PGI

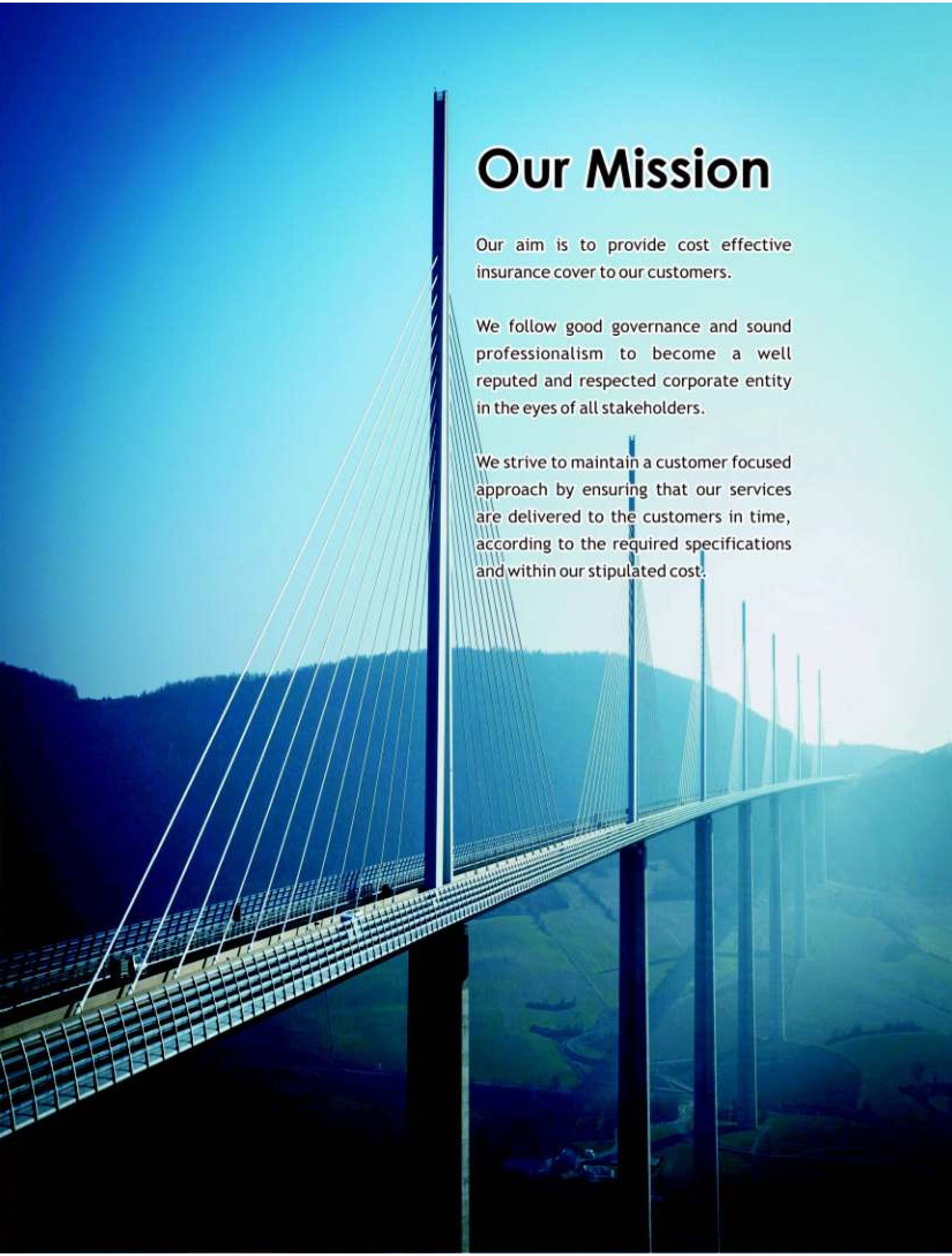
SUSTAINABLE GROWTH

66th Annual Report 2013

The Pakistan General
Insurance Company Limited

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.

PGI

2013 Highlights

▼
Written Premium
330,443
Rupees in '000

▼
Net Premium Revenue
176,568
Rupees in '000

▼
Underwriting Results
16,650
Rupees in '000

▼
Shareholders' Equity
526,737
Rupees in '000

▼
Earnings Per Share
0.73
Rupees

▼
Investment / Other Income
40,636
Rupees in '000

▼
Total Assets
807,509
Rupees in '000

▼
Investments
284,677
Rupees in '000

▼
IFS Ratings
A - (Stable)
JCR VIS and PACRA

Contents

Company Information

Board of Directors
Ch. Manzoor Ahmed (Chairman)(PSP Retd.)
Ch. Zahoor Ahmed (Chief Executive Officer)
Nasir Ali (ACII)
Ghulam Mustafa
Raees-ud-Din
Dr. Mehmood ul Haq
Rehan Beg
Ather Zahoor
Muazzam Gul (FCA – Eng. & Wales)

Chief Executive Officer
Ch. Zahoor Ahmed

Chief Financial Officer
Azhar Hafeez Ch.

Chief Risk Officer
Nasir Ali (ACII)

Company Secretary
Mazhar Zahoor

Audit Committee
Rehan Beg (Chairman)
Dr. Mehmood-ul-Haq
Muazzam Gul (Secretary)

Investment Committee
Muazzam Gul (Chairman)
Dr. Mehmood-ul-Haq
Athar Zahoor (Secretary)

Human Resource Committee
Athar Zahoor (Chairman)
Ch. Manzoor Ahmed
Rehan Beg (Secretary)

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

Claims Committee
Ch. Ghulam Mustafa (Chairman)
Usman Ali
Mian Muhammad Iqbal (Secretary)

Reinsurance and Coinsurance Committee
Nasir Ali (Chairman)
Muhammad Maqsood Peracha
Sajid Hussain (Secretary)

Auditors
Rehman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants (A member firm of Russell Bedford)
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)

IFS Rating

Rating Company:	JCR – VIS and PACRA
Rating:	A-
Outlook:	Stable

Share Registrar
Corplink (Private) Limited

Tax Consultants
Kamran & Co. Chartered Accountants

Bankers
All Pakistani and international banks operating across Pakistan

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
Email: info@pgi.com.pk
Web: www.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 800 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 'A-' with a stable outlook by both the credit rating companies, JCR-VIS and PACRA, 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)	Non-executive director
Ch. Zahoor Ahmed (Chief Executive Officer)	Executive director
Nasir Ali	Executive director
Ghulam Mustafa	Executive director
Raees-ud-Din	Non-executive and independent director
Dr. Mehmood-ul-Haq	Non-executive and independent director
Ather Zahoor	Non-executive director
Rehan beg	Non-executive and independent director
Muazzam Gul	Non-executive and independent director

Senior management

Chief Financial Officer	Azhar Hafeez Ch.
Chief Risk Officer	Nasir Ali
Company Secretary	Mazhar Zahoor

Department and Regional Heads

Head of Human Resource	Usman Ali
Head of Internal Audit	Abdul Rasheed
Head of MIS and Information Technology	Aziz-ud-Din
Head Underwriting	Zahid Iqbal Zia
Manager Underwriting – Fire and property damage	Muhammad Yousuf Zahid
Manager Underwriting – Marine aviation and others	Muhammad Iqbal
Manager Underwriting – Motor	Zaheer A. Khan
Head Accounts and Finance	Javed Iqbal Khan
Head of Reinsurance	Muhammad Maqsood Peracha
Head of Claims	Kashif Ali
Head of Administration	Waseem A. Khan Lodhi
Head Marketing and Public Relations	Ch. Siddiq Sabir
Joint President (South Zone)	Raja Gul Saeed Ahmed Khan

Regional Heads

General Manager (Lahore Zone I)	Shiekh Azmat Ali
General Manager (Lahore Zone II)	Ch. Habib Ullah
General Manager (Lahore Zone III)	Shiekh Muhammad Anwar
General Manager (North)	Ahsan Rasheed Mirza
General Manager (Multan Zone)	Syed Fahim Waris
General Manager (Sindh & Baluchistan)	Muhammad Shafi Chundrigar
Senior Vice President (Bahawalpur Zone)	Syed Waqar Rizvi
Senior Executive Vice President (Karachi)	Mst. Salma Majid
General Manager (Karachi)	Haroon Ghani Memon
Vice President (Capital City Islamabad)	Raja Basit
Vice President (Quetta)	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. Mehmood-ul-Haq Independent & Non-Executive Director	5 / 5
3. Ather Zahoor Non-Executive Director	2 / 2
4. Muazzam Gul (Secretary) Independent & Non-Executive Director	3 / 3

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. Mehmood-ul-Haq (Chairman) Independent & Non-Executive Director	4 / 4
2. Ch. Manzoor Ahmed Non-Executive Director	1 / 1
3. Usman Ali Non-Executive Director	1 / 1
4. Muazzam Gul Independent & Non-Executive Director	3 / 3
5. Ather Zahoor (Secretary) Non-Executive Director	3 / 3

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 applicable legislation.

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. Ch. Manzoor Ahmed (Chairman) Non-Executive Director	3 / 3
2. Usman Ali Non-Executive Director	1 / 1
3. Rehan Beg Independent & Non-Executive Director	4 / 4
4. Ather 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.

Management 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. Ch Ghulam Mustafa (Chairman)	4 / 4
2. Ch Ather Zahoor	1 / 1
3. Usman Ali	3 / 4
4. 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. Nasir Ali (Chairman)	3 / 3
2. Mazhar Zahoor	1 / 1
3. M. Maqsood Peracha	4 / 4
4. 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.

Code of Conduct

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

Following are some salient features of the code of conduct:

The company's operations and activities will be carried out in compliance with the law, regulations, statutory provisions and ethical integrity. All PGI employees are committed to fulfill their duties with utmost sincerity and fairness. In conducting its business PGI is inspired by and acts in accordance with the principles of loyalty, fairness, transparency and efficiency. All employees of PGI avoid conflict of interest while conducting PGI's business and ensure that their judgment is not influenced whenever there is a prospect of direct or indirect personal gain.

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

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

The employee shall not use company resources for the benefit of political parties or any association directly or indirectly connected to a political party. It is the responsibility of all PGI members while dealing with government agencies, external agencies, suppliers, consultants and individuals to exercise good judgment, so as to act in a manner that will not damage the integrity and reputation of the organization.

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

PGI is an equal opportunity employer. All phases of the employment relationship including recruitment, promotion, compensation, benefits, transfers, layoffs and leaves are carried out by all managers without regard to race, color, ethnic or national origin, age, gender or religion. All employees are responsible for the security of authorized access to and proper use of PGI physical and intangible assets and any third party assets in custody with an employee.

Branch Network

Lahore

Head office

Cooperative Bank House, 5 Bank Square
Shahrah-e-Quaid-e-Azam, Lahore
Tel. (042) 3732-3569; 3732-5382
(042) 3732-4404; 3735-2182
Fax (042) 3723-0634
Email info@pgi.com.pk

President and chief executive office

Gardee Trust Building, Thoronton Road, Lahore
Tel. (042) 3722-3224; 3731-0655
3731-0590; 3731-0675
3731-0685; 3735-5598
Fax (042) 3723-0895
Email info@pgi.com.pk

Lahore – Zone I

Azmat Ali Sh. (General Manager Zone I)
M. Iqbal (Senior Manager)
1st Floor Gulberg Center, Main Boulevard
Lahore.
Tel. (042) 3576-3146

Lahore Zone – II

Ch. Habib Ullah (General Manager Zone II)
89 A, Temple Road, Lahore
Tel. (042) 3636-6997; 3637-2891

Lahore Zone – III

M. Anwar Sh. (General Manager Zone III)
2nd Floor, Asif Plaza, 19 Abbott Road, Lahore
Tel. (042) 3631-1208; 3630-4646
Fax (042) 3630-4646; 3630-6513

Lahore Zone – IV

M. Nawab Qureshi (Senior Vise President)
226 Manzoor Market, Ewing Road, Lahore
Tel. (042) 3735-6202; 3724-0965

Mehmood Hassan (Senior Vice President)
PGI House, 5A Bank Square
Shahrah-e-Quaid-e-Azam, Lahore
Tel. (042) 3711-3551; 3711-3552
Fax (042) 3731-2997; 3711-3527

Ch. Gulzar Ahmed (Vice President)
212/213 Abid Market, Lahore
Tel. (042) 3636-0959; 3630-1187

Karachi

Corporate Office

Mrs. 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
Email sevp.pgi@gmail.com

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; 261-3046
Fax (022) 261-0140

Quetta

Muhammad Sidique (Vice President)
Room No. 1, 2nd Floor, Siraj Complex
Circular Road, Quetta
Tel. (081) 282-1126

Sukhur

Raja Gul Saeed Ahmed Khan (Joint President)
M. Yameen (Development Manager)
16 Mehran Markaz, Sukhur
Tel. (071) 561-3508; 563-0919

Kot Addu

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

Dera Ghazi Khan

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

Branch Network

Bahawalpur

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

Multan

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

Vehari

Ch. Shazab Ali (Branch Manager)
47 B, Grain Market, Vehari
Tel. (067) 336-5441; 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

Mianwali

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

Gujranwala

Mrs. Ashi Malik (Branch Manager)
Mr. Javed Malik (Manager)
58 B, Trust Plaza, GT Road, Gujranwala
Tel. (055) 325-2113; 322-1117
Fax (055) 384-2988

Sialkot

Muhammad Arif Khokhar (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 Amer Qureshi (Vice President)
House No. 94, Sector C/4, Mirpur, AK
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

Gilgit

Syed M. Shaukat (Branch Manager)
Alfalah Market, Zulfiqarabad, Gilgit
Tel. (0355) 419-8555

Abbotabad

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

Peshawer

Ahsan Rasheed Mirza (General Manager North)
Room No. S/3 & S/4, 2nd Floor, Belore Palace
Peshawer
Tel. (091) 527-5184; 527-5405
Fax (091) 527-1077

Financial Data

Key Financial Data

(Rupees in '000)

	2013	2012	2011	2010	2009	2008
Gross written premium	330,443	383,764	423,522	312,207	205,678	196,084
Net premium revenue	176,568	228,961	142,680	110,546	109,891	91,864
Claims paid	177,141	185,210	218,743	183,691	121,157	79,010
Underwriting results	16,650	135,026	48,400	21,239	54,970	51,080
Return on investments	33,056	12,432	8,319	9,263	7,372	(1,347)
Return on investment properties	5,731	19,245	12,046	6,118	78,312	3,420
Profit / (Loss) before tax	19,030	130,978	33,123	(1,658)	104,459	25,405
Paid up capital	375,000	300,000	300,000	250,000	200,000	200,000
Shareholders' equity	526,737	499,153	404,367	351,640	361,076	275,041
Investments	174,053	156,158	128,529	107,769	102,108	69,834
Investment properties	110,624	116,447	136,791	228,318	148,742	155,193
Fixed assets	73,765	77,538	82,246	88,761	95,230	94,935
Cash and bank balances	18,122	113,671	35,096	7,349	61,707	1,471
Cash dividends (% age)	-	-	5%	-	5%	-
Stock dividends (% age)	-	25%	-	10%	25%	-
Technical Cover						
Fire and property damage	96,228	85,624	126,708	81,714	50,308	52,491
Marine, aviation & transport	37,627	42,975	51,666	31,746	22,075	24,050
Motor	5,250	6,050	5,824	4,570	4,855	11,574
Miscellaneous	26,220	29,718	40,367	28,430	18,658	21,500

Financial Calendar

Results		
First quarter ended March 31, 2013	Announcement date	April 24, 2013
Half year ended June 30, 2013	Announcement date	August 27, 2013
Third quarter ended September 30, 2013	Announcement date	October 29, 2013
Year ended December 31, 2013	Announcement date	April 7, 2014

Date of issuance of annual report 2013	April 7, 2014

Date of annual general meeting	April 30, 2014

Access to Reports and Enquiries

Quarterly and annual reports

The Company publishes interim reports, at end of first, second and third quarters of the financial year. These interim reports along with annual report of the Company can be downloaded / 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.

Whistle Blowing Policy

In compliance with the code of corporate governance the Company has adopted whistle blowing policy.

The Company has an established code of ethics which sets out the standards of conduct expected in the management of its business.

All employees are expected to carry out their duties in the manner that is consistent with the code.

If employees become aware of the circumstances, which are not in compliance with the code, they may communicate their concerns to the Chief Executive Officer of the Company.

Web Presence

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

Cash Flow Summary

	2013	2012	2011	2010	2009	2008
	------------------------- Rupees in '000 -------------------------					
Cash flow summary						
Operating activities	(21,228)	76,848	(55,599)	33,763	15,677	25,129
Investing activities	(65,652)	17,082	83,889	(70,498)	77,286	(80,634)
Financing activities	(677)	(15,355)	(543)	(10,623)	(2,728)	(2,550)
Cash and cash equivalents at year end	109,622	197,179	118,604	90,857	138,214	47,979

Financial Ratios

		2013	2012	2011	2010	2009	2008
Profitability							
Profit after tax to gross premium	% age	8.26	28.53	12.37	1.55	41.16	11.36
Profit after tax to net premium	% age	15.45	47.81	36.72	4.37	77.04	24.24
Underwriting results to gross premium	% age	5.04	35.18	11.43	6.80	26.73	26.05
Underwriting results to net premium	% age	9.43	58.97	33.92	19.21	50.02	55.60
Profit after tax to total income	% age	13.36	39.67	31.51	3.43	41.92	22.14
Profit before tax to gross premium	% age	5.76	34.13	7.82	(0.53)	51.27	12.96
Profit before tax to net premium	% age	10.78	57.21	23.21	(1.50)	95.96	27.65
Management expenses to net premium	% age	46.43	15.00	22.11	31.74	28.35	29.21
Net claims to net premium	% age	36.81	32.71	46.23	62.29	26.54	22.40
Net commission to net premium	% age	(7.33)	6.69	2.25	13.25	4.92	7.21
General expenses to net premium	% age	21.42	15.39	24.72	34.42	31.80	28.90
Combined ratio	% age	111.99	56.42	90.79	115.21	81.77	73.29
Return to shareholders'							
Return on assets	% age	3.38	14.90	7.42	0.81	15.54	4.38
Return on equity	% age	5.18	21.93	12.96	1.37	23.38	8.33
Earnings per share	Rupees	0.73	3.66	1.75	0.19	3.35	1.11
Earnings growth	% age	(80.05)	109.14	821.05	(94.33)	201.80	(9.76)
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	1.70	1.74	1.24	0.81	1.41	1.12
Cash to current liabilities	Times	0.79	3.55	1.43	0.32	3.05	0.04
Total assets turnover	Times	4.57	3.21	4.95	5.38	4.96	5.54
Total liabilities / equity	Times	0.51	0.45	0.72	0.66	0.49	0.84
Paid-up capital to assets	% age	46.44	40.82	42.49	50.49	55.07	58.94
Equity / total assets	% age	65.23	67.92	57.28	59.18	66.46	52.53

Vertical Analysis of Financial Statements

	2013		2012	
	Rupees	%age	Rupees	%age
Balance sheet				
Cash and bank balances	18,122,175	2.24	113,670,825	15.47
Loans to employees	203,826	0.03	220,286	0.03
Investments	174,052,908	21.55	156,158,216	21.25
Investment properties	110,624,393	13.70	116,446,729	15.84
Other assets	430,740,729	53.34	270,877,729	36.86
Fixed assets	73,765,468	9.13	77,538,308	10.55
Total assets	807,509,499	100.00	734,912,093	100.00
Total equity	526,737,102	65.23	499,152,858	67.92
Underwriting provisions	240,639,165	29.80	188,777,490	25.69
Surplus on revaluation of assets	10,135,149	1.26	10,431,506	1.42
Deferred liabilities	6,710,323	0.83	4,199,027	0.57
Creditors and accruals	23,051,847	2.85	32,021,427	4.36
Other liabilities	235,913	0.03	329,785	0.04
Total equity and liabilities	807,509,499	100.00	734,912,093	100.00
Profit and loss account				
Net premium revenue	176,568,247	100.00	228,961,457	100.00
Net claims	(65,000,711)	(36.81)	(74,901,500)	(32.71)
Management expenses	(81,978,385)	(46.43)	(34,355,369)	(15.00)
Net commission	(12,939,359)	(7.33)	15,322,110	6.69
Investment income / (loss)	33,056,025	18.72	12,432,216	5.43
Rental income	5,730,600	3.25	7,405,800	3.23
Other income	1,848,916	1.05	11,839,551	5.17
Finance cost	(433,004)	(0.25)	(491,663)	(0.21)
General and administrative expenses	(37,822,011)	(21.42)	(35,234,411)	(15.39)
Profit / (Loss) before tax	19,030,318	10.78	130,978,191	57.21
Taxation	8,257,569	4.68	(21,504,010)	(9.39)
Profit after tax	27,287,887	15.45	109,474,181	47.81

Vertical Analysis of Financial Statements

2011 Rupees	2011 %age	2010 Rupees	2010 %age	2009 Rupees	2009 %age	2008 Rupees	2008 %age
35,095,850	4.97	7,348,543	1.24	61,706,331	11.33	1,471,072	0.29
193,236	0.03	181,136	0.03	106,126	0.02	98,648	0.02
128,528,624	18.21	107,768,748	18.14	97,810,080	17.95	65,810,964	12.93
136,791,307	19.38	228,317,851	38.43	148,742,113	27.30	155,193,290	30.49
323,123,487	45.77	161,809,054	27.23	141,171,862	25.91	191,489,575	37.62
82,245,515	11.65	88,761,071	14.94	95,230,363	17.48	94,934,841	18.65
705,978,019	100.00	594,186,403	100.00	544,766,875	100.00	508,998,390	100.00

404,366,722	57.28	351,640,458	59.18	362,065,878	66.46	267,367,429	52.53
264,309,814	37.44	184,332,933	31.02	123,540,309	22.68	134,535,240	26.43
10,743,461	1.52	11,071,835	1.86	6,810,017	1.25	16,848,983	3.31
1,709,751	0.24	23,284,872	3.92	31,445,783	5.77	11,206,542	2.20
24,505,596	3.47	23,317,462	3.92	20,213,155	3.71	37,524,187	7.37
342,675	0.05	538,843	0.09	691,733	0.13	41,516,009	8.16
705,978,019	100.00	594,186,403	100.00	544,766,875	100.00	508,998,390	100.00

142,680,378	100.00	110,546,045	100.00	109,890,541	100.00	91,863,844	100.00
(65,954,729)	(46.23)	(68,862,686)	(62.29)	(29,170,204)	(26.54)	(20,574,466)	(22.40)
(31,539,909)	(22.11)	(35,089,184)	(31.74)	(31,156,455)	(28.35)	(26,831,940)	(29.21)
3,214,446	2.25	14,644,769	13.25	5,406,265	4.92	6,622,576	7.21
8,318,874	5.83	9,262,661	8.38	8,361,941	7.61	(1,346,842)	(1.47)
6,730,020	4.72	6,118,200	5.53	5,562,000	5.06	3,420,000	3.72
5,323,268	3.73	136,821	0.12	72,735,769	66.19	11,259	0.01
(385,424)	(0.27)	(359,532)	(0.33)	(1,241,765)	(1.13)	(1,213,417)	(1.32)
(35,263,930)	(24.72)	(38,054,765)	(34.42)	(34,939,915)	(31.80)	(26,546,120)	(28.90)
33,122,994	23.21	(1,657,671)	(1.50)	105,448,177	95.96	25,404,894	27.65
19,274,896	13.51	6,483,681	5.87	(20,788,694)	(18.92)	(3,134,985)	(3.41)
52,397,890	36.72	4,826,010	4.37	84,659,483	77.04	22,269,909	24.24

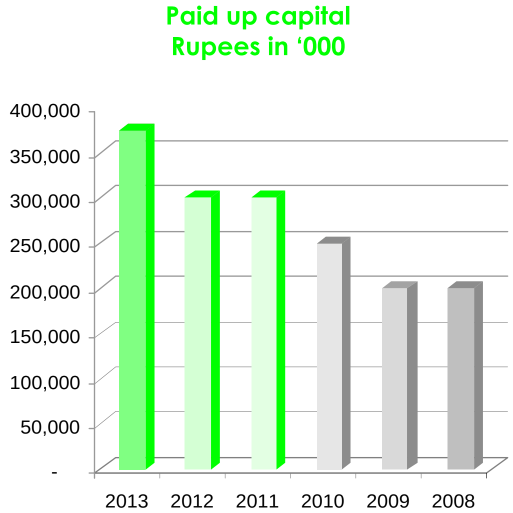
Horizontal Analysis of Financial Statements

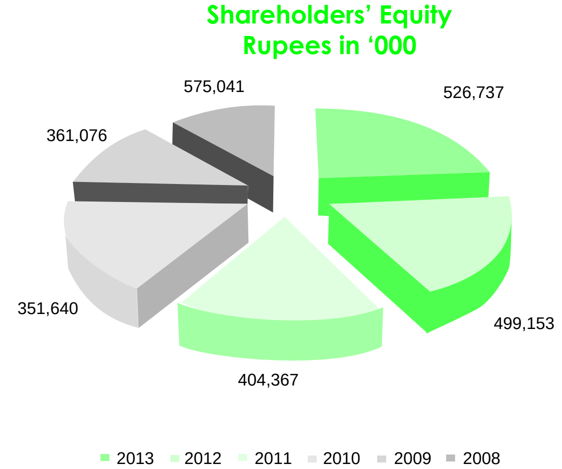
	2013 Rupees	2012 Rupees	2011 Rupees	2010 Rupees	2009 Rupees
Balance sheet					
Cash and bank balances	18,122,175	113,670,825	35,095,850	7,348,543	61,706,331
Loans to employees	203,826	220,286	193,236	181,136	106,126
Investments	174,052,908	156,158,216	128,528,624	107,768,748	97,810,080
Investment properties	110,624,393	116,446,729	136,791,307	228,317,851	148,742,113
Other assets	430,740,729	270,877,729	323,123,487	161,809,054	141,171,862
Fixed assets	73,765,468	77,538,308	82,245,515	88,761,071	95,230,363
Total assets	807,509,499	734,912,093	705,978,019	594,186,403	544,766,875
Total equity	526,737,102	499,152,858	404,366,722	351,640,458	362,065,878
Underwriting provisions	240,639,165	188,777,490	264,309,814	184,332,933	123,540,309
Surplus on revaluation of assets	10,135,149	10,431,506	10,743,461	11,071,835	6,810,017
Deferred liabilities	6,710,323	4,199,027	1,709,751	23,284,872	31,445,783
Creditors and accruals	23,051,847	32,021,427	24,505,596	23,317,462	20,213,155
Other liabilities	235,913	329,785	342,675	538,843	691,733
Total equity and liabilities	807,509,499	734,912,093	705,978,019	594,186,403	544,766,875
Profit and loss account					
Net premium revenue	176,568,247	228,961,457	142,680,378	110,546,045	109,890,541
Net claims	(65,000,711)	(74,901,500)	(65,954,729)	(68,862,686)	(29,170,204)
Management expenses	(81,978,385)	(34,355,369)	(31,539,909)	(35,089,184)	(31,156,455)
Net commission	(12,939,359)	15,322,110	3,214,446	14,644,769	5,406,265
Investment income / (loss)	33,056,025	12,432,216	8,318,874	9,262,661	8,361,941
Rental income	5,730,600	7,405,800	6,730,020	6,118,200	5,562,000
Other income	1,848,916	11,839,551	5,323,268	136,821	72,735,769
Finance cost	(433,004)	(491,663)	(385,424)	(359,532)	(1,241,765)
Administrative expenses	(37,822,011)	(35,234,411)	(35,263,930)	(38,054,765)	(34,939,915)
Profit / (Loss) before tax	19,030,318	130,978,191	33,122,994	(1,657,671)	105,448,177
Taxation	8,257,569	(21,504,010)	19,274,896	6,483,681	(20,788,694)
Profit after tax	27,287,887	109,474,181	52,397,890	4,826,010	84,659,483

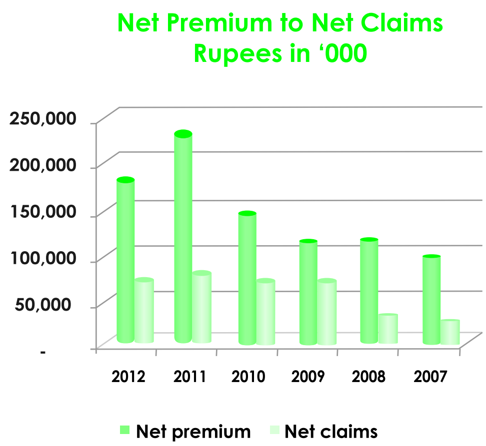
Horizontal Analysis of Financial Statements

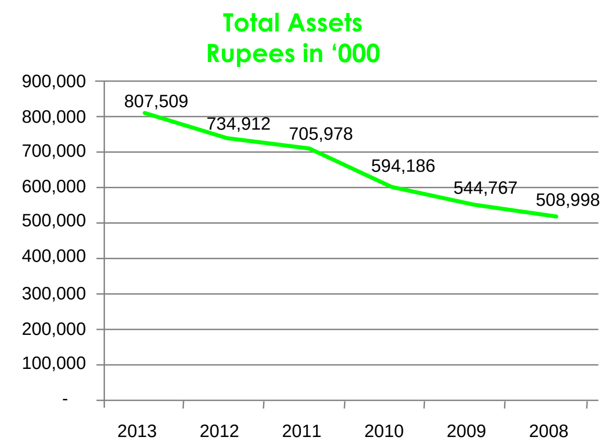
2008 Rupees	2013	2012	2011	2010	2009	2008
	---------- % age Increase / (Decrease) over preceeding Year ----------					
1,471,072	(84.06)	223.89	377.59	(88.09)	4,094.65	(98.05)
98,648	(7.47)	14.00	6.68	70.68	7.58	(20.42)
65,810,964	11.46	21.50	19.26	10.18	48.62	41.93
155,193,290	(5.00)	(14.87)	(40.09)	53.50	(4.16)	229.31
191,489,575	59.02	(16.17)	99.69	14.62	(26.28)	62.15
94,934,841	(4.87)	(5.72)	(7.34)	(6.79)	0.31	(37.18)
508,998,390	9.88	4.10	18.81	9.07	7.03	16.11
267,367,429	5.53	23.44	14.99	(2.88)	35.42	9.62
134,535,240	27.47	(28.58)	43.39	49.21	(8.17)	8.27
16,848,983	(2.84)	(2.90)	(2.97)	62.58	(59.58)	(49.12)
11,206,542	59.81	145.59	(92.66)	(25.95)	180.60	25.18
37,524,187	(28.01)	30.67	5.10	15.36	(46.13)	38.56
41,516,009	(28.46)	(3.76)	(36.41)	(22.10)	(98.33)	3,813.88
508,998,390	9.88	4.10	18.81	9.07	7.03	16.11
91,863,844	(22.88)	60.47	29.07	0.60	19.62	20.52
(20,574,466)	(13.22)	13.57	(4.22)	136.07	41.78	20.37
(26,831,940)	138.62	8.93	(10.12)	12.62	16.12	43.66
6,622,576	(184.45)	376.66	(78.05)	170.89	(18.37)	(33.73)
(1,346,842)	165.89	49.45	(10.19)	10.77	(720.86)	(151.69)
3,420,000	(22.62)	10.04	10.00	10.00	62.63	93.22
11,259	(84.38)	122.41	3,790.68	(99.81)	645,923.35	(98.52)
(1,213,417)	(11.93)	27.56	7.20	(71.05)	2.34	(75.58)
(26,546,120)	7.34	(0.08)	(7.33)	8.91	31.62	6.52
25,404,894	(85.47)	295.43	(2,098.16)	(101.57)	315.07	(1.13)
(3,134,985)	(138.40)	(211.56)	197.28	(131.19)	563.12	172.36
22,269,909	(75.07)	108.93	985.74	(94.30)	280.15	(9.26)

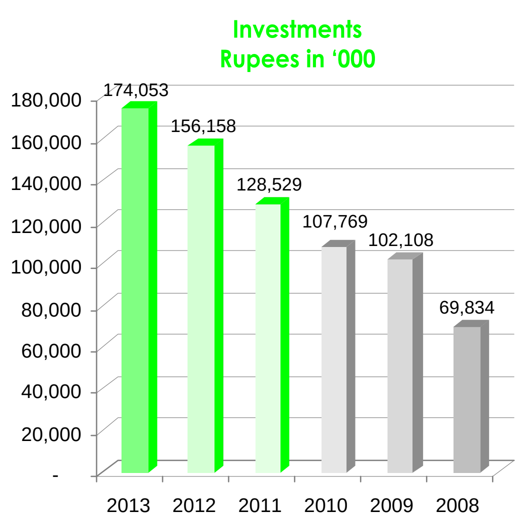
Analysis of Financial Statements

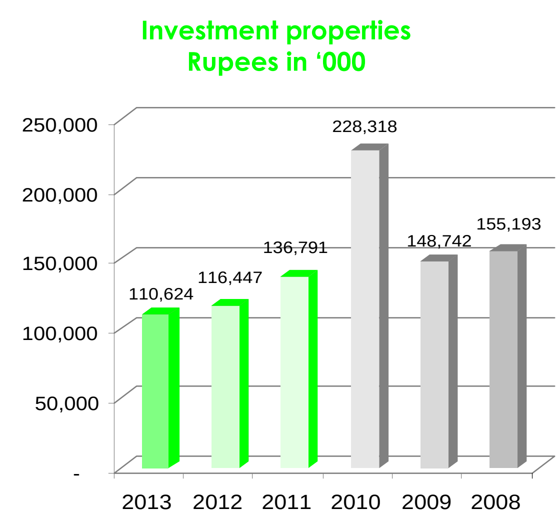






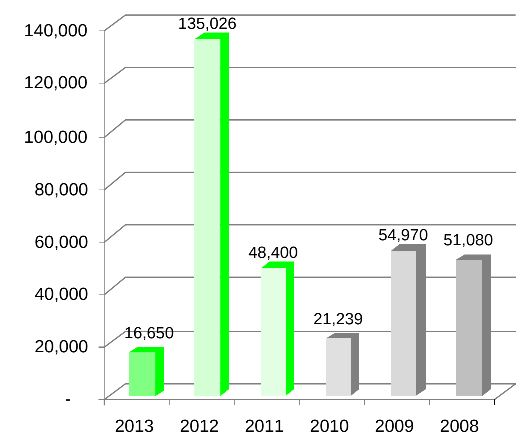




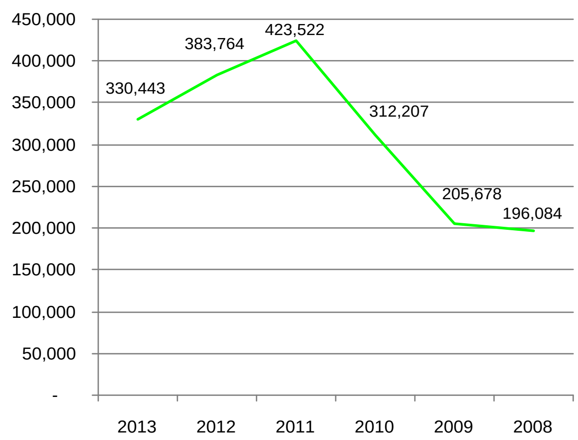


Analysis of Financial Statements

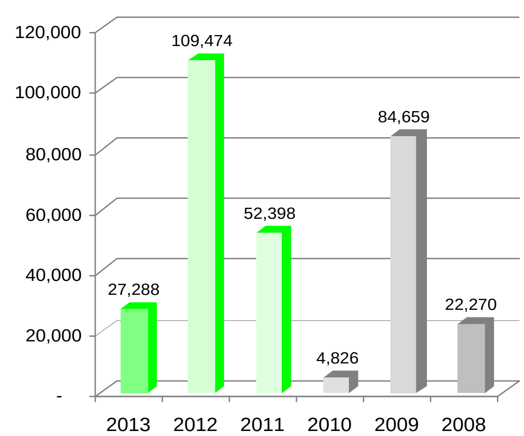
Underwritting results Rupees in '000



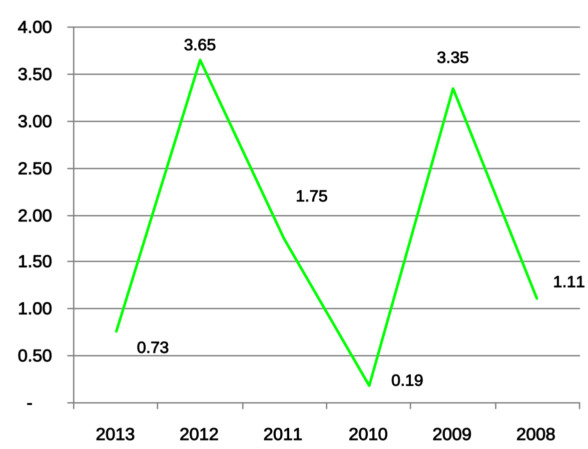
Gross Written premium Rupees in '000



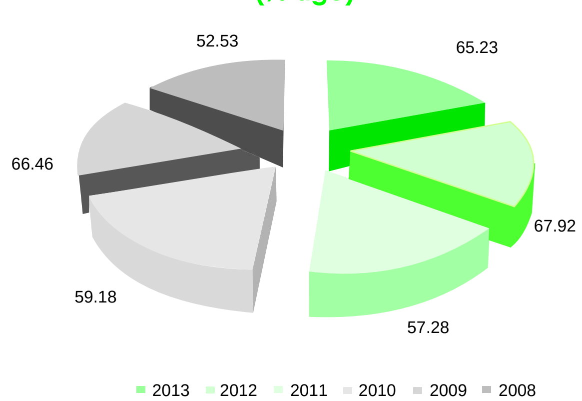
Profit after tax Rupees in '000



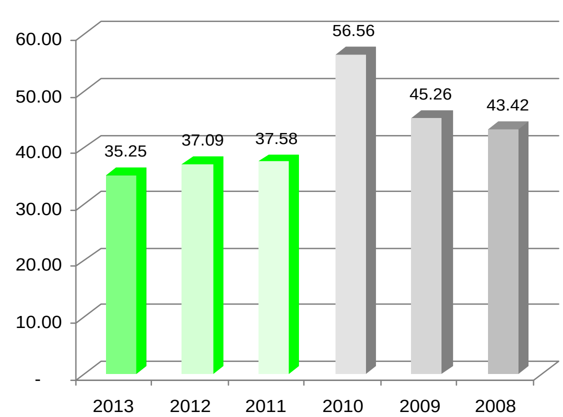
Earnings per share Rupees



Shareholders' Equity to Total Assets (% age)



Investments (inclusive of properties) to total assets % age



Shareholders' Information

Registered Office	Share Registrar
Cooperative House,	Corplink (Pvt.) Ltd.
5 Bank Square	Wing Arcade,
Shahrah-e-Qaid-e-Azam (The Mall)	1-K, Commercial Area Model Town,
Lahore	Lahore

Listing on stock exchanges

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

Listing fees

The annual listing fee for the financial year 2013 – 2014 has been paid to all 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

PGIs 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 Saleem Iqbal Khawaja at Registrar Office and Mazhar Zahoor 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 / Revalid 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.

Book closure date

The register of members and share transfer books of the Company will remain close from April 23, 2014 to April 30, 2014 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.

Shareholders' Information

General meetings and voting rights

Pursuant to section 158 of the Companies Ordinance, 1984, PGI holds general meeting of shareholders atleast 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 1 English and 1 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 poll is demanded. Since fundamental voting principal is "one share one vote", voting takes place by a poll, if demanded. On 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 48 hours before the meeting.

Share Price Sensitivity Analysis

Specific factors that can affect share price are:

- **Earnings**

  News releases on earnings and profits and future estimated earnings develop investor interest in the stock of the Company;

- **Announcement of dividends**

  Expected distribution from earnings could increase the share prices in expectation of realization of profit on investments;

- **Introduction of new insurance product**

  This could lead to positive earnings growth which in return affects share prices;

- **Industry performance**

  Government policies, specific to industry like 'Takaful' business could result in movement of stock price;

- **Investor sentiment/confidence**

  Positive economic reforms can attract investors;

- **Economic and other shocks**

  An economic outlook could include expectations for inflation, productivity growth, unemployment and balance of trade. Changes around the world can affect both the economy and stock prices. An act of terrorism can also lead to a down turn in economic activity and a fall in stock prices; and

- **Government policies**

  Government policies could be perceived as positive or negative for businesses. The policies may lead to changes in inflation and interest rates, which inturn may affect stock prices.

PGI

Pattern of Shareholding as on December 31, 2013

Number of shareholders	------------- Shareholding ------------- From	To	Total shares held
246	1	100	3,228
118	101	500	34,064
413	501	1,000	377,661
110	1,001	5,000	273,437
15	5,001	10,000	113,494
6	10,001	15,000	83,625
13	15,001	20,000	233,630
3	25,001	30,000	84,375
4	30,001	35,000	134,311
11	35,001	40,000	412,332
1	40,001	45,000	41,250
2	45,001	50,000	93,750
2	50,001	55,000	103,136
1	55,001	60,000	56,250
2	70,001	75,000	147,442
8	90,001	95,000	748,830
2	95,001	100,000	193,311
1	100,001	105,000	105,000
2	110,001	115,000	225,000
1	130,001	135,000	131,250
1	140,001	145,000	140,625
1	145,001	150,000	150,000
2	155,001	160,000	318,750
1	160,001	165,000	164,061
2	170,001	175,000	348,576
3	185,001	190,000	562,500
1	200,001	205,000	201,136
4	205,001	210,000	828,750
3	220,001	225,000	673,974
2	240,001	245,000	487,500
1	295,001	300,000	300,000
1	325,001	330,000	328,125
1	370,001	375,000	375,000
1	380,001	385,000	382,690
1	385,001	390,000	385,311
1	390,001	395,000	393,750
1	420,001	425,000	420,936
5	445,001	450,000	2,237,022
1	460,001	465,000	461,952
1	470,001	475,000	470,625
1	505,001	510,000	506,250
1	545,001	550,000	545,475
1	580,001	585,000	581,250
1	595,001	600,000	600,000
1	605,001	610,000	609,375
1	695,001	700,000	699,375
1	855,001	860,000	859,297
1	875,001	880,000	879,375
1	880,001	885,000	883,125
1	935,001	940,000	938,436
1	945,001	950,000	946,875
2	965,001	970,000	1,936,403
2	1,010,001	1,015,000	2,025,922
1	1,140,001	1,145,000	1,140,936
1	1,245,001	1,250,000	1,245,936
1	1,260,001	1,265,000	1,260,595
1	1,620,001	1,625,000	1,624,472
1	1,645,001	1,650,000	1,649,947
1	1,680,001	1,685,000	1,683,996
1	1,735,001	1,740,000	1,738,551
1	1,915,001	1,920,000	1,917,750
1,018			37,500,000

Pattern of Shareholding

Additional information

Shareholders' category	Number	Shareholding	% age
Directors, chief executive and family	15	15 373 871	40.9970%
NIT and ICP	2	1 873	0.0050%
Joint stock companies	7	109 716	0.2926%
Shares held by general public – local	994	22 014 540	58.7054%
Total	1 018	37 500 000	100.0000%

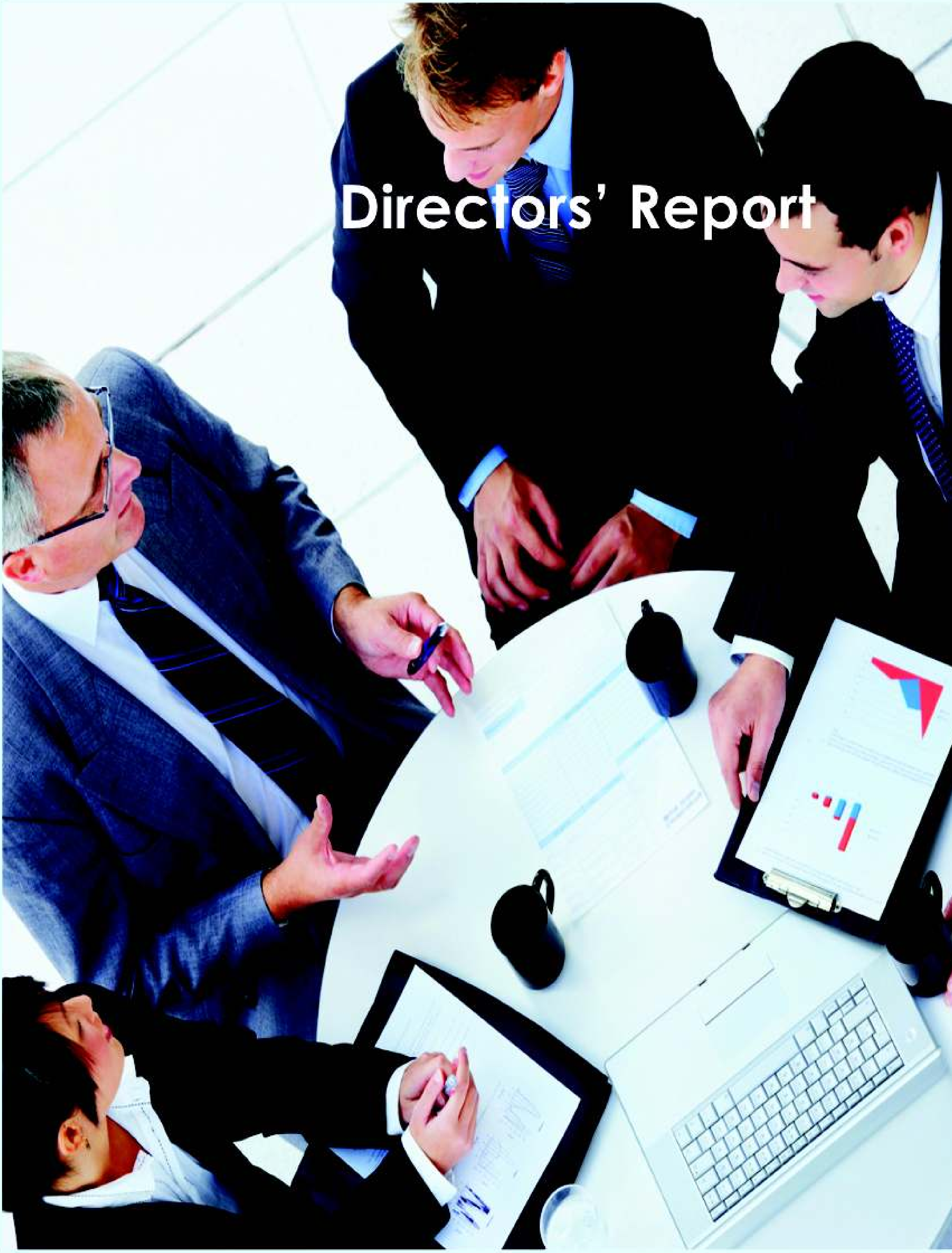
Categories of shareholders as required under code of corporate governance as at December 31, 2013

Categories of shareholders	Share held	% age
Chief Executive Officer, Directors, Executives their spouse and minor children		
Ch. Manzoor Ahmed	946 875	2.5250%
Ch. Zahoor Ahmed	2 006 496	5.3507%
Dr. Mehmmod-ul-Haq	1 011 561	2.6975%
Muhammad Saleem	1 014 361	2.7050%
Ghulam Mustafa	448 125	1.1950%
Muazzam Gul	187 500	0.5000%
Ather Zahoor	1 738 551	4.6361%
Nasir Ali	1 936 500	5.1640%
Rehan Beg	159 375	0.4250%
Mrs. Qaiser Sultana w/o Ch. Manzoor Ahmed	206 250	0.5500%
Mrs. Perveen Akhter w/o Ch. Zahoor Ahmed	2 509 244	6.6913%
Mrs. Khalida Perveen w/o Muhamamd Saleem	609 375	1.6250%
Mrs. Tehmina Gull w/o Muazzam Gul	95 811	0.2555%
Mrs. Asma Ather w/o Ather Zahoor	1 624 472	4.3319%
Mrs. Mehwish Nasir w/o Nasir Ali	879 375	2.3450%
Shareholders holding 5% or more voting interests		
Ch. Zahoor Ahmed	2 006 496	5.3507%
Mrs. Perveen Akhter w/o Ch. Zahoor Ahmed	2 509 244	6.6914%
Nasir Ali	1 936 500	5.1640%

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

No trade in the shares of the Company (except for bonus shares transaction) 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 66th annual report of your Company, together with the audited financial statements for the year ended December 31, 2013.

Economic overview

· Country review

According to the State Bank of Pakistan, the gross domestic product ('GDP') growth rate for the current fiscal year 2012-2014 will be in the range of 3% to 4% against the official projection of 4.4%. Once again, Pakistan's economy is expected to under-perform compared to the region. Overall fiscal deficit is estimated to be in the range of 7% of GDP against the budgetary target of 6.3%. The indicated current account deficit of 1% to 2% of GDP is contingent upon a number of inflows including foreign exchange remittances by overseas Pakistanis. Fiscal 2013 was a frustrating year for the economy, with prospects for the current year being equally grim. The low tax to GDP ratio will continue to force the government to rely increasingly on the banking system to fund the budget deficit consequently slowing down credit disbursement to the private sector and badly hurt the real economy which is reeling in the face of acute energy crisis and a poor law and order situation.

· Insurance sector review

Gross premium of the non-life insurance market grew by 5% in 2012 to Rs. 44 billion. However, in 2013 the growth in premium is expected to be between 8% to 10%. Thus after a gap of many years, growth in the non-life insurance market is expected to match rather than lag behind the rate of inflation.

The unsatisfactory rate of premium growth will continue to place rate competition especially in Marine and Motor portfolios under further pressure. Floods in August and some major claims are forcing the maintain fire premium rates. The market in keenly awaiting the implementation of new Takaful and Microinsurance Rules for diversification and to increase revenues.

Company performance review 2013

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 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

- Customer-driven business focus;
- Financial and investment strategy based on further strengthening its asset base;
- 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. 27.288 million. Following is tabular analysis of the Company's results at a glance.

	2013	2012
	- Rupees in '000 -	
Gross written premium	330,443	383,764
Net premium	176,568	228,961
Underwriting result	16,650	135,026
Return on investments (including properties)	38,787	31,677
Profit after tax	27,288	109,474
Earnings per share (Rs.)	0.73	2.92

Report of Directors to the Members

The segment-wise performance was as follows –

Fire and property damage

The written premium is decreased by 7% to Rs. 192 million as compared to Rs. 207 million in 2012. The net premium is decreased by 28% due to variation in provisioning of unearned premiums dependent on the business written in different periods of the year. The tabular analysis is as under –

	2013	2012	---- Variation ----	
	---- Rupees in '000 ----			% age
Gross premium	192,254	206,530	(14,276)	-6.91%
Net premium	100,949	139,460	(38,511)	-27.61%
Net claims	(23,953)	(51,599)	27,647	-53.58%
Net expenses	(41,840)	(18,489)	(23,351)	126.30%
Net commission	(6,098)	2,316	(8,414)	-363.30%
Underwriting result	29,059	71,688	(42,629)	-59.47%
Net claim ratio	23.73%	37.00%		
Expense ratio	41.45%	13.26%		
Combined ratio	65.17%	50.26%		

Marine aviation and transport

The written premium is decreased by 22% to Rs. 76 million as compared to Rs. 98 million in 2012. The underwriting results were hampered by huge marine claim which resulted in the provisioning of premium deficiency reserve of Rs. 10 million. The tabular analysis is as under –

	2013	2012	---- Variation ----	
	---- Rupees in '000 ----			% age
Gross premium	76,149	98,233	(22,084)	-22.48%
Net premium	45,041	53,887	(8,845)	-16.41%
Net claims	(30,228)	(14,734)	(15,494)	105.16%
Net expenses	(26,637)	(8,794)	(17,843)	202.90%
Net commission	(5,342)	7,781	(13,123)	-168.65%
Underwriting result	(17,166)	38,139	(55,305)	-145.01%
Net claim ratio	67.11%	27.34%		
Expense ratio	59.14%	16.32%		
Combined ratio	126.25%	43.66%		

Motor

The written premium is decreased by 15% to Rs. 10.9 million as compared to Rs. 12.9 million in 2012. The tabular analysis is as under –

	2013	2012	---- Variation ----	
	---- Rupees in '000 ----			% age
Gross premium	10,925	12,913	(1,988)	-15.39%
Net premium	10,871	11,832	(961)	-8.12%
Net claims	(1,238)	(701)	(537)	76.69%
Net expenses	(2,378)	(1,156)	(1,222)	105.68%
Net commission	(1,348)	(1,327)	21	1.60%
Underwriting result	5,907	8,648	(2,741)	-31.69%
Net claim ratio	11.39%	5.92%		
Expense ratio	21.87%	9.77%		
Combined ratio	33.26%	15.69%		

Miscellaneous

The written premium is decreased by 23% to Rs. 51 million as compared to Rs. 66 million in 2012. The tabular analysis is as under –

	2013	2012	---- Variation ----	
	---- Rupees in '000 ----			% age
Gross premium	51,115	66,088	(14,973)	-22.66%
Net premium	19,707	23,783	(4,076)	-17.14%
Net claims	(9,582)	(7,867)	(1,714)	21.79%
Net expenses	(11,124)	(5,916)	(5,208)	88.03%
Net commission	(151)	6,552	(6,703)	-102.31%
Underwriting result	(1150)	16,552	(17,702)	-106.95%
Net claim ratio	48.62%	33.08%		
Expense ratio	56.45%	24.87%		
Combined ratio	105.07%	57.95%		

The underwriting results were badly deteriorated due to huge write offs of recoverable party balances amounting to Rs. 41.650 million as compared to Rs. 4.173 million in 2012.

Moreover, Company had tightened its overall philosophy towards writing of risks, which resulted in low generation of gross premium written during the year, however, same was coupled by writing off parties who defaulted in making payments due to liquidity constraints against the premium written in prior periods.

Report of Directors to the Members

Investments and related income

- Equity and Other Investments

During the current year, in line with its diversification policy, the Company had invested in establishing schools amounting to Rs. 45 million by joining hands with Bloomfield School (total investment of PGI in joint arrangement is 35%). 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. 82.553 million as at December 31, 2013 against Rs. 72.650 million 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. The Company has generated net income from investments to the tune of Rs. 33.056 million as compared to Rs. 12.432 million registering a growth of 166% over 2012.

- Investment Properties

During the year, the directors of your Company had decided to invest more in properties for short-term purposes to generate capital gains. In view of the same two properties were acquired which are shown under advances as the titles of the same are not transferred in the name of the Company. The Company has generated rental income of Rs. 5.731 million as compared to Rs. 7.406 million in previous year.

Insurer Financial Strength (IFS) Rating

Both the credit rating companies operating in Pakistan, JCR VIS Credit Rating Agency and PACRA has assigned your Company, an "Insurer Financial Strength" (IFS) Rating of "A-" and a Stable Outlook, on the basis of financial statements for the year 2012 and financial statements for the half year period ended June 2013.

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.

Report of Directors to the Members

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 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

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”.

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 equivalents of Rs. 109.622 million against Rs. 197.179 million in 2012.

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

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.

Report of Directors to the Members

Earnings per share

Your Company has reported earnings per share of Rs. 10 each at Rs. 0.73 in 2013 as compared Rs. 2.92 in 2012.

Board & 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.

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.

· 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 the Members

- ## 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.

- ## 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.

Report of Directors to the Members

Appropriations and dividends

The amount available for appropriations is as under:

	Rs. in 000
At beginning of the year	9 153
Total comprehensive income	27 584
Amount available	36 737

Dividend has not been declared for the year due to the small amount of earnings.

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 (except for the provision of the Code regarding Directors' Training Program, as detailed in 'Statement of Compliance with the Code of Corporate Governance').

· Corporate and financial reporting framework

The directors confirm 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 the 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, 2013 is Rs. 0.500 million.

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 & 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.

Report of Directors to the Members

- ## Pattern of shareholding

Statement of pattern of shareholding of the Company as on December 31, 2013 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, 2013.

- ## Board of directors

The directors of your Company were elected at the annual general meeting of the Company held on April 30, 2013 for a term of three years expiring on April 30, 2016.

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. Nasir Ali	3/3
4. Usman Ali	2/2
5. Ghulam Mustafa	5/5
6. Muhammad Saleem	5/5
7. Mazhar Zahoor	2/2
8. Muazzam Gul	3/3
9. Mehmood-ul-Haq	4/5
10. Ather Zahoor	5/5
11. Rehan Beg	5/5

The management of the company has submitted a booklet to the board of directors on August 28, 2103 to consider it as an orientation course for its directors and to apprise them of their duties and responsibilities. However, no training from approved institutions have been carried out during the year, which shall be undertaken during the current year.

- ## 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.

- ## 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.

Report of Directors to the Members

- Auditors

The present auditors M/s. Rehman Sarfraz Rahim Iqbal Rafiq, 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 re-appointment of the both retiring auditors as joint auditors of the Company for the year 2014, 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. 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 7, 2014

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 independent non-executive Directors and Directors representing minority interests on its Board. At present the Board includes:

   Non-executive directors
   - a) Independent directors
     - Rehan Beg
     - Mehmood-ul-Haq
     - Muazzam Gul
   - b) Other non-executive directors
     - Ch. Manzoor Ahmed
     - Ather Zahoor
     - Nasir Ali

   Executive directors
     - Ch. Zahoor Ahmed
     - Ghulam Mustafa
     - Muhammad Saleem

2. The Directors have confirmed that none of them is serving as a Director in more than five listed companies including this Company.

3. No casual vacancies occurred on the Board during the year.

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

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.

9. The management of the Company has submitted a Booklet to the Board of Directors on 28 August 2013 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. The Company has not arranged for the training program from approved institution during the year. However, same will be ensured in ensuing year.

10. There was no new appointment of CFO and Corporate Secretary or Head of Internal Audit during the year.

Statement of Compliance with the Code of Corporate Governance

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code 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.

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 (except as disclosed in para 9) contained in the Code have been complied with.

For and on behalf of the Board

Ch. Manzoor Ahmed

Chairman

Lahore: April 7, 2014

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED to comply with the Listing Regulations of the respective Stock 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 of Compliance 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 of Directors' statement on internal control covers all risks and controls, or to form an opinion on effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee and upon recommendation of the Audit Committee place before the Board of Directors for their review and approval 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. 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 upon recommendation of 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 of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2013.

Further, we highlight instance of non-compliance with the requirement of the Code as referred in paragraph 09 "Directors Training Program" in statement of compliance with the code of corporate governance.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement partner: A. Rahman Mir (FCA)
Lahore, April 7, 2014

Kamran & Co.
Chartered Accountants
Engagement Partner: Kamran Fatah (FCA)
Lahore, April 7, 2014

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 as at December 31, 2013 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984 and accurately reflect the books and records of the Company and are further in accordance with 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, 2013, and of the profit / comprehensive income, 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) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Other Matters:

The financial statements for the year ended December 31, 2012 were audited by another firm of chartered accountants who issued report dated April 4, 2013. The aforesaid auditors' report expressed an unqualified opion.

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
Engagement partner: A. Rahman Mir (FCA)
Lahore, April 7, 2014

Kamran & Co.
Chartered Accountants
Engagement Partner: Kamran Fatah (FCA)
Lahore, April 7, 2014

PGI

Balance Sheet
As At December 31, 2013

	Note	2013	2012
		---------- Rupees ---------	
Share capital and reserves			
Authorized share capital			
40,000,000 (2012: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid-up share capital	4	375,000,000	300,000,000
Un-appropriated profit		36,737,102	9,152,858
General reserves	5	115,000,000	190,000,000
Total equity		526,737,102	499,152,858
Surplus on revaluation of fixed assets	6	10,135,149	10,431,506
Underwriting provisions			
Provision for outstanding claims (including IBNR)		49,670,324	5,550,334
Provision for unearned premium		165,325,294	164,367,433
Additional provision for unexpired risks		10,064,523	-
Commission income unearned		15,579,024	18,859,723
Total underwriting provisions		240,639,165	188,777,490
Deferred liability			
Deferred taxation	7	6,710,323	4,199,027
Creditors and accruals			
Amounts due to other insurers /reinsurers		5,806,153	4,583,963
Accrued expenses		2,745,510	1,253,060
Taxation - provision less payments	8	5,785,366	18,616,569
Other creditors	9	8,620,946	7,323,883
Current portion of liabilities against assets subject to finance lease	10	93,872	243,952
		23,051,847	32,021,427
Other liabilities			
Liabilities against assets subject to finance lease	10	-	93,872
Unpresented dividends warrants		235,913	235,913
		235,913	329,785
Total liabilities		270,637,248	225,327,729
Total equity and liabilities		807,509,499	734,912,093
Contingencies and commitments	11		

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

Chairman	**Chief Executive / Principal Officer**	**Director**	Director
(Ch. Manzoor Ahmed)	**(Ch. Zahoor Ahmed)**	**(Ghulam Mustafa)**	(Ather Zahoor)

Balance Sheet
As At December 31, 2013

	Note	2013	2012
		---------- Rupees ---------	
Cash and bank deposits			
Cash and other equivalents	12	152,218	190,740
Current and other accounts		17,969,957	113,480,085
Deposits maturing within 12 months	13	54,000,000	53,508,000
Deposits maturing after 12 months	14	37,500,000	30,000,000
		109,622,175	197,178,825
Loans - unsecured; considered good			
To employees		203,826	220,286
Investments	15	82,552,908	72,650,216
Investment properties	16	110,624,393	116,446,729
Current assets - others			
Premiums due but unpaid -net- unsecured	17	196,969,965	166,979,502
Amounts due from other insurers / reinsurers - unsecured		40,562,226	6,755,572
Accrued investment income		427,233	-
Reinsurance recoveries against outstanding claims		3,717,408	3,808,815
Deferred commission expense		22,937,390	22,041,447
Prepaid reinsurance premium ceded		72,657,225	70,842,781
Advances for purchase of buildings	18	92,000,000	-
Sundry receivables		1,469,282	449,612
		430,740,729	270,877,729
Fixed assets			
Owned			
- land and buildings		52,968,347	55,756,155
- furniture, fixtures and office equipment		3,934,784	4,300,110
- vehicles		16,245,952	16,756,884
		73,149,083	76,813,149
Assets subject to finance lease			
- vehicles		616,385	725,159
	19	73,765,468	77,538,308
TOTAL ASSETS		807,509,499	734,912,093

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

Chairman	Chief Executive / Principal Officer	Director	Director
(Ch. Manzoor Ahmed)	(Ch. Zahoor Ahmed)	(Ghulam Mustafa)	(Ather Zahoor)

Profit and Loss Account / Statement of Comprehensive Income For the Year Ended December 31, 2013

	Fire and property damage	Marine, aviation and transport	Motor	Others	Note	Aggregate 2013	Aggregate 2012
	---------- Rupees ----------					-------- Rupees --------	
Revenue account							
Net premium revenue	100,949,206	45,041,297	10,870,739	19,707,005	20	176,568,247	228,961,457
Net claims	(23,952,801)	(30,228,411)	(1,237,818)	(9,581,681)		(65,000,711)	(74,901,500)
Premium deficiency expenses	-	(10,064,523)	-	-		(10,064,523)	-
Expenses	(41,839,916)	(16,572,188)	(2,377,620)	(11,124,138)	21	(71,913,862)	(34,355,369)
Net commission	(6,097,915)	(5,341,824)	(1,348,237)	(151,383)		(12,939,359)	15,322,110
Underwriting result	29,058,575	(17,165,649)	5,907,064	(1,150,198)		16,649,792	135,026,698
Investment income						33,056,025	12,432,216
Rental income						5,730,600	7,405,800
Other operating income					22	1,848,916	11,839,551
Finance cost					23	(433,004)	(491,663)
General and administration expenses					24	(37,822,011)	(35,234,411)
						2,380,526	(4,048,507)
Profit before tax						19,030,318	130,978,191
Provision for taxation					25	8,257,569	(21,504,010)
Profit for the year						27,287,887	109,474,181
Other comprehensive income:							
Items that may not be subsequently reclassified to Profit and Loss Account							
Incremental depreciation on revalued assets, net of tax						296,357	311,955
Items that may be subsequently reclassified to Profit and Loss Account						-	-
Other comprehensive income for the year, net of tax						296,357	311,955
Total comprehensive income for the year						27,584,244	109,786,136
Profit and loss appropriation account							
Balance at beginning of the year						9,152,858	4,366,722
Total comprehensive income for the year						27,584,244	109,786,136
Final dividend for 2012 - Nil (2011: Rs. 0.50 per share)						-	(15,000,000)
Transferred to general reserves						-	(90,000,000)
Balance at end of the year						36,737,102	9,152,858
Earning per share - basic and diluted					28	0.73	2.92

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

Chairman	**Chief Executive / Principal Officer**	**Director**	Director
(Ch. Manzoor Ahmed)	**(Ch. Zahoor Ahmed)**	**(Ghulam Mustafa)**	(Ather Zahoor)

Statement Of Changes In Equity
For The Year Ended December 31, 2013

	Share capital	General reserves	Un-appropriated profit	Total
	----------	---------- Rupees	----------	----------
Balance as at January 1, 2012	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
Total comprehensive income for the year				
Profit for the year	-	-	27,287,887	27,287,887
Other comprehensive income for the year	-	-	296,357	296,357
	-	-	27,584,244	27,584,244
Transactions with owners, recorded directly in equity				
Bonus shares @ 25% issued during the year	75,000,000	(75,000,000)	-	-
	75,000,000	(75,000,000)	-	-
Balance as at December 31, 2013	375,000,000	115,000,000	36,737,102	526,737,102

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

Chairman	**Chief Executive / Principal Officer**	**Director**	Director
(Ch. Manzoor Ahmed)	**(Ch. Zahoor Ahmed)**	**(Ghulam Mustafa)**	(Ather Zahoor)

PGI

Statement of Cash Flows
For the Year Ended December 31, 2013

		2013	2012
		------------- Rupees	-----------
Operating cash flows			
a)	Underwriting activities		
	Premiums received	258,802,418	388,940,074
	Reinsurance premiums paid	(187,315,806)	(168,690,208)
	Claims paid	(177,141,328)	(185,209,711)
	Reinsurance and other recoveries received	156,352,013	110,419,714
	Commissions paid	(50,105,550)	(51,394,110)
	Commissions received	32,989,549	44,410,637
	Net cash inflow from underwriting activities	33,581,296	138,476,396
b)	Other operating activities		
	Income tax paid	(2,062,338)	(1,586,383)
	General and management expenses paid	(54,877,497)	(51,977,676)
	Loans to employees	16,460	(27,050)
	Other operating receipts in respect of operating assets	3,181,572	60,943
	Other operating payments on operating assets	(1,067,316)	(8,098,543)
	Net cash out flow from other operating activities	(54,809,119)	(61,628,709)
Total cash inflow / (outflow) from all operating activities (a+b)		(21,227,823)	76,847,687
Investing activities			
Profit on Term Depoit Receipts		8,153,628	8,166,195
Dividends received		1,041,780	986,300
Rentals received		5,730,600	7,405,800
Miscellaneous income		12,054	9,301
Payments for investments		(62,767,754)	(24,349,871)
Proceeds from encashment of investments		76,298,446	-
Fixed capital expenditure		(2,120,625)	(13,135,738)
Proceeds from disposal of investment properties		-	38,000,000
Advance for purchase of buildings		(92,000,000)	
Total cash inflow from investing activities		(65,651,871)	17,081,987
Financing activities			
Dividends paid		-	(14,768,938)
Financial charges paid		(433,004)	(389,593)
Repayments of finance lease liabilities		(243,952)	(196,168)
Total cash out flow from financing activities		(676,956)	(15,354,699)
Net cash (outflow)/inflow from all activities		(87,556,650)	78,574,975
Cash at beginning of the year		197,178,825	118,603,850
Cash at end of the year		109,622,175	197,178,825

Statement of Cash Flows
For the Year Ended December 31, 2013

	2013	2012
	------------ Rupees ---------	
Reconciliation to profit and loss account		
Operating cash flows	(21,227,823)	76,847,687
Depreciation expense	(11,715,801)	(12,017,773)
Reversal / (provision) for impairment - available for sale	232,327	1,908,533
Provision for doubtful receivables	(41,650,125)	(4,173,458)
Doubtful debts written off	43,218,866	-
Workers' welfare fund	-	(1,054,323)
Finance cost	(433,004)	(491,663)
Investment income	31,781,918	9,537,383
Rental income	5,730,600	7,405,800
Dividend income	1,041,780	986,300
Other operating income	1,848,916	11,839,551
Increase / (Decrease) in assets other than cash	65,850,566	(48,045,250)
Increase / (Decrease) in liabilities	(47,390,333)	66,731,394
Profit after taxation as per profit and loss account	27,287,887	109,474,181
Definition of cash		
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	152,218	190,740
Current and other accounts	17,969,957	113,480,085
Deposits maturing within 12 months	54,000,000	53,508,000
Deposits maturing after 12 months	37,500,000	30,000,000
	109,622,175	197,178,825

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

Chairman	Chief Executive / Principal Officer	Director	Director
(Ch. Manzoor Ahmed)	(Ch. Zahoor Ahmed)	(Ghulam Mustafa)	(Ather Zahoor)

Statement Of Premiums
For The Year Ended December 31, 2013

Business underwritten inside Pakistan

Class of business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2013	2012
	Rupees									
Direct and facultative										
Fire and property damage	192,253,721	85,624,064	96,228,145	181,649,640	89,922,685	32,774,831	41,997,082	80,700,434	100,949,206	139,459,945
Marine, aviation and transport	76,148,931	42,974,743	37,626,848	81,496,826	32,718,205	19,913,786	16,176,462	36,455,529	45,041,297	53,886,515
Motor	10,925,125	6,050,404	5,249,918	11,725,611	854,872	-	-	854,872	10,870,739	11,831,542
Miscellaneous	51,115,229	29,718,222	26,220,383	54,613,068	31,235,580	18,154,164	14,483,681	34,906,063	19,707,005	23,783,455
Total	330,443,006	164,367,433	165,325,294	329,485,145	154,731,342	70,842,781	72,657,225	152,916,898	176,568,247	228,961,457

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

Chairman	**Chief Executive / Principal Officer**	**Director**	Director
(Ch. Manzoor Ahmed)	**(Ch. Zahoor Ahmed)**	**(Ghulam Mustafa)**	(Ather Zahoor)

Statement Of Claims
For The Year Ended December 31, 2013

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 revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2013	2012
	Rupees									
Direct and facultative										
Fire and property damage	91,960,000	2,257,500	-	89,702,500	67,154,229	1,404,530	-	65,749,699	23,952,801	51,599,308
Marine, aviation and transport	60,686,000	2,856,371	47,691,371	105,521,000	74,354,466	2,404,285	3,342,408	75,292,589	30,228,411	14,734,302
Motor	220,328	436,463	1,453,953	1,237,818	-	-	-	-	1,237,818	700,576
Miscellaneous	24,275,000	-	525,000	24,800,000	14,843,319	-	375,000	15,218,319	9,581,681	7,867,314
Total	177,141,328	5,550,334	49,670,324	221,261,318	156,352,014	3,808,815	3,717,408	156,260,607	65,000,711	74,901,500

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
(Ather Zahoor)

Statement Of Expenses
For The Year Ended December 31, 2013

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					2013	2012
	Rupees								
Direct and facultative									
Fire and property damage	29,551,335	9,222,731	13,627,912	25,146,154	41,839,916	66,986,070	19,048,239	47,937,831	16,172,863
Marine, aviation and transport	11,391,161	8,162,656	5,240,056	14,313,761	16,572,188	30,885,949	8,971,937	21,914,012	1,013,479
Motor	1,669,685	422,817	744,265	1,348,237	2,377,620	3,725,857	-	3,725,857	2,483,001
Miscellaneous	7,493,369	4,233,243	3,325,157	8,401,455	11,124,138	19,525,593	8,250,072	11,275,521	(636,084)
Total	50,105,550	22,041,447	22,937,390	49,209,607	71,913,862	121,123,469	36,270,248	84,853,221	19,033,259

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

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
(Ather Zahoor)

Statement of Investment Income
For the Year Ended December 31, 2013

	Note	2013	2012
		----------- Rupees ---------	
Income from non - trading investments			
Available for sale			
Dividend income		1,041,780	986,300
Held to maturity			
Return on Defense Saving Certificates		1,958,761	1,371,188
Profit on bank deposits		9,088,274	8,263,594
Gain/Loss on sale of non trading investments- available for sale		21,242,296	-
Reversal / (provision) for impairment - available for sale	15	232,327	1,908,533
Investment related expenses		(507,413)	(97,399)
Net investment income		33,056,025	12,432,216

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

Chairman	Chief Executive / Principal Officer	Director	Director
(Ch. Manzoor Ahmed)	(Ch. Zahoor Ahmed)	(Ghulam Mustafa)	(Ather Zahoor)

Notes to the Financial Statements
For the Year ended December 31, 2013

1 STATUS AND NATURE OF BUSINESS

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.

SECP has allowed insurance companies to defer the application of Internation Accounting Standards-39 (IAS 39) "Financial Instruments: Recognition and Measurement" in respect of investments available for sale until suitabe amendements have been made in the laws. Accordingly, the requirments of IAS 39, to the extant allowed by the SECP, have not been considered in the preparation of these financial statements.

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.

IAS 1	Presentation of Financial Statements - Presentation of items of other comprehensive income - (amended)
IAS 16	Property, Plant and Equipment - (amended)
IAS 19	Employee Benefits - (amended)
IAS 27	Consolidated and Separate Financial Statements. (amended)
IAS 28	Investment in associate (amended)
IAS 32	Financial Instruments-Presentation - (amended)
IFRIC 20	Stripping Costs in Production Phase of Surface Mine

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, 2013

Standard		IASB effective date (annual periods beginning on or after)
IFRS 1	First time adoption of international financial reporting standards- not notified by SECP	1 January 2013
IFRS 7	Financial Instruments : Disclosures - (Amendments) Deferral of mandatory effective date of IFRS 9 and Disclosure.	1 January 2015
IFRS 8	Operating Segments - (Amendments) Amendments resulting from Annual Improvement 2010-2012 (Aggregation of segments, reconciliation of segment assets)	1 July 2014
IAS 19	Employee Benefits - (Amendments) Amended to clarify the requirments that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014
IAS 24	Related Party Disclosures - (Amendments) Amendments resulting from Annual Improvement 2010-2012 (Aggregation of segments, reconciliation of segment assets)	1 July 2014
IAS 32	Financial Instruments-Presentation - (amended) Amendments resulting to offsetting of assets and liabilities	1 January 2014
IAS 36	Impairment of Assets - (Amendments) Amendements arising from recoverable amount disclousers for non financial assets.	1 January 2014
IAS 38	Intangible Assets- (Amendments) Amendments resulting from Annual Improvement 2010-2012 (proportionate restatement of accumulated depreciation on revaluation)	1 July 2014
IAS 39	Financial Instruments : Recognition and Amendments for novations of deratives	1 January 2014
IAS 40	Investment Property - (Amendments) Amendements resulting from Annual Improvements 2011-2013 Cycle.	1 July 2014
IFRS 9	Financial Instruments: Classification and Measurement Defferal of mandatory effective date of IFRS 9 and amendments to transition disclousres	1 January 2015
IFRIC 21	Levies	1 January 2014

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

Standards issued by IASB but not applicable in Pakistan

Following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The Company expects that these improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Standard		IASB effective date (annual periods beginning on or after)
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

Fourth Schedule to the Companies Ordinance, 1984

The Securities and Exchange Commission of Pakistan through SRO 183(I)/2013 has notified certain amendements in the fouth sehedule to the Companies Ordinance, 1984. These amendements have principally clarified certain matters, change some of the presentation and classification requirments and incorporated additional disclousre requirments.

The Company has adopted these changes which has resulted in additional disclosures made in the financial statements. However, no change in accounting policy was required and accordingly there was no impact on the amounts reported in these financial statements.

2.4 Basis of measurement

These financial statements have been prepared under 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.

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 premium - 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 off to nearest Pak Rupee, unless otherwise stated.

2.7 Reclassification 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.

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 other than those which fall under Treaty are included within the individual category of insurance contracts. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

Fire and Property insurance contracts mainly compensate the customers for 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 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 balance sheet date which is measured at undiscounted value of expected future payments. 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 in respect of unpaid reported claims is made on basis of individual case estimates. These are accounted for on management's best estimate which takes into account trends, expected future patterns of reporting claims actually reported subsequent to 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 nor 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 preceding year but reported up to current year were aggregated and the ratio of such claims to outstanding claims at precding year has been applied to outstanding claims except exceptional losses at current year 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, 2013

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.

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.

3.8 Taxation

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

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
c) Investment in associate

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.

c) Investment in associates

Entities in which the Company has significant influence but not control and which are neither its subsidiary nor joint ventures are associates and are accounted for by using the equity method of accounting. Under equity method of accounting, the investments are initially recognised at cost; thereafter its carrying amount is increased or decreased for the Company's share of post acquisition changes in the net assets of the associate and for dividend distributions.

The company's share of the profit and loss of the associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which are not recognised in the associates' profit and loss account are recognised directly in other comprehensive income of the Company.

After application of equity method, the carrying amount of investment in associate is tested for impairment by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount and loss, if any, is recognised in profit and loss account.

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. Commission on reinsurance cessions is 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.

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.

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.

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 during the period in which they are incurred.

Gains or losses on disposal of assets, if any, are included in profit and loss account 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.

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.

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

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.

All impairment losses are recognised in the profit and loss account. 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 financial assets and liabilities are recognised at the time when the Company becomes a party to contractual provisions of instrument and de-recognised when the Company looses 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 for the year.

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, miscellaneous and investment properties.

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 for cargo, 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.

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.

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 for the year.

The management considers that the unearned premium reserve for all classes of business (except 'marine, aviation and transport' segment) 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 inforce at the balance sheet date. Hence, no reserve (except 'marine, aviation and transport' segment) for the same has been made in these financial statements.

The deficiency in 'marine, aviation and transport' segment deficiency is recognized as an expense in the profit and loss account for the year by establishing a provision (premium deficiency reserve) to meet the deficit.

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, as reduced by 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.

Notes to the Financial Statements
For the Year ended December 31, 2013

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.

	2013	2012	2013	2012
	---------- 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	17,500,000	10,000,000	175,000,000	100,000,000
	37,500,000	30,000,000	375,000,000	300,000,000

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:

	2013	2012	2013	2012
	---------- Number --------		---------- Rupees --------	
At beginning of the year	30,000,000	30,000,000	300,000,000	300,000,000
Add: Bonus shares issued	7,500,000	-	75,000,000	-
At end of the year	37,500,000	30,000,000	375,000,000	300,000,000

	2013	2012
5 GENERAL RESERVES		
Balance at beginning of the year	190,000,000	100,000,000
Transfer from retained earnings	-	90,000,000
Less: Bonus shares issued during the year	(75,000,000)	-
Balance at end of the year	115,000,000	190,000,000

5.1 These represent distributable profits transferred and utilizable at the discretion of the board of directors.

	2013	2012
	---------- Rupees --------	
6 SURPLUS ON REVALUATION OF FIXED ASSETS		
Balance at beginning of the year	10,431,506	10,743,461
Less: Transferred to unappropriated profit in respect of incremental depreciation	(296,357)	(311,955)
Balance at end of the year	10,135,149	10,431,506

The latest revaluation of freehold land and building on freehold land was carried out by M/s. Muhammad Siddique Associates on December 31,2008. The said revaluation has been reassessed by the same independent valuers as on December 31, 2013 according to which there is no significant change in existing valuations. Hence no new adjustments would be required. The basis used for revaluation were as follows:

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

Notes to the Financial Statements
For the Year ended December 31, 2013

		2013	2012
		---------- Rupees --------	
7	DEFERRED TAXATION		
	Deferred tax liability on taxable temporary differences:		
	Tax depreciation allowance	8,505,893	10,198,011
	Finance lease	182,880	135,567
	Deferred tax asset on deductible temporary differences:		
	Provision for doubtful receivables	(1,598,863)	(5,192,924)
	Loss on re-measurement of available for sale investments	(379,587)	(941,627)
		6,710,323	4,199,027
8	TAXATION - PROVISION LESS PAYMENTS		
	Balance at beginning of the year	18,616,569	1,188,218
	Add: Charge for		
	- Current year	5,704,560	19,014,734
	- prior period taxation	(16,473,425)	-
	Less: Paid during the year	(2,062,338)	(1,586,383)
	Balance at end of the year	5,785,366	18,616,569
9	OTHER CREDITORS		
	Federal excise duty	2,886,345	4,190,077
	Federal insurance fee	399,751	467,158
	Worker's welfare fund	-	1,836,862
	Withholding tax payable	4,559,300	6,590
	Payable to staff provident fund	60,550	108,196
	Others	715,000	715,000
		8,620,946	7,323,883
10	LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
	Present value of minimum lease payments	93,872	337,824
	Less: current portion	93,872	243,952
		-	93,872

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% (2012: 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.

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

	2013	2012
Present value of minimum lease payments		
Not later than one year	93,872	243,952
Later than one year but not later than five years	-	93,872
	93,872	337,824

	2013	2012
	---------- Rupees --------	
Minimum lease payments		
Not later than one year	98,211	294,636
Later than one year but not later than five years	-	98,211
	98,211	392,847
Less: Finance cost allocated to future periods	4,339	55,023
	93,872	337,824
Less: Current portion	93,872	243,952
	-	93,872

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

	2013	2012
Maturity		
6 months or less	93,872	115,335
6 - 12 months	-	128,617
1 - 5 years	-	93,872
	93,872	337,824

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, Session and High Court amounting to Rs. 8.124 million (2012: Rs. 5.687 million). No provision has been made in these financial statements in respect of the aforementioned matters as the management is confident that the ultimate outcome of cases will be in favour of the Company.

11.2 The Company is defendant in a lawsuit of fire insurance claim amounting to Rs. 59.518 million (2012: Rs. 59.518 million). The Company has filed a counter claim of Rs. 1,000 million (2012: 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 favour of the Company.

11.3 Penalty of Rs. 457,584 has been levied for late filing of monthly income tax statements for tax year 2011. Appeal has been filed, with the Honourable Appellate Tribunal Inland Revenue against orders.

While finalizing the assessments for the assessment years 2000 - 2001 and 2002 - 2003, certain disallowances were made 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 by Pakistan General Insurance Company Limited. 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 counsel of the Company is of the view that there is every likelihood of the cases to be decided in favour of the Company.

11.4 Appeals have been filed with the Commissioner Inland Revenue (Appeals) against penalty orders under section 182 of the Income Tax Ordinance, 2001 for the tax years 2013 and 2014, whereby penalties of Rs. 14,813,406 and Rs. 13,400,000 respectively have been imposed on the Company.

11.5 The Company is defendant in a lawsuit of Marine insurance claim amounting to Rs. 64 million before the Federal Insurance Ombudsman against Shaikh Pipe Mills. However provision in respect of the said liability has been included in these financial statements under provision for outstanding claims amounting to Rs. 41.2 million.

			2013	2012
			---------- Rupees --------	
12	CASH AND OTHER EQUIVALENTS			
	Cash with State Bank of Pakistan	- note 12.1	61,358	61,358
	Cash in hand		90,860	129,382
			152,218	190,740

12.1 Cash with State Bank of Pakistan

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

13 DEPOSITS MATURING WITHIN 12 MONTHS

This represents Term Deposit Receipts (TDR's) with Bank of Punjab maturing within one year. It carries mark up at the rate of 11.50% (2012: 10.50% to 11.00%) per annum.

14 DEPOSITS MATURING AFTER 12 MONTHS

These represent 10 year Pakistan Investment Bonds carrying mark-up of 9.60% (2012: 9.60%) per annum. These are deposited with State Bank of Pakistan pursuant to the requirements of clause (a) of sub - section 2 of section 29 of Insurance Ordinance, 2000.

			2013	2012
15	INVESTMENTS			
	Available for sale investments			
	Ordinary equity securities	- note 15.1	19,492,242	58,154,142
	Less: Provision for impairment		1,084,533	2,690,364
			18,407,709	55,463,778
	Held to maturity - Defence Saving Certifictes	- note 15.2	19,145,199	17,186,438
	Loans and receivables			
	Investment in Blomfield School	- note 15.3	45,000,000	-
			82,552,908	72,650,216

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

As per the Company's accounting policy and in accordance with the requirements of SEC (Insurance) Rules 2002 available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Accordingly, had these investments been measured at fair value, their carrying value as on 31 December 2013 would have been higher by Rs.4,354,825 (2012: higher by Rs. 20,673,390).

15.2 These carry mark-up at the rate of 9.46% per annum (2012: 9.46%) compounding annually. These are maturing on February 15, 2016.

15.3 The Company entered into loan investment agreement with M/s Blomfield School on October 29, 2013 for Rs. 45 million for its educational institutation in Model Town, Lahore. The amount of laon is 35% of total investment in the said instituation. The term of loan would expire on December 31, 2014 and is renewable on expiration. The mark up would be payable after expiration of grace period upto December 31, 2013 and with effect from January 01,2014 at the rate of one year KIBOR plus one and half percent per annum or proportionate profit generated from the said instituation whichever is higher.

Notes to the Financial Statements
For the Year ended December 31, 2013

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	
	2013	2012	2013	2012	2013	2012	2013	2012
	------ Number---------		---------------------------------- Rupees ----------------------------------					
Automobile and Parts								
Indus Motor company Limited	-	8,000	-	1,686,440	-	2,160,000	-	1,686,440
Banks								
Bank Al-Falah Limited	31,787	20,000	765,723	447,945	859,520	336,400	765,723	336,400
The Bank of Khyber Limited	89,235	80,000	511,871	446,580	669,263	569,600	511,871	446,580
The Bank of Punjab Limited	100,000	100,000	782,830	782,830	1,102,000	1,070,000	782,830	782,830
KASB Bank Limited	222,000	60,000	575,320	274,000	426,240	145,800	426,240	145,800
NIB Bank Limited	285,000	75,000	1,098,172	573,172	666,900	197,250	666,900	197,250
Silk Bank Limited	177,398	70,000	397,532	167,700	372,536	159,600	372,536	159,600
Allied Bank Limited	-	15,000	-	962,950	-	1,102,350	-	962,950
Askari Bank Limited	95,360	36,000	1,194,378	544,980	1,335,040	619,920	1,194,378	544,980
Habib Bank Limited	5,000	13,000	818,200	1,682,380	833,150	1,531,530	818,200	1,531,530
MCB Bank Limited	-	11,500	-	2,262,490	-	2,412,240	-	2,262,490
Soneri Bank Limited	165,218	35,000	1,411,734	226,750	1,805,833	248,150	1,411,734	226,750
National Bank of Pakistan	450	-	25,898	-	26,127	-	25,898	-
Meezan Bank Limited	13,640	-	549,556	-	537,143	-	537,143	-
JS Bank Limited	125,000	10,000	521,850	17,000	562,500	58,700	521,850	17,000
Standard Chartered Bank Pakistan Limited	10,000	10,000	84,800	84,800	249,000	124,200	84,800	84,800
IGI Bank Limited	3,000	-	4,950	-	5,010	-	4,950	-
Faysal Bank Limited	50,000	-	542,500	-	569,500	-	542,500	
Samba Bank Limited	100,000	-	419,000	-	472,000	-	419,000	-
Habib Metropolitan Bank Limited	28,000	-	714,280	-	701,960	-	701,960	-
Summit Bank Limited	266,450	-	596,848	-	572,868	-	572,868	-
Bank Al Habib Limited	11,650	-	491,048	-	484,058	-	484,058	-
Bank Islami Limited	150,000	-	1,176,000	-	1,041,000	-	1,041,000	-
Chemicals								
Fauji Fertilizer Company Limited	5,000	5,000	348,080	348,080	559,800	585,700	348,080	348,080
Dewan Salman Fiber Limited	1,300	20,000	2,902	44,640	3,406	48,000	2,902	44,640
Biafo Industries Limited	1,000	1,500	55,197	82,795	95,500	133,875	55,197	82,795
Clariant Pakistan Limited	-	500	-	108,065	-	129,100	-	108,065
Engro Corporation Limited	5,000	10,000	533,950	1,067,900	791,900	920,400	533,950	920,400
Construction and Materials								
DG Khan Cement Co. Limited	10,200	10,000	487,696	471,016	874,446	545,800	487,696	471,016
Fauji Cement Co. Limited	50,000	50,000	343,920	343,920	797,500	327,000	343,920	327,000
Lucky Cement Limited	4,200	11,500	497,123	1,361,170	1,259,454	1,742,710	497,123	1,361,170
Zeal Pak Cement Factory Limited	18,000	-	7,920	-	7,920	-	7,920	-
Lafarge Pakistan Cemet Limited	86,000	-	705,200	-	718,960	-	705,200	-
Dadabhoy Cement Industries Limited	1,500	1,500	16,650	16,650	9,690	3,780	9,690	3,780
Maple Leaf Cement Factory Limited	15,000	-	403,500	-	411,450	-	403,500	-
Shabbir Tiles & Ceramics Limited	3,058	12,000	62,914	246,882	27,216	103,800	27,216	103,800
Electricity								
The Hub Power Co. Limited	12,000	12,000	399,915	399,915	728,640	542,880	399,915	399,915
Equity Investment Instruments								
Schon Modaraba Limited	-	5,850	-	58,500	-	3,510	-	3,510
Modaraba Al-Mali	35,026	35,000	70,044	70,000	54,641	56,700	54,641	56,700
Financial Services								
Standard Chartered Leasing Limited	500	500	5,925	5,925	3,500	2,975	3,500	2,975
Fixed Line Telecommunication								
Pakistan Telecommunication Co. Limited	20,000	20,000	526,200	526,200	568,800	347,000	526,200	347,000
Food Producers								
Noon Sugar Mills Limited	6,000	10,000	151,290	252,150	169,860	244,900	151,290	244,900
Unilever Pakistan Foods Limited	-	3,500	-	20,353,929	-	35,350,000	-	20,353,929
Mitchell's Fruits 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 Multiutilities								
SNGPL	21,172	20,150	655,560	634,343	450,964	468,488	450,964	468,488
Industrial Engineering								
Al Gazi Tractors Limited	-	9,000	-	1,960,252	-	2,145,420	-	1,960,252
Millat Tractors Limited	-	10,000	-	3,814,833	-	5,645,600	-	3,814,833
Industrial Transportation								
Pakistan International Airlines Corporation	80,000	-	687,200	-	670,400	-	670,400	-
Tri-star Shipping Lines Limited	-	7,400	-	74,000	-	6,660	-	6,660
Oil and Gas Producers								
Shell Pakistan Limited	-	5,000	-	1,416,345	-	680,950	-	680,950
Byco Petroleum Pakistan Limited	60,000	-	541,200	-	534,600	-	534,600	-
Pakistan State Oil Company Limited	-	4,000	-	1,046,740	-	928,840	-	928,840
Pakistan Oil Fields Limited	-	5,000	-	1,774,900	-	2,187,700	-	1,774,900
Personal Goods								
Nishat Mills Limited	-	2,270	-	184,995	-	144,940	-	144,940
Ibrahim Fibres Limited	900	9,000	40,899	408,990	62,550	433,350	40,899	408,990
Qayyum Spinning Mills Limited	-	10,000	-	100,000	-	4,000	-	4,000
Fatima Enterprises Limited	2,500	5,000	25,000	50,000	35,750	71,500	25,000	50,000
Pharma and Bio Tech								
Highnoon Laboratories Limited	2,500	2,500	204,375	204,375	296,325	118,750	204,375	118,750
Tobbaco								
Pakistan Tobacco Company Limited	600	9,500	37,092	587,290	337,614	641,820	37,092	587,290
	2,370,644	859,170	19,492,242	58,154,142	22,762,534	76,137,168	18,407,709	55,463,778

16 INVESTMENT PROPERTIES

16.1 Reconciliation of carrying values as at December 31, 2013

Owned assets		COST			ACCUMULATED DEPRECIATION			BOOK VALUE	Annual rate of dep.
		As at Jan 1, 2013	Additions / (disposals)	As at Dec 31, 2013	As at Jan 1, 2013	Charge for the year	As at Dec 31, 2013	As at Dec 31, 2013	
		Rupees							%
Buildings	- note 16.5	145,940,919		145,940,919	29,494,190	5,822,336	35,316,526	110,624,393	5
		145,940,919	-	145,940,919	29,494,190	5,822,336	35,316,526	110,624,393	

16.2 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	As at Jan 1, 2012	Charge for the year	As at Dec 31, 2012	As at Dec 31, 2012	
	Rupees							%
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	116,446,729	5
	160,610,669	11,500,000 (26,169,750)	145,940,919	23,819,362	5,674,828	29,494,190	116,446,729	

16.3 Detail of investment properties disposed as at December 31, 2012

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

16.4 Market valuation

The management estimtes market value of buildings at Rs. 114.100 million. In 2012 the market value of freehold land and buildings is estimated at 128.107 million as per the revaluation carried out by independent valuer.

16.5 Constructed Buildings with land were purchased in the past and value components is of building and land are not easily separable hence these are being disclosed together since acquisition.

Notes to the Financial Statements
For the Year ended December 31, 2013

			2013	2012
			---------- Rupees --------	
17	PREMIUMS DUE BUT UNPAID -NET- UNSECURED			
	Considered good		196,969,965	166,979,502
	Considered doubtful		4,568,181	6,136,922
			201,538,146	173,116,424
	Less: provision for doubtful receivables	- note 17.1	4,568,181	6,136,922
			196,969,965	166,979,502

		2013	2012
17.1	Provision for doubtful receivables		
	Balance at beginning of the year	6,136,922	10,663,469
	Add: Provision for doubtful receivables during the year	41,650,125	4,173,458
	Less: Doubtful debts written off during the year	(43,218,866)	(8,700,005)
	Balance at end of the year	4,568,181	6,136,922

18 ADVANCES FOR PURCHASE OF BUILDINGS

These represent advances for purchase of two buildings under following agreements:

- Agreement to sell dated 31 October 2013 for building situated 16/B Justice Sharif colony scheme Samanabad, Lahore comprising 1 Kanal 16 Marla 160 square feets amounting Rs. 52 Million.
- Agreement to sell dated 15 June 2013 for building situated at S-64-R-155 New Anarkali, Lahore comprising 6 Marla 84 Square feets amounting Rs. 40 Million.

The sale deeds of above buildings have not been executed in the favour of company till the year end.

Notes to the Financial Statements
For the Year ended December 31, 2013

19 FIXED ASSETS

	COST / FAIR VALUE			ACCUMULATED DEPRECIATION			BOOK VALUE	Annual rate of depreciation
	At beginning of the year	Additions / (disposals)	At end of the year	At beginning of the year	Charge for the year	At end of the year	At end of the year	
	---------- Rupees ----------							%
19.1 Tangible fixed assets - reconciliation of carrying values as at December 31, 2013								
Owned assets								
Land and buildings								
- cost	64,470,964	-	64,470,964	17,833,494	2,331,874	20,165,368	44,305,596	5
- revaluation	21,467,148	-	21,467,148	12,348,463	455,934	12,804,397	8,662,751	5
	85,938,112	-	85,938,112	30,181,957	2,787,808	32,969,765	52,968,347	
Furniture, fixtures and office equipment								
Furniture and fixtures	11,677,184	22,425	11,699,609	9,321,423	236,475	9,557,898	2,141,711	10
Office equipment	5,519,502	46,200	5,565,702	3,580,155	196,976	3,777,131	1,788,571	10
Arms and ammunition	28,229	-	28,229	23,227	500	23,727	4,502	10
Vehicles								
Motor vehicles	70,067,504	2,052,000	72,119,504	53,348,633	2,559,131	55,907,764	16,211,740	15
Bicycles	145,176	-	145,176	107,163	3,801	110,964	34,212	10
	173,375,707	2,120,625	175,496,332	96,562,558	5,784,691	102,347,249	73,149,083	
Assets subject to finance lease								
Vehicles	1,312,000	-	1,312,000	586,841	108,774	695,615	616,385	15
Total	174,687,707	2,120,625	176,808,332	97,149,399	5,893,465	103,042,864	73,765,468	
19.2 Tangible fixed assets - reconciliation of carrying values as at December 31, 2012								
Owned assets								
Land and buildings								
- cost	64,470,964	-	64,470,964	15,378,890	2,454,604	17,833,494	46,637,470	5
- revaluation	21,467,148	-	21,467,148	11,868,532	479,931	12,348,463	9,118,685	5
	85,938,112	-	85,938,112	27,247,422	2,934,535	30,181,957	55,756,155	
Furniture, fixtures and office equipment								
Furniture and fixtures	11,677,184	-	11,677,184	9,059,672	261,751	9,321,423	2,355,761	10
Office equipment	5,429,852	89,650	5,519,502	3,370,916	209,239	3,580,155	1,939,347	10
Arms and ammunition	28,229	-	28,229	22,671	556	23,227	5,002	10
Vehicles								
Motor vehicles	68,521,416	1,546,088	70,067,504	50,543,962	2,804,671	53,348,633	16,718,871	15
Bicycles	145,176	-	145,176	102,939	4,224	107,163	38,013	10
	171,739,969	1,635,738	173,375,707	90,347,582	6,214,976	96,562,558	76,813,149	
Assets subject to finance lease								
Vehicles	1,312,000	-	1,312,000	458,872	127,969	586,841	725,159	15
Total	173,051,969	1,635,738	174,687,707	90,806,454	6,342,945	97,149,399	77,538,308	

19.3 Constructed buildings with land were purchased in the past and value components is of building and land are not easily separable hence these are being disclosed together since acquisition.

Notes to the Financial Statements
For the Year ended December 31, 2013

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

	2013	2012
	------------ Rupees ---------	
Cost	64,470,964	64,470,964
Accumulated depreciation	20,165,368	17,833,494
Book Value	44,305,596	46,637,470

20 NET PREMIUM REVENUE

		2013	2012
Premium revenue (net of reinsurance)		172,162,815	224,661,644
Administrative surcharge	- note 20.1	4,405,432	4,299,813
		176,568,247	228,961,457

20.1 Net premium revenue includes administrative surcharge as under:

	2013	2012
Fire and property damage	2,396,521	2,426,644
Marine, aviation and transport	1,372,759	1,013,746
Motor	214,065	314,568
Miscellaneous	422,087	544,855
	4,405,432	4,299,813

21 MANAGEMENT EXPENSES

		2013	2012
Salaries, wages and benefits	- note 21.1	15,743,531	16,262,800
Entertainment		2,834,010	2,296,245
Rent, rates and taxes		3,472,900	3,162,418
Electricity, gas and water		1,682,507	1,416,823
Travelling and conveyance		367,876	1,098,581
Computer expenses		484,567	465,366
Communication		3,748,588	3,507,637
Service charges		98,643	106,940
Registration, subscription and association		1,831,115	1,865,101
Provision for doubtful receivables	- note 17.1	41,650,125	4,173,458
		71,913,862	34,355,369

21.1 These include contribution to provident fund amounting to Rs. 40,999 (2012: Rs. 57,484).

22 OTHER OPERATING INCOME

	2013	2012
Gain on disposal of investment properties	-	11,830,250
Workers' welfare fund provision written back	1,836,862	-
Others	12,054	9,301
	1,848,916	11,839,551

23 FINANCE COST

	2013	2012
Mark-up on		
- liabilities against assets subject to finance lease	50,683	98,468
- workers' welfare fund	-	102,070
Bank charges	382,321	291,125
	433,004	491,663

Notes to the Financial Statements
For the Year ended December 31, 2013

			2013	2012
			------------ Rupees ---------	
24	**GENERAL AND ADMINISTRATION EXPENSES**			
	Salaries and allowances	- note 24.1	12,881,070	10,930,540
	Motor vehicle expenses		6,769,197	6,661,728
	Tours and travelling		827,247	432,950
	Books and periodicals		-	11,289
	Printing and stationery		664,935	603,743
	Depreciation	- note 24.2	11,715,801	12,017,773
	Office cleaning and maintenance		644,357	695,784
	Auditors' remuneration	- note 24.3	1,084,300	1,098,442
	Advertisement		152,500	126,000
	Legal and professional		2,721,475	1,493,888
	Charity and donations		11,700	9,700
	Workers' welfare fund		-	1,054,323
	Sundry expenses		349,429	98,251
			37,822,011	35,234,411

24.1 Salaries and allowances

These include contribution to provident fund amounting to Rs. 33,545 (2012: Rs. 38,636).

24.2 Depreciation is allocated to general and administration expenses composed of:

		2013	2012
Tangible fixed assets	- note 19	5,893,465	6,342,945
Investment properties	- note 16	5,822,336	5,674,828
		11,715,801	12,017,773

24.3 Auditors' remuneration

	2013	2012
Rahman Sarfaraz Rahim Iqbal Rafiq (2012: M. Yousuf Adil Saleem & Co.)		
Audit fee	300,000	300,000
Review of Code of Corporate Governance	50,000	50,000
Fee for interim review	80,000	80,000
Out of pocket expenses	24,650	29,221
	454,650	459,221
Kamran & Co.		
Audit fee	300,000	300,000
Taxation advisory services	125,000	130,000
Review of Code of Corporate Governance	50,000	50,000
Fee for interim review	80,000	80,000
Certification charges	50,000	50,000
Out of pocket expenses	24,650	29,221
	629,650	639,221
Total	1,084,300	1,098,442

		2013	2012
25	**PROVISION FOR TAXATION**		
	Current year	5,704,560	19,014,734
	Prior year	(16,473,425)	-
	Deferred	2,511,296	2,489,276
		(8,257,569)	21,504,010

Notes to the Financial Statements
For the Year ended December 31, 2013

	2013	2012
	------------ Rupees ---------	
25.1 Relationship between tax expense and accounting profit		
Accounting profit for the year	19,030,318	130,978,191
Tax at the rate of 34% (2012: 35%)	6,470,308	45,842,367
Exempt income	-	(4,140,588)
Adjustment in respect of tax at different rates	(1,739,362)	(2,133,025)
Tax impact of deferred tax	2,511,296	2,489,276
Tax effect of inadmissible amounts for tax purposes	973,614	1,996,985
Tax effect of prior years	(16,473,425)	(22,551,005)
Tax charge for the year	(8,257,569)	21,504,010

25.2 Income tax assessment for the tax year 2013 is deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001. For contingences related to taxation refer to note 11.

26 REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

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

		Chief Executive	Directors	Executives	Aggregate
		----- Rupees -----			
31/Dec/13	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	617,630	586,731	-	1,204,361
		1,217,630	1,726,731	600,000	3,544,361
Number of persons		1	2	1	4
31/Dec/12	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	2	1	4

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. Balances due to/due from related parties are disclosed in note 9.

		2013	2012
Remuneration paid to directors, CEO and directors	Rupees:	3,544,361	3,736,400
Contribution paid to provident fund	Rupees:	74,544	96,120

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

28 EARNING PER SHARE - BASIC AND DILUTED

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

		2013	2012
Profit after taxation attributable to ordinary shares	Rupees:	27,287,887	109,474,181
Weighted average number of ordinary shares outstanding	No.:	37,500,000	37,500,000
Earning per share (Rupees)	Rupees:	0.73	2.92

Notes to the Financial Statements
For the Year ended December 31, 2013

28.1 The earnings per share of previous year has been adjusted to reflect the changes due to bonus shares issued during the year.

28.2 Diluted earnings per share
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.

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		Motor		Investment Properties		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees											
Revenue from external customers	181,649,640	247,614,340	81,496,826	106,924,378	11,725,611	12,686,412	5,730,600	19,236,050	54,613,068	76,736,593	335,215,745	463,197,773
Depreciation	3,249,148	3,537,703	1,457,725	1,527,644	209,735	181,253	5,822,336	5,674,828	976,858	1,096,345	11,715,801	12,017,773
Segment profit/(Loss)	29,058,575	71,687,774	(17,165,649)	38,138,734	5,907,064	8,647,965	5,730,600	19,236,050	(1,150,198)	16,552,225	22,380,392	154,262,748
Capital expenditure	1,169,129	912,313	524,528	393,953	75,468	46,742	-	11,500,000	351,499	282,728	2,120,624	13,135,738
Segment assets	226,374,702	194,074,112	101,562,654	83,804,733	14,612,645	9,943,302	110,624,393	116,446,729	68,059,683	60,144,280	521,234,076	464,413,154
Segment liabilities	137,680,324	110,442,554	61,770,061	47,691,105	8,887,361	5,658,476	715,000	715,000	41,393,668	34,226,553	250,446,414	198,733,688

29.1 Reconciliations of reportable segments are as follows:

	2013	2012
	Rupees	
Revenue		
Total revenue for reportable segments	22,380,392	154,262,748
Other revenue / (loss)	33,056,025	12,432,216
Entity's revenue	55,436,417	166,694,964
Profit for the year		
Total profit for reportable segments	55,436,417	166,694,964
Unallocated corporate income / (expenses)		
Other operating income	1,848,916	9,301
General and administration expenses	(37,822,011)	(35,234,411)
Finance cost	(433,004)	(491,663)
	(36,406,099)	(35,716,773)
Profit before income tax expense	19,030,318	130,978,191
Assets		
Total assets for reportable segments	521,234,076	464,413,154
Other unallocated corporate assets	286,275,423	270,498,939
Entity's assets	807,509,499	734,912,093
Liabilities		
Total liabilities for reportable segments	250,446,414	198,733,688
Other unallocated corporate liabilities	557,063,085	536,178,405
Entity's liabilities	807,509,499	734,912,093

The Company has no reportable geographical segment.

Notes to the Financial Statements
For the Year ended December 31, 2013

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.

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, amount due from other insurers/reinsurers, reinsurance recoveries and other financial assets.

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

	Category of financial assets	2013	2012
		---------- Rupees ----------	
Bank deposits	Loans and receivables	109,469,957	196,988,085
Investments:			
Available for sale	Available for sale	18,407,709	55,463,778
Held to maturity	Held to maturity	19,145,199	17,186,438
Laons and receivable	Loans and receivables	45,000,000	-
Premiums due but unpaid	Loans and receivables	196,969,965	166,979,502
Accrued investment income	Loans and receivables	427,233	-
Due from other insurers	Loans and receivables	40,562,226	6,755,572
Recoverable against claims	Loans and receivables	3,717,408	3,808,815
Sundry receivables	Loans and receivables	1,469,282	449,612
		435,168,979	447,631,802

Notes to the Financial Statements
For the Year ended December 31, 2013

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.

	Carrying Amount	Upto One year	From 1 to 2 years	More than 2 years
	------------------- Rupees -------------------			
Financial Assets - 2013				
Premiums due but unpaid	196,969,965	188,209,117	8,760,848	-
Due from other insurers / reinsurers	40,562,226	40,562,226	-	-
Accrued income income	427,233	427,233	-	-
Reinsurance recoveries against outstanding claims	3,717,408	938,123	375,000	2,404,285
Deferred commission expense	22,937,390	22,937,390	-	-
Prepaid premium ceded	72,657,225	72,657,225	-	-
Sundry receivables	1,469,282	1,019,670	-	449,612
	338,740,729	326,750,984	9,135,848	2,853,897
Financial Assets - 2012				
Premiums due but unpaid	166,979,502	158,722,485	8,257,017	-
Due from other insurers / reinsurers	6,755,572	6,755,572	-	-
Reinsurance recoveries against outstanding claims	3,808,815	1,779,530	-	2,029,285
Deferred commission expense	22,041,447	22,041,447	-	-
Prepaid premium ceded	70,842,781	70,842,781	-	-
Sundry receivables	449,612	-	-	449,612
	270,877,729	260,141,815	8,257,017	2,478,897

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

	Rating	Agency		
National Bank of Pakistan	AAA	JCR-VIS	11,633	148,856
Habib Bank Limited	AAA	JCR-VIS	4,518,290	44,375,239
KASB Bank Limited	BBB	PACRA	251,841	12,496
Allied Bank Limited	AA+	PACRA	11,709,807	48,396,876
MCB Bank Limited	AAA	PACRA	120,203	8,983,772
Bank of Punjab Limited	AA-	PACRA	229,179	2,236,988
United Bank Limited	AA+	JCR-VIS	1,008,282	9,261,966
Soneri Bank Limited	AA-	PACRA	21,353	1,864
NIB Bank Limited	AA-	PACRA	20,593	3,649
Bank of Khyber Limited	A/A	JCR-VIS/PACRA	17,144	23,319
Faysal Bank Limited	AA/AA	JCR-VIS/PACRA	17,522	-
First Women Bank Limited	A-	PACRA	2,259	16,485
IDBP Limited			-	2,640
SILK Bank Limited	A-	JCR-VIS	3,755	1,089
Bank Alfalah Limited	AA	PACRA	16,982	14,846
Bank al Habib Limited	AA+	PACRA	21,114	-
			17,969,957	113,480,085

30.1.3 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	2013	2012
	---------- Rupees ----------				
A or above	35,437,025	3,717,408	72,657,225	111,811,658	80,736,454
B+	5,125,201		-	5,125,201	670,714
Others		-	-	-	-
Total	40,562,226	3,717,408	72,657,225	116,936,859	81,407,168

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.

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	Greater than one year
	---------- Rupees ----------			
As at December 31, 2013 (at amortized cost)				
Provision for outstanding claims	49,670,324	49,670,324	49,670,324	-
Amounts due to other insurers	5,806,153	5,806,153	5,806,153	-
Accrued expenses	2,745,510	2,745,510	2,745,510	-
Obligations against leases	93,872	98,211	98,211	-
Other creditors	8,620,946	8,620,946	8,620,946	-
	66,936,805	66,941,144	66,941,144	-
As at December 31, 2012 (at amortized cost)				
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

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:

Notes to the Financial Statements
For the Year ended December 31, 2013

	2013	2012	2013	2012
	Effective interest rate (%)		--------- Rupees ------	
Financial assets				
Bank deposits	9.60% to 11.05%	9.60% to 11.00%	91,500,000	83,508,000
Investments	9.46%	9.46%	19,145,199	17,186,438
Financial liabilities				
Obligations against leases	22.00%	22.00%	93,872	337,824

Sensitivity analysis

The Company does not account for any fixed 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. 22.762 million (2012: Rs. 76.137 million) at the balance sheet date.

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

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

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, 2013 and 2012 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be 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		---------------------- Rupees	----------------------	
December 31, 2013	22,762,534	10% increase	25,038,787	2,276,253	2,276,253
		10% decrease	20,486,281	(2,276,253)	(2,276,253)
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)

Notes to the Financial Statements
For the Year ended December 31, 2013

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 whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in active market for identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

	Level 1	Level 2	Level 3	Total
	---------------------- Rupees ----------------------			
December 31, 2013				
Available for sale investments	22,762,534	-	-	22,762,534
December 31, 2012				
Available for sale investments	76,137,168	-	-	76,137,168

30.5 Insurance risk

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

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

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policyholder, within a geographical location or to types of commercial 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.

Notes to the Financial Statements
For the Year ended December 31, 2013

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.

	Gross sum insured		Reinsurance		Net	
	2013	2012	2013	2012	2013	2012
	Rupees					
Fire	69,805,775,292	75,132,662,289	32,650,201,568	28,383,356,164	37,155,573,724	46,749,306,125
Marine	21,990,813,522	11,810,560,357	9,448,588,910	5,574,105,663	12,542,224,612	6,236,454,694
Motor	279,603,790	445,470,235	21,878,510	29,491,838	257,725,280	415,978,397
Others	966,325,167	3,130,149,244	590,503,606	2,020,310,407	375,821,561	1,109,838,837
	93,042,517,771	90,518,842,125	42,711,172,594	36,007,264,072	50,331,345,177	54,511,578,053

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	
	2013	2012	2013	2012
	Rupees			
10% increase in loss				
Net				
Fire and property damage	(2,395,280)	(5,159,931)	(1,556,932)	(3,353,955)
Marine, aviation and transport	(3,022,841)	(1,473,430)	(1,964,847)	(957,730)
Motor	(123,782)	(70,058)	(80,458)	(45,538)
Miscellaneous	(958,168)	(786,731)	(622,809)	(511,375)
	(6,500,071)	(7,490,150)	(4,225,046)	(4,868,598)
10% decrease in loss				
Net				
Fire and property damage	2,395,280	5,159,931	1,556,932	3,353,955
Marine, aviation and transport	3,022,841	1,473,430	1,964,847	957,730
Motor	123,782	70,058	80,458	45,538
Miscellaneous	958,168	786,731	622,809	511,375
	6,500,071	7,490,150	4,225,046	4,868,598

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.

Notes to the Financial Statements
For the Year ended December 31, 2013

For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2013.

Analysis on gross basis / Accident year	2011	2012	2013
Estimate of ultimate claims cost:		Rupees	
At end of accident year	124,444,667	103,438,482	89,702,500
One year later	4,215,195	2,858,018	2,257,500
Cumulative payments to date	(125,801,844)	(104,039,000)	(91,960,000)
Liability recognised in the balance sheet	2,858,018	2,257,500	-

31 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2011. The company has not obtained long term finance and short term borrowings, therefore gearing ratio of the company is not applicable. In accordance with Circular No. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2011	2012	2013
		Rupees in '000	
Minimum paid up capital	300,000	300,000	300,000

The company currently meets the externally imposed capital limit.

32 PROVIDENT FUND DISCLOSURE

The following information is based on the last unauduited financial statements of the fund:

		Un-Audited 2013	Audited 2012
Size of the fund - total assets	Rupees:	1,393,778	3,197,924
Cost of Investments made	Rupees:	691,308	1,506,349
Percentage of investments made	% age	50%	47%
Fair Value of investments	Rupees:	691,308	1,506,349

The break-up of cot of investments is:

	2013		2012	
	%	Rupees	%	Rupees
With bank (saving account)	27.67	191,308	25.65	386,349
Fixed Deposit Receipts	72.33	500,000	74.35	1,120,000
	100.00	691,308	100.00	1,506,349

33 NUMBER OF EMPLOYEES

Number of employees and average employees as at December 31, 2013 were 135 (2012: 109) and 122 (2012:112) respectively.

34 EVENTS AFTER BALANCE SHEET DATE

There is no event causing adjustment in or disclosure in financial statements.

35 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 07 April 2014.

Chairman	**Chief Executive / Principal Officer**	**Director**	Director
(Ch. Manzoor Ahmed)	**(Ch. Zahoor Ahmed)**	**(Ghulam Mustafa)**	(Ather Zahoor)

Notice of Annual General Meeting

Notice is hereby given that 66th 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 Wednesday, 30th April 2014 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 2013;
2. To receive, consider and adopt the audited annual financial statements of the Company for the year ended 31st December 2013 together with the Directors' Report and Auditors' Report thereon;
3. To appoint auditors of the Company and to fix their remuneration for the year 2014. The board of directors has recommended the joint re-appointment of M/s. Rehman, Sarfraz, Rahim, Iqbal, Rafiq Chartered Accountants and M/s. Kamran & Co. Chartered Accountants;

Any other business

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

By the order of the board

Mazhar Zahoor
Company Secretary
Lahore: April 7, 2014

Notes

1) The share transfer books of the Company will remain closed from 23rd April 2014 to 30th April 2014 (both days inclusive)

2) 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.

3) 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.

4) 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.

5) Members who have not yet submitted photocopy of their CNIC to the Company, are requested to send the same at the earliest.

Proxy Form

Member of The Pakistan General Insurance Company Limited hereby appoint ____________

or failing him ____________

as my proxy to vote for me and on my behalf at the 66th Annual General Meeting of the Company to be held on Wednesday, April 30th 2014 and at any adjournment thereof.

Signature

Five Rupee Revenue Stamp

Notes:

No person shall be appointed a proxy who is not a member of the Company and qualified to vote save that in case of a Corporate body being a Member of the Company may appoint as its representative any person whether a member of the Company or note. An Attorney of a member need not himself be a member.

No person shall act as a proxy unless the instrument appoint a proxy and every power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company, not less than 48 hours before the time for holding the meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid

The signature on the instrument of proxy must conform to the specimen signature recorded with the Company

AFIX
CORRECT
POSTAGE

The Company Secretary

The Pakistan General Insurance Company Limited
Co-operative Bank House, 5-Bank Square Shahrah-e-Quaid-e-Azam,
Post Office Box 1364, Lahore.
Phones: 37324404, 37352182, 37325382

PGI

THE PAKISTAN GENERAL INSURANCE COMPANY LIMITED

Co-operative Bank House,
5-Bank Square Shahrah-e-Quaid-e-Azam,
GPO Box No. 1364, Lahore.
Tel: +92-42-37324404, 37223224, 37352182
Fax: +92-42-37230895, 37230634
Email: info@pgi.com.pk

www.pgi.com.pk