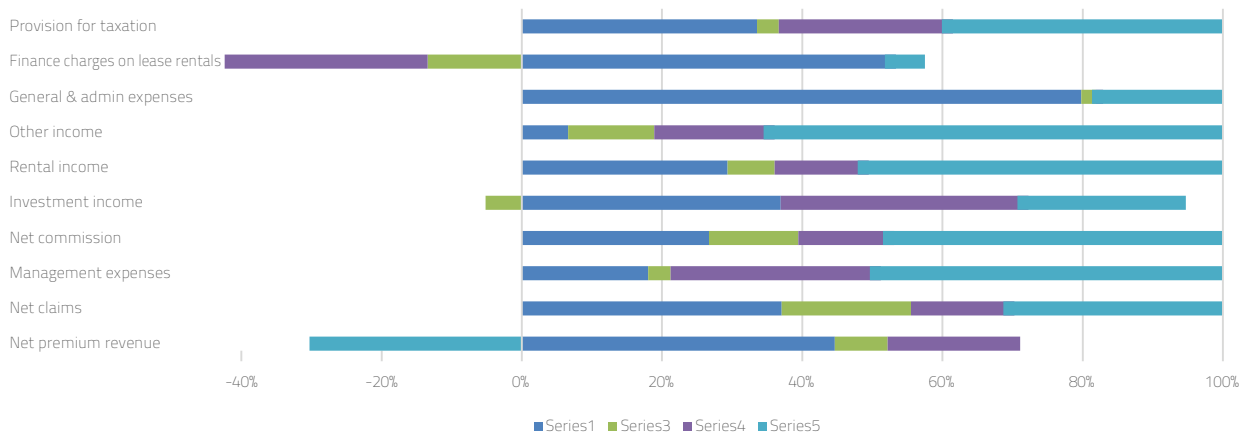
Balance Sheet Analysis - Assets
Horizontal



Balance Sheet Analysis - Equity & Liabilities
Horizontal



Profit & Loss Account
Horizontal



Segmentwise Outline

Fire



Riot and Strike Damage

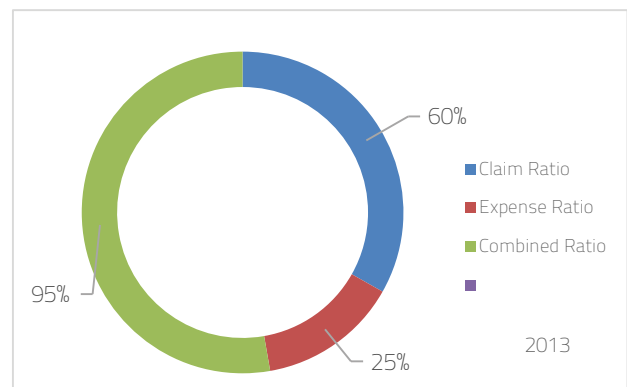
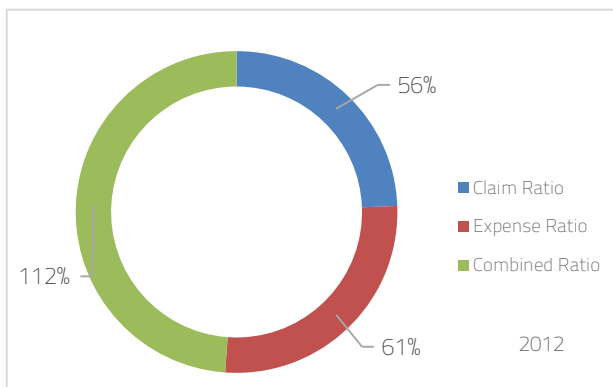
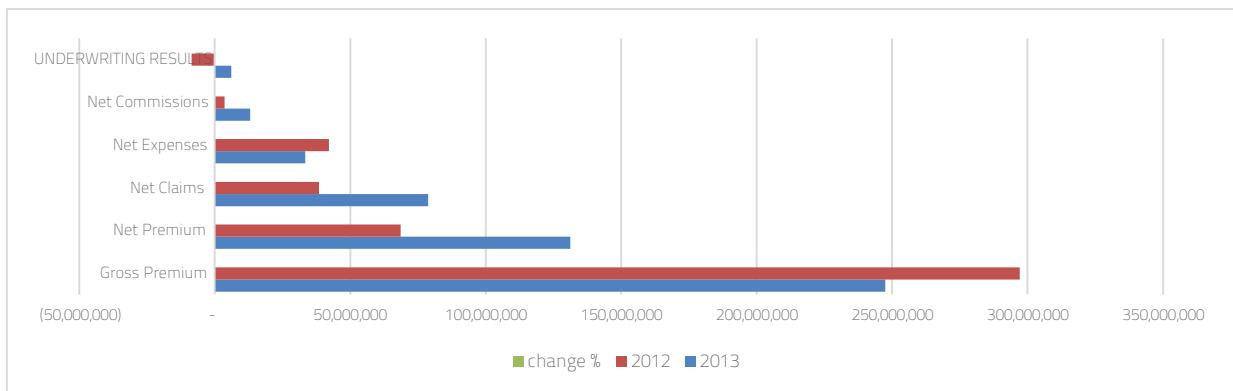
This policy provides coverage against loss or damage caused due to riot & strike or civil commotion or malicious damage due to any persons who are members of an organization whose aim is to over-throw any legal or defacto Government by terrorism or violence.

Allied Perils

This is the most important and basic form of insurance and is essential for all types of business concerns. Fire and Allied Perils Insurance provides comprehensive cover in respect of loss of or damage to your property against fire and lightning. To further safeguard the interest of our valued clients the policy can be extended to cover riot and strike damage, malicious damage, atmospheric disturbance, earthquake (fire and shock), explosion, impact damage, aircraft damage etc.

Fire

	2013	2012	Change %
	Restated		
	Rupees		
Gross Premium	247,461,791	297,161,754	(16.72)
Net Premium	131,282,918	68,600,853	91.37
Net Claims	78,778,882	38,499,185	104.62
Net Expenses	33,375,512	42,164,032	(20.84)
Net Commissions	13,045,299	3,562,893	(466.14)
Underwriting Results	6,083,225	(8,499,471)	(171.57)
Claim Ratio	60%	56%	
Expense Ratio	25%	61%	
Combined Ratio	95%	112%	



Segmentwise Outline

Marine



Marine Cargo

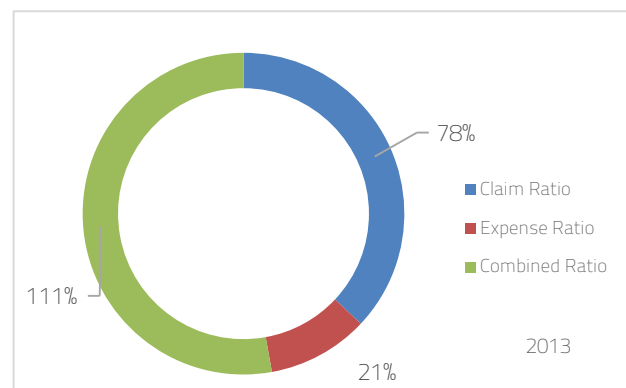
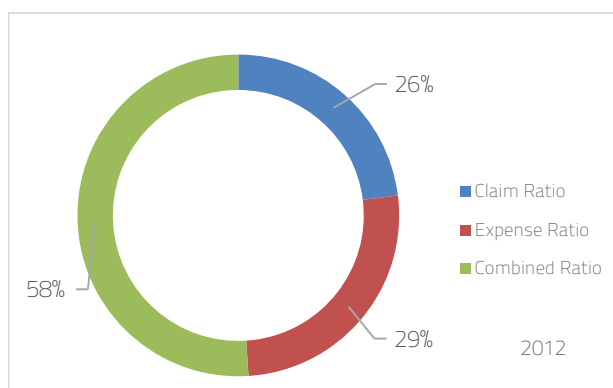
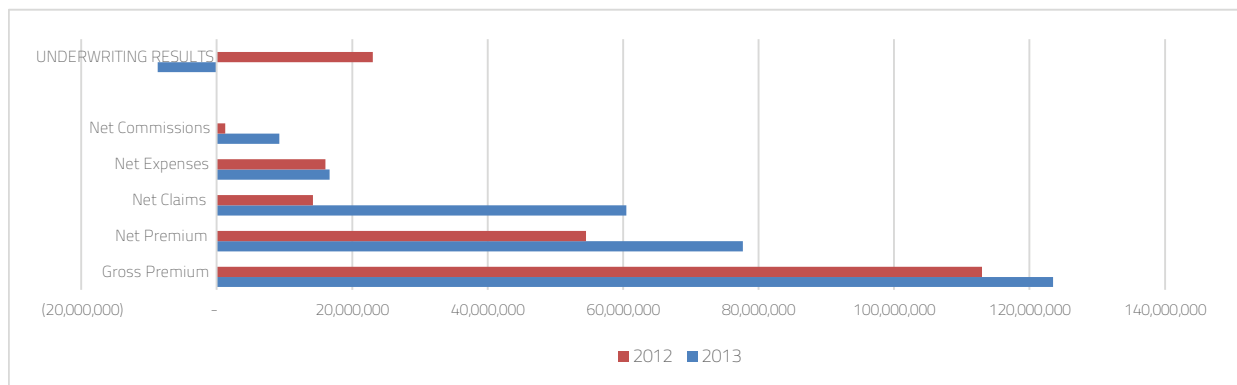
Marine Cargo insurance protects all goods while in transit depending upon the needs of client. Three broad types of cover are available i.e. Institute Cargo Clauses "A", "B" & "C". The cover takes care of risks associated with different modes of transportation.

Marine Hull Insurance

This cover is available for ocean going vessels, barges, tugs, dredgers, fishing trawlers, yachts, wooden dhows, pleasure/speed boats etc., under Institute Time Clauses Hulls. Cover is also provided for last breakup voyages from Karachi anchorage to Gadani.

Marine

	2013	2012 Restated	Change %
	Rupees		
Gross Premium	123,471,328	112,991,155	9.28
Net Premium	77,699,121	54,534,815	42.48
Net Claims	60,492,352	14,208,292	325.75
Net Expenses	16,652,748	16,032,220	3.87
Net Commissions	9,257,366	1,247,892	641.84
Underwriting Results	(8,703,345)	23,046,411	(137.76)
Claim Ratio	78%	26%	
Expense Ratio	21%	29%	
Combined Ratio	111%	58%	



Segmentwise Outline

Motor



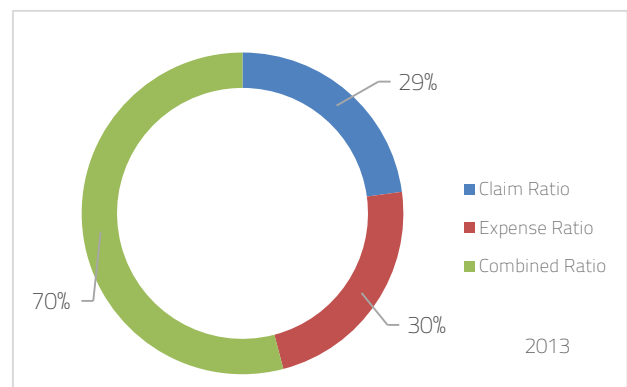
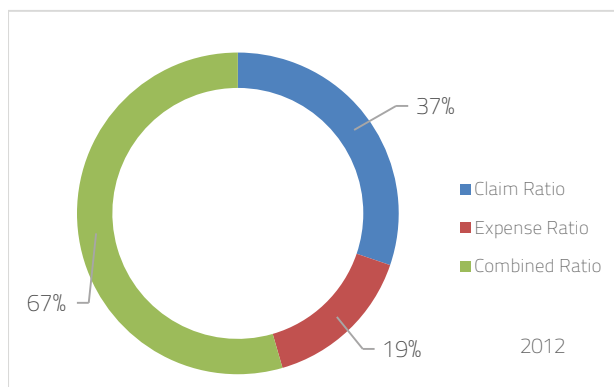
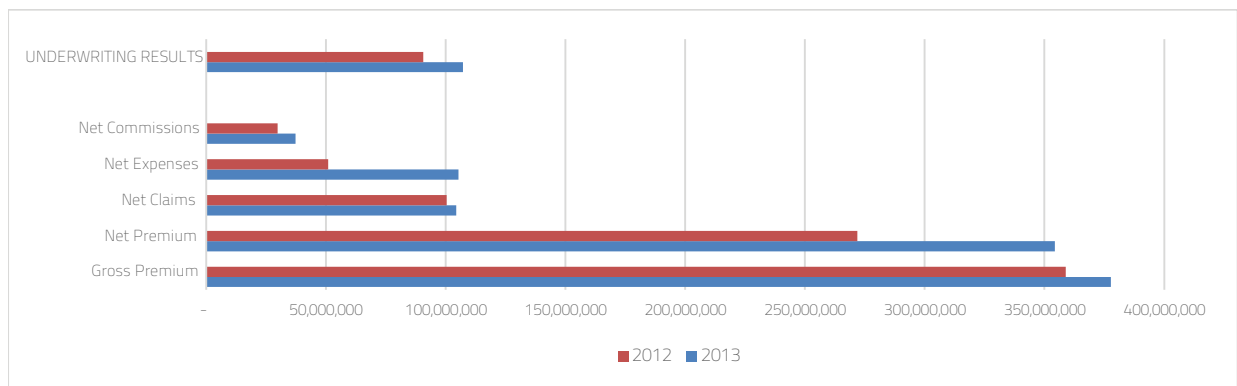
Auto Sure Plan - Auto Insurance with free Tracker

Risks Covered

- Accidental External means.
 - Riots, Strikes & Malicious Damages
 - Theft.
 - Fire, External explosion, self-ignition or lightning or frost.
 - Third Party Liability.
- Value Added Features:
- Free towing to the nearest workshop.
 - Get your car repaired from the workshop of your own choice.
 - UICL claims experts will help in getting the Final Police Investigation Report.
 - Free death repatriation of the driver within Pakistan.
 - Funeral expenses & arrangements for the said person will be borne by UICL.
 - No hidden taxes & charges.
 - We commit to settle all theft and total loss claims within 30 days after reporting/submission of requisite documents.

Motor

	2013	2012 Restated	Change %
	Rupees		
Gross Premium	377,771,968	358,868,671	5.27
Net Premium	354,350,344	271,915,276	30.32
Net Claims	104,452,327	100,474,270	3.96
Net Expenses	105,338,023	50,919,575	106.87
Net Commissions	37,335,144	29,805,802	25.26
Underwriting Results	107,224,850	90,715,629	18.20
Claim Ratio	29%	37%	
Expense Ratio	30%	19%	
Combined Ratio	70%	67%	



Segmentwise Outline

Miscellaneous



Workmen's Compensation

Employees are the most precious assets and result in the growth and prosperity for any organization. To protect the rights of this invaluable asset Workmen Compensation /Employer Liability Insurance provides coverage for any legal liabilities of the employers arising out of and in the course of employment as per Workmen Compensation Act, Fatal Accident Act, or at Common Law.

Accident Coverage

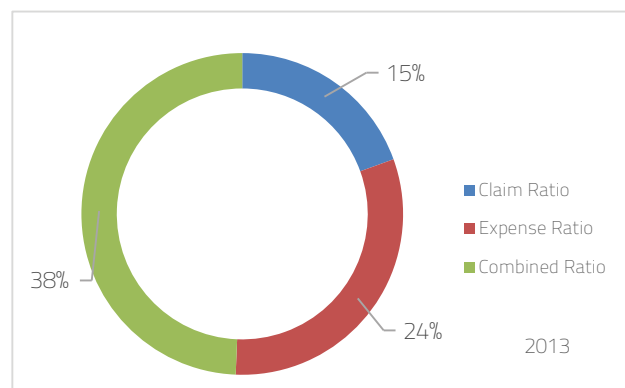
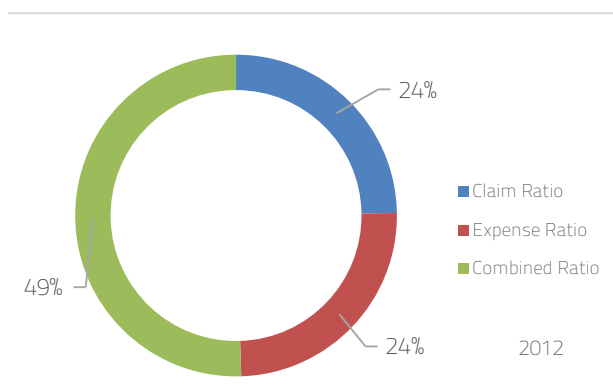
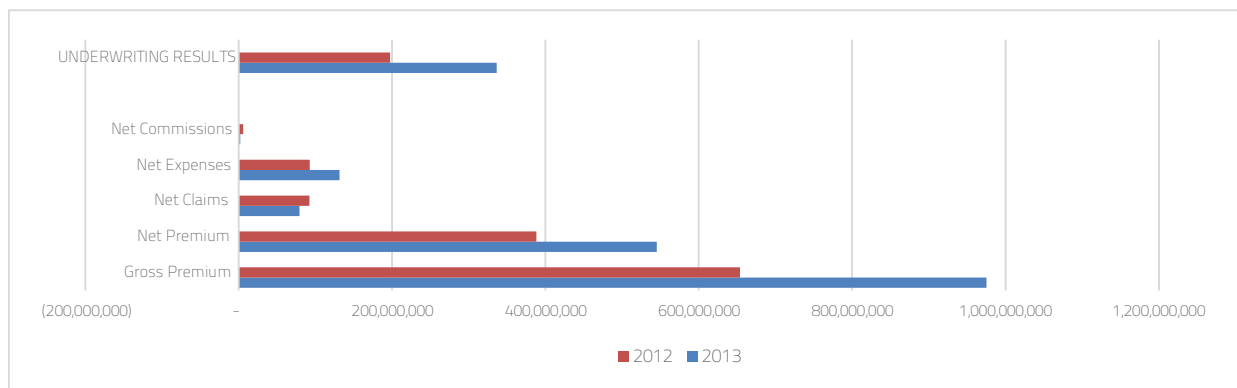
This cover operates 24 hours and on worldwide basis. It provides for payment of specified capital benefits following accidental death, bodily injury, permanent total disablement, permanent partial disablement, temporary total and temporary partial disablement caused by an accident. In addition the cover also provides reimbursement of emergency transportation to the nearest hospital and expense incurred for preparation and transportation of the mortal remains of the insured person from the place of death to home and can also be extended to cover medical expenses.

Cash in Transit Insurance

This policy provides coverage against loss of money whilst in transit due to forcible, violent, external and visible means.

Miscellaneous

	2013	2012 Restated	Change %
	Rupees		
Gross Premium	975,037,892	653,893,262	49.11
Net Premium	545,208,985	388,288,644	40.41
Net Claims	79,359,082	92,230,794	(13.96)
Net Expenses	131,504,700	92,780,366	41.74
Net Commissions	2,069,165	5,678,308	(136.44)
Underwriting Results	332,276,038	197,599,176	68.16
Claim Ratio	15%	24%	
Expense Ratio	24%	24%	
Combined Ratio	38%	49%	



Segmentwise Outline

Overall



Fire Insurance:

- Fire & allied perils
- Property all risk
- Industrial all risk
- Burglary
- Contractors all risk
- Machinery breakdown

Marine Insurance

- Marine Cargo Export
- Marine Cargo Import
- Marine Cargo inland transit
- Marine hull

Motor Insurance

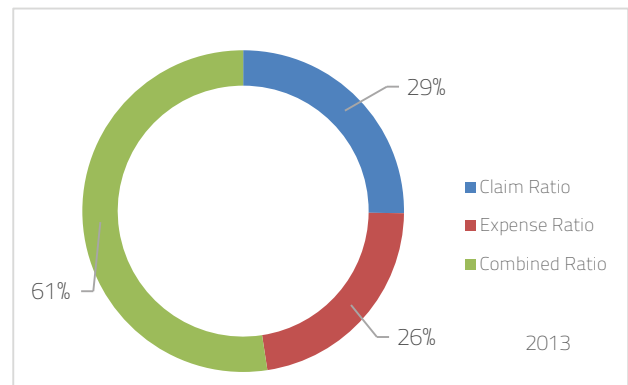
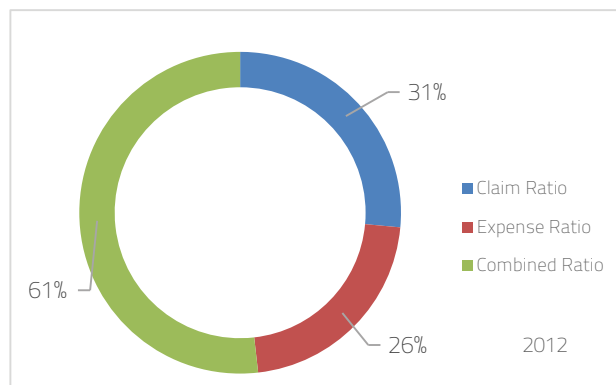
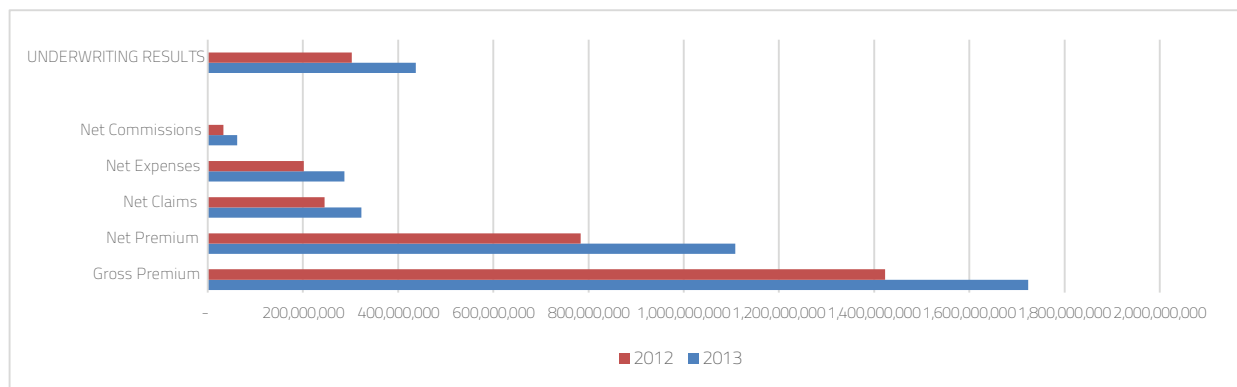
- Commercial vehicle comprehensive
- Private vehicle comprehensive
- Motor Cycle comprehensive
- Motor third party liability

Miscellaneous Insurance

- Performance bond
- Maintenance bond
- Cash in safe
- Cash in transit
- Workmen's compensation
- Travel
- Aviation
- Health
- Live Stock
- Crop

Overall

	2013	2012 Restated	Change %
	Rupees		
Gross Premium	1,723,742,979	1,422,914,842	21.14
Net Premium	1,108,541,368	783,339,588	41.51
Net Claims	323,082,643	245,412,541	31.65
Net Expenses	286,870,983	201,896,193	42.09
Net Commissions	61,706,974	33,169,109	86.04
Underwriting Results	436,880,768	302,861,745	44.25
Claim Ratio	29%	31%	
Expense Ratio	26%	26%	
Combined Ratio	61%	61%	



Group Chairman's Message



"Our drive for transformation continues" (INSHA ALLAH)



“Pakistan cannot be strong without a strong financial system”

The experience, knowledge and positive performance of the UIG Group is characterised by high efficiency and flexibility, allowing the organisation to overcome the challenges that have emerged from continuous regional and international change.

The future of the UIG is bright. Well positioned for continued future growth and success stemming from a history of stellar achievements. Through high professional standards, commitment and a forward looking vision they will continue on the path of excellence and prosperity.

This operating environment severely tested our ability to effectively manage the different facets of our business. I am proud to say the UIG Group passed that test with undeniable success.

Regards,



MIAN M. A. SHAHID

GROUP CHAIRMAN/ADVISOR TO BOARD

Chairman's Message



At United Insurance Company of Pakistan Limited, we believe that success comes from a relentless focus on innovation and execution. These concepts are not only vital to our business development, but also to our sustainability efforts.

To embark on a journey of success and ensure operations of high quality, one needs the tools of innovation, planning, and strategy. These three forces are imperative in every industry to create the balance necessary to achieve success.

We seize the opportunity to thank God for his mercy in achieving tremendous progress in its operation since its establishment in the year 1959. For more than 54 years, the Company has been in the forefront in providing insurance services to various sectors of economy in the country.

It is a matter of great satisfaction for us to note that the Company has established itself as a risk carrier of repute and introduced innovative insurance products in the market to meet the changing requirements of the clients

UIC puts forward out-of-the-box, therefore, innovative insurance solutions carried through by our dedicated staff, able-bodied and equipped with wide market knowledge and industry experience.

UIC offers a wide variety of insurance services ranging from personal insurance to commercial insurance and includes specialized lines of insurance, in addition to the high quality, tailor-made insurance programs.

UIC is a trend setter marking a further expansion in its portfolio of offerings. Being part of the UIC a competitive edge that is attained through the adoption of strong and well-planned strategies, which focus on minimizing costs and expenses, and offering comprehensive services to reinforce competition in the Pakistan market, along with our state-of-the-art infrastructure and systems. Together with our systematic business methodologies and procedures, we endeavor to lead the insurance market and offer the best in class insurance solutions to our customers.

UIC is committed to supporting the continuous program to strategically increase the number of UIC nationals in the organization over time, and secure job opportunities to allow our employees to have a visibly structured career path while contributing to the development of the Pakistan economy.

Reviewing the results of the company's operation and its financial position as contained in its periodic financial reports, which is published in local newspapers and in its website as well, one can notice the considerable growth of the asset base and shareholders' equity of the Company over a period of time. The asset and reserve base of the Company is strong enough to meet current liabilities and any contingent liabilities that may arise in future.

We are also pleased to share that Pakistan Credit Rating Agency (PACRA) has upgraded the IFS rating of our company at "A+" (Single A+). The rating denotes very high financial capacity to meet policyholder and contractual obligation.

We believe that 2014 will bring new optimism and an improved podium for business.

We thank you for your interest in our Company.

Yours truly

Chaudhary Habib-ur-Rehman
Chairman

Chief Executive's Message



In order to create sustainable value for our stakeholders, we addressed a range of relevant underwriting, managerial and governance issues. Our focus is on areas that are related to our core business so that we can make use of our experience, knowledge and skills to its best.

UIC Insurance, of which we are proud of, and are committed to its improvement. We aspire to continually exhibiting leadership in all facets of our operations. We remain committed to delivering a high degree of professionalism for the benefit of our customers, employees, and owners. Most importantly, we have demonstrated that we have the strength of character to back up our commitments. Our purpose is to deliver unparalleled value, to money spent through a delightful customer service culture.

Our drive forward is firmly geared in the direction of reaching out to all of our stakeholders, and the nurturing of these relationships.

Our management team has performed remarkably. UIC Insurance is fortunate to gain the commitment of this highly skilled management team that understands the intricacies, challenges and opportunities that constitute the levers of change in Pakistan insurance industry. Our stakeholders can look forward to a seamless transition, and rest assured that the work of enhancing the value and market position of UIC Insurance will continue in an uninterrupted manner.

We aim to be the insurer of choice in Pakistan, by providing the most innovative and comprehensive protections against a full range of business and everyday risks for individuals, institutions and business organizations. We continue to focus on doing far more for our clients, ensuring that their interests are adequately secured. Prompt payment of claims is a hallmark of our company's policy, we will continue to push the boundaries of improved services to our clients. It is our staff who project our brand values and our passion for excellence at all times, we will continue to invest in the improvement of our human resources in order to ensure the maintenance and improvement at

all times to come. Our customers can continue to count on our undue commitment.

I am grateful to our clients, for their continued contribution to our success. I assure you that our proverbial delightful service culture, and invite the rest of the insuring public who are yet to enjoy our exceptional service delivery to them to join the winning team at UIC Insurance.

Regards

Mohammed Rahat Sadiq
Chief Executive Officer

THROUGHOUT THE YEARS, UICL HAS
EARNED ITS DISTINCTION THROUGH
RELIABILITY, TRANSPARENCY,
SOUND BUSINESS JUDGEMENT,
VALUE CREATION, INNOVATION AND
SUPERIOR RESULTS.

Directors' Report to the Members

Dear Fellow Members!

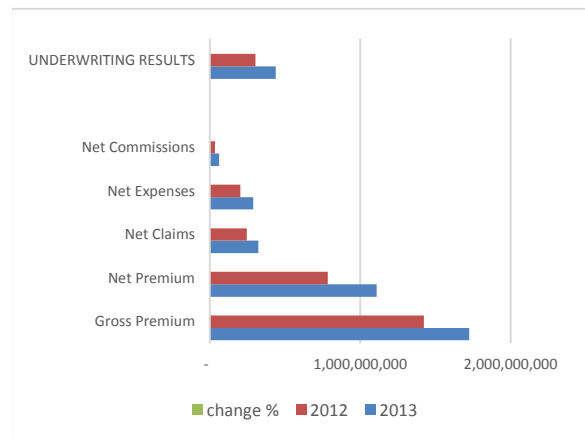
The Directors of "The United Insurance Company of Pakistan Limited" take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2013.

THE ECONOMY REVIEW – GENERAL

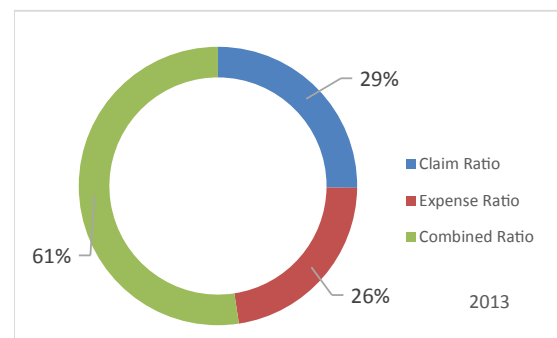
Growth in gross domestic product (GDP) in Pakistan slowed to 3.6% in Fiscal Year 2013 from 4.4% a year earlier. The falloff was almost entirely in the large service sector, which saw growth slow to 3.7% from 5.3%. Within services, clearly weaker growth in transportation and general government services substantially outweighed faster growth of financial services and wholesale and retail trade. Performance in other sectors was broadly consistent with FY2012. Agriculture expanded by 3.3%, slightly less than the 3.5% gain posted a year earlier. Robust 5.2% growth in construction, reflecting flood rehabilitation, helped to boost industry growth to 3.5%. Despite severe power load shedding, large-scale manufacturing edged upward by 2.8%, following several years of near stagnation. Electricity and gas fell by 3.2%. Unpredictable and severe power load shedding continued, knocking an estimated 2 percentage points from GDP.

While economic activity remained subdued for yet another year in Pakistan, headline inflation fell to single-digits for the first time since FY07. Soft global commodity prices, downward revision in key energy prices (e.g., tariffs on household gas and CNG), and a relatively stable exchange rate between Rs. 90 to Rs. 100 allowed the average inflation rate to fall to 7.4 percent in FY13 (from 11.0 percent in FY12), which was much lower than the 9.5 percent target for the year, global prices helped contain Pakistan's import bill, and there was some improvement in exports. Furthermore, higher than anticipated Coalition Support Fund (CSF) inflows, and modest growth in worker remittances, reduced the current account deficit to 1.0 percent of GDP in FY13, from 2.4 percent in the previous year.

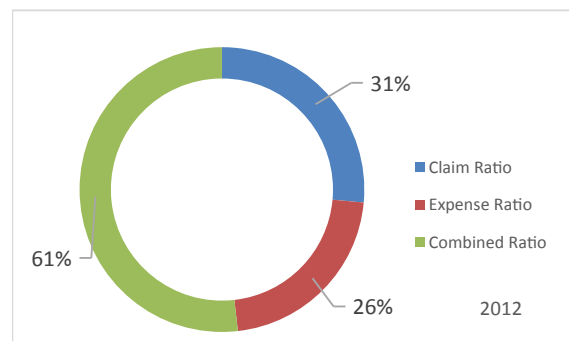
Overall Performance



Ratio



Ratio



Directors' Report to the Members

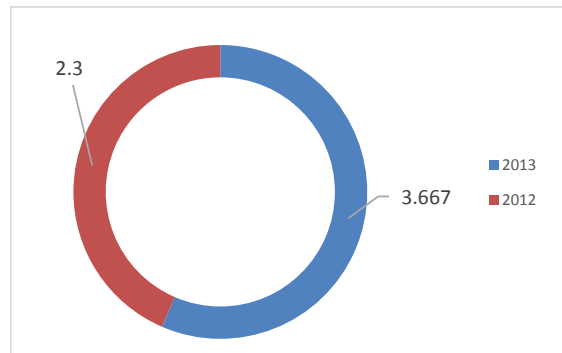
In a repeat from the previous year, the budget deficit exceeded the target for FY13 by a wide margin, as the realized deficit was 8.0 percent of GDP, against a target of 4.7 percent. The resulting pressure to secure financing, dominated policymaking throughout the year. As in previous years, poor tax collection and overruns in discretionary spending featured prominently. For the third consecutive year, the authorities had to bailout the energy sector by paying off the circular debt, which pushed the fiscal deficits way above the respective targets for these years.

The new government that took office in June 2013 quickly signaled restoring economic sustainability and rapid growth as high priorities for its 5-year term. It emphasized dealing with the energy crisis, boosting investment and trade, upgrading infrastructure, and ceding most economic functions to the private sector. To address low foreign exchange reserves, fiscal and external imbalances, and low growth, the government agreed on a wide ranging economic reform program with the International Monetary Fund, supported by a 3-year loan worth \$6.7 billion, the lack of external inflows also created challenges in financing the relatively small current account deficit. More specifically, the financial account (which is the primary source of funding the current account in Pakistan) recorded a net inflow of only US\$ 0.3 billion during the year, compared to US\$ 1.3 billion last year.

THE ECONOMY REVIEW – INSURANCE INDUSTRY

The growth in gross premium written is picking up, yet, at slower pace. The motor segment declined with shrinking leasing portfolio of banks. On the other hand, the fire segment witnessed expansion, and health emerged as another area of growth to the portfolio. Moreover, the sector shifted to a more risk adverse investment strategy, post stock market bump, diverting funds into risk free securities. This helped to attain relatively stable investment income to support the bottom line.

Earning per Share



Directors' Report to the Members

Increasing risk of catastrophic disturbance due to recent geographical changes in Pakistan is critical. Thus, re-insurers' strong backing and favorable treaty would remain vital. Also, reasonable premium pricing, which is on declining trend, plays its role. The business growth is expected to follow random walk amidst slow demand and high competition. Hence, the core underwriting profitability remains uncertain.

Securities and Exchange Commission (Micro-insurance Rules 2014) recently issued by the SECP for low income people; the features of the new micro-insurance policy shall be applicable to life and non-life micro-insurance policies which will add new horizon in insurance industry.

PERFORMANCE REVIEW - 2013

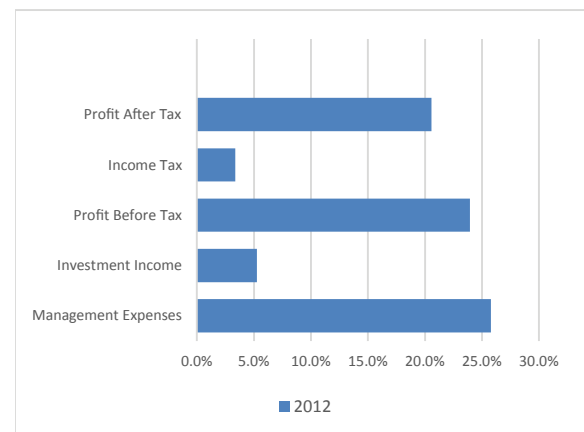
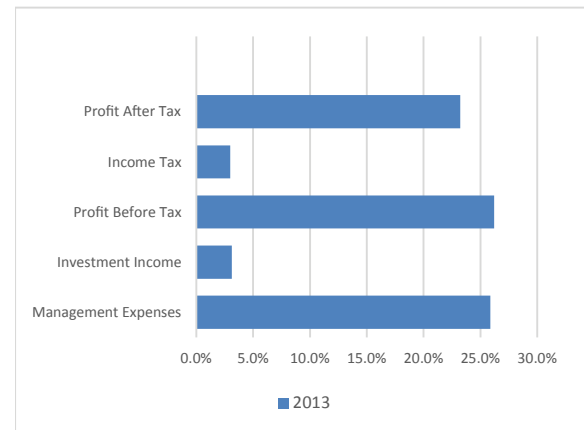
Gross Written Premium (GWP) increased by 21.14%, from Rs. 1,422.915 mn in 2012 to Rs. 1,723.743 mn in 2013. Premium growth has been achieved once again mainly in new businesses and focus on miscellaneous segments specially in crop, health, bond, live stock & travel businesses. The Company's net premium stands at 64.31% of GWP. The underwriting result increased by 44.25% from Rs. 302.862 mn in 2012 to Rs. 436.881 mn in 2013. General & administrative expenses were increased by 21.59 %, from Rs. 159.440 mn in 2012 to Rs.199.665 mn in 2013. The Company earned in respect of investment income Rs. 41.167 mn in 2012 against Rs. 34.689 mn in 2013. Accordingly the Company earned Rs. 187.484 mn Profit before tax in 2012 against Rs.290.554 mn Profit before tax in 2013 and profit after tax of Rs. 161.120 mn in 2012 against Rs. 257.380 mn in 2013. Earnings per share was Rs.2.30 in 2012 as against Rs. 3.67 in 2013.

SEGMENTS AT A GLANCE

Fire and Property Damage

Net Premium Revenue increased by 91.37 % from Rs. 68.601 mn in 2012 to Rs. 131.283 mn in 2013. Due to

Performance Review



Directors' Report to the Members

better implementation of underwriting policies, the net losses increased by 104.62 % from Rs. 38.499 mn in 2012 to Rs.78.779 mn in 2013 due to change in treaty arrangements, underwriting result has been increased by 171.57% from segment loss to Rs. 8.499 mn in 2012 as against segment profit to Rs. 6.083 mn in 2013.

Marine, Aviation and Transport

Net Premium Revenue grew by 42.48 % from Rs. 54.535 mn in 2012 to Rs. 77.699 mn in 2013 due to tireless efforts by the field staff. Net losses increased by 325.75 % in this segment, during 2013 resulting in 137.76 % decrease in underwriting result, from profit of Rs. 23.046mn in 2012 to loss of Rs. 8.703 mn in 2013 this was mainly due to loss of two major marine cargo claims.

The management is fully conscious of the challenges arising out of Marine portfolio and a number of steps have been taken to improve the sustainability of this line of business although these were market losses.

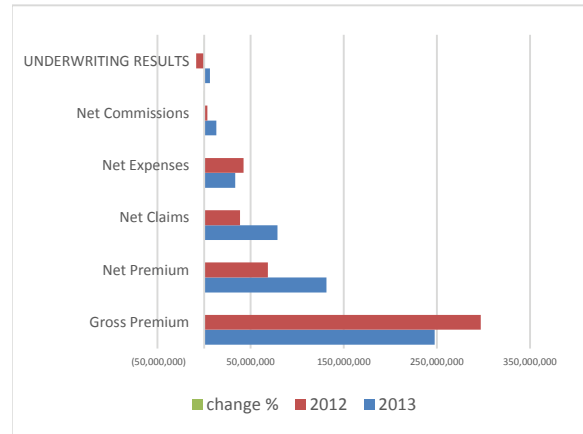
Motor

Net Premium Revenue grew by 30.32 % from Rs. 271.915 mn in 2012 to Rs. 354.350 mn in 2013. Due to innovative features of motor product, the net loss increased by 3.96.% in this segment. However, the segment results increased by 18.20 % due to better implementation of underwriting policies.

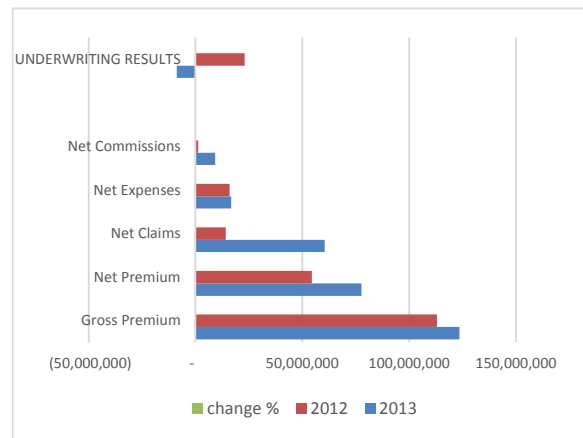
Miscellaneous

For Miscellaneous insurances, this includes crop, live stock, mobile, bond, engineering, contract, travel, health cash in transit and others, GWP increased by 49.11 % from Rs. 653.893 mn in 2012 to Rs. 975.038 mn in 2013 due to being one of the leaders of the above mention products. Net Premium revenue increased by 40.41 % from Rs. 388.289 mn in 2012 to Rs. 545.209 mn in 2013. Further more paid losses decreased by 13.96 % in this segment resulting in 68.16 % increase in underwriting result, from Rs. 197.599 mn in 2012 to Rs. 332.276 mn in 2013.

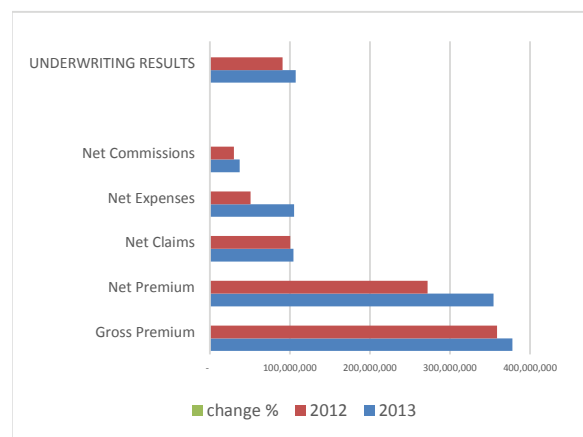
Fire



Marine



Motor



Directors' Report to the Members

CLAIMS

Prompt settlement of claims is a vital function at the UICL which builds the image in the eyes of its valued clients. Promptly payment of claim depends on submission of complete set of documents as per requirement of the class of insurance. Natural Catastrophic claims are not only unavoidable but also complex in nature; under this type of claims total or partial loss of property or records required proper documentation to assess the actual claim. Amount in result of such claims are appearing pending in the year and lying un-settled. Motor "own damage", crop and Health claims, which accounted for majority of the total number of claims, are promptly settled. During the year, the Company has settled most of the claims upto 2013.

RE-INSURANCE

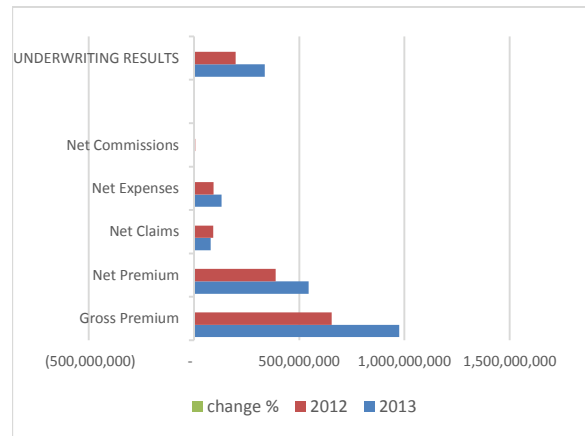
Your Company follows a policy of optimizing retention of risk through a carefully designed program of re-insurance of high quality. We have structured our re-insurance program to protect the value at risk by ensuring timely and quality protection for individual risks. Arrangement of strong re-insurance coverage and strategic disaster planning based tool is used for monitoring the Company's exposure to accumulation and concentration of risk at any location.

The re-insurance programmed finalized in 2013 & 2014 aims at:

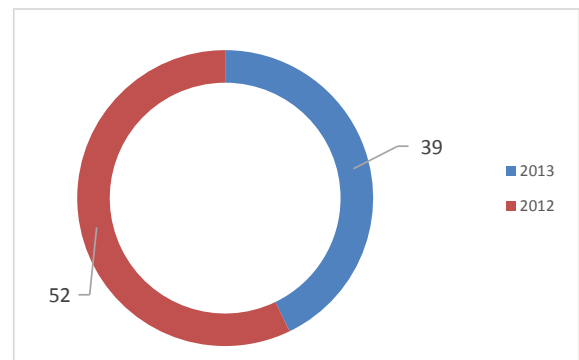
- Optimum retention within the country consistent with prudent risk retentions to reduce foreign exchange outgo;
- Develop adequate automatic reinsurance capacity within the Pakistan Insurance market to maximize the market retention;
- To secure the best possible protection at economical cost.

UIC's reinsurance arrangements predominantly comprise excess of loss treaties in CY13 replacing

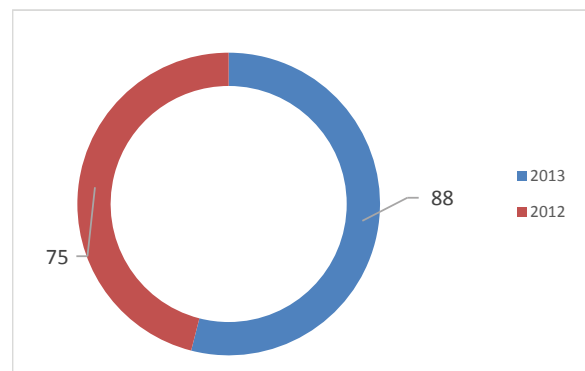
Misc.



Claims (Net Claims Expenses)



Re-Insurance (Re-insurance recoveries against outstanding claims)



Directors' Report to the Members

proportional treaties. The company's reinsurance panel consists of Swiss Re (Rated 'AA-' by S&P), Korean Re (Rated A- by AM Best), Trust Re (Rated 'A-' by AM BEST), Labuan Re (Rated 'A-' by AM BEST), Malaysian Re (Rated 'A-' by AM BEST), PRCL(AA JCR-VIS) Hannover Re (AA-S&P), Mapfre Asistencia,(A1 by Moody's) and Kuwait Re (A- AM Best) These non-proportional treaties, having enhanced capacity, allow the company to enter into large business contracts this also entails high risk retention on company's books. As the company has grown significantly, this has become a requisite step.

RISK MANAGEMENT

Insurance being the business of transfer of risks from client to insurer is viable only if underwriter has the ability to precisely assess the risk. Your Company's Risk Management approach is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk alleviation to the client.

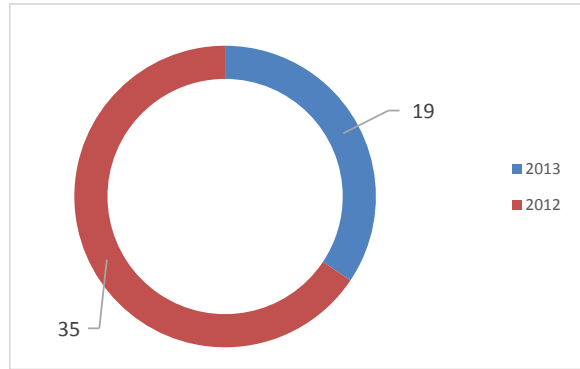
The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Your Company is striving to develop expertise in areas like risk identification, risk quantification, risk control and risk retention analysis which will help us in offering value added services to the clients.

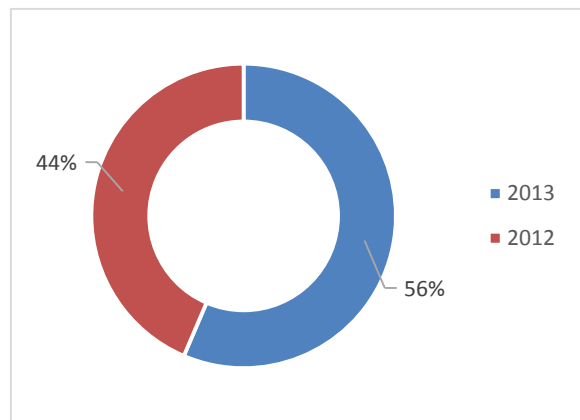
INVESTMENTS

Our investment objective is to achieve a superior total return on the investment portfolio adhering to our investment philosophy and the regulations as applicable from time to time. Investment management framework. The investment committee implements and monitors investment strategies, guidelines and policies for Board to guides

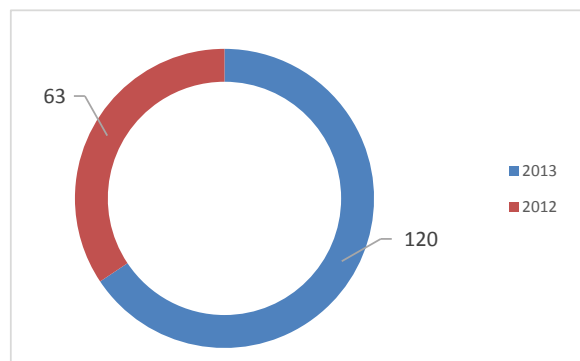
Reinsurance Ceded



Risk Management (Financial Assets)



Investments



Directors' Report to the Members

the asset allocation strategy to ensure financial liquidity, security and diversification. Your Company's investment portfolio is invested with good sense while seeking a reasonable yield, in line with market conditions.

The book value of your Company's investments increased from Rs. 187.753 mn in 2012 to Rs. 412.493 mn, i.e., by Rs. 225 mn during the year 2013.

The Company will continue to place special emphasis in generating a significant portion of its investment income from sustainable sources such as dividends and interest.

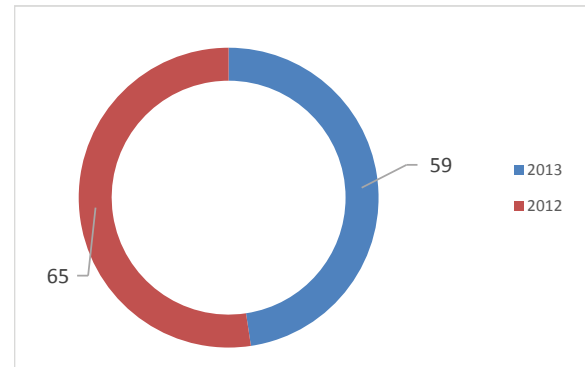
TRAINING OF DIRECTORS

As per the Code Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from Directors' training program. Three out of seven Board members of the Company qualify for exemption under the provision (xi) of the Code. One Director has already obtained training certificate as required and remaining Directors will complete their course in subsequent years. Further, the company will arrange training program for all Directors as provided under the Code.

INFORMATION TECHNOLOGY

Your Directors recognize the importance of Technology in the conduct of business and the need for investing in new technology. As in all industries, adapting new technology has become absolute necessity in Insurance Industry to achieve the desired effect. With the ever increasing numbers of policies and claims, communication infrastructure has been strengthened by upgrading of Re-insurance Management System [RMS]. The system will be fully integrated with our existing MIS i.e. underwriting, claims and Accounts.

Re-insurance Ceded Commission



Directors' Report to the Members

We are sure to achieve a high degree of efficiency in managing our Re-insurance operations. We will be going a step ahead with our forward thinking in improving overall management information system.

HUMAN RESOURCE

At UICL, 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.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's goal is to achieve zero accidents effecting people, property and the environment. At UICL risk prevention is everyone's responsibility therefore the year 2013 marked a significant advance of the company's safety culture with the definition and approval of a new set of procedures, evaluating the performance of its management systems for environment, quality and safety is one of the requirements of the Company's established standards.

The UICL, as per its core commitments to creating shared value for the communities, continued its CSR activities. Facilitating access through our corporate social responsibility initiatives by Donating of Rs.3.079 million to the Patient Welfare Association Jinnah Hospital Lahore and other parties to support charitable activities – particularly in the field of medical, enhancing patient assistance and by

supporting a wide array of civil society organizations engaged in the direct delivery of health care services. The Company extended significant contributions in terms of employees' training, health & sports activities and also providing internship opportunities to the fresh graduates and postgraduate's candidates. We assure our stakeholders of our continued commitment to creating shared value and will continue to do more in the future as well.

APPROPRIATIONS

Your Directors' are pleased to make the following recommendations for the year ended December 31, 2013.

Particulars	Rupess
Net Profit After Tax	257,379,644
Add: Incremental Depreciation	1,121,332
Add: Realization of Surplus due to sale of fixed assets	6,077,011
Less: Actuarial gain/(loss) on defined benefit plan	(2,516,121)
Total Comprehensive Income	262,061,866
Add: Last Year Unappropriated profit - restated	141,338,229
Profit available for appropriations	403,400,095
Appropriated / appropriations:-	
31.06 % Final Stock Dividend	218,057,204
Transfer for General Reserve	-
Un-appropriated Profit	185,342,891
Total	403,400,095

INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency (PACRA) has upgraded the Insurer Financial Strength (IFS) rating of your Company to "A+" (Single A+). The rating denotes strong capacity to meet policyholder and contract obligations. Risk factors are considered moderate and the impact of adverse business and economic factors is expected to be limited.

Directors' Report to the Members

FUTURE OUTLOOK

In the light of insurance industry penetration, the "Securities and Exchange Commission (Micro Insurance) Rules, 2014", many venues & markets could be tapped.

The recommendations of "Insurance Industry Reform Committee (IIRC) Report – 2014" are critical for the future of the insurance sector in Pakistan.

The cost of maintaining re-insurance arrangements and management cost is already on the uphill whereas; after the promulgation of "Third Party Administrators (TPA) for Health Insurance Regulations, 2014" will lead to further increase in managerial costs.

ACKNOWLEDGEMENT

We value the confidence and support of our customers, business allies, SECP & other regulatory bodies and employees, reposed on us with their dedication and sincere efforts.

The Company will continue to focus in momentum of growth of business revenue and to maintain its profitability with high ethical standards.

For and on behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Dated: April 04, 2014

Report on Corporate

and financial reporting framework

- The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the listed company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented & monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
- 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.
- Key operating and financial data for the last six years is enclosed with the annual report.
- Outstanding taxes and duties amounting to Rs. 55,549,257 which will be paid partially in the month of January, 2014 and partially in with income tax return of 2014.
- The related party transactions are approved or ratified by the audit committee and the Board of Directors for the 1st quarter 2013 and during 2nd quarter 2013 up to June 28, 2013 only.
- Interest of directors and their relatives in company's shareholding as at December 31, 2013.

S.No.	Name	Holdings
1	Ch. Habib-ur-Rehman	13,998
2	Khawas Khan Niazi	6,943
3	Mohammad Rahat Sadiq	2,829
4	Miss Huma Waheed	5,466
5	Ch. Aziz-ur-Rehman	13,560
6	Ch. Maqsood Ahmed	85,550
7	Najeeb-ur-Rehman	13,102
8	Rehana Najeeb-Spouse	7,984
9	Mrs. Mehjabeen Habib-Spouse	1,743

During the year 2013 the trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is mentioned below:

S.No.	Directors & Their Spouses	No. of Shares Purchased / Acquired	No. of Shares Sold
1	Ch. Habib-ur-Rehman	3,219	3,219
2	Khawas Khan Niazi	1,298	-
3	Mohammad Rahat Sadiq	529	-
4	Miss Huma Waheed	1,022	-
5	Ch. Aziz-ur-Rehman	3,118	3,118
6	Ch. Maqsood Ahmed	19,676	19,676
7	Najeeb-ur-Rehman	3,013	3,013
8	Rehana Najeeb-Spouse	1,836	1,836
9	Mrs. Mehjabeen Habib-Spouse	400	400

Report on Corporate

and financial reporting framework

12. Board Meetings and Attendance

During the year, eight (08) meetings of the Board of Directors were held and attendance by each Director is given below:

S.No.	Name	No. of Meetings Attended
1	Ch. Habib-ur-Rehman	08
2	Khawas Khan Niazi	08
3	Mohammad Rahat Sadiq	08
4	Miss Huma Waheed	08
5	Ch. Aziz-ur-Rehman	08
6	Ch. Maqsood Ahmed	08
7	Najeeb-ur-Rehman	08

All members of the board attended all meetings during the year.

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

14. The Company intends to make long term investment in Equity of APNA Microfinance Bank Limited.

15. The value of investments in assets of gratuity fund are amounting to Rs. 6,517,705/- as at December 31, 2013.

Audit Committee

As required under the Code of Corporate Governance, the audit committee continued to perform as per its terms of reference duly approved by the Board. The audit committee review and recommend appointment of auditors and on related party matters. The committee composition is also attached with this report.

HR & R Committee

As required under the Code of Corporate Governance, the HR committee continued to perform as per its terms of reference duly approved by the Board. The HR committee recommends to the Board selection evaluation, compensation of key management positions.

Other Committees

Investment, Claim, Underwriting, Re-insurance committee & co-insurance continued to perform as per their terms of reference.

Material Changes

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

Auditors

The Company's Auditors M/s Avais Hyder Liaquat Nauman Chartered Accountants Lahore retired and offer themselves for re-appointment.

Pattern of Shareholding

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

Insurance Ordinance, 2000

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

- in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;

Report on Corporate

and financial reporting framework

- 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 arrangements; and

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

For and on behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Date: April 4, 2014



Code of Conduct

The directors and employees at all levels of The United Insurance Company of Pakistan Limited hereinafter called UICL shall adopt this code of conduct.

Relationship With Employees

The entity is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias, and is merit, and excellence oriented. It believes in providing its employees safe and healthy working conditions, and maintaining good channels of communications. The UICL expects its employees to abide by certain personal ethics, whereby UICL information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided, where it exists it should be disclosed, and guidance sought.

Relationship With The Company

The UICL's policy is to conduct business with honesty and integrity and be ethical in all its dealings, showing respect for the interest of those with whom it has relationship. The advancement in the business procedures and practices and upgrading of electronic technology shall be adopted for the well being of the company. The UICL does not support any political party nor contributes to the funds of groups whose activities promote party interests.

Relationship With The Clients

The UICL believes in fair competition, and supports appropriate competition laws. The UICL is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.

Relationship With Socio-Economic Environment

The UICL is committed to run its business in an environment that is sound and sustainable. As a good corporate citizen, the UICL recognizes its social

responsibilities, and will endeavor to contribute to community activities, for betterment of society as a whole.

Relationship With Members

We are fully supported by our members to serve in the best interest of the company by achieving consistent growth and reputation of the company.

Compliance of Applicable Laws and Regulations

The UICL complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The UICL believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions. The rules and regulations formulated and practiced shall not supersede any Government or legislative body laws and regulations applicable to the company.

The Board to ensure that the above principles of Code of conduct are complied with, for which the Board has constituted the audit committee, to be supportive of compliance.

Statement of Compliance

with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) 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 Code in the following manner:

1. The company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Chaudhary Maqsood Ahmed
Executive Directors	Mohammed Rahat Sadiq
	Miss Huma Waheed
Non-Executive Directors	Chaudhary Habib-ur-Rehman
	Khawas Khan Niazi
	Chaudhary Najeeb-ur-Rehman
	Chaudhary Aziz-ur-Rehman

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO), other executive and non-executive directors, have been taken by the Board.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. As per the Code, Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from Directors' training program. Three out of seven Board members of the Company qualify for exemption under the provision (xi) of the Code. One Director has already obtained training certificate as required and remaining Directors will complete their course in subsequent years. Further, the company will arrange training program for all Directors as provided under the Code.
10. There were no new appointment of Chief Financial Officer (CFO) & Corporate Secretary or Head of Internal Audit during the year. The Board had, however, approved the increase in remuneration of Chief Financial Officer & Corporate Secretary and the Head of Internal Audit Department.

Statement of Compliance

with the Code of Corporate Governance

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The board has formed an Audit Committee. It comprises of three (3) non-executive directors including chairman.
16. The meeting of underwriting, claims settlement, reinsurance and coinsurance and investment committees were held at least once every quarter.
17. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The board has formed an Human Resource and Remuneration Committee. It comprise of four (4) members, of whom three (3) are non-executive directors including the chairman of the committee.
19. The board has set up an effective internal audit function whose team is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company, and is involved in the internal audit function on full time basis.
20. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors along with pricing method.
21. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
22. 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.
23. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
24. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
25. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board



Mohammed Rahat Sadiq
Chief Executive Officer

Date: April 04, 2014

Review Report to the Members

on Statement of Compliance with the Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended December 31, 2013 prepared by the Board of Directors of The United Insurance Company of Pakistan Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchange, where the company is listed.

The responsibility for compliance with the Code 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 reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 require 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 undertaken 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended December 31, 2013.

The Statement of Compliance with the best practices of the code of corporate governance of the Company for the year ended December 31, 2012 was reviewed by other firms of chartered accountants who had expressed unqualified opinion thereon vide their report dated April 08, 2013.



AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants

Date: April 04, 2014
Place: **Lahore**

Pattern of Shareholding

As At December 31, 2013

Number of shareholders	Shareholdings From	To	Total Shares Held
102	1	100	2,928
74	101	500	18,314
33	501	1000	26,063
68	1001	5000	149,354
32	5001	10000	223,423
20	10001	15000	259,220
4	15001	20000	73,210
1	20001	25000	23,758
4	25001	30000	115,597
3	30001	35000	94,112
2	35001	45000	85,748
3	45001	50000	140,664
6	50001	55000	313,573
4	55001	60000	230,784
6	60001	65000	379,317
2	65001	70000	132,844
1	70001	75000	73,933
9	75001	80000	698,857
2	80001	85000	168,721
7	85001	90000	608,529
7	90001	95000	645,035
4	95001	100000	388,416
6	100001	105000	617,319
6	105001	110000	636,922
4	110001	115000	454,383
3	115001	120000	355,541
3	120001	125000	366,505
11	125001	130000	1,382,822
8	130001	135000	1,069,379
4	135001	140000	547,078
5	140001	145000	717,638
2	145001	150000	297,030
2	150001	155000	306,221
4	155001	160000	629,784
2	160001	165000	326,461
1	165001	170000	168,233
4	170001	175000	688,481
3	175001	180000	535,374
5	180001	185000	911,585
1	185001	190000	186,003
1	190001	195000	190,974
1	195001	200000	199,231
4	200001	210000	827,591

Pattern of Shareholding

As At December 31, 2013

Number of shareholders	Shareholdings From	To	Total Shares Held
4	210001	215000	847,600
2	215001	220000	433,296
2	220001	225000	443,486
3	225001	230000	685,705
3	230001	245000	723,117
3	245001	250000	741,342
1	250001	255000	251,260
1	255001	260000	259,133
1	260001	265000	261,044
1	265001	275000	274,934
2	275001	280000	557,889
1	280001	285000	280,480
3	285001	295000	878,650
1	295001	320000	319,033
1	320001	325000	324,938
1	325001	390000	387,698
1	390001	400000	396,569
1	400001	615000	610,002
1	615001	2100000	2,068,795
1	2100001	5500000	5,411,691
1	5500001	5900000	5,567,145
1	5900001	6000000	5,993,898
1	6000001	10500000	10,494,752
1	10500001	15714867	15,714,867
512			70,194,279

Categories of Shareholding

As per Code of Corporate Governance as at December 31, 2013

Sr. No.	Categories of Shareholders	Number of Shareholders	Share held	Percentage
1	Associated Undertaking & Related Parties (List "A" Attached)	6	255,325	00.36
2	NIT AND ICP (List "B" Attached)	1	4,735	00.01
3	Directors, CEO, their spouses & minor children (List "C" Attached)	9	151,175	00.22
4	Executives	NIL	NIL	NIL
5	Public Sector Companies & Corporations (List "D" Attached)	1	303,402	00.43
6	Banks, Insurance & Modaraba Companies (List "E" Attached)	2	3,007	00.00
7	Shareholding Five Percent or More (List "F" Attached)	5	38,596,366	54.99
8	Individuals	488	30,880,269	43.99
	Total	512	70,194,279	100.00

Categories of Shareholding

As per Code of Corporate Governance as at December 31, 2013

List A Associated Undertaking & Related Parties		
Sr. No.	Name	No. of Shares
1	Aziz Coal Mines (Pvt.) Limited	14,829
2	Indus Coal Mines (Pvt.) Limited	212,267
3	Shahab Coal Mines (Pvt.) Limited	11,661
4	Zahid Steel (Pvt.) Limited	6,300
5	Zahid Chemicals (Pvt.) Limited	6,300
6	Mehr Dastgir Textile Mills Limited	3,968
		255,325

List B NIT AND ICP		
Sr. No.	Name	No. of Shares
1	National Bank of Pakistan Investor Account	4,735

List C Directors, CEO, their spouses and minor children		
Sr. No.	Name	No. of Shares
1	Ch. Habib-ur-Rehman	13,998
2	Khawas Khan Niazi	6,943
3	Mohammad Rahat Sadiq	2,829
4	Miss Huma Waheed	5,466
5	Ch. Aziz-ur-Rehman	13,560
6	Ch. Maqsood Ahmed	85,550
7	Najeeb-ur-Rehman	13,102
Spouses		
8	Mrs. Rehana Najeeb-Spouse	7,984
9	Mrs. Mehjabeen Habib-Spouse	1,743
		151,175

List D Public Sector Companies & Corporations		
Sr. No.	Name	No. of Shares
1	Pakistan Re-Insurance Company Limited	303,402
		303,402

List E Banks, Insurance & Modaraba Companies		
Sr. No.	Name	No. of Shares
1	Habib Bank Limited	128
2	Eastern Federal Unions Insurance Company Limited	2,879
		3,007

List F Shareholding Five Percent or More		
Sr. No.	Name	No. of Shares
1	Margalla News International	10,494,752
2	UIG Global Services Limited	5,993,898
3	United Track Systems (Pvt.) Limited	12,927,624
4	United International Farms.	5,567,145
5	United Software and Technologies (Pvt.) Limited	3,612,947
		38,596,366

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Financial Statements

For the financial year ended December 31, 2013

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Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and 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 **The United Insurance Company of Pakistan Limited** ("the Company") as at December 31, 2013 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's 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 except for the changes as stated in note 4.2 to the financial statements with which we concur;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2013 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

The financial statements of the Company for the year ended December 31, 2012 were audited by other firms of chartered accountants who had expressed unqualified opinion thereon vide their report dated April 08, 2013.



AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants

Engagement Partner: Syed Ali Adnan Tirmizey

Date: April 04, 2014
Place: **Lahore**

Balance Sheet

As at December 31, 2013

	Note	2013 Rupees	2012 Rupees Restated
Share capital and reserves			
Authorized share capital 100,000,000/- (2012 : 100,000,000/-) Ordinary Shares of Rs. 10/- each	5	1,000,000,000	1,000,000,000
Paid-up share capital	5	701,942,796	570,685,200
Retained earnings		403,400,095	272,595,825
Reserves	6	75,115,917	75,115,917
		1,180,458,808	918,396,942
Surplus on revaluation of fixed assets	7	40,992,540	46,063,929
Underwriting provisions			
Provision for outstanding claims (including IBNR)		618,212,048	151,446,927
Provision for unearned premium		877,884,914	670,988,876
Commission income unearned		20,394,696	64,070,387
Total underwriting provisions		1,516,491,658	886,506,190
Deferred liabilities			
Staff retirement benefits	8	49,764,879	40,500,124
Deferred tax liabilities	9	8,673,816	23,990,926
		58,438,695	64,491,050
Creditors and accruals			
Amounts due to other insurers/reinsurers	10	92,704,969	87,244,326
Accrued expenses	11	18,400,561	10,290,631
Provision for taxation - net		28,581,834	7,745,574
Other creditors and accruals	12	49,430,293	25,364,000
		189,117,657	130,644,531
Borrowings			
Short-term finance	13	-	3,196,613
Other liabilities			
Liabilities against assets subject to finance lease	14	22,703,330	28,432,558
TOTAL LIABILITIES		1,786,751,340	1,113,270,942
TOTAL EQUITY AND LIABILITIES		3,008,202,688	2,077,731,813
CONTINGENCIES & COMMITMENTS	15	-	-

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Balance Sheet

As at December 31, 2013

	Note	2013 Rupees	2012 Rupees Restated
Cash and bank deposits			
Cash and other equivalents	16	190,254	76,370
Current and other accounts	17	146,170,437	150,129,767
Deposits maturing within 12 months	18	83,272,538	131,381,448
Deposits maturing after 12 months	19	20,022,275	25,811,050
		249,655,504	307,398,635
Loans			
To employees and agents	20	9,963,600	5,906,860
Investments			
	21	412,493,249	187,752,586
Investment property			
	22	3,163,301	20,407,019
Current assets-others			
Premiums due but unpaid	23	458,363,262	370,172,611
Amounts due from other insurers/reinsurers	24	145,101,589	32,739,416
Prepaid reinsurance premium ceded		171,980,285	260,884,307
Reinsurance recoveries against outstanding claims		543,315,576	113,422,995
Deferred commission expense		72,930,275	78,657,848
Accrued investment income		26,163,354	20,028,749
Advance for purchase of shares	25	215,302,941	73,302,941
Sundry receivables	26	122,639,305	53,707,762
		1,755,796,587	1,002,916,629
Fixed assets - Tangible and intangibles			
Owned			
Land freehold		140,735,600	102,665,500
Buildings		123,611,226	133,839,696
Furniture, fixtures, office and computer equipments		109,441,780	116,590,170
Motor vehicles		146,945,128	151,570,809
Motor tracking devices		27,995,172	12,759,507
Capital work-in-progress		2,886,600	2,406,600
		551,615,506	519,832,282
Leased			
Motor vehicles		25,514,941	33,517,802
TOTAL ASSETS		3,008,202,688	2,077,731,813



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Profit and Loss Account

For the year ended December 31, 2013

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Miscellaneous	2013 Aggregate	2012 Aggregate
-----Rupees-----							
							Restated
Revenue account							
Net premium revenue		131,282,918	77,699,121	354,350,344	545,208,985	1,108,541,368	783,339,588
Net claims		(78,778,882)	(60,492,352)	(104,452,327)	(79,359,082)	(323,082,643)	(245,412,541)
Management expenses	29	(33,375,512)	(16,652,748)	(105,338,023)	(131,504,700)	(286,870,983)	(201,896,193)
Net commission		(13,045,299)	(9,257,366)	(37,335,144)	(2,069,165)	(61,706,974)	(33,169,109)
Underwriting results		6,083,225	(8,703,345)	107,224,850	332,276,038	436,880,768	302,861,745
Investment income							
Investment income						34,689,348	41,166,813
Rental income						1,163,000	612,000
Other income	30					20,272,726	6,702,755
General and administration expenses	31					(199,665,062)	(159,439,930)
Finance charge on lease rentals						(2,786,552)	(4,418,909)
						(146,326,540)	(115,377,271)
Profit before tax						290,554,228	187,484,474
Provision for taxation	32					(33,174,584)	(26,364,102)
Profit after tax						257,379,644	161,120,372
PROFIT AND LOSS APPROPRIATION ACCOUNT							(Restated)
Balance at commencement of year							
						272,595,825	186,674,643
Total comprehensive income for the year							
						262,061,866	160,358,382
Profit available for appropriation							
						534,657,691	347,033,025
Issuance of bonus shares 2013: Rs. 10 (23%) per share for the year 2012 [2012: Rs. 10 (15%) per share for the year 2011]							
						(131,257,596)	(74,437,200)
Balance of un-appropriated profit at end of the year						403,400,095	272,595,825
Earnings per share of Rs.10/- each - basic and diluted- Restated					(Note 33)	3.67	2.30

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Statement of Comprehensive Income

For the year ended December 31, 2013

	2013 Rupees	2012 Rupees Restated
Profit for the year	257,379,644	161,120,372
Other comprehensive income for the year		
Actuarial (loss) / gain on defined benefit plan	(2,516,121)	(1,117,228)
Incremental depreciation net of deferred tax	1,121,332	355,238
Realization of surplus due to sale of fixed assets	6,077,011	-
Total comprehensive income for the year	262,061,866	160,358,382

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Statement of Changes in Equity

For the year ended December 31, 2013

Description	Note	Share Capital	Reserve For Issue Of Bonus Shares	General Reserve	Retained Earnings	Total
-----Rupees-----						
Balance as at January 01, 2012		496,248,000	-	75,115,917	193,445,033	764,808,950
Effect of change in accounting policy IAS-19	4.2	-	-	-	(6,770,390)	(6,770,390)
Balance as at January 01, 2012 - Restated		496,248,000	-	75,115,917	186,674,643	758,038,560
Transfer to reserve for issue of bonus shares		-	74,437,200	-	(74,437,200)	-
Bonus share reserve capitalized		74,437,200	(74,437,200)	-	-	-
Net profit for the year		-	-	-	161,120,372	161,120,372
Other comprehensive income		-	-	-	(761,990)	(761,990)
Total comprehensive income		-	-	-	160,358,382	160,358,382
Balance as at December 31, 2012 - Restated		570,685,200	-	75,115,917	272,595,825	918,396,942
Balance as at January 01, 2013		570,685,200	-	75,115,917	280,845,057	926,646,174
Effect of change in accounting policy IAS-19	4.2	-	-	-	(7,561,756)	(7,561,756)
Correction of error	4.3	-	-	-	(687,476)	(687,476)
Balance as at January 01, 2013 - Restated		570,685,200	-	75,115,917	272,595,825	918,396,942
Transfer to reserve for issue of bonus shares		-	131,257,596	-	(131,257,596)	-
Bonus share reserve capitalized		131,257,596	(131,257,596)	-	-	-
Transfer to general reserve		-	-	-	-	-
Net profit for the year		-	-	-	257,379,644	257,379,644
Other comprehensive income		-	-	-	4,682,222	4,682,222
Total comprehensive income		-	-	-	262,061,866	262,061,866
Balance as at December 31, 2013		701,942,796	-	75,115,917	403,400,095	1,180,458,808

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Statement of Cash Flows

For the year ended December 31, 2013

Note	2013 Rupees	2012 Rupees Restated
Operating cash flows:		
a) Underwriting activities:		
Premium received	1,643,340,654	1,346,851,278
Reinsurance premium paid	(313,940,908)	(456,715,988)
Claims paid	(837,031,187)	(476,270,214)
Reinsurance and other recoveries received	438,458,911	204,883,513
Commission paid	(137,113,069)	(149,337,712)
Commission received	37,457,977	126,957,922
Net cash flow from underwriting activities	831,172,378	596,368,799
b) Other operating activities:		
Income tax paid	(25,528,479)	(19,129,651)
General management expenses paid	(356,336,289)	(304,429,103)
Other operating receipts/(payments)	(68,931,543)	17,750,783
Loan to employees and agents	(4,056,740)	68,380
Net cash flow from other operating activities	(454,853,051)	(305,739,591)
Total cash flow from all operating activities	376,319,327	290,629,208
Investment activities:		
Investment income received	32,547,326	31,529,387
Rental income received	1,163,000	612,000
Sale/(Purchase) of investment	(153,599,260)	(84,398,945)
Advance for purchase of shares	(142,000,000)	(73,302,941)
Fixed capital expenditure	(102,485,946)	(110,186,836)
Proceeds from disposal of fixed assets	7,800,500	15,904,833
Net cash flow from investing activities	(356,574,380)	(219,842,502)
Financing activities:		
Lease liability paid	(20,393,780)	(39,801,146)
Short term finance	(3,196,613)	3,196,613
Net cash flow from financing activities	(23,590,393)	(36,604,533)
Net cash flow from all activities	(3,845,446)	34,182,173
Cash and cash equivalents at the beginning of the year	150,206,137	116,023,964
Cash and cash equivalents at the end of the year	146,360,691	150,206,137

Statement of Cash Flows

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees Restated
Reconciliation of profit and loss account			
Net cash flow from operating activities		376,319,327	290,629,208
Depreciation		(65,629,475)	(62,457,968)
Lease finance charges		(2,786,552)	(4,418,909)
Gain on disposal of fixed assets		5,703,362	3,832,592
Increase/(decrease) in assets other than cash		582,564,033	309,138,767
(Increase)/decrease in liabilities		(673,480,398)	(416,770,131)
Provision for impairment in value of investments		(3,992,583)	2,693,512
Others			
- Dividend income		9,958,486	1,624,460
- Dividend and other investment income		28,723,445	36,848,841
Profit after taxation		257,379,644	161,120,372
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 for day to day business operations.			
Cash for the purpose of cash flows comprises of:			
Cash and other equivalents			
- cash in hand	16	190,254	76,370
Current and other accounts			
- bank balances	17	146,170,437	150,129,767
		146,360,691	150,206,137

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Statement of Premiums

For the year ended December 31, 2013

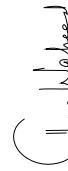
BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue 2013	Net premium revenue 2012
		Opening	Closing			Opening	Closing			
-----Rupees-----										
Direct & facultative										
1. Fire and property damage	247,461,791	143,144,369	113,566,153	277,040,007	91,524,376	98,364,248	44,131,535	145,757,089	131,282,918	68,600,853
2. Marine, aviation and transport	123,471,328	55,025,461	51,721,384	126,775,405	52,099,164	19,582,929	22,605,809	49,076,284	77,699,121	54,534,815
3. Motor	377,771,968	164,897,581	179,132,622	363,536,927	1,995,909	8,191,546	1,000,872	9,186,583	354,350,344	271,915,276
4. Miscellaneous	975,037,892	307,921,465	533,464,755	749,494,602	173,782,102	134,745,584	104,242,069	204,285,617	545,208,985	388,288,644
GRAND TOTAL	1,723,742,979	670,988,876	877,884,914	1,516,846,941	319,401,551	260,884,307	171,980,285	408,305,573	1,108,541,368	783,339,588

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Statement of Claims

For the year ended December 31, 2013

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Claims paid		Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expenses 2013	Net claims expenses 2012
	Opening	Closing	Opening	Closing			Opening	Closing			
-----Rupees-----											
Direct & facultative											
1. Fire and property damage	154,580,573	64,668,980	264,200,470	354,112,063	101,027,284	58,509,309	232,815,206	275,333,181	78,778,882	38,499,185	
2. Marine, aviation and transport	423,454,214	23,410,171	313,084,695	713,128,738	369,991,587	188,716,448	301,516,447	652,636,386	60,492,352	14,208,292	
3. Motor	110,974,671	26,387,018	20,293,972	104,881,625	3,700,218	5,764,420	2,493,500	429,298	104,452,327	100,474,270	
4. Miscellaneous	148,021,729	36,980,758	20,632,911	131,673,882	76,101,995	30,277,618	6,490,423	52,314,800	79,359,082	92,230,794	
GRAND TOTAL	837,031,187	151,446,927	618,212,048	1,303,796,308	550,821,084	113,422,995	543,315,576	980,713,665	323,082,643	245,412,541	

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Statement of Expenses

For the year ended December 31, 2013

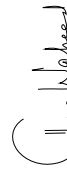
BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Commissions paid or payable		Deferred commission		Net commission expense		Other management expenses (Note 29)	Underwriting expenses	Commission on reinsurance	Unearned commission		Commission received from re-insurers	Net underwriting expenses 2013	Net underwriting expenses 2012
	Opening	Closing	Opening	Closing	Opening	Closing				Opening	Closing			
-----Rupees-----														
Direct & facultative	(Restated)													
1. Fire and property damage	43,315,902	19,016,893	20,930,510	41,402,285	33,375,512	74,777,797	2,792,014	26,846,294	1,281,322	28,356,986	46,420,811	26,230,464		
2. Marine, aviation and transport	13,879,189	6,964,377	6,147,767	14,695,799	16,652,748	31,348,547	-	5,438,433	-	5,438,433	25,910,114	1,094,303		
3. Motor	33,859,579	19,472,225	15,996,660	37,335,144	105,338,023	142,673,167	-	-	-	-	142,673,167	116,973,226		
4. Miscellaneous	46,058,399	33,204,353	29,855,338	49,407,414	131,504,700	180,912,114	34,665,963	31,785,660	19,113,374	47,338,249	133,573,865	90,767,309		
GRAND TOTAL	137,113,069	78,657,848	72,930,275	142,840,642	286,870,983	429,711,625	37,457,977	64,070,387	20,394,696	81,133,668	348,577,957	235,065,302		

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

Statement of Investment Income

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees
Income from non-trading investments:			
Available for sale			
Dividend income		9,958,486	1,624,460
Gain / (loss) on sale of 'available for sale' investments		(3,129,214)	2,789,785
		6,829,272	4,414,245
Held to maturity			
Return on Government securities		23,722,382	17,359,139
Return on F.D.R		10,292,601	18,021,748
		34,014,983	35,380,887
(Provision) / reversal for impairment in value of investment	21.2	(3,992,583)	2,693,512
Investment related expenses		(2,162,324)	(1,321,831)
Net investment income		34,689,348	41,166,813

The annexed notes from 1 to 45 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman



Notes to the Financial Statements

For the year ended December 31, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (hereinafter called "the company") was incorporated on October 20, 1959, as a Public Limited Company under the Defunct Companies Act, 1913, now the Companies Ordinance, 1984, and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The Registered Office of the company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi, and its Head Office is located in Lahore. The principal activity of the company is General Insurance Business and it qualifies as a domestic insurance company under the Insurance Ordinance, 2000, and undertakes Fire, Marine, Motor and Miscellaneous General Insurance. It has not transacted any insurance business outside Pakistan.

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], vide S.R.O. 938 dated December 12, 2002.

2.1 Statement of compliance

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

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

2.2 Basis of measurement

These financial statements have been prepared on the basis of the historical cost convention, except for certain investments, which are stated at fair value, and certain obligations under employee retirement benefits which are measured at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the company's functional currency and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest rupee, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities as well as 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 results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Notes to the Financial Statements

For the year ended December 31, 2013

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the revision and future periods if the revision affects both current and future periods.

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:

		Note
-	Provision for unearned premiums	4.5
-	Provision for outstanding claims (including IBNR)	4.7
-	Premium deficiency reserve	4.10
-	Staff retirement benefits	4.19
-	Taxation	4.12
-	Impairment in value of investments	4.14
-	Useful lives of fixed assets	4.16
-	Premiums due but unpaid	4.5

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1. Standards, interpretations and amendments to published approved accounting standards that are 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 OR INTERPRETATION		EFFECTIVE DATE (accounting periods beginning)
IAS 32	Offsetting Financial Assets and Financial Liabilities - (Amendment)	January 01, 2014
IAS 36	Recoverable Amount for Non-Financial Assets - (Amendment)	January 01, 2014
IAS 39	Novation of Derivative and Continuation of Hedge Accounting - (Amendment)	January 01, 2014
IFRIC 21	Levies	January 01, 2014

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

Notes to the Financial Statements

For the year ended December 31, 2013

Furthermore, the 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 Period beginning or after)
IFRS 9	-	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10	-	Consolidated Financial Statements	January 01, 2013
IFRS 11	-	Joint Arrangements	January 01, 2013
IFRS 12	-	Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13	-	Fair Value Measurement	January 01, 2013

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as described below:

4.1 New and revised and amended standards and interpretations

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current year:

IFRS 1	-	Presentation of Financial Statements - Presentation of items of other comprehensive income - (Amendment)
IAS 19	-	Employee Benefits - (Revised)
IFRS 7	-	Financial Instruments: Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IFRIC 20	-	Stripping costs in the production phase of a surface mine

Improvements to accounting standards issued by the IASB

IAS 1	-	Presentation of Financial Statements - Presentation of items of other comprehensive income - (Amendment)
IAS 16	-	Property, Plant and Equipment - Clarification of Servicing Equipment
IAS 32	-	Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
IAS 34	-	Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements except as explained below:

Notes to the Financial Statements

For the year ended December 31, 2013

4.2 Change in accounting policy

Amendments to IAS 19 "Employee Benefits" range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

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

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

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

	2013 Rupees	2012 Rupees
(Increase) / decrease in the staff retirement gratuity	(10,077,878)	(7,561,756)
Net (decrease) / increase in equity	(10,077,878)	(7,561,756)
Decrease in opening unappropriated profit	(7,561,756)	(6,770,390)
Decrease in Other Comprehensive Income (OCI)	(2,516,122)	(1,117,228)
Increase in profit and loss account	-	325,862
Net (decrease) / increase in equity	(10,077,878)	(7,561,756)

The cumulative effect of the above change is not considered material. Accordingly, the third balance sheet as of January 01, 2012 has not been presented in these financial statements.

4.3 Correction of error

In the year 2012, land and buildings were revalued by an independent valuer as fully disclosed in note 7. According to Rule 16(B) of SEC (Insurance) Rules, 2002 investment property is required to be disclosed under the cost model. Whereas, the surplus on revaluation of investment properties was accounted for as Surplus on revaluation of fixed assets. As a result, surplus on buildings was overstated. The retrospective effect of correction of error is as follows:

Notes to the Financial Statements

For the year ended December 31, 2013

	2012 Rupees
Effect on balance sheet	
Decrease in surplus on revaluation of fixed assets	17,934,992
Decrease in deferred tax liability	9,657,304
Decrease in investment property	(721,310)
Decrease in buildings	(27,558,462)
Net (decrease) / increase in equity	(687,476)
Effect on profit and loss account	
Increase in impairment expense	(732,465)
Decrease depreciation for the year	44,989
Net (decrease) / increase in profit	(687,476)

4.4 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.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage
- Marine, aviation and transport
- Motor
- Miscellaneous

Fire and property insurance contracts mainly compensate the company's customers for damage suffered to their properties or for the value of property lost.

Marine Insurance covers the loss or damage of vessels, cargo, terminals and any transport of property by which cargo is transferred, acquired or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, crop and livestock, personal accident, worker compensation, travel, products of financial institutions and crop insurance etc.

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

Notes to the Financial Statements

For the year ended December 31, 2013

4.5 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.

4.6 Reinsurance ceded

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

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 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.

4.7 Claims expense

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

The company 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.

Notes to the Financial Statements

For the year ended December 31, 2013

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

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

4.8 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.

4.9 Commission income, expense and other acquisition costs

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 recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit commission, if any, which the company may be entitled to under the terms of reinsurance is recognized on accrual basis.

4.10 Premium deficiency reserve

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. Further, actuarial valuation has been carried out to determine the amount of premium deficiency reserves in respect of Accident and Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on January 9, 2012. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

- Fire and property damage	35%
- Marine, aviation and transport	27%
- Motor	43%
- Miscellaneous	29%

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.

Notes to the Financial Statements

For the year ended December 31, 2013

4.11 Creditors, accruals and provisions

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

Provisions are 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.

4.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in other comprehensive income or below equity, in which case it is recognized in other comprehensive income or below equity.

4.12.1 Current

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

4.12.2 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.

4.13 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.

4.14 Investments

4.14.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and including 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

Notes to the Financial Statements

For the year ended December 31, 2013

4.14.2 Measurement

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.

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 / (loss) on sale of available for sale investments is recognized in profit and loss account.

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

Had these investments been measured at fair value as required by IAS - 39 - Financial Instruments: Recognition and Measurement, the Company's net equity would have been higher by Rs. 2.128 million at December 31, 2013.

4.15 Rental and other income

Rental and other income are recognized as and when accrued.

4.16 Fixed assets

4.16.1 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.

Notes to the Financial Statements

For the year ended December 31, 2013

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 27. 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.

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.

4.16.2 *Leased*

Finance Lease

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.

Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In case lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

Capital work-in-progress

Capital work-in-progress is carried at cost. It consists of advances made to suppliers in respect of tangible and intangible fixed assets, contractor fee and labor for property construction.

4.17 **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.

4.18 **Investment property**

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



Notes to the Financial Statements

For the year ended December 31, 2013

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

4.19 Staff retirement benefits

Defined benefit plan

The company's retirement benefits plan comprises of gratuity scheme for all the eligible employees, who have completed the minimum qualifying period of service.

The actuarial valuation of gratuity scheme is carried out by an independent valuer as at December 31, 2013 using the projected unit credit method. The basic assumptions used for actuarial valuation are disclosed in note 8.

The Company has adopted IAS 19(revised) as mentioned in note 8.1 Actuarial gains or losses are recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). Previously, actuarial gains or losses in excess of 10% of the present value of defined benefit obligation and fair value of plan assets, whichever was higher, were recognized over the expected average remaining working life of the employees in the profit and loss account.

4.20 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 cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, other creditors and accruals and liabilities against assets subject to finance lease.

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

4.20.1 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.

4.21 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.

Notes to the Financial Statements

For the year ended December 31, 2013

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

4.22 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:

4.22.1 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 requires 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.

4.22.2 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.

4.23 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 non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.24 Management and administrative 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.

4.25 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

Notes to the Financial Statements

For the year ended December 31, 2013

4.26 Earnings per share

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

4.27 Bonus shares

Reserve for issue of bonus shares is created in the year in which such an issue is approved.

4.28 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 related parties. Transactions with related parties are priced at comparable uncontrolled market price method and are carried out at arm's length prices.

5	SHARE CAPITAL	Note	2013 Rupees	2012 Rupees
5.1	Authorized share capital			
	2013	2012		
	Number of shares			
	100,000,000	100,000,000	Ordinary shares of Rs. 10/- each	1,000,000,000
				1,000,000,000
5.2	Paid-up share capital			
	Issued subscribed and paid up share capital			
	10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750
	59,230,804	46,105,045	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	592,308,046
	70,194,279	57,068,520		701,942,796
				570,685,200
	Reconciliation of issued subscribed and paid up share capital			
	57,068,520	49,624,800	At the beginning of the year	570,685,200
	13,125,759	7,443,720	Bonus shares issued during the year	496,248,000
	70,194,279	57,068,520	At the end of the year	74,437,200
				570,685,200

Notes to the Financial Statements

For the year ended December 31, 2013

5.3 Ordinary shares of the company held by associated undertakings are as follows:

	Note	2013 Rupees	2012 Rupees
Number of shares			
Aziz Coal Mines (Pvt) Limited		14,829	14,829
Indus Coal Mines (Pvt) Limited		212,267	212,267
Shahab Coal Mines (Pvt) Limited		11,661	11,661
Zahid Steel (Pvt) Limited		6,300	6,300
Zahid Chemicals (Pvt) Limited		6,300	6,300
Mehr Dastgir Textile Mills Limited		3,968	6,928
		255,325	258,285
6 RESERVES			
Reserve for bonus shares	6.1	-	-
Revenue reserve	6.2	75,115,917	75,115,917
		75,115,917	75,115,917
6.1 Reserve for bonus shares			
Balance at the beginning of the year		-	-
Transfer from unappropriated profit		131,257,596	74,437,200
Transfer from general reserve		-	-
Bonus share issued		(131,257,596)	(74,437,200)
Balance at the end of the year		-	-
6.2 Revenue reserve			
General reserve		75,115,917	75,115,917
		75,115,917	75,115,917

7 SURPLUS ON REVALUATION OF FIXED ASSETS

7.1 The land and buildings of the company have been revalued by independent Valuer by using market value basis method on September 30, 2012, resulting in a further surplus of Rs. 23,637,290/- on land and Rs.32,995,264/- on buildings. Fair values are determined by using observable prices in an active market on arm's length terms. All the revaluation surplus is charged to Surplus on Revaluation of Fixed Assets Account as per requirements of Section 235 of the Companies Ordinance, 1984. Revaluation surplus is carried at the amount after adjustment of deferred taxation and incremental depreciation. The buildings of the company were previously revalued by the independent valuer as on December 31, 2006, resulting in surplus of Rs. 2,654,211/-.

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees (Restated)
7.2 Movement in revaluation surplus			
Surplus on land			
Opening balance		23,637,290	-
Add: Addition made during the year		-	23,637,290
Total revaluation surplus on land		23,637,290	23,637,290
Surplus on building			
Opening balance		35,649,475	2,654,211
Add: Revaluation made during the year		-	32,995,264
Less: Realization of surplus on disposal of building		(6,478,501)	-
Total revaluation surplus on building		29,170,974	35,649,475
Less:			
Incremental depreciation charged in previous years		(1,146,954)	(600,434)
Add: Incremental depreciation charged to building in previous years		401,490	-
Incremental depreciation charged in current year	7.3	(1,725,126)	(546,520)
		(2,470,590)	(1,146,954)
Revaluation surplus on buildings net off incremental depreciation		26,700,384	34,502,521
Related deferred tax liability		(12,075,882)	(12,267,164)
Less: Related deferred tax liability on realization		2,126,954	-
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings	7.3	603,794	191,282
		(9,345,134)	(12,075,882)
Net revaluation surplus on buildings		17,355,250	22,426,639
Closing balance		40,992,540	46,063,929

7.3 Incremental depreciation is the difference between the actual depreciation expense and depreciation at the historical cost values.

8 STAFF RETIREMENT BENEFITS

The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.

- Discount rate used for year end obligation: 12.5 % (2012: 11%) per annum
- Discount rate used for profit and loss charge: 11 % (2012: 12.5%) per annum
- Expected rate of increase in the salaries of the employees: 11.5% (2012: 10%) per annum
- Expected rate of return on plan assets: 8.07% (2012: 10.25%) per annum
- Expected service length of employees: 6 years (2012: 6 years)

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees
			Restated
8.1 Balance sheet liability			
Present value of defined benefits obligations as at the end of the year		56,282,584	45,121,946
Less: Fair value of plan assets		(6,517,705)	(4,621,822)
Total liability at the end of the year		49,764,879	40,500,124
8.2 Movement in liability/ (asset) during the year			
Opening balance		40,500,124	45,856,037
Charge to profit and loss account		14,413,768	14,943,559
Liability transferred to short-term liability		(1,910,000)	-
Charge in other comprehensive income		2,516,121	1,117,228
Contribution during the year		(5,755,134)	(21,416,700)
Closing balance		49,764,879	40,500,124
8.3 Reconciliation of present value of defined benefits obligations			
Present value of defined benefits obligations as at January 01		45,121,946	48,152,180
Current service cost		9,958,754	9,211,553
Interest cost		4,963,414	6,019,024
Benefit due but not paid (payables)		(1,910,000)	-
Benefits paid		(4,214,134)	(19,378,000)
Experience adjustments		2,362,604	1,117,189
Present value of defined benefits obligations as at December 31		56,282,584	45,121,946
8.4 Changes in fair value of plan assets			
Fair value of plan assets as at January 01		4,621,822	2,296,143
Interest income on plan assets		508,400	287,018
Contributions during the year		5,755,134	21,416,700
Benefits paid during the year		(4,214,134)	(19,378,000)
Return on plan assets excluding interest income		(153,517)	(39)
Fair value of plan assets as at December 31		6,517,705	4,621,822
8.5 Charge to profit and loss account			
Current service cost		9,958,754	9,211,553
Interest cost		4,963,414	6,019,024
Interest income on plan assets		(508,400)	(287,018)
Total amount charged to profit and loss account		14,413,768	14,943,559

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees
8.6 Charge in other comprehensive income			Restated
Experience adjustments		2,362,604	1,117,189
Return on plan assets excluding interest income		153,517	39
Total remeasurements recognized in other comprehensive income		2,516,121	1,117,228
8.7 Actual return on plan assets			
Expected return on assets		508,400	287,018
Actuarial gain/ (loss)		(153,517)	(39)
Actuarial gain/ (loss)		354,883	286,979

	2013		2012	
	Fair value	Percentage	Fair value	Percentage
8.8 Composition of fair value of plan assets				
Cash and deposits	20,525	0.31%	1,570,010	33.97%
Term deposit receipts	6,497,180	99.69%	3,051,812	66.03%
	6,517,705	100.00%	4,621,822	100.00%

	2013	2012	2011	2010	2009
8.9 Historical data					
Present value of defined benefits obligations	56,282,584	45,121,946	48,152,180	36,006,397	24,591,632
Fair value of plan assets	(6,517,705)	(4,621,822)	2,296,143	-	-
	49,764,879	40,500,124	50,448,323	36,006,397	24,591,632
Experience adjustments					
Actuarial (gain) / loss on obligation	2,362,604	1,117,189	1,981,455	2,508,088	(32,280)
Actuarial (loss) / gain on assets	(153,517)	(39)	96,143	-	-

8.10 The estimated charge to profit and loss account for the defined benefit plan for the year ending December 31, 2014 is Rs. 18,449,211.

Notes to the Financial Statements

For the year ended December 31, 2013

	2013 Rupees	
8.11 Sensitivity analysis on defined benefit obligation		
Discount rate + 100 bps	53,111,526	
Discount rate - 100 bps	59,895,947	
Salary increase + 100 bps	59,895,947	
Salary increase - 100 bps	53,057,761	
	2013 Rupees	2012 Rupees
9 DEFERRED TAXATION		Restated
Deferred tax liabilities/(assets) arising in respect of:		
Accelerated depreciation on property, plant and equipment	15,326,550	31,818,605
Liability against assets subject to finance lease	955,947	1,779,835
Premium due but unpaid	(8,929,296)	(10,154,968)
Provision for gratuity	(16,920,059)	(11,528,428)
Liability relating to revaluation surplus on building	9,345,134	12,075,882
Accrued investment income	8,895,540	-
	8,673,816	23,990,926
	2013 Rupees	2012 Rupees
10 AMOUNT DUE TO OTHER INSURERS / REINSURERS		
Foreign reinsurers	90,104,014	62,434,770
Local reinsurers	-	11,564,332
Coinsurers	2,600,955	13,245,224
	92,704,969	87,244,326
11 ACCRUED EXPENSES		
Salaries/ wages	14,198,196	7,232,774
Utilities	285,790	144,079
Finance charge payable	-	46,735
Auditors' remuneration	1,340,000	1,150,000
General expenses	2,576,575	1,717,043
	18,400,561	10,290,631
12 OTHER CREDITORS AND ACCRUALS		
Provision for Government levies	26,967,423	8,479,074
Miscellaneous	22,462,870	16,884,926
	49,430,293	25,364,000

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees
13 SHORT TERM FINANCE - SECURED			
Bank borrowings	13.1	-	3,196,613
		-	3,196,613

13.1 During the year, the company withdraw from running finances obtained in 2012 from Habib Bank Limited against sanctioned limit of Rs. 4.50 million. These finances were secured against Munafa Plus Deposits (MPD) with minimum 25% margin. The markup rate on above facility was 2% (2012: 1.5%) spread over deposit rate on MPD # MPD-1252/2010/005 & MPD-2006/005 of the company. The mark up was payable on quarterly basis on the balance outstanding during the period.

14 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE-SECURED

Future minimum lease payments under finance lease together with the present value of the minimum lease payments are as follows:

	2013		2012	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
	----- Rupees -----			
Due within one year	12,623,545	10,400,741	18,215,139	16,202,071
Due after one year but not later than five year	13,344,645	12,302,589	13,058,846	12,230,487
Total minimum lease payments	25,968,190	22,703,330	31,273,985	28,432,558
Less: Lease finance charges allocable to future periods	(3,264,860)	-	(2,841,427)	-
Present value of MLP	22,703,330	22,703,330	28,432,558	28,432,558
Less: Current maturity under finance lease	(10,400,741)	(10,400,741)	(16,202,071)	(16,202,071)
Long term liability	12,302,589	12,302,589	12,230,487	12,230,487

The company intends to exercise its option to acquire leased vehicles upon completion of lease period. The average rate of interest implicit in the lease ranges from 14.54% to 20% per annum (2012: 14.54% to 22%). These are secured against personal guarantees of directors and chief executive of the company, demand promissory note for full lease rental plus residual value, security deposit and title of ownership of leased vehicles. These rentals are payable in equal monthly installments and there is no financial restriction in the lease agreements.

Notes to the Financial Statements

For the year ended December 31, 2013

15 CONTINGENCIES & COMMITMENTS

15.1 Contingencies

There are no known contingencies on balance sheet date. (2012: Nil)

15.2 Commitments

There are following commitments on balance sheet date.

	Note	2013 Rupees	2012 Rupees
Commitments against purchase of property		23,000,000	-
Rental of assets under operating lease agreements		-	460,184
		23,000,000	460,184
16 CASH AND OTHER EQUIVALENTS			
Cash in hand		190,254	76,370
		190,254	76,370
17 CURRENT AND OTHER ACCOUNTS			
Current accounts		93,638,983	97,736,708
PLS Saving accounts		52,531,454	52,393,059
		146,170,437	150,129,767
17.1	The rate of return on PLS saving accounts maintained at various banks range from 6% to 8% (2012: 6% to 9%) per annum.		
18 DEPOSITS MATURING WITHIN 12 MONTHS			
Fixed and term deposits	18.1	79,769,000	128,369,793
Lease security deposits		2,601,850	2,834,075
Miscellaneous Security Deposits		901,688	177,580
		83,272,538	131,381,448
18.1	The rate of return on Term Deposit Certificates issued by various banking companies range from 6% to 12.20% (2012: 6% to 14.5%) per annum. These Term Deposit Certificates have maturity up to October 2014.		
19 DEPOSITS MATURING AFTER 12 MONTHS			
Fixed and term deposits	19.1	15,000,000	15,000,000
Lease security deposits		5,022,275	10,811,050
		20,022,275	25,811,050

Notes to the Financial Statements

For the year ended December 31, 2013

- 19.1** The rate of return on Term Deposit Certificates issued by Habib Metropolitan Bank Limited and Habib Bank Limited ranging from 8% to 16.7% (2012: 17% to 20%) per annum. These Term Deposit Certificates have maturity up to December 2016.

	Note	2013 Rupees	2012 Rupees
20			
LOANS TO EMPLOYEES AND AGENTS-UNSECURED			
Unsecured			
Executives		7,041,500	3,808,360
Non-executives		2,922,100	2,098,500
	20.1	9,963,600	5,906,860
20.1			
These represent interest free loans to employees and agents. These loans are considered good.			
21			
INVESTMENTS			
Available for sale investments			
Marketable securities - cost	21.1	94,276,049	28,820,145
Less: Provision for impairment in value in investment	21.2	(5,910,870)	(1,918,287)
		88,365,179	26,901,858
Held to maturity	21.3	324,128,070	160,850,728
		412,493,249	187,752,586
21.1			
Marketable securities available for sale			
- Ordinary shares of listed companies	21.1.1	94,276,049	28,814,012
- Ordinary shares of unlisted companies	21.1.4	-	6,133
		94,276,049	28,820,145

Notes to the Financial Statements

For the year ended December 31, 2013

21.1.1 Ordinary shares of listed companies

2013	2012	Face value per share	Name of entity	2013	2012
Number of shares		Rupees		Rupees	Rupees
			Commercial Banks		
4,087,965	1,155,200	10	Apna Microfinance Bank Limited	38,790,544	11,605,456
165,000	-	10	Bank of Punjab	1,864,130	-
			Textile Spinning		
-	232	10	Sunshine Cotton Mills Limited	-	1,834
-	170,500	10	Treet Corporation	-	12,431,215
12,500	-	10	Nagina Cotton Mills Limited	1,080,570	-
			Woolen		
-	530	10	Valika Woolen Mills Limited	-	1,980
			Engineering		
-	1,008	10	Quality Steel Mills Limited	-	5,530
			Chemicals		
5	5	10	ICI Pakistan	1,377	1,377
30,500	-	10	Engro Corporation Limited	5,046,483	-
385,000	-	10	Engro Foods Limited	44,923,145	-
			Insurance		
23,000	-	10	Adamjee Insurance Company Limited	864,800	-
			Leasing		
155,000	155,000	10	SME Leasing Limited	1,705,000	1,705,000
			Securities		
-	378,000		Jahangir Siddiqui Investment Limited	-	3,061,620
4,858,970	1,860,475			94,276,049	28,814,012

21.1.2 Market value of available for sale investments on December 31, 2013 is Rs.90,493,840/- (December 31, 2012: Rs.30,649,011/-)

21.1.3 2,902,765 shares out of 4,087,965 of Apna Microfinance Bank Limited are frozen.

21.1.4 Ordinary shares of unlisted companies

2013	2012	Face value per share	Name of entity	2013	2012
Number of shares		Rupees		Rupees	Rupees
-	206	10	Kakakhail Pakistan Limited	-	3,380
-	172	10	Adamjee Industries Limited	-	1,818
-	640	10	Pakistan Paper Sack Limited	-	206
-	33	10	Valika Usman Textile Mills Limited	-	729
-	1,051			-	6,133

Notes to the Financial Statements

For the year ended December 31, 2013

21.1.5 Due to non-availability of break up value of investment in unquoted shares of the companies, the investments are written off accordingly.

	2013 Rupees	2012 Rupees
21.2 Provision for impairment in value of investment		
Balance at the beginning of the year	1,918,287	4,611,799
Add: Provision / (reversal) for the year	3,992,583	(2,693,512)
	5,910,870	1,918,287
21.3 Held to maturity		
Government securities	21.3.1 324,128,070	159,850,728
Investment in Musharika	21.3.2 -	1,000,000
	324,128,070	160,850,728

21.3.1 Government securities

Face value (Rupees)	Effective yield %	Profit payment	Types of security	Maturity date	2013 Rupees	2012 Rupees
214,500,000	11.53 - 12.40	Half yearly	Pakistan investment bonds - 10 years	19-Jul-2022	215,115,991	51,403,855
10,900,000	13.5	Half yearly	Pakistan investment bonds - 10 years	18-Aug-2021	10,110,246	10,065,977
9,100,000	13.2 - 14.08	Half yearly	Pakistan investment bonds - 10 years	22-Jul-2020	8,452,582	8,626,312
12,700,000	12.5	Half yearly	Pakistan investment bonds - 10 years	3-Sep-2019	12,456,447	12,524,831
61,300,000	12.57 - 14.86	Half yearly	Pakistan investment bonds - 10 years	30-Aug-2018	57,730,540	59,327,712
1,040,000	13.52 - 13.67	Half yearly	Pakistan investment bonds - 10 years	22-Aug-2017	894,197	881,172
2,500,000	10.78	Half yearly	Pakistan investment bonds - 5 years	18-Jul-2018	2,557,987	-
14,600,000	11.12 - 11.55	Half yearly	Pakistan investment bonds - 5 years	19-Jul-2017	14,619,598	14,791,602
2,200,000	12.29	Half yearly	Pakistan investment bonds - 5 years	3-Sep-2014	2,190,482	2,229,266
328,840,000					324,128,070	159,850,728

Market value of Pakistan Investment Bonds as at December 31, 2013 is Rs. 323,029,816/- (2012: Rs. 161,840,000/-)

The Pakistan Investment Bonds amounting to Rs. 91,429,816/- (2012: Rs. 91,774,323/-) are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of the sub-section 2 of section 29 of the Insurance Ordinance, 2000.

Notes to the Financial Statements

For the year ended December 31, 2013

21.3.2 Investment in Musharika

Face value (Rupees)	Effective yield %	Profit payment	Name of investee company	Maturity date	2013 Rupees	2012 Rupees
1,000,000	12.2	Quarterly	First Punjab Mudaraba	10-Oct-2013	-	1,000,000
1,000,000					-	1,000,000

22 INVESTMENT PROPERTY

2013										
	Cost					Depreciation			Written down value	
	As at January 01, 2013	Addition	Disposal/ (adjust- ments)	As at December 31, 2013	Rate %	As at January 01, 2013	For the year	Disposal/ (adjust- ments)	As at December 31, 2013	As at December 31, 2013
	----- Rupees -----					----- Rupees -----				
Buildings	28,853,995	-	(24,336,460)	4,517,535	5	8,446,976	377,030	(7,469,772)	1,354,234	3,163,301
	28,853,995	-	(24,336,460)	4,517,535		8,446,976	377,030	(7,469,772)	1,354,234	3,163,301

2012										
	Cost (Restated)					Depreciation (Restated)			Written down value	
	As at January 01, 2012	Addition	Disposal/ (adjustments)	As at December 31, 2012	Rate %	As at January 01, 2012	For the year	Disposal/ (adjustments)	As at December 31, 2012	As at December 31, 2012
	----- Rupees -----					----- Rupees -----				
Buildings	29,586,460	-	(732,465)	28,853,995	5	7,346,112	1,100,864	-	8,446,976	20,407,019
	29,586,460	-	(732,465)	28,853,995		7,346,112	1,100,864	-	8,446,976	20,407,019

22.1 Market value of building as at December 31, 2013 is Rs. 10,520,400/- (2012: Rs.31,500,000/-).

22.2 Building amounting to Rs. 24,336,460/- is transferred from investment property to owned buildings. No property was transferred in 2012.

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees
23	PREMIUMS DUE BUT UNPAID		
	Unsecured		
	- Considered good	458,363,262	370,172,611
	- Considered doubtful	26,262,634	29,014,195
		484,625,896	399,186,806
	Less : Provision for doubtful receivables	23.1 (26,262,634)	(29,014,195)
		458,363,262	370,172,611
23.1	Provision for doubtful receivables		
	Balance at the beginning of the year	(29,014,195)	(21,459,652)
	Provision made during the year	(7,788,326)	(7,554,543)
	Bad debts recovered during the year	10,539,887	-
		(26,262,634)	(29,014,195)
24	AMOUNT DUE FROM OTHER INSURERS/ REINSURERS		
	Unsecured		
	- Considered good	145,101,589	32,739,416
	- Considered doubtful	-	-
		145,101,589	32,739,416
	Less : Provision for doubtful receivables	-	-
		145,101,589	32,739,416
25	ADVANCE FOR PURCHASE OF SHARES		
	Advance for purchase of shares of Apna Microfinance Bank Limited	215,302,941	73,302,941
		215,302,941	73,302,941
26	SUNDRY RECEIVABLES		
	Branch balances	36,507,303	31,821,824
	Receivable against sale of building	30,905,688	-
	Deposit against rent	9,185,868	8,178,300
	Advance for purchase of property	12,500,000	7,451,368
	Others	33,540,446	6,256,270
		122,639,305	53,707,762

Notes to the Financial Statements

For the year ended December 31, 2013

27	FIXED ASSETS	2013		2012	
		Rupees		Rupees	
	Owned assets - tangible	27.1	5,487,289.06		5,174,256.82
	Leased assets	27.1	25,514,941		33,517,802
	Capital work in progress	27.2	2,886,600		2,406,600
			577,130,447		553,350,084

27.1 The following is a statement of operating fixed assets:

	Owned assets						Leased assets					
	Freehold land	Building	Furniture and fixture	Office equipment	Computer equipment	Vehicles	Cycles	Motor tracking devices	Total	Vehicles	Total	Grand total
COST												
Balance as at January 01, 2012	79,028,210	72,729,889	98,890,008	214,311,559	9,553,577	251,754,058	78,775	-	533,466,076	91,108,500	91,108,500	624,574,576
Additions during the year	-	51,991,510	30,116,326	11,074,229	2,843,715	40,654,067	7,500	15,443,000	152,130,347	13,593,000	13,593,000	165,723,347
Disposals	-	(6,400,000)	(7,627,234)	(1,624,350)	(186,397)	(8,241,520)	-	-	(24,079,501)	-	-	(24,079,501)
Transfers/Adjustments	-	-	-	-	-	54,188,500	-	-	54,188,500	(54,188,500)	(54,188,500)	-
Revaluation	23,637,290	32,995,264	-	-	-	-	-	-	56,632,554	-	-	56,632,554
Balance as at December 31, 2012 - Restated	102,665,500	151,316,663	121,379,100	30,881,438	12,210,895	338,355,105	86,275	15,443,000	772,337,976	50,513,000	50,513,000	822,850,976
Balance as at January 01, 2013	102,665,500	151,316,663	121,379,100	30,881,438	12,210,895	338,355,105	86,275	15,443,000	772,337,976	50,513,000	50,513,000	822,850,976
Additions during the year	38,070,100	17,592,065	3,277,052	4,107,738	1,271,891	15,399,100	-	22,768,000	102,485,946	11,878,000	11,878,000	114,363,946
Disposals	-	(53,157,858)	(4,065,220)	(28,625)	(71,360)	(10,089,208)	-	-	(67,412,271)	-	-	(67,412,271)
Transfers/adjustments	-	24,336,460	-	-	-	27,352,000	-	-	51,688,460	(27,352,000)	(27,352,000)	24,336,460
Balance as at December 31, 2013	140,735,600	140,087,330	120,590,932	34,950,551	13,411,426	371,016,997	86,275	38,211,000	859,100,111	35,039,000	35,039,000	894,139,111
DEPRECIATION												
Balance as at January 01, 2012	-	15,424,727	28,381,630	4,810,843	5,570,793	136,558,711	39,687	-	190,786,391	31,771,257	31,771,257	222,557,648
Charge for the year	-	4,035,202	9,060,923	2,388,347	1,888,639	30,791,699	8,385	2,683,493	50,866,688	10,490,416	10,490,416	61,357,104
Disposals	-	(1,982,962)	(3,753,736)	(326,922)	(149,254)	(5,794,386)	-	-	(12,007,260)	-	-	(12,007,260)
Transfers/adjustments	-	-	-	-	-	25,266,475	-	-	25,266,475	(25,266,475)	(25,266,475)	-
Balance as at December 31, 2012 - Restated	-	17,476,967	33,688,817	6,882,268	7,310,178	186,822,499	48,072	2,683,493	254,912,294	16,995,198	16,995,198	271,907,492
Balance as at January 01, 2013	-	17,476,967	33,688,817	6,882,268	7,310,178	186,822,499	48,072	2,683,493	254,912,294	16,995,198	16,995,198	271,907,492
Charge for the year	-	7,866,409	8,684,958	2,666,097	1,854,283	30,751,602	7,641	7,532,335	59,363,325	5,889,120	5,889,120	65,252,445
Disposals	-	(16,337,044)	(1,507,058)	(5,999)	(52,415)	(6,831,929)	-	-	(24,734,445)	-	-	(24,734,445)
Transfers/adjustments	-	7,469,772	-	-	-	13,360,259	-	-	20,830,031	(13,360,259)	(13,360,259)	7,469,772
Balance as at December 31, 2013	-	16,476,104	40,866,717	9,542,366	9,112,046	224,102,431	55,713	10,215,828	310,371,205	9,524,059	9,524,059	319,895,264
Written down values as at December 31, 2012 - Restated	102,665,500	133,839,696	87,690,283	23,999,170	4,900,717	151,532,606	38,203	12,759,507	517,425,682	33,517,802	33,517,802	550,943,484
Written down values as at December 31, 2013	140,735,600	123,611,226	79,724,215	25,418,185	4,299,380	146,914,566	30,562	27,995,172	548,728,906	25,514,941	25,514,941	574,243,847
Rate of depreciation (%)	0	5	10	10	33.33	20	20	33.33	20	20	20	20

Notes to the Financial Statements

For the year ended December 31, 2013

27.1.1 The revaluation of fixed assets was carried out by an independent valuer on September 30, 2012 resulting in surplus of Rs. 56,632,554/- which was credited to surplus on revaluation of fixed assets in order to comply with the requirements of section 235 of the Companies Ordinance, 1984.

27.1.2 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 %	January 1st	For the year	Depreciation Adjustment	December 31st	Written down value
	January 1st	Additions	Deletions						
	-----Rupees-----								
Land	79,028,210	38,070,100	-	-	-	-	-	-	117,098,310
Building	115,619,195	41,928,525	46,679,357	5%	16,073,958	6,151,686	(8,465,782)	13,759,862	97,108,501
2013	194,647,405	79,998,625	46,679,357		16,073,958	6,151,686	(8,465,782)	13,759,862	214,206,811
Land	79,028,210	-	-	-	-	-	-	-	79,028,210
Building	70,027,685	51,991,510	(6,400,000)	5%	14,776,298	3,280,622	(1,982,962)	16,073,958	99,545,237
2012	149,055,895	51,991,510	(6,400,000)		14,776,298	3,280,622	(1,982,962)	16,073,958	178,573,447
27.1.3	Disposal of fixed assets								
	-----Rupees-----								
Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To		
Building									
Tahawar Plaza, Gulberg III, Lahore	53,157,858	(16,337,044)	36,820,814	39,905,688	3,084,874	Negotiation	M/s H. S. Dairy Farms		
Vehicles									
JW-884	2,400,000	(259,140)	2,140,860	2,050,000	(90,860)	Negotiation	Mr. Malik Abid Mehmood Paracha, Rawalpindi		
LWF-7122	1,149,000	(939,211)	209,789	700,000	490,211	Negotiation	Mr. Muhammad Akmal Shahzad, Lahore		
LZZ-2594	973,612	(787,238)	186,374	800,000	613,626	Negotiation	Mr. Muhammad Riaz, Lahore		
SLH-5352	400,304	(264,505)	135,799	350,000	214,201	Negotiation	Mr. Muhammad Javaid, Lahore		
SLH-5351	278,384	(183,946)	94,438	325,000	230,562	Negotiation	Mr. Muhammad Shahbaz, Lahore		
SLH-5353	273,304	(180,589)	92,715	275,000	182,285	Negotiation	Mr. Husnain Hyder, Lahore		
LXM-4410	853,485	(767,170)	86,315	580,000	493,685	Negotiation	Mr. Muhammad Awais, Lahore		
LXO-9519	700,000	(624,727)	75,273	430,000	354,727	Negotiation	Mr. Muhammad Jahangir, Lahore		
LRE-5322	765,543	(701,223)	64,320	270,000	205,680	Negotiation	Mr. Tariq Khan, Lahore		
Sub-Total	60,951,490	(21,044,793)	39,906,696	45,685,688	5,778,991				
The following assets with book value below Rs. 50,000/- were disposed off during the year:									
Vehicles									
Computer Equipment	2,295,576	(2,124,180)	171,396	1,086,000	914,604	Negotiation	Various		
Furniture & Fixture	71,360	(52,415)	18,945	-	(18,945)	Scraped			
Office Equipment	4,065,220	(1,507,058)	2,558,162	1,603,500	(954,662)	Negotiation	Various		
Sub-Total	28,625	(5,999)	22,626	6,000	(16,626)				
Total	67,412,271	(24,734,445)	42,677,826	8,381,188	5,703,362				

Capital work in progress represents capital expenditure in respect of IT infrastructure.

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees
28 ADMINISTRATIVE SURCHARGE			
Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:			
Fire and property damage		5,839,327	7,937,536
Marine, aviation and transport		4,576,264	4,051,373
Motor		13,207,991	12,655,894
Miscellaneous		7,173,245	9,727,405
		30,796,827	34,372,208
		2013 Rupees	2012 Rupees (Restated)
29 MANAGEMENT EXPENSES			
Salaries, allowances and benefits		134,508,215	98,947,181
Branches rent		25,063,958	19,726,208
Depreciation	31.3.1	34,783,622	33,102,723
Vehicle running and maintenance charges		5,971,372	3,569,607
Petrol expense		16,566,356	4,923,838
Advertisement, selling and other expenses		11,930,647	5,530,445
Motor tracking device charges		38,832,168	24,480,189
Tracker monitoring charges		15,555,231	9,577,600
Fire service charges		231,432	29,592
Marine service charges		273,319	65,692
Accident service charges		63,734	48,021
Miscellaneous service charges		45,203	34,142
Miscellaneous expenses		3,045,726	1,860,955
		286,870,983	201,896,193
		2013 Rupees	2012 Rupees
30 OTHER INCOME			
Income from financial assets			
Bad debts recovered		10,539,887	-
Profit on PLS accounts		4,029,477	2,517,245
Profit on redemption of investment		-	200,764
Others income		-	144,154
		14,569,364	2,862,163
Income from non financial assets			
Gain on sale of fixed assets		5,703,362	3,832,592
Discount income		-	8,000
		5,703,362	3,840,592
		20,272,726	6,702,755

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees (Restated)
31 GENERAL AND ADMINISTRATION EXPENSES			
Salaries, allowances and benefits		60,393,619	43,910,036
Consultancy and advisory fee		15,780,000	13,042,863
Travelling, conveyance and vehicle charges		10,780,651	10,919,169
Printing and stationery		5,391,314	6,306,864
Repair and renewal		11,299,033	3,121,334
Electricity charges		6,920,772	7,691,179
Telephone charges		8,699,139	6,622,697
Office rent		619,875	1,653,627
Charity and donation	31.1	3,080,900	942,510
Bank Charges		2,340,477	2,414,680
Levy charges		1,590,898	1,305,000
Interest charges		316,403	194,700
General expenses		984,361	240,702
Legal & professional fee		8,151,134	6,530,732
Auditors' remuneration	31.2	1,642,500	1,400,000
Depreciation	31.3.1	30,845,853	29,355,245
Zakat		36,008	551,133
Provision for gratuity	8.5	14,413,767	14,943,558
Provision for doubtful debts	23.1	7,788,326	7,554,543
Impairment on revaluation of investment property		-	732,465
Exchange loss		2,778,947	6,893
Workers' welfare fund		5,811,085	-
		199,665,062	159,439,930
31.1	Directors have no interest in the donee institutes.		
31.2	Auditors' remuneration		
	Legal and professional fee includes following in respect of Auditor's Remuneration:		
	Annual audit fee	900,000	800,000
	Half yearly review	302,500	250,000
	Other certifications	340,000	270,000
	Out of pocket expenses	100,000	80,000
		1,642,500	1,400,000

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees (Restated)
31.3 Depreciation			
Investment property	22	377,030	1,100,864
Fixed assets	27	65,252,445	61,357,104
		65,629,475	62,457,968
31.3.1 Depreciation charged to:			
Management expenses	29	34,783,622	33,102,723
General and administration expenses	31	30,845,853	29,355,245
		65,629,475	62,457,968
32 PROVISION FOR TAXATION			
For the year			
Current		41,390,155	17,529,887
Prior		4,974,584	1,396,792
Deferred		(13,190,155)	7,437,423
		33,174,584	26,364,102

	2013 Percentage %	2012 Percentage %
32.1 Reconciliation between effective and applicable tax rate		
Applicable tax rate	34.00	35.00
- Effect of income charged at different rates	(4.20)	(8.04)
- Effect of tax on amounts deductible for tax purposes	(15.58)	(12.02)
- Effect of opening deferred tax	(2.81)	(0.93)
Effective tax rate	11.41	14.01

33 EARNINGS PER SHARE - BASIC AND DILUTED

33.1 Basic earnings per share

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 are as follows:

	2013 Rupees	2012 Rupees (Restated)
Profit after tax for the year	257,379,644	161,120,372
	Number of shares	
Weighted average number of shares of Rs 10/- each	70,194,279	70,194,279
Rupees.....	
Earnings per share of Rs 10/- each - basic and diluted	3.67	2.30

Notes to the Financial Statements

For the year ended December 31, 2013

33.2 No figure for diluted earnings per share has been presented as the company has not issued any instrument which would have an impact on earnings per share when exercised.

34 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2013				2012			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	-----Rupees-----							
Managerial remuneration	2,050,000	4,854,750	45,114,715	52,019,465	1,248,750	4,116,500	42,904,104	48,269,354
Housing	804,780	528,675	18,189,363	19,522,818	291,375	894,800	15,295,788	16,481,963
Medical allowance	205,020	178,575	4,442,894	4,826,489	124,875	323,700	4,370,844	4,819,419
	3,059,800	5,562,000	67,746,972	76,368,772	1,665,000	5,335,000	62,570,736	69,570,736
Number of persons	1	2	64	67	1	2	57	60

The Chief Executive, Chairman and certain Executives are also provided with free use of the Company's maintained car.

35 RELATED PARTY TRANSACTIONS

Related parties comprise associated undertakings and the company in the normal course of business carries out transactions with these related parties. All transactions with related parties have been carried out on commercial terms and conditions.

Relation with undertaking	Nature and transaction	Note	2013	2012
			Rupees	Rupees
United track system (Pvt.) limited (Associated company)	Motor tracking devices		5,506,000	-
	Device charges		18,032,010	-
	Device monitoring charges		8,159,331	-
	Rental Income		205,000	35,000
Key management personnel	Remuneration of key management personnel		76,368,772	69,570,736
	Loan to key management personnel		7,041,500	3,808,360
Staff retirement benefits plan	(Payable) / receivable from defined benefit plan		(49,764,879)	(40,500,124)
	Provision for gratuity during the year		14,413,767	14,943,558
	Gratuity payments		4,214,134	19,378,000

35.1 The relationship of associated concerns between the company and United Track System (Pvt) Ltd. ceased as such from June 28, 2013.

Notes to the Financial Statements

For the year ended December 31, 2013

36 SEGMENT REPORTING

The company has four primary business segments for reporting purposes 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
Segment assets	199,792,166	260,034,660	99,686,517	89,921,335	305,000,136	122,537,460	787,212,167	383,383,723	1,391,690,986	(Restated) 855,877,178
Unallocated assets									1,616,511,702	1,221,854,635
CONSOLIDATED TOTAL ASSETS									3,008,202,688	2,077,731,813
Segment liabilities	231,017,434	252,879,761	115,266,398	93,778,830	352,668,225	210,311,356	910,244,570	416,780,568	1,609,196,627	973,750,515
Unallocated liabilities									177,554,713	139,520,427
CONSOLIDATED TOTAL LIABILITIES									1,786,751,340	1,113,270,942
Capital expenditure	16,418,171	34,609,689	8,191,864	13,159,798	25,063,767	41,796,540	64,690,144	76,157,319	114,363,946	165,723,347
Depreciation	9,421,815	13,043,732	4,701,025	4,959,677	14,383,221	15,752,319	37,123,414	28,702,241	65,629,475	62,457,968

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013 Rupees	2012 Rupees
37 FINANCIAL INSTRUMENTS BY CATEGORY			
Financial assets and financial liabilities			
Financial assets			
Cash and bank deposits			
Cash and other equivalents		190,254	76,370
Current and other accounts		146,170,437	150,129,767
Deposits maturing within 12 months		83,272,538	131,381,448
Deposits maturing after 12 months		20,022,275	25,811,050
		249,655,504	307,398,635
Investments		412,493,249	187,752,586
Loan to employees and agents		9,963,600	5,906,860
Current assets - others			
Premiums due but unpaid		458,363,262	370,172,611
Amounts due from other insurers/ re-insurers		145,101,589	32,739,416
Reinsurance recoveries against outstanding claims		543,315,576	113,422,995
Accrued investment income		26,163,354	20,028,749
Advance for purchase of shares		215,302,941	73,302,941
Sundry receivables		122,639,305	53,707,762
		1,510,886,027	663,374,474
		2,182,998,380	1,164,432,555
Financial liabilities			
Provision for outstanding claims (including IBNR)		618,212,048	151,446,927
Amounts due to other insurers / re-insurers		92,704,969	87,244,326
Other creditors and accruals		22,462,870	16,884,926
Short-term finance		-	3,196,613
Liabilities against assets subject to finance lease		22,703,330	28,432,558
		756,083,217	287,205,350

Notes to the Financial Statements

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38 RISK MANAGEMENT

38.1 Risk management framework

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

38.2 Insurance risks

38.2.1 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Reinsurance is purchased to mitigate the risk of potential loss to the Company. Reinsurance policies are written with approved re-insurers 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 re-insurers who are dispersed over several geographical regions.

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

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 Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured 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.

Notes to the Financial Statements

For the year ended December 31, 2013

Address look-up and geocoding is the essential field of the policy data inter phase 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 Management Information System (MIS) reports can be generated to assess the concentration of risk.

38.2.2 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 way of getting risks of all types, underwritten of the company. The company has prestigious reinsurance arrangements with the world wide acclaimed re-insurers.

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

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

	Maximum sum insured		Re-insurance cover		Highest net liability	
	2013	2012	2013	2012	2013	2012
----- Rupees -----						
Fire and property damage	2,670,000,000	1,595,360,000	2,635,000,000	1,563,360,000	35,000,000	32,000,000
Marine, aviation and transport	440,170,000	349,960,000	420,170,000	340,960,000	20,000,000	9,000,000
Motor	9,000,000	7,500,000	7,500,000	6,000,000	1,500,000	1,500,000
Miscellaneous	1,907,890,000	978,000,000	1,872,890,000	943,000,000	35,000,000	35,000,000
	5,027,060,000	2,930,820,000	4,935,560,000	2,853,320,000	91,500,000	77,500,000

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

	Gross liabilities		Gross assets		Net liabilities / (assets)	
	2013	2012	2013	2012	2013	2012
----- Rupees -----						
Fire and property damage	231,017,434	252,879,761	199,792,166	260,034,660	31,225,268	(7,154,899)
Marine, aviation and transport	115,266,398	93,778,830	99,686,517	89,921,335	15,579,881	3,857,495
Motor	352,668,225	210,311,356	305,000,136	122,537,460	47,668,089	87,773,896
Miscellaneous	910,244,570	416,780,568	787,212,167	383,383,723	123,032,403	33,396,845
	1,609,196,627	973,750,515	1,391,690,986	855,877,178	217,505,641	117,873,337

38.2.3 Uncertainty in the estimation of future claims payment

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

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

Notes to the Financial Statements

For the year ended December 31, 2013

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

38.2.4 Key assumptions

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

38.2.5 Sensitivity analysis

The risks 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 development 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.

10% increase in loss	Profit before tax		Share holders' equity	
	2013	2012	2013	2012
	----- Rupees -----			
Net				
Fire and property damage	(7,877,888)	(3,849,919)	(5,199,406)	(2,502,447)
Marine, aviation and transport	(6,049,235)	(1,420,829)	(3,992,495)	(923,539)
Motor	(10,445,233)	(10,047,427)	(6,893,854)	(6,530,828)
Miscellaneous	(7,935,908)	(9,223,079)	(5,237,699)	(5,995,001)
	(32,308,264)	(24,541,254)	(21,323,454)	(15,951,815)
	----- Rupees -----			
10% decrease in loss	Profit before tax		Share holders' equity	
	2013	2012	2013	2012
Net				
Fire and property damage	7,877,888	3,849,919	5,199,406	2,502,447
Marine, aviation and transport	6,049,235	1,420,829	3,992,495	923,539
Motor	10,445,233	10,047,427	6,893,854	6,530,828
Miscellaneous	7,935,908	9,223,079	5,237,699	5,995,001
	32,308,265	24,541,254	21,323,454	15,951,815

Notes to the Financial Statements

For the year ended December 31, 2013

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.

	2010	2011	2012	2013	Total
	----- Rupees -----				
Estimate of ultimate claims cost					
At the end of accident year	55,708,274	55,076,743	154,397,043	85,411,186	350,593,246
One year later	71,712,134	68,205,744	289,547,017	-	429,464,895
Two year later	17,879,491	33,233,785	-	-	51,113,276
Three year later	10,589,055	-	-	-	10,589,055
Estimate of cumulative claims	155,888,954	156,516,272	443,944,060	85,411,186	841,760,472
Cumulative payments to date	(155,490,799)	(155,362,414)	(223,237,171)	(66,999,894)	(601,090,278)
Liability recognized in the balance sheet date	398,155	1,153,858	220,706,889	18,411,292	240,670,194

38.3 Financial risk

38.3.1 Market risk

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

a) Interest / mark up rate risk

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

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Notes to the Financial Statements

For the year ended December 31, 2013

FINANCIAL ASSETS AND LIABILITIES		2013						
		Effective Yield / Mark-up rate per annum	Maturity up to one year	Maturity over one year to five years	Interest/mark-up bearing Maturity over five years	Sub Total	Non interest/ mark-up bearing financial instruments	Total
		%	-----Rupees-----					
FINANCIAL ASSETS								
Cash and bank deposits	6 - 16.7	132,300,454	15,000,000	-	147,300,454	102,355,050	249,655,504	
Loan to employees and agents		-	-	-	-	9,963,600	9,963,600	
Investments	10.78 - 14.86	2,190,482	75,802,322	246,135,266	324,128,070	88,365,179	412,493,249	
Premiums due but unpaid		-	-	-	-	458,363,262	458,363,262	
Amounts due from other insurers/ re-insurers		-	-	-	-	145,101,589	145,101,589	
Reinsurance recoveries against outstanding claims		-	-	-	-	543,315,576	543,315,576	
Accrued investment income		19,247,641	6,915,713	-	26,163,354	-	26,163,354	
Advance for purchase of shares		-	-	-	-	215,302,941	215,302,941	
Sundry receivables		-	-	-	-	122,639,305	122,639,305	
		153,738,577	97,718,035	246,135,266	497,591,878	1,685,406,502	2,182,998,380	
FINANCIAL LIABILITIES								
Provision for outstanding claims (including IBNR)		-	-	-	-	618,212,048	618,212,048	
Amount due to other insurers/re-insurer		-	-	-	-	92,704,969	92,704,969	
Other creditors and accruals		-	-	-	-	22,462,870	22,462,870	
Short term bank borrowings		-	-	-	-	-	-	
Liabilities against asset subject to finance lease	14.54 - 20	10,400,741	12,302,589	-	22,703,330	-	22,703,330	
		10,400,741	12,302,589	-	22,703,330	733,379,887	756,083,217	

Notes to the Financial Statements

For the year ended December 31, 2013

FINANCIAL ASSETS AND LIABILITIES	2012					Sub Total	Non interest/ mark-up bearing financial instru- ments	Total
	Effective Yield / Mark-up rate per annum	Maturity up to one year	Maturity over one year to five years	Interest/mark-up bearing Maturity over five years	Maturity over five years			
	%	-----Rupees-----						
FINANCIAL ASSETS								
Cash & bank balances	6.25 - 14.5	180,762,852	15,000,000	-	-	195,762,852	111,635,783	307,398,635
Loan to employees and agents		-	-	-	-	-	5,906,860	5,906,860
Investments	10.79 - 14.86	1,000,000	17,902,041	141,948,687	-	160,850,728	26,901,858	187,752,586
Premiums due but unpaid		-	-	-	-	-	370,172,611	370,172,611
Amount due from other insurers/re-insurers		-	-	-	-	-	32,739,416	32,739,416
Reinsurance recoveries against outstanding claims		-	-	-	-	-	113,422,995	113,422,995
Accrued investment income		13,986,557	6,042,192	-	-	20,028,749	-	20,028,749
Advance for purchase of shares		-	-	-	-	-	73,302,941	73,302,941
Sundry receivables		-	-	-	-	-	53,707,762	53,707,762
		195,749,409	38,944,233	141,948,687	-	376,642,329	787,790,226	1,164,432,555
FINANCIAL LIABILITIES								
Provision for outstanding claims (including IBNR)		-	-	-	-	-	151,446,927	151,446,927
Amount due to other insurers/re-insurer		-	-	-	-	-	87,244,326	87,244,326
Other creditors and accruals		-	-	-	-	-	16,884,926	16,884,926
Short term bank borrowings		-	3,196,613	-	-	3,196,613	-	3,196,613
Liabilities against asset subject to finance lease	14.54 - 22	16,202,071	12,230,487	-	-	28,432,558	-	28,432,558
		16,202,071	15,427,100	-	-	31,629,171	255,576,179	287,205,350

Notes to the Financial Statements

For the year ended December 31, 2013

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 increased / (decreased) 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 basis points	Effect on profit before tax	Effect onequity
As at December 31, 2013			
Cash flow sensitivity - variable rate financial liabilities	100	(227,033)	(149,842)
	(100)	227,033	149,842
Cash flow sensitivity - variable rate financial assets	100	4,975,919	3,284,106
	(100)	(4,975,919)	(3,284,106)
As at December 31, 2012			
Cash flow sensitivity - variable rate financial liabilities	100	(316,292)	(205,590)
	(100)	316,292	205,590
Cash flow sensitivity - variable rate financial assets	100	3,766,423	2,448,175
	(100)	(3,766,423)	(2,448,175)

b) Foreign currency risk

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

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 90.5 million (2012: Rs. 30.6 million) at the balance sheet date.

Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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.

Notes to the Financial Statements

For the year ended December 31, 2013

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. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes Company's equity price risk as at December 31, 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 been measured at fair values as required by IAS 39 "Financial Instruments Recognition and Measurement", the impact of hypothetical change would be as follows;

	Fair Value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in shareholder's equity	Hypothetical increase / (decrease) in profit/(loss) before tax
December 31, 2013	90,493,840	10 % increase	99,543,224	9,049,384	-
		10 % decrease	81,444,456	(9,049,384)	-
December 31, 2012	30,649,011	10 % increase	33,713,912	3,064,901	-
		10 % decrease	27,584,110	(3,064,901)	-

38.3.2 Liquidity risk

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

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

On the balance sheet date the company has cash and bank balance of Rs. 146.360 million (2012:Rs.150.206 million and un-utilized credit lines Rs.1.3 million).

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

The following are the contractual maturities of financial liabilities, including estimated interest payments on an un-discounted cash flow basis:

	2013			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Provision for outstanding claims (including IBNR)	618,212,048	618,212,048	618,212,048	-
Amounts due to other insurers/ re-insurers	92,704,969	92,704,969	92,704,969	-
Other creditors and accruals	22,462,870	22,462,870	22,462,870	-
Liabilities against assets subject to finance lease	22,703,330	25,968,190	12,623,545	13,344,645
	756,083,217	759,348,077	746,003,432	13,344,645

Notes to the Financial Statements

For the year ended December 31, 2013

	Carrying amount	Contractual cash flows	2012 Up to one year	More than one year
			-----Rupees-----	
Financial liabilities				
Provision for outstanding claims (including IBNR)	151,446,927	151,446,927	151,446,927	-
Amounts due to other insurers/ re-insurers	87,244,326	87,244,326	87,244,326	-
Other creditors and accruals	16,884,926	16,884,926	16,884,926	-
Liabilities against assets subject to finance lease	28,432,558	31,273,985	18,215,139	13,058,846
Short-term finance	3,196,613	3,196,613	3,196,613	-
	287,205,350	290,046,777	276,987,931	13,058,846

38.3.3 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 counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk occurs when a number of counter parties 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 carrying amount of financial assets represents the maximum credit exposure, as specified below:

	2013 Rupees	2012 Rupees
Bank deposits	249,465,250	307,322,265
Premiums due but unpaid	458,363,262	370,172,611
Amounts due from other insurers / re-insurers	145,101,589	32,739,416
Accrued investment income	26,163,354	20,028,749
Reinsurance recoveries against outstanding claims	543,315,576	113,422,995
Sundry receivables	122,639,305	53,707,762
	1,545,048,336	897,393,798

The Company did not hold any collateral against the above during the year. 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 receivables of Rs. 7.7 million (2012: Rs. 7.5 million) were further provided for and the provision of Rs. 10.5 million (2012: Nil) were reversed due to recoveries. The movement in the provision for doubtful debt account is shown in notes 23.1 and 24. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/re-insurers for whom there is no recent history of default.

Notes to the Financial Statements

For the year ended December 31, 2013

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

	Rating Short Term	Rating Long Term	Rating Agency	2013 Rupees	2012 Rupees
Bank Alfalah Limited	A1+	AA	PACRA	8,777,706	5,165,907
Allied Bank Limited	A1+	AA+	PACRA	19,960,168	21,389,885
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	579,872	1,437,556
Habib Bank Limited	A-1+	AA+	JCR-VIS	34,111,959	7,974,154
Bank Al-Habib Limited	A1+	AA+	PACRA	10,648,633	35,340,231
KASB Bank Limited	A3	BBB	PACRA	2,010,411	8,164,598
Soneri Bank Limited	A1+	AA-	PACRA	6,029,887	7,521,224
Albaraka Islamic Bank Limited	A1	A	PACRA	112,651	669,925
Askari Bank Limited	A1+	AA	PACRA	2,210,214	4,104,546
Zarai Tarqati Bank	B	B+	JCR-VIS	4,160,884	66,923
Industrial Development Bank of Pakistan *	-	-	-	45,317	44,067
Bank of Khyber	A1	A	PACRA	1,301,438	2,029,932
Bank of Punjab	A1+	AA-	PACRA	3,497,628	11,010,216
Faysal Bank Limited	A1+	AA	PACRA	3,571,721	6,813,532
First Women Bank	A2	A-	PACRA	913,027	926,491
Barclays Bank Limited	A-1	A+	Standard & Poor's	262,946	672,074
MCB Bank Limited	A1+	AAA	PACRA	1,277,651	2,452,259
National Bank of Pakistan Limited	A-1+	AAA	JCR-VIS	5,015,946	6,161,230
NIB Bank Limited	A1+	AA-	PACRA	6,973,509	4,465,936
Punjab Provincial Co-operative Bank Limited*	-	-	-	881,201	543,193
Silk Bank Limited	A2	A-	JCR-VIS	1,604,622	2,304,836
SME Bank Limited	A3	BBB	JCR-VIS	19,428	19,428
Standard Chartered Bank Limited	A1+	AAA	PACRA	900,906	1,648,876
United Bank Limited	A1+	AA+	JCR-VIS	6,768,088	5,619,177
Summit Bank	A-3	A-	JCR-VIS	18,202,276	10,581,497
Burj/Dawood Islamic Bank Limited	A-1	A	JCR-VIS	1,962,129	432,739
Dubai Islamic Bank Limited	A-1	A	JCR-VIS	510,855	592,848
APNA Micro Finance Bank	A3	BBB	PACRA	2,012,877	795,705
Sindh Bank	A-1	AA-	JCR-VIS	219,940	93,879
Karakoram Co-Operative Bank*	-	-	-	1,626,547	1,086,903
				146,170,437	150,129,767

*Credit ratings are not available

Notes to the Financial Statements

For the year ended December 31, 2013

The age analysis of premiums due but unpaid and amount due from other insurers/ reinsurers is as follows:

	2013 Rupees	2012 Rupees
Up to 1 year	533,786,494	332,013,371
1-2 years	69,586,044	63,344,113
2-3 years	92,313	7,554,543
Over 3 years	26,262,634	29,014,195
	629,727,485	431,926,222

Re-insurance risk

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims re-insured to the extent that re-insurer fails to meet the obligation under the reinsurance agreement.

To minimize its exposure to significant losses from re-insurers insolvencies, the Company obtains re-insurers ratings from a number of re-insurers, who are dispersed over several geographical regions.

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

	Amount due from other insurers / re-insurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2013	2012
	-----Rupees-----				
A or above (including PRCL)	145,101,589	543,315,576	171,980,285	860,397,450	407,046,718
Total	145,101,589	543,315,576	171,980,285	860,397,450	407,046,718

39 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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.

Financial instruments carried at fair value includes quoted prices (unadjusted) in active markets for identical assets or liabilities.

Notes to the Financial Statements

For the year ended December 31, 2013

40 CAPITAL MANAGEMENT

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

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

	2013	2012
	---Numbers---	
41 NUMBER OF EMPLOYEES		
As at December 31, 2013	602	566
Average number of employees during the year	619	580

42 CORRESPONDING FIGURES

Corresponding figures have been restated/ rearranged and reclassified, wherever necessary, for the purpose of comparison. There have been no significant reclassifications/ restatements in the financial statements except as defined in note 4.3 and note 45.

43 EVENTS AFTER BALANCE SHEET DATE

The board of directors have proposed bonus shares for the year ended December 31, 2013 of Rs. 3.1064811 per share (2012: 2.3 per share), amounting to Rs. 218,057,204 (2012: Rs. 131,257,596/-) at their meeting held on April 04, 2014 for the approval of the members at the annual general meeting to be held on April 28, 2014.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 04, 2014 by the Board of Directors of the company.

Notes to the Financial Statements

For the year ended December 31, 2013

45 RECLASSIFICATION

Corresponding figures have been reclassified / re-arranged, wherever necessary for better presentation. The impact of reclassification is not material.

Particulars	Note	From	To	Rupees
Fixed and term deposits	18 & 19	Deposits maturing within 12 months	Deposits maturing after 12 months	6,000,000
Advance for purchase of shares of Apna Microfinance Bank Limited	18 & 25	Deposits maturing within 12 months	Advance for purchase of shares	73,302,941
Miscellaneous security deposits	18 & 26	Deposits maturing within 12 months	Sundry receivables	4,518,432
Investment related expenses	29	Management expenses	Investment income	1,321,831
Consultancy and advisory fee	29 & 31	Management expenses	General and administration expenses	13,042,863
Office rent	29 & 31	General and administration expenses	Management expenses	19,726,208
Exchange loss	30 & 31	Other income	General and administration expenses	6,893



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Khawas Khan Niazi
Director/President



Ch. Habib-ur-Rehman
Chairman

OUR VISION "MONADELPHOUS IS COMMITTED TO THE SAFETY, WELLBEING AND DEVELOPMENT OF ITS PEOPLE; THE DELIVERY OF OUTSTANDING SERVICE TO ITS CUSTOMERS; AND THE PROVISION OF SUPERIOR RETURNS TO ITS SHAREHOLDERS."

Notice of the 54th Annual General Meeting

Notice is hereby given that 54th Annual General Meeting of the United Insurance Co. of Pakistan Ltd. will be held at Royal Palm Golf & Country Club, Lahore on Monday the April 28th, 2014 at 11.30 am to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of 53rd Annual General Meeting held on April 29, 2013.
2. To receive, consider and adopt Company's audited Accounts for the year ended December 31, 2013 together with Directors' and Auditors Report.
3. To appoint External Auditors for Financial Year 2014 till the next AGM and authorize Directors to fix their remuneration. Audit committee has recommended re-appointment of Auditors M/s Avais Hyder Liaquat Nouman, Chartered Accountants, Lahore. The Auditors have offered themselves for reappointment as Company's External Auditors for the year 2014.
4. To consider and approve issue of bonus shares as recommended by the Board of Directors and the same shall be treated for all purposes as an increase in Company's paid up Capital.
5. To approve capitalization of Rs. 218,057,204/- for the issue of Bonus Shares (B-19) and to pass with or without modification the following resolutions as Ordinary Resolutions:-
 - a. the sum of Rs.218,057,204/- out of the profits available for appropriation as at December 31, 2013 be capitalized and adopted to the issue of 21,805,720 ordinary shares of Rs.10/- each allotted as fully paid Bonus Shares (B-19) @ 31.064811% in the proportion of 31.064811
 - b. shares for every 100 shares held to Company's members whose names appear on the register of members as at close of business on 21-04-2014.
 - b. the Bonus shares shall rank pari passu in all respects with the existing shares.
 - c. the members entitled to fraction of their share(s) shall be given sale proceeds of their fractional entitlement, for which purpose the fraction(s) shall be consolidated into whole share and sold in the stock market.
 - d. the Company Secretary be and is hereby authorized and empowered to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of Bonus Shares.
 6. Any other business with the permission of the Chair.

By the order of the Board

(Z.H.Zuberi)

Company Secretary

Resolved that:

- a. the sum of Rs.218,057,204/- out of the profits available for appropriation as at December 31, 2013 be capitalized and adopted to the issue of 21,805,720 ordinary shares of Rs.10/- each allotted as fully paid Bonus Shares (B-19) @ 31.064811% in the proportion of 31.064811

Notice of the 54th Annual General Meeting

SPECIAL BUSINESS:

AUTHORIZED SHARE CAPITAL:-

7. The Board of directors has decided to increase Company's Authorized Share Capital and the following resolutions to be considered and passed with or without modification as Special Resolutions to approve increase in Authorized Share Capital:-

a) Resolved that the Authorized Share Capital of the Company be and is hereby increased from Rs.1,000,000,000/- to Rs.2,000,000,000/-.

b) Resolved that Clause 5 of Memorandum and Clause 6 of the Articles of Association of Company be and are hereby suitably amended.

8. To approve the remuneration and fee payable to Chief Executive, one working Director and Non-Executive Directors approved by Board of Directors and to pass the following resolution with or without alteration:-

Resolved that Chief Executive, working Director and Non-Executive Directors will be paid the remuneration and fee for the year 2014 in accordance with the approval of the Board. Beside they will be entitled to all other fringe benefits including company's maintained transport.

9. To consider and approve investment during the year 2013 in Apna Microfinance Bank Ltd to the extent of Rs.167,153,905/- by way of shareholding in the name of the Company and to pass the following resolution with or without modification:-

Resolved that the investment made during the year 2013 in Apna Microfinance Bank Ltd to the extent of Rs.167,153,905/- by way of shareholding in the name of the Company be and is hereby approved.

NOTICE:

1. The Share Transfer Book of the Company will remain closed from 22-04-2014 to 28-04-2014 (both days inclusive). Transfer received in Company's registered Office at Karachi on the close of business on 21-04-2014 will be treated in time for entitlement to bonus Shares to the transferees.

2. A shareholder entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Head Office of the Company not less than 48 hours before the time of holding the meeting.

3. CDC Account Holders are advised to bring their original Identity Cards to authenticate their identity along with CDC account number at meeting. However, if any proxies are granted by such shareholders, the same shall also have to be accompanied with attested copies of the National Identity Card of the guarantor, and the signature on the proxy form has to be the same as appearing on the National Identity Card.

4. The shareholders are requested to immediately notify change, if any, in their mailing addresses.

STATEMENT U/S 160 (1) (B) and (C) OF THE COMPANIES ORDINANCE, 1984

The Directors being satisfied with the reserves and profits of the Company as at December 31, 2013 have recommended issue of Bonus Shares. The Directors have no interest directly or indirectly except that they are members of the Company.

Authorized Share Capital of the Company is being increased to facilitate capitalization of future increase by way of Bonus shares /Right issue.

Proxy Form

The United Insurance Company Of Pakistan Limited
204, 2nd Floor, Madina City Mall, Abdullah Haroon Road, Saddar Karachi.

I / We _____ of _____
being a member of **The** United Insurance Company Of Pakistan Limited and a holder of _____
ordinary shares, as per Share Register Folio No. _____ and / or CDC
Participant I.D. No. _____ and sub Account No. _____
hereby appoint _____ of _____
(Name)

failing him _____ of _____
(Name)

who are also members of **The United Insurance Company of Pakistan Limited** as my/our proxy to vote for
me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 28, 2014 at
11:30 a.m and at any adjournment thereof.

Signed this _____ day of _____ 2014.

WITNESS:

1. Signature: _____

Name: _____

Address: _____

CNIC No: _____

Signature

2. Signature: _____

Name: _____

Address: _____

CNIC No: _____

Affix Revenue
Stamp

Note:

- Signature should agree with the specimen signature registered with the company.
- The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
- No person shall act as proxy unless he/she is a member of the company.
- CDC Shareholders and their proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

Affix Revenue
Stamp

The Company Secretary

***The* United Insurance Company of Pakistan Limited.**
204, 2nd Floor, Madina City Mall,
Abdullah Haroon Road, Sadar Karachi.



UIG House

