

Our Vision

"The Pakistan General Insurance Company Limited is committed to provide quality insurance services by virtue of sound professionalism and risk management expertise, to provide better coverage and satisfaction to our customers."



Our Mission

Our aim is to provide cost effective insurance cover to our customers.

We follow good governance and sound professionalism to become a well reputed and respected corporate entity in the eyes of all stakeholders.

We strive to maintain a customer focused approach by ensuring that our services are delivered to the customers in time, according to the required specifications and within our stipulated cost.



2012 Highlights

▼ Written Premium 383 764 Rupees in '000	▼ Net Premium Revenue 228 961 Rupees in '000	▼ Underwriting Results 135 027 Rupees in '000
▼ Shareholders' Equity 499 153 Rupees in '000	▼ Earnings Per Share 3.65 Rupees	▼ Investment / Other Income 31 678 Rupees in '000
▼ Total Assets 734 912 Rupees in '000	▼ Investments 272 605 Rupees in '000	▼ Stock Dividend 75 000 Rupees in '000

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Company Information

Board of Directors

Ch. Manzoor Ahmed (Chairman)
(PSP Retd.)
Ch. Zahoor Ahmed (Chief Executive Officer)
Usman Ali
Ghulam Mustafa
Mazhar Zahoor
Muhammad Saleem
Dr. Mehmood ul Haq
Athar Zahoor
Rehan Beg

Chief Executive Officer

Ch. Zahoor Ahmed

Advisor to Chief Executive Officer

Nasir Ali (ACII, UK)

Chief Financial Officer

Azhar Hafeez Ch.

Chief Risk Officer

Aftab Ahmed Phambra

Company Secretary

Muhammad Saleem

Audit Committee

Rehan Beg (Chairman)
Mehmood-ul-Haq
Athar Zahoor (Secretary)

Investment Committee

Dr. Mehmood-ul-Haq (Chairman)
Manzoor Ahmed
Usman Ali (Secretary)

Human Resource Committee

Usman Ali (Chairman)
Rehan Beg
Athar Zahoor

Underwriting Committee

Ch. Zahoor Ahmed (Chairman)
Zahid Iqbal Zia
Zaheer Ahmed Khan

Claims Committee

Ghulam Mustafa (Chairman)
Athar Zahoor
Mian Muhammad Iqbal (Secretary)

Reinsurance and Coinsurance Committee

Mazhar Zahoor (Chairman)
Muhammad Maqsood Peracha
Sajid Hussain (Secretary)

Auditors

M. Yousuf Adil Saleem & Co. Chartered Accountants
(A member firm of Deloitte Touché Tomatsu)
Kamran & Co. Chartered Accountants
(A member firm of INPACT Asia Pacific)

Legal Advisers

M. Javed Iqbal (Advocate Supreme Court)
Ch. M. Maqsood (Advocate Supreme Court)

Share Registrar

Corplink (Private) Limited

Tax Consultants

Kamran & Co. Chartered Accountants

Bankers

All Pakistani and international banks

Registered & Head Office

Cooperative Bank House, 5 Bank Square
Shahrah-e-Quaid-e-Azam
Lahore

Contact

Tel.: +92(042) 3732-4404; 3722-3224
Fax: +92(042) 3723-0895; 3723-0634
www.pgi.com.pk email: info@pgi.com.pk



Company Profile

Early days to-date

The Pakistan General Insurance Company Limited ('PGI' or 'the Company') came into existence in the year 1947 with the incorporation no. 1 under the Insurance Ordinance, 2000. Since its inception PGI has grown into a reputed name in the insurance industry. With an experience of over 60 years and on the basis of well-governed procedures founded on the highest ethical and moral practices, PGI has instituted a good business footing in the non-life insurance sector in Pakistan.

With an asset base of over 700 million rupees, PGI is one of the emerging quoted insurance companies in Pakistan and has been listed on the Karachi, Lahore and Islamabad Stock Exchanges since July 1995. The organization is also on the approved list of most scheduled banks operating in the country since its inception.

PGI philosophy

Our philosophy at PGI is to provide our customers and clients with peace of mind. We are dedicated to maintaining the highest standards of integrity and sound dealing in our relationships with all stakeholders, which include customer intermediaries, employees, shareholders and business partners.

In every action PGI seek to make a positive contribution toward community activities and are committed to perform in a socially responsible manner. With technical expertise in the field of non-life insurance, PGI offers unparalleled advice and personalized services in all spheres of general insurance: fire, marine, motor, engineering and others.

Presence around the country

With an aim to relentlessly cater to the needs of its customers and clients across the nation, PGI has a wide network (with one of biggest network of branches) of its offices across the country.

With an unrelenting drive to expand and further establish itself, PGI has enhanced its presence in almost all areas of business. The Company's proven ability to manage associated risks, along with its substantial risk absorption capacity, provides significant cushioning to make inroads into relatively high-risk areas. PGI continues to maintain re-insurance agreements with highly reputable and world renowned reinsurers.

PGI has been awarded Insurer Financial Strength (IFS) Rating of 'BBB+' with a stable outlook by JCR-VIS, denoting an adequate capacity to meet policy holder and contract obligations.

Products and services

PGI provides a full range of insurance services to fulfill the needs of customers being commercial and individual clients. Our product portfolio include –

Fire and property damage

Our portfolio comprises of a broad spread of quality business ranging from simple residential property to very large sophisticated industrial risks. These would include activities involving complex risks relating to various major industrials. The fire portfolio in the main comprises of operational risks.

The insurance covers include both material damage as well as loss of revenue due to business interruption following the material damage.

Company Profile

Marine, aviation and transport

- **Marine cargo**

Insurance coverage is provided for goods in transit from all over the world to Pakistan and vice versa by all means of conveyance i.e. sea, air and land. Special insurance products are also offered for large project cargoes and this class also includes for such projects, loss of revenue insurance.

- **Marine Hull and aviation**

Coverage is provided for the insurance of ships, other vessels and aircraft ranging from small single general aviation to airlines. This insurance includes both physical damage as well as liabilities to third parties and passengers.

Motor

PGI provides a full range of products for all kinds of vehicles being either private or commercial and the coverage includes physical damage including theft and liabilities as required under law. Ancillary products are also offered for personal accident to drivers, passengers and the like.

Miscellaneous

- **Engineering**

The engineering part of the portfolio would include in the main construction risks be it simple civil work or major infrastructure projects like dams, highways etc.

Other engineering risks would include coverage for breakdown of plant / machinery.

- **Others**

All other insurance products of various types to suit individual client requirements are also available like engineering, personal accident and other like insurances.

Also specialized insurance covers are offered to crops covering loss due to natural calamities and health attacks.

In addition, our qualified engineers provide recommendations and guidance to our Property Insurance clients on various aspects of industrial safety including protection measures as well as sharing of information on latest techniques as per international standards.





Management

Board of directors

Ch. Manzoor Ahmed (Chairman)
Ch. Zahoor Ahmed (Chief Executive Officer)
Usman Ali
Ghulam Mustafa
Muhammad Saleem
Mazhar Zahoor
Dr. Mehmood-ul-Haq
Athar Zahoor
Rehan beg

Non-executive director
Executive director
Non-executive
Executive director
Executive director
Executive director
Non-executive and independent director
Non-executive director
Non-executive and independent director

Senior management

Chief Financial Officer
Chief Risk Officer
Company Secretary

Azhar Hafeez Ch.
Aftab Ahmed Phambra
Muhammad Saleem

Department and Regional Heads

Head of Human Resource
Head of Internal Audit
Head of MIS and Information Technology
Head of Underwriting – Fire and property damage
Head of Underwriting – Marine aviation and others
Head of Underwriting – Motor
Head of Claims
Head of Reinsurance
Head of Administration
Head Accounts and Finance
Head Marketing and Public Relations
Joint President (South Zone)
General Manager (Lahore Zone I)
General Manager (Lahore Zone II)
General Manager (Lahore Zone III)
General Manager (North)
General Manager (Multan Zone)
General Manager (Sindh & Baluchistan)
Senior Vice President (Bahawalpur Zone)
General Manager (Karachi)
Vice President (Capital City Islamabad)
Vice President (Quetta)

Usman Ali
Abdul Rasheed
Sajjid Bhatti
Muhammad Yousuf Zahid
Muhammad Iqbal
Zaheer A. Khan
Zahid Iqbal Zia
Muhammad Maqsood Peracha
Waseem A. Khan Lodhi
Javed Iqbal Khan
Ch. Siddiq Sabir
Raja Gul Saeed Ahmed Khan
Shiekh Azmat Ali
Ch. Habib Ullah
Shiekh Muhammad Anwar
Malik Fazal Dad
Syed Fahim Waris
Muhammad Shafi Chundrigar
Syed Waqar Rizvi
Haroon Ghani Memon
Raja Basit
Muhammad Siddique



Board Committees

Your Company maintains following three Board Committees which meet atleast once every quarter.

Audit Committee

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. The audit committee is assisted by the internal auditor in reviewing the adequacy of operational controls and in monitoring and managing risks so as to provide reasonable assurance that such system continuous to operate satisfactorily and effectively in the Company and to add value and improve the Company's operations by providing independent and objective assurance.

The principal responsibility of the internal auditors is to conduct periodic audits to ensure adequacy in operational controls, consistency in application of policies and procedures, compliance with laws and regulations.

In line with the best practices, the Board has established the audit committee.

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings attended
1. Rehan Beg (Chairman) Independent & Non-Executive Director	5 / 5
2. Dr. Mehmood-ul-Haq Independent & Non-Executive Director	5 / 5
3. Athar Zahoor (Secretary) Non-Executive Director	4 / 5

The Terms of Reference of the committee have been developed on the lines as laid down in the Code of Corporate Governance and approved by the Board. These include:

- To recommend the appointment, consider resignation, removal, audit fees, provision or any service to the Company by external auditors;
- To review quarterly, half-yearly and annual financial statements, prior to their approval by the Board;
- To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that auditors may highlight;
- To review the management letter issued by external auditors and management's response thereto;
- To ensure coordination between the internal and external auditors;
- To review the scope and extent of internal audit and ensuring internal audit function has adequate resources and appropriately placed;
- To consider major findings of internal investigations and management's response thereto;
- To ascertain that internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- To determine compliance with relevant statutory requirements; and
- To monitor compliance with the best practices of corporate governance and identification of violations.

Board Committees

Investment committee

The Company has a board level investment committee that meets on quarterly basis to review the investment portfolio. The committee is also responsible for developing the investment policy for the Company.

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings attended
1. Dr. Mehmood-ul-Haq (Chairman) Independent & Non-Executive Director	4 / 4
2. Ch. Manzoor Ahmed Non-Executive Director	4 / 4
3. Usman Ali (Secretary) Non-Executive Director	4 / 4

The Terms of Reference of the committee is as under:

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

Human resource and remuneration committee

Committee is responsible to the Board for recommending, human resource management (HRM) policies (selection, evaluation, training and compensation of key officers) of the Company.

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings attended
1. Usman Ali (Chairman) Non-Executive Director	4 / 4
2. Rehan Beg Independent & Non-Executive Director	4 / 4
3. Athar Zahoor (Secretary) Non-Executive Director	4 / 4

The Terms of Reference of the committee is as under:

- To review and recommend the compensation / benefits philosophy and strategy within the Company;
- To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions.
- To recommend in consultation with CEO, appointment / compensation of all employees including benefits, incentives and retirement plans;
- To review the amount of incentive bonus based on corporate and individual performance for purpose of incentive calculations; and
- To review and recommend the CEO's compensation including incentive, benefits and retirement plans to the Board for approval.



Other Committees

As part of the corporate governance, your Company maintains following three **management committees** which meet atleast once every quarter:

Underwriting committee

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings attended
1. Ch. Zahoor Ahmed (Chairman)	4 / 4
2. Zahid Iqbal Zia	4 / 4
3. Zaheer Ahmed Khan (Secretary)	4 / 4

The Terms of Reference of the committee is as under:

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

Claims settlement committee

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings attended
1. Ghulam Mustafa (Chairman)	4 / 4
2. Athar Zahoor	4 / 4
3. M. Muhammad Iqbal (Secretary)	4 / 4

The Terms of Reference of the committee is as under:

- The claim settlement committee devices and review the claim settling policy of the Company;
- It determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes; and
- It oversees the implementation of the measures for combating fraudulent claims cases.

Re-insurance and co-insurance committee

The composition of committee along with the meetings attended by the members is as under-

Name of the member	Meetings attended
1. Mazhar Zahoor (Chairman)	4 / 4
2. M. Maqsood Peracha	4 / 4
3. Sajid Hussain (Secretary)	4 / 4

The Terms of Reference of the committee is as under:

- This committee ensures that adequate reinsurance arrangement are made for the Company's businesses;
- It peruses the proposed re-insurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development; and
- It also assesses the effectiveness of the reinsurance programs for the future reference.



Branch Network

Lahore

Head office

Cooperative Bank House, 5 Bank Square
Shahrah-e-Quaid-e-Azam, Lahore

Tel. (042) 3732-3569; 3732-5382
3732-4404; 3735-2182

Fax (042) 3723-0634

President and chief executive office

Garde Trust Building, Thornton Road, Lahore

Tel. (042) 3722-3224; 3731-0655
3731-0590; 3723-0892

Fax (042) 3723-0895

Lahore – Zone I

Azmat Ali Sh. (General Manager Zone I)
1st Floor Gulberg Center, Main Boulevard
Lahore.

Tel. (042) 3576-3146

Mehmood Hassan (Vice President)

PGI House, 5A Bank Square
Shahrah-e-Quaid-e-Azam, Lahore

Tel. (042) 3731-2992; 3731-2962
3711-3551; 3711-3537

Fax (042) 3731-2997; 3711-3527

Lahore Zone – II

Ch. Habib Ullah (General Manager Zone II)
89 A, Temple Road, Lahore

Tel. (042) 3636-6997; 3637-2891; 3636-1206

Lahore Zone – III

M. Anwar Sh. (General Manager Zone III)

2nd Floor, Asif Plaza, 19 Abbott Road, Lahore

Tel. (042) 3631-1208

Fax (042) 3630-4646

Lahore Zone – IV

Nawab Qureshi (Vice President)

226 Manzoor Market, Ewing Road, Lahore

Tel. (042) 3735-6202; 3724-0965

Ch. Gulzar Ahmed (Vice President)

212/213 Abid Market, Lahore

Tel. (042) 3636-0959; 3630-1187

Zaheer-ul-Hassan Qadri (Vice President)

27 K, Gulberg II, Lahore

Tel. (042) 3575-9553

Karachi

Ms. Salma Majid (Sr. Exec. Vice President)

Suite No. 604, 6th Floor, Business Plaza
Mumtaz Hassan Road, Karachi

Tel. (021) 3246-1523; 3246-1524; 3246-1525
Fax (021) 3246-1526

Haroon Ghani Memon (Gen. Manager Karachi)

Office No. 10/24, 24th Floor, Arkay Square Ext
Shahrah-e-Liaqat, New Challi, Karachi

Tel. (021) 3241-6648

Fax (021) 3241-5097

Hyderabad

Muhammad Shafi Chundrigar

(General Manager Sindh & Baluchistan)

Room No. 1 & 2, 3rd Floor Al-Falah Chambers
Tilac Incline, Hyderabad

Tel. (022) 263-5128; 263-0545; 300-9002

Fax (022) 261-0140

Quetta

Muhammad Sidique (Vice President)

Room No. 1, 2nd Floor, Siraj Complex
Circular Road, Quetta

Tel. (081) 282-1126



Branch Network

Sukkur

Raja Gul Saeed Ahmed Khan (Joint President)
16 Mehran Markaz, Sakhar
Tel. (071) 561-3508

Kot Addu

Muhammad Nadeem Khan (Br. Manager)
Flat No. 4, Abbass Plaza, Kot Addu
Tel. (066) 224-2847

Dera Ghazi Khan

Syed Fahim Waris (General Manager)
10 Z, Model Town, DG Khan
Tel. (064) 246-1101; 246-4969

Mian Javed (Branch Manager)
Quaid-e-Azam Road, DG Khan
Tel. (064) 246-1253

Rahim Yar Khan

Khadim Hussain Bhatti (Branch Manager)
80/B Umer Block, Abbasia Town, RY Khan
Tel. (068) 587-7883

Bhawalpur

Syed Waqar Ali Rizvi (General Manager)
1st Floor, Al-Karim Plaza, Circular Road
Bhawalpur
Tel. (062) 287-6535; 273-2335

Multan

Syed Fahim Waris (General Manager)
Shopping Center # 3, Opposite Shangrila
Bakery, Shahr-e-Quaid-e-Azam, Multan
Tel. (061) 454-3130; 458-1227
Fax (061) 450-4140

Vehari

Syed Waqar Ali Rizvi (General Manager)
47 B, Grain Market, Vehari
Tel. (067) 336-5228; 336-5828
Fax (067) 336-1046

Chishtian

Ch. Muhammad Amin Javed (Vice President)
Gala Mandi, Chishtian
Tel. (063) 250-3042

Sahiwal

Ch. Iqbal Hussain (Executive Vice President)
147 Railway Road, Sahiwal
Tel. (040) 422-0825

Faisalabad

M. Waseem Saleem Ch. (Vice President)
Opposite Iqbal Park, Jhang Road, Faisalabad
Tel. (041) 261-5774
Fax (041) 262-2874

Jhang

Mian Zulfiqar Ali (Vice President)
Opposite Bank of Punjab, Yousaf Shah Road
Sadar, Jhang
Tel. (047) 762-1943

Sargodha

Ch. Zaffar Niaz (Regional Manager)
Shaheen Plaza, Railway Road, Sargodha
Tel. (048) 372-2435

M. Taufeeq Piracha (Branch Manager)
99 Trust Plaza, Fatima Jinnah Road
Sargodha
Tel. (048) 372-1418

Branch Network

Mianwali

M. Khan Baloch (Assistant Vice President)
Bank Street, Mianwali
Tel. (0459) 233-130

Gujranwala

Muhammad Arif Butt (Vice President)
58 B, Trust Plaza, GT Road, Gujranwala
Tel. (055) 325-2113; 322-1117
Fax (055) 384-2988

Sialkot

Naveed Bhatti (Branch Manager)
Aurangzeb Market, Karimpura Road
Sialkot
Tel. (052) 458-6406; 460-1358

Chakwal

Raja Munir Akhtar (Branch Manager)
Near Dr. Mushtaq Awan Clinic
Bowan Road, Chakwal
Tel. (0543) 551-150

Mirpur (Azad Kashmir)

Ashfaq Amir Quershi (Assistant Vice President)
House No. 94, Sector C/4, Mirpur
Tel. (05827) 432-838
Fax (05827) 432-838

Muzaffarabad (Azad Kashmir)

Tahir Masud Minhas (Branch Manager)
91 Light Road, Muzaffarabad, Azad Kashmir
Tel. (058810) 43830

Islamabad

Raja Basit (Vice President)
Room No. 13, 2nd Floor, Hill View Plaza
Blue Area, Islamabad
Tel. (051) 287-6274

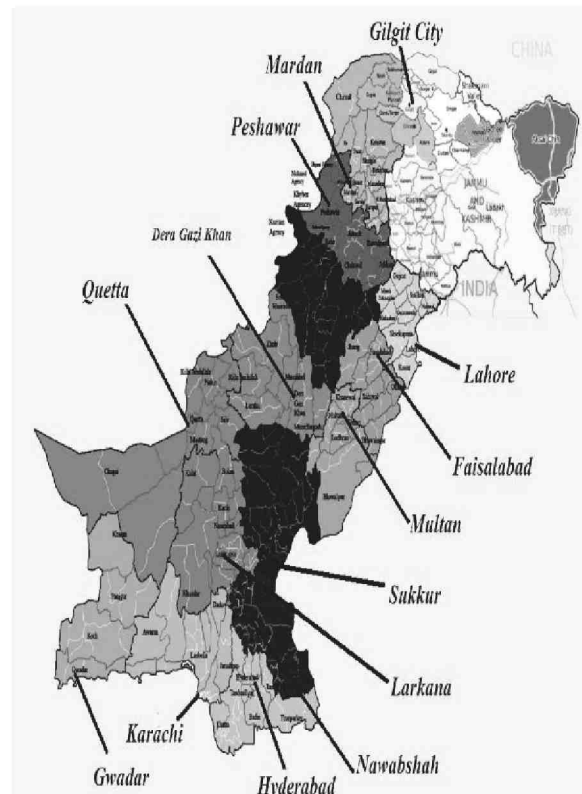
Ejaz A. Janjua (General Manager)
Room No. 13, 2nd Floor, Hill View Plaza
Blue Area, Islamabad
Tel. (051) 287-6274

Abbotabad

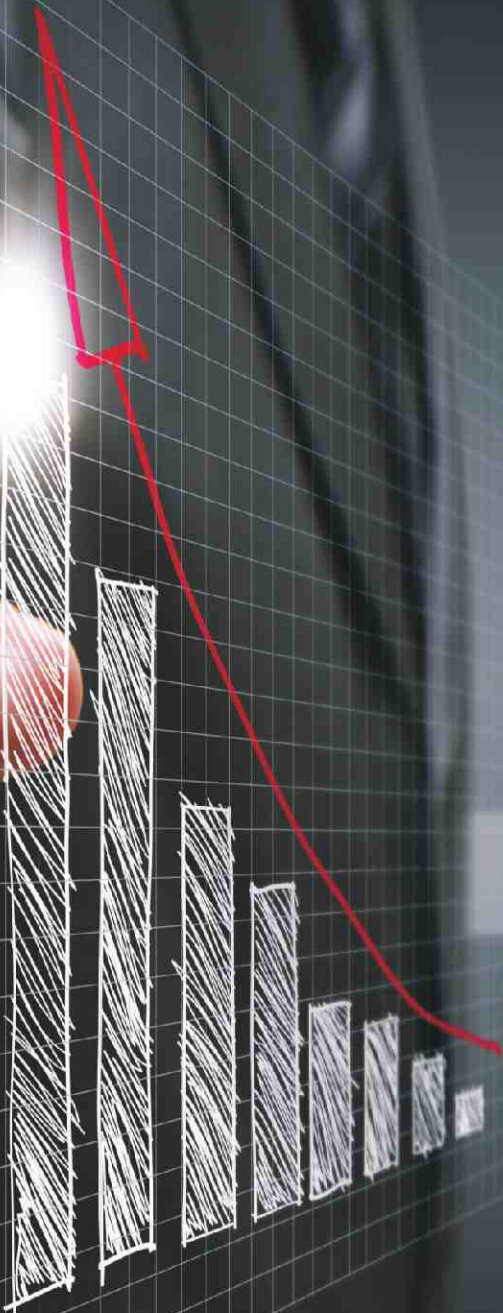
Ahsan Rasheed Mirza (Branch Manager)
119 Iqbal Shopping Complex
The Mall, Abbotabad
Tel. (0992) 336-087

Peshawar

Malik Fazal Dad (General Manager North)
Room No. S/3 & S/4, 2nd Floor, Belore Palace
Peshawar
Tel. (091) 527-5184; 527-5405
Fax (091) 527-1077



Financial Data





Key Financial Data

(Rupees in '000)

	2012	2011	2010	2009	2008	2007
Gross written premium	383 764	423 522	312 207	205 678	196 084	167 330
Net premium revenue	228 961	142 680	110 546	109 891	91 864	76 222
Claims paid	185 210	218 743	183 691	121 157	79 010	
Underwriting results	135 027	48 400	21 239	54 970	51 080	50 446
Return on investments	12 432	8 319	9 263	7 372	(1 347)	2 606
Return on investment properties	19 236	12 046	6 118	78 312	3 420	1 770
Profit / (Loss) before tax	130 978	33 123	(1 658)	104 459	25 405	25 694
Paid up capital	300 000	300 000	250 000	200 000	200 000	200 000
Shareholders' equity	499 153	404 367	351 640	361 076	275 041	243 894
Investments	156 158	128 529	107 769	102 108	69 834	48 286
Investment properties	116 447	136 791	228 318	148 742	155 193	47 127
Fixed assets	77 538	82 246	88 761	95 230	94 935	151 124
Cash and bank balances	113 671	35 096	7 349	61 707	1 471	75 526
Cash dividends (% age)	-	5%	-	5%	-	-
Stock dividends (% age)	25%	-	10%	25%	-	-
Technical cover						
Fire and property damage	85 624	126 708	81 714	50 308	52 491	50 946
Marine, aviation & transport	42 975	51 666	31 746	22 075	24 050	22 600
Motor	6 050	5 824	4 570	4 855	11 574	8 439
Miscellaneous	29 718	40 367	28 430	18 658	21 500	15 789



Financial Calendar

Results

First quarter ended March 31, 2012	Announcement date	April 24, 2012
Half year ended June 30, 2012	Announcement date	August 27, 2012
Third quarter ended September 30, 2012	Announcement date	October 24, 2012
Year ended December 31, 2012	Announcement date	April 4, 2013

Dividend

Final stock 2012	Announcement date	April 4, 2013
	Entitlement date	April 25, 2013
	Statutory limit	May 30, 2013
Final cash 2011	Announcement date	April 5, 2012
	Entitlement date	April 23, 2012
	Statutory limit	May 30, 2012

Date of issuance of annual report 2012

April 5, 2013

Date of annual general meeting

April 30, 2013

Access to Reports and Enquiries

Annual report

Annual report of the Company can be downloaded from the Company's website www.pgi.com.pk or printed copies obtained by writing to Company Secretary.

Quarterly reports

The Company publishes interim reports, at end of first, second and third quarters of the financial year. The interim reports can be accessed from the Company's website www.pgi.com.pk or printed copies obtained by writing to Company Secretary.

Shareholders' enquiries

Shareholders' enquiries about their holding, dividends or share certificates can be directed to Share Registrar at the following address-

Corplink (Private) Limited
Wing Arcade, 1-K, Commercial Area
Model Town, Lahore

Stock exchange listing

The shares of the Company are listed on Karachi, Lahore and Islamabad stocks exchanges. The symbol code is PKGI.



Cash Flow Summary

	2012	2011	2010	2009	2008	2007
	----- Rupees in '000 -----					
Cash flow summary						
Operating activities	76,848	(55,599)	33,763	15,677	25,129	25,052
Investing activities	17,082	83,889	(70,498)	77,286	(80,634)	(54,185)
Financing activities	(15,355)	(543)	(10,623)	(2,728)	(2,550)	77,001
Cash and cash equivalents at year end	197,179	118,604	90,857	138,214	47,979	106,034

Financial Ratios

		2012	2011	2010	2009	2008	2007
Profitability							
Profit after tax to gross premium	% age	28.53	12.37	1.55	41.16	11.36	14.67
Profit after tax to net premium	% age	47.81	36.72	4.37	77.04	24.24	32.20
Underwriting results to gross premium	% age	35.18	11.43	6.80	26.73	26.05	30.15
Underwriting results to net premium	% age	58.97	33.92	19.21	50.02	55.60	66.18
Profit after tax to total income	% age	39.67	31.51	3.43	41.92	22.14	26.87
Profit before tax to gross premium	% age	34.13	7.82	(0.53)	51.27	12.96	15.36
Profit before tax to net premium	% age	57.21	23.21	(1.50)	95.96	27.65	33.71
Management expenses to net premium	% age	15.00	22.11	31.74	28.35	29.21	24.50
Net claims to net premium	% age	32.71	46.23	62.29	26.54	22.40	22.42
Net commission to net premium	% age	6.69	2.25	13.25	4.92	7.21	13.11
General expenses to net premium	% age	15.39	24.72	34.42	31.80	28.90	32.70
Combined ratio	% age	56.42	90.79	115.21	81.77	73.29	66.51
Return to shareholders'							
Return on assets	% age	14.90	7.42	0.81	15.54	4.38	5.60
Return on equity	% age	21.93	12.96	1.37	23.38	8.33	10.06
Earnings per share	Rupees	3.66	1.75	0.19	3.35	1.11	1.23
Earnings growth	% age	109.14	821.05	(94.33)	201.80	(9.76)	55.70
Par value per share	Rupees	10	10	10	10	10	10
Dividend payout	% age	25.00	5.00	10.00	30.00	-	-
Performance / Liquidity							
Current ratio	Times	1.74	1.24	0.81	1.41	1.12	1.28
Cash to current liabilities	Times	3.55	1.43	0.32	3.05	0.04	2.79
Total assets turnover	Times	3.21	4.95	5.38	4.96	5.54	5.75
Total liabilities / equity	Times	0.34	0.58	0.80	0.87	1.03	1.98
Paid-up capital to assets	% age	40.82	42.49	50.49	55.07	58.94	68.44
Equity / total assets	% age	67.92	57.28	59.18	66.46	52.53	55.64

The Company has improved underwriting over the last few years through improvement in underwriting ratio i.e. underwriting results to net premium ratio and combined ratio.

The Company has consistently paid dividends which has strengthened dividend yield over the last few years. Simultaneously this has resulted in increase in shareholders' wealth thru increased market capitalization.



Vertical analysis of financial statements

	2012		2011	
	Rupees	%age	Rupees	%age
Balance sheet				
Cash and bank balances	113,670,825	15.47	35,095,850	4.97
Loans to employees	220,286	0.03	193,236	0.03
Investments	156,158,216	21.25	128,528,624	18.21
Investment properties	116,446,729	15.84	136,791,307	19.38
Other assets	270,877,729	36.86	323,123,487	45.77
Fixed assets	77,538,308	10.55	82,245,515	11.65
Total assets	734,912,093	100.00	705,978,019	100.00
Total equity and liabilities				
Total equity	499,152,858	67.92	404,366,722	57.28
Underwriting provisions	188,777,490	25.69	264,309,814	37.44
Surplus on revaluation of assets	10,431,506	1.42	10,743,461	1.52
Deferred liabilities	4,199,027	0.57	1,709,751	0.24
Creditors and accruals	32,021,427	4.36	24,505,596	3.47
Other liabilities	329,785	0.04	342,675	0.05
Total equity and liabilities	734,912,093	100.00	705,978,019	100.00
Profit and loss account				
Net premium revenue	228,961,457	100.00	142,680,378	100.00
Net claims	(74,901,500)	(32.71)	(65,954,729)	(46.23)
Management expenses	(34,355,369)	(15.00)	(31,539,909)	(22.11)
Net commission	15,322,110	6.69	3,214,446	2.25
Investment income / (loss)	12,432,216	5.43	8,318,874	5.83
Rental income	7,405,800	3.23	6,730,020	4.72
Other income	11,839,551	5.17	5,323,268	3.73
Finance cost	(491,663)	(0.21)	(385,424)	(0.27)
General and administrative expenses	(35,234,411)	(15.39)	(35,263,930)	(24.72)
Profit / (Loss) before tax	130,978,191	57.21	33,122,994	23.21
Taxation	(21,504,010)	(9.39)	19,274,896	13.51
Profit after tax	109,474,181	47.81	52,397,890	36.72



Vertical analysis of financial statements

2010		2009		2008		2007	
Rupees	%age	Rupees	%age	Rupees	%age	Rupees	%age
7,348,543	1.24	61,706,331	11.33	1,471,072	0.29	75,525,632	17.23
181,136	0.03	106,126	0.02	98,648	0.02	123,962	0.03
107,768,748	18.14	97,810,080	17.95	65,810,964	12.93	46,370,123	10.58
228,317,851	38.43	148,742,113	27.30	155,193,290	30.49	47,127,052	10.75
161,809,054	27.23	141,171,862	25.91	191,489,575	37.62	118,092,788	26.94
88,761,071	14.94	95,230,363	17.48	94,934,841	18.65	151,124,478	34.47
594,186,403	100.00	544,766,875	100.00	508,998,390	100.00	438,364,035	100.00
351,640,458	59.18	362,065,878	66.46	267,367,429	52.53	243,893,998	55.64
184,332,933	31.02	123,540,309	22.68	134,535,240	26.43	124,257,630	28.35
11,071,835	1.86	6,810,017	1.25	16,848,983	3.31	33,117,583	7.55
23,284,872	3.92	31,445,783	5.77	11,206,542	2.20	8,952,108	2.04
23,317,462	3.92	20,213,155	3.71	37,524,187	7.37	27,081,977	6.18
538,843	0.09	691,733	0.13	41,516,009	8.16	1,060,739	0.24
594,186,403	100.00	544,766,875	100.00	508,998,390	100.00	438,364,035	100.00
110,546,045	100.00	109,890,541	100.00	91,863,844	100.00	76,221,677	100.00
(68,862,686)	(62.29)	(29,170,204)	(26.54)	(20,574,466)	(22.40)	(17,092,611)	(22.42)
(35,089,184)	(31.74)	(31,156,455)	(28.35)	(26,831,940)	(29.21)	(18,676,953)	(24.50)
14,644,769	13.25	5,406,265	4.92	6,622,576	7.21	9,993,820	13.11
9,262,661	8.38	8,361,941	7.61	(1,346,842)	(1.47)	2,605,606	3.42
6,118,200	5.53	5,562,000	5.06	3,420,000	3.72	1,770,000	2.32
136,821	0.12	72,735,769	66.19	11,259	0.01	762,163	1.00
(359,532)	(0.33)	(1,241,765)	(1.13)	(1,213,417)	(1.32)	(4,968,789)	(6.52)
(38,054,765)	(34.42)	(34,939,915)	(31.80)	(26,546,120)	(28.90)	(24,920,953)	(32.70)
(1,657,671)	(1.50)	105,448,177	95.96	25,404,894	27.65	25,693,960	33.71
6,483,681	5.87	(20,788,694)	(18.92)	(3,134,985)	(3.41)	(1,151,055)	(1.51)
4,826,010	4.37	84,659,483	77.04	22,269,909	24.24	24,542,905	32.20



Horizontal Analysis of Financial Statements

	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees	2008 Rupees
Balance sheet					
Cash and bank balances	113,670,825	35,095,850	7,348,543	61,706,331	1,471,072
Loans to employees	220,286	193,236	181,136	106,126	98,648
Investments	156,158,216	128,528,624	107,768,748	97,810,080	65,810,964
Investment properties	116,446,729	136,791,307	228,317,851	148,742,113	155,193,290
Other assets	270,877,729	323,123,487	161,809,054	141,171,862	191,489,575
Fixed assets	77,538,308	82,245,515	88,761,071	95,230,363	94,934,841
Total assets	734,912,093	705,978,019	594,186,403	544,766,875	508,998,390
Total equity and liabilities					
Total equity	499,152,858	404,366,722	351,640,458	362,065,878	267,367,429
Underwriting provisions	188,777,490	264,309,814	184,332,933	123,540,309	134,535,240
Surplus on revaluation of assets	10,431,506	10,743,461	11,071,835	6,810,017	16,848,983
Deferred liabilities	4,199,027	1,709,751	23,284,872	31,445,783	11,206,542
Creditors and accruals	32,021,427	24,505,596	23,317,462	20,213,155	37,524,187
Other liabilities	329,785	342,675	538,843	691,733	41,516,009
Total equity and liabilities	734,912,093	705,978,019	594,186,403	544,766,875	508,998,390
Profit and loss account					
Net premium revenue	228,961,457	142,680,378	110,546,045	109,890,541	91,863,844
Net claims	(74,901,500)	(65,954,729)	(68,862,686)	(29,170,204)	(20,574,466)
Management expenses	(34,355,369)	(31,539,909)	(35,089,184)	(31,156,455)	(26,831,940)
Net commission	15,322,110	3,214,446	14,644,769	5,406,265	6,622,576
Investment income / (loss)	12,432,216	8,318,874	9,262,661	8,361,941	(1,346,842)
Rental income	7,405,800	6,730,020	6,118,200	5,562,000	3,420,000
Other income	11,839,551	5,323,268	136,821	72,735,769	11,259
Finance cost	(491,663)	(385,424)	(359,532)	(1,241,765)	(1,213,417)
Administrative expenses	(35,234,411)	(35,263,930)	(38,054,765)	(34,939,915)	(26,546,120)
Profit / (Loss) before tax	130,978,191	33,122,994	(1,657,671)	105,448,177	25,404,894
Taxation	(21,504,010)	19,274,896	6,483,681	(20,788,694)	(3,134,985)
Profit after tax	109,474,181	52,397,890	4,826,010	84,659,483	22,269,909



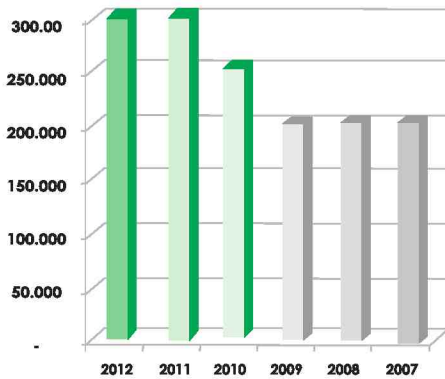
Horizontal Analysis of Financial Statements

2007 Rupees	2012	2011	2010	2009	2008	2007
	----- % age Increase / (Decrease) over preceeding Year -----					
75,525,632	223.89	377.59	(88.09)	4,094.65	(98.05)	173.08
123,962	14.00	6.68	70.68	7.58	(20.42)	(1.86)
46,370,123	21.50	19.26	10.18	48.62	41.93	22.40
47,127,052	(14.87)	(40.09)	53.50	(4.16)	229.31	-
118,092,788	(16.17)	99.69	14.62	(26.28)	62.15	172.15
151,124,478	(5.72)	(7.34)	(6.79)	0.31	(37.18)	(5.18)
438,364,035	4.10	18.81	9.07	7.03	16.11	63.30
243,893,998	23.44	14.99	(2.88)	35.42	9.62	74.09
124,257,630	(28.58)	43.39	49.21	(8.17)	8.27	46.99
33,117,583	(2.90)	(2.97)	62.58	(59.58)	(49.12)	54.46
8,952,108	145.59	(92.66)	(25.95)	180.60	25.18	9.41
27,081,977	30.67	5.10	15.36	(46.13)	38.56	234.28
1,060,739	(3.76)	(36.41)	(22.10)	(98.33)	3,813.88	(82.56)
438,364,035	4.10	18.81	9.07	7.03	16.11	63.30
76,221,677	60.47	29.07	0.60	19.62	20.52	84.56
(17,092,611)	13.57	(4.22)	136.07	41.78	20.37	82.45
(18,676,953)	8.93	(10.12)	12.62	16.12	43.66	44.37
9,993,820	376.66	(78.05)	170.89	(18.37)	(33.73)	167.40
2,605,606	49.45	(10.19)	10.77	(720.86)	(151.69)	225.76
1,770,000	10.04	10.00	10.00	62.63	93.22	-
762,163	122.41	3,790.68	(99.81)	645,923.35	(98.52)	(44.34)
(4,968,789)	27.56	7.20	(71.05)	2.34	(75.58)	305.82
(24,920,953)	(0.08)	(7.33)	8.91	31.62	6.52	80.71
25,693,960	295.43	(2,098.16)	(101.57)	315.07	(1.13)	159.88
(1,151,055)	(211.56)	197.28	(131.19)	563.12	172.36	212.76
24,542,905	108.93	985.74	(94.30)	280.15	(9.26)	157.84

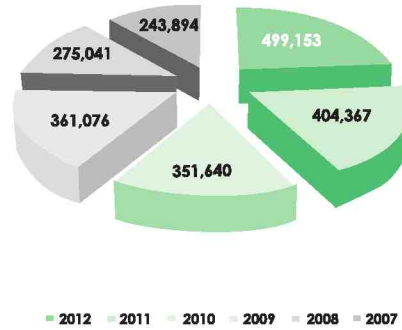


Analysis of Financial Statements

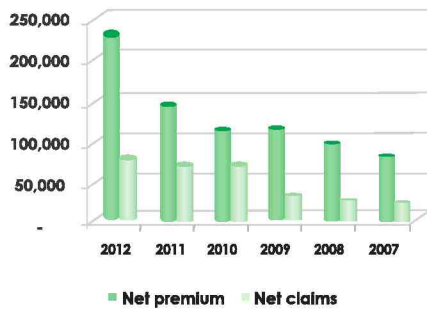
Paid up capital
Rupees in '000



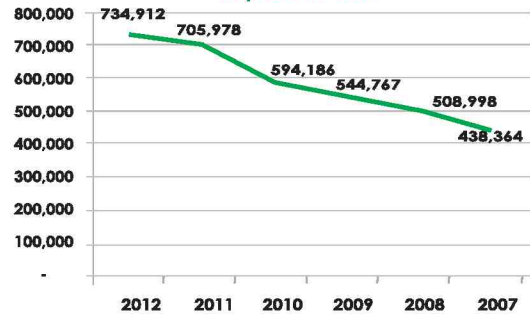
Shareholders' Equity
Rupees in '000



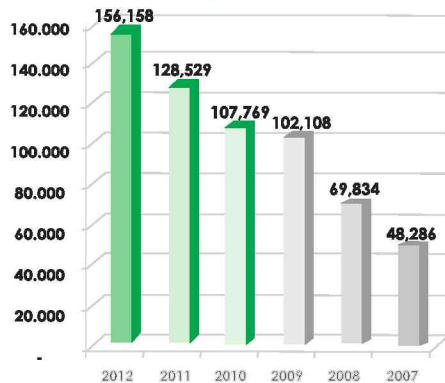
Net Premium to Net Claims
Rupees in '000



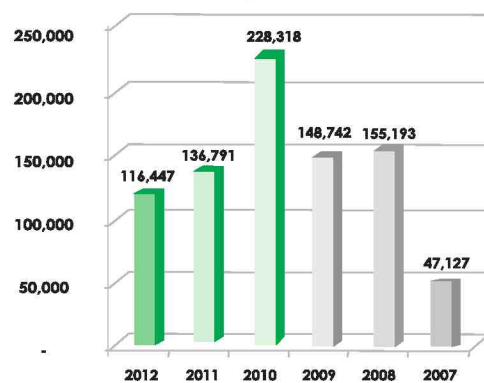
Total Assets
Rupees in '000



Investments
Rupees in '000

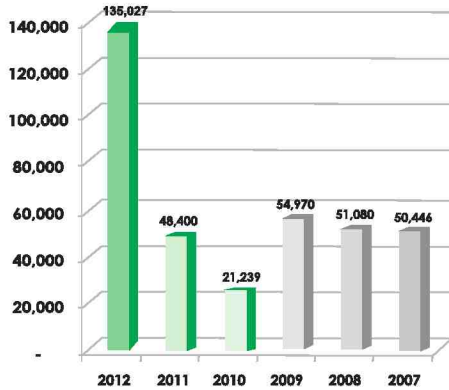


Investment properties
Rupees in '000

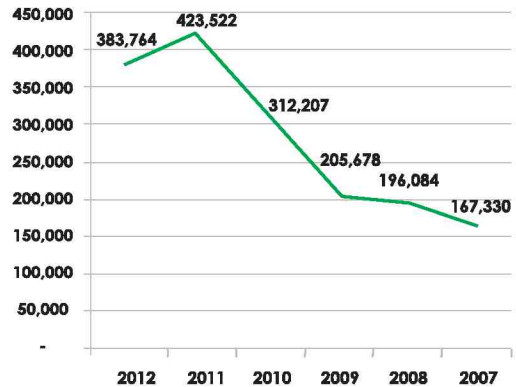


Analysis of Financial Statements

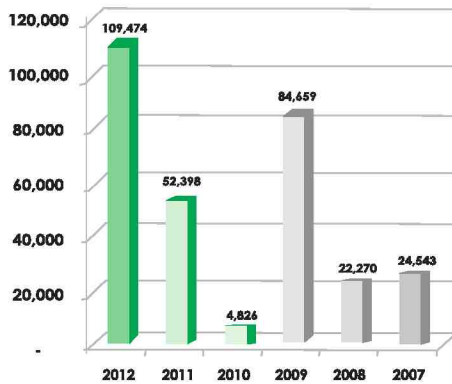
**Underwriting results
Rupees in '000**



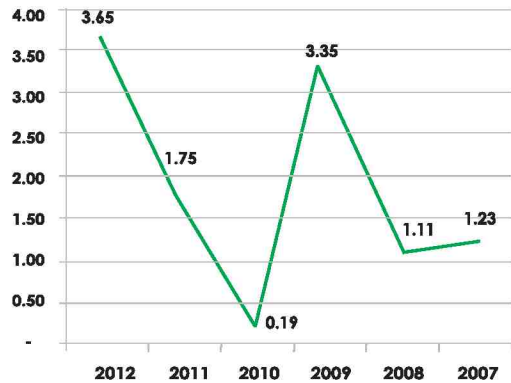
**Gross Written premium
Rupees in '000**



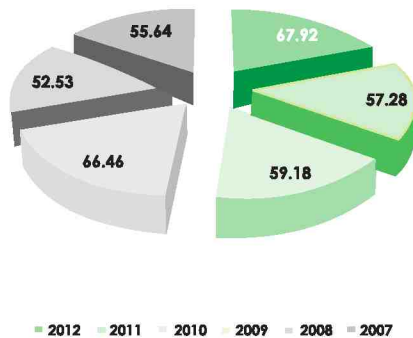
**Profit after tax
Rupees in '000**



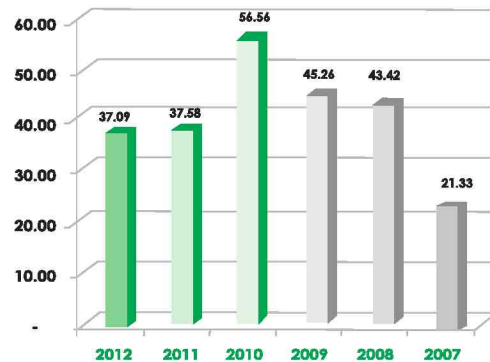
**Earnings per share
Rupees**



**Shareholders' Equity to Total Assets
(% age)**



Investments (inclusive of properties) to total assets % age





Shareholders' Information

Registered Office

Cooperative House,
5 Bank Square
Shahrah-e-Qaid-e-
Azam (The Mall)
Lahore

Share Registrar

Corplink (Pvt.) Ltd.
Wing Arcade,
1-K, Commercial
Area Model Town,
Lahore

Listing on stock exchanges

PGI equity shares are listed on Karachi Stock Exchange ("KSE"), Lahore Stock Exchange ("LSE") and Islamabad Stock Exchange ("ISE").

Listing fees

The annual listing fee for the financial year 2012 – 2013 has been paid to all three of the stock exchanges within the prescribed time limit.

Stock code

The stock code for dealing in equity shares of PGI at KSE, LSE and ISE is PKGI

Investor service center

PGI's share department is operated by Corplink (Private) Limited. It also functions as an investor service center. The investor service center is managed by a well experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the registration purposes. The team is headed by Mr. Saleem Iqbal Khawaja at Registrar Office and Mr. Muhammad Saleem Company Secretary at PGI Registered Office.

PGI share department has online connectivity with Central Depository Company of Pakistan Limited ("CDC"). The share department undertakes activities pertaining to dematerialization of shares, shares transfers and transmission, issue of duplicate / revalidated dividend warrants, issue of duplicate / replaced share certificates, change of address and other related matters.

Services standards

PGI has always endeavored to provide investors with prompt services. Listed below are various investors' services and the maximum time limit set for the execution.

	Requests received thru posts	Over the counter
Transfer of shares	45 days	45 days
Duplicate shares	45 days	45 days
Duplicate / Revalidated dividend warrant	5 days	5 days
Address change	2 days	15 mins.

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

Statutory compliance

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



Shareholders' Information

Dividend announcements

The Board of Directors of the Company has proposed the final stock dividend for the year ended December 31, 2012 at the rate of 25% subject to approval by the shareholders of the Company at the Annual General Meeting.

Book closure date

The register of members and share transfer books of the Company will remain close from April 26, 2013 to May 2, 2013 both days inclusive.

Investors' grievances

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

Legal proceedings

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

General meetings and voting rights

Pursuant to section 158 of the Companies Ordinance, 1984, PGI holds general meeting of shareholders at least once a year. Every shareholder has a right to attend the general meeting; the notice of such meeting is sent to all the shareholders at least twenty one days before the meeting and also advertised in one English and one Urdu newspaper having circulation in Sindh and Punjab.

Shareholders having at least ten percent of voting rights may also apply to Board to call for a meeting of shareholders, and if Board does not take action on such application within twenty one days, shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at general meetings are decided by show of hands in first instance. Voting by show of hands operates on the principal of "one member one vote". If majority of shareholders raise their hands in favor of particular resolution, it is taken as past, unless a poll is demanded. Since, fundamental voting principal is "one share one vote", voting takes place by a poll, if demanded. On a poll being taken the decision arrived by a poll is final, overruling any decision taken on a show of hands.

Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the MOA and AOA of the Company, every shareholder who is entitled to attend and vote at a general meeting, can appoint another person as his/her proxy to attend and vote instead of himself/herself. Every notice calling a general meeting contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member. The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be deposited with the Company not less than forty-eight hours before the meeting.

Web presence

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



Pattern of Shareholding as on December 31, 2012

Number of shareholders	----- Shareholding -----		Total shares held
	From	To	
241	1	100	3,186
106	101	500	27,679
412	501	1,000	309,059
102	1,001	5,000	214,020
15	5,001	10,000	108,645
15	10,001	15,000	212,505
6	20,001	25,000	137,524
12	25,001	30,000	354,500
2	30,001	35,000	66,300
2	35,001	40,000	75,000
2	40,001	45,000	85,909
2	55,001	60,000	117,954
8	70,001	75,000	599,064
2	75,001	80,000	154,649
2	85,001	90,000	180,000
1	100,001	105,000	105,000
1	110,001	115,000	112,500
1	115,001	120,000	120,000
3	125,001	130,000	384,500
1	130,001	135,000	131,249
2	135,001	140,000	278,862
3	145,001	150,000	450,000
4	160,001	165,000	655,909
1	165,001	170,000	168,000
3	175,001	180,000	539,180
2	190,001	195,000	390,000
1	235,001	240,000	240,000
1	260,001	265,000	262,500
1	295,001	300,000	300,000
2	305,001	310,000	614,401
1	310,001	315,000	315,000
1	335,001	340,000	336,749
5	355,001	360,000	1,789,618
1	365,001	370,000	365,362
1	375,001	380,000	376,500
1	400,001	405,000	405,000
1	435,001	440,000	436,380
1	460,001	465,000	465,000
1	475,001	480,000	480,000
1	485,001	490,000	487,500
1	555,001	560,000	559,500
1	685,001	690,000	687,438
1	700,001	705,000	703,500
1	705,001	710,000	706,500
1	750,001	755,000	750,749
1	755,001	760,000	757,500
1	770,001	775,000	773,623
1	775,001	780,000	775,500
1	805,001	810,000	809,249
1	810,001	815,000	811,489
1	910,001	915,000	912,749
1	995,001	1,000,000	996,749
1	1,005,001	1,010,000	1,008,476
1	1,295,001	1,300,000	1,299,578
1	1,315,001	1,320,000	1,319,958
1	1,345,001	1,350,000	1,347,197
1	1,390,001	1,395,000	1,390,841
1	1,530,001	1,535,000	1,534,200
988			30,000,000



Pattern of Shareholding

Additional information

Shareholders' category	Number	Shareholding	% age
Directors, chief executive and family	15	12 863 023	42.8767
NIT and ICP	2	1 499	0.0050
Joint stock companies	7	6 174	0.0206
Shares held by general public	964	17 129 304	57.0977
Total	988	30 000 000	100.0000

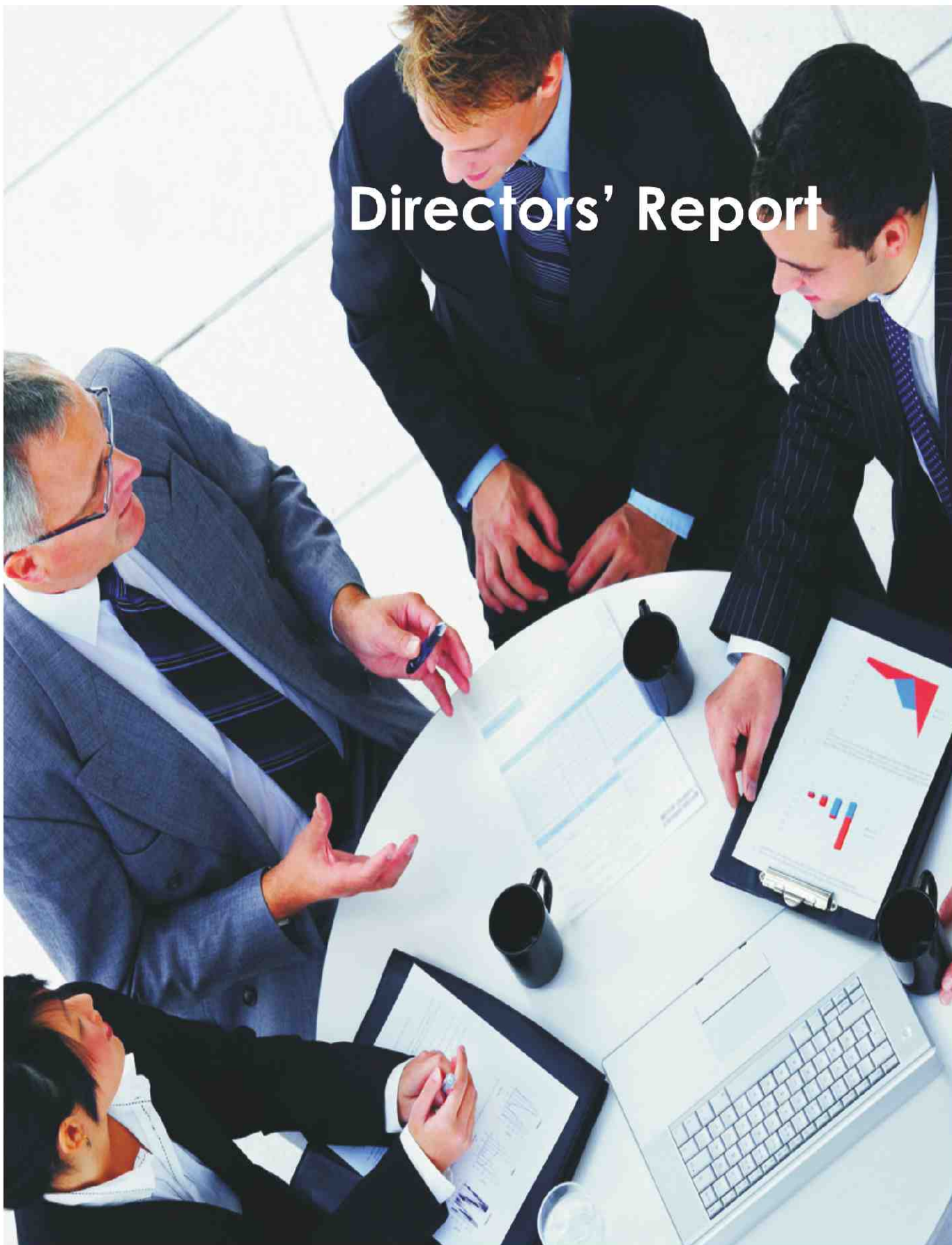
Categories of shareholders as required under code of corporate governance as at December 31, 2012

Categories of shareholders	Share held	% age
CEO, Directors, Executives their spouse and minor children		
Ch. Zahoor Ahmed	1 605 197	5.3507
Ch. Manzoor Ahmed	757 500	2.5250
Muhammad Saleem	811 489	2.7050
Mazhar Zahoor	912 749	3.0425
Athar Zahoor	1 390 841	4.6361
Usman Ali	750 749	2.5025
Dr. Mehmood-ul-Haq	809 249	2.6975
Rehan Beg	127 500	0.4250
Ghulam Mustafa	358 500	1.1950
Mrs. Qaiser Sultana w/o Ch. Manzoor Ahmed	165 000	0.5500
Mrs. Rubina Mazhar w/o Mazhar Zahoor	773 623	2.5787
Mrs. Perveen Akhter w/o Ch. Zahoor Ahmed	2 007 396	6.6913
Mrs. Khalida Perveen w/o Muhammad Saleem	487 500	1.6250
Mrs. Umal Usman w/o Usman Ali	606 152	2.0205
Mrs. Asma Akhter w/o Athar Zahoor	1 299 578	4.3319
Shareholders holding 5% or more voting interests		
Ch. Zahoor Ahmed	1 605 197	5.3507
Mrs. Perveen Akhter w/o Ch. Zahoor Ahmed	2 007 396	6.6913
Nasir Ali	1 549 200	5.1640

Trade in shares of the Company by directors, executives and their families

No trade in the shares of the Company was carried out by directors, chief executive officer, chief financial officer, company secretary, their spouses and minor children during the fiscal year.

Directors' Report





Report of Directors' to the Members

Dear Fellow Shareholders!

The Directors of "The Pakistan General Insurance Company Limited" take pleasure in presenting the 65th annual report of your Company, together with the audited financial statements for the year ended December 31, 2012.

Economic overview

• Country review

For the fiscal year 2012-2013, Pakistan's gross domestic product ('GDP') growth is estimated to be around 3.7% against the target of 4.3% which does not compare favorably with the regional countries. The fiscal deficit is forecasted to be at 7.5% against 4.7% budgetary estimate and current account deficit would remain at 0.7% of GDP mainly due to increasing foreign exchange remittances by overseas Pakistanis. The major challenges for Pakistan economy remain the low tax to GDP ratio, acute energy productivity and causing labour unrest, increasing losses and inefficiencies in most of the state owned enterprises, and poor law and order conditions in the country.

• Insurance sector review

Gross premium of the non-life insurance market grew by 11% in 2011 to Rs. 42 billion. However, in 2012 the growth in premium is expected to be between 2% to 3%. Thus net of inflation which is currently running at 11%, the non-life insurance market would show a negative growth of 9%. While rate

competition in marine and motor portfolios continue, recurring floods in the past three years in some regions of Pakistan and some major fire losses in 2012 have kept fire premium rate stable. The early implementation of new Takaful rules which would allow conventional insurers to also write takaful business thru a separate window to increase their revenues is keenly awaited.

Company performance review 2012

The country's economy showed a modest improvement but performed below its potential due to energy shortages and poor law and order situation. The conditions in the insurance industry continued to be challenging and characterized by intense competition and pressure with premium rates. Despite the difficult business environment, the Company has maintained a moderate position in the industry by offering the best professional services to its clients.

We do not see any improvement (atleast in the near future) in level of economic and business activities in the country and our strategy will therefore continue to emphasize on–

- Customer-driven business focus;
- Financial and investment strategy based on further strengthening the balance sheet;
- Conservative and sound risk management; and
- Operational agility by maintaining quality leadership.

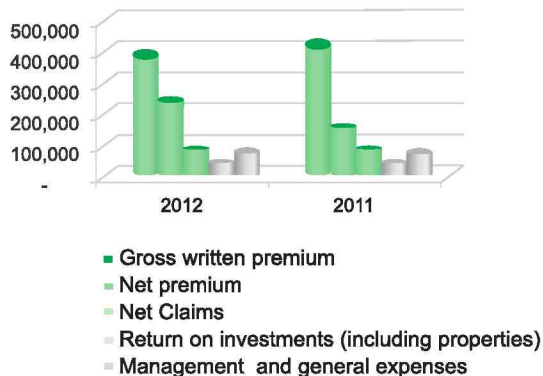
Despite, difficult economic scenario, your Company has posted after tax profit of Rs. 109 million as against 52 million last year registering an increase of 109% primarily due to sound underwriting and risk management and then due to higher investment and other income.



Report of the Directors to Members

Following is the tabular analysis of the Company's results at a glance.

	2012	2011
	Rupees in '000	
Gross premium	383 764	423 522
Net premium	228 961	142 680
Underwriting result	135 026	48 400
Investment income including property income	31 668	20 365
Profit after tax	109 474	52 398
Earnings per share	3.65	1.75



The segment-wise performance was as follows –

Fire and property damage

The written premium is decreased by 14% to Rs. 207 million as compared to Rs. 240 million in 2011. The net premium is increased by 63% due to increase in company's own retention by 30% of the premium ceded thus the underwriting results. The tabular analysis is as under -

	2012	2011	---- Variation ----	% age
	---- Rupees in '000 ----			
Gross premium	206,530	239,771	(33,241)	-13.86%
Net premium	139,460	85,419	54,041	63.27%
Net claims	(51,599)	(42,581)	(9,018)	21.18%
Net expenses	(18,489)	(17,856)	(633)	3.55%
Net commission	2,316	2,850	(534)	-18.73%
Underwriting result	71,688	27,832	43,856	157.57%
Net claim ratio	37.00%	49.85%		
Expense ratio	13.26%	20.90%		
Combined ratio	50.26%	70.75%		

Marine aviation and transport

The written premium is increased by 2% to Rs. 98 million as compared to Rs. 96 million in 2011. The net premium is increased by 70% due to increase in company's own retention by 30% of the premium ceded thus the underwriting results. The tabular analysis is as under –

	2012	2011	---- Variation ----	% age
	---- Rupees in '000 ----			
Gross premium	98,233	96,437	1,796	1.86%
Net premium	53,887	31,592	22,295	70.57%
Net claims	(14,734)	(15,015)	281	-1.87%
Net expenses	(8,794)	(7,182)	(1,612)	22.45%
Net commission	7,781	(482)	8,263	-1,714.22%
Underwriting result	38,139	8,913	29,226	327.90%
Net claim ratio	27.34%	47.53%		
Expense ratio	16.32%	22.73%		
Combined ratio	43.66%	70.26%		

Motor

The written premium is increased insignificantly by 0.13% to Rs. 12.9 million as compared to Rs. 12.8 million in 2011. The tabular analysis is as under –

	2012	2011	---- Variation ----	% age
	---- Rupees in '000 ----			
Gross premium	12,913	12,896	17	0.13%
Net premium	11,832	10,787	1,045	9.68%
Net claims	(701)	(639)	(62)	9.70%
Net expenses	(1,156)	(960)	(196)	20.41%
Net commission	(1,327)	(1,781)	454	-25.49%
Underwriting result	8,648	7,407	1,241	16.75%
Net claim ratio	5.92%	5.92%		
Expense ratio	9.77%	8.90%		
Combined ratio	15.70%	14.82%		

Report of Directors to Members

Miscellaneous

The written premium is decreased by 11% to Rs. 66 million as compared to Rs. 74 million in 2011. The tabular analysis is as under—

	2012	2011	---- Variation ----	
	---- Rupees in '000 ----			% age
Gross premium	66,088	74,418	(8,330)	-11.19%
Net premium	23,783	14,882	8,901	59.81%
Net claims	(7,867)	(7,721)	(146)	1.90%
Net expenses	(5,916)	(5,542)	(374)	6.75%
Net commission	6,552	2,628	3,924	149.33%
Underwriting result	16,552	4,247	12,305	289.74%
Net claim ratio	33.08%	51.88%		
Expense ratio	24.88%	37.24%		
Combined ratio	57.95%	89.12%		

Investments and related income

• Equity and Other Investments

During the current year, the Company had invested Rs. 24.350 million in equity instruments of listed companies. Our investment objective is to achieve optimum total return on the investment portfolio adhering to our investment philosophy and the regulations as applicable from time to time. We are guided by value investing principles. Appropriate risk management practices are adopted with an objective to manage risks arising out of duration, market, credit, legal and operations. Your Company's investment portfolio is invested with prudence while seeking a reasonable yield, in line with market conditions.

The book value of your Company's investments is Rs. 55.464 million as at December 31, 2012 against Rs. 29.205

million as at December 31, 2011. The fair value of investments is Rs. 76.137 million, higher by 150% from its respective book value as at December 31, 2012. The Company will continue to place special emphasis in generating a significant portion of its investment income from sustainable sources such as interest and dividends.

With the 49 percent increase in KSE 100 index from 11,348 points on December 31, 2011 to 16,905 points on December 31, 2012, your Company realized capital gains of Rs. 1.9 million as against capital loss of Rs. 1.4 million in 2011. The Company has generated net income from investments to the tune of Rs. 12.4 million as compared to Rs. 8.3 million registering a growth of 49.45% over 2011.

• Investment Properties

During the year, the directors of your Company had decided to invest more in more liquid instruments and also decided to maintain investment in properties around Rs. 100 million mark, therefore according to investment committee recommendations board had prudently invested and divested in investment properties to realize capital gains. The Company has generated rental income of Rs. 7.4 million as compared to Rs. 6.7 million in previous year registering a growth of 10% and a capital gain on sale of properties amounting to Rs. 11.850 million.

Insurer Financial Strength (IFS) Rating

The JCR VIS Credit Rating Agency has assigned your Company, an "Insurer Financial Strength" (IFS) Rating of "BBB+" (Triple B +) and a Stable Outlook, on the basis of financial statements for the year 2011 and financial statements for the half year period ended June 2012.



Report of Directors to Members

Claims

The settlement time for claims depends on various factors such as the line of business, cause of loss, the nature of claim etc. Typically, claims which result in total or partial destruction of assets or records (such as those caused by Acts of God), those where adequate documentation to establish the claims are awaited and those which are the subject matter of judicial processes tend to have longer settlement times, which are beyond the control of the Company. The Company has improved internal processes, for further reduction of average claims settlement time and claims outstanding.

Reinsurance

Your Company follows a policy of optimizing retention of risk through a carefully designed high quality program of re-insurance with "A" rated and well reputed re-insurers lead by our leader "Labuan Reinsurance, Berhad". The focus of reinsurance treaty program has been designated to protect the value of risk by insuring timely and quality protection for individual risks and in catastrophic events. Your Company follows a high quality, low risk reinsurance strategy. Your Company's conventional reinsurance policy reduces the potential volatility of the earnings stream.

Reinsurance arrangements in place include quota share, surplus, excess of loss and catastrophe coverage. The effect of such reinsurance arrangement

is that the Company should not suffer total net insurance losses beyond the Company's risk appetite in any one year.

In this challenging period of economic slowdown, declining prices and softening of local insurance markets, your Company's strategy of increasing its risk retention has not only helped in achieving a robust net premium growth of 60% but also contributed to the overall profitability.

Information Technology, Business Process Re-engineering and Disaster Recovery Program

Strategic initiative to leverage IT for improved business performance continued yielding required results. Your Directors recognize the importance of Technology in the conduct of business and the need for investing in new technology. As in all industries, adapting new technology has become absolute necessity in Insurance Industry to achieve the desired effect. Disaster Recovery Program (DRP) remains implemented during the current year.

The Company has achieved its major branches inter-connected thru real time online system during the current year, the new system will provide more efficient support to the management and clients amongst other things by providing real time information to the users for timely decision making.

- **PGI Website**

The website of your Company is www.pgi.com.pk which allows the user to obtain the Company related information. PGI is the first and pioneer in offering innovative online "Insurance Quote System".



Report of Directors to Members

Capital management and liquidity

The Company has a policy to maintain a strong capital position and provide the flexibility necessary to take advantage of growth opportunities, to support the risk associated with its businesses and to optimize shareholder return.

The Company's capital base is structured to meet regulatory capital targets and maintain strong credit ratings while maintaining a capital-efficient structure and desired capital ratios. The Company's risk management framework includes a number of liquidity risk management procedures, including prescribed liquidity stress testing, active monitoring and contingency planning. The Company maintains an overall asset liquidity profile that exceeds requirements to fund potential liabilities under adverse scenarios. The Company also actively manages and monitors the matching of asset positions against its commitments, together with the diversification and credit quality of its investments against established targets.

The Company's primary source of funds is cash provided by operating activities, including premiums and net investment income. These funds are used primarily to pay claims, commissions, operating expenses and shareholder dividends. Cash flows generated from operating activities are generally invested to support future payment requirements, including the payment of dividends to shareholders.

The Company's liquidity remained strong with total cash inflows of Rs. 78.575 million against Rs. 27.747 million in 2011. The total cash and cash equivalents as at the end of 2012 are Rs. 197.179 million against Rs. 118.604 million in 2011.

The Company prudently manages liquidity to ensure its ability to meet contractual obligations as and when they fall due.

Earnings per share

Your Company has reported earnings per share of Rs. 10 each at Rs. 3.65 in 2012 as compared Rs. 1.75 in 2011.

Product development

To meet the emerging changes in the business environment and to reach a wider segment of customers, the Company has developed new products to enter into retail segments. The Company continues to invest in knowledge based products and in training of its manpower to keep itself competitive and responsive to fast changing environment.

Board and Management Committees

The following board and management committees have been constituted by the Company –

Board	Management
Audit	Underwriting
Investment	Claims
Human resource	Re & Coinsurance

The names / designation of members, terms of reference, meetings and attendance of the committees are disclosed separately in annual report. Members of management committees comprise of executives as well as directors to monitor above core areas of its business.



Report of Directors to Members

Business risks and risk management

Insurance being the business of transfer of risks from client to insurer is viable only if the underwriter has the ability to precisely assess the risk. Your Company's approach is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client. PGI strive to develop expertise in areas like risk pricing, business continuity planning and consequence analysis helps in offering value added services to the clients which not only develops the confidence level of the client for remaining profitable by virtue of its core operations but also improves the quality of risk the Company is exposed to. The company continuously monitors and controls the risks. Following are the major risks faced:

- **Economic and political risk**

Volatile economic, political and financial market conditions coupled with power shortage in the country may cause hurdle in overall business scenario of the country. The insurance sector will also face challenges arising from the economic and political scenario. The company has cautious underwriting approach to deal with such risks and increase market share without compromising profitability.

- **IT risk**

To meet the challenges of changing business environment, PGI has taken the initiative to interlink branches in real time.

- **Insurance risk**

The principal risk faced under insurance contracts is the possibility that the insured event occurs and uncertainty of the amount of the resulting claims. PGI manages these risks through its underwriting strategy, proactive claims handling and adequate reinsurance arrangements. The underwriting strategy aims to minimize insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits.

- **Credit risk**

The Company monitors exposure to credit risk through regular review of credit exposure, entering in transactions with large number of counter parties in several industries and by continually assessing credit worthiness of parties.

- **Liquidity risk**

PGI manages it's liquidity by ensuring it has sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

- **Interest rate risk**

The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its financial assets are denominated.



Report of Directors to Members

• Market risk

The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in government securities, equity and term finance certificate markets. In addition, the Company actively monitors the key factors that affect the underlying value of these securities.

• Investment risk

The Company manages its market price risk by maintaining a diversified investment portfolio and monitors developments in equity and term finance certificate and money markets.

• Reinsurance risk

PGI's arrangement of reinsurance is diversified such that it is not dependent on a single reinsurer. The Company obtains reinsurance cover only from companies with sound financial health. Effect of such reinsurance arrangements is that PGI may not suffer ultimate net insurance losses beyond the Company's risk appetite in any one year.

Human resources

At PGI Human Resources, in its business partner role, enacts strategies to raise the performance of each team member to its maximum potential. The primary reason for our success is that our organization is built around people. Team efforts played a key role in achieving the stretched business goals.

However, this was also possible through continuous review of the organizational structure, which ensured the business' stability. Claims and Underwriting were centralized to improve customer focus and optimize performance. Synergies were created among support functions to enhance efficiency and optimize costs. Management trainees were inducted in all core functions to enhance manpower skill base and encourage new approach to our business processes. Employees are rewarded based on performance, resulting in enhanced retention and motivation at all levels. Talent mapping and development plans are underway to ensure that employees are engaged at all levels. All our operational activities are carried out in a transparent manner following our code of ethics, on which there can be no compromise.

continuous improvement philosophy and benchmarking with the best in class will ensure in making PGI a high performance organization.

Corporate Social Responsibility

We at PGI are conscious of well-being of our employees as well as community at large. Pollution reduction and waste management processes have been defined and are being applied to ensure minimal impact on our environment. Waste management includes reduce, reuse, recycle and disposal processes. PGI focus on energy conservation and all employees adhere to the power conservation measures.

PGI takes its contribution for national economy seriously and has always discharged its obligations in accurate, transparent and timely manner. During the year, Rs. 55 million approx was paid on account of various taxes and levies.



Report of Directors to Members

Appropriations and dividends

The amount available for appropriations is as under:

	Rs. in 000
At beginning of the year	4 367
Total comprehensive income	109 786
Amount available	114 153

The directors recommended that this amount be appropriated as follows –

	Rs. in 000
Transferred to reserves	90 000
Proposed bonus issue (25%)	75 000

Compliance with the requirements of code of corporate governance

From its inception the Company has maintained a visible record of good corporate governance this is reflected merely by the growth of the Company over the years. In the phase of implementing the revised code of corporate governance ('the code') as required by the listing regulations, the Company has implemented all aspects of the code and the management is pleased to state that the fullest efforts have been made to comply with the provisions of the code.

• Corporate and financial reporting framework

The Directors confirms compliance with the Corporate and Financial Reporting Framework of the code for following:

a) The financial statements are prepared by management of PGI in conformity with the Companies Ordinance, 1984 and the Insurance

Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) The International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
- f) There is no doubt upon Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data for the last six years is attached with this report.
- i) Outstanding taxes and duties are given in the financial statements.
- j) The value of investments based on audited financial statements of the Company's Employee Provident Fund as at December 31, 2012 is Rs. 1.120 million.

Report of Directors to Members

- k) The trade carried out during the year by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children has been disclosed in this report under the "shareholders' information".
- l) All the major decisions relating to investments / disinvestments of funds, change in the policy of underwriting, if any, appointment, remuneration and terms and conditions of CEO are taken to the Board.

• Related party transactions

The related party transactions are approved or ratified by the audit committee and the Board of Directors in their meetings. All the transactions executed with related parties are on arms' length basis.

• Pattern of shareholding

Statement of pattern of shareholding of the Company as on December 31, 2012 is attached with this report.

• Chief Executive Officer (CEO) performance review

The Board appoints the CEO for the tenure of three years. The HR and remuneration committee of the Board sets the operational, financial and strategic objectives and reviews the CEO's performance on annual basis.

• Material changes

There have been no material changes and commitments affecting financial position of PGI since December 31, 2012.

• Board of directors

The directors of your Company were elected at the annual general meeting of the Company held on April 30, 2010 for a term of three years expiring on April 30, 2013.

During the year there is no change in the Board. The number of meetings attended by each director is given hereunder:

Name of the member	Meetings attended
1. Ch. Manzoor Ahmed (Chairman)	5/5
2. Ch. Zahoor Ahmed (CEO)	5/5
3. Usman Ali	5/5
4. Ghulam Mustafa	5/5
5. Muhammad Saleem	5/5
6. Mazhar Zahoor	5/5
7. Dr. Mehmood-ul-Haq	5/5
8. Athar Zahoor	5/5
9. Rehan Beg	5/5

• Insurance Ordinance, 2000

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

- a) in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;
- b) the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- c) as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.



Report of Directors to Members

- **Statement of ethics and business practices**

The Board has adopted "Statement of Ethics and Business Practices". Entire management and employees are aware of the statement and are obliged to observe the rules of conduct in relation to the business operations and regulations.

- **Auditors**

The present auditors M/s. M. Yousuf Adil Saleem & Co., Chartered Accountants and M/s. Kamran & Co. Chartered Accountants had been retired. As suggested by the audit committee, the Board of Directors has recommended the appointment of M/s. Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants and M/s. Kamran & Co. Chartered Accountants as joint auditors of the Company for the year 2013, at a fee to be mutually agreed.

Future outlook

The present economic conditions and the future outlook in most of G/7 and G/20 countries continue to be fragile and uncertain with the USA and Europe in recession, China, Japan and BRIC countries experiencing serious slowdown in pace of their economic activities.

The Pakistan's economy is also mired in serious difficulties which have already been mentioned in the opening section of this report. The uncertainty preceding the national elections is likely to negatively impact the economic activity.

However, we are optimistic that with our strong identity and recognition as the oldest general insurer in Pakistan and our efforts to develop new products in markets with the help of an upgraded IT system, we shall be able to achieve better all-around results and enhance our market position and financial strength.

Acknowledgements

We would like to thank our customers and business partners whose loyalty and dedication makes PGI the great Company that it is.

We also take this opportunity to thank Securities and Exchange Commission of Pakistan, our brokers and reinsurers including Pakistan Reinsurance Company Limited, bankers and our shareholders for their continued support and confidence put in PGI during the year.

Lastly, we would like to place on record our appreciation for the devotion, loyalty and continued hard work of the workforce and the employees.

For and on behalf of the Board

Ch. Manzoor Ahmed
Chairman

Lahore: April 4, 2013



Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the code of corporate governance contained in the listing regulations of Karachi and Lahore Stock Exchanges for purpose of establishing a framework of good governance where by 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. PGI encourages representation of non-executive Directors on its Board. At present the Board includes:

Non-executive directors

- a) Independent directors
Rehan Beg
Dr. Mehmood-ul-Haq

- b) Other non-executive directors
Ch. Manzoor Ahmed
Athar Zahoor
Usman Ali

Executive directors

- Ch. Zahoor Ahmed
Muhammad Saleem
Ghulam Mustafa
Mazhar Zahoor

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies including this Company.
3. No casual vacancy occurred on the Board during the year.

4. 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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. The Company has prepared a "Statement of Ethics and Business Practices" as Code of Conduct and has ensured that appropriate steps have been taken to disseminate it along with its supporting policies and procedures and been signed by all directors / employees of Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board including appointment and determination of remuneration, terms and conditions of employment of CEO, executive and non-executive directors have been taken by the Board.
8. The meetings of the Board were presided over 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. Minutes of the meetings were appropriately recorded and circulated.



Statement of Compliance with the Code of Corporate Governance

9. The management of the Company has submitted a Booklet to the Board of Directors on 27 August 2012 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance.
10. There was no new appointment of CFO and Corporate Secretary or Head of Internal Audit during the year. The Board had however, approved the increase in remuneration of CFO.
11. The Directors' report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all corporate and financial reporting requirements of the Code of Corporate Governance.
15. The Board has formed an Audit Committee. It comprises of three non-executive Directors including the Chairman of the Committee.
16. The meeting of underwriting, claims settlement, re / coinsurance and investment committees were held at least once every quarter.
17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Board has formed an HR and Remuneration Committee. This comprise of three non-executive Directors including the Chairman of the Committee.
19. The Company has an effective team for internal audit. The team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis.
20. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit committee and Board of Directors along with pricing method.



Statement of Compliance with the Code of Corporate Governance

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

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

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

24. Material / price sensitive information has been disseminated among all

market participants at once through stock exchange(s).

25. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Manzoor Ahmed', is positioned above the name of the Chairman.

Ch. Manzoor Ahmed
Chairman

Lahore: April 4, 2013



Review Report to the Members on Statement of Compliance with the Best Practices of the 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, 2012 prepared by the Board of Directors of **THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED** ("the Company") to comply with the Listing Regulations of the respective Exchanges, where the Company is listed.

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

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

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval 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 Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2012.

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Engagement partner: Mohammad Saleem (FCA)
Lahore, April 4, 2013

Kamran & Co.
Chartered Accountants
Engagement Partner: Kamran Fatah (FCA)
Lahore, April 4, 2013



Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

- (i) Balance sheet;
- (ii) Profit and loss account / Statement of comprehensive income;
- (iii) Statement of changes in equity;
- (iv) Statement of cash flows;
- (v) Statement of premiums;
- (vi) Statement of claims;
- (vii) Statement of expenses; and
- (viii) Statement of investment income

of **THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED** ("the Company") as at December 31, 2012 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion-

- a) proper books of 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 the accounting policies consistently applied;
- 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, 2012, and of the profit, its cash flows and statement of changes in equity for the year then ended, in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



Auditors' Report to the Members

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

A handwritten signature in black ink, reading 'M. Yousuf Adil Saleem & Co.', is positioned above the firm's name.

M. Yousuf Adil Saleem & Co.
Chartered Accountants

Engagement partner: Mohammad Saleem (FCA)

Lahore, April 4, 2013

A handwritten signature in black ink, reading 'Kamran & Co.', is positioned above the firm's name.

Kamran & Co.
Chartered Accountants

Engagement Partner: Kamran Fatah (FCA)

Lahore, April 4, 2013

Financial Statements



For the year ended December 31, **2012**



BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	2012 ----- Rupees -----	2011
Share capital and reserves			
Authorized share capital 40,000,000 (2011: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid-up share capital	4	300,000,000	300,000,000
Un-appropriated profit		9,152,858	4,366,722
General reserves	5	190,000,000	100,000,000
Total equity		499,152,858	404,366,722
Surplus on revaluation of fixed assets	6	10,431,506	10,743,461
Underwriting provisions			
Provision for outstanding claims (including IBNR)		5,550,334	7,008,449
Provision for unearned premium		164,367,433	224,565,407
Commission income unearned		18,859,723	32,735,958
Total underwriting provisions		188,777,490	264,309,814
Deferred liability			
Deferred taxation	7	4,199,027	1,709,751
Creditors and accruals			
Amounts due to other insurers /reinsurers		4,583,963	8,029,610
Accrued expenses		1,253,060	886,510
Taxation - provision less payments	8	18,616,569	1,188,218
Other creditors	9	7,323,883	14,205,090
Current portion of liabilities against assets subject to finance lease	10	243,952	196,168
		32,021,427	24,505,596
Other liabilities			
Liabilities against assets subject to finance lease	10	93,872	337,824
Unclaimed dividends		235,913	4,851
		329,785	342,675
Total liabilities		225,327,729	290,867,836
Total equity and liabilities		734,912,093	705,978,019
Contingencies and commitments	11		

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


Chairman
(Ch. Manzoor Ahmed)


Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)



BALANCE SHEET AS AT DECEMBER 31, 2012

	Note	2012 ----- Rupees -----	2011
Cash and bank deposits			
Cash and other equivalents	12	190,740	165,375
Current and other accounts		113,480,085	34,930,475
Deposits maturing within 12 months	13	53,508,000	53,508,000
Deposits maturing after 12 months	14	30,000,000	30,000,000
		197,178,825	118,603,850
Loans - unsecured; considered good			
To employees		220,286	193,236
Investments			
	15	72,650,216	45,020,624
Investment properties			
	16	116,446,729	136,791,307
Current assets - others			
Premiums due but unpaid - net - unsecured	17	166,979,502	176,329,285
Amounts due from other insurers / reinsurers - unsecured		6,755,572	9,405,574
Reinsurance recoveries against outstanding claims		3,808,815	5,378,433
Deferred commission expense		22,041,447	13,612,099
Prepaid reinsurance premium ceded		70,842,781	117,948,484
Sundry receivables	18	449,612	449,612
		270,877,729	323,123,487
Fixed assets			
Owned			
- land and buildings		55,756,155	58,690,690
- furniture, fixtures and office equipment		4,300,110	4,682,006
- vehicles		16,756,884	18,019,691
		76,813,149	81,392,387
Assets subject to finance lease			
- vehicles		725,159	853,128
	19	77,538,308	82,245,515
Total assets			
		734,912,093	705,978,019

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


Chairman
(Ch. Manzoor Ahmed)


Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)



PROFIT AND LOSS ACCOUNT / STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	Note	Aggregate	
						2012	2011
----- Rupees -----						----- Rupees -----	
Revenue account							
Net premium revenue	139,459,945	53,886,515	11,831,542	23,783,455	20	228,961,457	142,680,378
Net claims	(51,599,308)	(14,734,302)	(700,576)	(7,867,314)		(74,901,500)	(65,954,729)
Expenses	(18,489,042)	(8,794,035)	(1,155,973)	(5,916,319)	21	(34,355,369)	(31,539,909)
Net commission	2,316,179	7,780,556	(1,327,028)	6,552,403		15,322,110	3,214,446
Underwriting result	71,687,774	38,138,734	8,647,965	16,552,225		135,026,698	48,400,186
Investment income						12,432,216	8,318,874
Rental income						7,405,800	6,730,020
Other operating income					22	11,839,551	5,323,268
Finance cost					23	(491,663)	(385,424)
General and administration expenses					24	(35,234,411)	(35,263,930)
						(4,048,507)	(15,277,192)
Profit before tax						130,978,191	33,122,994
Provision for taxation					25	(21,504,010)	19,274,896
Profit for the year						109,474,181	52,397,890
Other comprehensive income:							
Incremental depreciation on revalued assets						311,955	328,374
Other comprehensive income for the year, net of tax						311,955	328,374
Total comprehensive income for the year						109,786,136	52,726,264
Profit and loss appropriation account							
Balance at beginning of the year						4,366,722	(3,359,542)
Total comprehensive income for the year						109,786,136	52,726,264
Final dividend 2011: Rs. 0.50 per share						(15,000,000)	-
Transferred to general reserves						(90,000,000)	(45,000,000)
Balance at end of the year						9,152,858	4,366,722
Earnings per share - basic and diluted					28	3.65	1.75

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


Chairman
(Ch. Manzoor Ahmed)


Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2012



	Reserves			Un- appropriated profit	Total
	Share capital	For issue of bonus shares	General reserves		
			Rupees		
Balance as at January 1, 2011	250,000,000	50,000,000	55,000,000	(3,359,542)	351,640,458
Total comprehensive income for the year					
Profit for the year	-	-	-	52,397,890	52,397,890
Other comprehensive income for the year	-	-	-	328,374	328,374
	-	-	-	52,726,264	52,726,264
Transactions with owners, recorded directly in equity					
Transfers to general reserves	-	-	45,000,000	(45,000,000)	-
Bonus shares issued during the year @ 10% of paid up capital @ 9.090% of paid up capital	25,000,000 25,000,000 50,000,000	(25,000,000) (25,000,000) (50,000,000)	- - 45,000,000	- - (45,000,000)	- - -
Balance as at December 31, 2011	300,000,000	-	100,000,000	4,366,722	404,366,722
Total comprehensive income for the year					
Profit for the year	-	-	-	109,474,181	109,474,181
Other comprehensive income for the year	-	-	-	311,955	311,955
	-	-	-	109,786,136	109,786,136
Transactions with owners, recorded directly in equity					
Transfers to general reserves	-	-	90,000,000	(90,000,000)	-
Final dividend for year 2011 paid @ Rs. 0.50 / share	-	-	-	(15,000,000)	(15,000,000)
	-	-	90,000,000	(105,000,000)	(15,000,000)
Balance as at December 31, 2012	300,000,000	-	190,000,000	9,152,858	499,152,858

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


Chairman
(Ch. Manzoor Ahmed)


Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
Operating cash flows		
a) Underwriting activities		
Premiums received	388,940,074	286,442,655
Reinsurance premiums paid	(168,690,208)	(231,091,414)
Claims paid	(185,209,711)	(218,742,931)
Reinsurance and other recoveries received	110,419,714	151,599,542
Commissions paid	(51,394,110)	(50,906,333)
Commissions received	44,410,637	64,665,768
Net cash inflow from underwriting activities	138,476,396	1,967,287
b) Other operating activities		
Income tax paid	(1,586,383)	(1,537,098)
General and management expenses paid	(51,977,676)	(51,547,853)
Loans to employees	(27,050)	(12,100)
Other operating payments on operating assets	(8,098,543)	(4,802,664)
Other operating receipts in respect of operating assets	60,943	333,600
Net cash out flow from other operating activities	(61,628,709)	(57,566,115)
Total cash inflow / (outflow) from all operating activities (a+b)	76,847,687	(55,598,828)
Investing activities		
Profit on Term Deposit Receipts	8,166,195	8,735,931
Dividends received	986,300	584,541
Rentals received	7,405,800	6,730,020
Miscellaneous income	9,301	7,118
Payments for investments	(24,349,871)	(21,761,474)
Fixed capital expenditure	(13,135,738)	(406,836)
Proceeds from disposal of investment properties	38,000,000	90,000,000
Total cash inflow from investing activities	17,081,987	83,889,300
Financing activities		
Dividends paid	(14,768,938)	-
Financial charges paid	(389,593)	(385,424)
Repayments of finance lease liabilities	(196,168)	(157,741)
Total cash out flow from financing activities	(15,354,699)	(543,165)
Net cash inflow from all activities	78,574,975	27,747,307
Cash at beginning of the year	118,603,850	90,856,543
Cash at end of the year	197,178,825	118,603,850



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
Reconciliation to profit and loss account		
Operating cash flows	76,847,688	(55,598,828)
Depreciation expense	(12,017,773)	(13,765,086)
Reversal / (provision) for impairment - available for sale	1,908,533	(1,443,771)
Provision for doubtful receivables	(4,173,458)	(768,931)
Workers' welfare fund	(1,054,323)	(680,469)
Finance cost	(491,663)	(385,424)
Investment income	9,537,383	9,178,104
Rental income	7,405,800	6,730,020
Dividend income	986,300	584,541
Other operating income	11,839,551	5,323,268
Increase / (Decrease) in assets other than cash	(48,045,250)	162,095,464
Increase / (Decrease) in liabilities	66,731,394	(58,870,998)
Profit after taxation as per profit and loss account	109,474,181	52,397,890
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	190,740	165,375
Current and other accounts	113,480,085	34,930,475
Deposits maturing within 12 months	53,508,000	53,508,000
Deposits maturing after 12 months	30,000,000	30,000,000
	197,178,825	118,603,850

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


Chairman
(Ch. Manzoor Ahmed)


Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)

STATEMENT OF PREMIUMS FOR THE YEAR ENDED DECEMBER 31, 2012

Business underwritten inside Pakistan

Class of business	Gross premiums written		Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
	Opening	Closing	Opening	Closing			Opening	Closing		2012	2011
	Rupees										
Direct and facultative											
Fire and property damage	206,530,286	126,708,118	85,624,064	247,614,340	78,022,294	62,906,932	32,774,831	108,154,395	139,459,945	85,418,777	
Marine, aviation and transport	98,233,033	51,666,088	42,974,743	106,924,378	46,362,009	26,589,640	19,913,786	53,037,863	53,886,515	31,592,597	
Motor	12,912,696	5,824,120	6,050,404	12,686,412	854,870	-	-	854,870	11,831,542	10,786,780	
Miscellaneous	66,087,734	40,367,081	29,718,222	76,736,593	42,655,390	28,451,912	18,154,164	52,953,138	23,783,455	14,882,224	
Total	383,763,749	224,565,407	164,367,433	443,961,723	167,894,563	117,948,484	70,842,781	215,000,266	228,961,457	142,680,378	

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


Ch. Manzoor Ahmed


Chief Executive
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)



STATEMENT OF CLAIMS FOR THE YEAR ENDED DECEMBER 31, 2012

Business underwritten inside Pakistan

Class of business	Claims paid		Outstanding claims		Claims expenses	Reinsurance and other recoveries received		Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries	Net claims expense	
	Opening	Closing	Opening	Closing		Opening	Closing	Opening	Closing		2012	2011
----- Rupees -----												
Direct and facultative												
Fire and property damage	104,039,000	2,858,018	2,257,500	103,438,482	52,912,662	2,478,018	1,404,530	51,839,174	51,599,308	42,580,526		
Marine, aviation and transport	45,955,000	3,216,483	2,856,371	45,594,888	31,356,716	2,900,415	2,404,285	30,860,586	14,734,302	15,014,514		
Motor	770,711	506,598	436,463	700,576	-	-	-	-	700,576	639,059		
Miscellaneous	34,445,000	427,350	-	34,017,650	26,150,336	-	-	26,150,336	7,867,314	7,720,630		
Total	185,209,711	7,008,449	5,550,334	183,751,596	110,419,714	5,378,433	3,808,815	108,850,096	74,901,500	65,954,729		



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


Ch. Manzoor Ahmed
Chief Executive


Ch. Zahoor Ahmed
Principal Officer


Ghulam Mustafa
Director


Muhammad Saleem
Director

STATEMENT OF EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2012

Business underwritten Inside Pakistan

Class of business	Commissions paid or payable	Deferred commission		Net Commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					2012	2011
Direct and facultative									
Fire and property damage	28,536,220	8,555,273	9,222,731	27,868,762	18,489,042	46,357,804	30,184,941	16,172,863	15,005,849
Marine, aviation and transport	12,756,480	2,466,762	8,162,656	7,060,586	8,794,035	15,854,621	14,841,142	1,013,479	7,663,907
Motor	1,355,850	393,995	422,817	1,327,028	1,155,973	2,483,001	-	2,483,001	2,741,285
Miscellaneous	8,745,560	2,196,069	4,233,243	6,708,386	5,916,319	12,624,705	13,260,789	(636,084)	2,914,422
Total	51,394,110	13,612,099	22,041,447	42,964,762	34,355,369	77,320,131	58,286,872	19,033,259	28,325,463

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




Ch. Manzoor Ahmed


Chief Executive / Principal Officer
(Ch. Zafar Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)



STATEMENT OF INVESTMENT INCOME FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012	2011
		----- Rupees -----	
Income from non - trading investments			
Available for sale			
Dividend income		986,300	584,541
Held to maturity			
Return on Defense Saving Certificates		1,371,188	503,531
Profit on bank deposits		8,263,594	8,765,880
Reversal / (provision) for impairment - available for sale	15	1,908,533	(1,443,771)
Investment related expenses		(97,399)	(91,307)
Net investment income		12,432,216	8,318,874

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


Chairman
(Ch. Manzoor Ahmed)


Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1 LEGAL STATUS AND OPERATIONS

The Pakistan General Insurance Company Limited ("the Company") was incorporated in Pakistan as a public limited company on July 26, 1947 under the Companies Act, 1913 (repealed by the Companies Ordinance, 1984) and is quoted on Karachi, Lahore and Islamabad Stock Exchanges on July 25, 1995.

The Company is engaged in providing general insurance services in spheres of Fire and property damage; Marine, aviation and transport; Motor; and Miscellaneous. The registered office of the Company is situated at Cooperative Bank House, 5-Bank Square, Lahore.

2 BASIS OF PREPARATION

2.1 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 ("the Ordinance"), directives issued by the Securities and Exchange Commission of Pakistan ("SECP"), and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as notified under the provisions of the Ordinance. Wherever, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002, the Ordinance or the requirements of the said directives take precedence.

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

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

- IFRS 7 Financial instruments: Disclosures - Enhanced De-recognition Disclosure Requirements (Amendment)
- IAS 12 Income Taxes - Recovery of Underlying Assets (Amendment)

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Standard	IASB effective date (annual periods beginning on or after)	
IFRS 7	Financial Instruments : Disclosures - (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	1 January 2013
IAS 1	Presentation of Financial Statements - Presentation of items of other comprehensive income	1 July 2012
IAS 19	Employee Benefits - (Revised)	1 January 2013
IAS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRIC 20	Stripping Costs in Production Phase of Surface Mine	1 January 2013

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

Improvements to IFRSs

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

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

2.4 Basis of measurement

These financial statements have been prepared under the historical cost convention, modified by:

- revaluation of certain fixed assets at fair value; and
- financial instruments at fair value

2.5 Significant estimates

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

- Provision for outstanding claims (including IBNR) - note 3.2
- Provision for unearned premiums - note 3.3
- Provision for doubtful receivables - note 3.5
- Provision for taxation and deferred tax - note 3.8
- Useful lives of investment properties - note 3.12
- Useful lives and residual values of fixed assets - note 3.14
- Provision for premium deficiency reserve - note 3.21

2.6 Functional and presentation currency

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Insurance contracts

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

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

The Company underwrites non-life insurance contracts that can be categorised into Fire and Property Damage; Marine, Aviation and Transport; Motor; Miscellaneous; and Treaty contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) of a facultative nature are included within the individual category of insurance contracts, other than those which fall under Treaty. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

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

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

All other insurances like cash in hand, cash in transit, general accident, crop, livestock, professional indemnity, bonds, workers compensation etc. are included under Miscellaneous.

3.2 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, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

Claims reported but not settled

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognised outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

Claims incurred but not reported (IBNR)

The provision for claims incurred but not reported (IBNR) at balance sheet date is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before 31 December 2011 but reported up to 31 December 2012 were aggregated and the ratio of such claims to outstanding claims at 31 December 2011 has been applied to outstanding claims except exceptional losses at 31 December 2012 to arrive at liability for IBNR. The analysis was carried out separately for each class of business.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

3.3 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to unexpired period of coverage including administrative surcharge which relates to the business in force at the balance sheet date and is recognized as a liability by the Company. The Company has opted for 1/24th method and maintained its reserves for unexpired risk in accordance with the SEC (insurance) Rules, 2002.

3.4 Commission Income

Commission from reinsurers is deferred and recognised as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. The commission under the terms of reinsurance arrangements is recognised when the Company's right to receive the same is established.

Expenses

Commission expenses incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

3.5 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognised when due at cost which is the fair value of the consideration given less provision for impairment, if any. If there is objective evidence that the insurance receivable is impaired, as a result of one or more events that occurred after the initial recognition, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit and loss account / statement of comprehensive income.

3.6 Creditors, accruals and provisions

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

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

3.7 Employees' retirement benefits

The Company operates a funded provident fund scheme for all permanent employees. Monthly contribution is made by the Company at the rate of 10% of basic salary and the same is charged to profit and loss account / statement of comprehensive income.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

3.8 Taxation

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

Current

Provision for current taxation is based on taxable income determined in accordance with the prevailing law for taxation of income and is calculated using enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for the current taxation also includes adjustments where considered necessary, relating to prior years which arise from assessments framed / finalized during the year or required by any other reason.

Deferred

Deferred tax is accounted for using 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 profit and loss account / statement of comprehensive income, except in the case of items credited or charged to equity in which case it is included in equity.

3.9 Leases

Lease is classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liabilities to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. Lease payments are classified as current and long term depending upon the timing of payment. Lease payments are apportioned between finance charge and reduction of the liabilities against assets subject to finance lease, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit and loss account / statement of comprehensive income unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Rentals payable under operating leases are charged to profit and loss account on the straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

3.10 Cash and cash equivalents

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

3.11 Investments

Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include the transaction cost except for 'held for trading' in which case transaction costs are charged to the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments.

These are classified into the following categories:

- a) Held to maturity
- b) Available for sale

Measurement

a) Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and with fixed maturity that the management has the positive intent and ability to hold to maturity. Held to maturity investments are initially measured at cost and at subsequent reporting dates 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 the investment using the effective yield.

b) Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity or change in interest rates, exchange rates and equity price are classified as available for sale. After initial recognition, the Company has stated these investments, classified as available for sale, at lower of cost or market value; in accordance with the requirements of SEC (Insurance) Rules, 2002.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

3.12 Investment properties

Investment property, which is property held to earn rentals and / or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Depreciation on buildings is charged to income on the reducing balance method so as to write off the depreciable amount of building over its estimated useful life at the rates specified in note 16 to the financial statements. Depreciation on additions to investment property is charged from the month in which a property is acquired or capitalized while no depreciation is charged for the month in which the property is disposed off.

3.13 Re-insurance contracts

Contracts entered into by the Company with reinsurers under which the Company cedes insurance risks assumed during normal course of its business and according to which the Company is compensated for losses on insurance contracts issued by the Company are classified as reinsurance contracts held.

Reinsurance premium is recognised as an expense at the time the reinsurance is ceded, and Commission on reinsurance cessions are recognised in accordance with the policy of recognising premium revenue.

Reinsurance assets represent balances due from reinsurance companies and reinsurance recoveries against outstanding claims. Reinsurance recoveries are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts. Reinsurance liabilities represent balances due to reinsurance companies and are primarily premiums payable for reinsurance contracts and are recognised at the same time when reinsurance premiums are recognised as an expense.

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

An impairment review of reinsurance assets is performed at each balance sheet date. If there is an objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the profit and loss account / statement of comprehensive income.

3.14 Fixed assets

Fixed assets are stated at historical cost except free hold land and building on free hold land, which are stated at re-valued amount, less accumulated depreciation and impairment in value, if any. Cost includes borrowing cost as referred to in accounting policy for borrowing cost.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When parts of an item of fixed assets have different useful lives, they are recognized as separate items of fixed assets.

Repair and maintenance costs are charged to profit and loss account / statement of comprehensive income during the period in which they are incurred.

Depreciation is charged to profit and loss account by applying the reducing balance method at the rates specified in note 19 to the financial statements. Depreciation on addition to fixed asset is charged from the month in which fixed asset is available for use while no depreciation is charge for the month in which fixed asset is disposed off. The useful lives and depreciation methods are reviewed on periodic intervals to ensure that the methods and period of depreciation charged during the year are consistent with the expected pattern of economic benefits from items of fixed assets.

Subsequent costs are recognized as part of asset, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account / statement of comprehensive income during the period in which they are incurred.

Gains or losses on disposal of assets, if any, are included in profit and loss account / statement of comprehensive income for the year.

Surplus arising on revaluation is credited to surplus on revaluation of fixed assets. The surplus on revaluation of fixed assets to the extent of incremental depreciation charged on the related assets is transferred by the Company to its unappropriated profits.

Depreciation on assets subject to finance lease is charged from the month of acquisition and up to the month preceding the disposal.

3.15 Assets subject to finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets.

3.16 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if there is objective evidence that one or more events have had a negative effect on the estimated future cash flows of that asset.

The carrying amount of non financial assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such asset is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

All impairment losses are recognised in the profit and loss account / statement of comprehensive income. Provisions for impairment are reviewed at each balance sheet date and are adjusted to reflect the current best estimates. Changes in the provisions are recognised as income or expense.

3.17 Financial instruments

Financial instruments include cash and bank balances, loans to employees, investments, premiums due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries against outstanding claims, security deposits, other receivables, outstanding claim liabilities, amount due to other insurers / reinsurers, accrued expenses, other creditors, deposits and unclaimed dividends.

All the financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired.

Any gain or loss on de-recognition of financial assets and financial liabilities is taken to profit and loss account / statement of comprehensive income directly.

3.18 Offsetting of financial assets and financial liabilities

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

3.19 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

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

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

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

3.20 Revenue recognition

Premium income

For all the insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognised as written at the time of issuance of policy. Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognised as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

Premium income includes administrative surcharge that 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.

Return on Investments

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

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

Gain / loss on sale of available for sale investments and investments at fair value through profit and loss - held for trading are recognized in profit and loss account / statement of comprehensive income.

Miscellaneous income

Other revenues are recognized on accrual basis.

3.21 Premium deficiency reserve

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

The management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business enforce at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

3.22 Expenses of management

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

3.23 Claims

Claims are charged to income as incurred based on estimated liability for compensation owed under the insurance contracts. It includes related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries and any adjustments to claims outstanding from previous years.

3.24 Related party transactions

Transactions with related parties are priced on arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods and services sold in an economically comparable market to a buyer unrelated to the seller.

3.25 Earnings per share

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

3.26 Dividends and bonus shares

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

	2012	2011	2012	2011
	----- Number -----		----- Rupees -----	
4 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL				
Ordinary shares of Rs. 10 each				
fully paid in cash	20,000,000	20,000,000	200,000,000	200,000,000
fully paid as bonus shares	10,000,000	10,000,000	100,000,000	100,000,000
	30,000,000	30,000,000	300,000,000	300,000,000



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

- 4.1** The Company has only one class of ordinary shares. The holder of ordinary shares are entitled to receive dividend as declared and entitled to vote at meetings of the Company.
- 4.2** The Company has no reserved shares for issue under option and sales contracts.
- 4.3** Reconciliation of number of shares at beginning and at end of the year is as under:

	2012	2011	2012	2011
	----- Number -----		----- Rupees -----	
At beginning of the year	30,000,000	25,000,000	300,000,000	250,000,000
Add: Bonus shares issued	-	5,000,000	-	50,000,000
At end of the year	30,000,000	30,000,000	300,000,000	300,000,000

5 GENERAL RESERVES

Balance at beginning of the year	100,000,000	55,000,000
Transfer from un-appropriated profit	90,000,000	45,000,000
Balance at end of the year	190,000,000	100,000,000

6 SURPLUS ON REVALUATION OF FIXED ASSETS

Balance at beginning of the year	10,743,461	11,071,835
Less: Transferred to unappropriated profit in respect of incremental depreciation	311,955	328,374
Balance at end of the year	10,431,506	10,743,461

- 6.1** The latest revaluation of freehold land, building on freehold land was carried out by M/s. Muhammad Siddique Associates. The basis used for revaluation were as follows:

Building on free hold land Construction rates for different types of building structures depreciated to account for the age and condition of the building.

7 DEFERRED TAXATION

Deferred tax liability on taxable temporary differences:		
Tax depreciation allowance	7,006,471	6,122,359
Finance lease	135,567	111,698
Surplus on revaluation of fixed assets	3,191,540	3,359,516
Deferred tax asset on deductible temporary differences:		
Provision for doubtful receivables	(5,192,924)	(3,732,214)
Loss on re-measurement of available for sale investments	(941,627)	(1,609,614)
Available tax losses	-	(2,541,994)
	4,199,027	1,709,751



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
8 TAXATION - PROVISION LESS PAYMENTS		
Balance at beginning of the year	1,188,218	425,091
Add: Charge for		
- Current year	19,014,734	2,123,260
- Prior year	-	176,965
	19,014,734	2,300,225
Less: Paid during the year	(1,586,383)	(1,537,098)
Balance at end of the year	18,616,569	1,188,218
9 OTHER CREDITORS		
Federal excise duty	4,190,077	9,867,234
Federal insurance fee	467,158	2,892,134
Worker's welfare fund	1,836,862	680,469
Withholding tax payable	6,590	3,000
Payable to staff provident fund	108,196	47,253
Others	715,000	715,000
	7,323,883	14,205,090
9.1 Worker's welfare fund		
Balance at beginning of the year	680,469	-
Add: Charge for the year	1,054,323	680,469
Add: Interest charge on utilization of funds	102,070	-
Balance at end of the year	1,836,862	680,469
10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of minimum lease payments	337,824	533,992
Less: current portion	243,952	196,168
	93,872	337,824

10.1 The Company has entered into a lease agreement with Askari Leasing Limited to acquire vehicles. The rentals under this lease arrangement are payable on monthly basis. The present value of minimum lease payments has been discounted at an implicit interest rate of 22.00% (2011: 22.00%) per annum.

The Company has an option to purchase the assets after expiry of the lease term and has the intention to exercise the option. Taxes, repairs, replacements and insurance costs are borne by the Company. There are no financial restrictions in lease agreements.

The liability is secured by demand promissory note, post dated cheques and personal guarantees of the directors of the Company.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

10.2 The reconciliation between minimum lease payments and its present value is as under:

	2012	2011
	----- Rupees -----	
Minimum lease payments		
Not later than one year	294,636	294,636
Later than one year but not later than five years	98,211	392,848
	392,847	687,484
Less: finance cost allocated to future periods	55,023	153,492
	337,824	533,992
Less: current portion	243,952	196,168
	93,872	337,824
Present value of minimum lease payments		
Not later than one year	243,952	196,168
Later than one year but not later than five years	93,872	337,824
	337,824	533,992

The exposure of the Company's borrowings to interest rate changes and the contractual reprising dates at the balance sheet date are as follows:

Maturity

6 months or less	115,335	92,744
6 - 12 months	128,617	103,424
1 - 5 years	93,872	337,824
	337,824	533,992

The carrying amounts of assets held under finance lease approximate their fair values, as the rate used for discounting is the rate implicit in the lease.

11 CONTINGENCIES AND COMMITMENTS

11.1 There are certain cases pending for adjudication before Civil and Session Court amounting to Rs. 5.687 million (2011 : Rs. 3.910 million). No provision has been made in these financial statements in respect of the aforementioned matter as the management is confident that the ultimate outcome of these cases will be in favor of the Company.

11.2 The Company is defendant in a lawsuit of fire insurance claim amounting to Rs. 59.518 million (2011 : Rs. 59.518 million). The Company has filed a counter claim of Rs. 1,000 million against Maqbool Textile Mills Limited. No provision has been made in these financial statements in respect of the aforementioned matter as the management is confident that the ultimate outcome of this case will be in favor of the Company.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

11.3 The Commissioner Inland Revenue (Appeals), CIR(A), has levied a penalty of Rs. 457,584 for late filing of monthly income tax statements for tax year 2011. Appeal has been filed, with the Honourable Appellate Tribunal Inland Revenue, against appellate order of CIR(A), against order under section 182 of the Income Tax Ordinance 2001.

While finalizing the assessments for the assessment years 2000 - 2001 and 2002 - 2003, the Commissioner Inland Revenue (Appeals) has made certain disallowances of expenses amounting to Rs. 1.152 million and Rs. 0.622 million respectively with regard to the company (Pak Equity Insurance Company Limited) acquired in 2007. The Honourable Income Tax Appellate Tribunal has set-aside the orders under section 62 of the repealed Ordinance, 1979 for the assessment years 2000 - 2001 and 2002 - 2003.

The tax council of the Company is of the view that there is every likelihood of the cases to be decided in favour of the Company.

		2012	2011
		----- Rupees -----	
12 CASH AND OTHER EQUIVALENTS			
Cash with State Bank of Pakistan	- note 12.1	61,358	61,358
Cash in hand		129,382	104,017
		<u>190,740</u>	<u>165,375</u>

12.1 Cash with State Bank of Pakistan

This represents deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

13 DEPOSITS MATURING WITHIN 12 MONTHS

This includes Term Deposit Receipts (TDR's) with different banks maturing within one year. It carries mark up at the rates ranging from 10.50% to 11.00% (2011: 11.00%) per annum.

14 DEPOSITS MATURING AFTER 12 MONTHS

These represent 10 year Pakistan Investment Bonds carrying mark-up of 9.60% (2011: 9.60%) per annum. These are deposited with State Bank of Pakistan in accordance with the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

15 INVESTMENTS

Available for sale investments - Others

Ordinary equity securities	- note 15.1	58,154,142	33,804,271
Less: Provision for impairment		2,690,364	4,598,897
		<u>55,463,778</u>	<u>29,205,374</u>
Held to maturity	- note 15.2	17,186,438	15,815,250
		<u>72,650,216</u>	<u>45,020,624</u>

15.1 Detail of available for sale investments is given in "Annexure 1".

15.2 Held to maturity

Defence Saving Certificates	- note 15.2.1	17,186,438	15,815,250
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15.2.1 These carry mark-up at the rate of 9.46% per annum (2011: 9.46%) compounding annually. These are maturing on February 15, 2016.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Annexure 1 as referred to in note 15 to the financial statements.
Available for sale Investments - quoted

Particulars	No. of Shares / Certificates		Cost		Market value		Lower of cost or market value	
	2012	2011	2012	2011	2012	2011	2012	2011
	----- Number-----		----- Rupees-----					
Automobile and Parts								
Indus Motor Company Limited	8,000	6,000	1,686,440	1,088,500	2,160,000	1,230,180	1,686,440	1,088,500
Banks								
Bank Al-Falah Limited	20,000	10,000	447,945	274,845	336,400	112,500	336,400	112,500
Bank of Khyber Limited	80,000	80,000	446,580	446,580	569,600	432,000	446,580	432,000
The Bank of Punjab Limited	100,000	75,000	782,830	570,330	1,070,000	405,750	782,830	405,750
KASB Bank Limited	60,000	50,000	274,000	249,200	145,800	55,000	145,800	55,000
NIB Bank Limited	75,000	75,000	573,172	573,172	197,250	129,750	197,250	129,750
Silk Bank Limited	70,000	60,000	167,700	145,000	159,600	106,200	159,600	106,200
Allied Bank Limited	15,000	10,000	962,950	600,550	1,102,350	538,700	962,950	538,700
Askari Commercial Bank Limited	36,000	26,000	544,980	386,880	619,920	260,780	544,980	260,780
Habib Bank Limited	13,000	10,000	1,682,380	1,337,440	1,531,530	1,060,800	1,531,530	1,060,800
MCB Bank Limited	11,500	10,000	2,262,490	1,980,250	2,412,240	1,346,000	2,262,490	1,346,000
Soneri Bank Limited	35,000	10,000	226,750	44,500	248,150	39,000	226,750	39,000
JS Bank Limited	10,000	10,000	17,000	17,000	58,700	16,500	17,000	16,500
Standard Chartered Bank Limited	10,000	10,000	84,800	84,800	124,200	79,900	84,800	79,900
Chemicals								
Fauji Fertilizer Company Limited	5,000	2,000	348,080	277,400	585,700	299,080	348,080	277,400
Dewan Salman Fiber Limited	20,000	17,000	44,640	37,920	48,000	20,570	44,640	20,570
Biafo Industries Limited	1,500	1,500	82,795	82,795	133,875	92,670	82,795	82,795
Clarant Pakistan Limited	500	-	108,065	-	129,100	-	108,065	-
Engro Corporation Limited	10,000	-	1,067,900	-	920,400	-	920,400	-
Construction and Materials								
DG Khan Cement Limited	10,000	6,600	471,016	296,120	545,800	125,598	471,016	125,598
Fauji Cement Limited	50,000	24,000	343,920	169,200	327,000	79,200	327,000	79,200
Lucky Cement Limited	11,500	5,000	1,361,170	484,450	1,742,710	375,200	1,361,170	375,200
Dadabhoj Cement Industries Limited	1,500	1,500	16,650	16,650	3,780	2,115	3,780	2,115
Shabbir Tiles & Ceramics Limited	12,000	6,000	246,882	186,282	103,800	48,300	103,800	48,300
Electricity								
Hub Power Co. Limited	12,000	10,000	399,915	300,175	542,880	342,000	399,915	300,175
Equity Investment Instruments								
Schon Modaraba Limited	5,850	5,850	58,500	58,500	3,510	3,510	3,510	3,510
Modaraba Al-Mall	35,000	35,000	70,000	70,000	56,700	27,300	56,700	27,300
Financial Services								
Standard Chartered Leasing	500	500	5,925	5,925	2,975	1,500	2,975	1,500
Fixed Line Telecommunication								
Pakistan Telecommunication Limited	20,000	15,000	526,200	431,000	347,000	155,850	347,000	155,850
Food Producers								
Noon Sugar Mills Limited	10,000	7,000	252,150	180,150	244,900	93,310	244,900	93,310
Unilever Pakistan Limited	3,500	3,000	20,353,929	16,103,069	35,350,000	16,697,400	20,353,929	16,103,069
Mitchell's Fruit Farms Limited	5,000	-	1,795,000	-	1,925,600	-	1,795,000	-
National Foods Limited	500	-	122,930	-	144,470	-	122,930	-
Rafhan Maize Products Limited	1,000	-	4,008,800	-	3,998,380	-	3,998,380	-
Nestle Pakistan Limited	1,000	-	4,000,000	-	4,733,330	-	4,000,000	-
Clover Pakistan Limited	500	-	52,595	-	33,500	-	33,500	-
Gas, Water and Mult utilities								
SNGL	20,150	5,150	634,343	334,493	468,488	80,907	468,488	80,907
Industrial Engineering								
Al Gazi Tractors Limited	9,000	5,000	1,960,252	1,068,932	2,145,420	964,200	1,960,252	964,200
Millat Tractors Limited	10,000	7,500	3,814,833	2,488,033	5,645,600	2,739,075	3,814,833	2,488,033
Industrial Transportation								
Tri-star Shipping Lines Limited	7,400	7,400	74,000	74,000	6,660	6,660	6,660	6,660
Oil and Gas Producers								
Shell Pakistan Limited	5,000	4,000	1,414,345	1,295,085	680,950	761,120	680,950	761,120
Pakistan State Oil Company Limited	4,000	2,000	1,046,740	534,000	928,840	454,420	928,840	454,420
Pakistan Oil Fields Limited	5,000	2,000	1,774,900	487,000	2,187,700	692,900	1,774,900	487,000
Personal Goods								
Nishat Mills Limited	2,270	770	184,995	99,330	144,940	31,147	144,940	31,147
Ibrahim Fibres Limited	9,000	6,000	408,990	258,990	433,350	162,240	408,990	162,240
Gayyum Spinning Mills Limited	10,000	10,000	100,000	100,000	4,000	4,000	4,000	4,000
Fatima Enterprises Limited	5,000	5,000	50,000	50,000	71,500	71,500	50,000	50,000
Pharma and Bio Tech								
Hightnoon (Laboratories) Limited	2,500	2,500	204,375	204,375	118,750	70,875	118,750	70,875
Tobacco								
Pakistan Tobacco Company Limited	9,500	5,000	587,290	311,350	641,820	277,500	587,290	277,500
	859,170	644,270	58,154,142	33,804,271	76,137,168	30,493,207	55,463,778	29,205,374

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012



16 INVESTMENT PROPERTIES

16.1 Reconciliation of carrying values as at December 31, 2012

Owned assets	COST		ACCUMULATED DEPRECIATION			BOOK VALUE		Annual rate of dep. %
	As at Jan 1, 2012	Additions / (disposals)	As at Dec 31, 2012	Jan 1, 2012	Adjustment on disposals	Charge for the year	As at Dec 31, 2012	
Freehold land	26,169,750	(26,169,750)	-	-	-	-	-	-
Buildings	134,440,919	11,500,000	145,940,919	23,819,362	-	5,674,828	29,494,190	5
	160,610,669	11,500,000	145,940,919	23,819,362	-	5,674,828	29,494,190	
		(26,169,750)						
							116,446,729	
							116,446,729	

16.2 Reconciliation of carrying values as at December 31, 2011

Owned assets	COST		ACCUMULATED DEPRECIATION			BOOK VALUE		Annual rate of dep. %
	As at Jan 1, 2011	Additions / (disposals)	As at Dec 31, 2011	Jan 1, 2011	Adjustment on disposals	Charge for the year	As at Dec 31, 2011	
Freehold land	62,889,750	(36,720,000)	26,169,750	-	-	-	26,169,750	-
Buildings	183,836,919	(49,396,000)	134,440,919	18,408,818	(1,432,150)	6,842,694	23,819,362	5
	246,726,669	(86,116,000)	160,610,669	18,408,818	(1,432,150)	6,842,694	23,819,362	
							136,791,307	

16.3 Detail of investment properties disposed off during the year are as follows:

Mode	Cost	Acc. Dep.	Book value		Gain	Sold to
			Book value	Sale proceeds		
Negotiation	26,169,750	-	26,169,750	38,000,000	11,830,250	Mrs. Tehmina Baig, Lahore
	26,169,750	-	26,169,750	38,000,000	11,830,250	

16.4 The market value of freehold land and buildings is estimated at Rs. 128.107 million as per the latest revaluation carried out by independent valuer. In 2011, the management estimated the market value of freehold land and buildings at Rs. 150.803 million.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
17 PREMIUMS DUE BUT UNPAID - NET - UNSECURED		
Considered good	166,979,502	176,329,285
Considered doubtful	6,136,922	10,663,469
	173,116,424	186,992,754
Less: provision for doubtful receivables	6,136,922	10,663,469
	166,979,502	176,329,285
17.1 Provision for doubtful receivables		
Balance at beginning of the year	10,663,469	9,894,538
Add: Provision for doubtful receivables during the year	4,173,458	768,931
Less: Doubtful debts written off during the year	(8,700,005)	-
Balance at end of the year	6,136,922	10,663,469

- note 17.1

18 SUNDRY RECEIVABLES

These represents security deposits with various utility companies and regulatory authorities.

19 FIXED ASSETS

19.1 Tangible fixed assets - reconciliation of carrying values as at December 31, 2012

	COST / FAIR VALUE		ACCUMULATED DEPRECIATION		BOOK VALUE		Annual rate of depreciation %
	As at Jan 1, 2012	As at Dec 31, 2012 (disposals)	As at Jan 1, 2012	As at Dec 31, 2012	As at Dec 31, 2012	As at Dec 31, 2012	
Owned assets							
Land and buildings							
Buildings							
- cost	64,470,964	-	64,470,964	15,378,890	17,833,494	46,637,470	5
- revaluation	21,467,148	-	21,467,148	11,868,532	12,348,463	9,118,685	5
	85,938,112	-	85,938,112	27,247,422	30,181,957	55,756,155	
Furniture, fixtures and office equipment							
Furniture and fixtures	11,677,184	-	11,677,184	9,059,672	9,321,423	2,355,761	10
Office equipment	5,429,852	89,650	5,519,502	3,370,916	3,580,155	1,939,347	10
Arms and ammunition	28,229	-	28,229	22,671	23,227	5,002	10
Vehicles							
Motor vehicles	68,521,416	1,546,088	70,067,504	50,543,962	53,348,633	16,718,871	15
Bicycles	145,176	-	145,176	102,939	107,163	38,013	10
	171,739,969	1,635,738	173,375,707	90,347,582	96,562,558	76,813,149	
Assets subject to finance lease							
Vehicles	1,312,000	-	1,312,000	458,872	586,841	725,159	15
Total	173,051,969	1,635,738	174,687,707	90,806,454	97,149,399	77,538,308	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012



19.2 Tangible fixed assets - reconciliation of carrying values as at December 31, 2011

	COST / FAIR VALUE		ACCUMULATED DEPRECIATION		BOOK VALUE		Annual rate of depreciation % age
	As at Jan 1, 2011	As at Dec 31, 2011	As at Jan 1, 2011	Charge for the year	As at Dec 31, 2011	As at Dec 31, 2011	
Owned assets	Rupees						
Land and buildings							
Buildings							
- cost	64,470,964	64,470,964	12,795,097	2,583,793	15,378,890	49,092,074	5
- revaluation	21,467,148	21,467,148	11,363,342	505,190	11,868,532	9,598,616	5
	85,938,112	85,938,112	24,158,439	3,088,983	27,247,422	58,690,690	
Furniture, fixtures and office equipment							
Furniture and fixtures	11,677,184	11,677,184	8,768,837	290,835	9,059,672	2,617,512	10
Office equipment	5,023,016	5,429,852	3,156,697	214,219	3,370,916	2,058,936	10
Arms and ammunition	28,229	28,229	22,053	618	22,671	5,558	10
Vehicles							
Motor vehicles	68,521,416	68,521,416	47,371,470	3,172,492	50,543,962	17,977,454	15
Bicycles	145,176	145,176	98,246	4,693	102,939	42,237	10
	171,333,133	171,739,969	83,575,742	6,771,840	90,347,582	81,392,387	
Assets subject to finance lease							
Vehicles	1,312,000	1,312,000	308,320	150,552	458,872	853,128	15
Total	172,645,133	173,051,969	83,884,062	6,922,392	90,806,454	82,245,515	

19.3 Had there been no revaluation, the cost, accumulated depreciation, and book value of revalued fixed assets as at year end would have been as follows:

	December 31, 2012		December 31, 2011	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Buildings	64,470,964	17,833,494	64,470,964	15,378,890
	Rupees			
	46,637,470	46,637,470		
				49,092,074



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

		2012	2011
		----- Rupees -----	
20	NET PREMIUM REVENUE		
	Premium revenue (net of reinsurance)	224,661,644	138,937,280
	Administrative surcharge - note 20.1	4,299,813	3,743,098
		228,961,457	142,680,378
	20.1 Net premium revenue includes administrative surcharge as under:		
	Fire and property damage	2,426,644	2,072,073
	Marine, aviation and transport	1,013,746	872,689
	Motor	314,568	130,426
	Miscellaneous	544,855	667,910
		4,299,813	3,743,098
21	MANAGEMENT EXPENSES		
	Salaries, wages and benefits - note 21.1	16,262,800	16,824,243
	Entertainment	2,296,245	2,412,586
	Rent, rates and taxes	3,162,418	2,774,582
	Electricity, gas and water	1,416,823	1,451,646
	Travelling and conveyance	1,098,581	1,260,996
	Computer expenses	465,366	521,600
	Communication	3,507,637	3,585,500
	Service charges	106,940	135,500
	Registration, subscription and association	1,865,101	1,804,325
	Provision for doubtful receivables - note 17.1	4,173,458	768,931
		34,355,369	31,539,909
	21.1 These include contribution to provident fund amounting to Rs. 57,484 (2011: Rs. 54,684).		
22	OTHER OPERATING INCOME		
	Gain on disposal of investment properties - note 16.3	11,830,250	5,316,150
	Others	9,301	7,118
		11,839,551	5,323,268
23	FINANCE COST		
	Mark-up on		
	- liabilities against assets subject to finance lease	98,468	136,924
	- workers' welfare fund	102,070	-
	Bank charges	291,125	248,500
		491,663	385,424



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
24 GENERAL AND ADMINISTRATION EXPENSES		
Salaries and allowances - note 24.1	10,930,540	9,506,179
Motor vehicle expenses	6,661,728	6,599,599
Tours and travelling	432,950	789,065
Books and periodicals	11,289	3,672
Printing and stationery	603,743	672,654
Depreciation - note 24.2	12,017,773	13,765,086
Office cleaning and maintenance	695,784	1,058,966
Auditors' remuneration - note 24.3	1,098,442	731,549
Advertisement	126,000	131,000
Legal and professional	1,493,888	1,179,018
Charity and donations	9,700	14,750
Workers' welfare fund	1,054,323	680,469
Sundry expenses	98,251	131,923
	35,234,411	35,263,930
24.1 These include contribution to provident fund amounting to Rs. 38,636 (2011: Rs. 28,332).		
24.2 Depreciation is allocated to general and administration expenses composed of:		
Tangible fixed assets - note 19.1	6,342,945	6,922,392
Investment properties - note 16.1	5,674,828	6,842,694
	12,017,773	13,765,086
24.3 Auditors' remuneration		
Audit fee	600,000	400,000
Taxation advisory services	130,000	-
Review of Code of Corporate Governance	100,000	60,000
Fee for interim review	160,000	160,000
Certification charges	50,000	55,000
Out of pocket expenses	58,442	56,549
	1,098,442	731,549
25 PROVISION FOR TAXATION		
Current year	19,014,734	2,123,260
Prior year	-	176,965
Deferred	2,489,276	(21,575,121)
	21,504,010	(19,274,896)



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
25.1 Relationship between tax expense and accounting profit		
Accounting profit for the year	130,978,191	33,122,994
Tax at the rate of 35%	45,842,367	11,593,048
Exempt income	(4,140,588)	(1,860,653)
Adjustment in respect of tax at different rates	(2,133,025)	(10,914,695)
Prior year tax loss: recognized as a deferred tax asset	(22,551,005)	(1,472,770)
Tax impact of deferred tax charged at reduced rate	2,489,276	(20,411,870)
Tax effect of inadmissible amounts for tax purposes	1,996,985	2,188,275
Tax effect of prior years	-	176,965
Minimum tax	-	1,426,804
Tax charge for the year	21,504,010	(19,274,896)

25.2 Income tax assessment for the tax year 2012 is deemed to have been finalised under section 120 of the Income Tax Ordinance, 2001. For contingencies related to taxation please refer to note 11.

26 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits to the chief executive, directors and other executives of the Company is as follows:

	December 31, 2012			
	Chief Executive	Directors	Executives	Aggregate
	----- Rupees -----			
Managerial remuneration	400,000	760,000	400,000	1,560,000
House rent	160,000	304,000	160,000	624,000
Utilities	40,000	76,000	40,000	156,000
Others	496,060	900,340	-	1,396,400
	1,096,060	2,040,340	600,000	3,736,400
Number of persons	1	3	1	5
	December 31, 2011			
	Chief Executive	Directors	Executives	Aggregate
	----- Rupees -----			
Managerial remuneration	400,000	760,000	-	1,160,000
House rent	160,000	416,000	-	576,000
Utilities	40,000	104,000	-	144,000
Others	341,473	770,186	-	1,111,659
	941,473	2,050,186	-	2,991,659
Number of persons	1	3	-	4



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

In addition to above the chief executive and the directors are provided with free use of Company's maintained cars. The chief executive and directors are also provided with free use of residential telephone.

27 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, subsidiaries and associated undertakings, other related group companies, directors of the Company, key management personnel and post employment benefit plans. The remuneration of directors is disclosed in note 26.

	2012	2011
	----- Rupees -----	
Remuneration paid to directors, chief executive and executive of the Company	3,736,400	2,991,659
Contribution paid to provident fund	96,120	83,016

All transactions with related parties have been carried out on commercial terms and conditions.

28 EARNINGS PER SHARE - BASIC AND DILUTED

The calculation of the basic earnings per share is based on the following data :

	2012	2011
	----- Rupees -----	
Earnings		
Profit after taxation attributable to ordinary shares	<u>109,474,181</u>	<u>52,397,890</u>
	Number of shares	
Weighted average number of ordinary shares outstanding	<u>30,000,000</u>	<u>30,000,000</u>
Earnings per share (Rupees)	<u>3.65</u>	<u>1.75</u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

29 SEGMENT REPORTING

The Company has five primary business segments for reporting purposes namely fire and property damage; marine, aviation and transport; motor; investment properties 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		Investment Properties		Miscellaneous		Total
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Revenue from external customers	247,614,840	194,776,580	106,924,378	76,516,133	12,686,412	11,642,280	19,236,050	12,046,170	76,736,593	62,481,135	463,197,773
Depreciation	3,537,703	3,903,466	1,527,444	1,533,439	181,253	233,320	5,474,828	6,842,694	1,096,945	1,252,168	12,017,773
Segment profit	71,487,774	27,832,402	38,138,734	8,914,176	8,647,965	7,406,436	19,236,050	12,046,170	16,552,225	4,247,172	154,242,748
Capital expenditure	912,313	229,411	393,953	90,122	46,742	13,712	11,500,000	(86,116,000)	282,728	73,591	13,135,738
Segment assets	194,074,112	228,329,855	83,804,733	89,697,218	9,943,302	13,647,843	116,446,729	136,791,307	60,144,280	73,244,475	464,413,154
Segment liabilities	110,442,554	160,773,281	47,691,105	63,158,259	5,658,476	9,609,818	715,000	715,000	34,226,553	51,573,434	285,829,792
											2012
											2011



29.1 Reconciliations of reportable segments are as follows:

	2012	2011
Revenue		
Total revenue for reportable segments	154,242,748	60,446,356
Other revenue / (loss)	12,432,216	8,318,874
Entity's revenue	166,694,964	68,765,230
Profit for the year		
Total profit for reportable segments	166,694,964	68,765,230
Unallocated corporate income / (expenses)	9,301	7,118
Other operating income	(35,234,411)	(35,263,930)
General and administration expenses	(491,643)	(385,424)
Finance cost	(35,716,773)	(35,642,236)
Profit before income tax expense	130,978,191	33,122,994
Assets		
Total assets for reportable segments	464,413,154	541,710,697
Other unallocated corporate assets	270,498,939	1,64,267,322
Entity's assets	734,912,093	705,978,019
Liabilities		
Total liabilities for reportable segments	198,733,688	285,829,792
Other unallocated corporate liabilities	536,178,405	420,148,227
Entity's liabilities	734,912,093	705,978,019

The Company has no reportable geographical segment.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

Liquidity risk

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

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

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

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

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

30.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

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

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

30.1.1 The carrying amount of financial assets represents the maximum credit exposure, as specified below:



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
Bank deposits	196,988,085	118,438,475
Investments	72,650,216	45,020,624
Premiums due but unpaid	166,979,502	176,329,285
Amount due from other insurers / reinsurers	6,755,572	9,405,574
Reinsurance recoveries against outstanding claims	3,808,815	5,378,433
Sundry receivables	449,612	449,612
	447,631,802	355,022,003

Geographically there is no concentration of credit risk.

The Company does not hold collateral as security. There is no single significant customer in the receivables of the Company.

General provision is made for premium due but unpaid against doubtful receivable as disclosed in note 17 to these financial statements. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

	2012	2011
	----- Rupees -----	
The age analysis of receivables is as follows:		
Up to 1 year	158,722,485	170,490,168
1-2 years	8,257,017	5,839,117
	166,979,502	176,329,285

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

	Rating	Rating Agency	2012	2011
			----- Rupees -----	
National Bank of Pakistan	AAA	JCR-VIS	148,856	29,022
Habib Bank Limited	AAA	JCR-VIS	44,375,239	14,630,680
KASB Bank Limited	BBB	PACRA	12,496	132,536
Allied Bank Limited	AA+	PACRA	48,396,876	10,496,989
MCB Bank Limited	AA+	PACRA	8,983,772	2,590,489
Bank of Punjab Limited	AA-	PACRA	2,236,988	4,765,973
United Bank Limited	AA+	JCR-VIS	9,261,966	2,189,123
Soneri Bank Limited	AA-	PACRA	1,864	46
NIB Bank Limited	AA-	PACRA	3,649	3,767
Bank of Khyber Limited	A/A-	JCR-VIS/PACRA	23,319	13,568
Faysal Bank Limited	AA/AA	JCR-VIS/PACRA	-	17,447
First Women Bank Limited	A-	PACRA	16,485	3,405
IDBP Limited	A-3	PACRA	2,640	7,650
SILK Bank Limited	A-(RW)	JCR-VIS	1,089	6,183
Bank Alfalah Limited	AA	PACRA	14,846	29,751
City Bank	A-1	Standard & Poors	-	15,846
			113,480,085	34,930,475



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	----- Rupees -----	
30.1.3 Sector wise analysis of premiums due but unpaid		
Cables and rubber	24,838,433	21,545,404
Engineering	19,325,111	26,485,798
Construction	36,309,151	38,630,477
Services	18,949,035	24,621,565
Textile and composites	31,290,512	32,569,534
Agriculture	27,863,185	23,547,348
Other manufacturing	1,158,129	2,844,867
Miscellaneous	7,245,946	6,084,292
	166,979,502	176,329,285

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance asset	2012	2011
	----- Rupees -----				
A	6,084,858	3,808,815	70,842,781	80,736,454	130,439,841
BBB	670,714	-	-	670,714	1,500,000
Others	-	-	-	-	792,650
Total	6,755,572	3,808,815	70,842,781	81,407,168	132,732,491

30.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company is financing its operations mainly through equity, working capital and lease finance to minimize risk.

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

	Carrying amount	Contractual cash flows	Up to one year	More than one year
	----- Rupees -----			
Financial liabilities				
Provision for outstanding claims	5,550,334	5,550,334	5,550,334	-
Amounts due to other insurers	4,583,963	4,583,963	4,583,963	-
Accrued expenses	1,253,060	1,253,060	1,253,060	-
Obligations against leases	337,824	392,847	294,636	98,211
Other creditors	7,323,883	7,323,883	7,323,883	-
	19,049,064	19,104,087	19,005,876	98,211



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2011			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	----- Rupees -----			
Financial liabilities				
Provision for outstanding claims	7,008,449	7,008,449	7,008,449	-
Amounts due to other insurers	8,029,610	8,029,610	8,029,610	-
Accrued expenses	886,510	886,510	886,510	-
Obligations against leases	533,992	687,484	294,636	392,848
Other creditors	14,205,090	14,205,090	14,205,090	-
	<u>30,663,651</u>	<u>30,817,143</u>	<u>30,424,295</u>	<u>392,848</u>

30.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

a) Interest/mark up rate risk

Interest/mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature in a given period.

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

	2012	2011	2012	2011
	Effective interest rate (% age)		----- Rupees -----	
Financial assets				
Bank deposits	9.60% to 11.00%	9.60% to 11.00%	83,508,000	83,508,000
Investments	9.46%	9.46%	17,186,438	15,815,250
Financial liabilities				
Obligations against leases	22.00%	22.00%	337,824	533,992

Sensitivity analysis

The Company does not account for any floating rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rate will not effect fair value of any financial instrument. The Company is not exposed to significant interest / mark-up rate risk as the Company has not entered into any significant variable rate instruments.

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 76.137 million (2011: Rs. 30.493 million) at the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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

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

Sensitivity analysis

The table below summarizes Company's equity price risk as on December 31, 2012 and 2011 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be better or worse in Company's equity investment portfolio because of the nature of equity markets.

The impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase (decrease) in profit / (loss) before tax
----- Rupees -----					
December 31, 2012	76,137,168	10% increase	83,750,885	7,613,717	7,613,717
		10% decrease	68,523,451	(7,613,717)	(7,613,717)
December 31, 2011	30,493,207	10% increase	33,542,528	3,049,321	3,049,321
		10% decrease	27,443,886	(3,049,321)	(3,049,321)

30.4 Fair value of financial instruments

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

30.5 Insurance risk

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



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

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

Geographical concentration of insurance risk

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial, industrial/residential occupation of the insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation.

Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within a insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

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

Reinsurance arrangements

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

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

The concentration of risk by type of contracts (i.e. Fire and property damage, Marine, aviation and transport, Motor and Miscellaneous) is summarised below by reference to liabilities.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Gross sum insured		Reinsurance		Net	
	2012	2011	2012	2011	2012	2011
----- Rupees -----						
Fire	75,132,662,289	86,760,391,673	28,383,356,164	44,648,538,187	46,749,306,125	42,111,853,486
Marine	11,810,560,357	6,587,212,967	5,574,105,663	3,644,981,341	6,236,454,694	2,942,231,626
Motor	445,470,235	386,145,963	29,491,838	25,616,101	415,978,397	360,529,862
Others	3,130,149,244	1,271,863,169	2,020,310,407	956,533,733	1,109,838,837	315,329,436
	<u>90,518,842,125</u>	<u>95,005,613,772</u>	<u>36,007,264,072</u>	<u>49,275,669,362</u>	<u>54,511,578,053</u>	<u>45,729,944,410</u>

Sensitivity analysis

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

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

	Impact on pre tax profit		Shareholders' equity	
	2012	2011	2012	2011
----- Rupees -----				
10% increase in loss				
Net				
Fire and property damage	(5,159,931)	(4,258,053)	(3,353,955)	(2,767,734)
Marine, aviation and transport	(1,473,430)	(1,501,451)	(957,730)	(975,943)
Motor	(70,058)	(63,906)	(45,538)	(41,539)
Miscellaneous	(786,731)	(772,063)	(511,375)	(501,841)
	<u>(7,490,150)</u>	<u>(6,595,473)</u>	<u>(4,868,598)</u>	<u>(4,287,057)</u>
10% decrease in loss				
Net				
Fire and property damage	5,159,931	4,258,053	3,353,955	2,767,734
Marine, aviation and transport	1,473,430	1,501,451	957,730	975,943
Motor	70,058	63,906	45,538	41,539
Miscellaneous	786,731	772,063	511,375	501,841
	<u>7,490,150</u>	<u>6,595,473</u>	<u>4,868,598</u>	<u>4,287,057</u>

Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2012.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

Analysis on gross basis

Accident year

	2010	2011	2012
	Rupees		
Estimate of ultimate claims cost:			
At end of accident year	123,367,391	124,444,667	103,438,482
One year later	5,773,179	4,215,195	2,858,018
Cumulative payments to date	(124,925,375)	(125,801,844)	(104,039,000)
Liability recognised in the balance sheet	4,215,195	2,858,018	2,257,500

31 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

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

32 NUMBER OF EMPLOYEES

Number of employees as at December 31, 2012 were 109 (2011: 114).

33 DIVIDEND

In respect of current year, the Board of Directors proposed fully paid up bonus shares @ 25% of paid up capital of the Company. The stock dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in these financial statements.

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved by the Board of Directors of the Company and are authorised for issue on April 4, 2013.

35 RE - CLASSIFICATION AND RE - ARRANGEMENTS

Corresponding figures have been re-classified and re-arranged, wherever necessary, to reflect more appropriate presentation of events and transactions for the purpose of comparison. However, no significant re-classification and re-arrangement have been made in these financial statements.


Chairman
(Ch. Manzoor Ahmed)


Chief Executive / Principal Officer
(Ch. Zahoor Ahmed)


Director
(Ghulam Mustafa)


Director
(Muhammad Saleem)



Notice of Annual General Meeting

Notice is hereby given that 65th Annual General Meeting of “**The Pakistan General Insurance Company Limited**” (“the Company”) will be held at **Registered Office** of the Company at Cooperative Bank House, 5 Bank Square, Shahrah-e-Quaid-e-Azam, Lahore on Tuesday, 30th April 2013 at 10:00 AM to transact the following business:

Ordinary business:

1. To confirm the minutes of the last annual general meeting held on 30th April 2012;
2. To receive, consider and adopt the audited annual financial statements of the Company for the year ended 31st December 2012 together with the Directors' Report and Auditors' Report thereon;
3. To appoint auditors of the Company and to fix their remuneration for the year 2013. The board of directors has recommended the joint appointment of M/s. Rehman, Sarfraz, Rahim, Iqbal, Rafiq Chartered Accountants and M/s. Kamran & Co. Chartered Accountants;
4. To elect nine directors as fixed by the board under section 178 (1) of the Companies Ordinance, 1984 in accordance with the provisions of the said ordinance for a period of three years commencing 2nd May 2013. The names of the retiring directors are:

Ch. Manzoor Ahmed
Ch. Zahoor Ahmed
Ghulam Mustafa
Dr. Mehmood ul Haq
Athar Zahoor

Usman Ali
Mazhar Zahoor
Rehan Beg
Muhammad Saleem

Special business:

5. To approve as recommended by the board of directors, issue of bonus shares in ratio of 1 ordinary share for every 4 ordinary shares held by the members (ie. 25%)
6. To consider, and if thought fit, to approve the remuneration payable to the executive and non-executive directors of the Company including the chief executive.

Any other business

7. To transact any other business of the Company with the permission of the Chair.

Attached to this notice is a statement of material facts covering the above mentioned special business which will be considered for adoption at the meeting, as required under section 160 (1)(b) of the Companies Ordinance, 1984.

By the order of the board

Muhammad Saleem
Company Secretary
Lahore: April 4, 2013



NOTES

- 1) Any person who seeks to contest the election of directors shall file with the Company at its registered office not later than 14 days before the day of the above said meeting his / her intention to offer himself / herself for the election of directors in terms of section 178 (3) of the Companies Ordinance, 1984 together with:
 - a) Consent in Form 28;
 - b) A declaration with consent to act as director in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he / she is aware of duties and powers of directors under the Companies Ordinance, 1984, the memorandum and articles of association of the Company and the listing regulations of the Karachi, Lahore and Islamabad Stock Exchanges and has read the relevant provisions contained therein;
 - c) A declaration in terms of clause (iii) and (iv) of the Code of Corporate Governance to the effect that he / she is not serving as a director of more than 10 listed companies, that his / her name is borne on the register of national tax payer, that he / she has not been convicted by a court of competent jurisdiction has defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.
- 2) The share transfer books of the Company will remain closed from April 26, 2013 to May 2, 2013 (both days inclusive)
- 3) A member entitled to attend and vote at the meeting may appoint member as his/her proxy to attend and vote. Votes may be given personally or by proxy or by attorney or in case of corporation by representative. The instrument of proxy duly executed should lodged at the Registered Office of the Company not later than 48 hours before the meeting.
- 4) A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited must bring his/her participant's ID number and account /sub-account number along-with original computerized national identity card ("CNIC") or original passport at the time of attending the meeting.
- 5) Pursuant to rule 6 (iii) of the Companies (Issue of Capital) Rules, 1996, the auditors' have certified that the free reserves and surpluses retained after the issue of bonus shares will not be less than 25% of the increased capital.
- 6) The shareholders are requested to notify M/s. Corplink (Private) Limited, Wing Arcade, 1K Commercial Area, Model Town, Lahore, the share registrar of the Company of the change in their address, if any.
- 7) Members who have not yet submitted photocopy of their CNIC to the Company, are requested to send the same at the earliest.



STATEMENT OF MATERIAL FACTS UNDER SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984 REGARDING THE SPECIAL BUSINESS

Item No. 5 of the Notice

The Board at their meeting on 4th April 2013 considered and resolved unanimously to approve and place before the shareholders for approval by ordinary resolution to consider and, if thought fit, to pass with or without modification the following ordinary resolutions:

- a) "Resolved that a sum of Rs. 75,000,000 out of the free reserves of the Company be capitalized and applied to the issue of 7,500,000 ordinary shares of Rs 10 each and allotted as fully paid up bonus shares to the members of the Company who are registered in the books of the Company on 22nd April 2013, in the proportion of 25 such new shares for every 100 existing ordinary shares held and that such new shares shall rank pari passu with the existing ordinary shares of the Company."
- b) "Resolved that the sale proceeds of members' entitlement to fractions of shares shall be paid to a charitable institution approved under section 61 (1) of the Income Tax Ordinance, 2001 for which purpose the fractional shares shall be consolidated into whole shares and issued to the Company Secretary upon trust to sell these shares on the Stock Exchange, through a member of the Exchange, and pay the net proceeds of sale when realized to the prescribed institution."
- c) "Resolved that for the purpose of giving effect to the foregoing the Directors be and are hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractional shares".

None of the directors of the company are interested in this special business and / or ordinary resolution except to the extent of the bonus shares which they will be entitled to receive on their share holding in the company.

Item No. 6 of the Notice

In terms of Financial Division – Government of Pakistan Notification SRO 572 – (I)/82 dated 16th June 1982, the Shareholders' approval will be sought for payment of remuneration and the provision of certain facilities to the chief executive and executive directors in accordance with their terms and conditions of service with the Company. Further approval will also be sought for payment of professional fee to a non-executive director. For this purpose, the following ordinary resolution is proposed to be moved at the meeting:

"Resolved that consent be and is hereby given for the payment as remuneration to Chief Executive, of the sums not exceeding Rs. 2 million per year effective January 2013 and for the provision to him of housing, transport, medical and leave fare facilities and other benefits incidental or relating to his office in accordance with Company's rules from time to time in force."

"Further resolved that consent be and is hereby given for the payment as remuneration to the executive directors of the sums not exceeding Rs. 1 million each per year effective January 2013."

Ch. Zahoor Ahmed and executive directors are interested in this business to the extent of their respective remunerations.



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The Company Secretary

The Pakistan General Insurance Company Limited

Co-operative Bank House, 5-Bank Square Shahrāh-e-Quaid-e-Azam,

Post Office Box 1364, Lahore.

Phones: 37324404, 37352182, 37325382



The Pakistan General Insurance Company Limited
(Incorporated in 1947)

Co-operative Bank House, 5-Bank Square Shahrah-e-Quaid-e-Azam, GPO Box No. 1364, Lahore.
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