



ANNUAL REPORT 2013



 Atlas Insurance

Portraying Growth



	<u>2013</u>	<u>2012</u>		
	(Rupees in thousand)			
Net premium revenue	755,684	603,616	↑	25%
Net commission	55,172	54,894	↑	1%
Underwriting result	342,893	295,316	↑	16%
Investment income	246,399	180,692	↑	36%
Profit before tax	587,572	467,763	↑	26%
Profit after tax	455,973	366,356	↑	24%
Issued, subscribed and paid-up capital	637,831	531,526	↑	20%
Reserves & retained earnings	800,200	666,899	↑	20%
Equity	1,438,031	1,198,425	↑	20%
Investments	1,550,372	1,255,886	↑	23%
Total assets	3,014,736	2,702,673	↑	12%
Cash dividend	318,916	212,610	↑	50%

Organisation
development
through
self development



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Vision

A first class insurance company that provides the highest level of quality service to its policyholders.

Mission

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and service to their satisfaction, promote interest of all the stakeholders - employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.



Corporate Strategy

Our strategy is designed to deliver sustainable and profitable growth in a dynamic and a competitive business environment in accordance with the highest ethical, legal and professional standards

Focus on building long lasting relationships with our customers

Create value for the stakeholders by maintaining and improving our competitive position in the market

Adding value in our skills and services through training and development of our employees

Promoting a culture of transparency and accountability through honesty, integrity and diligence in dealing with people connected with the Company business

Focus on career development of employees by coaching and by helping them to achieve their goals and providing working environment of trust and mutual respect

Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of “Management By Objective”

Monitoring performances of processes and taking timely action for their standardization and optimization



Core Values

Integrity and Ethics

The Company places high value on the integrity of employees and ethical practices in its business dealings. We endeavor to establish the best professional and personal standards by adopting the path leading to the highest level of integrity

Value of Time

We believe that time is the most precious resource and should be utilized in the most effective and efficient manner possible and performance excellence in true sense is managing time to deliver the most in the shortest period

Respect, Recognition and Reward

The human resource policy is built on Respect, Recognition and Reward (3R's) concept for all levels of employees

Organization Development through Self Development

Every member is encouraged and motivated with a vision and purpose to continuously strive for excellence, taking pride in the Atlas motto 'Organization Development through Self Development'

Team Work

We believe that long term sustainability and growth of an organization is based on strong team work and every employee is committed to work as a team to deliver the best results

Fairness

The Company strongly emphasizes on fair dealing with employees, stakeholders, business partners and clients through adherence to ethical values, Company policies, applicable laws, regulations and high standard of moral behavior

Code of Conduct

Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of all stake holders including employees.

Obeying the Law

Company is committed to comply with all the legal requirements, laws and regulations of Pakistan.

Employees

- Company is committed to create the working environment where there is mutual trust and respect and everyone feels the responsibility for the improved performance and reputation of the Company.
- It recruits, employs and rewards employees purely on merit and on the basis of the qualification, experience and abilities needed for the work to be performed.
- It is committed to provide safe, healthy and pleasant working environment to all employees. Company will not use any form of forced, compulsory or child labor.
- It is committed to work with employees to develop and enhance each individual's skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- It respects the dignity of employees and the right of individual to express freely.
- Company maintains good communication link with employees through Company based information and consultation procedures.

Insured

It is committed to provide prompt and efficient services to its clients by properly insuring their risk, doing risk assessment and by issuing insurance policies to meet various requirements of the clients. It endeavors to provide peace of mind and security to its clients pursuing ethical and professional practices.

Shareholders

Company will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.

Business Partners

- Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the Company expects its partners to adhere to business principles and ethical practices consistent with its own.

Community Involvement

Company strives to be a trusted corporate citizen and, as integral part of society, to fulfill its responsibilities to society and communities where it operates.

Public Activities

- Company will to promote and defend its legitimate business interests.

- It will co-operate with the government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that may affect legitimate business interests.
- Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at, directly or indirectly, to promote party interests.

The Environment

- Company is committed to making continuous improvement in the management of environmental impact and to the long term goal of developing a sustainable business.
- Company will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

Competition

Company and its employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations without compromising on ethical practices.

Business Integrity

- Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded account, fund or asset will be established or maintained.

Conflict of Interests

Company's employees are expected to avoid personal activities and financial interests that could conflict with their responsibilities to the Company. They must not seek gain for themselves or for others through misuse of their positions.

Compliance-Monitoring-Reporting

- Compliance with these principles is an essential element in our business success. The Company's Board of Directors (the Board) is responsible for ensuring that these principles are communicated to, and understood and observed by, all employees.
- Responsibilities are properly delegated to the senior management. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board and supported by the Audit Committee of the Board.
- Any breaches of the Code must be reported in accordance with the procedure specified by the management.
- The Board of the Company expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.



Risk Management Policy

- Company shall continue to identify key risk areas and take effective measures to avoid, mitigate and ensure appropriate protection against risk.
- The management of risk is a central issue in the planning and management of any venture and objective is not to foster risk management as an identifiable and separate specialty.
- The primary function for the risk management is to assist in the assessment of risk and to ensure that a risk assessment is effectively programmed.
- Once the risks have been evaluated in terms of likelihood of occurrence and consequences and when options of risk management have been reviewed, it is then meaningful to rank the risks and to assign priorities.

Safety, Health and Environment

In Atlas Insurance Limited, health and safety are core corporate values, driven by the goal of "no accident and no harm to people". The Company is totally committed to continuously improving the safety and well-being of all the people who work with it, or come into contact with the operations or products. The aim is to ensure a healthy and productive environment, free from incident, injury or illness.

The Company maintains the programs that provide reasonable assurance of the following:

- Compliance has been made of all government and internal health, safety and environmental requirements.
- Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.
- To examine and communicate the known hazards of operations with relevant health, safety and environmental protection information to potentially affected persons.
- Actively seeks to minimize the environmental impact of the activities.
- Systematically manages environmental performance in all phases of activities.
- Continuously improves the Company's overall environmental performance.
- Foster open communication, internally and externally about the Company's environmental performance

Company's Profile - History of Success

Performance par excellence

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, the founder thinker of Pakistan, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. From making loss in 1979, the Company has made steady progress and had since been making profits. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 1.434 billion in 2013, total assets having grown to over Rs. 3.022 billion and investments from Rs. 4.594 million to over Rs. 1.548 billion. Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re from Switzerland, Hannover Re from Germany, Tokio Fire & Nichido Marine and Sompo from Japan among others.

Acknowledging the financial strength of the Company, The Pakistan Credit Rating Agency Limited (PACRA) has maintained Insurer Financial Strength (IFS) rating of the company at "AA-" which denotes a very strong capacity to meet policyholders and contract obligations. At the same time risk factors are considered modest, and the impact of any adverse business and economic factors is expected to be very limited.

Atlas Insurance Limited a financially sound and professional managed Company, has been seven times awarded the Top Five Companies "Best Corporate Report Award" 2003, 2006, 2007, 2008, 2009, 2010 and 2011 by the joint committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP). Atlas Insurance Limited has been awarded South Asian Federation of Accountants - SAFA "Best Presented Accounts Award" continuously for six years from 2006 to 2011. Atlas Insurance Limited is also recipient of "KSE Top 25 Companies Award".

The Company's results have consistently been improving yielding handsome profit earnings. These were only made possible by excellent operating performance through professional and efficient service to clients, good management practices and cost controls, scaling new heights. Consistency, hard work, dedication, adherence to company policies and procedures and code of ethics has contributed significantly towards the growth of the Company.

The Company has always sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with the ever changing needs of its clients by offering specially designed policies. The Company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies and large groups amongst its valued customers whom it serves through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products is offered by Atlas which includes:

- Fire & allied perils
- Fidelity guarantee
- Marine
- Cash in transit / cash in safe
- Motor
- Bankers' blanket bond
- Personal accident
- Loss of profit
- Contractors all risk
- Computer all risk
- Erection all risk
- Travel insurance
- Machinery breakdown
- Credit insurance
- Boiler & pressure vessel
- Crop insurance
- Product liability
- Health insurance



Fire & Allied Perils

This covers property and assets; it provides coverage against Fire and Lightning and can be extended to provide coverage for perils including Impact damage, Earthquake Fire & Shock, Atmospheric Damage, Malicious Damage, Riot & Strike Damage and Burglary etc.



Marine

Marine Cargo insurance covers risk of transportation of goods for imports and exports including inland transportation.



Motor

Motor insurance provides comprehensive coverage i.e. accidental damage to vehicle, Theft and Third Party Liability etc. to our corporate and individual customers.



Personal Accident

Personal accident insurance provides cover against death and disability of a person due to an accident.

Contractors' All Risk (CAR)

Covers accidental damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

Erection All Risk (EAR)

Similar cover to Contractors' All Risk insurance but while CAR cover refers mainly to building and civil engineering work, EAR is used for coverage of loss or damage to machinery in the course of erection etc.

Machinery Breakdown

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdown.

**Boiler & Pressure Vessel**

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.

**Product Liability**

This policy covers liability to third parties arising out of faulty products supplied by the manufacturers

**Crop Insurance**

Covers financial loss due to damage to crop caused by natural calamities.





Fidelity Guarantee

Fidelity Guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

Cash in Transit / Cash in Safe

Covers cash against snatching or robbery while in the transit from one premise to another in a given location or lying in the safe at Assured premises.

Bankers' Blanket Bond

Covers Banks and provide protection which includes loss due to Theft and Fidelity Guarantee risks etc.

Loss of Profit

Provides protection against business interruptions and its consequential losses followed by incident of fire etc.



Travel Insurance

This policy provides protection like Personal Accident, Medical, Loss of Luggage and Money while insured is traveling out of home country.



Computer All Risk

This insurance is specially geared to cover delicate and high value equipment on all risk basis.



Health Insurance

Atlas Insurance health plan - 'Atlas Care' provides coverage against Hospitalization, Maternity, Critical illness, OPD and Specialized Investigations etc.

Health Insurance relieves insured from the worries of unexpected diseases Ailments, Surgery, Operations and Out Patients Care. The Group Medical Insurance curtails the administrative burden and financial pressures.

Board of Directors

The Board of Company acknowledges the significance of efficient discharge of duties imposed by corporate law and stands firmly committed in its objectives to add value through effective participation and contribution towards achievement of Company's business objectives.

The Board further recognizes its responsibilities for protection and efficient utilization of Company assets for business objectives and compliance with laws and regulations at all Company levels with the ultimate objective of safeguarding the interests of the shareholders so as to increase shareholders wealth and promoting market confidence.

The Board has approved all the significant policies of the Company including but not limited to policies relating to human resource, risk management, business operations, investments, donations and signature mandate etc.

The Board is conscious to the need of maintaining balance between the interests of the equity holders and sustenance of growth in net earnings. Recognized for best governance practices, financial reporting and disclosure excellence, Atlas Insurance believe in timeliness and accuracy to enable informed decision making by our investors and their confidence in the Board.

All the directors represent rich exposure of diverse fields of business and professions and possess all the necessary skills and understanding to deal with the various business and corporate issues and have the ability to review, analyze and challenge the management performance.

During the year, five meetings of the Board were held to review and approve all issues and matters referred to it by the audit and other committees of the Board including periodical and financial statements, corporate and financial reporting framework, budget and forecasts including their analysis with actual, cash flow projections, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of assets, review of risks identified and their mitigation, accounting and internal control systems and such other matters considered to be significant enough for the Board's attention by the Audit Committee or the management.

For all the Board meetings the agenda and details of each item of agenda were circulated to all the members of the Board at least seven days before the meeting. The minutes of all Board meetings were timely circulated. An actions item list was also prepared and status of each action item was provided to the Board in the next meeting.

The Roles of the Chairman and Chief Executive Officer

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

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

Chief Executive Officer Performance Review

The Board assumes the monitoring role, giving full authority to the Chief Executive Officer to manage the company, implement strategic decisions and policies of the Board and align the Company's direction with vision and objectives set by the directors for continuous development and progress. The Chief Executive Officer is present in every meeting of the Board and provides detailed explanation on each item of the agenda and addresses any specific questions by the Board members. The performance of Chief Executive Officer is assessed through the evaluation system which takes into account various parameters including financials, employees, clients and stakeholders.

Board Committees

As envisaged by the Code of Corporate Governance, Audit, Human Resource & Remuneration, Underwriting, Claims Settlement and Reinsurance & Co-Insurance Committees have been formed by the Board. Each Committee consists of at least two directors. In addition to the regulatory requirements Board has also formed the Investment committee consisting of three directors. A management committee comprising of all departmental heads headed by the Chief executive Officer is also in place for operational coordination.

Audit Committee

The Audit Committee is responsible for assisting the Board in discharging its responsibilities in relation to the disclosure of the financial affairs of the Company. The Committee focuses in particular on compliance with accounting policies and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board. The terms of reference of the Audit Committee have been determined by the Board in accordance with the Code of Corporate Governance consisting on the following:

- Review of quarterly, half yearly and annual financial statements before their consideration by the Board.
- Detailed review of the management letters issued by the external auditors and the management's response thereto.
- Review of compliance with all relevant laws and regulations and other statutory requirements.
- Compliance with the best practices of corporate governance.
- Determination of appropriate measures to safeguard Company's assets.
- Review of action items from the previous meetings.
- Review of Company's statement on internal control systems prior to endorsement by the Board of Directors.
- Review scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consider major findings of internal investigations and management's response thereto.
- Facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight.
- Institute special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.

Human Resource and Remuneration Committee

The Remuneration Committee is responsible for the setting and oversight of the remuneration policy for the Company. The Committee is also responsible for considering remuneration, recommending and monitoring the level and structure of remuneration for management, and the implementation of succession planning of key management personnel. The Committee is also in responsible to review human resource policies and procedures of the Company and its periodic review.

The Committee consists of three members. Majority of the members including the Chairman are non-executive directors. One meeting of the Committee was held during the year, which was attended by all the members.

Investment Committee

The Committee consists of four members including three directors. The primary responsibility of the committee is to assist the Board in discharging its responsibilities in overseeing Company's investment portfolio, including:-

- Developing, reviewing and recommending to the Board investment strategies and guidelines.
- Monitoring management's compliance with the Company's investment strategies and guidelines
- Monitoring compliance of the Company's investment policies and practices with applicable legal and regulatory requirements
- Reviewing and approving all investment transactions made by the Company
- Reporting to the Board no less frequently than quarterly regarding the investment transactions made by the Company and the Company's investment strategies and guidelines. During the year five meetings of the Committee were held and attended by all the members.

Underwriting Committee

The Committee has been established pursuant to the Code of Corporate Governance by the Board of Directors to perform the following functions:-

- Advise the Board and management concerning the establishment and review of the Company's underwriting policies and guidelines.
- Oversee the Company's underwriting processes and procedures.
- Monitor the Company's underwriting performance.
- Oversee the Company's underwriting risk management exposure.
- Approve the Company's underlying policies with regard to maximum line size and approve any exceptions thereto.
- Perform such other functions as the Board may from time to time assign.

The committee consists of three members including the Chairman of the Committee. During the year four meetings of the Committee were held and attended by all the members.

Claims Settlement Committee

Claim Settlement Committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The committee determines the circumstances under which the claims disputes shall be brought to its attention and decide how to deal with such claims disputes.

The committee consists of three members including the Chairman of the Committee. During the year four Claims Settlement Committee meetings were held and attended by all the members.

Reinsurance & Co-Insurance Committee

Reinsurance & Co-Insurance Committee ensures that adequate reinsurance arrangements are made for the Company business. It pursues the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, suggests appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

The committee consists of three members including the Chairman of the Committee. During the year four Reinsurance & Co-Insurance Committee meeting were held and attended by all the members:

Management Committee

The Management Committee acts at the operating level in an advisory capacity to the CEO, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans. The Committee is also responsible for maintaining a healthy environment within the Company as well as outside the Company through channeling its financing and investment to projects, producing environments friendly products. It contributes to further strengthen the team work to achieve Company's objectives, effectively & efficiently.

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.

Board of Directors

Mr. Yusuf H. Shirazi

Chairman

Mr. Shirazi is a law graduate (LLB) with BA (Hons) and JD (Diploma in Journalism) Punjab University and AMP Harvard. He served in the Financial Services of the Central Superior Services of Pakistan for eight years. He is the author of five books including 'Aid or Trade' adjudged by the Writers Guild as the best book of the year and continues to be a columnist, particularly on economy. Mr. Shirazi is the Chairman of Atlas Group, which among others, has joint ventures with GS Yuasa International, Honda Motor Company and MAN to name a few. He has been the President of Karachi Chamber of Commerce and Industry for two terms. He has been on the Board of Harvard Business School Alumni Association and is the Founder President of Harvard Club of Pakistan and Harvard Business School Club of Pakistan. He has been a visiting faculty member of National Defence University, Pakistan Navy War College and National School of Public Policy. He has been on the Board of Governors of LUMS, GIK and FC College. Previously, he also served on the Board of Fauji Foundation Institute of Management and Computer Sciences (FFIMCS) and Institute of Space Technology - Space and Upper Atmosphere Research Commission (SUPARCO).

Mr. Feroz Rizvi

Director

Mr. Feroz Rizvi had been associated with ICI Pakistan for over 29 years during which he held various senior positions. He was on Board of ICI Pakistan from 2004 to 2012. He is a Chartered Accountant from England & Wales.

Mr. Isphanyar M. Bhandara

Director

Mr. Isphanyar M. Bhandara is the Chief Executive of Murree Brewery Company Limited, Rawalpindi, one of the oldest public limited companies of the sub-continent. He has been associated with Murree Brewery Group of Companies since 1997. He is an MBA from School of Business and Commerce, Islamabad. He has attended various business workshops from LUMS. He is the President of Rawalpindi Parsi Anjuman. He is also on the Board of D.P. Edulji & Co (Pvt.) Limited. He occasionally writes for the English newspapers.

Mr. Ali H. Shirazi

Director

Mr. Ali H. Shirazi graduated in Political Science from Yale University, USA in 2000 and thereafter completed his Masters in Law from Bristol University, UK in 2005. He has worked with the Bank of Tokyo-Mitsubishi in New York as well as American Honda in Torrance, California. He is an Atlas Group Director, and is responsible for Group's financial services. He is President / Chief Executive of Atlas Battery Limited and is also on the Board of Atlas Asset Management Limited, Atlas Engineering Limited, Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (as alternate director), National Management Foundation (sponsoring body of LUMS) and Techlogix International Limited.

Mr. Frahim Ali Khan

Director

Mr. Frahim Ali Khan has been associated with Atlas Group since 1967 and has over 46 years of experience in General Management, Finance, Taxation, Legal matters and Investment Banking. He has attended General Management and Financial Management programs of Harvard University and Stanford University, USA, and Insead University of France.

Mr. Jawaid Iqbal Ahmed

Director

Mr. Ahmed is an AMP from Harvard Business School, Boston USA, and IPBM from IMD Lussanne, Switzerland. He is also MBA from IBA Karachi University. He has been working in Atlas Group in various capacities. He has over 48 years of experience in the field of industrial and financial markets of Pakistan. He spearheaded joint venture partnerships of Atlas Group with Honda Japan, JSB Japan, Bank of Tokyo, Asian Development Bank and ING.

Mr. Arshad P. Rana

Chief Executive and Director

Mr. Arshad P. Rana has been affiliated with Atlas Insurance Limited since 1991; as General Manager and Chief Operating Officer before being appointed as the Chief Executive Officer of the Company in March, 2004. He is a graduate from Government College, Lahore; B.S. in Insurance & Economics from Iran and MBA from USA. In his professional career that spans over 38 years, he has worked in Iran, USA and Middle East. Since his appointment to this position, Mr. Rana has been managing the Company affairs with a professional approach having the vision to make Atlas Insurance Limited one of the best performing companies in the market. Under his leadership, Atlas Insurance Limited has won several awards in the financial sector. He is also on the Board of Atlas Asset Management Limited.

Mr. Rana has been the Chairman, Insurance Association of Pakistan (IAP), Lahore Regional Committee in 2002-2003 and Vice Chairman, Central Committee (IAP) in the year 2004-2005 prior to becoming the Chairman, Insurance Association of Pakistan in 2005-2006.

Company Information



Board of Directors

Yusuf H. Shirazi
Chairman

Feroz Rizvi
Director

Isphanyar M. Bhandara
Director

Ali H. Shirazi
Director

Frahim Ali Khan
Director

Jawaid Iqbal Ahmed
Director

Arshad P. Rana
Chief Executive

Muhammad Afzal
Company Secretary

Audit Committee

Feroz Rizvi
Chairman

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Muhammad Afzal
Secretary

Saleem Mahmood Akhtar
Chief Internal Auditor

Human Resource & Remuneration Committee

Isphanyar M. Bhandara
Chairman

Ali H. Shirazi
Member

Arshad P. Rana
Member

Qudsia Naheed
Secretary

Investment Committee

Ali H. Shirazi
Chairman

Frahim Ali Khan
Member

Arshad P. Rana
Member

Rashid Amin
Member

Muhammad Afzal
Secretary

Underwriting Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Saeed
Member

Syed Ali Munem Shamsi
Secretary

Claims Settlement Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Syed Ali Munem Shamsi
Member

Muhammad Saeed
Secretary

Reinsurance & Co-insurance Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Saeed
Member

Syed Nasir Hussain
Secretary

Management Committee

Arshad P. Rana
Chief Executive

Nisar Zaman Khan
Head of Marketing & Sales

Rashid Amin
Chief Financial Officer

Qudsia Naheed
Vice President (Admin & HR)

Muhammad Saeed
Vice President (Claims)

Syed Ali Munem Shamsi
Vice President (Underwriting)

Abdul Razzaq Ghauri
Vice President (IT)

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

Mohsin Tayebaly & Co.
Ch. Maqsood Hassan Advocate
Agha Faisal Barrister at Law

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Share Registrar

Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

Bankers

Allied Bank Limited
Bank Alfalah Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
United Bank Limited

Registered & Head Office

3 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37320542-43,
37322271, 73, 37310658
Fax: (92-42) 37234742
Email: info@atlasinsurance.com.pk
Website: www.atlasinsurance.com.pk

Major Events

Months	Events
January	<p>Annual Sales Conference</p> <p>Annual Sales Conference was held on January 22 and 23, 2013 in Lahore and was attended by all the filed executives of the Company.</p>
February	<p>Insurer Financial Strength Rating</p> <p>Acknowledging the financial strength of the Company, The Pakistan Credit Rating Agency Limited upgraded Insurer Financial Strength rating of the Company from 'A+' to 'AA-' which denotes a very strong capacity to meet policyholders and contract obligations.</p>
February	<p>BOD Meeting for the year ended December 31, 2012</p> <p>The meeting was held on February 28, 2013 to consider and adopt the audited financial statements of the Company for the year ended December 31, 2012.</p>
February	<p>SAFA "Best Presented Accounts Award"</p> <p>Company qualified for the South Asian Federation of Accountants "Certificate of Merit" award for the sixth consecutive time.</p>
April	<p>Annual General Meeting</p> <p>The Annual General Meeting of the shareholders of the Company was held on April 13, 2013 at the Registered Office of the Company.</p>
April	<p>BOD Meeting for 1st Quarter</p> <p>The meeting was held on April 26, 2013 to approve the unaudited first quarter financial statements of the Company for the period ended March 31, 2013.</p>
May	<p>Dividend and Bonus Shares</p> <p>Cash dividend was disbursed and bonus shares were issued on May 2, 2013.</p>
July	<p>Mid Year Sales Conference</p> <p>Mid year Sales Conference was held on July 7 and 8, 2013 in Lahore.</p>
August	<p>BOD Meeting for 2nd Quarter</p> <p>Board of Directors meeting was held on August 27, 2013 to approve the unaudited financial statements, reviewed by the auditors, for the half year ended June 30, 2013.</p>
October	<p>BOD Meeting for 3rd Quarter</p> <p>The meeting was held on October 26, 2013 for approval of the unaudited nine months financial statements of the Company for the period ended September 30, 2013.</p>
December	<p>BOD Meeting for Approval of Annual Budget 2014</p> <p>The Board of Directors in their meeting held on December 23, 2013 considered and approved budget for the year 2014.</p>

Notice of Annual General Meeting

Notice is hereby given that the 79th Annual General Meeting of the members of Atlas Insurance Limited will be held on Thursday, April 10, 2014 at 3:00 p.m. at 3 - Bank Square Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on April 13, 2013.
2. To receive consider and adopt the audited financial statements of the Company for the year ended December 31, 2013, together with the Directors' and Auditors' Reports thereon.
3. To consider and approve cash dividend @ 50% for the year ended December 31, 2013, as recommended by the Board of Directors.
4. To appoint auditors and fix their remuneration for the year ending December 31, 2014. The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

Special Business

5. To consider and approve the bonus shares issue @ 10% (one bonus share for every ten shares held) for the year ended December 31, 2013 as recommended by the Board of Directors.

To consider and, if though fit, to pass with or without modification the following resolutions as ordinary resolutions:

Resolved:

- a) "that a sum of Rs. 63,783,074 of Company's profit be capitalized for issuing 6,378,307 fully paid ordinary shares of Rs.10 each as bonus shares to be allotted to those shareholders whose names stand in the register of members at the close of the business on April 02, 2014 in the proportion of one bonus share for every ten shares held by a member. The said shares shall rank pari passu with the existing shares of the Company as regards future dividends, and in all other respects."

Further Resolved:

- b) "that all the fractional bonus shares shall be combined and the directors be and are hereby authorized to combine and sell the fractional shares in the stock market and pay the proceeds of sales thereof, when realized, to a charitable institution approved under the Income Tax Ordinance, 2001."

Further Resolved:

- c) "that the remuneration of the Chief Executive Officer of the Company, as fixed by the Board, for the financial year ending December 31, 2014, be and is hereby approved."

Other Business

6. To consider any other business with the permission of the Chair.

The Statement under Section 160(1) (b) of the Companies Ordinance, 1984, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.

By Order of the Board



Muhammad Afzal
Company Secretary

Lahore: March 19, 2014

NOTES:

- I. The share transfer books of the Company will remain closed from April 03, 2014 to April 10, 2014 (both days inclusive).
- II. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote on his / her behalf. The proxy forms must be received at the registered office of the Company at 3-Bank Square Sharah-e-Quaid-e-Azam, Lahore duly stamped signed and witnessed not later than forty-eight (48) hours before the meeting.
- III. Any individual beneficial owner of Central Depository Company of Pakistan Limited (CDC) entitled to attend and vote at this meeting must bring CNIC or passport along with CDC account number to prove his / her identity and in case of proxy must enclose attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
- IV. Members are requested to immediately inform the Company's share registrar of any change in their address.
- V. Members are requested to provide by mail or fax photocopy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the Company to comply with relevant laws.

Statement under Section 160(1) (b) of the Companies Ordinance, 1984

This Statement is annexed to the Notice of the 79th Annual General Meeting of Atlas Insurance Limited to be held on April 10, 2014, at which special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

Item No 5 (a & b) of the Agenda

The Board of Directors has recommended to the members of the Company to approve 10% fully paid bonus issue for the year ended December 31, 2013 and thereby capitalize a sum of Rs. 63,783,074.

The directors have also recommended that all the fractional bonus shares shall be combined and the directors be authorized to combine and sell the fractional shares so combined in the stock market and pay proceeds of sales thereof when realized to a charitable institution approved under the Income Tax Ordinance, 2001.

Directors are interested in the business only to the extent of their entitlement of bonus shares as shareholders.

Item No 5 (c) of the Agenda

Approval is being sought for the annual increase in the remuneration of the Chief Executive, as fixed by the Board, working whole time with the Company. The Chief Executive is interested only in the remuneration payable to him.

Status of approvals for investments in associated companies

As required under Clause 4 (2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012, (Notification No. SRO 27 (I) / 2012 dated January 16, 2012) status of investments in associated companies against approval held by the Company is as under:

- a) Shareholders of the Company in their Extraordinary General Meeting held on October 05, 2012, had approved investment of Rs. 60.00 million in certificates of Atlas Fund of Funds (ATFF).
- b) Company made investment of Rs. 2.59 million in ATFF.
- c) Further investment was not made due to non-availability of certificates / shares at reasonable price.

As per Clause 8 (2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations 2012, unless otherwise specifically authorized by the members in the general meeting the special resolution authorizing investment in associated companies or associated undertakings shall be valid for a period of twelve months and shall stand lapsed after such period, hence the approval accorded by the members for investment in ATFF expired on October 04, 2013.

Information for Shareholders

Registered Office

3 – Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore
Tel: (92-42) 37320542-43, 37310658
37322271, 73
Fax: (92-42) 37234742

Listing on Stock Exchanges

Atlas Insurance Limited is listed on Karachi and Lahore stock exchanges

Stock Symbol

The stock symbol for Atlas Insurance at the stock exchanges is ATIL

Listing Fees

The annual listing fee for the financial year 2013-14 was paid to the Karachi Stock Exchange, Lahore Stock Exchange and Central Depository Company within the prescribed time.

Statutory Compliance

During the year, the Company complied with all applicable provisions of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Code of Corporate Governance, listing requirements and regulations prescribed by the Securities and Exchange Commission of Pakistan (SECP)

79th Annual General Meeting

Date: April 10, 2014
Time: 3:00 p.m.
Venue: Registered Office

Dividend Announcement

The Board of Directors of the Company has proposed a final cash dividend of Rs. 5 per share (50%) and bonus shares @ 10% (one share for every ten shares held) for the financial year ended December 31, 2013, subject to approval by the shareholders of the Company at the Annual General Meeting.

40% cash dividend was disbursed to the shareholders along with 20% bonus shares for the year ended December 31, 2012.

Financial Calendar

Audited annual results for year ended
December 31, 2013

- Second half of February

Mailing of annual reports

- Second half of March

Annual General Meeting

- 1st half of April

Unaudited first quarter financial results

- Second half of April

Unaudited half year financial results

- Second half of August

Unaudited nine months financial results

- Second half of October

Dates of Book Closure

The share transfer books of the Company shall remain closed from April 03, 2014 to April 10, 2014 (both days inclusive).

Payment of Dividends

Cash dividend and bonus shares for the year ended December 31, 2013, subject to the approval of the shareholders of the Company at the Annual General Meeting, will be disbursed on or before May 08, 2014.

Last year, the Company dispatched the cash dividend and bonus shares within 30 days from the date of approval.

CNIC requirements for Dividend Warrants

As per directives to all listed companies by the SECP vide S.R.O. 779(1) / 2011 dated August 18, 2011, the "Dividend Warrant(s)" should bear the Computerized National Identity Card (CNIC) number of the registered member(s), except in the case of minor(s) and corporate members, and dividend warrant can not be issued without inserting the CNIC number of the member(s) or their authorized person(s).

The shareholders are, therefore, requested to provide by mail or fax, photocopy of their CNIC and in case of a foreigner copy of passport, unless provided earlier.

Dividend Mandate (Optional)

Shareholders of the Company are informed that under Section 250 of the Companies Ordinance, 1984, a shareholder may advise the Company for disbursement of dividend through his / her bank account.

In pursuance of the directives of the Securities and Exchange Commission of Pakistan vide Circular No. 18 of 2012 dated June 05, 2012, shareholders of the Company can give their dividend mandate authorizing the Company to directly credit the their cash dividend into their bank accounts.

Please note that this dividend mandate is optional and not compulsory, in case if any shareholder does not wish his / her dividend to be directly credited into bank account, the same shall be paid through the dividend warrants as usual.

Share Transfer System

Transfer of non-CDC shares is executed / completed within 30 days and that of CDC within 5 working days from the date of receipt, provided documents received with transfer requests are complete in all respects.

Annual General Meetings

Pursuant to Section 158 of the Companies Ordinance, 1984, Annual General Meetings of the shareholders are held once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and also published in one English and one Urdu newspaper having circulation both in Karachi and Lahore.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty eight hours before the meeting.

Website

Updated information regarding the Company can be accessed at www.atlasinsurance.com.pk. The website contains information about Company's financials, history, types of insurance, list of reinsurers etc.

An online complaint system is also available to improve the efficiency.

Annual, half yearly and quarterly financial statements of the Company are available at:

http://www.atlasinsurance.com.pk/financial_statements

Correspondence

Address of the share registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited
H. M. House, 7 - Bank Square,
Shahrah-e-Quaid-e-Azam, Lahore.
Tel: (92-42) 37235081-82
Fax: (92-42) 37358817

Share Price at Karachi Stock Exchange

Month-wise share price movement of the Company, at the Karachi Stock Exchange, during the year 2013 was as follows:

Months	High	Low	Volume
January	48.00	43.75	100,000
February	50.70	47.00	435,000
March	48.95	45.10	391,000
April	48.50	35.10	468,500
May	49.50	39.00	610,500
June	50.00	44.50	155,000
July	51.47	46.00	146,000
August	56.70	49.00	178,000
September	53.00	47.50	166,000
October	56.40	50.00	121,500
November	62.00	56.40	130,000
December	65.10	60.01	141,000

Ten Years at a Glance

(Rupees in million)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Financial Data										
Paid-up capital	637.8	531.5	442.9	369.1	335.6	268.4	206.5	158.8	122.2	101.8
General & capital reserves	800.2	666.9	567.0	487.3	412.4	357.6	763.7	512.7	334.1	100.4
Equity	1,438.0	1,198.4	1,010.0	856.4	748.0	626.0	970.2	671.5	456.3	202.2
Underwriting premium reserves	1,105.3	1,044.5	749.0	759.6	685.6	540.7	535.0	375.8	221.2	194.7
Investments - at cost	1,550.4	1,255.9	1,089.3	772.0	558.3	494.2	1,010.7	674.8	338.8	219.5
Total assets - at book value	3,014.7	2,702.7	2,078.1	2,034.7	1,905.1	1,340.0	1,733.4	1,191.5	902.0	509.8
Fixed assets - net	56.1	66.4	46.9	43.9	47.4	49.3	42.8	21.9	19.0	14.0
Cash and bank deposits	162.2	282.0	54.6	492.6	660.2	195.9	200.8	75.6	185.9	17.7
Advances, deposits and prepayments	547.6	554.2	268.6	237.1	242.6	208.4	179.2	182.2	208.6	63.8
Operating Data										
Gross premium	1,400.2	1,500.3	1,120.3	1,024.9	910.7	861.4	784.5	668.8	523.6	315.6
Net premium	755.7	603.6	591.3	530.3	443.5	507.9	447.0	348.7	264.1	145.0
Net claims	163.4	133.2	153.3	176.5	192.4	231.4	215.1	133.2	64.4	40.2
Underwriting profit	342.9	295.3	253.6	199.9	104.5	158.4	144.6	155.0	152.2	59.0
Investment income	246.4	180.7	133.6	102.6	118.2	(305.2)	314.7	190.2	159.8	54.6
Profit / (loss) before tax	587.6	467.8	400.1	327.1	237.2	(141.0)	467.4	358.7	304.7	104.9
Income tax	131.6	101.4	98.9	84.5	48.1	58.6	57.5	58.0	50.6	22.2
Profit / (loss) after tax	456.0	366.4	301.2	242.7	189.1	(199.6)	409.9	300.7	254.1	82.7
Cash Flow Summary										
Operating activities	100.7	399.7	(139.2)	30.2	357.8	2.1	175.4	26.5	209.4	50.5
Investing activities	(14.2)	1.0	(153.8)	(66.2)	172.6	137.9	56.4	(54.5)	(18.7)	(32.6)
Financing activities	(206.3)	(173.3)	(145.0)	(131.6)	(66.1)	(144.8)	(106.6)	(82.3)	(22.6)	(16.1)
Cash & cash equivalents at the year end	162.2	282.0	54.6	492.6	660.2	195.9	200.8	75.6	185.9	17.7
Financial Ratios										
Profitability										
Profit / (loss) before tax / gross premium (%)	42.0	31.2	35.7	31.9	26.0	(16.4)	59.6	53.6	58.2	33.2
Profit / (loss) before tax / net premium (%)	77.8	77.5	67.7	61.7	53.5	(27.8)	104.6	102.9	115.4	72.3
Profit / (loss) after tax / gross premium (%)	32.6	24.4	26.9	23.7	20.8	(23.2)	52.2	45.0	48.5	26.2
Profit / (loss) after tax / net premium (%)	60.3	60.7	50.9	45.8	42.6	(39.3)	91.7	86.2	96.2	57.0
Underwriting profit / net premium (%)	45.4	48.9	42.9	37.7	23.6	31.2	32.3	44.4	57.6	40.7
Management expenses / gross premium (%)	21.7	15.3	20.3	19.3	19.9	17.9	15.5	15.2	17.4	26.1
Management expenses / net premium (%)	40.3	38.1	38.5	37.3	40.8	30.3	27.1	29.2	34.4	56.8
Commission / net premium (%)	7.3	9.1	7.3	8.3	7.8	7.0	7.6	11.8	16.4	25.3
Net claims / net premium (%)	21.6	22.1	25.9	33.3	43.4	45.6	48.1	38.2	24.4	27.7
Combined ratio (%)	61.9	60.2	64.4	70.6	84.2	75.9	75.3	67.4	58.8	84.6

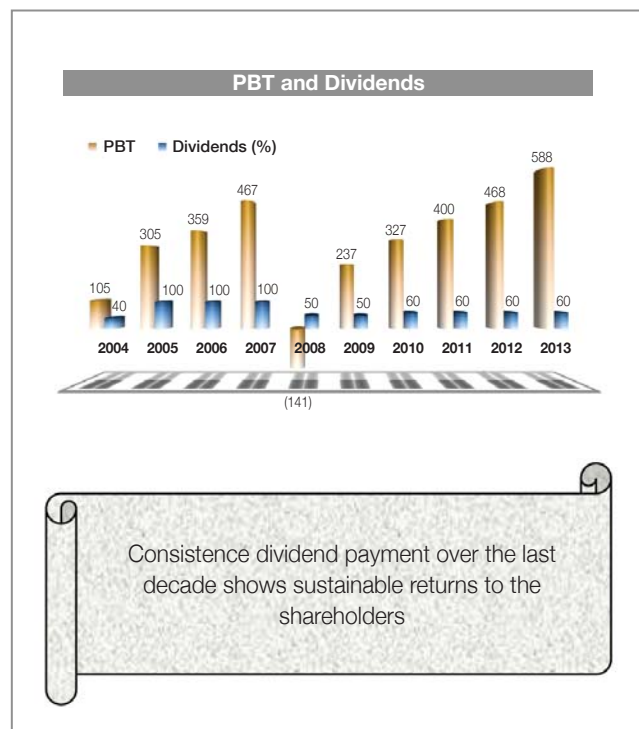
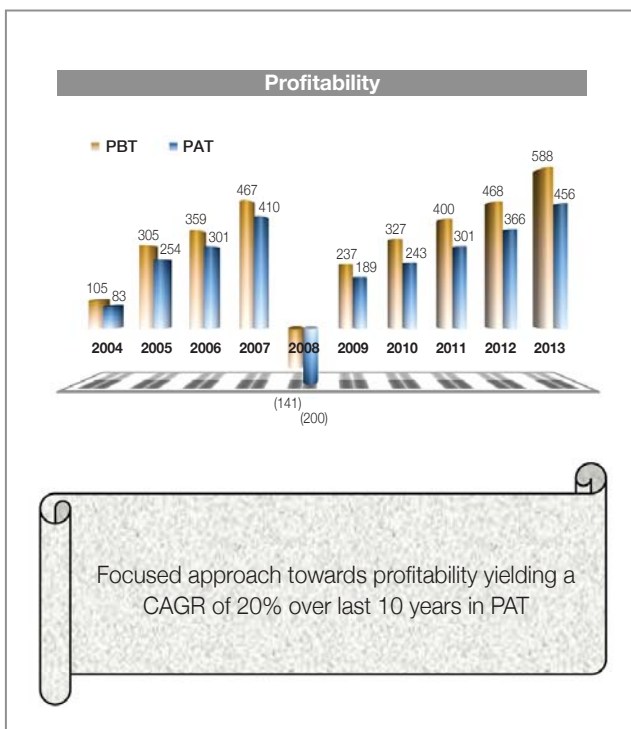
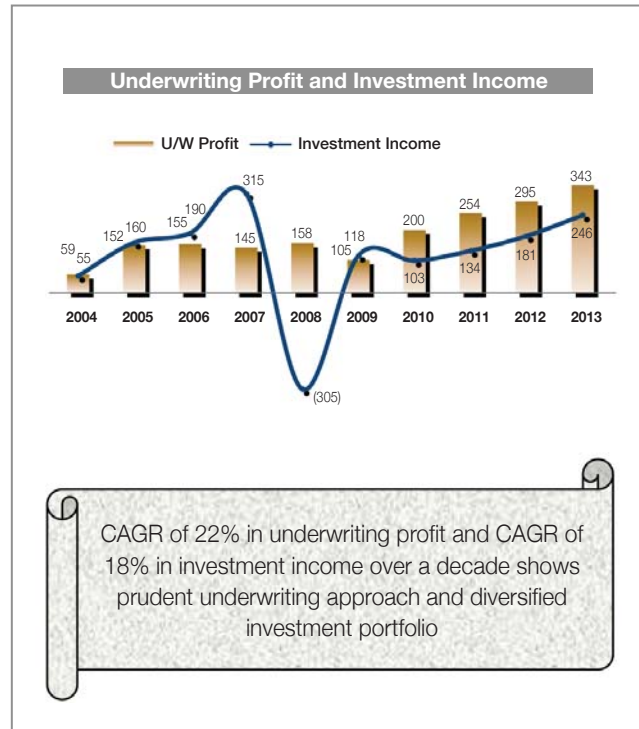
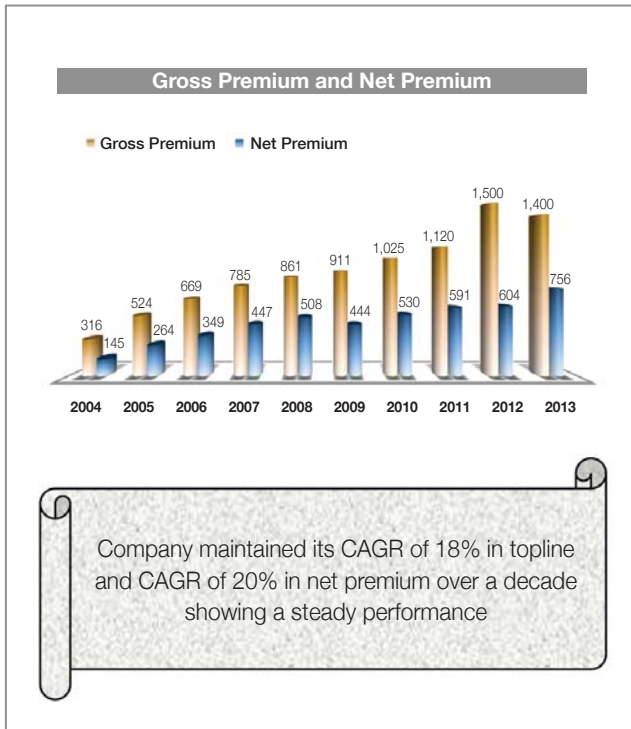
Ten Years at a Glance

(Rupees in million)

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Financial Ratios										
Return to Shareholders										
Return on equity - PBT (%)	40.9	39.0	39.6	38.2	31.7	(22.5)	48.2	53.4	66.8	51.9
Return on equity - PAT (%)	31.7	30.6	29.8	28.3	25.3	(31.9)	42.3	44.8	55.7	40.9
Earnings growth (%)	24.5	21.6	24.1	28.4	194.7	(148.7)	36.3	18.4	207.2	100.7
Earnings per share (Rs.)	7.1	6.9	6.8	6.6	5.6	(7.4)	19.9	18.9	20.8	8.1
Price earnings ratio (times)	8.7	6.6	5.3	5.9	7.5	(5.9)	7.0	6.2	5.6	4.6
Market value per share (Rs.)										
Market value at the end of the year	62.5	45.5	36.1	38.5	42.3	43.9	138.0	117.9	116.6	37.0
Highest value during the year	65.1	42.9	42.9	47.8	57.9	169.0	143.9	162.1	116.6	42.5
Lowest value during the year	35.1	26.0	26.0	25.8	23.3	43.9	77.5	78.0	37.5	28.1
Cash dividend per share (Rs.)	5.0	4.0	4.0	4.0	4.0	2.5	7.0	7.0	7.0	2.0
Stock dividend per share (Rs.)	1.0	2.0	2.0	2.0	1.0	2.5	3.0	3.0	3.0	2.0
Dividend yield (%)	8.0	8.8	11.1	10.4	9.5	5.7	5.1	5.9	6.0	5.4
Dividend pay out (%)	83.9	87.1	88.2	91.3	88.7	(67.3)	50.4	52.8	48.1	49.2
Net assets per share (times)	22.5	22.5	22.8	23.2	22.3	23.3	47.0	42.3	37.3	19.9
Return on assets (%)	16.0	15.3	14.6	12.3	11.7	(13.0)	28.0	28.7	36.0	18.1
Breakup value per share (Rs.)	22.5	22.5	22.8	23.2	22.3	23.3	47.0	42.3	37.3	19.9
Liquidity / Leverage										
Current ratio (times)	1.8	2.1	1.6	1.7	1.8	1.9	1.6	1.9	1.8	1.4
Cash / current liabilities (times)	0.2	0.4	0.1	0.7	0.9	0.5	0.5	0.3	0.6	0.1
Total assets turnover (times)	0.5	0.6	0.5	0.5	0.6	0.6	0.5	0.6	0.7	0.7
Earnings assets / total assets (%)	56.8	56.9	55.0	62.2	64.0	51.5	69.9	63.0	58.2	46.5
Fixed assets turnover (times)	22.8	26.5	24.7	22.4	18.8	18.7	24.2	32.7	31.7	24.2
Total liabilities / equity (times)	1.1	1.3	1.1	1.4	1.5	1.1	0.8	0.8	1.0	1.5
Return on capital employed (%)	20.4	17.9	20.1	18.4	16.0	(21.4)	31.2	32.2	42.1	26.6
Paid-up capital / total assets (%)	21.2	19.7	21.3	18.1	17.6	20.0	11.9	13.3	13.5	20.0
Equity / total assets (%)	47.7	44.3	48.6	42.1	39.3	46.7	56.0	56.4	50.6	39.7
Price to book ratio (Rs.)	2.8	2.0	1.6	1.7	1.9	1.9	2.9	2.8	3.1	1.9
Distribution										
Cash dividend (Rs.)	318.9	212.6	177.2	147.6	134.2	67.1	144.5	111.2	85.5	20.4
Cash dividend (%)	50%	40%	40%	40%	40%	25%	70%	70%	70%	20%
Bonus shares (Rs.)	63.8	106.3	88.6	73.8	33.6	67.1	61.9	47.7	36.7	20.4
Bonus shares (%)	10%	20%	20%	20%	10%	25%	30%	30%	30%	20%
Total distribution (%)	60%	60%	60%	60%	50%	50%	100%	100%	100%	40%

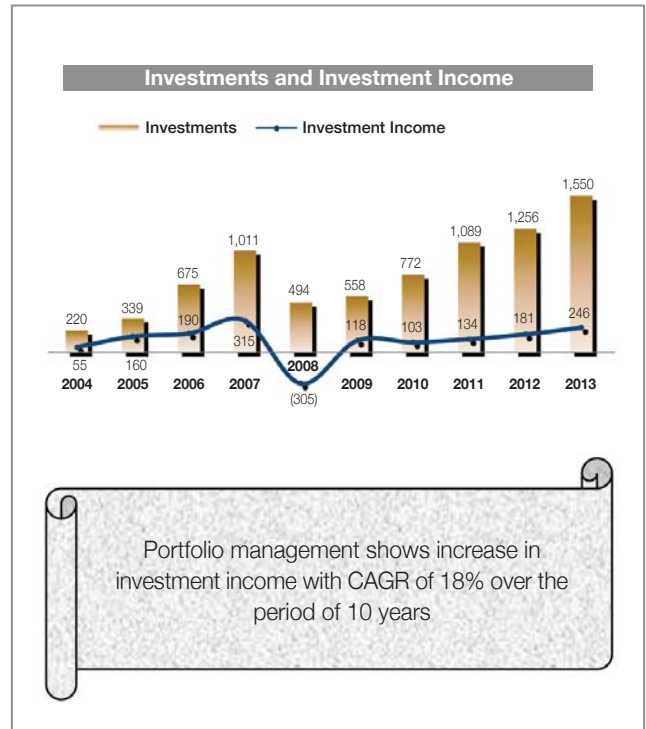
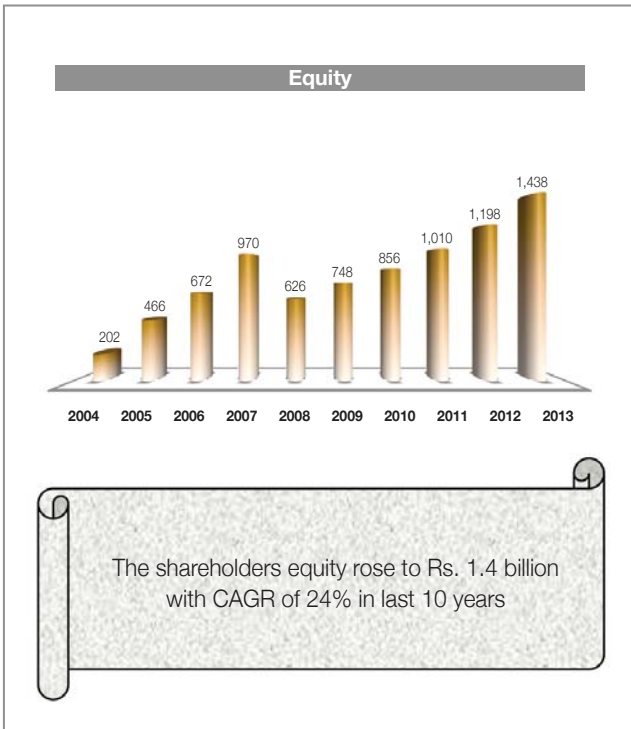
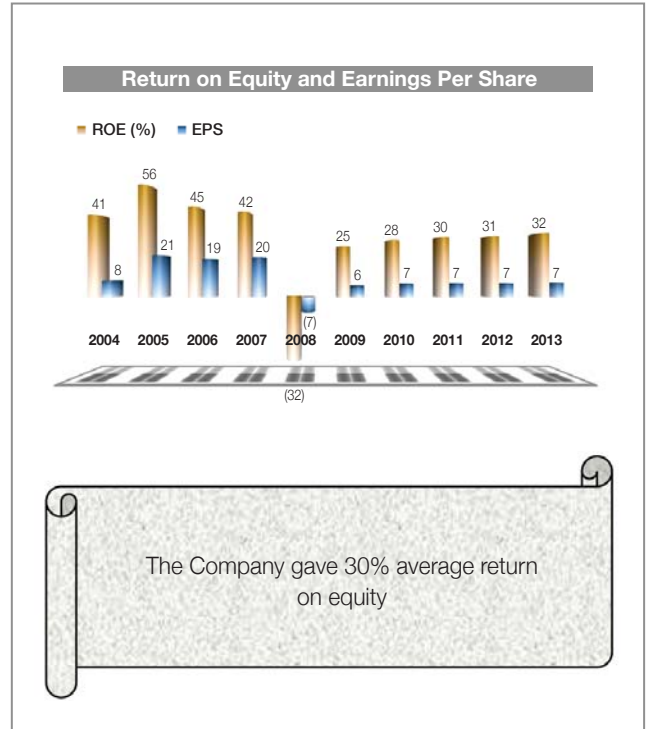
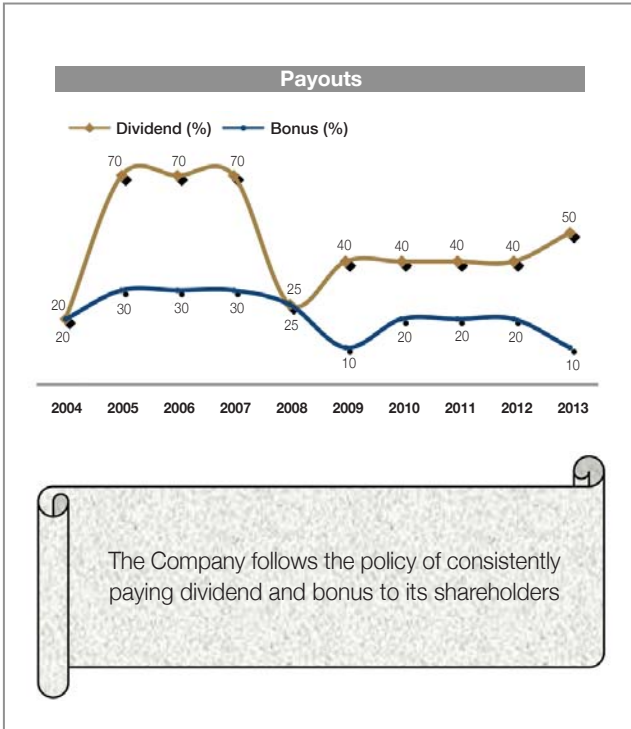
Performance at a Glance (Graphical Presentation)

(Rupees in million)



Performance at a Glance (Graphical Presentation)

(Rupees in million)



Analysis of Financial Statements

Balance Sheet

Particulars	2013 2012 2011 2010 2009 2008						Vertical Analysis Composition of Balance Sheet						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						2013	2012	2011	2010	2009	2008	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009	2009 Vs 2008	2008 Vs 2007
							%	%	%	%	%	%	%	%	%	%	%	%
Current Assets																		
Cash and bank balances	162,163	282,013	54,591	492,581	660,191	195,929	11.7	20.6	5.9	40.6	50.9	24.6	(42.5)	416.6	(88.9)	(25.4)	237.0	(2.4)
Premiums due but unpaid	260,165	229,835	313,944	142,059	102,119	108,620	18.7	16.8	33.7	11.7	7.9	13.6	13.2	(26.8)	121.0	39.1	(6.0)	26.9
Amounts due from other insurers / reinsurers	110,557	98,884	113,388	118,121	97,812	93,286	8.0	7.2	12.2	9.7	7.5	11.7	11.8	(12.8)	(4.0)	20.8	4.9	55.9
Salvage recoveries accrued	6,810	8,535	3,370	9,985	13,391	12,578	0.5	0.6	0.4	0.8	1.0	1.6	(20.2)	153.3	(66.2)	(25.4)	6.5	20.8
Accrued investment income	348	2,783	1,328	3,254	4,297	1,232	0.0	0.2	0.1	0.3	0.3	0.2	(87.5)	109.6	(59.2)	(24.3)	248.8	(60.7)
Reinsurance recoveries against outstanding claims	236,457	121,248	153,484	192,769	160,368	155,410	17.0	8.8	16.5	15.9	12.4	19.5	95.0	(21.0)	(20.4)	20.2	3.2	27.5
Deferred commission expense	63,673	67,320	22,896	16,318	15,143	20,569	4.6	4.9	2.5	1.3	1.2	2.6	(5.4)	194.0	40.3	7.8	(26.4)	12.8
Prepayments	533,695	533,080	253,308	223,233	233,289	105,616	38.5	38.9	27.2	18.4	18.0	13.3	0.1	110.4	13.5	(4.3)	120.9	(34.9)
Taxation - provision less payments	-	6,387	-	-	-	-	-	0.5	-	-	-	-	-	-	-	-	-	-
Sundry receivables	13,937	21,164	15,256	13,881	9,338	102,761	1.0	1.5	1.6	1.1	0.7	12.9	(34.1)	38.7	9.9	48.7	(90.9)	504.4
Total Current Assets	1,387,805	1,371,249	931,565	1,212,201	1,295,948	796,001	46.0	50.7	44.8	59.6	68.0	59.4	1.2	47.2	(23.2)	(6.5)	62.8	17.2
Non Current Assets																		
Fixed assets	53,856	65,576	45,492	43,916	47,421	49,296	3.3	4.9	4.0	5.3	7.8	9.1	(17.9)	44.1	3.6	(7.4)	(3.8)	52.8
Capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(100.0)
Intangible assets	2,284	851	1,417	-	-	-	0.1	0.1	0.1	-	-	-	168.4	(39.9)	-	-	-	(100.0)
Long term loans	162	170	117	177	201	465	0.0	0.0	0.0	0.0	0.0	0.1	(4.7)	45.3	(33.9)	(11.9)	(56.8)	(35.8)
Investments	1,550,372	1,255,886	1,089,256	772,048	558,250	494,201	95.3	94.3	95.0	93.9	91.6	90.9	23.4	15.3	41.1	38.3	13.0	(51.1)
Deferred taxation	20,257	8,941	10,238	6,392	3,273	-	1.2	0.7	0.9	0.8	0.5	-	126.6	(12.7)	60.2	95.3	-	-
Total Non Current Assets	1,626,931	1,331,424	1,146,520	822,533	609,145	543,962	53.97	49.26	55.17	40.42	31.97	40.60	22.2	16.1	39.4	35.0	12.0	(48.4)
Total Assets	3,014,736	2,702,673	2,078,085	2,034,734	1,905,093	1,339,963	100.0	100.0	100.0	100.0	100.0	100.0	11.5	30.1	2.1	6.8	42.2	(22.7)
Equity & Liabilities																		
Share Capital & Reserves																		
Share capital	637,831	531,526	442,938	369,115	335,559	268,447	44.4	44.4	43.9	43.1	44.9	42.9	20.0	20.0	20.0	10.0	25.0	30.0
Reserves	344,064	301,064	265,064	244,064	222,064	557,064	23.9	30.5	26.2	28.5	29.7	89.0	(6.0)	38.0	8.6	9.9	(60.1)	57.8
Retained earnings	456,136	365,835	301,917	243,218	190,340	(199,492)	31.7	25.1	29.9	28.4	25.4	(31.9)	51.5	(0.3)	24.1	27.8	195.4	(148.6)
Total Share Capital and Reserves	1,438,031	1,198,425	1,009,919	856,397	747,963	626,019	47.7	44.3	48.6	42.1	39.3	46.7	20.0	18.7	17.9	14.5	19.5	(35.5)
Underwriting Provisions	1,105,302	1,044,520	749,033	759,565	685,624	540,711	36.7	38.6	36.0	37.3	36.0	40.4	5.8	39.4	(1.4)	10.8	26.8	1.1
Long Term Liabilities	-	-	-	-	-	1,873	-	-	-	-	-	0.1	-	-	-	-	(100.0)	(24.3)
Current and other Liabilities																		
Premium received in advance	8,052	5,572	2,758	47,004	48,757	4,845	1.7	1.2	0.9	11.2	10.3	2.8	44.5	102.0	(94.1)	(3.6)	906.3	(92.8)
Amounts due to other insurers / reinsurers	236,671	257,751	169,757	223,694	266,387	91,353	50.2	56.1	53.2	53.4	56.5	53.3	(8.2)	51.8	(24.1)	(16.0)	191.6	(4.2)
Accrued expenses	77,023	55,042	51,581	49,238	39,385	19,729	16.3	12.0	16.2	11.8	8.4	11.5	39.9	6.7	4.8	25.0	99.6	(7.1)
Taxation - provision less payments	30,488	-	11,193	152	13,396	6,067	6.5	-	3.5	0.0	2.8	3.5	-	(100.0)	7,263.8	(98.9)	120.8	(10.7)
Other creditors and accruals	77,869	113,880	61,199	79,511	87,587	34,926	16.5	24.8	19.2	19.0	18.6	20.4	(31.6)	86.1	(23.0)	(9.2)	150.8	65.7
Other liabilities	41,300	27,483	22,645	19,173	15,994	14,440	8.8	6.0	7.1	4.6	3.4	8.4	50.3	21.4	18.1	19.9	10.8	1.8
Total Current and other Liabilities	471,403	459,728	319,133	418,772	471,506	171,360	15.64	17.01	15.36	20.58	24.75	12.79	2.5	44.1	(23.8)	(11.2)	175.2	(24.1)
Total Liabilities	3,014,736	2,702,673	2,078,085	2,034,734	1,905,093	1,339,963	100.0	100.0	100.0	100.0	100.0	100.0	11.5	30.1	2.1	6.8	42.2	(22.7)

Analysis of Financial Statements

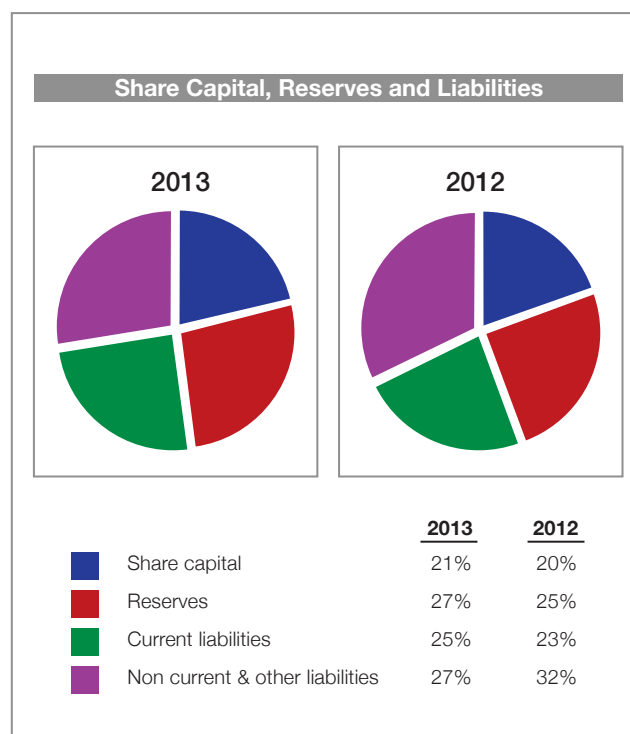
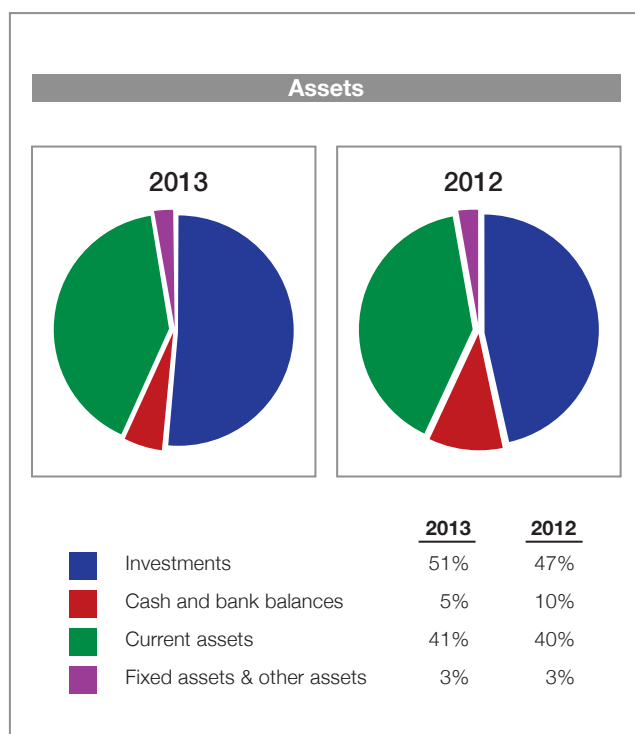
Profit and Loss Account

Particulars	2013 2012 2011 2010 2009 2008						Vertical Analysis Composition of Profit & Loss Account						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						2013	2012	2011	2010	2009	2008	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009	2009 Vs 2008	2008 Vs 2007
							%	%	%	%	%	%	%	%	%	%	%	%
Gross Premium	1,400,230	1,500,344	1,120,290	1,024,858	910,738	861,379	100.0	100.0	100.0	100.0	100.0	100.0	(6.7)	33.9	9.3	12.5	5.7	9.8
Revenue Account																		
Net premium revenue	755,684	603,616	591,289	530,269	443,534	507,946	54.0	40.2	52.8	51.7	48.7	59.0	25.2	2.1	11.5	19.6	(12.7)	13.6
Net claims	(163,418)	(133,237)	(153,294)	(176,504)	(192,355)	(231,434)	(21.6)	(22.1)	(25.9)	(33.3)	(43.4)	(45.6)	22.7	(13.1)	(13.1)	(8.2)	(16.9)	7.6
Expenses	(304,545)	(229,957)	(227,494)	(197,839)	(181,178)	(153,932)	(40.3)	(38.1)	(38.5)	(37.3)	(40.8)	(30.3)	32.4	1.1	15.0	9.2	17.7	26.8
Net commission	55,172	54,894	43,084	43,998	34,466	35,806	7.3	9.1	7.3	8.3	7.8	7.0	0.5	27.4	(2.1)	27.7	(3.7)	5.1
Underwriting Results	342,893	295,316	253,585	199,924	104,467	158,386	45.4	48.9	42.9	37.7	23.6	31.2	16.1	16.5	26.8	91.4	(34.0)	9.5
Investment income	246,399	180,692	133,572	102,634	118,230	(305,174)	41.9	38.6	33.4	31.4	49.8	216.4	36.4	35.3	30.1	(13.2)	138.7	(197.0)
Rental and other income	31,779	17,553	38,306	47,519	33,853	20,417	5.4	3.8	9.6	14.5	14.3	(14.5)	81.0	(54.2)	(19.4)	40.4	65.8	(22.4)
Financial charges	(437)	(467)	(424)	(411)	(550)	(507)	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	0.4	(6.4)	10.1	3.2	(25.3)	8.5	(6.1)
General and administration exp.	(33,062)	(25,331)	(24,955)	(22,536)	(18,806)	(14,116)	(5.6)	(5.4)	(6.2)	(6.9)	(7.9)	10.0	30.5	1.5	10.7	19.8	33.2	(20.1)
	244,679	172,447	146,499	127,206	132,727	(299,380)	41.6	36.9	36.6	38.9	56.0	212.3	41.9	17.7	15.2	(4.2)	(144.3)	(192.7)
Profit Before Taxation	587,572	467,763	400,084	327,130	237,194	(140,994)	41.96	31.18	35.71	31.92	26.04	(16.37)	25.6	16.9	22.3	37.9	(268.2)	(130.2)
Taxation	(131,599)	(101,407)	(98,916)	(84,472)	(48,138)	(58,591)	(22.40)	(21.68)	(24.72)	(25.82)	(20.29)	41.56	29.8	2.5	17.1	75.5	(17.8)	1.8
Profit After Taxation	455,973	366,356	301,168	242,658	189,056	(199,585)	32.6	24.4	26.9	23.7	20.8	(23.2)	24.5	21.6	24.1	28.4	(194.7)	(148.7)

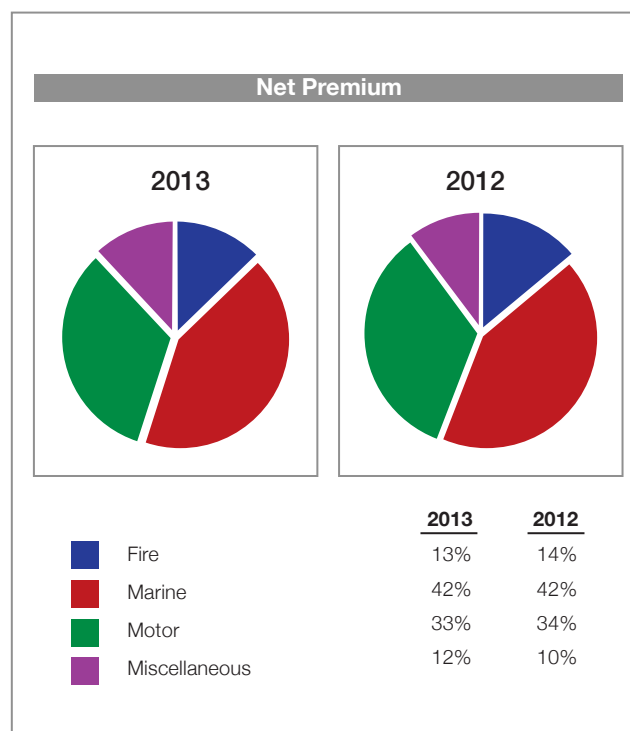
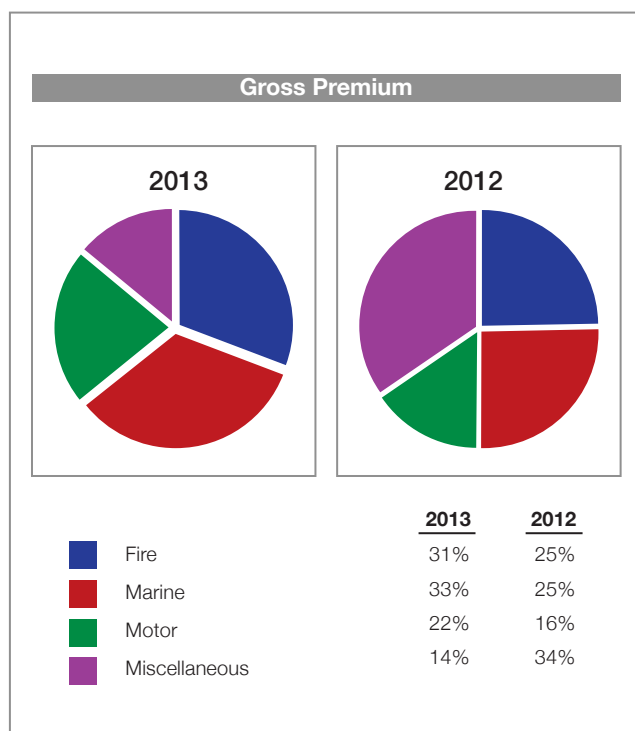
Cash Flow Statement

Particulars	2013 2012 2011 2010 2009 2008						Vertical Analysis Composition of Cash Flow						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						2013	2012	2011	2010	2009	2008	2013 Vs 2012	2012 Vs 2011	2011 Vs 2010	2010 Vs 2009	2009 Vs 2008	2008 Vs 2007
							%	%	%	%	%	%	%	%	%	%	%	%
Cash flow from operating activities	100,698	399,670	(139,230)	30,156	357,795	2,067	(84.0)	175.7	31.8	(18.0)	77.1	(42.6)	(74.8)	387.1	(561.7)	(91.6)	17,209.9	(98.8)
Cash flow from investing activities	(14,226)	1,030	(153,766)	(66,210)	172,576	137,882	11.9	0.5	35.1	39.5	37.2	(2,842.3)	(1,481.2)	100.7	132.2	(138.4)	25.2	(144.4)
Cash flow from financing activities	(206,322)	(173,278)	(144,994)	(131,556)	(66,108)	(144,800)	172.2	(76.2)	33.1	78.5	(14.2)	2,985.0	(19.1)	(19.5)	(10.2)	(99.0)	54.3	(35.8)
(Decrease) / increase in cash & cash equivalents	(119,850)	227,422	(437,990)	(167,610)	464,263	(4,851)	100.0	100.0	100.0	100.0	100.0	100.0	(152.7)	151.9	(161.3)	(136.1)	9,670.5	(103.9)

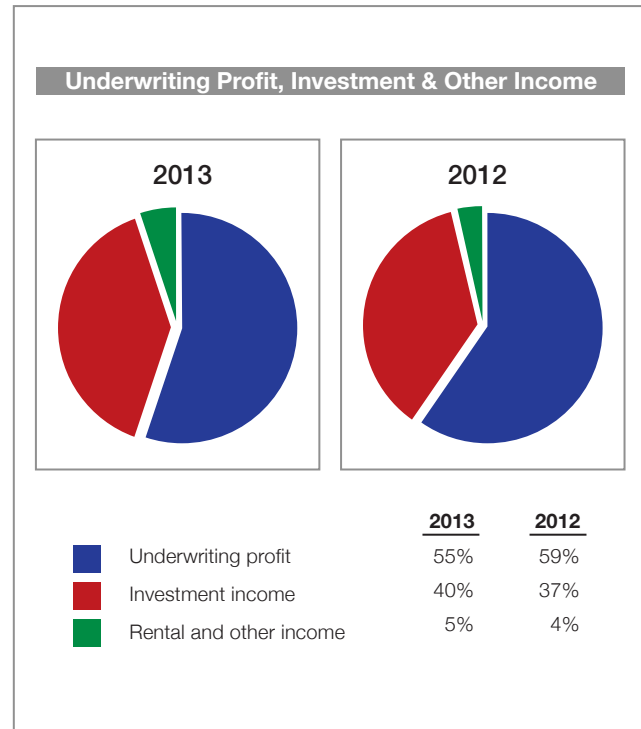
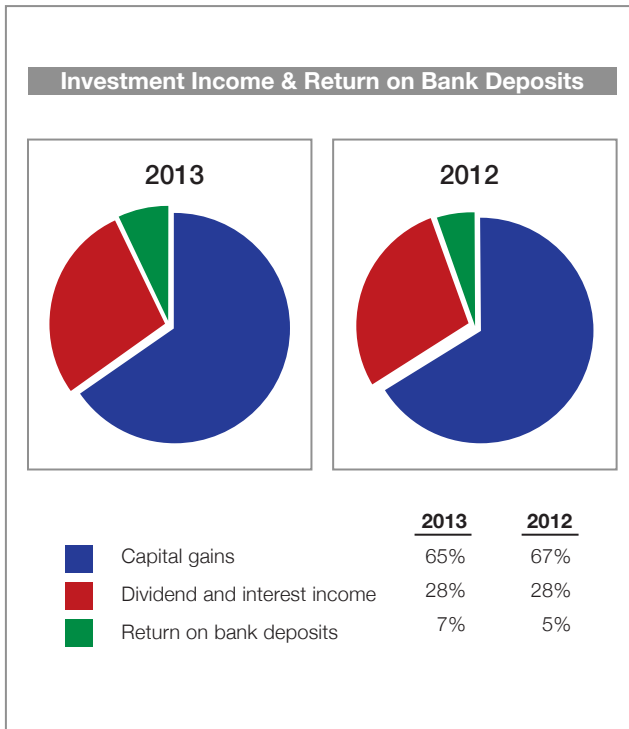
Analysis of Financial Statements Graphical Presentation (Balance Sheet)



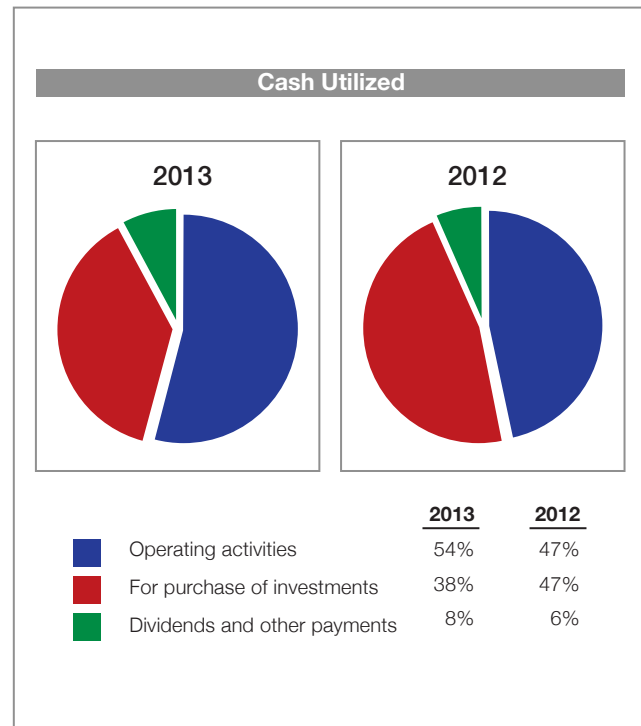
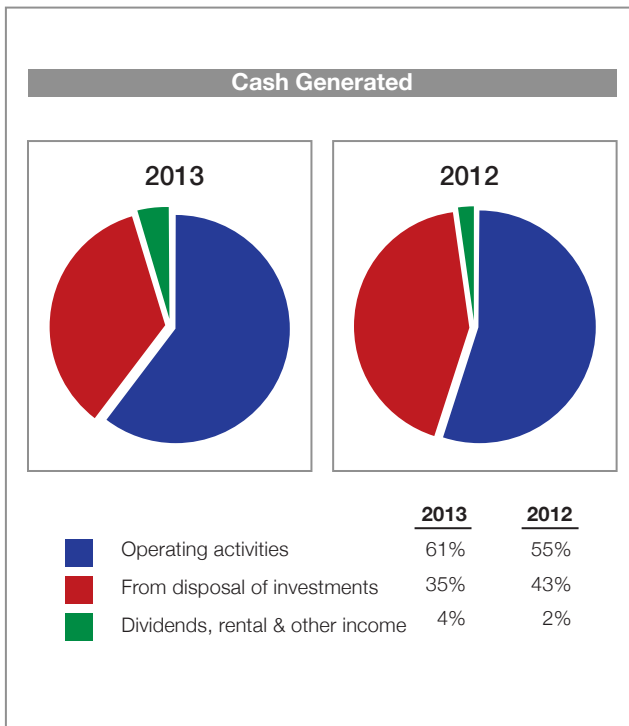
Graphical Presentation (Profit and Loss Account)



Analysis of Financial Statements Graphical Presentation (Profit and Loss Account)



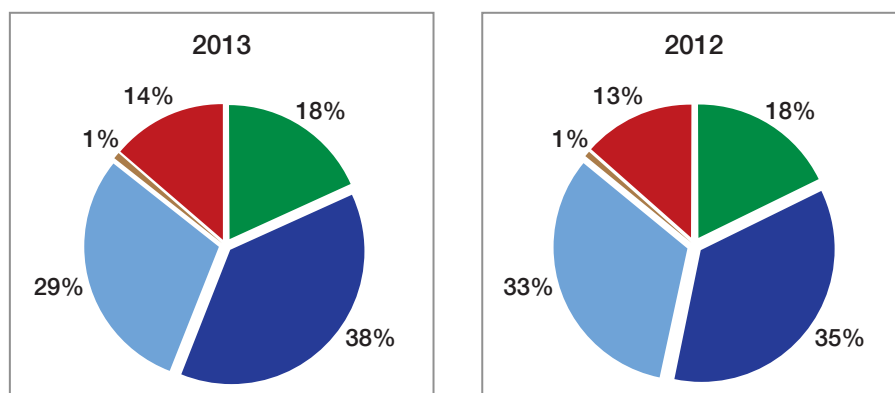
Graphical Presentation (Cash Flow)



Statement of Value Addition

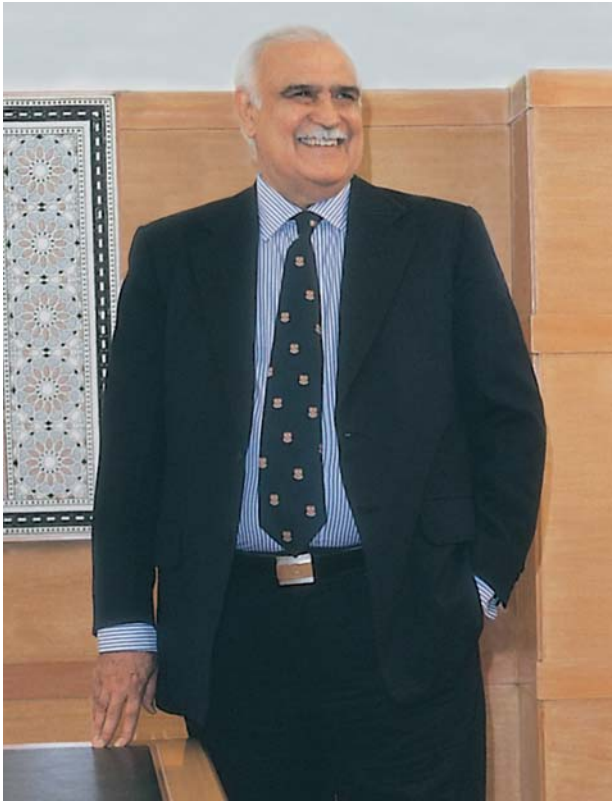
	2013		2012	
	(Rupees in thousand)	%	(Rupees in thousand)	%
Wealth Generated				
Gross premium (including FED and FIF)	1,674,479		1,688,692	
Commission income	55,172		54,894	
Income from investment	246,399		180,692	
Rental and other income	31,779		17,553	
	2,007,829		1,941,831	
Management and other expenses	932,456		1,126,503	
	<u>1,075,373</u>	<u>100.00%</u>	<u>815,328</u>	<u>100.00%</u>
Wealth Distributed				
To Employees				
Salaries, wages and other benefits	196,866	18.31%	144,920	17.77%
To Government				
Company taxation	131,599	12.24%	101,407	12.44%
Levies (Including FED and FIF)	274,249	25.50%	188,348	23.10%
	405,848	37.74%	289,755	35.54%
To Shareholders				
Cash dividend	212,610	19.77%	177,175	21.73%
Stock dividend	106,305	9.89%	88,588	10.87%
	318,915	29.66%	265,763	32.60%
Financial Charges				
To providers of finance	-		-	
To Society				
Endowment, donation etc.	5,860	0.54%	4,600	0.56%
Retained in Business				
Depreciation and amortization	10,826	1.01%	9,697	1.19%
Statutory reserves	43,000	4.00%	36,000	4.42%
Retained profit / (loss)	94,058	8.75%	64,593	7.92%
	147,884	13.75%	110,290	13.53%
	<u>1,075,373</u>	<u>100.00%</u>	<u>815,328</u>	<u>100.00%</u>

Wealth Distribution



■ Employees ■ Government ■ Shareholders ■ Society ■ Retained in business

Chairman's Review



It is my pleasure to present the 79th Annual Report and review of business performance on behalf of the Board of your Company for the year ended December 31, 2013.

The Economy

The economy of Pakistan is expected to grow moderately at 3.5% in FY 13-14. Although it is below the long term average growth rate of 5% certain recent developments on economic front may improve growth rate closer to its long term average in the medium term. The government is giving high priority for restoring economic sustainability and growth. The medium term strategy requires dealing with the energy crises, boosting investment and trade, developing infrastructure and ceding economic functions to private sector. The grant of GSP Plus status by European Union is expected to push exports of the country which improved by 5% and touched USD 12.6 billion during the period July to Dec 2013. The SBP after jacking up the discount rates in the short run to 10% to curtail inflation is expected to keep it stable.

During the year under review the KSE 100 index rose 49.4% in rupee terms and 37% in dollar terms. The stellar performance made the KSE one of the best performing equity markets in the world. Workers' remittance continued to show an increasing trend and rose to USD 7.79 billion during first half of the year 2013-14, up 9.4%. The Foreign Direct Investment however

remained under pressure as it declined by 26.8% during the year. The current account deficit widened to USD 1.58 billion in the first half of the year. This put pressure on the Pakistan rupee, losing 6.5% of its value since the beginning of fiscal year 2013-14. As a result of increase in exports to USD 12.6 billion, up 5.11% and reduction in imports by 1% to USD 21.7 billion the trade deficit reduced by 8.75% from USD 9.8 billion to USD 9.0 billion during first half. The IMF loan under extended fund facility of USD 6.5 billion arrested further decline of Rupee to some extent. The forex reserves stood at USD 8.3 billion at the end of the calendar year 2014. Appropriate and timely decisions of the economic managers are expected to further improve the economic situation.

The Insurance Industry

Year 2013 has been quite challenging for the insurance sector as sluggish GDP growth made for a tough environment for the country. Despite the fact that inflation in 2012 was 11.3% the growth in the gross premium remained at 4.57% and did not witness any real growth. The underwriting profitability of the general insurance also remained under pressure. Increased competition, economic growth volatility and deteriorating law and order situation have hampered its growth compared to the potential that exists. The SECP has been very proactive and vigilant in the promotion of insurance sector in Pakistan and has taken a number of initiatives during the year in strengthening the sector in general, micro insurance in particular. Issuance of Micro Insurance Rules 2013 in June, draft Bancassurance Regulations in September 2013 and draft amendments in Insurance Rules for regulating licensing of insurance brokers were some of the steps taken in this direction. Although insurance penetration in Pakistan at 0.6% is very low compared to the region huge potential does exist for the development of new products and providing covers to public in general for various risks in business.

The Risk Based Capital requirement in the alternate Eastern reinsurance market will lead to squeezing of reinsurance exposures in the low profit-yielding markets like Pakistan. Deteriorating law and order situation, continuous erosion of rupee value, shrinking of underwriting profit margins and declining insurance premium rates are some of the major challenges faced by the local insurance industry which also make this market less attractive for foreign reinsurers. In order to maintain the interest of international reinsurers particularly with the continuous devaluation of Pak rupee, it is extremely important for the domestic companies to substantially improve their underwriting results. Improvement in premium rates and effective risk management to reduce claims are two basic things which will help to achieve this objective.

The growth in general insurance premium is not matching the inflation rate prevailing in the country. This should raise serious

concerns for all stake holders of the insurance industry. Both IAP and SECP should jointly analyze this factor and initiate steps to increase penetration of insurance in the country which will go a long way not only in supporting growth in insurance premium but also contributing its due role in providing stability in overall economic growth of the country. The market leaders generally drive the trends of industry in any business and our insurance industry should be no different in this regard. Hence greater responsibility lies with larger insurance companies to take appropriate measures to improve the insurance industry in the country.

Effective use of technology to facilitate transactional processing and data analysis support will lead to cost cutting. This will help smaller size companies to meet challenges of improving underwriting results and overall financial strength. Simultaneously this will contribute in better management of business and improved service level.

The Company Results

Premium

The gross premium for the year reached Rs. 1.40 billion as compared to Rs. 1.50 billion of last year. The net premium rose to Rs. 756 million against Rs. 604 million of last year, showing increase of 25%. The underwriting profit was Rs. 343 million as compared to Rs. 295 million of the last year, up 16%. It is pertinent to mention that these results were achieved in a challenging environment for the country. The results therefore reflect the fundamental strength of the Company and its prudent underwriting policies.

Segments at a Glance

Fire & Property Damage

The Company underwrote gross premium of Rs. 432 million during the year against Rs. 370 million of last year. Similarly the net premium increased by 14% to Rs. 97 million in the current year from Rs. 85 million of last year. The net claims decreased to Rs. 5 million as compared to Rs. 6 million of last year. The contribution of underwriting profit was recorded at Rs. 50 million as compared to Rs. 58 million of last year due to re-allocation of certain expenses.

Marine Aviation & Transport

In Marine segment the gross premium underwritten rose to Rs. 469 million against Rs. 379 million of last year. The net premium also increased to Rs. 318 million from Rs. 253 million of last year. The net claim ratio at 6% remained same as that of

last year. The segment's underwriting profit also increased to Rs. 237 million from Rs. 200 million of last year.

Motor

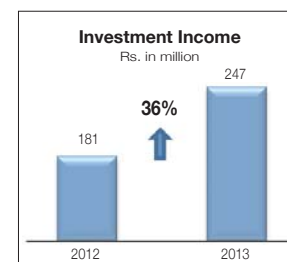
Motor segment generated gross underwritten premium of Rs. 305 million as compared to Rs. 233 of last year. The net claim ratio declined to 38% from 40% of last year. The underwriting profit of Rs. 40 million decreased from Rs. 72 million of last year due to allocation of tracker expenses which were earlier charged to general expenses.

Miscellaneous

The gross underwritten premium declined to Rs. 195 million against Rs. 519 million of last year. However, the net premium under this segment rose to Rs. 91 million from Rs. 62 million of 2012. The net claim ratio also decreased marginally to 47% from 48% of last year. The Company earned underwriting profit of Rs. 16 million as compared to loss of Rs. 39 million of last year.

Investment Management

The Investment Committee is responsible for implementation of investment policies laid down by the Board. The Company was able to realize capital gain of Rs. 173 million during the year compared to Rs. 126 million of last year. Additional



investment of Rs. 294 million was also made during the year in different instruments in line with the Company policy. The overall policy remains to invest in fundamentally sound stocks with good earnings and growth prospects while maintaining a balance between fixed income securities and equities.

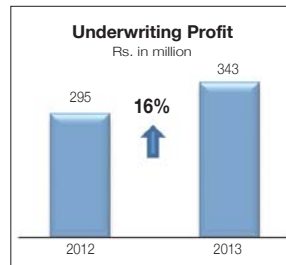
The book value of investments as at December 31, 2013 stood at Rs. 1.55 billion (market value Rs. 2.54 billion) against Rs. 1.26 billion (market value Rs. 1.61 billion) of last year. This reflects strong financial base of your Company as well as better utilization of Company funds.

Capital Management

The Company has a strong capital base having a paid up capital of Rs. 638 million and an equity base of Rs. 1.44 billion. The Company is committed to maintain a strong financial profile which gives it leverage for further growth and portfolio build up. The Company's capital base is structured keeping in view the future expansion and growth of the Company.

Profitability

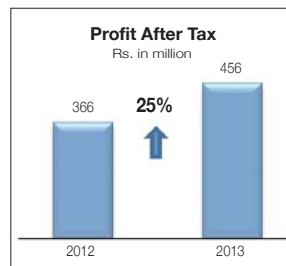
The underwriting profit rose significantly to Rs. 343 million from Rs. 295 million of last year. Good returns from investments helped in enhancement of profit before tax which rose to Rs. 588 million from Rs. 468 million of last year. After providing Rs. 132 million for tax the net profit after tax stood at Rs. 456 million as compared to Rs. 366 million of last year.



Reinsurance

Continuing to build underwriting capacities of existing lines of business, while introducing new products always remains the focus of management.

The Company renewed its reinsurance arrangements with the world's renowned reinsurers having strong financial strength ratings including Swiss Re, Hanover Re, Tokyo Marine and Nichido Fire Insurance, Sampo Japan and Malaysian Re. In line with the Company tradition, this year the Company once again was able to negotiate reinsurance arrangements on relatively better terms despite challenging international reinsurance market environment.



Policyholder and Customer Service

Customer service is at the forefront of the strategy of your Company as it believes in serving customers and risk transfer requirements effectively and efficiently. Your Company has come a long way in improving its image in terms of policyholder service and will continue to strive to win the customer minds through its efficient service levels. The improvement in our rating is testament to our efficient customer service which is well recognized in the insurance industry.

Information Technology

Information Technology remains one of the key differentiating factors when it comes to providing high level service and developing internal controls in an organization. As such your Company is continually upgrading its IT infrastructure both in terms of software and hardware to keep up to date with latest trends. The Company has invested in a disaster recovery site to secure its information system and as part of wider Business

Continuity Plan. The financial and insurance modules / systems of the Company have also been upgraded during the year, which provide better controls in the operations of the organization. IT as part of the Company strategy is poised to provide a competitive edge to the organization.

Human Resource and Associate Development

Your Company strongly believes in the Atlas Group philosophy of organization development through continuous human resource development. This ultimately accelerates productivity, increases employees' efficiency and provides job satisfaction.

Atlas Group human resource strategy focuses on investing continuously in its human capital. The most valued resource of your Company is its competent, professional, trained and committed work force. The Company invests in human resource capital to maintain a healthy working environment through training and development. A strict code of conduct is followed focusing on "The Atlas Way" to encourage employees to perform better in a disciplined way. The Company is continuously making efforts to implement a strategy that involves highly integrated set of functions in the shape of employees placement training and development, compensation and benefits and succession. Employees of all levels are nominated for in house trainings as well as outside formal training courses. Selected employees are also sent on training in reputable institutions such as IBA Karachi, PIMS and LUMS. We also support employees to pursue professional insurance qualification to improve their knowledge and skills.

Corporate Social Responsibility

Your Company has taken a number of initiatives in this field donating for good cause. It contributes 1% of its profit before tax to the Atlas Foundation which then carries out different welfare works predominantly focused on education. The corporate social responsibility is at the heart of the value system being followed by the Company under which not only the Company but associates working in the Company play their role in the development of the society.

Risk Management System

Risk Management is increasingly becoming an important area that needs focus at the highest level of management. Those organizations with good Risk Management system are lesser exposed to losses and credit crises. Your Company places much importance to the Risk Management system and has developed an internal risk management frame work relevant to insurance industry. As insurance is all about risk mitigation, a responsible

organization needs to place effective control in underwriting risk, business risk, reinsurance risk, financial risk, investment risk and currency risk. These risks are closely monitored and appropriate measures have been put in place that will reduce such risks.

Contribution to the National Exchequer

Your Company contributed a sum of Rs. 421 million during the year towards government exchequer on account of direct and indirect taxes. The management of your Company strongly believes in the development of the economy through discharging the obligations by timely and accurate payment of all government dues including taxes etc. Atlas Group as a whole has contributed over Rs. 25 billion to the national exchequer, which is 1.3% of the total exchequer for the year 2012-13, a significant share in the government revenue.

Accolades

The South Asian Federation of Accountants (SAFA) once again adjudged Company's Annual Report 2011 for an award. It was the sixth consecutive year that the Company was awarded this distinction. This recognition of SAFA acknowledges the strong commitment of your Company for promotion of best business practices and good governance while maintaining the financial discipline. Atlas Insurance Limited has also been awarded seven times the top five companies "Best Corporate Report Award" by the Joint Committee of ICAP and ICMAP. The Company is also recipient of one of the prestigious awards of the Corporate sector - "KSE Top 25 Companies Award".

Future Outlook

The economy of Pakistan is well placed to grow further considering the business friendly policies of the government. However, the structural imbalances like budget and fiscal deficits will continue to pose challenge to the economic targets set by the government. Increasing tax to GDP ratio, materializing on GSP Plus status, meeting energy short fall, controlling inflation and improving law and order situation of the country remain the key challenges. The potential inherent in Pakistan's economy is still untapped. The government needs to quickly take policy measures to facilitate foreign direct investment in the country especially in the energy sector so that the country's energy demand is met in the shortest possible time. It will help in employment generation and will also increase the government revenue as economic activities will pick up. Moreover, timely receipt of dues under coalition support fund and auction of 3G licenses will help the government to address its deficits. The insurance industry will also increase its contribution to the GDP growth as a result of a proactive approach of the regulator for enhancing the insurance density in Pakistan. I am

confident that the management of your Company is fully cognizant of this situation. It is also prepared and equipped to deliver positive results in future.

خودی کو کر بلند اتنا کہ ہر تقدیر سے پہلے
خدا ہندے سے خود پوچھے بتا تیری رضا کیا ہے

(It is the determination which matters in what one wants to achieve)

Acknowledgement

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose cooperation and support over the years strengthened our relationship which plays a vital role in improving our products and services and contribution to the society and national economy.

I also appreciate the valuable contribution and active role of the Board of Directors in supporting and guiding the management. I would also like to express my gratitude to the Chief Executive Officer Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose.



Yusuf H. Shirazi
Chairman

Directors' Report

The directors of your Company take pleasure in presenting their report together with the audited financial statements and Auditors' Report thereon for the year ended December 31, 2013. The director's report, prepared under section 236 of the Companies Ordinance, 1984 and Clause (xvi) of the Code of Corporate Governance, will be put forward to the members at the seventy ninth Annual General Meeting of the Company to be held on April 10, 2014.

Financial Results

Following is the overall performance of the Company for the year ended December 31, 2013:

	2013 (Rupees in thousand)	2012 Restated
Gross premium	1,400,230	1,500,344
Profit for the year before tax	587,572	467,763
Taxation:		
Current	142,915	100,110
Deferred	(11,316)	6,412
Prior years - current / deferred	-	(5,115)
	131,599	101,407
Profit for the year after tax	455,973	366,356
Un-appropriated profit brought forward	4,595	154
Profit available for appropriation	460,568	366,510
*Appropriations:		
Transferred to general reserve	(77,000)	(43,000)
Proposed bonus shares @ 10% (2012 : @ 20%)	(63,783)	(106,305)
Proposed cash dividend @ 50% (2012 : @ 40%)	(318,916)	(212,610)
	(459,699)	(361,915)
Unappropriated balance carried forward	869	4,595

* The Board of Directors has recommended bonus shares 10% i.e. one ordinary shares for every ten ordinary shares held and cash dividend of Rs. 5 per share i.e. 50% for the year ended December 31, 2013. The financial statements do not reflect these appropriations in compliance with the Fourth Schedule of the Companies Ordinance, 1984.

Earnings per share

Earnings per share after tax is Rs. 7.15 as against Rs. 5.74 (Restated) in 2012.

Chairman's Review

The Chairman's Review included in the Annual Report deals inter alia with the performance of the Company for the year ended December 31, 2013 and future prospects. The directors endorse the contents of the review.

Board of Directors

The Board was actively involved during the year in performing its duties including those required to be performed under various relevant laws and the Memorandum and Articles of Association of the Company, with the objective of safe guarding the interests of the shareholders, increasing profitability of the Company with an ultimate goal to increase shareholders' wealth and promoting market confidence.

The Board has combination of executive and non-executive directors in which six out of seven are non-executive. None of the directors on the Board is a director of more than 7 listed companies including this Company. All the directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review management performance.

The Board had five (5) and Audit Committee had 4 meetings during the year. Attendance by each director / member was as follows.

S. No.	Directors	Directorships in listed companies including Atlas Insurance Limited	Attendance in the meetings of	
			Board of Directors	Audit Committee
1	Mr. Yusuf H. Shirazi	4	5/5	N/A
2	Mr. Isphanyar M. Bhandara	2	2/5	N/A
3	Mr. Feroz Rizvi	1	5/5	4/4
4	Mr. Ali H. Shirazi	2	3/5	4/4
5	Mr. Frahim Ali Khan	1	5/5	4/4
6	Mr. Jawaid Iqbal Ahmed	1	4/5	N/A
7	Mr. Arshad P. Rana	1	5/5	N/A

Before each meeting of the Board of Directors a closed period is determined by the Company during which directors, CEO, executives of the Company and their spouses are not allowed to trade in shares of the Company in any manner, whether directly or indirectly. The Board has reviewed the status of executives in terms of Clause (xvi) & (xxiii) of the Code of Corporate Governance and has set a threshold defining categories of employees as executives consequent to which they are subject to additional regulatory requirements for trading and disclosing their transactions in the Company shares.

No transaction in the Company's shares has been reported by the directors, CEO, CFO, Company Secretary and their spouse and minor children during the year.

External Auditors

The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee recommends and the Board endorses that they be appointed as Auditors for the year ending December 31, 2014.

The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The external auditors attended those Audit Committee meetings in which audited / reviewed financial statements of the Company were considered by the Audit Committee. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in the Board and Management Letters.

Board and its Committees

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. Audit Committee was established to assist the directors in discharging their responsibilities towards the Company. During the year following significant matters were reviewed by the Audit Committee:

- Reviewed the quarterly, half yearly and annual financial statements of the Company prior to their approval by the Board of Directors.
- Recommended to the Board the appointment of external auditors by the Company's shareholders and considered any questions of audit fee.
- Reviewed the Management Letter and Board Letter issued by the external auditors of the Company.
- Reviewed and recommended related party transactions to the Board of Directors.
- Monitored and discussed the compliance of statutory / regulatory requirements of the relevant statutes.
- Discussed major findings of internal audit reports and management's response there to.
- Reviewed compliance status with the best practices of corporate governance.
- Reviewed appropriate measures to safeguard Company's assets
- Reviewed status of action items from the pervious meetings.

Human Resource & Remuneration Committee

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

Employees' Retirement Benefits

The Company operates defined contribution plan for its permanent employees through either one of the following ways:

- a recognized provident fund; or
- voluntary pension schemes managed by Atlas Asset Management Limited, an associated entity, under the Voluntary Pension System Rules, 2005, viz, Atlas Pension Fund and Atlas Pension Islamic Fund.

The newly appointed employees are offered voluntary pension schemes only. However, employees who are members of provident fund trust have the option to opt either of the two above mentioned defined contribution plans.

The Company also operates non-contributory gratuity fund scheme for its management employees.

The value of investment, based on their respective accounts is as follows:

Provident Fund	Rs. 101 million (as at December 31, 2013)
Gratuity Fund	
Management Staff	Rs. 361.7 million (as at June 30, 2013)
Non-Management Staff	Rs. 8.3 million (as at December 31, 2013)

Compliance with the Code of Corporate Governance as contained in the Listing Regulations of stock exchanges

The directors confirm compliance of the Code of Corporate Governance as set out by the Karachi and Lahore stock exchanges in their Listing Regulations, relevant to the year ended December 31, 2013. Separate statements to these effects are annexed.

Statement of Directors' Responsibilities

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive and are reviewed by the Board in light of the Company's overall objectives. The Board is committed to maintain high standards of good corporate governance. The Company has been in compliance with the provisions set out by the Securities & Exchange Commission of Pakistan and the listing rules of the stock exchanges. There has been no material departure from the best practices of the corporate governance, as detailed in the Listing Regulations.

Financial Statements

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

Books of Account

The Company has maintained proper books of account.

Accounting Policies

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

International Accounting Standards

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

Internal Control System

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

Going Concern

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

Operating and Financial Data

Operating and financial data and key ratios of the Company for last ten years are annexed.

Best Practices of Corporate Governance

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Taxes and Levies

Information about taxes and levies is given in notes to the financial statements.

Related Party Transactions

In order to comply with the requirements of Listing Regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions were reviewed / recommended by the Audit Committee and approved by the Board of Directors in their respective meetings. Detail of related party transactions is disclosed in note 28 of the financial statements.

Pattern of Shareholding

The pattern of shareholding of the Company is annexed.

Code of Conduct

The Company has prepared a 'Code of Conduct', which has been approved by the Board of Directors. This Code has been disseminated throughout the Company.

The basic philosophy underlying this Code is to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company respects the legitimate interest of all the those with whom it has relationship - government, employees, clients, shareholders and society. The Code has been placed on Company's website.

Compliance with this Code is essential element in business savvy. The Board of Directors is responsible for ensuring that the Code is communicated to and understood and observed by all the employees. Day-to-day responsibility is delegated to the senior management for implementing this Code.

Whistle Blowing Policy

The Company is committed creating an atmosphere ensuring accountability and integrity in its conduct. A Whistle Blowing policy has been in place as part of Company's effort to provide a mechanism for raising alert against any wrongdoing, malpractice or impropriety. This is intended to further improve governance and service quality. The policy sets out the procedures for lodging of concerns by the employees, handling of concerns by the organization, reporting requirements, protection of whistleblower and periodic monitoring of the policy. The employees are encouraged to use the guidance provided by this program.

Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under the Listing Regulation No. 35 of the Karachi Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984 and Listing Regulations have been complied with.

Market Share Information

As per statistics compiled by the Insurance Association of Pakistan (IAP) for the year ended December 31, 2012, the market share of the Company has increased to 3.39% from 2.65% of last year. Status for the year 2013 will be known once statistics of all the companies are compiled by the IAP.

Directors Training Program

One of the directors had successfully completed Directors Training Program (DTP) during the period from July 2012 to June 2013 and another director is expected to complete the program by June 30, 2014.

Obituary

The Board of Directors felt profound grief on the sad demise of Mr. Muhammad Faruque, who passed away on December 16, 2013. He had remained director of the Company from 1998-2008. The Board highly appreciate the invaluable services rendered by him during his tenure. His professional guidance and expert knowledge will be remembered forever. May Allah rest his soul in peace and comfort Ameen !.

Communication

Communication with the shareholders is given a high priority. Annual reports are distributed to the members and half yearly and quarterly reports are placed on Company's website within the time specified by the Companies Ordinance, 1984 and the Code of Corporate Governance. The Company also has a web site, www.atlasinsurance.com.pk, which contains up-to-date information on Company's activities and financial reports.

Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

Safety and Environment

The Company follows the safety and environment rules and regulations.

For and on behalf of the
Board of Directors



Arshad P. Rana
Chief Executive

Lahore: February 28, 2014

Pattern of Shareholding as at December 31, 2013

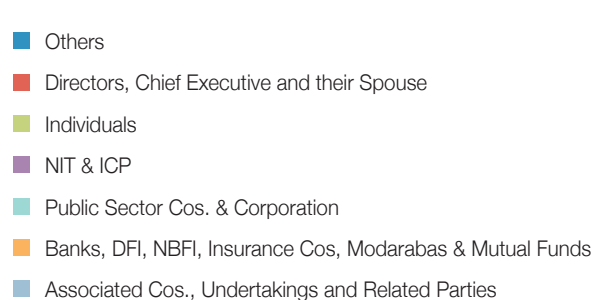
Information required under the Code of Corporate Governance

Categories of shareholders	No. of shareholders	Total No. of shares held	Holding %
Associated Companies, Undertakings and Related Parties (Name Wise Detail)			
Shirazi Investments (Pvt.) Limited	1	21,691,766	34.01%
Shirazi Capital (Pvt.) Limited	1	20,061,830	31.45%
Shirazi (Pvt.) Limited	1	6,293,768	9.87%
Atlas Foundation	1	1,753,942	2.75%
Iftikhar Shirazi Family Trust	1	1	0.00%
NIT and ICP			
IDBP - (ICP Unit)	2	771	0.00%
Director, Chief Executive and their spouse and minor children			
Mr. Yusuf H. Shirazi & Mrs. Khawar S. Shirazi	1	1	0.00%
Mr. Feroz Rizvi	1	600	0.00%
Mr. Isphanyar M. Bhandara	1	1	0.00%
Mr. Ali H. Shirazi	1	1	0.00%
Mr. Frahim Ali Khan	1	1	0.00%
Mr. Jawaid Iqbal Ahmed	1	619	0.00%
Mr. Arshad P. Rana	1	84,242	0.13%
* Executives	2	84,243	0.13%
Public Sector Companies & Corporation			
State Life Insurance Corporation of Pakistan	1	1,799,014	2.82%
Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds			
Habib Insurance Company	1	156,000	0.24%
National Bank of Pakistan	1	68,904	0.11%
** Shareholders holding 5% or more voting interest	3	48,047,364	75.33%
Individuals	1,193	10,061,885	15.78%
Others	29	1,810,358	2.84%
	<u>1,239</u>	<u>63,783,704</u>	<u>100.00%</u>

* Both the executives, as per threshold determined by the Board of Directors, exist in disclosure related to directors, therefore not included in the total.

** Shareholders having 5% or more voting interest in the Company exist in Associated Companies, therefore not included in the total.

Pattern of Shareholding



Statement of Compliance with the Code of Corporate Governance For the year ended December 31, 2013

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited 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:

Sr. No.	Directors	Independent	Executive	Non-Executive
1	Mr. Yusuf H. Shirazi			✓
2	Mr. Feroz Rizvi	✓		✓
3	Mr. Isphanyar M. Bhandara			✓
4	Mr. Ali H. Shirazi			✓
5	Mr. Fahim Ali Khan			✓
6	Mr. Jawaid Iqbal Ahmed			✓
7	Mr. Arshad P. Rana		✓	

The independent director meets the criteria of independence as specified in 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 (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the 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. No director in the Board is a member of any of the Stock Exchanges in Pakistan.
4. No casual vacancy occurred on the Board during the year ended December 31, 2013.
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 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) and other non-executive directors, have been taken by the Board.
8. The meetings of the Board were chaired by the Chairman 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. The Board has been provided information and presentation on the Code of Corporate Governance 2012. One director has attended Corporate Governance Leadership Skills (CGLS) program during the period from July 2012 to June 2013. Three directors meet the criteria of exemption under Clause (xi) of the Code and are accordingly exempted from Directors' Training Program (DTP).

10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year.
11. The directors' report 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 the 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 the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, all of them are non-executive directors and the chairman of the committee is an independent director.
16. 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.
17. The Board has formed & Human Resource and Remuneration Committee. It comprises three members, whom two are non-executive directors including the chairman of the committee.
18. The Board has set-up an effective internal audit function, which is manned by experienced and qualified personnel who are fully conversant with the policies and procedures of the Company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouse and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange (s).
22. Material / price sensitive information has been disseminated among market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the
Board of Directors



Arshad P. Rana
Chief Executive

Lahore: February 28, 2014

Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (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 Atlas Insurance Limited (the Company) to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited, 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 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited require the Company to place before the Board of Directors for their consideration and approval of 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 status of the Company's compliance, in all material respects, with the best practices contained in the Code, for the year ended December 31, 2013.

Ernst & Young Ford Rhodes Sidat Hyder

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Mohammed Junaid

Lahore

Date: February 28, 2014

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. cash flow statement;
- vi. statement of premiums;
- vii. statement of claims;
- viii. statement of expenses; and
- ix. statement of investment income

of Atlas Insurance 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 from 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 the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in note 2.4 of these 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 cash flow 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) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Mohammed Junaid

Lahore

Date: February 28, 2014

Balance Sheet

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>Restated</u>
Share capital and reserves			
Authorised share capital 80,000,000 (2012: 80,000,000) ordinary shares of Rs. 10 each		800,000	800,000
Issued, subscribed and paid up capital 63,783,074 (2012: 53,152,562) ordinary shares of Rs. 10 each	6	637,831	531,526
Reserves	7	344,064	301,064
Retained earnings		456,136	365,835
		1,438,031	1,198,425
Underwriting provisions			
Provision for outstanding claims (including IBNR)		309,529	200,912
Provision for unearned premium		732,848	775,413
Commission income unearned		62,925	68,195
Total underwriting provisions		1,105,302	1,044,520
Creditors and accruals			
Premium received in advance		8,052	5,572
Amounts due to other insurers / reinsurers	8	236,671	257,751
Accrued expenses	9	77,023	55,042
Taxation - provision less payments		30,488	-
Other creditors and accruals	10	77,869	113,880
		430,103	432,245
Other liabilities			
Deposits against performance bonds		9,453	2,361
Unclaimed dividends		31,847	25,122
		41,300	27,483
TOTAL LIABILITIES		1,576,705	1,504,248
TOTAL EQUITY AND LIABILITIES		3,014,736	2,702,673
CONTINGENCIES AND COMMITMENTS	11		

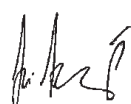
The annexed notes from 1 to 37 form an integral part of these financial statements.



Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

As at December 31, 2013

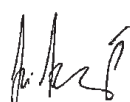
	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>Restated</u>
Cash and bank deposits	12		
Cash and other equivalents		112	68
Current and other accounts		162,051	281,945
		162,163	282,013
Loans to employees - secured considered good	13	162	170
Investments	14	1,550,372	1,255,886
Deferred taxation	15	20,257	8,941
Current assets - others			
Premium due but unpaid	16	260,165	229,835
Amounts due from other insurers / reinsurers	17	110,557	98,884
Salvage recoveries accrued		6,810	8,535
Accrued investment income	18	348	2,783
Reinsurance recoveries against outstanding claims		236,457	121,248
Deferred commission expense		63,673	67,320
Prepayments	19	533,695	533,080
Taxation - payments less provision		-	6,387
Sundry receivables	20	13,937	21,164
		1,225,642	1,089,236
Fixed assets	21		
Tangible			
Freehold land		1,168	1,168
Buildings on freehold land		11,809	12,431
Furniture and fixtures		2,937	3,202
Office equipments		10,561	11,788
Computers - owned		7,620	6,312
Motor vehicles - owned		19,761	30,675
		53,856	65,576
Intangible			
Computer software		2,284	851
TOTAL ASSETS		<u>3,014,736</u>	<u>2,702,673</u>



Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Profit and Loss Account

For the financial year ended December 31, 2013

	Note	Fire & property damage	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total 2013	Total 2012
				(Rupees in thousand)				Restated
Revenue account								
Net premium revenue		97,447	317,802	249,719	90,713	3	755,684	603,616
Net claims		(5,386)	(20,072)	(95,539)	(42,421)	-	(163,418)	(133,237)
Expenses	22	(81,875)	(88,710)	(97,191)	(36,769)	-	(304,545)	(229,957)
Net commission		39,978	27,816	(17,456)	4,834	-	55,172	54,894
Underwriting result		<u>50,164</u>	<u>236,836</u>	<u>39,533</u>	<u>16,357</u>	<u>3</u>	<u>342,893</u>	<u>295,316</u>
Investment income							246,399	180,692
Rental income							6,518	5,448
Other income	23						25,261	12,105
Financial charges							(437)	(467)
General and administration expenses	24						(33,062)	(25,331)
							<u>244,679</u>	<u>172,447</u>
Profit before taxation							587,572	467,763
Provision for taxation	25						(131,599)	(101,407)
Profit after taxation							<u>455,973</u>	<u>366,356</u>
Profit and loss appropriation account								
Balance at commencement of the year								
Profit after taxation for the year							455,973	366,356
Final dividend for 2012 @ Rs. 4 per share (2011: Rs. 4 per share)							(212,610)	(177,175)
Transfer to general reserve							(43,000)	(36,000)
Transfer to reserve for issue of bonus shares							(106,305)	(88,588)
Balance unappropriated profit at the end of the year							<u>455,941</u>	<u>361,883</u>
Basic and diluted earnings per share - Rupees	26						7.15	5.74

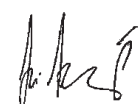
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Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Statement of Comprehensive Income

For the financial year ended December 31, 2013

	<u>2013</u> (Rupees in thousand)	<u>2012</u> Restated
Profit for the year ended December 31	455,973	366,356
Other comprehensive income for the year		
Other comprehensive income not to be classified to profit or loss in subsequent period:		
Re-measurement (loss) / gain on defined benefit obligation	(3,757)	3,952
Total comprehensive income for the year	<u>452,216</u>	<u>370,308</u>

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



Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Statement of Changes in Equity

Financial year ended December 31, 2013

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue Reserve			Total	
		Capital reserve	Reserve for exceptional losses	Reserve for issue of bonus shares	General reserve	Investment fluctuation reserve		Retained earnings
(R u p e e s i n t h o u s a n d)								
Balance as at January 1, 2012	442,938	2,251	2,164	-	257,649	3,000	301,917	1,009,919
Effect of change in accounting policy as stated in note 2.4	-	-	-	-	-	-	(4,627)	(4,627)
Balance as at January 1, 2012 - Restated	442,938	2,251	2,164	-	257,649	3,000	297,290	1,005,292
Profit after tax for the year	-	-	-	-	-	-	366,356	366,356
Other comprehensive income	-	-	-	-	-	-	3,952	3,952
Total comprehensive income	-	-	-	-	-	-	370,308	370,308
Final dividend for the year ended December 31, 2011 @ 40% (Rs. 4 per share)	-	-	-	-	-	-	(177,175)	(177,175)
Transfer to general reserve	-	-	-	-	36,000	-	(36,000)	-
Transfer to reserve for issue of bonus shares	-	-	-	88,588	-	-	(88,588)	-
Issue of bonus shares @ 20%	88,588	-	-	(88,588)	-	-	-	-
Balance as at December 31, 2012	531,526	2,251	2,164	-	293,649	3,000	365,835	1,198,425
Balance as at January 1, 2013	531,526	2,251	2,164	-	293,649	3,000	362,371	1,194,961
Effect of change in accounting policy as stated in note 2.4	-	-	-	-	-	-	3,464	3,464
Balance as at January 1, 2013 - Restated	531,526	2,251	2,164	-	293,649	3,000	365,835	1,198,425
Profit after tax for the year	-	-	-	-	-	-	455,973	455,973
Other comprehensive income	-	-	-	-	-	-	(3,757)	(3,757)
Total comprehensive income	-	-	-	-	-	-	452,216	452,216
Final dividend for the year ended December 31, 2012 @ 40% (Rs. 4 per share)	-	-	-	-	-	-	(212,610)	(212,610)
Transfer to general reserve	-	-	-	-	43,000	-	(43,000)	-
Transfer to reserve for issue of bonus shares	-	-	-	106,305	-	-	(106,305)	-
Issue of bonus shares @ 20%	106,305	-	-	(106,305)	-	-	-	-
Balance as at December 31, 2013	637,831	2,251	2,164	-	336,649	3,000	456,136	1,438,031

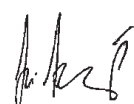
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Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Cash Flow Statement

For the financial year ended December 31, 2013

	<u>Note</u>	<u>2013</u> (Rupees in thousand)	<u>2012</u>
Operating cash flows			
Underwriting activities			
Premiums received		1,378,632	1,603,109
Reinsurance premiums paid		(634,113)	(774,536)
Claims paid		(294,751)	(302,314)
Reinsurance and other recoveries received		92,057	136,320
Commissions paid		(81,536)	(105,456)
Commissions received		139,169	142,382
Other underwriting payments		(1,190)	(2,389)
Other underwriting receipts		16,567	14,527
Net cash flow from underwriting activities		614,835	711,643
Other operating activities			
Income tax paid		(106,040)	(117,690)
General management expenses paid		(415,197)	(194,704)
Loan payments disbursed		8	(53)
Other deposits		7,092	474
Net cash flow from other operating activities		(514,137)	(311,973)
Total cash generated from all operating activities	A	100,698	399,670
Investment activities			
Profit / return received		27,718	14,462
Dividends received		67,216	48,792
Rental income received		6,703	5,539
Payments for purchase of investments		(1,085,136)	(1,520,864)
Proceeds from disposal of investments		963,556	1,480,538
Payments against purchase of fixed assets		(12,385)	(32,851)
Proceeds from disposal of fixed assets		18,102	5,414
Total cash flow (used in) / generated from investing activities	B	(14,226)	1,030
Financing activities			
Dividends paid		(205,885)	(172,811)
Financial charges paid		(437)	(467)
Total cash flow used in financing activities	C	(206,322)	(173,278)
Net cash (outflow) / inflow from all activities (A+B+C)		(119,850)	227,422
Cash at the beginning of the year		282,013	54,591
Cash at the end of the year	12	162,163	282,013

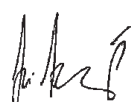
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Chairman

Reconciliation to Profit and Loss Account

	<u>2013</u>	<u>2012</u>
	(Rupees in thousand)	
		Restated
Operating cash flows	100,698	399,670
Depreciation	(9,888)	(9,131)
Amortization	(938)	(566)
Financial charges	(437)	(467)
Gain on disposal of fixed assets	6,718	1,778
Provision for doubtful debts	(3,378)	-
Increase / (decrease) in assets other than cash	224,460	(121,889)
Increase in liabilities other than borrowings	(116,720)	(70,570)
Other adjustments		
- Increase in provision for unearned premium	(27,221)	(53,198)
- Decrease / (increase) in commission income unearned	5,270	(21,940)
- Income on investments and current and other deposits	249,277	180,692
- Rental income	6,518	5,448
- Other income	25,261	12,105
- (Decrease) / increase in provision for deferred commission expense	(3,647)	44,424
Profit after taxation	<u>455,973</u>	<u>366,356</u>

Definition of cash

Cash comprises cash in hand, bank balances and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the statement of cash flows consists of:

	<u>Note</u>	<u>2013</u>	<u>2012</u>
		(Rupees in thousand)	
Cash and other equivalents	12	112	68
Current and other accounts	12	162,051	281,945
		<u>162,163</u>	<u>282,013</u>

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



Arshad P. Rana
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Ali H. Shirazi
Director



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Chairman

Statement of Premiums

For the financial year ended December 31, 2013

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2013	2012
(R u p e e s i n t h o u s a n d)										
Direct and facultative										
Fire and property damage	431,525	217,074	257,456	391,143	328,784	176,079	211,167	293,696	97,447	84,790
Marine, aviation and transport	468,648	28,163	38,291	458,520	147,515	5,530	12,327	140,718	317,802	252,589
Motor	304,639	116,542	146,943	274,238	25,601	4,986	6,068	24,519	249,719	204,467
Miscellaneous	195,415	413,634	290,158	318,891	115,425	343,896	231,143	228,178	90,713	61,759
Total	1,400,227	775,413	732,848	1,442,792	617,325	530,491	460,705	687,111	755,681	603,605
Treaty										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	3	-	-	3	-	-	-	-	3	11
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total	3	-	-	3	-	-	-	-	3	11
Grand Total	1,400,230	775,413	732,848	1,442,795	617,325	530,491	460,705	687,111	755,684	603,616

Note:

Premiums written include administration surcharge amounting to Rs. 16,567 thousand (2012: Rs. 14,527 thousand)

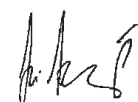
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Arshad P. Rana
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Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Statement of Claims

For the financial 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 expense	
		Opening	Closing			Opening	Closing		2013	2012
(R u p e e s i n t h o u s a n d)										
Direct and facultative										
Fire and property damage	36,277	36,740	169,503	169,040	31,564	33,061	165,151	163,654	5,386	5,590
Marine, aviation and transport	89,282	60,700	41,075	69,657	61,715	46,466	34,336	49,585	20,072	16,596
Motor	111,945	60,983	56,994	107,956	13,967	11,263	9,713	12,417	95,539	81,454
Miscellaneous	66,725	38,709	38,177	66,193	26,973	30,458	27,257	23,772	42,421	29,597
Total	304,229	197,132	305,749	412,846	134,219	121,248	236,457	249,428	163,418	133,237
Treaty										
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	-
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	-
Miscellaneous	-	86	86	-	-	-	-	-	-	-
Total	-	3,780	3,780	-	-	-	-	-	-	-
Grand Total	304,229	200,912	309,529	412,846	134,219	121,248	236,457	249,428	163,418	133,237

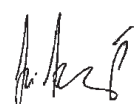
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Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Statement of Expenses

For the financial year ended December 31, 2013

Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					2013	2012
(R u p e e s i n t h o u s a n d)									
Direct and facultative									
Fire and property damage	32,348	11,649	15,606	28,391	81,875	110,266	68,369	41,897	20,041
Marine, aviation and transport	16,509	1,739	1,804	16,444	88,710	105,154	44,260	60,894	34,992
Motor	27,174	8,862	16,588	19,448	97,191	116,639	1,992	114,647	50,461
Miscellaneous	9,589	45,070	29,675	24,984	36,769	61,753	29,818	31,935	69,570
Total	<u>85,620</u>	<u>67,320</u>	<u>63,673</u>	<u>89,267</u>	<u>304,545</u>	<u>393,812</u>	<u>144,439</u>	<u>249,373</u>	<u>175,064</u>
Treaty									
Fire and property damage	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	(1)
Miscellaneous	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>
Grand Total	<u>85,620</u>	<u>67,320</u>	<u>63,673</u>	<u>89,267</u>	<u>304,545</u>	<u>393,812</u>	<u>144,439</u>	<u>249,373</u>	<u>175,063</u>

Note:

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

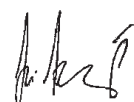
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Arshad P. Rana
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Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Statement of Investment Income

For the financial year ended December 31, 2013

	<u>2013</u>	<u>2012</u>
	(Rupees in thousand)	
Income from non-trading investments		
Held to maturity		
Return on government securities	5,930	6,102
Available for sale		
Return on N.I.T	105	160
Dividend income		
- from related parties	20,374	17,740
- from others	47,085	30,392
	67,459	48,132
Gain on sale of available for sale investments	173,555	126,939
Less: Investment related expenses	(650)	(641)
Net investment income	<u>246,399</u>	<u>180,692</u>

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



Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Notes to the Financial Statements

For the financial year ended December 31, 2013

1. The Company and its operations

Atlas Insurance Limited (the Company) was incorporated as a public limited Company on September 6, 1934 and is listed on Lahore and Karachi Stock Exchanges. The Company is engaged in general insurance business. The registered office of the Company is situated at 3-Bank Square, Lahore.

2. Basis of presentation and statement of compliance

2.1 Basis of presentation

These financial statements have been presented on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee retirement benefits at present value.

2.3 Statement of compliance

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

The SECP has allowed 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 allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

2.4 Standards, interpretations and amendments to published approved accounting standards effective in 2013

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

New, revised and amended standards and interpretations

The Company has adopted the following revised standards, amendments and interpretations of IFRS which became effective for the current year:

IAS 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 - Clarification of the requirements for comparative information

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

Change in accounting policy relating to defined benefit plan

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 recognized 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:

	<u>2013</u>	<u>2012</u>
	(Rupees in thousand)	
(Increase) / decrease in the staff retirement gratuity	(293)	3,464
(Decrease) / increase in opening un-appropriated profit	3,464	(4,627)
increase / (decrease) in Other Comprehensive Income (OCI)	(3,757)	3,952
Increase in profit and loss account	-	4,139
Net (decrease) / increase in equity	<u>(293)</u>	<u>3,464</u>

The cumulative effect of the above change is not considered material. Accordingly, third balance sheet as of January 1, 2012 has not been presented in these financial statements.

3. Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods. The major areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- classification of insurance contracts (note 4.1);
- provision for outstanding claims (including IBNR) (note 4.2.1);
- provision for unearned premium (note 4.2.2.1);
- premium deficiency reserve (note 4.2.2.2);
- accounting for employee benefit plans (note 4.3);
- recognition of taxation and deferred tax (note 4.4);
- classification of investments (note 4.7);
- impairment (note 4.10);
- deferred commission expense (note 4.12);
- determining the residual values and useful lives of fixed assets (note 4.13);
- allocation of management expenses (note 4.20); and
- segment reporting (note 4.24).

4. Significant accounting policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risks from the policy holders by agreeing to compensate the policy holders on the occurrence of a specified uncertain future event (the insured event) that adversely affects the policy holders under the terms and conditions of the contract.

Insurance contracts issued by the Company are generally classified in four basic categories i.e. Fire and property damage, Marine, aviation and transport, Motor and Miscellaneous. Contracts are issued to multiple types of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and varies accordingly.

- Fire and property damage insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire.
- Marine, aviation and transport insurance contracts generally provide cover for loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Miscellaneous insurance contracts provide wide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workman compensation, contractors all risk, erection all risk, machinery breakdown, boiler damage, travel and crop etc.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

The accounting policy for revenue recognition of insurance contracts is given in note 4.18.1. Accounting policies for recording of amounts due to / from other insurers / reinsurers / agents and for recognition of claims incurred (both reported and not reported) are stated in note 4.9 and 4.2.1, respectively.

4.2 Underwriting provisions

4.2.1 Provision for outstanding claims including Incurred But Not Reported (IBNR)

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 the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, IBNR and expected claim settlement costs.

Outstanding claims comprise the estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. Provisions for IBNR are based on the best estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually reported subsequent to the balance sheet date.

The Company accounts for IBNR based on an analysis of past claims reporting pattern by tracking movement in claims incurred in an accounting period.

Reinsurance recoveries against outstanding claims are recognized on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

4.2.2 Unexpired risk

The Company determines its liability for unexpired risk, according to the requirements of the Insurance Ordinance, 2000, at a value not less than the sum of provision for unearned premium and premium deficiency reserve.

4.2.2.1 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage at the reporting date. The Company maintains its provision for unearned premium net of reinsurances by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non-life insurance companies. However, in case of marine, aviation and transport, premium written net of reinsurances during last month is taken to the provision for unearned premium.

4.2.2.2 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after reinsurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the policies in force at the balance sheet date, in that class of business. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An analysis of loss ratios for the expired period is carried out, at each class of business level, keeping in view the historical claim development. Where ratios are adverse an assessment is made if this is due to one off claim and if not, a deficiency in premium is recognized in the current period. The loss ratios for the current and prior year are as follows:

	<u>2013</u>	<u>2012</u>
Fire and property damage	6 %	7%
Marine, aviation and transport	6 %	7%
Motor	38 %	40%
Miscellaneous	45 %	48%

Keeping in view the adequacy of the reserves on December 31, 2013, in line with the provisions of the Insurance Ordinance, 2000 and SEC (Insurance Rules) 2002, a premium deficiency reserve is not required, and accordingly no provision for the same has been made in financial statements of the current year.

4.2.3 Commission

4.2.3.1 Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

4.2.3.2 Commission income unearned

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognized as a liability.

4.3 Staff retirement benefits

4.3.1 Defined contribution plan

The Company operates a funded contributory provident fund (defined contribution plan) for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund, under the terms of the scheme.

4.3.2 Defined benefit plan

The Company operates two separate funded gratuity schemes (defined benefit plans) in respect of all the permanent employees (management and non - management) to which the Company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2013, using the "Projected Unit Credit Method".

The Company has adopted IAS 19 (revised) as mentioned in note 2.4. Actuarial gains or 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). 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.

4.3.3 Compensated absences

The Company provides for liability in respect of employees' compensated absences in the year in which these are earned.

4.4 Taxation

4.4.1 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 includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the current year for such years.

4.4.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. 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 is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.5 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

4.6 Loans to employees

These are recognized at cost, which is the fair value of the consideration given.

4.7 Investments

4.7.1 Recognition

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

- Held to maturity
- Available for sale

4.7.2 Measurement

4.7.2.1 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity and are initially measured at the cost being the fair value of consideration paid.

Subsequently 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 included in the income for the period on a straight line basis over the term of investment.

4.7.2.2 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale and are stated at cost being the fair value of consideration paid.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by SECP in December, 2002. The Company uses latest stock exchange quotations in an active market to determine the market value of its listed investments whereas, impairment of investments in unlisted companies is computed to net assets of the investee on the basis of the latest available audited / unaudited financial statements.

If these investments had been measured at fair value as required by IAS 39, the Company's net investments would have been higher by Rs. 990,812 thousand (2012: Rs. 348,632 thousand).

All "regular way" purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

4.7.2.3 Sale and repurchase agreements

Securities purchased under an agreement to resell (reverse repo) are not recognized in the financial statements as investment and the amount extended to the counter party is shown as short term placement. The difference between the sale and repurchase price is recognized as mark-up earned and included in the other income.

4.8 Reinsurance contracts

The Company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

The risks undertaken by the Company under these contracts for each class of business are stated in note 4.1.

The benefits to which the Company is entitled under reinsurance contracts held are recognized as reinsurance assets. These assets include amount due from reinsurers as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities primarily include premium payable and commission payable (in case of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

Reinsurance assets and liabilities are derecognized when the contractual rights are extinguished or expired.

The movement in reinsurance assets for the year ending December 31, 2013 is given in statement of premium and statement of claims. Reinsurance assets are not offset against related insurance liabilities.

Recognition criteria of reinsurance assets and liabilities is stated in note 4.9, and recognition criteria for reinsurance income and expenses is stated in note 4.2.3.1 and note 4.21, respectively.

An analysis of reinsurance assets based on credit rating of the entity, from whom it is due is as follows:

Ratings	Amounts due from reinsurers		Reinsurance recoveries against outstanding claims		Other reinsurance assets	
	2013	2012	2013	2012	2013	2012
			(Rupees in thousand)			
A or above (Including PRCL)	30,310	4,446	233,152	115,005	460,440	530,414
BBB	-	-	1,052	177	-	-
Others	18,121	1,823	2,253	6,066	265	77
	<u>48,431</u>	<u>6,269</u>	<u>236,457</u>	<u>121,248</u>	<u>460,705</u>	<u>530,491</u>

4.9 Amounts due to / from other insurers / reinsurers / agents

Amounts due to / from other insurers / reinsurers are recognized when due, and carried at cost less provision for impairment. Cost is the fair value of the consideration to be received / paid in the future for services rendered / received.

4.10 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense. During the year, there being no impairment of financial assets, therefore, no provision has been made in the accounts.

4.11 Prepaid reinsurance premium ceded

Prepaid reinsurance premium ceded is recognized as liability as follows:

- for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and
- for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

4.12 Deferred commission expense

Deferred commission expense represents the portion of commission expense relating to the unexpired period of coverage. The Company maintains its provision for deferred commission by applying the 1/24th method on fire and property damage, motor and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

4.13 Fixed assets**4.13.1 Tangible - owned**

Fixed assets except freehold land are stated at cost less accumulated depreciation. Cost of tangible fixed assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income applying the reducing balance method at the rates given in fixed assets schedule to write off the cost of operating fixed assets over their expected useful life. Depreciation on addition to fixed assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

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

The assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at December 31, 2013 has not required any adjustment as its impact is considered insignificant.

4.13.2 Tangible - leased

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

4.13.3 Intangible

The intangible asset is stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

4.13.4 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss.

4.14 Creditors, accruals and provisions

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

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

4.15 Foreign currency translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

4.16 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, loans to employees, investments, premiums due but unpaid, amounts due from other insurers / reinsurers, salvage recoveries accrued, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits against performance bonds and unclaimed dividends. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and financial liabilities

Financial assets and 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 amounts and there is an intention to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

4.18 Revenue recognition

4.18.1 Premium income earned

Premium income under a policy is recognized over the period of insurance from the date of the issue of the policy to which it relates to its expiry as follows:

- a) for direct business, evenly over the period of the policy; and
- b) for proportional reinsurance business, evenly over the period of underlying insurance policies.

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.

Premiums for policies receivable in installments are recognized as receivable at the inception of the policy and is recognized as income over the period of the policy.

4.18.2 Dividend income and bonus shares

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

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

4.18.3 Income on held to maturity investments

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

4.18.4 Administration surcharge

This represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at a rate of 5% of the premium, restricted to a maximum of Rs. 2,000 per policy. Administrative surcharge is recognized as revenue at the time of issuance of policy.

4.18.5 Rental and other income

Rental and other income is recognized on accrual basis.

4.19 Zakat

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

4.20 Expenses

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

4.21 Reinsurance expenses

Premium ceded to reinsurers is recognized as expense as follows:

- a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured.
- b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

4.22 Pakistan Reinsurance Company Limited (PRCL) - Retrocession

PRCL retrocession business is accounted for on the basis of the statements received relating to the first three quarters of the current year and last one quarter of the previous year.

4.23 Critical accounting estimates and judgments

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management has exercised its judgment in the process of applying accounting policies.

The significant estimates made by the management in the current year are referred to in note 3.

4.24 Segment reporting

4.24.1 Primary segments

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format based on the Company's practice of internal reporting to the management on the same basis. The Company has determined its primary segments based on insurance risks covered under four types of insurance contracts as stated in note 4.1.

As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The Company usually accounts for the inter segment sales and transfers, if any, as if the sale and or transfers were made to third parties at fair market price.

5. Standards, interpretation and amendments to approved accounting standards that are not yet effective

The following 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 on or after)
IAS 32 - Offsetting Financial Assets and Financial Liabilities - (Amendment)	January 1, 2014
IAS 36 - Recoverable Amount for Non-Financial Assets - (Amendment)	January 1, 2014
IFRIC 21 - Levies	January 1, 2014
IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014

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

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

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

6. Issued, subscribed and paid up capital

<u>2013</u> (Number of shares)	<u>2012</u> (Number of shares)		<u>2013</u> (Rupees in thousand)	<u>2012</u> (Rupees in thousand)
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
63,533,074	52,902,562	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	635,331	529,026
<u>63,783,074</u>	<u>53,152,562</u>		<u>637,831</u>	<u>531,526</u>

21,691,177 (2012: 18,076,472) ordinary shares and 20,061,829 (2012: 16,718,192) ordinary shares of the Company are held by Shirazi Investments (Private) Limited and Shirazi Capital (Private) Limited respectively, associated undertakings as at December 31, 2013.

Movement in paid up capital

	<u>Number of shares</u>	<u>Rupees in thousand</u>
As at January 1, 2012	44,293,802	442,938
Issued as fully paid bonus shares	8,858,760	88,588
As at December 31, 2012	53,152,562	531,526
Issued as fully paid bonus shares	10,630,512	106,305
As at December 31, 2013	<u>63,783,074</u>	<u>637,831</u>

<u>Note</u>	<u>2013</u> (Rupees in thousand)	<u>2012</u> (Rupees in thousand)
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7. Reserves**Capital reserves**

Capital reserve		2,251	2,251
Reserve for exceptional losses	7.1	2,164	2,164
		<u>4,415</u>	<u>4,415</u>

Revenue reserves

General reserve			
- At the beginning of the year		293,649	257,649
- Transfer from retained earnings		43,000	36,000
		<u>336,649</u>	<u>293,649</u>
Investment fluctuation reserve	7.2	3,000	3,000
		<u>339,649</u>	<u>296,649</u>
		<u>344,064</u>	<u>301,064</u>

7.1 This represents a specific purpose reserve for possible losses on exceptional insurance claims. The reserve was created to avail the deduction thereof in computing taxable income, as allowed previously under the Income Tax Act of 1922. After the introduction of Income Tax Ordinance, 2001 under which the said deductions are not permitted, the Company discontinued the setting aside of amounts thereafter as reserve for exceptional losses.

7.2 This has been set aside in prior years for utilization against diminution in the value of investments.

<u>2013</u> (Rupees in thousand)	<u>2012</u> (Rupees in thousand)
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8. Amounts due to other insurers / reinsurers

Amounts due to co-insurers		36,473	40,765
Amounts due to reinsurers		200,198	216,986
		<u>236,671</u>	<u>257,751</u>

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>Restated</u>
9. Accrued expenses			
Commission payable		14,298	10,214
Bonus to staff payable		28,336	18,338
Profit commission payable		5,200	2,751
Leave encashment payable		13,088	10,688
Other accrued expenses		16,101	13,051
		<u>77,023</u>	<u>55,042</u>
10. Other creditors and accruals			
Federal insurance fee		1,876	5,115
Federal excise duty		23,240	76,325
Donation payable	24.1	5,824	4,600
Staff retirement benefits	10.1	8,534	-
Workers' welfare fund		35,642	23,816
Others		2,753	4,024
		<u>77,869</u>	<u>113,880</u>
10.1 Staff retirement benefits			
Gratuity			
- Management staff	10.1.1	5,970	1,334
- Non-management staff	10.1.1	2,564	(3,464)
	20	<u>8,534</u>	<u>(2,130)</u>

10.1.1 The latest valuation of scheme was carried out as at December 31, 2013 using the Projected Unit Credit Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

	<u>2013</u>	<u>2012</u>
Following significant assumptions were used for the actuarial valuation:		
- Discount rate	12.75% per annum	12.00% per annum
- Expected rate of increase in salaries	11.75% per annum	11.00% per annum
- Expected return on plan assets	12.75% per annum	12.00% per annum

The amounts recognized in balance sheet are as follows:

	<u>Management staff</u>		<u>Non-management staff</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	<u>(Rupees in thousand)</u>			
		Restated		Restated
Present value of defined benefit obligation	45,253	36,482	11,124	2,397
Fair value of plan assets	(37,443)	(33,869)	(8,560)	(7,140)
	<u>7,810</u>	<u>2,613</u>	<u>2,564</u>	<u>(4,743)</u>
Payable in respect on inter group transfers	(1,840)	-	-	-
Liability / (asset) as at December 31	<u>5,970</u>	<u>2,613</u>	<u>2,564</u>	<u>(4,743)</u>
Net liability / (asset) as at January 1	2,613	10,362	(4,743)	(4,081)
Charge to profit and loss account	1,318	2,283	7,601	(373)
Contribution made by the Company	(1,333)	(6,243)	-	-
Liability recognized in respect of promotions	47	16	47	(16)
Remeasurements recognised in other comprehensive income	3,325	(3,805)	432	(147)
Benefits paid by the Company	-	-	(773)	(126)
Liability / (asset) as at December 31	<u>5,970</u>	<u>2,613</u>	<u>2,564</u>	<u>(4,743)</u>

	Management staff		Non-management staff	
	2013	2012	2013	2012
	(Rupees in thousand)			
		Restated		Restated
10.1.1.1 The movement in the present value of defined benefit obligation is as follows:				
Present value of defined benefit obligation	36,482	33,287	2,397	2,066
Current service cost	1,022	1,040	132	148
Interest cost	3,692	3,788	272	259
Benefits paid	(1,428)	-	(773)	(126)
Liabilities in respect of promotees	47	16	47	(16)
Liabilities in respect of transfers	1,840	-	-	-
Re-measurements: Actuarial (gain) / loss on defined benefit obligation	3,598	(1,649)	1,019	66
Past service cost	-	-	8,030	-
Present value of defined benefit obligation	<u>45,253</u>	<u>36,482</u>	<u>11,124</u>	<u>2,397</u>
10.1.1.2 The movement in fair value of plan assets is as follows:				
Fair value as at January 1	33,869	22,925	7,140	6,147
Expected return on plan assets	3,396	2,545	833	780
Company contributions	1,333	6,243	-	-
Benefits paid	(1,428)	-	-	-
Net return on plan assets over interest income	273	2,156	587	213
Fair value as at December 31	<u>37,443</u>	<u>33,869</u>	<u>8,560</u>	<u>7,140</u>
10.1.1.3 Defined benefit cost for the year				
Cost recognized in profit and loss account for the year				
Service cost				
Current service cost	1,022	1,040	132	148
Past service cost	-	-	8,030	-
	1,022	1,040	8,162	148
Net interest cost				
Interest cost on defined benefit obligation	3,692	3,788	272	259
Interest income on plan assets	(3,396)	(2,545)	(833)	(780)
	296	1,243	(561)	(521)
	1,318	2,283	7,601	(373)
Re-measurement recognized in other comprehensive income during the year				
Actuarial (gain) / loss on obligation	3,598	(1,649)	1,019	66
Net return on plan assets over interest income	(273)	(2,156)	(587)	(213)
	3,325	(3,805)	432	(147)
	<u>4,643</u>	<u>(1,522)</u>	<u>8,033</u>	<u>(520)</u>
10.1.1.4 Plan assets are comprised as follows:				
	Management staff			
	Fair value		Fair value percentage	
	2013	2012	2013	2012
	(Rupees in thousand)			
Debt	9,493	3,196	25%	9%
Mutual funds	27,910	30,405	75%	90%
Cash and bank balances	40	268	0%	1%
	<u>37,443</u>	<u>33,869</u>		
	Non-management staff			
	Fair value		Fair value percentage	
	2013	2012	2013	2012
	(Rupees in thousand)			
Debt	-	1,437	0%	20%
Mutual funds	5,951	5,526	70%	77%
Equity	2,351	-	27%	0%
Cash and bank balances	258	177	3%	2%
	<u>8,560</u>	<u>7,140</u>		

10.1.1.5 Historical data

	2013	2012	2011	2010	2009
	(Rupees in thousand)				
Management staff as at December 31					
Present value of defined benefit obligation	45,253	36,482	33,287	30,546	25,484
Fair value of plan assets	(37,443)	(33,869)	(22,925)	(10,950)	(9,808)
	7,810	2,613	10,362	19,596	15,676
Experience adjustment on obligation	-8%	5%	7%	6%	44%
Experience adjustment on plan assets	-1%	-6%	2%	-2%	-1%
Non-management staff as at December 31					
Present value of defined benefit obligation	11,124	2,397	2,066	1,730	1,768
Fair value of plan assets	(8,560)	(7,140)	(6,147)	(5,963)	(5,490)
	2,564	(4,743)	(4,081)	(4,233)	(3,722)
Experience adjustment on obligation	9%	3%	16%	-5%	-13%
Experience adjustment on plan assets	-7%	-3%	7%	-3%	-6%

10.1.1.6 Sensitivity analysis on significant actuarial assumption: actuarial liability

	2013	
	Management staff	Non-management staff
	(Rupees in thousand)	
Discount rate +1%	43,619	10,295
Discount rate -1%	47,073	12,070
Long term salary increases +1%	47,824	12,124
Long term salary increases -1%	43,396	10,235
Withdrawal rates: Heavy	45,281	11,152
Withdrawal rates: Moderate	45,183	11,145

11. Contingencies and commitments

11.1 Contingencies

11.1.1 The Deputy Commissioner Inland Revenue issued an order under section 122(5A) creating a demand of Rs. 29,163 thousand for the tax year 2006. Against the said order the Company has filed rectification application to the Deputy Commissioner and also filed an appeal to the Commissioner Inland Revenue (Appeals) which is pending for adjudication. The management is confident that the said appeal will be decided in favor of the Company.

Pending resolution of the above mentioned appeal filed by the Company, no provision has been made in these financial statements of Rs. 29,163 thousand (2012: Rs. 32,064 thousand) as the management is confident that the eventual outcome of the above matter will be in favor of the Company.

	2013	2012
	(Rupees in thousand)	
11.1.2 Other contingencies		
Claims against the Company not acknowledged as debt	68,746	-

11.2 Commitments

The amount of future payments under operating leases and the period in which these payments will become due are as follows:

	2013	2012
	(Rupees in thousand)	
Not later than one year	34,979	21,410
Later than one year and not later than five years	30,087	23,738
Later than five years	-	-
	65,066	45,148

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>(Rupees in thousand)</u>
12. Cash and bank deposits			
Cash and other equivalents			
Cash in hand		112	68
Current and other accounts			
Current accounts		(16,827)	(18,526)
Savings accounts	12.1	145,224	263,419
		162,051	281,945
		<u>162,163</u>	<u>282,013</u>

12.1 The balance in savings accounts bears mark-up which ranges from 5% to 9% (2012: 5% to 11%) per annum.

13. Loans to employees - secured considered good

These represent interest free loans to employees for purchase of motor vehicles in accordance with the policy of the Company. These loans are secured against the registration of the vehicles and are repayable in monthly installments over a period of five years.

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>(Rupees in thousand)</u>
14. Investments			
The investments comprise:			
Held to maturity	14.1	69,622	57,246
Available for sale	14.2	1,480,750	1,198,640
		<u>1,550,372</u>	<u>1,255,886</u>
Aggregate market value as at December 31, 2013		<u>2,541,982</u>	<u>1,606,544</u>
14.1 Held to maturity			
Statutory deposits	14.1.1	69,622	57,246
Unamortized premium on investment bonds		-	-
		<u>69,622</u>	<u>57,246</u>
14.1.1 Statutory deposits			
	Maturity	Effective Yield %	
Pakistan Investment Bonds (PIBs)	July, 2013	12.90%	8,000
Market Treasury Bill	August, 2013	10.39%	40,972
Market Treasury Bill	January, 2013	12.08%	8,274
Market Treasury Bill	January, 2014	9.33%	54,679
Market Treasury Bill	May, 2014	8.28%	7,170
Market Treasury Bill	June, 2014	9.05%	7,773
			<u>69,622</u>
			<u>57,246</u>

This represents carrying amount of government securities placed as statutory deposit with The State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000. Market value as at December 31, 2013 amounts to Rs. 70,420 thousand (2012: Rs. 59,272). Profit on PIBs is received bi-annually.

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>(Rupees in thousand)</u>
14.2 Available for sale			
Related parties			
- Mutual funds - Quoted	14.2.1	711,437	524,178
- Ordinary shares - Quoted	14.2.2	236,467	236,467
- Ordinary shares - Unquoted	14.2.3	-	-
		947,904	760,645
Others			
- Mutual funds - Quoted	14.2.4	70,533	68,638
- Ordinary shares - Quoted	14.2.5	462,313	369,357
		532,846	437,995
		<u>1,480,750</u>	<u>1,198,640</u>

	Number of units / shares		Face value Rupees	Fund's / Company's name	Note	2013	2012
	2013	2012				(Rupees in thousand)	
14.2.1	Mutual funds - Quoted						
	304,549	441,073	500	Atlas Islamic Stock Fund Market value Rs. 128,188 thousand (2012: Rs. 171,776 thousand)		97,246	149,677
	225,006	293,440	500	Atlas Stock Market Fund Market value Rs. 105,186 thousand (2012: Rs. 123,514 thousand)		78,261	106,911
	700,012	367,816	500	Atlas Income Fund Market value Rs. 359,260 thousand (2012: Rs. 190,355 thousand)		342,030	190,000
	316,325	148,615	500	Atlas Money Market Fund Market value Rs. 159,032 thousand (2012: Rs. 75,057 thousand)		157,500	75,000
	51,882	-	500	Atlas Islamic Income Fund Market value Rs. 26,634 thousand (2012: Rs. Nil)		26,400	-
	101,637	-	500	Atlas Gold Fund Market value Rs. 9,600 thousand (2012: Rs. Nil)		10,000	-
	-	300,000	10	Atlas Fund of Funds Equity held: 0 % (2012: 0.01%) Market value Rs. Nil (2012: Rs. 2,862 thousand)		-	2,590
						<u>711,437</u>	<u>524,178</u>
14.2.2	Ordinary shares - Quoted						
	2,931,728	2,345,383	10	Atlas Honda Limited Equity held: 2.84% (2012: 2.84%) Market value Rs. 768,816 thousand (2012: Rs. 361,377 thousand)		215,296	215,296
	303,420	252,850	10	Atlas Battery Limited Equity held: 1.74% (2012: 1.74%) Market value Rs. 118,334 thousand (2012: Rs. 58,231 thousand)		11,376	11,376
	850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2012: 0.60%) Market value Rs. 35,734 thousand (2012: Rs. 16,541 thousand)		9,795	9,795
						<u>236,467</u>	<u>236,467</u>
14.2.3	Ordinary shares - Unquoted						
	50,000	50,000	10	Arabian Sea Country Club (Pvt) Ltd.	14.2.3.1	-	-

14.2.3.1 The name of Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. 4.4 per share (2012: Rs. 8.7 per share) based on audited accounts for the year ended June 30, 2013.

14.2.4	Number of units / shares		Face value Rupees	Fund's / Company's name	Note	2013	2012
	2013	2012				(Rupees in thousand)	
Mutual funds - Quoted							
	30,134	28,000	10	National Investment Trust Market value Rs. 1,499 thousand (2012: Rs. 929 thousand)	14.2.4.1	806	718
	185,913	172,711	100	Lakson Money Market Fund Market value Rs. 18,608 thousand (2012: Rs. 17,297 thousand)		17,270	17,270
	2,544,116	2,305,146	10	NIT Income Fund Market value Rs. 26,887 thousand (2012: Rs. 25,043 thousand)		25,000	25,000
	186,000	172,648	100	Lakson Income Fund Market value Rs. 18,692 thousand (2012: Rs. 17,346 thousand)		17,260	17,260
	29,770	-	10	Meezan Balance Fund Market Value Rs. 425 thousand (2012: Rs. Nil)		372	-
	25,736	221,090	100	JS Value Fund Market Value Rs. 3,640 thousand (2012: Rs. 1,900 thousand)		1,947	1,479
	498,632	388,764	10	PICIC Energy Fund Market Value Rs. 6,721 thousand (2012: Rs. 3,499 thousand)		3,482	2,964
	196,000	196,000	10	PICIC Growth Fund Market Value Rs. 4,916 thousand (2012: Rs. 3,214 thousand)		2,950	2,950
	154,500	154,500	10	PICIC Investment Fund Market Value Rs. 1,757 thousand (2012: Rs. 1,092 thousand)		997	997
	3,948	-	100	JS Growth Fund Market Value Rs. 498 thousand (2012: Rs. Nil)		449	-
						<u>70,533</u>	<u>68,638</u>

14.2.4.1 This includes 28,000 (2012: 28,000) units held as statutory deposit with the State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000.

14.2.5	Number of units / shares		Face value Rupees	Fund's / Company's name	2013	2012	
	2013	2012			(Rupees in thousand)		
Ordinary shares - Quoted							
	746,187	846,187	10	Banks Bank Alfalah Limited Market value Rs. 20,177 thousand (2012: Rs. 14,233 thousand)	12,864	14,001	
	228,500	-	10	Bank AL Habib Limited Market value Rs. 9,494 thousand (2012: Rs. Nil)	7,505	-	
	117,210	212,210	10	United Bank Limited Market value Rs. 15,536 thousand (2012: Rs. 17,756 thousand)	8,848	15,058	
				Carried forward	<u>29,217</u>	<u>29,059</u>	

Number of units / shares		Face value Rupees	Fund's / Company's name	2013	2012
2013	2012			(Rupees in thousand)	
			Brought forward	29,217	29,059
94,889	86,272	10	Allied Bank Limited Market Value Rs. 8,541 thousand (2012: Rs. 6,340 thousand)	5,181	5,181
158,178	209,720	10	National Bank of Pakistan Market Value Rs. 9,184 thousand (2012: Rs. 10,358 thousand)	6,206	9,178
198,475	72,500	10	Meezan Bank Limited Market Value Rs. 7,816 thousand (2012: Rs. 2,179 thousand)	6,488	1,998
59,000	-	10	Habib Metropolitan Bank Limited Market Value Rs. 1,479 thousand (2012: Rs. Nil)	1,506	-
178,246	-	10	Non Life Insurance Adamjee Insurance Company Limited Market value Rs. 6,661 thousand (2012: Rs. Nil)	4,894	-
77,050	87,000	10	Construction and Material Attock Cement Pakistan Limited Market Value Rs. 10,990 thousand (2012: Rs. 8,683 thousand)	6,450	8,375
1,739,267	1,739,267	10	Cherat Cement Company Limited Market Value Rs. 110,078 thousand (2012: Rs. 84,789 thousand)	46,014	19,845
76,000	85,000	10	DG Khan Cement Company Limited Market Value Rs. 6,515 thousand (2012: Rs. 4,639 thousand)	3,853	4,165
25,500	107,500	10	Lucky Cement Limited Market value Rs. 7,647 thousand (2012: Rs. 16,291 thousand)	3,270	13,139
1,062,000	946,000	10	Electricity The Hub Power Company Limited Market value Rs. 64,485 thousand (2012: Rs. 42,797 thousand)	56,123	40,427
319,778	131,278	10	Kot Addu Power Company Limited Market value Rs. 19,746 thousand (2012: Rs. 6,484 thousand)	17,450	5,778
240,000	200,000	10	Nishat Power Limited Market value Rs. 7,214 thousand (2012: Rs. 3,900 thousand)	4,692	2,515
507,500	47,000	10	Pak Gen Power Limited Market value Rs. 11,018 thousand (2012: Rs. 989 thousand)	11,675	997
117,000	72,000	10	Nishat Chunian Power Limited Market value Rs. 4,069 thousand (2012: Rs. 1,513 thousand)	2,999	1,444
			Carried forward	206,018	142,101

Number of units / shares		Face value Rupees	Fund's / Company's name	2013	2012
2013	2012			(Rupees in thousand)	
			Brought forward	206,018	142,101
			Oil and Gas		
147,161	152,861	10	Pakistan Oilfields Limited Market value Rs. 73,244 thousand (2012: Rs. 66,882 thousand)	62,153	57,826
206,471	316,393	10	Pakistan Petroleum Limited Market value Rs. 44,177 thousand (2012: Rs. 55,935 thousand)	30,335	52,126
-	8,488	10	Mari Petroleum Company Limited Market value Rs. Nil (2012: 834 thousand)	-	1,010
5,900	8,300	10	Attock Petroleum Limited Market value Rs. 2,948 thousand (2012: Rs. 4,250 thousand)	2,974	3,796
9,200	-	10	National Refinery Limited Market value Rs. 1,983 thousand (2012: Rs. Nil)	1,985	-
			Chemicals		
35,212	114,712	10	Engro Corporation Limited Market value Rs. 5,577 thousand (2012: Rs. 10,558 thousand)	3,867	12,596
605,215	390,715	10	Fauji Fertilizer Company Limited Market value Rs. 67,760 thousand (2012: Rs. 45,768 thousand)	66,776	42,558
184,000	-	10	Fatima Fertilizer Limited Market value Rs. 5,255 thousand (2012: Rs. Nil)	4,985	-
			Paper and Board		
2,534,664	1,584,165	10	Cherat Packaging Limited Market value Rs. 121,157 thousand (2012: Rs. 58,646 thousand)	64,471	45,461
200,000	-	10	Century Paper & Board Mills Limited Market value Rs. 11,248 thousand (2012: Rs. Nil)	6,011	-
			Industrial Metals and Mining		
60,500	55,000	10	Crescent Steel and Allied Products Limited Market value Rs. 2,853 thousand (2012: Rs. 1,933 thousand)	937	937
			General Industries		
14,500	-	10	Thal Limited Market value Rs. 2,005 thousand (2012: Rs. Nil)	2,119	-
-	1,300	10	Siemens (Pakistan) Engineering Limited Market value Rs. Nil (2012: Rs. 1,007 thousand)	-	1,496
15,000	15,000	10	Gadoon Textile Mills Limited Market value Rs. 3,245 thousand (2012: Rs. 1,755 thousand)	1,758	1,760
118,150	133,150	10	Nishat Mills Limited Market value Rs. 15,033 thousand (2012: Rs. 8,502 thousand)	7,924	7,690
				462,313	369,357

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>Restated</u>
15. Deferred taxation			
The asset for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		(4,684)	(6,290)
Provision for bonus to staff		9,634	6,418
Provision for gratuity payable		2,030	467
Provision for bad debts - premium due unpaid		1,159	11
Provision for Workers' Welfare Fund		12,118	8,335
		<u>20,257</u>	<u>8,941</u>
16. Premiums due but unpaid			
Unsecured			
- Considered good		260,165	229,835
- Considered doubtful		3,409	31
		263,574	229,866
Less: Provision for doubtful receivables	16.1	(3,409)	(31)
		<u>260,165</u>	<u>229,835</u>
16.1 Provision for doubtful receivables			
Balance as at January 1		31	13,633
Provision made during the year		3,378	-
		3,409	13,633
Bad debts written off		-	(13,602)
Balance as at December 31		<u>3,409</u>	<u>31</u>
17. Amounts due from other insurers / reinsurers			
Unsecured			
- Considered good	17.1	110,557	98,884
- Considered doubtful		1,959	1,959
		112,516	100,843
Less: Provision for doubtful receivables	17.2	(1,959)	(1,959)
		<u>110,557</u>	<u>98,884</u>
17.1 Considered good			
Amounts due from co-insurers		62,126	92,615
Amounts due from reinsurers		48,431	6,269
		<u>110,557</u>	<u>98,884</u>
17.2 Provision for doubtful receivables			
Balance as at January 1		1,959	1,959
Provision made during the year		-	-
		1,959	1,959
Bad debts written off		-	-
Balance as at December 31		<u>1,959</u>	<u>1,959</u>
18. Accrued investment income			
Dividend receivable		348	-
Profit receivable on PIBs		-	2,783
		<u>348</u>	<u>2,783</u>
19. Prepayments			
Prepaid reinsurance premium ceded		460,705	530,491
Others	19.1	72,990	2,589
		<u>533,695</u>	<u>533,080</u>
19.1			
This includes advance of Rs. 70 million paid for purchase of Atlas Money Market Fund's units.			

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>Restated</u>
20. Sundry receivables			
Advances to employees - unsecured, considered good	20.1	1,239	396
Deposits and prepaid rent		5,609	3,796
Claims receivable		7,089	14,842
Staff retirement benefits	10.1	-	2,130
		<u>13,937</u>	<u>21,164</u>
20.1	Included in advances are amounts due from executives of Rs. Nil (2012: Rs. Nil).		
21. Fixed assets			
Tangible	21.1	53,856	65,576
Intangible	21.2	2,284	851
		<u>56,140</u>	<u>66,427</u>

21.1 Tangible

	Freehold land	Buildings on freehold land	Furniture & fixtures	Office equipments	Computers owned	Vehicles owned	Total
	(Rupees in thousand)						
Net carrying value basis							
Year ended December 31, 2013							
Opening net book value	1,168	12,431	3,202	11,788	6,312	30,675	65,576
Additions (at cost)	-	-	74	291	4,010	5,639	10,014
Disposals at net book value	-	-	(12)	(357)	(85)	(11,392)	(11,846)
Depreciation charge	-	(622)	(327)	(1,161)	(2,617)	(5,161)	(9,888)
Closing net book value	<u>1,168</u>	<u>11,809</u>	<u>2,937</u>	<u>10,561</u>	<u>7,620</u>	<u>19,761</u>	<u>53,856</u>
Gross carrying value basis							
As at December 31, 2013							
Cost	1,168	20,910	4,777	15,524	20,800	30,810	93,989
Accumulated depreciation	-	(9,101)	(1,840)	(4,963)	(13,180)	(11,049)	(40,133)
Net book value	<u>1,168</u>	<u>11,809</u>	<u>2,937</u>	<u>10,561</u>	<u>7,620</u>	<u>19,761</u>	<u>53,856</u>
Depreciation rate % per annum	-	5	10	10	30	20	
Net carrying value basis							
Year ended December 31, 2012							
Opening net book value	1,168	13,085	2,479	5,365	4,524	18,871	45,492
Additions (at cost)	-	-	990	7,499	3,590	20,772	32,851
Disposals at net book value	-	-	-	(17)	-	(3,619)	(3,636)
Depreciation charge	-	(654)	(267)	(1,059)	(1,802)	(5,349)	(9,131)
Closing net book value	<u>1,168</u>	<u>12,431</u>	<u>3,202</u>	<u>11,788</u>	<u>6,312</u>	<u>30,675</u>	<u>65,576</u>
Gross carrying value basis							
As at December 31, 2012							
Cost	1,168	20,910	4,761	15,971	16,872	47,898	107,580
Accumulated depreciation	-	(8,479)	(1,559)	(4,183)	(10,560)	(17,223)	(42,004)
Net book value	<u>1,168</u>	<u>12,431</u>	<u>3,202</u>	<u>11,788</u>	<u>6,312</u>	<u>30,675</u>	<u>65,576</u>
Depreciation rate % per annum	-	5	10	10	30	20	

21.1.1 The depreciation charge for the year has been allocated to general and administration expenses as disclosed in Note 24.

	<u>2013</u>	<u>2012</u>
	(Rupees in thousand)	
21.2 Intangible		
Net carrying value basis		
Year ended December 31, 2013		
Opening net book value (NBV)	851	1,417
Additions (at cost)	2,371	-
Disposals (at NBV)	-	-
Amortization charge	(938)	(566)
Closing net book value (NBV)	<u>2,284</u>	<u>851</u>
Gross carrying value basis		
As at December 31, 2013		
Cost	4,071	1,700
Accumulated amortization	(1,787)	(849)
Net book value (NBV)	<u>2,284</u>	<u>851</u>
Amortization rate % per annum	33%	33%

21.2.1 The amortization charge for the year has been allocated to general and administration expenses as disclosed in Note 24.

21.3 Disposal of operating fixed assets

Particulars of the assets	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal
(Rupees in thousand)						
Vehicles						
Honda City LED-12-8388	Ch. Tayyab Hussain (Employee)	1,690	247	1,443	1,440	Company's Policy
Honda City AXU-738	Mr. Abdul Aziz (Employee)	1,462	190	1,272	1,238	Company's Policy
Suzuki Cultus AYD-118	Mr. Asad Hussain Khan	980	142	838	925	Tender
Honda City NS-202	Mr. Jagdesh Kumar (Employee)	1,050	292	758	692	Company's Policy
Suzuki Cultus LEA-10-3793	Mr. M. Nadeem (Employee)	830	81	749	720	Company's Policy
Suzuki Cultus LEC-11-8542	Mr. Asim Majeed (Employee)	885	257	628	810	Company's Policy
Suzuki Mehran LED-13-2841	Mr. Amir Rauf	674	67	607	645	Tender
Suzuki Mehran AVF-114	Mr. Muhammad Ali	613	79	534	575	Tender
Honda City LEB 09-7145	Mr. M. Asif Akram (Employee)	931	532	399	704	Company's Policy
Honda Civic AMW-040-2007	Mr. M. Farooq Kandlawala	992	626	366	1,350	Tender
Honda City LEF 08-9235	Mr. Zafar Ahmed Ghouri (Employee)	825	509	316	652	Company's Policy
Suzuki Cultus LED-09-6645	Mr. Saleem Mehmood Akhtar (Employee)	766	457	309	309	Company's Policy
Honda City AQC-726	Mr. M. Farooq Kandlawala (Employee)	934	638	296	610	Company's Policy
Suzuki Alto ANM-520	Mr. Farooq Latif	425	135	290	399	Tender
Honda City ANV-406	Mr. Imran Sattar (Employee)	851	613	238	640	Company's Policy
Honda City LEA-06-1082	Mr. Abdul M. Qureshi (Employee)	800	563	237	520	Company's Policy
Honda City LEA-1068	Mr. Muhammad Ayyaz	1,018	786	232	785	Tender
Suzuki Mehran ASK-538	Mr. Jawaid Irshad (Employee)	464	250	214	214	Company's Policy
Suzuki Cultus LED-08-5426	Mr. Inayatullah (Employee)	613	410	203	560	Company's Policy
Suzuki Cultus APF-926	Mr. Waseem Puri (Employee)	600	406	194	280	Company's Policy
Honda City LWH-978	Mr. Rehan Nazir Ghuman (Employee)	918	724	194	580	Company's Policy
Hundai Santro KK-975	Mr. Abid Ali (Employee)	490	318	172	240	Company's Policy
Honda City LZN-9891	Mr. Babar Raza	600	479	121	500	Tender
Hyundai Santro LEA-810	Mr. Abdul Qayyum	400	280	120	410	Tender
Suzuki Cultus LRZ-5611	Syed Manzar Ali Naqvi (Employee)	400	312	88	200	Company's Policy
Honda City LZM-3967	Mr. Muhammad Ijaz (Employee)	525	440	85	560	Company's Policy
Honda CG-125 LEK-13-3146		93	12	81	81	Write off against Claim
Honda City LZW-5439		586	506	80	80	Write off against Claim
Honda CG 125 LEW-12-3469	Mr. M. Idrees Mirza (Employee)	89	19	70	70	Company's Policy
Coure LZV-6914	Mr. Rana Saghir Ahmed (Employee)	430	361	69	280	Company's Policy
Honda CG 125 LEW-12-3842		89	21	68	68	Write off against Claim
Computer accessories						
Polycom View Camera Amtech Systems		516	191	325	265	Tender
Other assets with book value less than Rs. 50,000						
		1,067	817	250	1,162	Tender
		<u>23,606</u>	<u>11,760</u>	<u>11,846</u>	<u>18,564</u>	

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u> <u>Restated</u>
22. Expenses			
Salaries, wages and other benefits	22.2	196,866	144,920
Utilities		4,396	2,412
Rent, rates and taxes		7,817	6,486
Telephone and communication		4,405	3,812
Vehicle running and maintenance		12,035	11,301
Repairs and maintenance		4,235	2,835
Travelling and conveyance		6,705	5,874
Printing, stationery and computer expenses		4,491	3,826
Education and training		915	516
Fee and subscriptions		9,602	7,577
Service charges		1,190	2,389
Entertainment		501	303
Advertisement expenses		2,193	714
Trackers		39,671	27,511
Others		9,523	9,481
		<u>304,545</u>	<u>229,957</u>

22.1 The above 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.

22.2 Included in salaries, wages and benefits are Rs. 6,111 thousand (2012: Rs. 5,996 thousand) and Rs. 8,919 thousand (2012: Rs. (4,139) thousand) in respect of provident fund contribution and provision for gratuity fund, respectively, by the Company.

	<u>Note</u>	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u>
23. Other income			
Income from financial assets			
Return on bank deposits		18,543	10,175
Income from non-financial assets			
Gain on sale of fixed assets		6,718	1,778
Miscellaneous		-	152
		<u>6,718</u>	<u>1,930</u>
		<u>25,261</u>	<u>12,105</u>

24. General and administration expenses

Legal and professional charges		125	1,025
Donations	24.1	5,860	4,600
Directors fee		140	110
Auditors' remuneration	24.2	899	688
Depreciation	21.1.1	9,888	9,131
Provision for doubtful debts	16.1	3,378	-
Workers' welfare fund		11,826	9,200
Amortization of intangible assets	21.2.1	938	566
Others		8	11
		<u>33,062</u>	<u>25,331</u>

24.1 Donations

This amount represents Rs. 5,860 thousand (2012: Rs. 4,600 thousand) donation to Atlas Foundation situated at 2nd Floor, Federation House, Clifton, Karachi - 74000, in which the following directors of the Company are members of its Board of Directors:

Name of Directors
Mr. Yusuf H. Shirazi
Mr. Frahim Ali Khan
Mr. Jawaid Iqbal Ahmed

With the exception of their directorship, the directors and their spouses have no interest in the donee.

	<u>2013</u> <u>(Rupees in thousand)</u>	<u>2012</u>
24.2 Auditors' remuneration		
Audit fee	365	330
Half yearly review	220	200
Audit of provident fund, gratuity funds and other certifications	215	60
Out of pocket expenses	99	98
	<u>899</u>	<u>688</u>

	<u>2013</u> (Rupees in thousand)	<u>2012</u> (Rupees in thousand)
25. Provision for taxation		
Current tax		
- Current year	142,915	100,110
Deferred tax		
- Relating to reversal and origination of temporary differences	(11,571)	6,412
- Income resulting from reduction in tax rate	255	-
	(11,316)	6,412
Prior year	-	(5,115)
	<u>131,599</u>	<u>101,407</u>
	<u>2013</u> %	<u>2012</u> %

25.1 Tax charge reconciliation

Numerical reconciliation between the average effective tax rate and the applicable tax rate

Applicable tax rate	34.00	35.00
Tax effect of amounts that are:		
- Not admissible for tax purpose	3.40	3.10
- Deductible for tax purpose	(3.00)	(4.80)
- Chargeable to tax at a lower rate	(12.00)	(11.43)
Effective tax rate	<u>22.40</u>	<u>21.87</u>

	<u>2013</u> (Rupees in thousand)	<u>2012</u> Restated
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26. Earnings per share

There is no dilutive effect on basic earnings per share which is based on:

Net profit after tax	<u>455,973</u>	<u>366,356</u>
	(Number of shares)	
Weighted average number of ordinary shares	<u>63,783,102</u>	<u>63,783,102</u>
	(Rupees per share)	
Earnings per share (basic / diluted)	<u>7.15</u>	<u>5.74</u>

27. Remuneration of chief executive, director and executives

Aggregate amounts charged in the accounts for remuneration, including all benefits to Chief Executive Officer, Director and executives of the Company are as follows:

	Chief Executive Officer		Director		Executives	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	(Rupees in thousand)					
Managerial remuneration	13,861	11,949	11,223	10,269	24,895	19,465
Bonus	3,680	5,120	4,390	2,910	6,693	6,673
Medical reimbursement	124	98	512	132	1,515	837
House rent and utility expenses	6,629	5,715	5,367	4,911	15,245	9,666
Retirement benefits						
a) Provident fund	1,326	1,143	1,073	982	2,256	1,746
b) Service gratuity	502	433	407	372	883	501
Other reimbursable expenses	1,268	819	607	629	6,653	5,532
Total	<u>27,390</u>	<u>25,277</u>	<u>23,579</u>	<u>20,205</u>	<u>58,140</u>	<u>44,420</u>
Number of persons	1	1	1	1	26	21

Fees paid to 2 (2012: 4) non-executive directors for attending meetings during the year amounts to Rs. 140 thousand (2012: Rs. 110 thousand). In addition, the chief executive and some of the executives are also provided with free use of Company cars, in accordance with the policy of the Company.

28. Transactions with associated undertakings

Related parties comprise associated undertakings, other related group companies, directors of the Company and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of directors and key management personnel is disclosed in note 27. Particulars of transactions with the Company's staff retirement benefit scheme are disclosed in note 10 to the financial statements. Period end balances and transactions with related parties are as follows :

Associated companies	Period end balances	2013	2012
		(Rupees in thousand)	
	Provision for outstanding claims (including IBNR)	175,871	33,327
	Premium received in advance	-	144
	Premiums due but unpaid	178,585	163,843
	Transactions during the year		
	Premium underwritten	749,047	628,815
	Premium collected	885,717	812,113
	Claims paid	75,739	63,632
	Vehicles purchased	2,213	16,324
	Vehicles sold	-	703
	Office equipments purchased	126	4,501
	Rent received	5,258	4,074
	Rent paid	1,903	1,373
	Expenses paid	976	588
	Dividends received	21,460	15,364
	Dividends paid	166,004	120,871
	Donations	5,860	4,600
	Investments purchased	715,700	956,490
	Investments sold	612,240	1,091,721
Post employment benefit plans	Transactions during the year		
	Expense charged in respect of retirement benefit plans	17,333	11,473

29. Segment reporting

The Company has four (2012: five) primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, 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 gross premium earned by the segments.

	Fire and property damage		Marine, aviation and transport		Motor		Engineering*		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)											
Revenue												
Premiums earned	391,143	405,267	458,523	370,132	274,238	224,855	-	43,128	318,891	124,813	1,442,795	1,168,195
Segment Results	50,167	59,159	236,836	201,013	39,533	72,552	-	(48,884)	16,357	11,476	342,893	295,316
Investment income											246,399	180,692
Rental income											6,518	5,448
Other income											25,261	12,105
Financial charges											(437)	(467)
General and administration expenses											(33,062)	(25,331)
											244,679	172,447
Profit before taxation											587,572	467,763
Provision for taxation											(131,599)	(101,407)
Net Profit											455,973	366,356
Other information												
Segment assets	315,998	366,453	370,431	334,673	221,552	203,320	-	38,997	257,627	112,859	1,165,608	1,056,302
Unallocated assets											1,849,128	1,646,371
Consolidated total assets											3,014,736	2,702,673
Segment liabilities	401,420	454,229	419,609	414,836	250,139	252,020	-	48,339	322,374	139,892	1,393,542	1,309,316
Unallocated liabilities											183,163	194,932
Consolidated total liabilities											1,576,705	1,504,248

Capital expenditure and depreciation / amortisation have not been allocated as fixed assets to which they relate form part of unallocated assets.

29.1 Revenue in fire and property damage, marine, aviation and transport, motor and miscellaneous segments includes revenue from customers in excess of 10% of total revenue of the Company.

- * This represents the insurance premium relating to one engineering project written last year that exceeded 10% of total gross premium, consequently requiring separate presentation as per Rule 2 of Annexure II of the Insurance Rules, 2002. For the current year policies written under engineering class do not exceed the aforesaid Rule hence grouped in miscellaneous class.

30. Insurance risk management

30.1 Insurance risk

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that larger the portfolio of similar insurance contracts, the smaller the relative variability about expected outcome will be. In addition, a more diversified portfolio is less likely to be effected by a change in any subset of the portfolio.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Three level retention authority is practiced for analysis of each risk. For larger risks Major Risk Advice (MRA) is prepared to study placement of risk before finalization and Risk Card System is implemented to check any geographic accumulation of risks.

Concentration of insurance risk

One of the most important elements of effective risk management in fire and property insurance is monitoring of risk accumulation both at a given premises and in a certain geographical spread of location. Risk segregation in a particular location is done through risk inspection prior to underwriting. Wide variety of factors associated with risk are evaluated while conducting such risk surveys. These include risk location, physical hazards associated with nature of business being conducted or occupation of the premises, manufacturing process, storage of raw material, furnished goods and utilities etc. type of construction and the layout plan of the manufacturing facility for segregation of risk to study the possibility of spread of fire from one risk to another adjacent or closely located facility and the values exposed at each risk etc. are studied in such risk inspections. While studying such aspects reference is made to standard construction specifications and criteria of segregation of risk as laid down by Insurance Association of Pakistan and those specified by the participating reinsurers in the respective reinsurance arrangements. This include, though not limited to, presence of perfect walls, double fire proof iron doors and distance between the risks. This helps avoid spread of uncontrolled fire and explosion in one area and limit the damage.

To monitor accumulation of various risks in a particular geographical location, a system generated location card is developed which is available with the underwriters and reinsurance personnel's in order to check high accumulation of values exposed to insurance in a given location. In order to further safeguard large financial commitments Company's retention in various risks exposed to an unexpected catastrophic event, an excess of loss reinsurance coverage besides proportional treaty has been arranged which provides protection to numerous net retentions exposes on various risks and possibly getting affected due to an unforeseen catastrophic event like earthquake and flood etc.

Individual risk location factor and risk amounts are essential fields of the policy data interphase of system. It provides instant and risk factor amount which is dependent on data collection provided under the policy schedule.

In marine cargo insurance complete underwriting details, besides sum insured and premium, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits etc. are fed into the system. The reinsurance module of the system is designed to satisfy the requirements to monitor accumulation of various consignments over one vessel or carrier. Despite such controls the respective reinsurance, beyond normal coverage also addresses to cover unknown accumulation which may otherwise could not be identified in time for one reason or the other.

	Maximum insured loss		Loss ceded		Net retention	
	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)					
Fire and property damage	192,196,824	180,819,440	155,986,943	147,258,884	36,209,881	33,560,556
Marine, aviation and transport	13,950,143	12,041,296	4,398,480	3,755,681	9,551,663	8,285,615
Motor	8,877,631	10,810,167	373,747	437,811	8,503,884	10,372,356
Miscellaneous	74,912,015	87,495,220	44,872,297	69,366,210	30,039,718	18,129,010
	<u>289,936,613</u>	<u>291,166,123</u>	<u>205,631,467</u>	<u>220,818,586</u>	<u>84,305,146</u>	<u>70,347,537</u>

Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Company uses assumption of mixture of total claims based on past experience, survey reports and market data to measure its claims liabilities. Data for the contract held is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at year-end. The Company has reviewed the individual contracts and in particular the types of customers to whom Company issues contract and the actual reporting years of claims. Change in mark-up rates of the banks, law and order situation and geo-political situation of South Asia could possibly have impact on the unexpired risk. Though no major impact is foreseen given the current portfolio of the Company. However, this information is used to develop scenarios related to claims that are used for the projection.

	Net impact of increase / decrease in average claims by 10% on			
	Underwriting results		Shareholder's equity	
	2013	2012	2013	2012
	(Rupees in thousand)			
Fire and property damage	539	559	356	363
Marine, aviation and transport	2,007	1,661	1,325	1,080
Motor	9,554	8,145	6,306	5,295
Miscellaneous	4,242	2,960	2,800	1,924
Total	16,342	13,325	10,787	8,662

Claim development

Accident year	2009	2010	2011	2012	2013	Total
	(Rupees in thousand)					
Estimate of ultimate claims costs:						
At end of accident year	112,376	175,250	110,624	92,884	204,812	
One year later	114,846	171,255	116,513	-	-	
Two years later	120,082	170,859	-	-	-	
Three years later	116,900	-	-	-	-	
Four years later	-	-	-	-	-	
Current estimate of cumulative claims	116,900	170,859	116,513	92,884	204,812	701,968
Cumulative payments to date	(97,771)	(133,039)	(101,265)	-	-	(332,075)
Liability recognized in the statement of financial position	19,129	37,820	15,248	92,884	204,812	369,893

30.2 Reinsurance risk

As per general practice of the insurance industry, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other companies for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risks, and provide additional underwriting capacity which also constitutes towards the growth of premium. A significant portion of the reinsurance is effected under treaty, facultative and also under excess-of-loss reinsurance contracts to protect Company's exposure towards catastrophic losses.

To minimize its exposure to any possible losses from reinsurers' insolvencies, the Company evaluates the financial condition of the reinsurers, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the reinsurers.

31. Financial risk management

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The Company has invested its funds in ordinary shares, mutual funds and National Investment Trust units, resulting in exposure due to the fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company's Investment Committee actively monitors the key factors that affect investment market and all investment related decisions are taken after due consultation with the Investment Committee.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as none of the financial assets and liabilities are payable in foreign currency, at the end of the year.

(ii) Other price risk

Available for sale investments are stated at lower of cost and market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and market value of these investments have been disclosed in note 14.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

(iii) Interest rate risk

Interest / yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Company is exposed to interest / yield rate risk for certain deposits with the banks.

	<u>2013</u>	<u>2012</u>
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Deposits maturing within 12 months	-	-
Statutory deposits	69,622	57,246
Variable rate instruments		
Financial assets		
Bank balances - saving accounts	145,224	263,419
Total exposure	<u>214,846</u>	<u>320,665</u>

Fair value sensitivity analysis for fixed rate instruments

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 at the balance sheet date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If the Karachi Inter Bank Offer Rate (KIBOR), had fluctuated by 10% with all other variables held constant, the impact on profit before taxation for the year would have been higher / lower by Rs. 1,854 thousand and impact on shareholder's equity would have been higher / lower by Rs. 1,205 thousand.

(b) Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 2,340,971 thousand (2012: Rs. 2,020,518 thousand) the financial assets which are subject to credit risk amounted to Rs. 2,340,859 thousand (2012: Rs. 2,020,450 thousand). The Company believes that it is not exposed to major concentration of credit risk.

(i) Concentration of credit risk

Concentration of credit risk occurs when a number of counter parties are engaged in similar business activities. As a result, any change in economic, political or other conditions would have an impact on 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 Company's exposure to credit risk through monitoring of client's credit exposure review and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. 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 organization of sound financial standing covering various industrial sectors and segment.

(ii) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<u>2013</u>	<u>2012</u>
	(Rupees in thousand)	
Current and other accounts	162,051	281,945
Loans to employees	162	170
Investments	1,550,372	1,255,886
Premiums due but unpaid	260,165	229,835
Amounts due from other insurers / reinsurers	110,557	98,884
Salvage recoveries accrued	6,810	8,535
Accrued investment income	348	2,783
Reinsurance recoveries against outstanding claims	236,457	121,248
Sundry receivables	13,937	21,164
	<u>2,340,859</u>	<u>2,020,450</u>

The Company maintains a general provision against doubtful receivables. The related movement is disclosed in note 16.1. The Company has assessed that remaining past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

Age analysis of receivables is as follows:	2013		
	Related parties	Others	Total
	(Rupees in thousand)		
- Up to one year	178,385	77,809	256,194
- Past one but less than three years	200	7,180	7,380
- Over three but less than five years	-	-	-
- More than five years	-	-	-
- Less provision	-	(3,409)	(3,409)
	<u>178,585</u>	<u>81,580</u>	<u>260,165</u>
	2012		
	Related parties	Others	Total
	(Rupees in thousand)		
- Up to one year	163,604	59,414	223,018
- Past one but less than three years	239	6,609	6,848
- Over three but less than five years	-	-	-
- More than five years	-	-	-
- Less provision	-	(31)	(31)
	<u>163,843</u>	<u>65,992</u>	<u>229,835</u>

(iii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

Banks	Rating		Rating Agency	2013	2012
	Short term	Long term		(Rupees in thousand)	
National Bank of Pakistan	A-1+	AAA	JCR-VIS	190	86
Allied Bank Limited	A1+	AA+	PACRA	3,759	3,552
Summit Bank Limited	A-3	A-	JCR-VIS	83,060	246,600
Bank Alfalah Limited	A1+	AA	PACRA	42,268	1,863
Faysal Bank Limited	A1+	AA	PACRA	19,941	14,192
Habib Bank Limited	A1+	AAA	JCR-VIS	5,290	5,380
MCB Bank Limited	A1+	AAA	PACRA	4,335	4,066
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	370	34
United Bank Limited	A1+	AA+	JCR-VIS	1,297	3,481
NIB Bank Limited	A1+	AA-	PACRA	1,029	2,691
Askari Bank Limited	A1+	AA	PACRA	512	-
				<u>162,051</u>	<u>281,945</u>

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

31.1 Financial instruments by categories

	Held to maturity		Available for sale		Loans and receivables		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in thousand)						Restated	
Financial assets as per balance sheet								
Cash and other equivalents	-	-	-	-	112	68	112	68
Current and other accounts	-	-	-	-	162,051	281,945	162,051	281,945
Deposits maturing within twelve months	-	-	-	-	-	-	-	-
Loans to employees	-	-	-	-	162	170	162	170
Investments	69,622	57,246	1,480,750	1,198,640	-	-	1,550,372	1,255,886
Premiums due but unpaid	-	-	-	-	260,165	229,835	260,165	229,835
Amounts due from other insurers / reinsurers	-	-	-	-	110,557	98,884	110,557	98,884
Salvage recoveries accrued	-	-	-	-	6,810	8,535	6,810	8,535
Accrued investment income	-	-	-	-	348	2,783	348	2,783
Reinsurance recoveries against outstanding claims	-	-	-	-	236,457	121,248	236,457	121,248
Sundry receivables	-	-	-	-	13,937	21,164	13,937	21,164
	<u>69,622</u>	<u>57,246</u>	<u>1,480,750</u>	<u>1,198,640</u>	<u>790,599</u>	<u>764,632</u>	<u>2,340,971</u>	<u>2,020,518</u>

Financial liabilities as per balance sheet	Other financial liabilities	
	2013	2012
	(Rupees in thousand)	
Provision for outstanding claims (including IBNR)	309,529	200,912
Amounts due to other insurers / reinsurers	236,671	257,751
Accrued expenses	77,023	55,042
Creditors and accrued expenses	51,220	32,413
Deposits against performance bonds	9,453	2,361
Dividends payable	31,847	25,122
	<u>715,743</u>	<u>573,601</u>

Maturity analysis of financial assets and liabilities

	2013						Total 2013
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
Financial assets							
On balance sheet							
Cash and other equivalents	-	-	-	112	-	112	112
Current and other accounts	145,224	-	145,224	16,827	-	16,827	162,051
Loans to employees	-	-	-	162	-	162	162
Investments	69,622	-	69,622	1,480,750	-	1,480,750	1,550,372
Premiums due but unpaid	-	-	-	260,165	-	260,165	260,165
Amounts due from other insurers / reinsurers	-	-	-	110,557	-	110,557	110,557
Salvage recoveries accrued	-	-	-	6,810	-	6,810	6,810
Accrued investment income	-	-	-	348	-	348	348
Reinsurance recoveries against outstanding claims	-	-	-	236,457	-	236,457	236,457
Sundry receivables	-	-	-	13,937	-	13,937	13,937
	<u>214,846</u>	<u>-</u>	<u>214,846</u>	<u>2,126,125</u>	<u>-</u>	<u>2,126,125</u>	<u>2,340,971</u>
Off balance sheet	-	-	-	-	-	-	-
Total	<u>214,846</u>	<u>-</u>	<u>214,846</u>	<u>2,126,125</u>	<u>-</u>	<u>2,126,125</u>	<u>2,340,971</u>
Financial liabilities							
On balance sheet							
Insurance contracts - short term	-	-	-	732,848	-	732,848	732,848
Less: reinsurance assets held to cover insurance contracts	-	-	-	(460,705)	-	(460,705)	(460,705)
	-	-	-	272,143	-	272,143	272,143
Provision for outstanding claims (including IBNR)	-	-	-	309,529	-	309,529	309,529
Amounts due to other insurers / reinsurers	-	-	-	236,671	-	236,671	236,671
Accrued expenses	-	-	-	77,023	-	77,023	77,023
Creditors and accrued expenses	-	-	-	51,220	-	51,220	51,220
Deposits against performance bonds	-	-	-	9,453	-	9,453	9,453
Dividends payable	-	-	-	31,847	-	31,847	31,847
	-	-	-	715,743	-	715,743	987,886
Off balance sheet	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>987,886</u>	<u>-</u>	<u>987,886</u>	<u>987,886</u>
On balance sheet gap	<u>214,846</u>	<u>-</u>	<u>214,846</u>	<u>1,138,239</u>	<u>-</u>	<u>1,138,239</u>	<u>1,353,085</u>
Off balance sheet gap	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

Maturity analysis of financial assets and liabilities

	2012						Total 2012
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
Financial assets							
On balance sheet							
Cash and other equivalents	-	-	-	68	-	68	68
Current and other accounts	263,419	-	263,419	18,526	-	18,526	281,945
Loans to employees	-	-	-	170	-	170	170
Investments	-	57,246	57,246	1,198,640	-	1,198,640	1,255,886
Premiums due but unpaid	-	-	-	229,835	-	229,835	229,835
Amounts due from other insurers / reinsurers	-	-	-	98,884	-	98,884	98,884
Salvage recoveries accrued	-	-	-	8,535	-	8,535	8,535
Accrued investment income	2,783	-	2,783	-	-	-	2,783
Reinsurance recoveries against outstanding claims	-	-	-	121,248	-	121,248	121,248
Sundry receivables	-	-	-	21,164	-	21,164	21,164
	<u>266,202</u>	<u>57,246</u>	<u>323,448</u>	<u>1,697,070</u>	<u>-</u>	<u>1,697,070</u>	<u>2,020,518</u>
Off balance sheet	-	-	-	-	-	-	-
Total	<u>266,202</u>	<u>57,246</u>	<u>323,448</u>	<u>1,697,070</u>	<u>-</u>	<u>1,697,070</u>	<u>2,020,518</u>

Maturity analysis of financial assets and liabilities

	2012						Total 2012
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
Financial liabilities							
On balance sheet							
Insurance contracts - short term	-	-	-	775,413	-	775,413	775,413
Less: reinsurance assets held to cover insurance contracts	-	-	-	(530,491)	-	(530,491)	(530,491)
	-	-	-	244,922	-	244,922	244,922
Provision for outstanding claims (including IBNR)	-	-	-	200,912	-	200,912	200,912
Amounts due to other insurers / reinsurers	-	-	-	257,751	-	257,751	257,751
Accrued expenses	-	-	-	55,042	-	55,042	55,042
Creditors and accrued expenses	-	-	-	32,413	-	32,413	32,413
Deposits against performance bonds	-	-	-	2,361	-	2,361	2,361
Dividends payable	-	-	-	25,122	-	25,122	25,122
	-	-	-	573,601	-	573,601	573,601
Off balance sheet	-	-	-	-	-	-	-
Total	-	-	-	818,523	-	818,523	818,523
On balance sheet gap	266,202	57,246	323,448	878,547	-	878,547	1,201,995
Off balance sheet gap	-	-	-	-	-	-	-

The effective interest / mark-up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

31.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's objectives when managing capital are:

- (i) to be in compliance with the paid-up capital requirement set by the SECP. The Company's current paid-up capital is in excess of the limit prescribed by the SECP;
- (ii) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (iii) to provide an adequate return to shareholders.

The Company manages the capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

32. Fair value of financial instruments

The carrying value of all financial instruments reported in the financial statements approximate their fair value except for available for sale investments which are stated at lower of cost or market value in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and fair value of these investments have been disclosed in note 14.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

33. Provident fund trust

The Company has maintained an employee provident fund trust and investments out of provident fund has been made in accordance with provisions of section 227 of the Companies Ordinance, 1984, and the rules formulated for this purpose. The salient information of the fund is as follow:

	Note	2013 (Rupees in thousand)	2012 (Rupees in thousand)
Size of the fund		111,732	120,723
Percentage of investments made		90%	93%
Fair value of investments	33.1	101,037	112,873
Cost of investments made		99,670	107,464

	2013		2012	
	Investments	Investments as a % size of fund	Investments	Investments as a % size of fund
Government securities	24,625	22%	14,555	12%
Listed securities and mutual funds	76,412	68%	98,318	81%
	101,037		112,873	

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

The information for the financial year 2013 is based on un-audited financial statements of the provident fund.

	Number of employees	
	2013	2012
34. Number of employees		
Number of management and non management staff employed are as follows:		
Total employees	160	158
Average employees	161	159

35. Date of authorization for issue

These financial statements were authorized for issue by the Board of Directors of the Company on February 28, 2014.

36. Non - adjusting events after the balance sheet date

The Board of Directors has proposed a final dividend for the year ended December 31, 2013 of Rs. 5 (2012: Rs. 4) per share, amounting to Rs. 318,916 thousand (2012: Rs. 212,610 thousand) at their meeting held on February 28, 2014 for the approval of the members at the Annual General Meeting to be held on April 10, 2014. The Board has also recommended to transfer Rs. 77,000 thousand (2012: Rs. 43,000 thousand) to general reserves and stock dividend of Rs. 1 (2012: Rs. 2) per share, amounting to Rs. 63,783 thousand (2012: Rs. 106,305 thousand) to reserves for issue of bonus shares from accumulated reserves.

37. General

Figures in these financial statements have been rounded off to the nearest thousand of rupees.



Arshad P. Rana
Chief Executive



Feroz Rizvi
Director



Ali H. Shirazi
Director



Yusuf H. Shirazi
Chairman

Company Offices

HEAD OFFICE

3 - Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX:	(042) 37320542, 37320543, 37310658, 37322271 37322273
	Fax:	(042) 37234742
ARSHAD P. RANA Chief Executive Officer	Direct:	(042) 37234812
	Fax:	(042) 37116260
NISAR ZAMAN KHAN Head of Marketing and Sales	Direct:	(042) 37358360
	Extension:	404
RASHID AMIN Chief Financial Officer	Direct:	(042) 37234757
	Extension:	403
QUDSIA NAHEED Vice President (Admin/HR)	Direct:	(042) 37245348
	Extension:	303
MUHAMMAD SAEED Vice President (Claims)	Direct:	(042) 37323270
	Extension:	304
SYED ALI MUNEM SHAMSI Vice President (Underwriting)	Direct:	(042) 37323229
	Extension:	302
ABDUL RAZZAQ GHOURI Vice President (IT)	Extension:	402
SALEEM MEHMOOD Chief Internal Auditor	Extension:	428

NORTH ZONE OFFICES & BRANCHES

LAHORE

CH. TAYYAB HUSSAIN Chief Manager	City Branch 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37212365-6, 37312858, 37312868, 37230558-9 Fax: (042) 37212367
MUHAMMAD MUNIR QAZI Chief Manager	Gulberg Branch Office No. 335, 3rd Floor, Land Mark Plaza, Jail Road, Lahore	(042) 35775733-4 Fax: (042) 35714514
MUHAMMAD IJAZ Deputy Chief Manager	Al-Noor Branch Al-Noor Building, 43-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37358805 Fax: (042) 37237343
KH. MUHAMMAD NADEEM Branch Manager	Napier Road Branch Nairobi Mansion Napier Road, Lahore.	(042) 37352560 Fax: (042) 37358190
MUHAMMAD WASIM PURI Branch Manager	Mall Road Branch Hafeez Chambers, 85- Shahrah-e-Quaid-e-Azam, Lahore.	(042) 36305595, 36271663 Fax: (042) 36369576
CH. ZEESHAN AHMED Branch Manager	Main Boulevard Branch Office No-6, 2nd Floor, Al-Hafeez View, 67-D/1, Sir Syed Road, Gulberg-III, Lahore	(042) 35784309, 37034673 Fax: (042) 35784310
RAWALPINDI MAHMOOD AHMED Chief Manager	101/13, Bank Road, Grand Hotel Building, P.O. Box 119, Rawalpindi.	(051) 5563413, 5516546 Fax: (051) 5798083
MANZAR ALI NAQVI Manager		
FAISALABAD MUHAMMAD ASIF AKRAM Branch Manager	123-B, People's Colony No. 1, D - Ground, Faisalabad.	(041) 8721256, 8734176 Fax: (041) 8732499

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ISLAMABAD

AASIM MAJEED
Branch Manager

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SAQIB MAQSOOD KHAN
Chief Manager

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35369394-6

Fax:

(021) 35378515

ARSHAD P. RANA
Chief Executive Officer

Direct:

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MUHAMMAD IMRAN
Asst. Vice President (Non Motor)

Extension:

217

MUHAMMAD AFZAL
Company Secretary

Extension:

202

SOUTH ZONE BRANCHES**KARACHI**

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Circle Chief, Karachi Circle - I

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Chief Manager

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IMRAN SATTAR
Chief Manager

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INAYAT ULLAH
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AJAZ TUFAIL
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35369394-6
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HYDERABAD

ZAFAR AHMAD GHOURI
Circle Chief, Hyderabad Circle

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SUKKUR

ABDUL MAJEED QURESHI
Chief Manager

Near Public School,
Military Road,
Sukkur.

(071) 5631056
Fax: (071) 5631057

 Atlas Group Companies	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1962
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
HONDA Honda Atlas Cars	1992
HONDA Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008
 Atlas Autos	2011
 Atlas Hitec	2012
 Atlas Metals	2012

Form of Proxy

I/We _____ of _____ being member(s) of Atlas Insurance Limited and holder(s) of _____ ordinary shares as per Registered Folio No. _____ hereby appoint _____ of _____ or failing him _____ of _____ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 79th Annual General Meeting of the Company to be held at Registered Office on April 10, 2014 at 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore and at every adjournment thereof.

As witness my /our hand this ____ day of _____ 2014.

Signature: _____

Address: _____

Witness:

Signature: _____

Address: _____

Affix Revenue Stamp Signature
--

Notes:

1. A member entitled to attend and vote at the General Meeting of the Company is entitled to appoint proxy to attend and vote instead of him/her. No person shall act, as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her constituted attorney or if such appointer is a corporation or Company, under the common seal of such corporation or Company.
3. The Form of proxy, duly completed, must be deposited at the Company's registered Office, 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.



The Secretary
Atlas Insurance Limited
3 - Bank Square,
Shahrah-e-Quaid-e-Azam,
Lahore.

AFFIX
POSTAGE

Fold Here

Fold Here

Fold Here

Fold Here

Strength and growth come
only through continuous
effort and struggle



Atlas Insurance Limited

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