


20
14
Annual
Report



This year's theme best reflects Jubilee General Insurance's goal 'an insurance policy for everyone'. We aim to spread wide and reach out as far as we can to provide security to our customers and solutions that enable them to overcome uncertainty and protect their future.



B++
A.M. Best

AA+
JCR-VIS

AA+
PACRA

THE HIGHEST IFS* RATED GENERAL
INSURANCE COMPANY OF PAKISTAN
BY LOCAL AND INTERNATIONAL
RATING AGENCIES.

*Insurer Financial Strength

20
14
Annual
Report

THE SHADES
OF SUCCESS!



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TEAMWORK



COMPANY INFORMATION

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CORPORATE INFORMATION

Chairman of the Board of Directors	Towfiq H. Chinoy	(Non-Executive Director)
Directors	Sadrudin Hashwani	(Non-Executive Director)
	Akbarali Pesnani	(Non-Executive Director)
	John Joseph Metcalf	(Non-Executive Director)
	R. Zakir Mahmood	(Non-Executive Director)
	Aly Noormahomed Rattansey	(Independent Director)
	Amin A. Hashwani	(Non-Executive Director)
	Aamir Hasan Irshad	(Non-Executive Director)
President & Managing Director (Chief Executive)	Tahir Ahmed	(Executive Director)
Company Secretary	Atiq Anwar Mahmudi	
Chief Financial Officer	Nawaid Jamal	
Auditors	KPMG Taseer Hadi & Co.	
Legal Advisor	Surrige & Beecheno	
Bankers	Habib Bank Limited Standard Chartered Bank (Pakistan) Limited United Bank Limited Soneri Bank Limited Faysal Bank Limited Bank Alfalah Limited	
Share Registrar	THK Associates (Pvt) Ltd 2nd Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi. Tel: 35693094-95	
Head Office / Registered Office	2nd Floor, Jubilee Insurance House I. I. Chundrigar Road, Karachi, Pakistan UAN : (92-21) 111 - 654 - 111 Toll Free : 0800-03786 Tel : (92-21) 32416022-26 Fax : (92-21) 32416728 , 32438738 E-Mail : info@jubileegeneral.com.pk Website : www.jubileegeneral.com.pk	
National Tax Number	0711347-1	
Sales Tax Registration Number	1600980500182	

BOARD OF DIRECTORS





TOWFIQ H. CHINOY

Chairman

Director since: 27-08-1997

Other engagements:

Chairman

Packages Limited
HBL Asset Management Ltd
Indus Valley School of Art and Architecture

Managing Director/Chief Executive

International Steels Limited

Director /Trustee

IGI Investment Bank Ltd
Mohatta Palace Gallery Trust
Habib University Foundation



Tahir Ahmed

Managing Director & Chief Executive

Director since: 09-07-2005

Other engagements:

Director

Jubilee Kyrgyzstan Insurance Company (CJSC)



Sadruddin Hashwani

Director

Director since: 17-11-1979

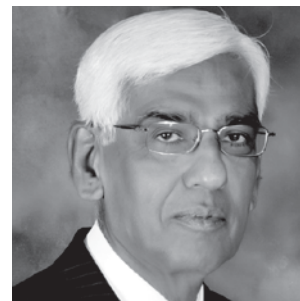
Other engagements:

Chairman & Chief Executive

Hashwani Hotels Ltd
Zaver Petroleum Corporation Ltd
Ocean Pakistan Ltd

Chairman / Director

Gelcaps (Pakistan) Ltd
Hassan Ali & Co. (Pvt) Ltd
Hassan Ali (Grains) (Pvt) Ltd
Hashoo (Pvt) Ltd
Hashoo Holdings (Pvt) Ltd
Hashoo International (Pvt) Ltd
Noor Properties (Pvt) Ltd
Zaver Chemicals Ltd
Zaver Mining Company (Pvt) Ltd
Pakistan Services Ltd
Pearl Continental Hotel (Pvt) Ltd
Trans Air Travels (Pvt) Ltd
Pearls Tours and Travel (Pvt) Ltd
Zaver Power (Pvt) Ltd
O P I Gas (Pvt) Ltd
Pakistan Services (Azad Kashmir) Ltd



Akbarali Pesnani

Director

Director since: 15-08-2002

Other engagements:

Chairman

Aga Khan Cultural Services Pakistan
The First Micro Finance Bank Ltd

Director

Cherat Cement Co. Ltd
Cherat Packaging Ltd
Air Asia Ltd
Air Safira Ltd



John Joseph Metcalf

Director

Director since: 28-02-2007

Other engagements:

Director

Jubilee Life Insurance Company Ltd
Jubilee Holdings, Kenya
Jubilee Insurance, Kenya
The Jubilee Insurance, Tanzania
The Jubilee Insurance, Uganda
The Jubilee Insurance, Mauritius
The Jubilee Insurance, Burundi
The Jubilee Investment Co. Ltd, Uganda
Jubilee Kyrgyzstan Insurance Company (CJSC)



R. Zakir Mahmood
Director

Director since: 25-06-2008

Other engagements:

Chairman

Habib Allied International Bank Plc, UK
Kyrgyz Investment and Credit Bank

Director/Trustee

Habib Bank Limited
Diamond Trust Bank Kenya Ltd
Jubilee Life Insurance Company Ltd
Ace First Consulting (FZE)
Aga Khan University



Aly Noormahomed Rattansey
Director

Director since: 25-06-2008

Other engagements:

Chairman

Aga Khan Rural Support Programme

Director

Rural Support Programme Network
International Industries Ltd
Jubilee Life Insurance Company Ltd



Amin A Hashwani
Director

Director since: 24-03-2014

Other engagements:

Chief Executive / Sole Proprietor

Landmark Spinning Industries Ltd
Micro Grind Minerals

Chairman / Director

Landmark Spinning Industries Ltd
Regent Textile Industries Ltd
Ittehad Cement Industries Ltd
Hassan Ali & Co. Cotton (Pvt) Ltd
Coronet Enterprises (Pvt) Ltd
Hashwani Construction Company (Pvt) Ltd
Beaumont Enterprises (Pvt) Ltd
Marvel Enterprises (Pvt) Ltd
Stonyx (Pvt) Ltd
Periclase (Pvt) Ltd



Aamir Hasan Irshad
Director

Director since: 16-07-2014

Other engagements:

Director

Habib Bank Financial Services Private Limited

VISION

To enable people
overcome uncertainty





MISSION

Provide solutions to protect
the future of our customers



VALUES

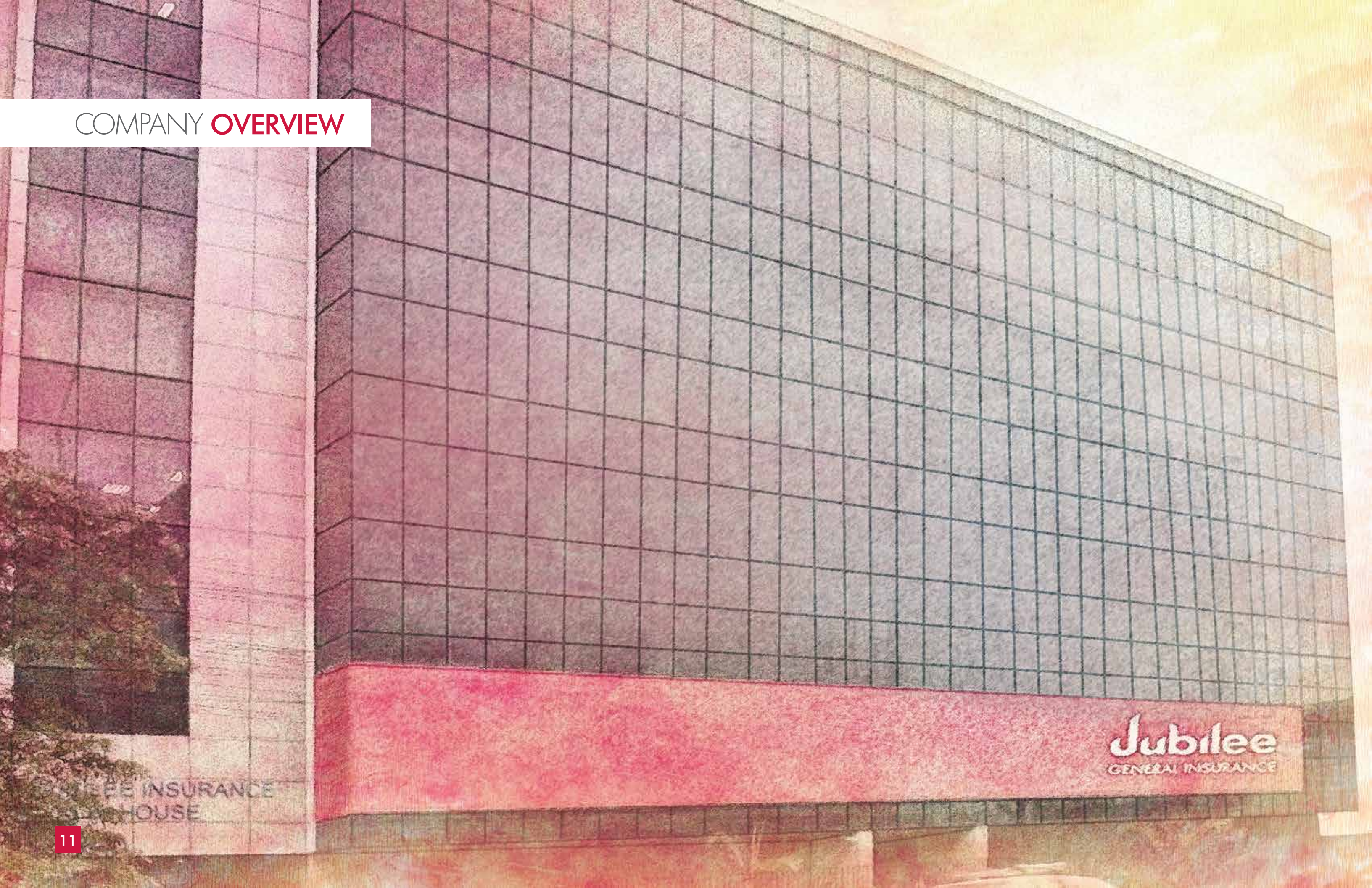
Teamwork
Integrity
Excellence
Passion

STRATEGIC OBJECTIVE

To grow by excelling in service to our clients and quality of our security



COMPANY OVERVIEW



COMPANY OVERVIEW

Jubilee General Insurance Company Limited has entered its sixty third year marking a legacy of over half a decade of living by its core values, namely; Teamwork, Integrity, Excellence and Passion.

Since its' establishment in 1953, Jubilee General has maintained its presence as the most prominent company launching innovative products and new initiatives in the insurance industry. It has established itself as one of the most reputed and brightest names of the sector. Sustained growth and evolution has secured Jubilee General as one of the "Big Three" insurers of Pakistan in terms of gross direct premium and financial base.

Jubilee General is listed on the Karachi and Lahore Stock Exchanges. Its major shares are held by, Aga Khan Hospital and Medical College Foundation, Habib Bank Limited, Aga Khan Fund for Economic Development and Hashoo Group. Jubilee General, with its Head Office in Karachi, has an extensive and dynamic branch network in all major cities and towns of Pakistan that promises prompt service at the customer's doorstep.

Jubilee General is the highest rated general insurance company in Pakistan with an Insurer Financial Strength Rating of "AA +" with "Stable Outlook" assigned by both the rating agencies of Pakistan i-e JCR-VIS and PACRA. The "AA+" with "Stable Outlook" takes into account financial strength of the Company as demonstrated by its strong capitalization and liquidity indicators. It also denotes a very strong capacity of the Company to meet policyholder and contract obligations.

Jubilee General is the only insurer in Pakistan to be accorded the Financial Strength Rating of "B++" (Good) and issuer credit rating of "BBB" by A. M. Best, which is the highest rating to be assigned by an International Rating Agency to any financial institution in Pakistan. According to A.M. Best the rating reflects Jubilee General's strong risk-adjusted capitalisation, solid business profile within Pakistan and good track record of operating performance. Furthermore, the Company has developed good procedures in assessing, measuring and mitigating the key risks associated with its business. A. M. Best is the world's oldest and most authoritative insurance rating and information source.

Over the last decade Jubilee General has grown at double the industry average growth rate, increasing its market share by more than 75% and prides itself in its long-standing reinsurance relationships with internationally renowned reinsurers such as Swiss Re, SCOR Re, Lloyds, Hannover Re, Asia Capital Re and Korean Re. The company is also supported by internationally acclaimed reinsurance brokers including AON Group, Willis, Marsh, Lockton, Howden, UIB and Crescent Global.

With a broad spectrum of services available, Jubilee General's client-base comprises prominent national and multinational corporations operating in Pharmaceutical, Chemical, Textile, Cement, Services (Hospitals & Hotels), Oil & Energy, Manufacturing, FMCG, Engineering, Banking and Financial sectors.

At Jubilee General, diversity is maintained through underwriting all classes of general insurance including Fire, Marine, Motor, Engineering, Health and General Accident. Jubilee General not only offers wide risk coverage, but also provides related risk management services delivered by highly qualified and experienced risk managers. Consumer finance is growing in Pakistan and Jubilee General has developed innovative insurance solutions to meet the growing demand. From auto financing to personal loans, mortgages to plastic cards, and trade finance to capital investment finance, Jubilee General has the customised solutions to secure entire operations, product range and transactions of all financial institutions. With the stream of upcoming power, engineering and infrastructure development projects on the national level, our Engineering & Bonds Department, manned by the most experienced engineers in the industry, is geared to provide technical and quality security to this vital sector.

As pioneers in Group Health Insurance, Jubilee General continues to develop new, flexible and customised plans to suit the diverse needs of our many blue chip Pakistani companies and multinational clients. Jubilee General has recently modified its health insurance products with better coverage and scalable benefit limits.

The insurance industry world over is undergoing technological revolution. Jubilee General prides itself as innovator and disruptor of traditional service and delivery of products. Leveraging on its digital know-how, Jubilee General is making rapid progress in automation of processes for faster and improved controls to deliver better customer experience. Thus the Company became that first insurer in Pakistan to launch an online portal providing end-to-end solution complete with payment options. Jubilee General has also pioneered the first ever android application for motor insurance and intends to introduce more applications using android mobile technology to increase the insurance penetration in the retail segment.

Above all, at Jubilee General, we remain focused on meeting and exceeding customer expectations.

INSURANCE PRODUCTS



Property

- Fire & Allied Perils
- Burglary
- Business Interruption following Fire & Allied Perils
- Property All Risks
- Industrial All Risks
- Ship Breaking



Marine

- Marine Cargo Import
- Marine Cargo Export
- Marine Cargo Inland Transit
- Marine Umbrella Liability
- Seller's Contingency
- Marine Hull
- Pleasure Craft Policy
- Sports Craft Policy
- Graveyard Policy
- Marine & Delay in Startup
- Containers
- Stevedores Liability



Motor

- Private Car Comprehensive
- Commercial Vehicle Comprehensive
- Motorcycles Comprehensive
- Motor Third Party Liability
- Old Car Comprehensive
- 3T- Old Car
- Trade Plate



Group Health

- Comprehensive Dread Disease Expenses Benefit
- Comprehensive Hospitalization Expenses Benefit
- Maternity Expenses Benefit
- Out-Patient Expenses Benefit
- Managed Care Solution
- Micro Health



Engineering

- Contractor's All Risk
- Comprehensive Project
- Advance Loss of Profit following CAR/EAR
- Comprehensive Machinery
- Erection All Risks
- Machinery Breakdown (MBD)
- Boiler & Pressure Vessels
- Business Interruption following MBD
- Computer & Electronic Equipment
- Contractor's Plant & Machinery



Bonds

- Bid Bond
- Mobilization Advance Bond
- Performance Bond
- Maintenance Bond
- Customs Bond
- Excise Bond
- Supply Bond
- Retention Money Bond
- Utility Bond
- Travel Agent Bond
- APTA Custom Bond



Specialized

Banker's Blanket Bond
 Computer Crime
 Plastic Card
 Safe Deposit Box
 Foreign Currency Exchange
 Comprehensive Security Guard Co.
 Kidnap & Ransom
 Terrorism
 Crop
 Hotel Owner's All Risks
 Professional Indemnity
 Directors' & Officers' Liability
 Residual Value
 Energy Risk
 Protection & Indemnity
 Prize Money
 Event Cancellation
 Network Operator's Policy
 Submarine Cable Policy
 Off Shore Construction Project
 Control of Well Policy
 Oil Liability
 Livestock
 Employment Practice Liability
 Contractual Legal Liability
 Package Policies
 SFIP (Stock Brokers Policy)
 AMV (Guard)
 Delinquency
 Loss of License



Miscellaneous

Cash in Safe
 Cash in Transit
 Cash on Counter
 Neon Sign
 Plate Glass
 Workmen's Compensation
 General Public Liability
 Product Liability
 Employer's Residual
 Fidelity Guarantee
 Golfer's Policy
 Aviation
 All Risks
 Commercial General Liability



Care line (Retail Products)

SelfCare
 SelfCare Plus
 HomeCare structured Package
 ShopCare
 ShopCare Plus
 EducationCare
 AllCare
 Travel ViaCare
 Hajj & Umrah Travel ViaCare
 Students Travel ViaCare

Critical Illness
 SehatCare
 CellCare
 Business Cover
 Wallet Guard
 Pocket Secure
 Pocket Secure Plus
 Cash Guard
 Medi Cash



On-line Retail Products

SelfCare
 HomeCare
 Travel ViaCare
 Hajj & Umrah Travel ViaCare
 Students Travel ViaCare
 Ziarat ViaCare
 Domestic ViaCare
 CriticalCare
 Family HealthCare
 Personal HealthCare

MANAGEMENT TEAM

Managing Director & Chief Executive

1 Tahir Ahmed

Executive Director

2 Atiq A Mahmudi

Executive Vice Presidents

- 3 Asad Raza Bhojani
- 4 Azfar Arshad
- 5 Captain Mahmood Sultan
- 6 Fayyiaz Ahmad Khan
- 7 Kamran Arif
- 8 Karim Merchant
- 9 Mohammed Safdar
- 10 M.Nadeem Irshad
- 11 M.Uzair Mirza
- 12 Nawaid Jamal
- 13 Syed Ather Abbas
- 14 Syed Imran Rabbani
- 15 Syed Sohail Ahmed

Joint Executive Vice Presidents

- 16 Ejaz Mehmood
- 17 M.Saifuddin Shafi
- 18 Syed Abid Waseem
- 19 Zahoor A Shaheen
- 20 Zulfiqar Ali Abdullah

Senior Vice Presidents

- 21 Ahsan Ilyas
- 22 Asif Ali
- 23 Captain Shahid Ahmed
- 24 Fahad Alam
- 25 Ghulam Qadir
- 26 Ghulam Shabbir Goraya
- 27 Muhammad Arif
- 28 Muhammad Razzak Chaudhary
- 29 Munir ul Haq
- 30 Shahzad Lakhani
- 31 Syed Hamid Hussain Zaidi
- 32 Syed M.Haroon A Bokhari
- 33 Tariq Zia
- 34 Tauseef Hussain Shah

Advisors

- 35 Hashim M.Shamim
- 36 Saeed Jan Awan

Joint Senior Vice Presidents

- 37 Muhammad Amin Haroon
- 38 Rizwan Ehsan Puri
- 39 Syed M.Tariq Ziauddin

Vice Presidents

- 40 Rai Zahoor Ali Khan
- 41 Syed Rafiq Ali
- 42 M.Shahzad Kasumbi
- 43 Bashir Ahmed Khan

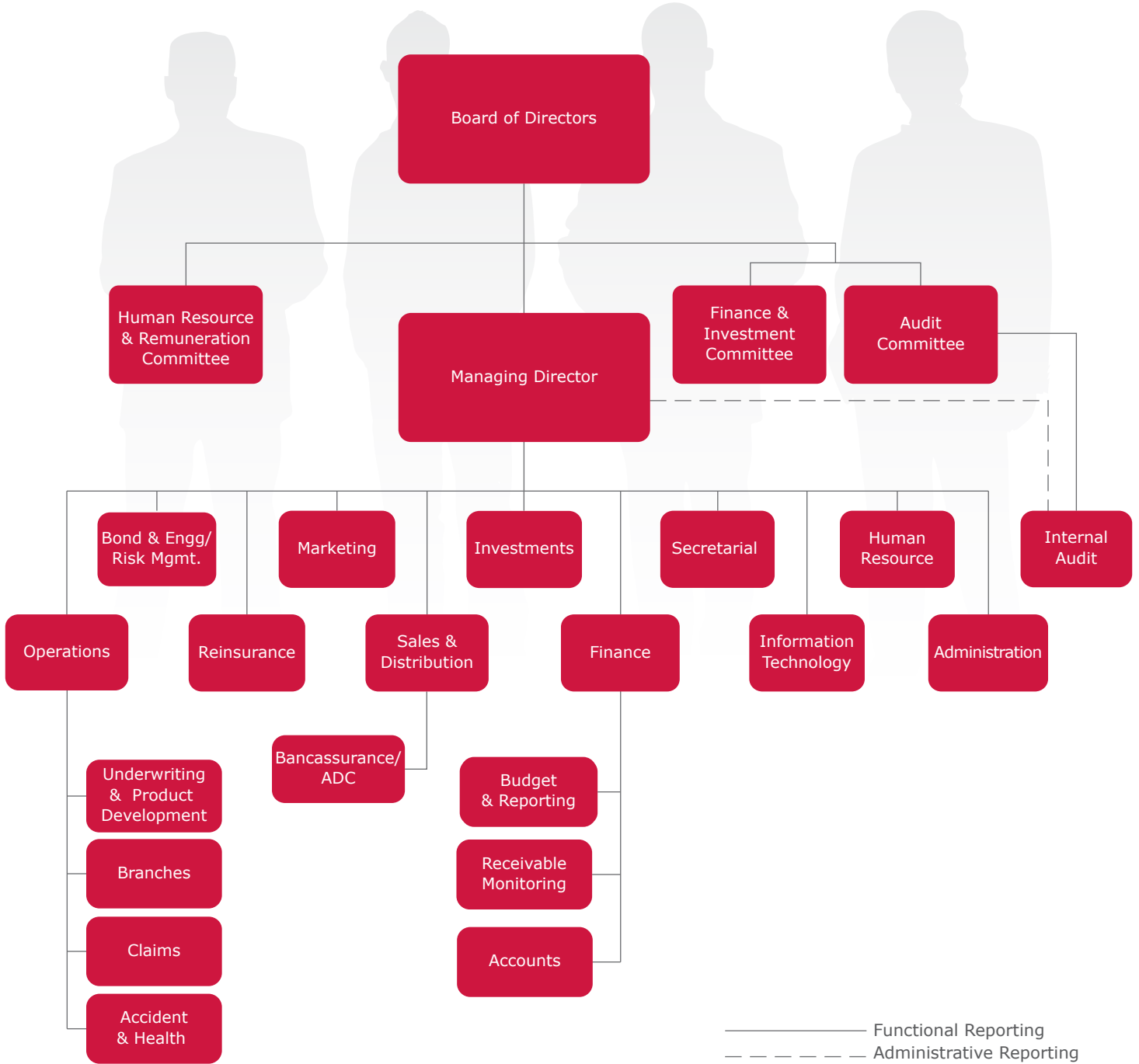
Assistant Vice President

- 44 M.Muzammil Memon

MANAGEMENT TEAM



ORGANISATION STRUCTURE



CODE OF CONDUCT

Our Integrity guides our conduct towards our policyholders, colleagues, shareholders and the general public. This principle constitutes the foundation of our code of conduct and ethics as under:

- Compliance with law and the legal system is a fundamental principle for Jubilee. Every employee, agent and director shall obey the laws and regulations of the legal systems in letter and spirit within which he / she acts. Regardless of the sanctions foreseen by the law, any director, employee or an agent guilty of a violation will be liable to disciplinary consequences related to such violation.
- Respect for personal integrity, privacy and personal right of every individual is a fundamental principle. We work together with individuals of various backgrounds, ethnic types, different cultures, gender, religions, ages and disabilities.
- We compete fairly with the quality and the price of our innovative products and services, not by offering improper benefits to others. Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.
- Jubilee does not make political contributions (donations to politicians, political parties or political organizations). As a responsible member of society and a good corporate citizen, Jubilee makes donations for education, health, and social and humanitarian projects.
- It is Jubilee's objective to conduct business with reputable clients and business partners who are involved in lawful business activities. We do not facilitate money laundering.
- It is the duty of Jubilee employees to make business decisions in the best interest of Jubilee Insurance and not based on their personal interest.
- Jubilee employees are obligated to protect all assets of the Company, including intangible assets and software products, and use these properly only for the benefit of the Company.
- Open and effective communication requires accurate and truthful reporting. Jubilee is required to maintain sound processes and controls so that transactions are executed within approved authorization. Confidentiality is maintained with regard to Jubilee's proprietary information that has not been made known to public.
- Protecting the health and safety of employees in the workplace is a high priority for Jubilee. Jubilee promotes sound environment friendly business practices.

INTEGRITY



SHAREHOLDERS' AND INVESTORS' INFORMATION

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting of Jubilee General Insurance Company Ltd. will be held on Friday, April 17, 2015 at 11:00 a.m. at the registered office of the Company situated at Jubilee Insurance House, I.I. Chundrigar Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2014 together with the Auditors' and Directors' Report thereon.
2. To consider and approve the payment of final cash dividend of 40% (Rs.4.00 per ordinary share of Rs.10/each) for the year ended December 31, 2014 as recommended by the Directors of the Company.
3. To appoint Auditors of the Company for the year ending December 31, 2015 and fix their remuneration. The present auditors M/s. KPMG Taseer Hadi & Company, Chartered Accountants, being eligible, have offered themselves for reappointment.

By Order of the Board



Atiq A. Mahmudi
Company Secretary

Karachi: February 12, 2015

NOTES:

1. SECP has directed vide SRO No. 831(1)2012 dated July 05,2012 to issue dividend warrant only crossed as "A/c Payee only" and should bear the computerized National Identity Card (CNIC) number of the registered members. All those shareholders possessing physical shares are requested to submitted a photocopy of their valid CNIC along with the Folio Number at the earliest directly to Company's Share Registrar, THK Associates (Private) Limited, 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi. No dividend will be payable unless the CNIC number is printed on the dividend warrants. Corporate are also requested to submit their NTN at the address of our Registrar as given above.
2. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of final cash dividend from April 10, 2015 to April 17, 2015 (both days inclusive). Transfer received at THK Associates (Pvt.) Ltd, 2nd Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on April 09, 2015 will be treated in time for the purpose of Cash Dividend entitlement to the transferees.
3. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The proxy forms must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.
4. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
5. Members are requested to immediately inform the Company of any change in their addresses.

FINANCIAL CALENDAR

Results

First quarter ended 31 March 2014	Announced on	23 April 2014
Half year ended 30 June 2014	Announced on	21 August 2014
Third quarter ended 30 September 2014	Announced on	30 October 2014
Year ended 31 December 2014	Announced on	12 February 2015

Dividend

Final Cash 2014	Announced on	12 February 2015
	Entitlement date	10 April 2015
	Statutory limit upto which payable	16 May 2015
Final Cash (2013)	Announced on	12 February 2014
	Entitlement date	14 April 2014
	Statutory limit upto which payable	23 May 2014
	Paid on	22 May 2014
Final Bonus Shares (2013)	Announced on	12 February 2014
	Entitlement date	14 April 2014
	Statutory limit upto which payable	23 May 2014
	Issued on	22 May 2014

Issuance of Annual Report	26 March 2015
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62nd Annual General Meeting	17 April 2015
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ACCESS TO **REPORTS & ENQUIRIES**

Annual Report

Annual report 2014 may be downloaded from the Company's website: www.jubileegeneral.com.pk or printed copies can be obtained by writing to:

The Company Secretary
Jubilee General Insurance Company Limited
2nd Floor, Jubilee Insurance House
I.I. Chundrigar Road
Karachi 74000
Pakistan

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2014 can be accessed at Jubilee General's website or printed copies can be obtained by writing to the Company Secretary.

Presentation on Company's performance

Video presentation on company's financial position and performance in 2014 is available on Company's website.

Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates should be directed either to Company's registered office or share registrar at the following address:

THK Associates (Pvt) Limited
2nd Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road, Karachi.
UAN: 111-000-322 Tel: 35693094-95

Investors' Relations

Investors' relations section specifying contact details of person designated for assisting and handling investor grievances is available on Company's website.

Stock Exchange Listing

Jubilee General Insurance Company Limited shares are listed on Karachi and Lahore stock exchanges.

Stock Code

The symbol code for dealing in shares of the Company is **JGICL**.

EXCELLENCE

CORPORATE GOVERNANCE & FINANCIAL HIGHLIGHTS

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THE DIRECTORS' REPORT

For The Year Ended 31 December 2014

The Directors are pleased to present the Annual Report and the Audited Accounts for the year ended 31 December 2014.

Country Review

According to a report published by Department of Economic and Social Affairs (DESA) of the United Nations (UN), "macroeconomic fundamentals remain fragile" in Pakistan, in spite of the GDP rebounding to 4.2% in 2014 due to the precarious security situation and low fixed investment. For the fiscal 2015 though, mainly due to slump in oil prices and also in food prices, the headline inflation is continuing on its downward trajectory. Average inflation for the year 2015 is likely to range between 4.5-5.5% compared to budgeted 8%. State Bank of Pakistan in response has reduced the interest rate to an eight year low of 8.5% which in turn has the potential of boosting the investment climate. On the macroeconomic front, the Government was able to improve foreign exchange reserves to above USD 15 billion equivalent to three months imports thereby, strengthening the Pak Rupee against USD, reducing the exchange rate to Pak Rs.100 from Pak Rs.105. Nevertheless, energy shortages and low investment are expected to limit GDP growth to 4.1% against budgeted growth of 5.1%.

Insurance Sector Review

Gross premium of the non-life insurance sector grew by 10% in 2013 to Rs.49 billion. Premium growth in 2014 is expected to be between 11-12%, which means that the industry is showing signs of growth in real terms for the first time in 7 years. All three major portfolios i.e. Fire, Marine and Motor are contributing to this improved growth despite the fact that competition is intense and premium rates are under pressure, resulting in major reduction in Marine Cargo and Motor rates. The market was tested by two major events in 2014: Terror attack at Karachi Airport in June and wide spread flooding in September. The industry did well to absorb the losses and expects to show improved profitability in 2014 as against 2013.

Takaful

After the Stay Order obtained by the Takaful Companies was vacated by the Sindh High Court, conventional insurers have started to setup Window Takaful Operations under the Takaful Rules 2012. Applications for seeking permission to commence Takaful business as Window Takaful operator are now being accepted by Securities & Exchange Commission of Pakistan (SECP).

Jubilee General has also applied for authorization as General Window Takaful Operators. We believe that permission to write Takaful business will create new opportunities for us to fully satisfy the needs of our clients and to increase our business. We expect to commence writing Takaful business subject to SECP permission in the first quarter of 2015.

Company Performance

During the year under review, despite measures taken to consolidate the business, your Company has increased its written premium by 6% to reach Rs.6.96 billion (2013: Rs.6.57billion). The net premium increased by 3% to Rs.3.64 billion (2013: Rs.3.53 billion). However, due to various underwriting and risk management measures, underwriting result of the Company improved by more than 23% to Rs.275 million (2013: Rs.223 million).

The summarized results for the year under review are as follows:

	2014	2013
	(Rupees in `000)	
Gross Premium	6,961,247	6,569,306
Net Premium Revenue	3,644,630	3,525,777
Underwriting Result	275,147	223,275
Investment Income including		
Capital gain and Rent	966,192	980,036
Profit before tax	1,269,822	1,220,202
Profit after tax	1,079,119	1,045,315
Earnings per share of Rs.10 each	6.88	6.66

Fire & Property

The Fire & Property portfolio contributed 25% of total written premium.

Due to a number of underwriting and risk management measures undertaken, this portfolio grew only marginally to Rs.1.8 billion. However, the underwriting loss has reduced substantially to Rs.71 million as compared to the loss of Rs.111 million in 2013.

Marine, Aviation & Transport

This portfolio contributed 10% of the total written premium. Its growth remained flat at Rs.692million due to falling oil and other commodities prices.

This class of business generated an underwriting profit of Rs.33 million against Rs.60 million posted in 2013.

Motor

The Motor portfolio comprises 14% of our total written premium and increased by 7% to Rs.990 million.

Due to various management measures, this portfolio yielded a handsome underwriting profit of Rs.184 million as compared to Rs.115 million in 2013.

Liability

The Liability portfolio constitutes 7% of the total written premium. It contracted by 9% due to reduced oil / gas exploration activity in the country, however, yielded an underwriting profit of Rs.41million (Rs.46 million in 2013).

Accident & Health

Accident & Health constitute 11% share in the business mix of the Company. Written premium contracted marginally by 3% to Rs.772 million and posted underwriting loss of Rs.112 million (2013: Loss of Rs.49 million). The management is taking measures to make this portfolio profitable.

Miscellaneous

Miscellaneous class contributed 33% of the total written premium. It increased by a healthy 17% to reach Rs.2.3 billion. Due to prudent underwriting, the profit in this class of business improved robustly to almost Rs.200 million from Rs.163 million in 2013.

Investment Income

The investment income of the Company from all sources including dividends, return on bank deposits, realized capital gains and income from real estate generated Rs.966 million in 2014, compared to Rs.980 million in 2013, resulting in a decline of 1.4% over the year.

The investment portfolio as on 31 December 2014 shows an unrealized gain of Rs.5.4 billion, compared to an unrealized gain of Rs.3.4 billion on 31 December 2013, exhibiting an increase of 60%, mainly due to the upward drive of the stock market.

In view of improvement in inflation and energy outlook, the State Bank of Pakistan (SBP) has cut the discount rate by 0.5% in November 2014. We expect this trend to continue in 2015. Drop in Oil prices and expected inflows from privatization proceeds and coalition support fund are likely to support external account which will encourage SBP to cut policy rate in 2015 resulting in higher credit growth and increased economic activity. As a result we anticipate lower return from our investment portfolio, in future.

Market Share

Your Company has steadily increased its market share from 7.6% in 2005 to 13.6% in 2013. However, as stated in this report due to focus on consolidation of business, a marginal decline in our market share is expected in 2014.

Reinsurance

Fortunately no major catastrophes have hit the international reinsurance market over the past three years. This state of affairs continues to attract fresh capital and consequently reinsurance market remains soft. Your company has been able to further enhance its reinsurance capacity which will enable us to write higher volume of business by providing greater capacity to our clients.

Product Development

Jubilee General is leading the market in product innovation and the use of technology to provide efficient service to its clients. We have added a number of e-based products on our on-line portal for the convenience of our clients. We have tied up with educational institutions to incubate fresh ideas to develop more products and enhance the use of technology as well. The Company is also investing in partnerships to reach a wider segment of customers.

Dividend and Appropriations of profit

(Rupees in '000)

The amount available for appropriation is:

Amount brought forward from previous years	21,980
Total Comprehensive income for the year	1,082,074
Amount available for appropriation	<u>1,104,054</u>

The Directors recommend that this amount be appropriated in the following manner:

Transfer to special reserves	100,000
Transfer to general reserve	350,000
Proposed final cash dividend @ 40% (2013:30%)	627,640
Proposed issue of bonus shares Nil (2013: 15%)	-
Carry forward to next year	<u>26,414</u>
	<u>1,104,054</u>

Board of Directors

The Board of Directors consists of nine individuals having the knowledge, experience and skill required to provide oversight and strategic guidelines to the Company. All the Directors of the Company, except the Chief Executive Office, are non-executive Directors, including one who is also an independent Director.

During the year, two long serving Directors of the Company, Mr. Akbarali Hashwani, who served as the Chairman of the Company for 17 years and as a Director for 17 years passed away on March 3, 2014, and Mr. Masood Noorani, who served as Managing Director for 23 years and as Director for 9 years resigned on April 1, 2014. The Board duly acknowledged the enormous contribution of both the Directors in the growth and prosperity of the Company. The Board coopted Mr. Amin A. Hashwani and Ms. Sima Kamil as Directors of the Company in their place.

The tenure of the previous Directors expired on June 25, 2014 and a new Board comprising of Messrs Towfiq H. Chinoy, Sadruddin Hashwani, Akbarali Pesnani, John Joseph Metcalf, R. Zakir Mahmood, Aly Noormahomed Rattansey, Amin A Hashwani, Sima Kamil and Tahir Ahmed were elected effective from this date for period of three years. Later, Ms. Sima Kamil resigned on July 15, 2014 and in her place Mr. Aamir Hasan Irshad was coopted as director from July 16, 2014.

Board Meetings

The Board of Directors held seven (7) meetings in 2014. Attendance of Directors is indicated below:

Name of Director	Meetings Attended
Towfiq H. Chinoy	06
Akbarali Hashwani	01 (Passed away on 3 March 2014)
Masood Noorani	02 (Resigned on 1 April 2014)
Akbarali Pesnani	07 (including 2 through Skype)
John Joseph Metcalf	06
Aly Noormahomed Rattansey	06 (including 1 through Skype)
R. Zakir Mahmood	06 (including 1 through Skype)
Amin A Hashwani	04 (Appointed on 24 March 2014)
Sima Kamil	02 (Resigned on 15 July 2014)
Aamir Hasan Irshad	03 (Co-opted on 16 July 2014)
M. Akhtar Bawany (Alternate Director to Sadruddin Hashwani)	05 (including 2 through Skype)
Tahir Ahmed	07

Leave of absence was granted to the Directors who could not attend some of the meetings.

Board Committees

During the year the Board Audit Committee, Finance & Investment Committee and Human Resource & Remuneration Committee were reconstituted and each held four (4) meetings. The names of the members of the Board Committees and terms of reference are given in the annexure to this report. (Page 35). Except the Managing Director, all others are non-executive Directors. The Chairman of Board Audit Committee is an Independent non-executive Director.

Management Committees

The Company has four management committees, which cover the core areas of business; these are Underwriting Committee, Claims Settlement Committee, Re-insurance & Co-insurance Committee and Enterprise Risk Management Committee. During the year four meetings were held by each of the first three Committees while two meetings were held by Enterprise Risk Management Committee. The names of members and the terms of references of these committees are given in the annexure to this report. (page 37)

Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance by adopting self evaluation methodology through an agreed questionnaire. The evaluation system addresses areas of critical importance and includes but is not limited to the following:

- Apprising the basic organization of the Board of Directors;
- The effectiveness and efficiency of the operation of the Board and its Committees;
- Assess the Board's overall scope of responsibilities;
- Evaluate and validate the information provided by the management; and
- Review the operations of the Company and suggest measures of improvements.

The evaluation exercise is to be carried out every year.

Chief Executive Officer (CEO) Performance Review

The Board of Directors appoints the Chief Executive Officer for the tenure of three years. The Human Resource & Remuneration Committee of the Board sets operational, financial and strategic objectives to evaluate his performance. The same Committee reviews and monitors CEO performance on annual basis.

Statement of Directors Responsibilities

In compliance with the Financial Reporting Framework of the Code of Corporate Governance, the Directors confirm the following:

- the financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- proper books of accounts of the Company have been maintained.
- appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standard as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- the system of internal control is sound in design and has been effectively implemented and monitored.
- there are no significant doubts upon the Company's ability to continue as a going concern.
- there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Insurer Financial Strength (IFS) Rating

The Directors are pleased to announce that Jubilee General's IFS (Insurers Financial Strength) rating has been affirmed as "AA+" with "Stable Outlook" by both rating agencies of Pakistan i.e. JCR-VIS and Pakistan Credit Rating Agency (PACRA).

The "AA+" with "Stable Outlook" takes into account robust liquidity profile and risk management framework, strong capitalization and stable investment income of Jubilee General. It also denotes a very strong capacity of the Company to meet policyholder and contractual obligations.

AM. Best have also affirmed Financial Strength Rating of "B++" (Good) and issuer Credit rating of "BBB". According to AM. Best, Jubilee General has established a solid business profile within Pakistan and has achieved a good level of diversification by line of business.

The above ratings make our Company the highest rated General Insurer of Pakistan.

Liquidity Management

During the year, an amount of Rs.405 million (2013: Rs.465 million) has been generated from operating activities which are utilized in investment activities. The Company prudently manages liquidity to ensure its ability to meet its contractual obligations efficiently when they fall due.

Awards

The Jubilee General Insurance has been awarded 'Certificate of Merit' in the Best Corporate Report and Sustainability Awards 2013 ceremony, in Non-Banking Financial sector, which comprises of Insurance, Leasing, Investment Banks, Mutual Funds and Modarabas. The awards competition is jointly organized by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) for the last 14 years to encourage and recognize excellence in annual corporate reporting.

This is the sixth year for Jubilee General Insurance to receive this award, including three consecutive years in which it had secured **1st position**.

The Committee for Improvement and Transparency Accountability and Governance of South Asian Federation of Accountants, which is an apex body of SAARC, has also awarded "Certificate of Merit" in Insurance Sector for the Best Presented Annual Report 2013 to Jubilee General Insurance. This is the fifth consecutive year for the Company to receive this award.

Financial Contribution to the National Exchequer

The company has contributed Rs.1,418 million (2013: Rs.1,170 million) to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contributions.

Corporate Social Responsibility

In the year 2014, JGI laid great emphasis on education and health, donating generously as part of its corporate social responsibility.

JGI initiated a blood donation campaign in association with 'Fatimid Foundation' to cater the blood supply deficiency after the Terrorist attack on Army Public School in Peshawar. The campaign proved successful as numerous employees stepped forward and contributed without any hesitation.

The pain of homeless is such that only homeless people can feel. Thus to show our solidarity with internally displaced persons (IDPs) of North Waziristan Agency (NWA) who have become "homeless", following a wide ranging anti-terror military operation. JGI announced donating 10% of gross premium (upto Rs. 1,000/-) in the IDPs relief fund on every policy to be sold on-line between August and December 2014. Jubilee General humbly contributed in alleviating the extreme difficulties faced by our brethren from NWA who have sacrificed their lives and homes to ensure our security.

Over the year, Jubilee General also donated Rs. 12.82 million (11.57 million in 2013) to a number of institutions in the education, health and community service sectors.

Human Resource Development

The ever-changing corporate landscape in highly competitive environment requires an organization to have a qualified workforce which is critical to its success.

At Jubilee General Insurance, Training & Development programmes both in-house and external cater the employees' needs that enable them not only to enhance performance in their existing jobs but also to prepare them in assuming various roles in future. The Company has in-house training facility and employees are also developed through external training both locally and overseas.

Besides this, JGI also facilitates employees by extending financial assistance to acquire the globally recognized insurance professional qualification, ACII from the Chartered Insurance Institute, UK and Post-Graduate Diploma in insurance from Karachi University.

Sports Activities

The Company is committed towards the development of sports activities. The employees are encouraged not only to engage in sports but to also participate both in-house and inter-company sporting competitions.

At international level, JGI in collaboration with PBSA (Pakistan Billiard & Snooker Association) was able to hold 2nd Asian Red Snooker Championship 2014. Top 42 players of Asia representing India, Pakistan, Afghanistan, Iran, Bahrain, Qatar, Palestine, Syria, Singapore, Thailand and Hong Kong locked horns with each other and intermingled with local fans in a festive environment.

At national level, your Company sponsored 39th Jubilee Insurance National Snooker Championship and also the 6th Jubilee Insurance Under-21 Snooker Championship in 2014. The latter Tournament which is now held regularly every year has been introduced by us and has produced quality players for the senior circuit. We are now planning to introduce Udnor-15 Championship as well to harvest the interest among young teenagers.

Information Technology

2014 was a year of consolidation of core application and opening up of retail channel. With the launch of Core Insurance System (iGIS), significant resources of IT and business were applied to stabilize iGIS. Retail Consumer Portals were launched bringing first mover advantage to JGI. It was enhanced with Contact Center launch along

with integration of Payment Gateway and COD payments. In keeping with the global trend JGI will be focusing on provision of Big-Data and MIS access in the hands of the end users & customers via APIs (Application Program Interfaces) to get maximum share of the smart phones/computers of individuals and corporate users.

Business Risk

Details of business risk and measures taken for their mitigation are annexed to this report (Page 38)

Business Process Re-Engineering (BRP)

The Company believes in continuous business process re-engineering to improve operational efficiency and profitability. During the year under review, Claims and Accounts Functions have been centralized at zonal levels.

We recently commissioned a study from international consultants to review the overall processes and procedures of the Company's operations and we intend to follow through with the suggested recommendations.

The Company is now making strides to enable clients to lodge claims on-line. Jubilee General is in the process of enabling its sales force to make paperless sales using their androids cell phones with the objective of reducing costs and bringing overall efficiencies.

Pattern of Shareholding and Trading in the Shares

The pattern of shareholding and the information regarding trading in the shares of the Company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary are annexed to this report. (Page 40)

Key Financial Data

Key financial data for the last six years is annexed to this report (Page 44)

Value of investments in Provident Fund and Gratuity Fund

The value of investments in employees retirement funds based on audited accounts for the year ended December 31, 2013 are as follows:

(Rupees in '000)

Staff Provident Fund	263,058
Employees' Gratuity Fund	119,017

Auditors

Messrs KPMG Taseer Hadi & Co have audited the accounts for the year 2014, and have offered themselves for re-appointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

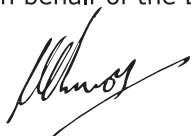
Future outlook

As mentioned in the opening section of this report, macroeconomic fundamentals remain fragile in Pakistan. However, your Company intends to leverage on its high IFS rating and experienced manpower to take advantage of opportunities as new infrastructure projects are launched in the country. Takaful (subject to grant of permission by the SECP) presents yet another avenue of growth in exploring and serving newer markets. We are confident that sustained investment in technology will enable us to deliver products more efficiently in the retail sector to achieve improved technical result and enhance our market position.

Acknowledgements

We thank our valued patron clients for reposing their confidence in us and the support of our shareholders which has enabled us to retain and improve our leading position in the market. We also thank our brokers for their hardwork and reinsurers for their valuable support. We would like to record our gratitude and appreciation for the cooperation and patronage of Securities & Exchange Commission of Pakistan. We acknowledge the professionalism and dedication of our development officers, staff members and executives without whom we could not have achieved our goals.

On behalf of the Board



Towfiq H. Chinoy
Chairman
Karachi: 12 February 2015

BOARD COMMITTEES

The Company has three committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework. The terms of reference and composition of these committees are given below:

Audit Committee

The terms of reference of this committee include the following:

- Determination of appropriate measures to safeguard the Company's assets.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas.
 - significant adjustments resulting from the audit.
 - any changes in accounting policies and practices.
 - compliance with applicable accounting standards.
 - compliance with listing regulations and other statutory or regulatory requirements.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review of management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
- Consideration of major findings of internal investigations and management's response thereto.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the company's statement of internal control system prior to endorsement by the Board of directors.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of any significant violations thereof and
- Consideration of any other issue or matter as may be assigned by the Board of directors.

The Committee comprises of four members, including the Chairman who is an independent director. All other members are non-executive directors. During the year 2014 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Aly Noormahomed Rattansey- Chairman	04
Akbarali Pesnani - Member	04
John Joseph Metcalf - Member	03
Amin A. Hashwani - Member (appointed on 25-04-2014)	01

Finance & Investment Committee

The terms of reference of this committee include the following:

Planning & Budgeting

- Review the annual operating & capital expenditures budget and recommending the same to the Board.
- Review and approve the long term plan and recommend three years budget of the Company.
- Review and approve proposals for opening of Branch Offices inside and outside Pakistan.

Operating Review

- Review and recommend the monthly, quarterly, half yearly and annual results of the Company for approval of the Board.
- Review and monitor the capital expenditures incurred in accordance with the budget.

Investments

- Define the strategic objectives of the Investment Policy.
- Allocate funds for investment in the different sectors and sub-sectors.
- Establish the basic parameters governing the investment in the various sectors.
- Review and approve the annual investment plan and budget.
- Review each quarter, the overall investment portfolio with particular reference to purchase and sale of investments made during the quarter, the income accruing from each sector vis-à-vis the budget, and to consider the reasons for variances.
- Review the economic, political and law & order outlook for the foreseeable future and to issue guidance for further investment / disinvestment activity, sectoral reallocation of investment portfolio etc.
- Establish the benchmarks against which the performance of the overall investment portfolio and its sectors are to be assessed.

Other Matters

- Review and recommend the financial policies and controls of the Company, including the policies required under the Code of Corporate Governance to the Board.

The Committee comprises of four members, including the Chairman of this Committee, out of which three are non-executive directors and one executive director. The Committee held four meetings in the year 2014 and the attendance of meetings is as follows:

Name of Members	Meetings Attended
Akbarali Pesnani - Chairman	04
John Joseph Metcalf - Member	03
Masood Noorani - Member (resigned on 01-04-2014)	01
Akbarali Hashwani - Member (passed away on 03-03-2014)	01
R. Zakir Mahmood - Member (appointed on 25-04-2014)	01
Tahir Ahmed - Member	04
Atiq A. Mahmudi - Member (retired on 25-04-2014)	02

Human Resource & Remuneration Committee

The terms of reference of this committee include the following:

- Review the HR policies and make appropriate amendments if needed.
- Review and approve manpower development plan and budget.
- Review and recommend annual appraisal and salary revision of senior executives of the Company.
- Review and approve any changes required in perquisites and benefits of senior executives and employees.
- Approve terminations and acceptance of resignations for senior executives.

The committee comprises of four members including the Chairman of this Committee, out of which three are non-executive directors and one executive director. During the year 2014 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Towfiq H. Chinoy - Chairman	03
Masood Noorani - Member (resigned on 01-04-2014)	01
John Joseph Metcalf - Member	04
Sima Kamil- Member (resigned on 15-07-2014)	01
Tahir Ahmed - Member	04
Amin A. Hashwani - Member (appointed on 25-04-2014)	02

MANAGEMENT COMMITTEES

The Company has four management committees, which cover the core areas of business. These committees meet on regular basis and are headed by the Chief Executive Officer. The functions and composition of the committees are given below:

Underwriting Committee

The underwriting committee's function is to formulate the underwriting policy of the Company and to set out the criteria for assessing various types of insurance risks and determines the premium of different insurance covers. The committee shall regularly review the underwriting and premium policies with due regard to relevant factors such as business portfolio and the market development.

The following are the members of this committee:

Tahir Ahmed	-	Chairman
Azfar Arshad	-	Member
Syed Imran Rabbani	-	Member
Mohammad Nadeem Irshad	-	Member

Claims Committee

The function of this committee is to devise the claim settling policy of the Company. The committee oversees the claim position of the company and ensures that adequate claims reserves are made. The committee pays a particular attention to significant claims cases or events, which will give rise to a series of claims. The Committee also determines the circumstances under which the claim disputes shall be brought to its attention, and decide how to deal with such claims disputes. It shall also oversee the implementation of the measures for combating fraudulent claims cases.

The following are the members of this committee:

Tahir Ahmed	-	Chairman
Mohammad Safdar	-	Member
Kamran Arif	-	Member

Re-Insurance & Co-Insurance Committee

This committee ensures that adequate reinsurance arrangements are made for the company. The committee pursues the proposed reinsurance's arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers makes appropriate adjustments to those arrangements in the light of the market development. The committee will also assess the effectiveness of the reinsurance program for the future reference.

The following are the members of this committee:

Tahir Ahmed	-	Chairman
Azfar Arshad	-	Member
Karim Merchant	-	Member
Mohammad Safdar	-	Member

Enterprise Risk Management Committee

This committee shall ensure the continuity of critical business functions, and commercial activity of the company and safe guard its assets. The committee shall assess, review, record, rank and rate the physical, financial and reputation risks. It will conduct the business impact analysis; assess effects of impact of any physical disruption; its financial implications and people to be affected. It will also evaluate mitigation in place; lay down proactive approach and reactive actions. It will also develop and implement business continuity plan for the company and review it from time to time.

The following are the members of this committee:

Tahir Ahmed	-	Chairman
Atiq A. Mahmudi	-	Member
Azfar Arshad	-	Member
Mohammad Safdar	-	Member
Uzair Mirza	-	Member

BUSINESS RISK MANAGEMENT

Identification of Strategic, Commercial, Operational and Financial risks along with plans and strategies to mitigate them.

The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company is in a continuous process to monitor and control risk to the business. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The following are the major risks faced by the Company and strategies for mitigating them.

Risk	Mitigating factors
<p>Economic and Political Risk Difficult business conditions resulting from economic and political instability may prove to be an impediment in the plans of the Company to achieve its business objectives.</p>	<p>The Company has cautious approach to deal with such risks and develops niche products to maintain and increase its market share without compromising its profitability.</p>
<p>Market Risk The Company faces increased competition from existing players and new entrants including Takaful companies in insurance market.</p>	<p>The Company relies on its personalized service and customized products to retain its customer base and increase its market share.</p>
<p>Insurance Risk The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.</p>	<p>The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events.</p>
<p>Reinsurance Risk Reinsurance ceded does not relieve the Company from its obligation to insured and as a result the Company remains liable for the portion of claim reinsured in case of inability of the reinsurance to discharge its obligation.</p>	<p>To minimise its exposure to losses from reinsurer insolvencies, the Company obtains reinsurance from a number of reinsurers, representing first class security and spread over several geographical regions. The Company also ensures that 80% of all reinsurance treaties are backed by at least "A" rated reinsurers including Pakistan Reinsurance Company Limited and remaining by "BBB" rated.</p>
<p>Reserve Risk The Risk of inadequate reserve to meet future insurance obligation.</p>	<p>The Company has developed a policy to monitor and enhance reserves periodically to control this risk.</p>

Risk	Mitigating factors
<p>Credit Risk The possibility that the insured may fail to discharge its obligation for payment of premium and cause the Company to incur a financial loss.</p>	<p>The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.</p>
<p>Investment Risk The changes in stock market variables and interest rates may affect future cash flows of financial instruments.</p>	<p>The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs) markets. In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.</p>
<p>Liquidity Risk The Company may encounter difficulty in financial meeting obligations associated with insurance and reinsurance.</p>	<p>The Company manages its liquidity by maintaining healthy cash and cash equivalent and other liquid assets balances. The maturity profile of financial assets and liabilities are also closely monitored for this purpose.</p>
<p>IT Risk The development in Information Technology may affect the Company’s operational process.</p>	<p>The Company continuously upgrade its IT systems which are managed by able officers and regulated by a formal policy with disaster management system.</p>
<p>Regulatory Risk The Company operates in an industry that is highly regulated. Therefore, failure to meet regulatory</p>	<p>The Company's management is fully aware of applicable laws and regulations and assures their compliance. Changes in applicable laws are monitored and reported to the Board. The Company engages with regulators through Insurance Association of Pakistan to ensure that industry views are represented.</p>

Opportunity Report

In South Asia, the Pakistan has the lowest non-life insurance penetration ratio as a percentage of the Gross Domestic Product, hence offering a huge potential of growth in this sector. There is a large section of retail market which is untapped due to lack of awareness and limited range of products available for to the masses. The Takaful Window operation also presents another avenue of growth and to provide security to our people.

The Company is capable of availing all arising opportunities, including the launch of new infrastructure projects in the country. The Company intends to leverage on its high IFS rating, IT system and product innovation to achieve improved technical results, enhance the market share and build on the financial strength.

PATTERN OF SHAREHOLDING

As at 31 December 2014

Number of Shareholders	Shareholding(s)		Number of Shares held	Percentage
	From	To		
460	1	100	9,572	0.0061
245	101	500	69,753	0.0445
152	501	1,000	119,993	0.0765
372	1,001	5,000	902,585	0.5752
100	5,001	10,000	726,148	0.4628
48	10,001	15,000	593,956	0.3785
32	15,001	20,000	576,734	0.3676
15	20,001	25,000	337,907	0.2154
3	25,001	30,000	82,645	0.0527
7	30,001	35,000	226,276	0.1442
14	35,001	40,000	524,546	0.3343
1	40,001	45,000	42,121	0.0268
4	45,001	50,000	187,320	0.1194
5	50,001	55,000	261,163	0.1664
3	55,001	60,000	168,628	0.1075
1	60,001	65,000	61,822	0.0394
1	65,001	70,000	68,735	0.0438
2	70,001	75,000	145,996	0.0930
2	75,001	80,000	154,932	0.0987
3	80,001	85,000	245,317	0.1563
2	85,001	90,000	177,616	0.1132
1	90,001	95,000	93,342	0.0595
3	95,001	100,000	292,485	0.1864
1	100,001	105,000	100,500	0.0640
2	115,001	120,000	236,076	0.1505
1	120,001	125,000	121,143	0.0772
1	125,001	130,000	128,749	0.0821
1	130,001	135,000	132,338	0.0843
1	135,001	140,000	137,347	0.0875
2	145,001	150,000	298,377	0.1902
1	155,001	160,000	158,826	0.1012
1	160,001	165,000	160,051	0.1020
1	165,001	170,000	168,526	0.1074
1	170,001	175,000	172,500	0.1099
2	185,001	190,000	376,504	0.2399
2	190,001	195,000	384,859	0.2453
2	195,001	200,000	393,908	0.2510
2	200,001	205,000	401,269	0.2557
1	205,001	210,000	207,000	0.1319
1	210,001	215,000	212,785	0.1356

Number of Shareholders	Shareholding(s)		Number of Shares held	Percentage
	From	To		
1	215,001	220,000	219,700	0.1400
2	245,001	250,000	491,994	0.3136
1	275,001	280,000	276,917	0.1765
1	280,001	285,000	283,740	0.1808
1	290,001	295,000	290,453	0.1851
1	315,001	320,000	315,561	0.2011
1	355,001	360,000	359,791	0.2293
1	370,001	375,000	373,533	0.2381
1	420,001	425,000	420,231	0.2678
1	485,001	490,000	489,327	0.3119
1	580,001	585,000	583,677	0.3720
1	680,001	685,000	681,388	0.4343
1	745,001	750,000	745,883	0.4754
2	900,001	905,000	1,808,943	1.1529
1	1,185,001	1,190,000	1,188,920	0.7577
1	1,260,001	1,265,000	1,262,000	0.8043
1	1,270,001	1,275,000	1,274,027	0.8119
1	1,445,001	1,450,000	1,446,803	0.9220
1	1,520,001	1,525,000	1,523,709	0.9711
1	1,565,001	1,570,000	1,568,848	0.9998
1	1,640,001	1,645,000	1,641,246	1.0460
1	1,775,001	1,780,000	1,775,395	1.1315
2	1,865,001	1,870,000	3,738,363	2.3825
1	2,140,001	2,145,000	2,141,901	1.3650
1	2,275,001	2,280,000	2,277,243	1.4513
1	5,770,001	5,775,000	5,772,657	3.6790
1	8,625,001	8,630,000	8,625,401	5.4970
1	11,210,001	11,215,000	11,213,881	7.1467
1	11,900,001	11,905,000	11,902,500	7.5856
1	22,040,001	22,045,000	22,042,073	14.0476
1	27,995,001	28,000,000	27,995,932	17.8420
1	32,315,001	32,320,000	32,317,686	20.5963
1,534			156,910,073	100.0000

PATTERN OF SHAREHOLDING

ADDITIONAL INFORMATION

As at 31 December 2014

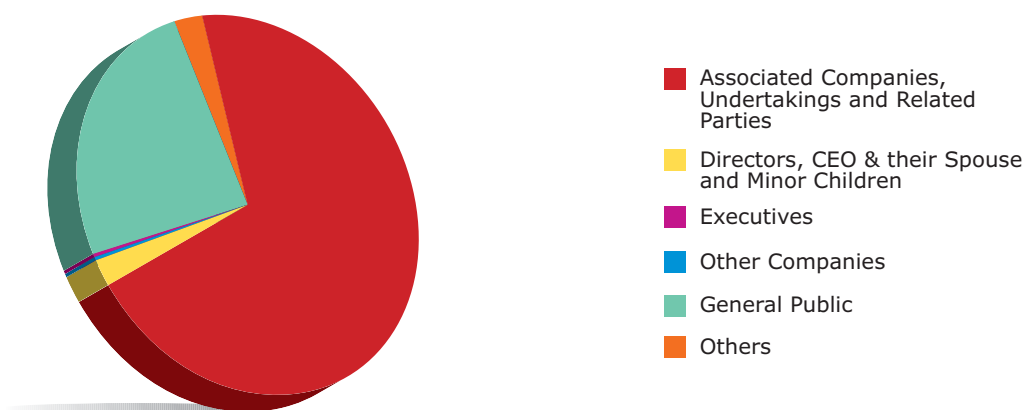
Categories of Shareholders	Number of Shareholders	No. of Shares held	Percentage
Associated Companies, Undertakings and Related Parties:	10	110,350,438	70.33
Hassanali & Company (Pvt.) Limited		489,327	
Hashoo (Pvt.) Limited		168,526	
Hashoo Holdings (Pvt.) Limited		290,453	
Hashwani Hotels Limited		8,625,401	
Habib Bank Limited		27,995,932	
Aga Khan Fund for Economic Development		22,042,073	
Aga Khan Hospital and Medical College Foundation		32,317,686	
Jubilee Life Insurance Company Limited		745,883	
Aga Khan University Foundation		5,772,657	
Pakistan Services Limited		11,902,500	
NIT and ICP			
Investment Corporation of Pakistan	1	36	-
Directors, CEO & their Spouse(s) and Minor Children	8	2,746,573	1.75
Towfiq H. Chinoy		35,342	
Sadrudin Hashwani		681,388	
Akbarali Pesnani		89,663	
R. Zakir Mahmood		238	
Aly Noormahomed Rattansey		2,238	
Amin A. Hashwani		1,713,475	
Tahir Ahmed		201,175	
Sakina Pesnani w/o Akbarali Pesnani		23,054	
Executives	5	239,803	0.15
Atiq Anwar Mahmudi		80,853	
Azfar Arshad Inam		30,906	
Syed Sohail Ahmed		116,644	
Nasim ul Haq		2,400	
Karim Merchant		9,000	
Public Sector Companies and Corporations			-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and ICP Mutual Funds	9	433,954	0.28
Individuals	1,471	38,961,514	24.83
Others	30	4,177,755	2.66
Total	1,534	156,910,073	100.00
Shareholders holding 10 percent or more share in the Company		No. of Shares held	Percentage
- Aga Khan Hospital and Medical College Foundation		32,317,686	20.60
- Habib Bank Limited		27,995,932	17.84
- Aga Khan Fund for Economic Development		22,042,073	14.05

Trading in shares by Directors, CEO, CFO, Company Secretary & their spouse(s) and minor children during the year 2014

Name	Designation	Transaction	Number of Shares
Aly Noormahomed Rattansey	Director	Acquired	2,000

Categories of Shareholders	No. of Shareholders	Shares held	Percentage of Total
Individuals	1,461	28,445,208	18.13
Insurance Companies	3	1,164,591	0.74
Joint Stock Companies	27	22,020,980	14.03
Financial Institutions	6	27,999,412	17.85
Modarabas & Mutual Funds	3	11,802	0.01
Non Resident Shareholders	24	35,544,755	22.65
Others - see below	10	41,723,325	26.59
	1,534	156,910,073	100.00

- I. The Aga Khan Hospital & Medical College Foundation
- II. Aga Khan Foundation
- III. The Aga Khan University Foundation
- IV. Trustees Pak Services Ltd, Employees Provident Fund
- V. Trustees Hashwani Hotels Ltd, Employees Provident Fund
- VI. Trustees Artal Restaurants Int'l Employees Provident Fund
- VII. Trustees Saeeda Amin Wakf
- VIII. Trustees Muhammad Amin Wakf Estate
- IX. The Aga Khan University- Employees Provident Fund
- X. The Aga Khan University - Employees Gratuity Fund



KEY FINANCIAL DATA

	2014	2013	2012	2011	2010	2009
	(Rupees in million)					
FINANCIAL DATA						
Paid-up Capital	1,569	1,364	1,186	989	791	659
General & Capital Reserves	3,854	3,395	2,887	2,554	2,113	1,962
Equity	5,423	4,759	4,073	3,543	2,904	2,621
Total Liabilities	8,116	8,052	6,686	5,432	4,798	3,799
Investments - at Cost	7,777	7,303	5,927	4,937	3,709	1,753
Investment Properties- (at book value)	678	156	149	145	146	150
Cash and Bank Deposits	1,021	1,010	1,260	967	975	2,028
Other assets - Current	3,900	4,171	3,254	2,788	2,737	2,350
Other assets - Non-Current	163	172	169	138	135	139
Total assets (book value)	13,539	12,812	10,759	8,975	7,702	6,420
Total assets (Market value)	18,989	16,185	13,010	10,900	9,572	8,164
OPERATING DATA						
Gross Premium Revenue	6,961	6,569	6,008	5,180	4,285	4,031
Net Premium Revenue	3,645	3,526	3,085	2,764	2,451	2,298
Net Claims	2,083	2,156	1,910	1,699	1,678	1,421
Management Expenses	957	837	734	652	633	535
Underwriting Results	275	223	154	154	(64)	114
Investment Income	966	979	783	748	587	674
Profit before Taxation	1,270	1,220	946	893	547	772
Taxation - Net	(191)	(175)	(119)	(96)	(97)	(115)
Profit After Taxation	1,079	1,045	827	797	450	656
CASH FLOW SUMMARY						
Operating Activities	405	465	849	599	474	217
Investing Activities	4	(369)	(332)	(451)	(1,308)	213
Financing Activities	(401)	(349)	(291)	(155)	(194)	(97)
Cash & Cash Equivalents at the year end	948	940	1,193	967	974	2,003

		2014	2013	2012	2011	2010	2009
FINANCIAL RATIOS							
Profitability							
Profit Before Tax / Gross Premium	%	18.24	18.57	15.75	17.24	12.77	19.15
Profit Before Tax / Net Premium	%	34.84	34.60	30.66	32.31	22.32	33.59
Profit After Tax / Gross Premium	%	15.50	15.91	13.76	15.39	10.50	16.27
Profit After Tax / Net Premium	%	29.60	29.64	26.81	28.84	18.36	28.55
Underwriting Result / Gross Premium	%	3.95	3.39	2.56	2.97	(1.49)	2.83
Underwriting Result / Net Premium	%	7.54	6.32	4.99	5.57	(2.61)	4.96
Profit Before Tax / Total Revenue	%	27.54	27.08	24.46	25.43	18.01	25.98
Profit After Tax / Total Revenue	%	23.40	23.20	21.38	22.69	14.81	22.07
Combined ratio	%	92.46	93.68	95.01	94.43	102.61	95.04
Net Claims / Net Premium	%	57.15	61.15	61.91	61.47	68.46	61.84
Management Expense / Net Premium	%	26.26	23.74	23.79	23.59	25.83	23.28
Return to Share Holders							
Return on Equity (after tax)	%	19.90	21.96	20.30	22.50	15.50	25.03
Earnings Per Share (pre tax)	Rs.	8.09	8.94	7.98	9.03	6.92	11.71
Earnings Per Share (after tax)	Rs.	6.88	7.66	6.97	8.06	5.69	9.95
Earnings Per Share (pre tax)-Restated	Rs.	8.09	7.78	6.03	5.69	3.49	4.92
Earnings Per Share (after tax)-Restated	Rs.	6.88	6.66	5.27	5.08	2.87	4.18
Earning growth	%	3.25	26.36	3.76	77.11	(31.40)	(345.46)
Price Earning Ratio - PAT	Times	14.83	10.51	12.73	10.49	20.69	13.93
Breakup Value Per Share	Rs.	34.56	34.89	34.34	35.82	36.71	39.77
Return on Assets (Book value)	%	7.97	8.16	7.69	8.88	5.84	10.22
Return on Assets (Market value)	%	5.68	6.46	6.36	7.31	4.70	8.04
Market Data							
Face Value (Per share)	Rs.	10.00	10.00	10.00	10.00	10.00	10.00
Market Price per share at the end of the year	Rs.	102.00	70.00	67.11	53.31	59.33	58.24
Market Price per share - Highest during the year	Rs.	122.37	72.90	73.18	74.90	87.75	114.00
Market Price per share - Lowest during the year	Rs.	71.01	52.70	50.10	51.00	52.21	46.00
Karachi Stock Exchange Index	Points	32,131	25,261	16,905	11,348	12,022	9,386
Market Capitalization	(Rs. M)	16,004	9,548	7,959	5,272	4,693	3,839
Cash Dividend Per Share	Rs.	4.00	3.00	3.00	3.00	2.00	3.00
Cash Dividend	%	40.00	30.00	30.00	30.00	20.00	30.00
Stock Dividend Per Share	Rs.	-	1.50	1.50	2.00	2.50	2.00
Stock Dividend	%	-	15.00	15.00	20.00	25.00	20.00
Dividend Yield	%	3.92	4.29	4.47	5.63	3.37	5.15
Dividend Pay out	%	58.16	45.04	56.92	59.06	69.73	71.75
Dividend Cover	Times	1.72	2.22	1.76	1.69	1.43	1.39
Performance / Liquidity							
Current Ratio	Times	1.56	1.55	1.56	1.60	1.55	1.61
Liquid Ratio	Times	1.08	1.03	1.08	1.09	0.98	1.00
Cash / Current Liabilities	%	12.58	12.54	18.85	17.80	20.32	53.38
Total Assets Turnover	Times	0.51	0.51	0.56	0.58	0.56	0.63
Fixed Assets Turnover	Times	12.52	22.52	23.65	21.20	17.13	16.86
Total Liabilities / Equity	Times	1.50	1.69	1.64	1.53	1.65	1.45
Return on Capital Employed	%	23.42	25.64	23.23	25.20	18.84	29.45
Liquid Assets / Total Assets	%	64.98	64.88	66.80	65.78	60.82	58.89
Paid-up Capital / Total Assets	%	11.59	10.65	11.02	11.02	10.27	10.27
Earning Assets / Total Assets	%	69.99	66.10	68.18	67.40	62.71	61.23
Equity / Total Assets	%	40.05	37.14	37.86	39.48	37.70	40.83

FINANCIAL STATEMENTS ANALYSIS

Vertical Analysis

Balance Sheet

	2014		2013	
	Rupees in '000	%	Rupees in '000	%
Cash and bank deposits	1,021,045	7.54	1,010,385	7.89
Loans to employees	577	0.00	519	0.00
Investments	7,777,591	57.45	7,302,557	57.00
Investment properties	678,043	5.01	156,427	1.22
Deferred taxation	22,498	0.17	31,545	0.25
Other assets	3,900,746	28.81	4,171,113	32.56
Fixed assets - Tangible and Intangible	138,281	1.02	139,406	1.09
Total Assets	13,538,781	100.00	12,811,952	100.00
Total Equity	5,422,877	40.05	4,759,795	37.15
Underwriting provisions	5,237,385	38.68	5,579,012	43.55
Staff retirement benefits	53	0.00	336	0.00
Creditors and accruals	1,592,293	11.76	1,370,911	10.70
Other liabilities	1,286,173	9.50	1,101,898	8.60
Total Shareholders' Equity & Liabilities	13,538,781	100.00	12,811,952	100.00

Profit & Loss Account

Net premium revenue	3,644,630	100.00	3,525,777	100.00
Net claims	2,082,704	57.14	2,154,726	61.11
Expenses	957,122	26.26	836,998	23.74
Net commission	329,657	9.05	310,778	8.81
Investment income including rental & bank deposits returns	966,192	26.51	980,036	27.80
Other income including share of profit of an associates	79,568	2.18	61,416	1.74
General and administration expenses	51,085	1.40	44,525	1.26
Impairment in value of available for sale securities	-	-	-	-
Profit before tax	1,269,822	34.84	1,220,202	34.61
Taxation - net	(190,703)	(5.23)	(174,887)	(4.96)
Profit after tax	1,079,119	29.61	1,045,315	29.65

Horizontal Analysis

Balance Sheet

	2014	2013	2012	2011
	Rupees in '000			
Cash and bank deposits	1,021,045	1,010,385	1,259,538	967,361
Loans to employees	577	519	757	849
Investments	7,777,591	7,302,557	5,927,293	4,937,313
Investment properties	678,043	156,427	149,017	144,765
Deferred taxation	22,498	31,545	31,207	36,233
Other Assets	3,900,746	4,171,113	3,252,936	2,788,390
Fixed assets - Tangible and Intangible	138,281	139,406	138,633	99,924
Total Assets	13,538,781	12,811,952	10,759,381	8,974,835
Total Equity	5,422,877	4,759,795	4,074,836	3,542,869
Underwriting provisions	5,237,385	5,579,012	4,603,868	3,732,626
Staff retirement benefits	53	336	619	900
Creditors and accruals	1,592,293	1,370,911	1,196,159	1,102,684
Other liabilities	1,286,173	1,101,898	883,899	595,756
Total Shareholders' Equity & Liabilities	13,538,781	12,811,952	10,759,381	8,974,835

Profit & Loss Account

Net premium revenue	3,644,630	3,525,777	3,084,738	2,764,204
Net claims	2,082,704	2,154,726	1,910,326	1,699,094
Expenses	957,122	836,998	733,625	652,483
Net commission	329,657	310,778	286,437	258,871
Investment income including rental & bank deposits returns	966,192	980,036	788,880	765,198
Other income including share of profit of an associates	79,568	61,416	42,996	21,584
General and administration expenses	51,085	44,525	34,356	30,747
Impairment in value of available for sale securities	-	-	5,869	16,880
Profit before tax	1,269,822	1,220,202	946,001	892,911
Taxation - net	(190,703)	(174,887)	(119,503)	(95,722)
Profit after tax	1,079,119	1,045,315	826,498	797,189

2012		2011		2010		2009	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
1,259,538	11.71	967,361	10.78	974,783	12.66	2,028,132	31.53
757	0.01	849	0.01	791	0.01	294	0.00
5,927,293	55.09	4,937,313	55.01	3,709,155	48.16	1,753,158	27.25
149,017	1.38	144,765	1.61	146,446	1.90	149,653	2.33
31,207	0.29	36,233	0.40	36,383	0.47	31,978	0.50
3,252,936	30.23	2,788,390	31.07	2,736,988	35.54	2,362,790	36.73
138,633	1.29	99,924	1.11	97,512	1.27	106,549	1.66
10,759,381	100.00	8,974,835	100.00	7,702,058	100.00	6,432,554	100.00
4,074,836	37.87	3,542,869	39.48	2,903,875	37.70	2,621,006	40.75
4,603,868	42.79	3,732,626	41.59	3,455,752	44.87	2,830,414	44.00
619	0.01	900	0.01	1,371	0.02	1,936	0.03
1,196,159	11.12	1,102,684	12.29	921,558	11.97	693,542	10.78
883,899	8.22	595,756	6.64	419,502	5.45	285,656	4.44
10,759,381	100.00	8,974,835	100.00	7,702,058	100.00	6,432,554	100.00
3,084,738	100.00	2,764,204	100.00	2,451,227	100.00	2,297,720	100.00
1,910,326	61.93	1,699,094	61.47	1,677,614	68.44	1,420,977	61.84
733,625	23.79	652,483	23.59	632,961	25.83	534,982	23.28
286,437	9.29	258,871	9.37	204,737	8.35	227,640	9.91
788,880	25.57	731,438	26.46	586,715	23.94	673,537	29.31
42,996	1.39	21,584	0.78	43,189	1.76	4,842	0.21
34,356	1.11	30,747	1.11	19,137	0.78	20,602	0.90
5,869	0.19	16,880	0.61	-	-	-	-
946,001	30.66	892,911	31.31	546,682	22.32	771,898	33.59
(119,503)	(3.87)	(95,722)	(3.46)	(96,531)	(3.94)	(115,434)	(5.02)
826,498	26.81	797,189	28.84	450,151	18.36	656,464	28.57

2010	2009	% increase / (decrease) over preceeding year					
Rupees in '000		2014	2013	2012	2011	2010	2009
974,783	2,028,132	1.06	(19.78)	30.20	(0.76)	(51.94)	21.43
791	294	11.18	(31.44)	(10.84)	7.33	169.05	(19.23)
3,709,155	1,753,158	6.51	23.20	20.05	33.11	111.57	22.58
146,446	149,653	333.46	4.97	2.94	(1.15)	(2.14)	20.86
36,383	31,978	(28.68)	1.08	(13.87)	(0.41)	13.78	(11.11)
2,736,988	2,362,790	(6.48)	28.23	16.66	1.88	15.84	14.33
97,512	106,549	(0.81)	0.56	38.74	2.47	(8.48)	8.77
7,702,058	6,432,554	5.67	19.08	19.88	16.53	19.74	18.57
2,903,875	2,621,006	13.93	16.81	15.02	22.00	10.79	27.15
3,455,752	2,830,414	(6.12)	21.18	23.34	8.01	22.09	9.54
1,371	1,936	(84.23)	(45.72)	(31.22)	(34.35)	(29.18)	(22.59)
921,558	693,542	16.15	14.61	8.48	19.65	32.88	31.66
419,502	285,656	16.72	24.66	48.37	42.02	46.86	13.94
7,702,058	6,432,554	5.67	19.08	19.88	16.53	19.74	18.57
2,451,227	2,297,720	3.37	14.30	11.60	12.77	6.68	5.09
1,677,614	1,420,977	(3.34)	12.79	12.43	1.28	18.06	6.64
632,961	534,982	14.35	14.09	12.44	3.08	18.31	5.66
204,737	227,640	6.07	8.50	10.65	26.44	(10.06)	(4.97)
586,715	673,537	(1.41)	24.23	3.09	30.42	(12.89)	84.01
43,189	4,842	29.56	42.84	99.20	(50.02)	791.97	(72.17)
19,137	20,602	14.73	29.60	11.74	60.67	(7.11)	5.36
-	-	-	-	-	-	-	-
546,682	771,898	4.07	28.99	5.95	63.33	(29.18)	(530.86)
(96,531)	(115,434)	9.04	46.35	24.84	(0.84)	(16.38)	31.03
450,151	656,464	3.23	26.36	3.76	77.11	(31.40)	(345.64)

COMMENTS ON KEY FINANCIAL DATA

● Performance Ratios

- The overall Combined and Claims ratios mostly remain in the range of 95% to 92% and 62% to 57% respectively over the years reflecting a decreasing trend, hence strengthening the profitability of the Company. However, on the year 2010 these ratios are impacted due to claims of massive floods in the country.
- The Company is able to maintain its expense ratio in the range of 23% to 24% till the year 2013. However, expense ratio for the current year has increased due to lower growth of the gross premium.
- The Company has managed healthy return on equity, mostly more than 20% over the years despite difficult economic conditions in the past six years.
- The Earnings per share has also improved to Rs. 6.88 per share in 2014 from Rs. 4.18 in 2009.
- Cash Dividend per share to the shareholders ranges from 30% to 40% over the last six years reflecting a healthy dividend payout ratio over the years.
- All profitability ratios are improving from 2009 to 2014 reflecting company's better underwriting results and enhanced investment income on year to year basis.

● Balance Sheet

- The Company's assets have increased by 110% to Rs. 13.5 billion at the end of 2014 from Rs. 6.4 billion at the end of 2009.
- The book value of total investments has increased to Rs. 9.4 billion as at 31 December 2014 in comparison to Rs. 3.9 billion as at 31 December 2009.
- The total equity and technical reserves stood at Rs. 10.66 billion as at 31 December 2014 in comparison to Rs. 5.45 billion as at 31 December 31, 2009.
- A continuous improvement in the size of investments out of total assets has been witnessed over the years. Investments were 70% of total assets of the Company in the year 2014 in comparison of 61% in the year 2009. The improvement reflects more prudent as well as efficient management of investment portfolio particularly, after the stock market crisis in 2008.
- The book value of Investment properties has increased in 2014 comprising 5% of total assets due to land acquired by the Company in the current year.
- The total assets of the Company have grown to 2.11 times over the year 2009.

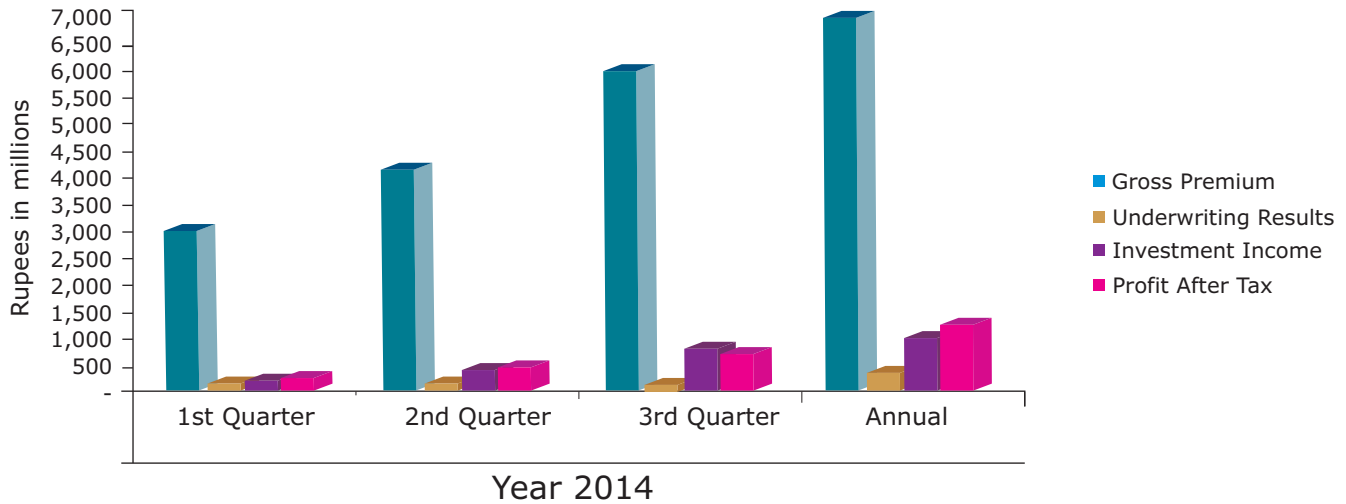
● Profit and Loss Account

- The gross and net premium has increased by 73% and 59% respectively over the period of six years.
- The underwriting profit has increased by 141% from the year 2009.
- The profit before tax reached to Rs. 1.27 billion for the year ended 31 December 2014 in comparison to profit before tax of Rs. 772 million at the end of the year 2009, which reflects 65% increase in Profit before tax over the period of six years.
- In 2013, the Company for the first time in its history was able to achieve profit after tax of Rs. 1 billion. In the current year, the Company has maintained the same trend and achieved the Rs. 1 billion mark again with a slight improvement from the previous year.

● Cash Flows

- The operating cash inflow of the Company is Rs. 405 million in the year 2014 in comparison to an operating cash inflow of Rs. 217 million in the year 2009. The healthy generation of cash inflow from operating activities is properly utilized in investment activities and payment of dividend to the shareholders.
- Due to consistent policy of increasing paid up share capital by issuing bonus shares, the cash outflow of financing activities has also gone up significantly over the years.

QUARTERLY ANALYSIS



Gross Premium

As per past trend, major amounts of premium are underwritten in the first and third quarter of the year. The contribution to the total premium of each quarter in terms of percentage is remained consistent with past trend except decrease in the third quarter's gross premium which is due to underwriting measures taken by the management to improve profitability.

Underwriting Results

The reported underwriting results for the first quarter were as per the targets. However, the underwriting profitability of the second and third quarter has adversely impacted due to marine cargo losses following the unfortunate incident at Karachi Airport in the month of June and flood losses reported in the third quarter. However, due to the management's timely decisions and implementation of effective underwriting measures, the Company has posted Rs. 177 million underwriting profit in the fourth quarter to end the year with a healthy underwriting profit of Rs. 275 million.

Investment Income

The investment income has grown steadily over each quarter and increasing trend is followed in all the quarters. The total investment income of Rs. 966 million for the year demonstrates healthy return on the investments despite cut in interest rates and availability of less attractive investments' avenues.

Profit after Tax

Despite low underwriting profitability in the second and third quarter, the profit after tax for each quarter has grown steadily. The major contribution came from the fourth quarter in which underwriting results have improved tremendously and the Company has able to cross the Rs 1.0 billion mark for second consecutive year.

DUPONT ANALYSIS

Years	Return on Equity (Equity Multiplier*Return on Assets)	Equity Multiplier (Total Assets/Equity)	Return on Assets (Total Asset Turnover x Profit Margin)	Total Asset Turnover (Gross Premium/Total Assets)	Profit Margin (Profit after Tax / Gross Premium)
	$E=C \times D$	D	$C=A \times B$	B	A
2014	19.90%	2.497	7.97%	0.514	0.155
2013	21.96%	2.692	8.16%	0.513	0.159
2012	20.30%	2.641	7.69%	0.557	0.138
2011	22.50%	2.533	8.88%	0.577	0.154
2010	15.50%	2.652	5.84%	0.556	0.105
2009	25.03%	2.449	10.22%	0.627	0.163

Following are the main DuPont analysis highlights:

- The Return on Assets (ROA) is remained superior to 5% reflecting better utilization of assets over the years.
- The Return on Equity is remained well over 15% over the years indicating better efficiency and performance of the Company.



SHARE PRICE ANALYSIS

Volume Analysis

Month	Highest	Lowest	Per day Average Volume
JGI Share Price on the KSE in the year 2014	Rupees	Rupees	Number of Shares
January	82.00	70.00	2,500
February	84.50	76.45	5,000
March	88.39	80.00	6,238
April	122.37	88.67	8,045
May	92.25	88.01	2,929
June	95.90	86.60	51,143
July	88.95	85.10	1,300
August	96.59	81.00	8,711
September	94.00	85.00	3,227
October	91.25	89.00	79,500
November	99.18	89.01	13,324
December	105.00	96.00	6,364

Sensitivity Analysis

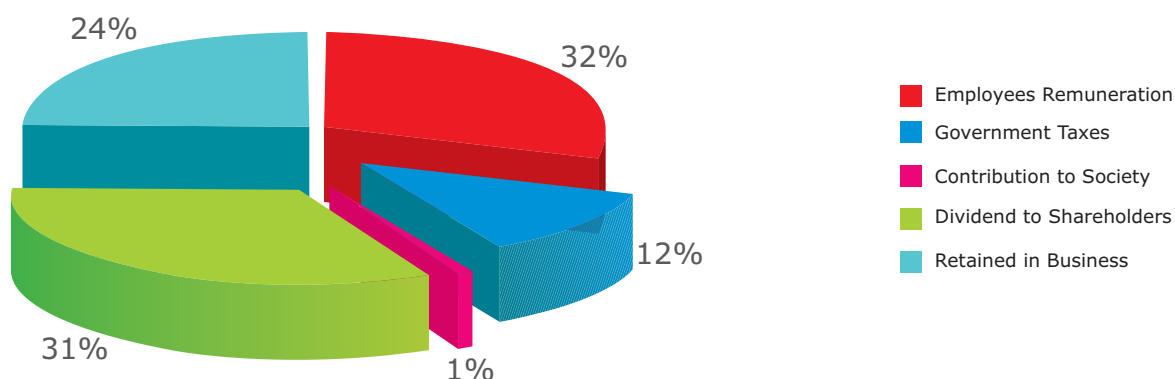
The Company's share price is sensitive to the following main factors:

- Economic conditions.
- Stock market sentiments.
- Company's performance.
- Dividend announcements.
- Change in government policies and regulations relating to insurance business.
- Company's financial strength rating.

STATEMENT OF VALUE ADDITION

	2014	2013
	(Rupees in '000)	
WEALTH GENERATED		
Net premium revenue	3,644,630	3,525,777
Commission from reinsurers	281,763	268,034
Investment income	958,446	922,347
Rental income	134,418	140,930
Other income	-	11,253
	5,019,257	4,868,341
Less :		
Claims, Commission and Expenses (excluding employees remuneration, depreciation, and other taxes)	2,998,506	2,993,578
Net Wealth Generated	2,020,751	1,874,763
WEALTH DISTRIBUTION		
Employees remuneration	638,434	569,165
Government taxes (includes Income Tax, WWF , and other taxes)	247,881	215,463
Contribution to society	12,826	11,570
Dividend to shareholders		
- Cash	627,640	409,331
- Stock	-	204,665
	627,640	613,996
Retained in business		
- Depreciation and Amortisation	39,536	37,666
- Earnings	454,434	426,903
	493,970	464,569
	2,020,751	1,874,763

Distribution of wealth - 2014



ENGAGEMENT WITH **STAKEHOLDERS**

Jubilee General has wide range of stakeholders particularly shareholders and investors, customers, suppliers and service providers including reinsurers and reinsurance brokers, financial institutions, media, regulatory bodies and analysts. The Company believes in effective communication with all stakeholders and generally adopts following communication procedures:

Shareholders and Investors

The Company convenes annual and extra ordinary general meetings in accordance with the requirement of Companies Ordinance, 1984. The Company's interim results and reports are placed on company's website and are also notified to the Stock Exchange for shareholders' information. Any other price sensitive information including dates of Board of Directors' meeting is also communicated to the Stock Exchange on timely basis. The Company's website also has an investors' relations section which contains all the relevant information for the use of investors.

Customers

The Company's philosophy can be summed up as Customer protection, their satisfaction and trust. The Company has proper sales team which meets with corporate clients on regular basis to obtain their feedback, which helps significantly in improvement of level of services provided to them. Recently, the Company has set up a call center with toll free number to provide better services to all its clients mainly focusing on retail segment of the market. The Company has strong presence on social media to engage with customers and visitors in an efficient manner. The Company's website also has complaint form for the customers to register complains (if any) which are addressed appropriately.

Suppliers and Service providers

The Company corresponds with its major suppliers and services providers particularly reinsurers and reinsurance brokers on a regular basis and Provides them relevant feedback and updates.

Financial Institutions

The Company works with major Banks and other financial institutions in partnership to provide better services to the customers and to increase Company's financial strength. The Company interacts with all partner institutions continuously to explore avenues of growth and investments. The collaboration with the banks is also focused on improvement in banking and insurance services provided by both counter parties.

Media

The Company promotes its business activities by having strong presence in media. The Company ensures media presence at launch of its products, signing of major agreements with business partners and other organized promotional and social activities.

Regulatory bodies

The Company ensures compliance of all regulatory requirements and submits periodic reports to the regulators. The Company also interacts with various regulators through platform of the Insurance Association of Pakistan.

Analysts

The Company communicates with the both local credit rating agencies JCR-VIS and PACRA on regular basis to secure IFS rating as required by law. Jubilee General also interact with one of the oldest and most authoritative rating agency A.M Best for its international rating.

The Company also encourages business schools and research houses to conduct research on insurance sector and disseminate their analysis through various publications.

IT GOVERNANCE **POLICY**

The Company maintains a proper documented IT policy which is also approved by the Board. The policy is aimed to implement integrated framework to achieve the Company's strategic objectives. The policy mainly covers following areas:

- Internal Organization and responsibility of IT assets
- IT Operational Procedures
- System planning, acceptance and data security
- Backups and Media handling
- E- Commerce
- System monitoring procedures and
- Disaster Recovery Plan

SAFETY OF RECORDS OF **THE COMPANY**

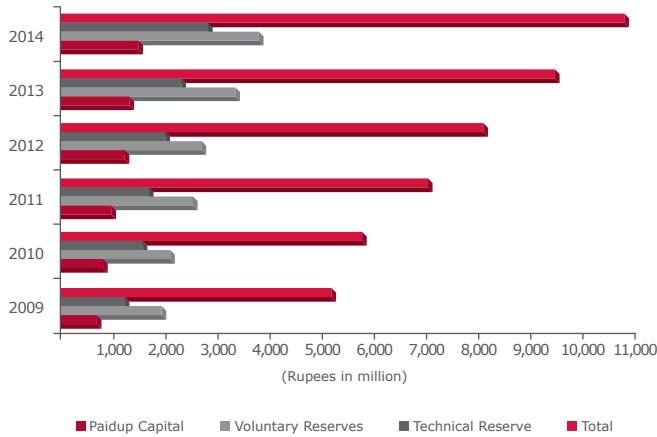
The Company ensures maintenance of records as per the requirement of Companies Ordinance, 1984. For the safe custody of physical documents and files, record rooms having appropriate space and proper filing system are located at Head Office and Zonal Offices. The safety and maintenance of soft data also governed with a comprehensive IT backup policy. The Company also maintains data at DRP sites to ensure its availability at all the time.

ISSUES RAISED AT THE LAST **ANNUAL GENERAL MEETING**

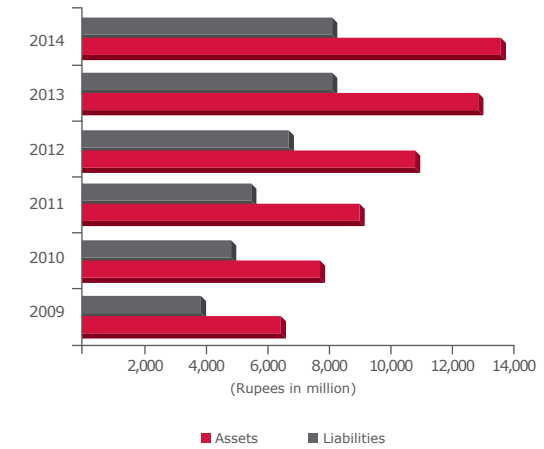
No significant issues were raised by the shareholders in the meeting. However, one shareholder commented that proceeds of consolidated fraction of bonus shares should be distributed to the members along-with the cash dividend. The Chairman advised to look into the possibility of doing such changes in the Company's Dividend Payment System. Subsequently, at the time of the cash dividend payment the proceeds of consolidated fraction of bonus shares were also included in cash dividend payment warrant of entitled shareholders.

PERFORMANCE AT A GLANCE

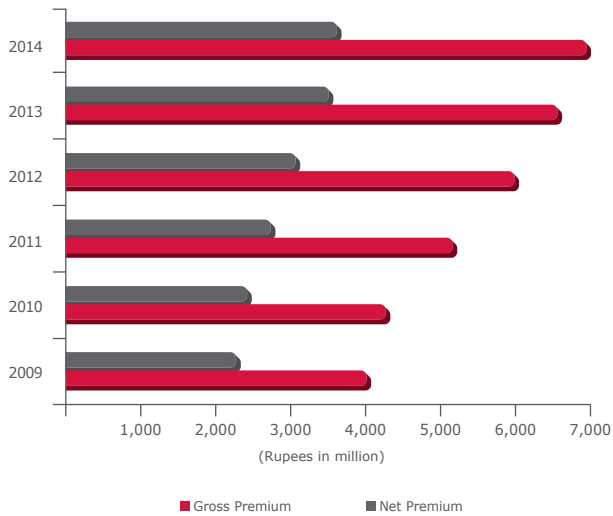
Capital & Reserves



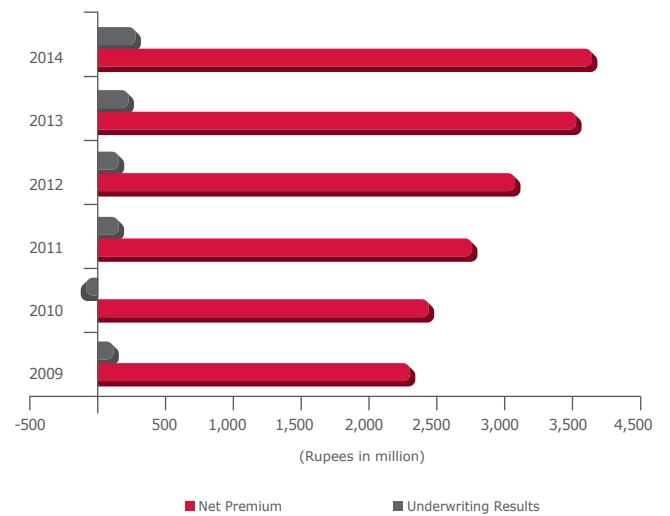
Assets & Liabilities



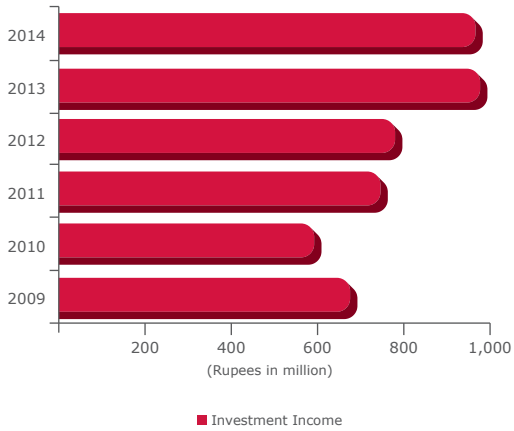
Gross Premium and Net Premium



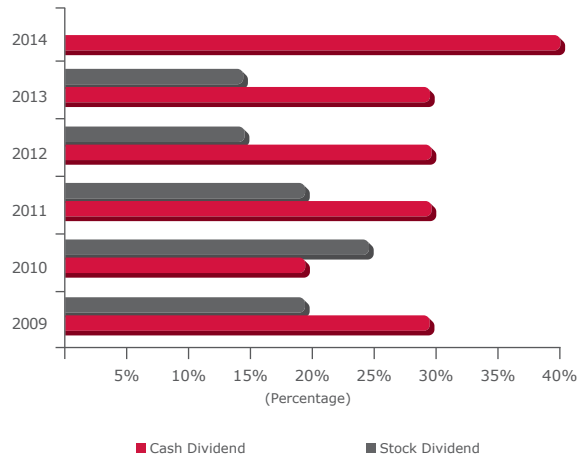
Net Premium and Underwriting Results



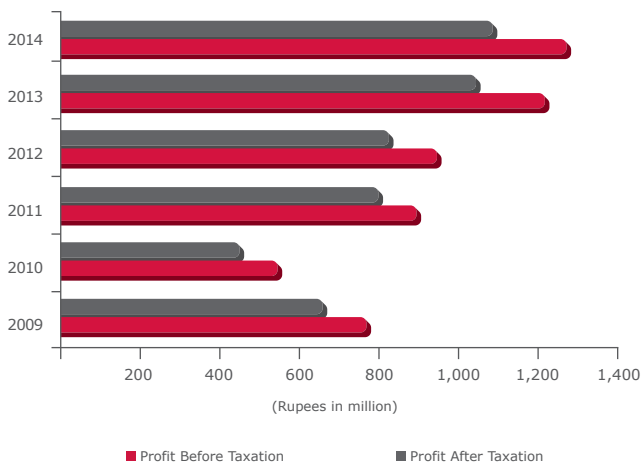
Investment Income



Dividend



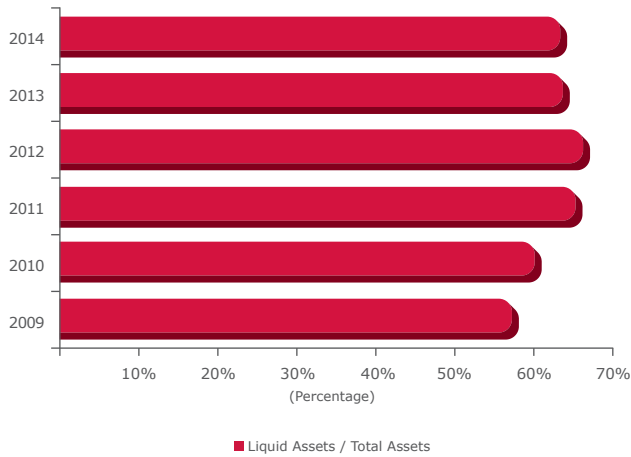
Profit Before Tax and After Tax



Earnings Per Share: Pre Tax and After Tax



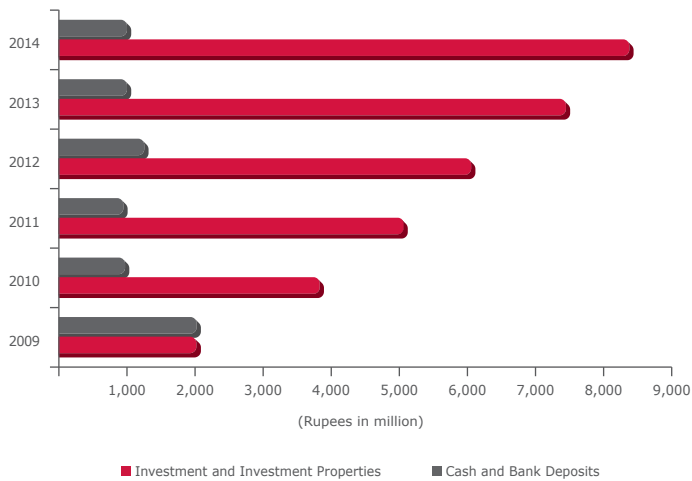
Liquid Assets / Total Assets %



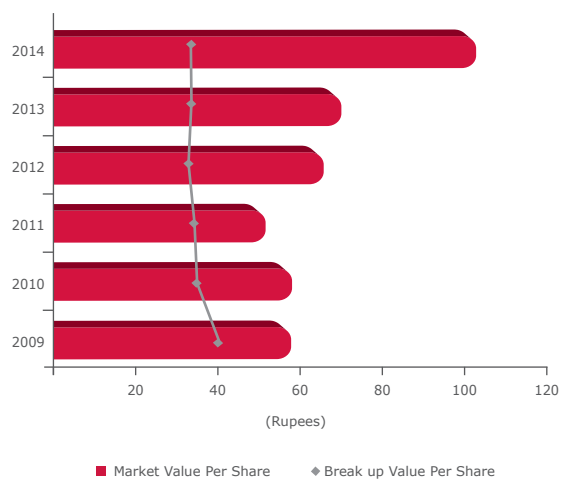
Equity / Total Assets %



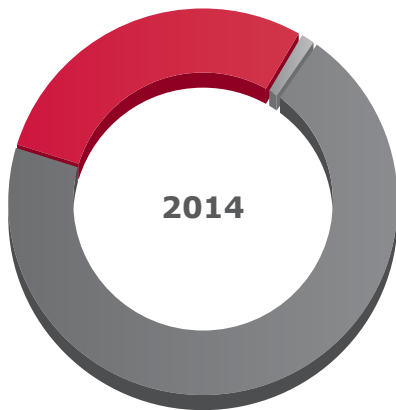
Investments & Cash and Bank Deposits



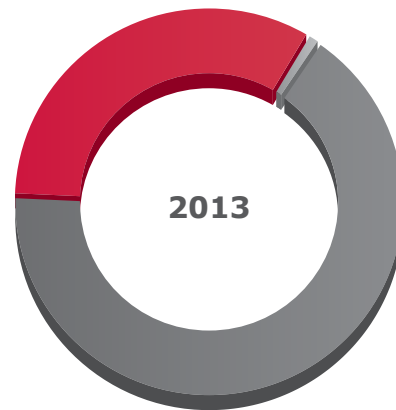
Market Value VS Breakup Value Per Share



GRAPHICAL COMPOSITION OF FINANCIAL STATEMENTS

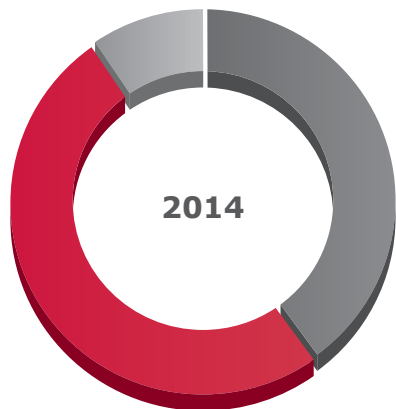


■ Earning Assets **70%** ■ Current Assets-others **29%**
 ■ Fixed Assets **01%**

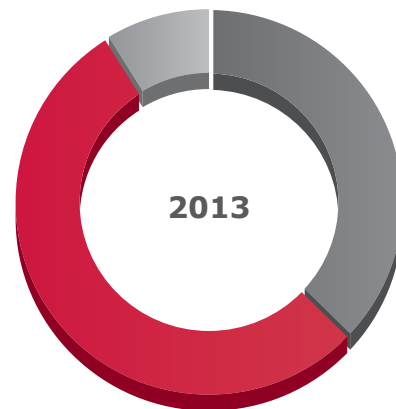


■ Earning Assets **66%** ■ Current Assets-others **33%**
 ■ Fixed Assets **01%**

Assets



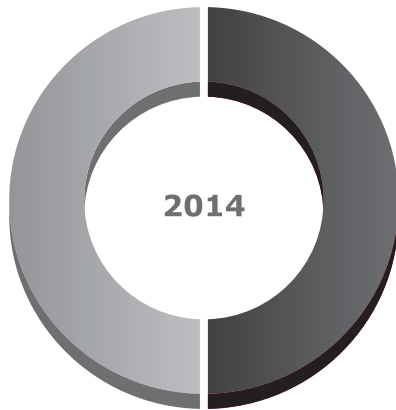
■ Share Capital & Reserves **40%**
 ■ Current liabilities **50%**
 ■ Non Current liabilities **10%**



■ Share Capital & Reserves **37%**
 ■ Current liabilities **54%**
 ■ Non Current liabilities **09%**

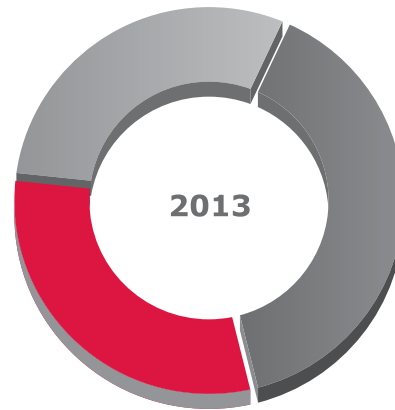
Shareholders' Equity and Liabilities

GRAPHICAL COMPOSITION OF FINANCIAL STATEMENTS

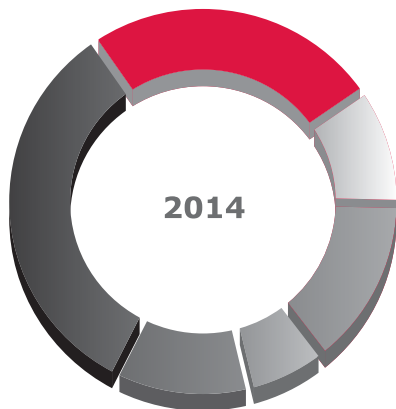


■ Operating activities **50%**
 ■ Investing activities **00%**
 ■ Financing activities **50%**

Cash Flows -Analysis

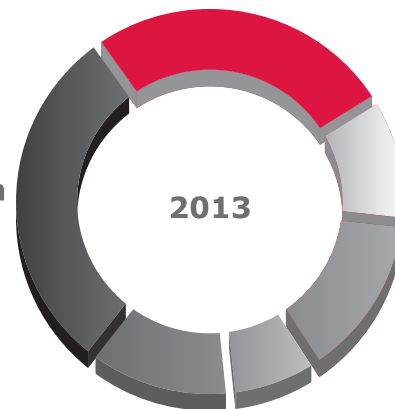


■ Operating activities **39%**
 ■ Investing activities **31%**
 ■ Financing activities **30%**



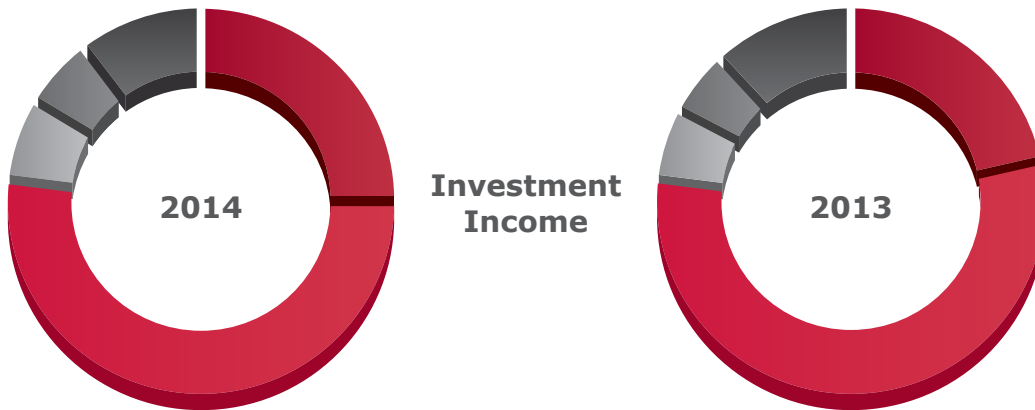
■ Fire **25%** ■ Marine **10%** ■ Motor **14%**
 ■ Liability **07%** ■ Accident & Health **11%**
 ■ Miscellaneous **33%**

Gross Premium Business Mix



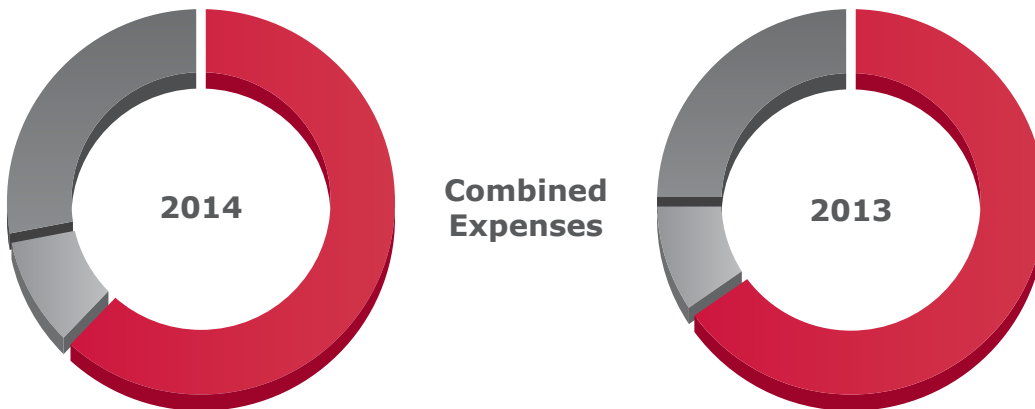
■ Fire **26%** ■ Marine **11%** ■ Motor **14%**
 ■ Liability **07%** ■ Accident & Health **12%**
 ■ Miscellaneous **30%**

GRAPHICAL COMPOSITION OF FINANCIAL STATEMENTS



■ Dividend income **25%**
■ Capital gains **52%** ■ Return on bank deposits **07%**
■ Return on Govt. Securities **06%** ■ Rental income **10%**

■ Dividend income **22%**
■ Capital gains **55%** ■ Return on bank deposits **06%**
■ Return on Govt. Securities **06%** ■ Rental income **11%**



■ Net Claims **62%** ■ Net Commission **10%**
■ Expenses **28%**

■ Net Claims **65%** ■ Net Commission **10%**
■ Expenses **25%**

REPORT OF THE BOARD AUDIT COMMITTEE

For The Year Ended 31 December 2014

The role of the Committee in the context of governance framework is to monitor:

- i. The integrity of financial statements
- ii. The appointment, qualification, independence and performance of External Auditors
- iii. The performance of internal audit function
- iv. The effectiveness of system of internal controls and risk management
- v. Compliance with legal and regulatory requirements

The Committee has concluded its annual review of the conduct and operations of the Company for the year ended December 31, 2014 and reports that:

- Four meetings of the Committee were held during the year and presided by the Chairman of the Committee.
- The Committee reviewed the quarterly and annual financial statements of the Company and recommend them for approval of the Board.
- The Company issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company.
- The Chief Executive Officer and the Chief Financial Officer have reviewed the financial statements of the Company and the Chairman's and Board of Directors' Report. They acknowledge their responsibility for true and fair presentation of the financial statements, accuracy of reporting, compliance with regulations and applicable accounting standards and establishments and maintenance of internal controls and system of the Company.
- The financial statements have been prepared in accordance with approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.
- Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgment. Applicable accounting standards were followed in preparation of the financial statements of the Company on a going concern basis for the financial year ended December 31, 2014, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company for the year under review.
- Proper, accurate and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984.

Internal Audit Function

- The internal control framework has been effectively implemented through outsourcing the internal audit function to A.F. Ferguson & Co., Chartered Accountants. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control.
- The Committee has ensured the achievement of operational, compliance and financial reporting objectives, safeguarding of the assets of the Company through effective financial, operational and compliance controls and risk management at all levels within the Company.
- Coordination between the external and internal auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory auditors of the company, M/s. KPMG Taseer Hadi & Co., Chartered Accountants, have completed their audit of the Company's financial statements and the Statement of Compliance with the Code of Corporate Governance for the year ended December 31, 2014.
- The Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements under the listing regulations and shall therefore accordingly be discussed in the next Committee meeting.
- The Audit firm has been given a satisfactory rating under the Quality Control Review Programme of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by the ICAP. The statutory auditors have indicated their willingness to continue as auditors.
- Being eligible for reappointment under listing regulations, the Board Audit Committee recommends the appointment of M/s. KPMG Taseer Hadi & Co. as statutory auditors for the financial year ending December 31, 2015 on terms approved by the Board of Directors.



Aly Noormahomed Rattansey
Chairman, Board Audit Committee
Karachi
12 February 2015



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Jubilee General Insurance Company Limited (the Company) for the year ended 31 December 2014 to comply with the requirements of Listing Regulation Nos. 35 of the Karachi and Lahore Stock Exchanges where the Company is listed, and the Code of Corporate Governance applicable to listed insurance companies issued under SRO 68(I)/2003, by the Securities and Exchange Commission of Pakistan.

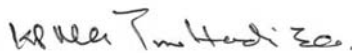
The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a part of our audit of the 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 the 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 its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement 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 31 December 2014.

Date: 12 February 2015
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For The Year Ended 31 December 2014

This statement is being presented to comply with the Code of Corporate Governance (the CCG) contained in Regulation No.35 of listing regulations of the Stock Exchanges, where the Company is listed and SRO 68(I)/2003 dated 21 January 2003 issued by Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Name
Independent Director	Aly Noormahomed Rattansey
Executive Director	Tahir Ahmed
Non-Executive Director	Towfiq H. Chinoy Amin A. Hashwani Sadruddin Hashwani Akbarali Pesnani John Joseph Metcalf R. Zakir Mahmood Aamir Hasan Irshad

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

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the 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 development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Three casual vacancies occurred on 3 March 2014, 1 April 2014 and 15 July 2014 during the year in the Board, which were duly filled within the stipulated time of 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the 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, including appointment and determination of remuneration and terms and conditions of employment of the CEO, and non-executive directors, have been taken by the Board.
8. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the CCG.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. Seven of the directors have attended "Directors' training program" conducted by local and foreign institutions that meet the criteria specified by the SECP, other two directors possess the minimum qualification and experience criteria stipulated in the CCG.
11. The appointment, remuneration and terms and conditions of employment of Chief Financial Officer, Company Secretary and Head of Internal Audit are approved by the Board of directors. The Board has approved appointments of Chief Financial Officer and Head of Internal Audit during the year 2014.

12. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board has formed underwriting / claims settlement / reinsurance & co-insurance committee(s).
17. The Board has formed an Audit Committee. It comprises of four members, all of whom are non-executive directors and the chairman of the committee is an independent director.
18. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
19. The Board has formed an HR and Remuneration Committee. It comprises of five members, majority of which including the Chairman of the Committee are non-executive directors. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
20. The Board has set up an effective internal audit function. This function has been outsourced to A.F. Ferguson & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
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 the 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 the Company's securities, was determined and intimated to directors, employees and stock exchanges.
24. Material/price sensitive information has been disseminated amongst all market participants at once through stock exchanges.
25. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the CCG.
26. We confirm that all other material principles enshrined in the CCG have been complied with.

By Order of the Board



TOWFIQ H. CHINOY
Chairman

Karachi: 12 February, 2015

PASSION

FINANCIAL STATEMENTS

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Karachi, 75530 Pakistan

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Internet www.kpmg.com.pk

Auditors' Report to the Members of Jubilee General Insurance Company Limited

We have audited the annexed financial statements comprising of:

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

of **Jubilee General Insurance Company Limited** ("the Company") as at **31 December 2014** 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 account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2014 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The financial statements of the Company for the year ended 31 December 2013 were audited by another firm of Chartered Accountants, who vide their report dated 12 February 2014, addressed to the members, had expressed an unmodified opinion thereon.

Date: 12 February 2015
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Muhammad Nadeem

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

BALANCE SHEET

As at 31 December 2014

	Note	2014	2013
		(Rupees in '000)	
Share capital and reserves			
Authorised share capital [200,000,000 Ordinary shares of Rs.10 each (31 December 2013: 150,000,000 Ordinary shares of Rs.10 each)]		2,000,000	1,500,000
Paid-up share capital	4	1,569,100	1,364,435
Retained earnings		1,104,054	1,055,976
Reserves	5	2,749,723	2,339,384
		5,422,877	4,759,795
Underwriting provisions			
Provision for outstanding claims (including IBNR)		2,805,862	3,142,956
Provision for unearned premium		2,340,944	2,334,671
Commission income unearned	23	90,579	101,385
Total underwriting provisions		5,237,385	5,579,012
Deferred liabilities			
Staff retirement benefits		53	336
Creditors and accruals			
Premiums received in advance		71,537	60,003
Amounts due to other insurers / reinsurers		801,807	612,567
Accrued expenses		38,535	40,243
Taxation-provision less payments	6	162,638	176,504
Other creditors and accruals	7	517,776	481,594
		1,592,293	1,370,911
Other liabilities			
Deposits and other payables	8	1,241,324	1,065,084
Unclaimed dividend		44,849	36,814
		1,286,173	1,101,898
TOTAL LIABILITIES		8,115,904	8,052,157
TOTAL EQUITY AND LIABILITIES		13,538,781	12,811,952
CONTINGENCIES	9		

The annexed notes from 1 to 41 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Aly Noormahomed Rattansey
 Director

	Note	2014	2013
		(Rupees in `000)	
Cash and bank deposits	10		
Cash and other equivalents		3,817	2,383
Current and other accounts		871,776	886,902
Deposits maturing within 12 months		145,452	121,100
		1,021,045	1,010,385
Loans to employees	11	577	519
Investments	12	7,777,591	7,302,557
Investment properties	13	678,043	156,427
Deferred taxation - net	14	22,498	31,545
Current assets - others			
Premiums due but unpaid	15	843,893	897,723
Amounts due from other insurers / reinsurers	16	122,547	78,022
Reinsurance recoveries due but unpaid		162,973	165,563
Salvage recoveries accrued		52,932	47,125
Accrued investment income		23,398	20,704
Reinsurance recoveries against outstanding claims	17	1,356,398	1,630,601
Deferred commission expense		203,333	200,814
Prepayments	18	1,088,558	1,090,113
Sundry receivables	19	46,714	40,448
		3,900,746	4,171,113
Fixed assets	20		
Tangible and intangible			
Building		5,756	6,040
Furniture, fixtures and equipment		101,423	97,506
Vehicles		4,656	4,773
Computer software		26,446	31,087
		138,281	139,406
TOTAL ASSETS		13,538,781	12,811,952


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

PROFIT & LOSS ACCOUNT

For The Year Ended 31 December 2014

								2014	2013	
	Fire and property	Marine, aviation and transport	Motor	Liability	Accident and health	Others	Treaty	Aggregate	Aggregate	
Note (Rupees in '000)										
Revenue account										
Net premium revenue	715,246	558,137	910,238	37,269	801,680	622,060	-	3,644,630	3,525,777	
Less:										
Net claims	478,023	285,798	405,520	(2,999)	668,309	248,053	-	2,082,704	2,154,726	
Expenses	22 187,832	146,573	239,039	9,788	210,530	163,360	-	957,122	836,998	
Net commission	120,413	92,735	81,353	(10,482)	34,900	10,738	-	329,657	310,778	
Underwriting result	(71,022)	33,031	184,326	40,962	(112,059)	199,909	-	275,147	223,275	
Investment income								803,088	803,459	
Rental income - net	24								99,119	116,226
Return on bank deposits								63,985	60,351	
Other income - net	25								(2,685)	11,253
General and administration expenses	26								(51,085)	(44,525)
Share in profit of associates	12.1.2 & 12.2.3								82,253	50,163
Profit before taxation								1,269,822	1,220,202	
Taxation - net	27								(190,703)	(174,887)
Profit after taxation								1,079,119	1,045,315	
Profit and loss appropriation account:										
Balance at commencement of the year										
								1,055,976	878,987	
Total comprehensive income for the year								1,082,074	1,040,899	
Transfer to general reserve								(320,000)	(230,000)	
Transfer to special reserve								(100,000)	(100,000)	
Issuance of bonus shares 2014: Rs.1.50 (15%) per share for the year 2013 [2013: Rs.1.5 (15%) per share for the year 2012]								(204,665)	(177,970)	
Final cash dividend 2014: at Rs.3 (30%) per share for the year 2013 [2013: Rs.3 (30%) per share for the year 2012]								(409,331)	(355,940)	
								48,078	176,989	
Balance of unappropriated profit at end of the year								1,104,054	1,055,976	
(Rupees)										
Earnings per share of Rs.10 each - basic and diluted								6.88	6.66	

The annexed notes from 1 to 41 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Aly Noormahomed Rattanseey
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended 31 December 2014

	2014	2013
	(Rupees in `000)	
Profit after taxation	1,079,119	1,045,315
Other comprehensive income		
Item that will never be reclassified to profit and loss account		
Actuarial gain / (loss) on defined benefit plan - net of tax	2,955	(4,416)
Total comprehensive income	1,082,074	1,040,899

The annexed notes from 1 to 41 form an integral part of these financial statements.



Towfiq H. Chinoy
Chairman



Aly Noormahomed Rattansey
Director



Akbarali Pesnani
Director



Tahir Ahmed
Managing Director
(Chief Executive)

STATEMENT OF CASH FLOWS

For The Year Ended 31 December 2014

	2014	2013
	(Rupees in `000)	
Operating Cash Flows		
(a) Underwriting activities		
Premiums received	7,026,611	6,549,891
Reinsurance premiums paid	(3,119,598)	(3,012,461)
Claims paid	(4,087,545)	(3,227,736)
Reinsurance and other recoveries received	1,887,208	1,160,717
Commissions paid	(582,860)	(555,688)
Commissions received	281,763	268,034
Other underwriting payments (management expenses)	(918,580)	(782,949)
Net cash flows from underwriting activities	486,999	399,808
(b) Other operating activities		
Income tax paid	(196,978)	(133,290)
General expenses paid	(25,629)	(20,120)
Other operating payments	(1,026,554)	(933,431)
Other operating receipts	1,167,421	1,151,848
Loans advanced	(1,274)	(1,407)
Loan repayments received	1,328	1,741
Net cash (outflows) / inflows from other operating activities	(81,686)	65,341
Total cash inflows from all operating activities	405,313	465,149
Investment activities		
Profit / return received	120,070	108,686
Dividends received	242,698	211,578
Rentals received - net of expenses	105,227	147,901
Payments for purchase of investments	(7,709,325)	(10,538,797)
Capital expenditure on investment property	(527,951)	(12,813)
Proceeds from disposal of investments / investment property	7,806,214	9,748,391
Fixed capital expenditure	(33,452)	(35,361)
Proceeds from sale of fixed assets	843	1,027
Total cash inflows / (outflows) from investing activities	4,324	(369,388)
Financing activities - total cash outflows from financing activities - dividend paid	(401,296)	(349,388)
Net cash inflows / (outflows) from all activities	8,341	(253,627)
Cash at beginning of the year	939,685	1,193,312
Cash at end of the year	948,026	939,685

2014	2013
(Rupees in `000)	

Reconciliation to profit and loss account

Operating cash flows	405,313	465,149
Depreciation / amortisation expense	(33,201)	(32,517)
Loss on sale of fixed assets	(495)	(1,044)
Gain on sale of investment property	-	495
Profit on disposal of investments	501,123	537,009
Dividend income	242,866	211,578
Rental income	99,119	116,226
Other investment income	205,339	165,388
Actuarial (gain) / loss on defined benefit plans	(2,955)	4,416
(Decrease) / increase in assets other than cash	(282,051)	929,755
Increase in liabilities other than running finance	(55,939)	(1,351,140)
Profit after taxation	1,079,119	1,045,315

Definition of cash

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

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

Cash and bank deposits

Cash and other equivalents

Cash	2	104
Policy stamps and bond papers in hand	3,815	2,279
	3,817	2,383

Current and other accounts

Current accounts	98,059	240,309
Profit and loss savings accounts	773,717	646,593
	871,776	886,902

***Deposits maturing within 3 months (encashable on demand)**

Term deposits - Foreign Currency	72,433	50,400
	948,026	939,685

* This does not include local currency term deposits amounting to Rs.1,000 thousands (2013: Rs.900 thousands) placed under lien and those deposits having maturity exceeding three months amounting to Rs.72,019 thousands (2013: Rs.69,800 thousands).

The annexed notes from 1 to 41 form an integral part of these financial statements.


Tawfiq H. Chinoy
 Chairman


Aly Noormahomed Rattansey
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

STATEMENT OF CHANGES IN EQUITY

For The Year Ended 31 December 2014

	Share capital		Reserves					Total reserves	Total
	Issued, subscribed and paid-up	Capital reserve	Revenue reserves						
		Reserve for exceptional losses	General reserves	Special reserve	Retained earnings	Company's share of capital contributed to the statutory fund by an associate	Total revenue reserves		
(Rupees in '000)									
Balance as at 01 January 2013	1,186,465	9,384	1,900,000	100,000	878,987	-	2,878,987	2,888,371	4,074,836
Changes in equity for the year ended 31 December 2013									
Total comprehensive income									
Profit after taxation	-	-	-	-	1,045,315	-	1,045,315	1,045,315	1,045,315
Other comprehensive income									
Actuarial loss on defined benefit plan - net of tax	-	-	-	-	(4,416)	-	(4,416)	(4,416)	(4,416)
	-	-	-	-	1,040,899	-	1,040,899	1,040,899	1,040,899
Transactions with owner recorded directly in equity									
Final cash dividend at Rs.3 (30%) per share for the year 2012	-	-	-	-	(355,940)	-	(355,940)	(355,940)	(355,940)
Issuance of bonus shares @ Rs.1.5 per share (15%) for the year 2012	177,970	-	-	-	(177,970)	-	(177,970)	(177,970)	-
Transfer to general reserve	-	-	230,000	-	(230,000)	-	-	-	-
Transfer to special reserve	-	-	-	100,000	(100,000)	-	-	-	-
	177,970	-	230,000	100,000	(863,910)	-	(533,910)	(533,910)	(355,940)
Balance as at 31 December 2013	1,364,435	9,384	2,130,000	200,000	1,055,976	-	3,385,976	3,395,360	4,759,795
Changes in equity for the year ended 31 December 2014									
Total comprehensive income									
Profit after taxation	-	-	-	-	1,079,119	-	1,079,119	1,079,119	1,079,119
Other comprehensive income									
Actuarial gain on defined benefit plan - net of tax	-	-	-	-	2,955	-	2,955	2,955	2,955
	-	-	-	-	1,082,074	-	1,082,074	1,082,074	1,082,074
Transactions with owner recorded directly in equity									
Final cash dividend at Rs.3 (30%) per share for the year 2013	-	-	-	-	(409,331)	-	(409,331)	(409,331)	(409,331)
Issuance of bonus shares @ Rs.1.5 per share (15%) for the year 2013	204,665	-	-	-	(204,665)	-	(204,665)	(204,665)	-
Company's share of capital contributed to statutory fund by an associate (refer note 12.1.3)	-	-	-	-	-	(9,661)	(9,661)	(9,661)	(9,661)
Transfer to general reserve	-	-	320,000	-	(320,000)	-	-	-	-
Transfer to special reserve	-	-	-	100,000	(100,000)	-	-	-	-
	204,665	-	320,000	100,000	(1,033,996)	(9,661)	(623,657)	(623,657)	(418,992)
Balance as at 31 December 2014	1,569,100	9,384	2,450,000	300,000	1,104,054	(9,661)	3,844,393	3,853,777	5,422,877

The annexed notes from 1 to 41 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Aly Noormahomed Rattansey
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

STATEMENT OF PREMIUMS

For The Year Ended 31 December 2014

Class	Business underwritten inside Pakistan									
	Premiums written (note 21)	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expense	2014 Net premium revenue	2013 Net premium revenue
		Opening	Closing			Opening	Closing			
(Rupees in '000)										
Direct and facultative										
1.Fire and property damage	1,757,783	723,542	750,844	1,730,481	1,035,758	389,396	409,919	1,015,235	715,246	684,522
2.Marine, aviation and transport	692,238	81,599	51,633	722,204	156,107	20,707	12,747	164,067	558,137	560,203
3.Motor	990,434	383,138	421,446	952,126	48,496	17,679	24,287	41,888	910,238	879,391
4.Liability	459,320	118,286	88,347	489,259	444,806	88,105	80,921	451,990	37,269	55,377
5.Accident and health	771,847	289,524	259,691	801,680	-	-	-	-	801,680	831,271
6.Miscellaneous	2,289,625	738,582	768,983	2,259,224	1,623,671	553,829	540,336	1,637,164	622,060	515,013
Total	<u>6,961,247</u>	<u>2,334,671</u>	<u>2,340,944</u>	<u>6,954,974</u>	<u>3,308,838</u>	<u>1,069,716</u>	<u>1,068,210</u>	<u>3,310,344</u>	<u>3,644,630</u>	<u>3,525,777</u>
Treaty										
7.Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total	<u>6,961,247</u>	<u>2,334,671</u>	<u>2,340,944</u>	<u>6,954,974</u>	<u>3,308,838</u>	<u>1,069,716</u>	<u>1,068,210</u>	<u>3,310,344</u>	<u>3,644,630</u>	<u>3,525,777</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Aly Noormahomed Rattansey
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

STATEMENT OF CLAIMS

For The Year Ended 31 December 2014

Business underwritten inside Pakistan										
Class	Claims Paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2014 Net claims expense	2013 Net claims expense
		Opening	Closing			Opening	Closing			
		(Rupees in '000)								
Direct and facultative										
1.Fire and property damage	2,089,425	1,355,694	868,264	1,601,995	1,516,205	838,462	446,229	1,123,972	478,023	509,639
2.Marine, aviation and transport	440,469	367,056	440,699	514,112	199,179	108,274	137,409	228,314	285,798	268,142
3.Motor	494,636	286,922	208,600	416,314	19,566	68,871	60,099	10,794	405,520	476,046
4.Liability	878	210,604	208,960	(766)	870	204,233	205,596	2,233	(2,999)	4,086
5.Accident and health	638,311	89,888	119,886	668,309	-	-	-	-	668,309	654,632
6.Miscellaneous	423,826	832,792	959,453	550,487	200,323	457,886	559,997	302,434	248,053	242,181
Total	4,087,545	3,142,956	2,805,862	3,750,451	1,936,143	1,677,726	1,409,330	1,667,747	2,082,704	2,154,726
Treaty										
7.Proportional / non-proportional	-	-	-	-	-	-	-	-	-	-
Grand total	4,087,545	3,142,956	2,805,862	3,750,451	1,936,143	1,677,726	1,409,330	1,667,747	2,082,704	2,154,726

The annexed notes from 1 to 41 form an integral part of these financial statements.


Towfiq H. Chinoy
 Chairman


Aly Noormahomed Rattansey
 Director


Akbarali Pesnani
 Director


Tahir Ahmed
 Managing Director
 (Chief Executive)

STATEMENT OF EXPENSES

For The Year Ended 31 December 2014

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses (note 22)	Underwriting expense	Commission from reinsurers (note 23)	2014 Net underwriting expense	2013 Net underwriting expense
		Opening	Closing						
Business underwritten inside Pakistan									
(Rupees in '000)									
Direct and facultative									
1.Fire and property damage	211,342	87,435	81,725	217,052	187,832	404,884	96,639	308,245	285,990
2.Marine, aviation and transport	94,346	12,147	9,734	96,759	146,573	243,332	4,024	239,308	232,526
3.Motor	90,423	34,580	41,840	83,163	239,039	322,202	1,810	320,392	288,107
4.Liability	7,062	3,626	3,052	7,636	9,788	17,424	18,118	(694)	5,568
5.Accident and health	33,374	10,668	9,142	34,900	210,530	245,430	-	245,430	226,069
6.Miscellaneous	188,198	52,358	57,840	182,716	163,360	346,076	171,978	174,098	109,516
Total	<u>624,745</u>	<u>200,814</u>	<u>203,333</u>	<u>622,226</u>	<u>957,122</u>	<u>1,579,348</u>	<u>292,569</u>	<u>1,286,779</u>	<u>1,147,776</u>
Treaty									
7.Proportional / non-proportional	-	-	-	-	-	-	-	-	-
Grand total	<u>624,745</u>	<u>200,814</u>	<u>203,333</u>	<u>622,226</u>	<u>957,122</u>	<u>1,579,348</u>	<u>292,569</u>	<u>1,286,779</u>	<u>1,147,776</u>

The annexed notes from 1 to 41 form an integral part of these financial statements.



Towfiq H. Chinoy
Chairman



Aly Noormahomed Rattansey
Director



Akbarali Pesnani
Director



Tahir Ahmed
Managing Director
(Chief Executive)

STATEMENT OF INVESTMENT INCOME

For The Year Ended 31 December 2014

	2014	2013
	(Rupees in '000)	
Income from non-trading investments		
Held to maturity		
Return on government securities	57,397	47,831
Return on other fixed income securities and Term finance certificates	10,335	14,005
Amortisation of discount	487	1,410
	68,219	63,246
Available for sale		
Dividend income		
Related parties	21,080	12,230
Others	221,786	199,348
	242,866	211,578
Gain on sale of non-trading investments	501,123	537,009
Investment related expenses	(9,120)	(8,374)
Net investment income	803,088	803,459

The annexed notes from 1 to 41 form an integral part of these financial statements.


Towfiq H. Chinoy
Chairman


Aly Noormahomed Rattansey
Director


Akbarali Pesnani
Director


Tahir Ahmed
Managing Director
(Chief Executive)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2014

1. STATUS AND NATURE OF BUSINESS

Jubilee General Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 16 May 1953. The Company is listed on the Karachi and Lahore Stock Exchanges and is engaged in general insurance business. The registered office of the Company is situated at 2nd Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.

2. BASIS OF PREPARATION

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

2.2 Statement of Compliance

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

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.4 Functional and Presentation Currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

2.5 Use of estimates and judgements

The preparation of the financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from period of revision.

In particular, information about judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- (a) classification of insurance contracts (note 3.1);
- (b) provision for unearned premium (note 3.3);
- (c) provision for premium due but unpaid and amount due from other insurers / reinsurers (note 3.4);
- (d) provision for outstanding claims (including IBNR) and reinsurance recoveries there against (note 3.5);
- (e) premium deficiency reserve (note 3.6);
- (f) staff retirement benefits (note 3.7.1);
- (g) classification of investments (note 3.8);
- (h) residual values and useful lives of investment properties and fixed assets (note 3.9 and 3.10);
- (i) allocation of management expenses (note 3.15);
- (j) taxation (note 3.16);
- (k) segment reporting (note 3.17); and
- (l) impairment (note 3.20).

2.6 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 January 2014 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not detailed in these financial statements.

2.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 January 2015:

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. The amendments have no impact on the Company's financial statements.
- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments have no impact on the Company's financial statements.
- IFRS 10 'Consolidated Financial Statements' - (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 introduces a new approach to determining which investees should be consolidated. The single model to be applied in the control analysis requires that an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 has made consequential changes to IAS 27 which is now called 'Separate Financial Statements' and will deal with only separate financial statements. Certain further amendments have been made to IFRS 10, IFRS 12 and IAS 28 clarifying the requirements relating to accounting for investment entities and would be effective for annual periods beginning on or after 1 January 2016. The adoption of this standard would have no impact on the Company's financial statements.
- IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. Firstly, it carves out, from IAS 31 jointly controlled entities, those cases in which although there is a separate vehicle, that separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31 and are now called joint operations. Secondly, the remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of using the equity method or proportionate consolidation; they must now always use the equity method. IFRS 11 has also made consequential changes in IAS 28 which has now been named 'Investment in Associates and Joint Ventures'. The amendments requiring business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business are effective for annual periods beginning on or after 1 January 2016. The adoption of this standard would have no impact on the Company's financial statements.
- IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015) combines the disclosure requirements for entities that have interests in subsidiaries, joint arrangements (i.e. joint operations or joint ventures), associates and/or unconsolidated structured entities, into one place. The adoption of this standard would have no impact on the Company's financial statements.

- IFRS 13 'Fair Value Measurement (effective for annual periods beginning on or after 1 January 2015) defines fair value, establishes a frame work for measuring fair value and sets out disclosure requirement for fair value measurements. IFRS 13 explains how to measure fair value when it is required by other IFRSs. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards. The adoption of this standard would have no impact on the Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments have no impact on the Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:
 - IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
 - IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination.
 - IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria.
 - Amendments to IAS 16 Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.
 - IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.
 - IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards
 - IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. IFRS 5 'is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan

of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as set below have been applied consistently to all periods presented in these financial statements:

3.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk changes significantly during this period, unless all rights and obligations are extinguished or expire.

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

Fire and property

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. 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. These contracts are generally one year contracts except some contracts that are of three months period.

Marine, aviation and transport

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

Motor

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

Liability

Liability insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. These contracts are generally one year contracts.

Accident and health

Accident and health insurance contract mainly compensate Hospitalisation and outpatient medical coverage to the insured. These contracts are generally one year contracts.

Miscellaneous

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc. These contracts are normally one year insurance contracts except some engineering insurance contracts that are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

These insurance contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL).

3.2 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets.

3.3 Provision for unearned premium

The provision for unearned portion of premiums is calculated by applying twenty fourths' method, except Accident and Health Insurance for which unearned premium is calculated by applying 365 days method as prescribed by SEC (Insurance) Rules, 2002.

The deferred portion of reinsurance premium is recognized as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using twenty fourths' method.

3.4 Receivables and payables related to insurance contracts

Receivables and payables, other than claim payables, relating to insurance contracts are recognized when due. The claim payable is recorded when intimation is received. These include premiums due but unpaid, premium received in advance, premiums due and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

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

A liability for outstanding claims is recognized in respect of all claims incurred as at the reporting date which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

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

Provision for IBNR is made for the cost of settling claims incurred but not reported at the reporting date, on the basis of management's judgment and the Company's prior experience.

The Company takes advice from actuary for the determination of IBNR claims at the year end. The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied for estimation of provision for IBNR. The historic claim lag triangle method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

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

3.6 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

No provision has been made as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the reporting date in respect of policies in force at reporting date.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium. The liability of premium deficiency in relation to accident and health insurance is calculated in accordance with the advice of the actuary.

3.7 Employee benefit plans

3.7.1 Defined benefit plan

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the balance sheet date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account.

3.7.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33 percent of basic salary.

3.7.3 Employees' compensated absences

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

3.8 Investments

3.8.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

3.8.2 Measurement

3.8.2.1 Investment at fair value through profit or loss

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

3.8.2.2 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequently, these are measured at amortised cost less provision for impairment, if any.

These are reviewed for impairment at period end and any losses arising from impairment in values are charged to the profit and loss account.

3.8.2.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002. The Company uses stock exchange quotations at the reporting date to determine the market value.

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

Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available for-sale securities directly into equity, the investments of the Company would have been higher by Rs.1,892,460 thousands and the net equity would have increased by the same amount.

Any premium paid or discount availed on acquisition of held to maturity and available for sale investment is deferred and amortised over the term of investment using the effective yield.

Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

3.8.2.4 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost and the carrying amount is adjusted to recognize the investor's share of the profit and loss, distribution received and change in the comprehensive income and equity of the investee at the end of each reporting period. After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss with respect to the Company's net investment in the associate.

3.8.2.5 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.9 Investment property

Investment properties are accounted for under the cost model in accordance with approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan.

- Leasehold land is stated at cost.
- Building on leasehold land is depreciated to its estimated salvage value on straight line basis over its useful life, which is estimated to be 40 - 80 years.
- Installations forming a part of building on leasehold land but having separate useful lives are depreciated at the rate of 10 percent under the straight line method.

Depreciation policy, subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

3.10 Fixed assets

3.10.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 20 to the financial statements.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account in the year the asset is derecognized.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.10.2 Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

Infinite Intangible

These are stated at cost less impairment, if any.

Definite Intangible

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 20).
- c) Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

3.11 Premium income

Premiums including administrative surcharge under a policy are recognised as revenue at the time of issuance of insurance policy.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognised as a liability.

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths method. The deferred portion of premium expense is recognised as a prepayment.

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements.

3.12 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue.

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

3.13 Rental income

Rental income from investment properties is recognised as revenue on a straight line basis over the period of the lease agreement.

3.14 Investment income

- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.
- Dividend income is recognised when the Company's right to receive the payment is established.
- Gain / loss on sale of available for sale investments is included in income currently.
- Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.
- Return on bank deposits is recognised on a time proportion basis taking into account the effective yield.

3.15 Expenses of management

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocable to the underwriting business are charged under general and administration expenses.

3.16 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 equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.17 **Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting process of the Company for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Company's business segments operate in Pakistan only.

Based on its classification of insurance contracts issued, the Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, liability and miscellaneous. The nature and business activities of these segments are disclosed in note 3.1.

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

3.18 **Foreign currency translations**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Exchange differences, if any, are taken to profit and loss account. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.19 **Offsetting of financial assets and liabilities**

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.20 **Impairment**

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment loss in respect of equity securities classified as available for sale, associates and held to maturity is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments below its cost is also considered an objective evidence of impairment.

3.21 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

3.22 Financial instruments

Financial instruments carried on the balance sheet include cash and bank, loans to employees, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.

3.23 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriation are recognized when approved.

4 SHARE CAPITAL

Issued, subscribed and paid-up

2014	2013		2014	2013
(Number of shares in '000)			(Rupees in '000)	
210	210	Ordinary shares of Rs.10 each issued as fully paid in cash	2,100	2,100
<u>156,700</u>	<u>136,233</u>	Ordinary shares of Rs.10 each issued as fully paid in cash	<u>1,567,000</u>	<u>1,362,335</u>
<u>156,910</u>	<u>136,443</u>		<u>1,569,100</u>	<u>1,364,435</u>

Shares of the Company held by associated undertakings (including associates) amounted to Rs.1,103,504 thousands (110,350,438 shares of Rs.10 each) [2013: Rs.950,867 thousands (95,086,756 shares of Rs.10 each)].

5 RESERVES

	Note	2014	2013
		(Rupees in '000)	
Capital reserve			
Reserve for exceptional losses	5.1	9,384	9,384
Revenue reserves			
General reserve	5.2	2,450,000	2,130,000
Special reserve	5.3	300,000	200,000
Company's share of capital contributed to statutory fund by an associate	12.1.3	<u>(9,661)</u>	-
		<u>2,749,723</u>	<u>2,339,384</u>

- 5.1 Under the Income Tax Act, 1922 applicable to insurance companies, the Company set aside in prior years amounts upto 10 percent of premium earnings, net of reinsurances of the year as a reserve for exceptional losses, which was treated as an allowable deduction in arriving at the taxable income. This option was withdrawn by the Income Tax Ordinance, 1979 with retrospective effect upto the accounting year ended 31 December 1978. Accordingly, the Company has ceased to set aside such amounts, but has retained the reserve created upto 31 December 1978.

5.2 General reserve	2014	2013
	(Rupees in `000)	
Balance at beginning of the year	2,130,000	1,900,000
Transfer from retained earnings	320,000	230,000
Balance at end of the year	<u>2,450,000</u>	<u>2,130,000</u>

5.3 Special reserve	2014	2013
	(Rupees in `000)	
Balance at beginning of the year	200,000	100,000
Transfer from retained earnings	100,000	100,000
Balance at end of the year	<u>300,000</u>	<u>200,000</u>

This represents special reserve created for meeting catastrophic losses and dividend equalisation in future.

6 TAXATION-PROVISION LESS PAYMENTS	2014	2013
	(Rupees in `000)	
Provision for taxation	1,314,449	1,131,336
Less: advance tax including tax deducted at source	<u>(1,151,811)</u>	<u>(954,832)</u>
	<u>162,638</u>	<u>176,504</u>

- 6.1 The Company has filed returns upto tax year 2014. The income tax assessments of the Company have been finalised upto and including assessment year 2002-2003 and tax years 2004, 2008, 2009 and 2010. The returns filed for tax years 2005, 2006, 2007, 2011, 2012, 2013 and 2014 are deemed to be orders under the provisions of section 120 of the Income Tax Ordinance, 2001 unless any amendments have been made by the tax authorities.
- 6.2 In the assessment order for the assessment year 2002-2003, made in prior years, certain items have been disallowed and further additional tax has been levied. The appeal against the order filed before the Commissioner of Inland Revenue (Appeals) (CIRA) has been decided mostly in favour of the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the disallowance of certain items amounting to Rs. 31,700 thousands. The ATIR has set aside disallowances and referred to Taxation Officer for reassessment proceedings. The tax provision amounting to Rs. 11,110 thousands in this respect has been recorded by the Company in prior years.
- 6.3 During prior years, the Taxation Officer had passed an assessment order in respect of tax year 2004 consequent to finalisation of tax audit proceedings wherein the disallowances have been made on account of bad debts written off, amortisation of negative goodwill and allocation of expenses against dividend income. Further, the claim of tax credits has also not been allowed in full. The Company filed an appeal before the CIRA who maintained the order passed by the Taxation Officer except allocation of expenses against dividend income. The ATIR also maintained the order of CIRA. The Company has filed petition with the Honorable High Court of Sindh against the said disallowances. Income tax charge amounting to Rs. 54,400 thousands in this respect has been recorded by the Company in prior years.
- 6.4 The Taxation Officer has passed an assessment order in respect of tax year 2008 consequent to finalisation of tax audit proceedings in which disallowances have been made mainly on account of reserve for unexpired risks and allocation of expenses. The Company filed an appeal before the Commissioner of Inland Revenue (Appeals) who had maintained the order passed by the Taxation Officer. The Company filed an appeal to the ATIR and the ATIR has issued an order in which the main disallowances of unexpired risks and allocation of expenses made by the Taxation Officer are deleted. The tax department has filed a petition with the High Court of Sindh against the deletion of the unexpired risk disallowances by ATIR. The additional provision of Rs. 124,769 thousands is not made in these financial statements as the management and the legal advisor is confident of favourable outcome of the petition.
- 6.5 During prior years, the Taxation Officer had passed an assessment order in respect of tax year 2009 consequent to finalisation of tax audit proceedings in which disallowances have been made on account of bad debts, amortisation of premium, loss on disposal of assets and impairment in the value of investments. This resulted in aggregate tax liability of Rs. 43,960 thousands, after adjustment of brought forward loss, which has already been accounted for in prior years. The Company filed an appeal before the CIRA who

maintained the disallowances made by the Taxation Officer. The Company's appeal before the ATIR is pending adjudication.

- 6.6 During prior years, the Taxation Officer had passed an assessment order in respect of tax year 2010 in which additions / disallowances were made on account of management expenses, rental income, provision for IBNR, etc. The Company had made provision amounting to Rs. 111,440 thousands against the same in prior years. The Company had filed an appeal before the CIRA against additions / disallowances. The CIRA has issued the appeal order by deleting the additions / disallowances made by the Taxation Officer in respect of management expenses and rental income. The CIRA has also set aside additions of provision for IBNR and contribution to provident fund for further verification of the Taxation Officer. The tax department has filed an appeal with ATIR against the order issued by CIRA on certain disallowances which is decided in favour of the Company. The tax department has filed petition with the High Court of Sindh against the decision of ATIR for proportion of expenses. The additional provision of Rs. 28,670 thousands in these financial statements is already provided in prior years.

7 OTHER CREDITORS AND ACCRUALS

	Note	2014	2013
		(Rupees in '000)	
Federal excise duty and sales tax		28,424	32,477
Federal insurance fee		2,149	2,026
Workers' Welfare Fund		25,397	24,405
Tax deducted at source		1,248	1,055
Commissions payable		394,985	353,100
Premiums payable		47,067	51,064
Claims payable		11,673	11,329
Miscellaneous		6,833	6,138
		<u>517,776</u>	<u>481,594</u>

8 DEPOSITS AND OTHER PAYABLES

Advance rent	8.1	39,168	39,395
Security deposits against bond insurance	8.2	1,202,064	1,025,597
Other deposits		92	92
		<u>1,241,324</u>	<u>1,065,084</u>

- 8.1 This includes an amount of Rs. 14,493 thousands (2013: Rs. 13,460 thousands) received from related parties.

- 8.2 This represents margin deposits on account of performance and other bond policies issued by the Company.

9 CONTINGENCIES

Contingencies in respect of income tax are disclosed in note 6 (2013: Rs. Nil).

10 CASH AND BANK DEPOSITS

	Note	2014	2013
		(Rupees in '000)	
Cash and other equivalents			
Cash		2	104
Policy stamps and bond papers in hand		3,815	2,279
		<u>3,817</u>	<u>2,383</u>
Current and other accounts			
Current accounts		98,059	240,309
Profit and loss savings accounts	10.1	773,717	646,593
		<u>871,776</u>	<u>886,902</u>
Deposits maturing within 12 months			
Term deposits - local currency	10.2 & 10.3	27,750	27,650
Term deposits - foreign currency	10.4	117,702	93,450
		<u>145,452</u>	<u>121,100</u>
		<u>1,021,045</u>	<u>1,010,385</u>

- 10.1 The rate of return on profit and loss savings accounts maintained at various banks range from 7.0% to 8.95% per annum (2013: 6.0% to 8.00% per annum).
- 10.2 The rate of return on term deposits with various banks range from 7.90% to 9.75% per annum (2013: 7.90% to 9.10% per annum) due on maturity. These term deposits have maturities upto 15 August 2015.
- 10.3 Included herein is a sum of Rs.1,000 thousands (2013: Rs.900 thousands) placed under lien with a commercial bank against bank guarantee.
- 10.4 The rate of return on these term deposits is 1.30% (2013: 1.25%) per annum due on maturity. These term deposits have maturities upto 23 February 2015.

11 LOANS TO EMPLOYEES

Note	2014	2013
	(Rupees in `000)	
	1,102	1,065
	305	395
	1,407	1,460
	830	941
	577	519

Considered good

Secured

11.1 1,102 1,065

Unsecured

11.2 305 395

Less: Current portion

19 830 941

577 519

- 11.1 These represent loans provided to employees for the purchase of motor vehicles at the mark-up rate of 6% per annum (2013: 6% per annum) and are recoverable in four to five years. These are secured against motor vehicles.
- 11.2 These represent interest free loans to employees for general purposes in accordance with the terms of their employment and are recoverable within one year.
- 11.3 The maximum amount due from executives calculated with reference to month-end balances was Rs. Nil (2013: Rs. Nil).

12 INVESTMENTS

Note	2014	2013
	(Rupees in `000)	

In related parties

Associates - equity basis of accounting
- quoted

12.1 167,701 125,018

- unquoted

12.2 47,945 -
215,646 125,018

Available for sale - quoted equity securities / mutual funds

12.5.1 1,029,185 742,852
1,244,831 867,870

Others

Held to maturity

Government securities

12.3 470,386 684,011

Term finance certificates - quoted

12.4 61,393 95,850

Available-for-sale

Quoted equity securities / mutual funds

12.5.2 5,998,481 5,652,326

Unquoted equity shares

- Matiari Sugar Mills Limited

[865,150 shares (2013: 865,150 shares)]

Name of CEO: Shafqat Ali Shah

Break-up value: Rs. 47.52 (2013: Rs. 42.20)

2,500 2,500

6,532,760 6,434,687

7,777,591 7,302,557

12.1 **Investment in shares of Jubilee Life Insurance Company Limited (JLIC)**

12.1.1 **Particulars of investment in associate - quoted**

Number of shares		Face value per share Rupees	Name of associate	2014	2013
2014	2013			(Rupees in '000)	
4,637,680	4,032,766	10	Jubilee Life Insurance Company Limited (Incorporated in Pakistan) (Chief Executive: Javed Ahmed)	<u>167,701</u>	<u>125,018</u>

Market value of investment and percentage of holding in associate are Rs. 2,024,347 thousands and 6.43% respectively (2013: Rs. 665,003 thousands and 6.43%).

12.1.2 **Movement of investment in associate**

	Note	2014	2013
(Rupees in '000)			
Beginning of the year		125,018	103,084
Share in profit upto September 30		78,053	50,163
Less: Dividend received		(25,709)	(28,229)
		52,344	21,934
Share in net equity as at September 30	12.1.3	(9,661)	-
Closing balance		<u>167,701</u>	<u>125,018</u>

12.1.3 Upto 31 December 2013, capital contribution to statutory funds has not been considered to determine the carrying value of investments in JLIC. During the year, this has been accounted for and recorded in these financial statements. However, the impact of the same is not material to the financial statements and accordingly the comparatives have not been restated.

12.1.4 Following information has been summarised based on unaudited financial statements as at 30 September 2014 (2013: 30 September 2013) of the associate:

	2014	2013
(Rupees in '000)		
Total assets	<u>43,602,123</u>	<u>30,384,164</u>
Total liabilities	<u>40,994,019</u>	<u>28,535,035</u>
Net assets	<u>2,608,104</u>	<u>1,849,129</u>
Share of net assets	<u>167,701</u>	<u>118,899</u>
Revenue	<u>14,631,108</u>	<u>11,803,396</u>
Profit after tax	<u>859,771</u>	<u>587,478</u>

12.2 **Investment in shares of Jubilee Kyrgyzstan Insurance Company (JKIC)**

12.2.1 **Particulars of investment in associate - unquoted**

Number of shares		Face value per share (KGS)	Name of associate	2014	2013
2014	2013			(Rupees in '000)	
10,106,691	-	1	Jubilee Kyrgyzstan Insurance Company Limited (Incorporated outside Pakistan) (Chief Executive: Khegai V.I.)	<u>47,945</u>	-

12.2.2 During the year, the Company has invested Rs. 43,745 thousands to acquire 19.5% holding into Jubilee Kyrgyzstan Insurance Company (JKIC) a Closed Joint Stock Company (CJSC) formerly London Bishkek Insurance Company, Kyrgyz Republic. Break-up value of investment as at 31 December 2014 is Rs. 4.12 per share. The Company has assessed the recoverable amount of investment in JKIC based on value in use calculation. This calculation has been made on the discounted cash flow methodology considering certain assumptions. Based on valuation, the recoverable amount exceeds the carrying amount and accordingly, no impairment is recorded.

12.2.3 **Movement of investment in associate**

	2014	2013
	(Rupees in '000)	
Investment made during the year	43,745	-
Share in profit upto 31 December 2014	4,200	-
Closing balance	47,945	-

12.2.4 Following information has been summarised based on unaudited financial statements as at 31 December 2014 of the associate:

	2014
	(Rupees in '000)
Total assets	304,581
Total liabilities	90,825
Net assets	213,756
Share of net assets	41,682
Revenue	102,040
Profit after tax	39,688

12.3 **Government securities**

Face value (Rupees)	Profit rate %	Profit payment	Type of Security	Maturity date	2014	2013
					(Rupees in '000)	
50,000,000	10	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	56,236	56,663
52,000,000	11.5	Semi annually	Pakistan Investment Bond - 5 years	18-08-2016	51,491	51,100
50,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	49,421	-
25,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	24,726	-
50,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	17-07-2017	48,757	-
200,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	198,271	-
19,100,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	19-07-2015	19,165	19,302
22,000,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-07-2016	22,319	22,495
20,700,000	11.25	Semi annually	Pakistan Investment Bond - 3 years	18-08-2014	-	20,601
			Sub total		470,386	170,161
125,000,000	9.41	On maturity	Treasury Bills	23-01-2014	-	122,350
200,000,000	9.43	On maturity	Treasury Bills	09-06-2014	-	195,700
200,000,000	9.78	On maturity	Treasury Bills	06-02-2014	-	195,800
			Sub total		-	513,850
					470,386	684,011

- 12.3.1 Market value of Pakistan Investment Bonds is Rs. 476,950 thousands (2013: Rs.155,778 thousands) and of Treasury Bills is Rs. Nil (2013: Rs.521,661 thousands).
- 12.3.2 Pakistan Investment Bonds with face value of Rs. 163,100 thousands (2013: Rs.141,800 thousands) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.
- 12.3.3 Pakistan Investment Bonds with face value of Rs. 22,000 thousands (2013: 22,000 thousands) are placed with a Commercial bank against issuance of a bank guarantee.

12.4 Term Finance Certificates - quoted

Number of certificates		Remaining Face value per certificate (Rupees)	Name of entity	2014	2013
2014	2013			(Rupees in '000)	
10,000	10,000	2,493	Bank Al Habib Limited	24,930	49,870
300	300	55,000	Pakistan Mobile Communications Limited	16,500	24,000
4,000	4,000	4,991	K-Electric Limited	19,963	19,980
-	2,000	-	ORIX Leasing Pakistan Limited	-	2,000
				<u>61,393</u>	<u>95,850</u>

- 12.4.1 Market value of quoted term finance certificates is Rs.61,512 thousands (2013: Rs.96,110 thousands). The market values are determined as per rates quoted by Mutual Funds Association of Pakistan as on 31 December 2014.

- 12.4.2 Details of term finance certificates are as follows:

Particulars	Profit rate per annum	Profit payment	Maturity date
Bank Al Habib Limited	6 months KIBOR plus 1.95% per annum	Semi-annually	7 February 2015
Pakistane Mobile Communications Limited	6 months KIBOR plus 2.65% per annum	Quarterly	18 April 2016
K-Electric Limited	14.75% per annum	Quarterly	15 August 2015

12.5 Available for sale securities / mutual funds - quoted

12.5.1 In related parties

Number of shares / certificates / units		Face value per share / certificate / unit (Rupees)	Name of entity	2014	2013
2014	2013			(Rupees in '000)	
Open-end mutual funds					
5,924,434	6,164,646	100	HBL Money Market Fund	600,000	600,000
2,876,565	-	100	HBL Income Fund	297,823	-
Ordinary shares					
Industrial metal and mining					
2,535,706	2,912,706	10	International Industries Limited	77,283	88,773
Commercial Banks					
1,396,116	1,269,197	10	Habib Bank Limited	54,079	54,079
				<u>1,029,185</u>	<u>742,852</u>

12.5.2 Others

Number of shares / certificates / units		Face value per share / certificate / unit (Rupees)	Name of entity	2014	2013
2014	2013			(Rupees in '000)	
Open-end mutual funds					
1,442,540	-	100	Alfalah GHP Sovereign Fund	150,000	-
-	201,548	500	Alfalah GHP Cash Fund	-	100,000
35,280,121	50,397,049	10	ABL Cash Fund	350,000	500,000
24,824,528	-	10	ABL Government Securities Fund	250,000	-
799,907	513,295	500	Atlas Money Market Fund	400,000	250,000
2,503,833	1,997,613	100	Askari Sovereign Cash Fund	250,000	200,000
505,564	2,105,273	100	Askari Sovereign Yield Enhance Fund	50,358	200,000
1,508,640	1,508,735	100	First Habib Cash Fund	150,000	150,000
976,467	2,016,030	100	Faysal Money Market Fund	100,000	200,000
954,217	-	100	Faysal Saving Growth Fund	100,000	-
1,488,340	1,007,520	100	IGI Money Market Fund	150,000	100,000
976,107	1,031,365	100	Lakson Income Fund	100,000	100,000
500,862	-	100	Lakson Money Market Fund	50,000	-
3,046,283	-	50	MetroBank Pakistan Sovereign Fund	150,000	-
3,573,972	-	100	MCB Dynamic Cash Fund	350,000	-
-	5,335,818	100	MCB Cash Management Optimizer	-	500,000
-	4,133,765	50	Meezan Sovereign Fund	-	200,000
25,206,834	30,237,901	10	NAFA Money Market Fund	250,000	300,000
9,833,361	-	10	NAFA Government Securities Savings Fund	100,000	-
18,891,341	42,195,808	10	NIT Government Bond Fund	200,000	404,938
1,980,814	2,078,199	50	Pakistan Cash Management Fund	100,000	100,000
1,499,380	601,610	100	PICIC Cash Fund	150,000	60,000
1,425,600	1,002,677	100	PICIC Income Fund	147,037	100,000
2,013,254	1,510,113	100	Primus Daily Reserve Fund	202,273	150,000
469,043	-	100	PIML Income Fund	50,000	-
-	3,049,128	100	UBL Islamic Sovereign Fund	-	300,000
3,929,433	-	100	UBL Government Securities. Fund	400,000	-
5,294,367	4,435,573	100	UBL Stock Advantage Fund	250,000	200,000
Equity investment instruments					
535,000	500,000	10	PICIC Growth Fund (ICP SEMF)	3,997	2,797
1,881,379	1,881,379	10	PICIC Investment Fund	3,825	3,825
1,297,972	1,297,972	10	Standard Chartered Modaraba	8,839	8,839
2,982,500	3,969,000	5	First Habib Modaraba	16,918	22,515
Ordinary shares					
Financial services					
362,323	362,323	10	ORIX Leasing Pakistan Limited	2,300	2,300
Commercial Banks					
1,696,199	1,537,454	10	Bank Al Habib Limited	44,352	44,122
550,190	400,190	10	National Bank of Pakistan	22,404	13,056
540,098	460,000	10	United Bank Limited	51,844	38,059
1,438,000	1,413,000	10	Bank Al Falah Limited	23,853	23,064
Personal Goods (textiles)					
559,889	544,889	10	Nishat Mills Limited	48,269	46,427
199,420	199,420	10	Services Industries Textiles Limited	100	100
20,000	-	10	Nishat (Chunia) Limited	1,266	-
-	62,106	10	Crescent Jute Products Limited	-	34
General Industrials					
238,239	310,639	5	Thal Limited	12,228	15,945
Construction and materials (cement)					
4,375,000	4,764,500	10	Fauji Cement Company Limited	39,903	42,205
1,375,000	-	10	Lafarge Cement Pakistan Limited	21,338	-
Tobacco					
-	17,500	10	Pakistan Tobacco Company Limited	-	1,794
Electricity					
3,243,010	3,381,510	10	The Hub Power Company Limited	119,719	124,832
15,190,893	16,190,893	10	Kot Addu Power Company Limited	694,665	740,393
Oil and gas					
112,250	112,250	10	Attock Petroleum Limited	55,606	55,606
291,000	254,000	10	Pakistan State Oil Company Limited	56,433	52,480
167,080	166,099	10	Pakistan Oil Fields Limited	70,703	69,680
490,000	482,652	10	Pakistan Petroleum Limited	68,430	64,980
67,000	-	10	Oil & Gas Development Company	16,682	-

Number of shares / certificates / units		Face value per share / certificate / unit (Rupees)	Name of entity	2014	2013
2014	2013			(Rupees in '000)	
199,000	213,070	10	Engineering Millat Tractors Limited	8,979	9,614
1,470,000	1,717,400	10	Fixed line telecommunication Pakistan Telecommunication Company Limited (A)	23,996	27,011
1,158,830	1,158,830	10	Chemicals Fauji Fertilizer Company Limited	92,890	92,890
410,500	410,500	10	Fauji Fertilizer Bin Qasim Limited	16,275	16,275
200,000	179,374	10	Engro Corporation Limited	22,998	18,545
17,937	-	10	Engro Fertilizer Limited	1	-
				<u>5,998,481</u>	<u>5,652,326</u>

12.5.3 Market value of quoted available-for-sale investments is Rs.8,920,126 thousands (2013: Rs.7,586,910 thousands) at the year end.

13 INVESTMENT PROPERTIES

	2014							Useful life
	Cost			Depreciation			Written down value as at 31 December 2014	
	As at 01 January 2014	Additions	As at 31 December 2014	As at 01 January 2014	For the year / on	As at 31 December 2014		
	(Rupees in '000)							
Leasehold land	34,164	522,436	556,600	-	-	-	556,600	-
Building on leasehold land	124,034	1,529	125,563	19,929	3,395	23,324	102,239	40-80 years
Lifts and other installations	29,808	3,986	33,794	11,650	2,940	14,590	19,204	10 years
	<u>188,006</u>	<u>527,951</u>	<u>715,957</u>	<u>31,579</u>	<u>6,335</u>	<u>37,914</u>	<u>678,043</u>	

	2013							Useful life
	Cost			Depreciation			Written down value as at 31 December 2013	
	As at 01 January 2013	Additions	As at 31 December 2013	As at 01 January 2013	For the year / on	As at 31 December 2013		
	(Rupees in '000)							
Leasehold land	34,164	-	34,164	-	-	-	34,164	-
Building on leasehold land	119,228	4,806	124,034	16,584	3,345	19,929	104,105	40-80 years
Lifts and other installations	27,880	8,007 (6,079)	29,808	15,670	1,804 (5,824)	11,650	18,158	10 years
	<u>181,272</u>	<u>12,813 (6,079)</u>	<u>188,006</u>	<u>32,254</u>	<u>5,149 (5,824)</u>	<u>31,579</u>	<u>156,427</u>	

13.1 During the year, the Company has acquired leasehold land amounting to Rs. 522,436 thousands (2013: Nil).

13.2 The market value of the investment properties as per valuations carried out by professional valuers in 2013 and as ascertained by the management after including the leasehold land acquired during the year is Rs. 2,326,371 thousands (2013 : Rs.1,803,935 thousands).

14	DEFERRED TAXATION - NET	Note	2014	2013
			(Rupees in `000)	
	Deferred tax debits / (credits) arising in respect of:			
	Provision for doubtful debts		50,016	50,307
	Accelerated depreciation		(9,027)	(11,090)
	Share of profit from associates		(17,035)	(7,672)
			<u>23,954</u>	<u>31,545</u>
	Provision for employees' benefits plan		(1,456)	-
			<u>22,498</u>	<u>31,545</u>
15	PREMIUMS DUE BUT UNPAID			
	Unsecured			
	Considered good		843,893	897,723
	Considered doubtful		137,961	137,961
			<u>981,854</u>	<u>1,035,684</u>
	Less: Provision for doubtful balances		137,961	137,961
			<u>843,893</u>	<u>897,723</u>
15.1	Premium due but unpaid includes an amount of Rs.130,010 thousands (2013: Rs.58,891 thousands) due from related parties.			
16	AMOUNTS DUE FROM OTHER INSURERS / REINSURERS			
	Unsecured			
	Considered good		122,547	78,022
	Considered doubtful		17,000	10,000
			<u>139,547</u>	<u>88,022</u>
	Less: Provision against doubtful balances	16.1	17,000	10,000
			<u>122,547</u>	<u>78,022</u>
16.1	Provision against doubtful balances			
	Opening balance		10,000	-
	Provision made during the year		7,000	10,000
			<u>17,000</u>	<u>10,000</u>
17	REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS			
	These are unsecured and considered good.			
18	PREPAYMENTS			
	Prepaid reinsurance premium ceded		1,068,210	1,069,716
	Prepaid rent		16,929	14,661
	Miscellaneous expenses		3,419	5,736
			<u>1,088,558</u>	<u>1,090,113</u>
19	SUNDRY RECEIVABLES			
	Current portion of long-term loans	11	830	941
	Advances to suppliers and contractors - considered good		5,865	11,008
	Rent receivable		2,031	2,031
	Security deposits		8,218	7,862
	Sales tax recoverable		10,301	3,061
	Medical claims recoverable		8,597	5,795
	Other advances - considered good	19.1	10,872	9,750
			<u>46,714</u>	<u>40,448</u>
19.1	This includes balance receivable from a related party amounting to Rs. 771 thousands (2013: Rs. 771 thousands).			

20 FIXED ASSETS - Tangible and intangible

2014	Building	Furniture, fixtures and equipment					Sub total	Motor vehicles	Computer software	Total
		Furniture and fixtures	Office equipment	Trakker equipment	Computer equipment					
(Rupees in '000)										
As at 01 January 2014										
Cost	7,069	64,601	75,552	62,268	46,973	249,394	9,261	48,306	314,030	
Accumulated depreciation	(1,029)	(42,013)	(51,598)	(24,026)	(34,251)	(151,888)	(4,488)	(17,219)	(174,624)	
Net book value as at										
01 January 2014	<u>6,040</u>	<u>22,588</u>	<u>23,954</u>	<u>38,242</u>	<u>12,722</u>	<u>97,506</u>	<u>4,773</u>	<u>31,087</u>	<u>139,406</u>	
For the year ended 31 December 2014										
Opening net book value	6,040	22,588	23,954	38,242	12,722	97,506	4,773	31,087	139,406	
Additions	-	5,915	9,852	10,356	3,650	29,773	352	3,327	33,452	
Disposals										
- Cost	-	(2,170)	(2,440)	(161)	(2,306)	(7,077)	(135)	-	(7,212)	
- Accumulated depreciation	-	1,813	1,894	81	2,005	5,793	81	-	5,874	
	-	(357)	(546)	(80)	(301)	(1,284)	(54)	-	(1,338)	
Adjustment / transfer										
- Cost	-	-	-	-	-	-	-	-	-	
- Accumulated depreciation	-	-	(38)	-	-	(38)	-	-	(38)	
	-	-	(38)	-	-	(38)	-	-	(38)	
Depreciation charge	<u>(284)</u>	<u>(5,885)</u>	<u>(6,068)</u>	<u>(8,819)</u>	<u>(3,762)</u>	<u>(24,534)</u>	<u>(415)</u>	<u>(7,968)</u>	<u>(33,201)</u>	
Net book value as at 31 December 2014	<u>5,756</u>	<u>22,261</u>	<u>27,154</u>	<u>39,699</u>	<u>12,309</u>	<u>101,423</u>	<u>4,656</u>	<u>26,446</u>	<u>138,281</u>	
As at 31 December 2014										
Cost	7,069	68,346	82,964	72,463	48,317	272,090	9,478	51,633	340,270	
Accumulated depreciation	(1,313)	(46,085)	(55,810)	(32,764)	(36,008)	(170,667)	(4,822)	(25,187)	(201,989)	
Net book value as at 31 December 2014	<u>5,756</u>	<u>22,261</u>	<u>27,154</u>	<u>39,699</u>	<u>12,309</u>	<u>101,423</u>	<u>4,656</u>	<u>26,446</u>	<u>138,281</u>	
Annual rate of depreciation	<u>3%</u>	<u>17%</u>	<u>17% - 25%</u>	<u>20%</u>	<u>25%</u>		<u>20%</u>	<u>20%</u>		

2013	Building	Furniture, fixtures and equipment					Motor vehicles	Computer software	Total
		Furniture and fixtures	Office equipment	Trakker equipment	Computer equipment	Sub total			
(Rupees in '000)									
As at 01 January 2013									
Cost	7,069	65,454	72,091	51,875	44,645	234,065	9,211	37,974	288,319
Accumulated depreciation	(740)	(38,004)	(47,565)	(16,501)	(32,346)	(134,416)	(4,179)	(10,351)	(149,686)
Net book value as at 01 January 2013	<u>6,329</u>	<u>27,450</u>	<u>24,526</u>	<u>35,374</u>	<u>12,299</u>	<u>99,649</u>	<u>5,032</u>	<u>27,623</u>	<u>138,633</u>
For the year ended 31 December 2013									
Opening net book value	6,329	27,450	24,526	35,374	12,299	99,649	5,032	27,623	138,633
Addition	-	2,640	7,058	11,228	3,934	24,860	169	10,332	35,361
Disposals									
- Cost	-	(3,493)	(3,597)	(865)	(1,606)	(9,561)	(89)	-	(9,650)
- Accumulated depreciation	-	2,767	2,946	391	1,422	7,526	53	-	7,579
	-	(726)	(651)	(474)	(184)	(2,035)	(36)	-	(2,071)
Adjustment / transfer									
- Cost	-	-	-	30	-	30	(30)	-	-
- Accumulated depreciation	-	-	-	-	-	-	-	-	-
	-	-	-	30	-	30	(30)	-	-
Depreciation charge	<u>(289)</u>	<u>(6,776)</u>	<u>(6,979)</u>	<u>(7,916)</u>	<u>(3,327)</u>	<u>(24,998)</u>	<u>(362)</u>	<u>(6,868)</u>	<u>(32,517)</u>
Net book value as at 31 December 2013	<u>6,040</u>	<u>22,588</u>	<u>23,954</u>	<u>38,242</u>	<u>12,722</u>	<u>97,506</u>	<u>4,773</u>	<u>31,087</u>	<u>139,406</u>
As at 31 December 2013									
Cost	7,069	64,601	75,552	62,268	46,973	249,394	9,261	48,306	314,030
Accumulated depreciation	(1,029)	(42,013)	(51,598)	(24,026)	(34,251)	(151,888)	(4,488)	(17,219)	(174,624)
Net book value as at 31 December 2013	<u>6,040</u>	<u>22,588</u>	<u>23,954</u>	<u>38,242</u>	<u>12,722</u>	<u>97,506</u>	<u>4,773</u>	<u>31,087</u>	<u>139,406</u>
Annual rate of depreciation	<u>3%</u>	<u>17%</u>	<u>17% - 25%</u>	<u>20%</u>	<u>25%</u>		<u>20%</u>	<u>20%</u>	

20.1 Disposal of tangible assets

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/(Loss)	Mode of disposal	Particulars of buyers
(Rupees in '000)							
Disposal of tangible assets during the year having book value exceeding Rs.50,000	-	-	-	-	-	-	
Disposal of tangible assets during the year having book value upto Rs.50,000							
Furniture and fixtures	2,170	1,813	357	1	(356)	Negotiation	Various
Office equipment, electrical installations, traker equipment and computers	4,907	3,980	927	800	(127)	Negotiation	Various
Motor vehicles	68	41	27	21	(6)	Negotiation	Sagheer Ahmed, Karachi
	67	40	27	21	(6)	Negotiation	Sagheer Ahmed, Karachi
2014	<u>7,212</u>	<u>5,874</u>	<u>1,338</u>	<u>843</u>	<u>(495)</u>		
2013	<u>9,650</u>	<u>7,579</u>	<u>2,071</u>	<u>1,027</u>	<u>(1,044)</u>		

21 ADMINISTRATIVE SURCHARGE

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

	Note	2014	2013
		(Rupees in '000)	
Fire and property damage		10,279	10,198
Marine, aviation and transport		15,927	15,721
Motor		24,770	22,585
Liability		358	37
Miscellaneous		9,294	8,914
		<u>60,628</u>	<u>57,455</u>

22 MANAGEMENT EXPENSES

Salaries, wages and benefits	22.1	638,434	569,165
Rent, taxes and electricity		51,642	55,119
Communications		15,811	16,093
Directors' fee and expenses		3,265	2,240
Printing and stationery		30,798	24,421
Travelling and entertainment		35,103	30,553
Auditors' remuneration	26.2	-	1,233
Legal and professional charges		15,238	3,148
Statutory levies		13,801	11,849
Annual monitoring fee for vehicle tracking devices		24,395	21,142
Inspection fee		5,111	3,601
Repairs and maintenance		7,607	6,130
Advertisement and sales promotion		43,407	20,143
Depreciation	20	25,233	25,649
Amortisation	20	7,968	6,868
Bad debts written off		2,520	2,294
Provision against doubtful balances	16.1	7,000	10,000
Insurance expense		3,094	4,628
Motor vehicle running expenses		2,212	2,422
Other expenses		24,483	20,300
	22.2	<u>957,122</u>	<u>836,998</u>

22.1 These include Rs.14,614 thousands (2013: Rs.12,730 thousands) being contribution for employees' provident fund and Rs.12,530 thousands (2013: Rs.10,167 thousands) in respect of defined benefit plan.

22.2 The above include costs aggregating Rs. 30,672 thousands (2013: Rs.22,171 thousands) in respect of Accident and Health business common back office operations jointly shared with Jubilee Life Insurance Company Limited, an associated company.

23 COMMISSION FROM REINSURERS

	Commission received or receivables	Unearned Commission		2014	2013
		Opening	Closing		
(Rupees in '000)					
Fire and property damage	90,918	33,425	27,704	96,639	75,368
Marine, aviation and transport	3,938	700	614	4,024	2,709
Motor	2,262	830	1,282	1,810	1,282
Liability	18,548	4,603	5,033	18,118	17,924
Miscellaneous	166,097	61,827	55,946	171,978	151,414
	<u>281,763</u>	<u>101,385</u>	<u>90,579</u>	<u>292,569</u>	<u>248,697</u>

24 RENTAL INCOME - NET

	Note	2014	2013
(Rupees in '000)			
Rental revenue		134,418	140,930
Investment property related expenditure		(35,299)	(24,704)
		<u>99,119</u>	<u>116,226</u>

25 OTHER INCOME - NET

Income from financial assets / liabilities

Exchange (loss) / gain		(2,966)	11,080
Return on loans to employees		83	92
Balance no longer payable written back		599	553
Others		94	77

Income from non-financial assets

Loss on sale of fixed assets	20.1	(495)	(1,044)
Gain on sale of investment property		-	495
		<u>(2,685)</u>	<u>11,253</u>

26 GENERAL AND ADMINISTRATION EXPENSES

Legal and professional		7,939	3,582
Subscription		748	934
Workers' Welfare Fund		25,397	24,405
Charity and donations	26.1	12,826	11,570
Auditors' remuneration	26.2	1,670	1,273
Others		2,505	2,761
		<u>51,085</u>	<u>44,525</u>

26.1 Donations made include the following in which a Director or spouse of a Director is interested.

Name and address of donee	Interested Director	Interest in donee	2014	2013
			(Rupees in '000)	
Aga Khan Cultural Services, Pakistan Shahrah-e-Quaid-e-Azam Gilgit, Pakistan	Akbarali Pesnani	Chairman	1,000	500
Aga Khan Rural Support Programme Serena Business Complex Khayaban-e-Suharwardy Islamabad	Aly Noormahomed Rattansey	Chairman	5,000	5,000
			<u>6,000</u>	<u>5,500</u>

26.1.1 Donations, other than those mentioned above, were not made to any donee in which a director or his spouse had any interest at any time during the year.

26.2 **Auditors' remuneration**

	Note	2014	2013
		(Rupees in '000)	
Audit fee		500	500
Interim review fee		100	100
Income Tax advisory services		366	-
Special reports and certificates for various government agencies and sundry advisory services		500	555
Out of pocket expenses		204	118
	26	<u>1,670</u>	<u>1,273</u>
Federal excise duty / sales tax advisory services		-	242
Other advisory services		-	991
		-	1,233
		<u>1,670</u>	<u>2,506</u>

27 **TAXATION - NET**

Current	183,112	175,225
Deferred		
- current	2,761	(338)
- prior	4,830	-
	<u>7,591</u>	<u>(338)</u>
	<u>190,703</u>	<u>174,887</u>

27.1 **Relationship between tax expense and accounting profit**

	Effective tax rate (Percentage)		Rupees in '000	
	2014	2013	2014	2013
Profit before taxation			<u>1,269,822</u>	<u>1,220,202</u>
Tax at the applicable rate of 33% (2013: 34%)	33.00	34.00	419,041	414,869
Tax effect of income subject to lower rate	(5.74)	(5.33)	(72,891)	(65,011)
Tax effect of expenses that are not allowable in determining taxable income	0.24	0.50	3,010	6,088
Tax effect of change in tax rate and others	0.03	-	388	-
Effect of prior years adjustment	0.38	-	4,830	-
Tax effect of income exempt from tax	<u>(12.89)</u>	<u>(14.84)</u>	<u>(163,675)</u>	<u>(181,059)</u>
	<u>15.02</u>	<u>14.33</u>	<u>190,703</u>	<u>174,887</u>

28 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies having common directorship, associates, directors, major shareholders, key management personnel and retirement benefit funds. The associated companies are associated either based on holding in equity or they are due to same management and / or common directors. All transactions involving related parties arising in the normal course of business are concluded at agreed terms and conditions. Contribution to the employee retirement benefits are made in accordance with the terms of employee retirement benefit scheme. Directors' fees and remuneration to the key management personnel are included in note 30 to these financial statements and are determined in accordance with the terms of their appointment.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2014	2013
	(Rupees in '000)	
Companies having common directorship		
Insurance premium written (including government levies administrative surcharge and policy stamps)	523,192	446,101
Insurance premium received / adjusted during the year	452,276	443,461
Insurance commission paid	-	24
Insurance claims paid	227,959	201,724
Purchases of goods and services	2,014	7,308
Dividend received	21,080	12,230
Dividend received from an associate under equity method	25,709	28,229
Dividend paid	285,260	245,262
Rental income	38,849	35,980
Investment in shares / mutual funds other than associate	1,143,748	1,200,000
Disposal of shares / mutual funds other than associate	891,367	1,128,170
Donations	6,000	5,500
Others		
Insurance premium written (including government levies administrative surcharge and policy stamps)	203	438
Insurance premium received / adjusted during the year	-	177
Dividend paid	7,311	7,819
Contributions for staff retirement benefit plans	22,734	25,348
Donation	2,500	2,500

29 EMPLOYEE BENEFITS

29.1 Defined benefit plan

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

- Discount rate 11.50% (2013: 12.50%) per annum.
- Expected rate of increase in the salaries of the employees 11.50% (2013: 12.50%) per annum.
- Expected interest rate on plan assets 12.50% (2013: 11%) per annum.
- Expected service length of the employees 14 years (2013: 14 years).

	2014	2013
	(Rupees in '000)	
29.1.1 Asset / (liability) in balance sheet		
Present value of defined benefit obligation	29.1.3 128,859	120,020
Fair value of plan assets	29.1.4 (128,859)	(120,020)
	-	-
29.1.2 Movement in asset / (liability) during the year		
Opening balance	-	(2,008)
Charge to profit and loss account	29.1.5 12,530	10,167
Charge to other comprehensive income	29.1.6 (4,411)	4,416
Contributions to the Fund during the year	(8,119)	(12,575)
Closing balance	-	-

29.1.3 Reconciliation of the present value of the defined benefit obligations

	2014	2013
	(Rupees in '000)	
Present value of obligation as at 01 January	120,020	90,954
Current service cost	13,004	10,389
Interest costs	14,529	10,004
Benefits paid	(7,577)	(3,296)
Experience adjustments	(11,117)	11,969
Present value of obligation as at 31 December	128,859	120,020

29.1.4 Changes in fair value of plan assets

Fair value of plan assets as at 01 January	120,020	92,962
Interest income	15,003	10,226
Contribution to the Fund	8,119	12,575
Benefits paid	(7,577)	(3,296)
Return on plan assets excluding interest income	(6,706)	7,553
Fair value of plan assets as at 31 December	128,859	120,020

29.1.5 Charge to profit and loss account

Current service cost	13,004	10,389
Interest costs	14,529	10,004
Expected return on plan assets	(15,003)	(10,226)
	12,530	10,167

29.1.6 Remeasurements recognized in other comprehensive income, expense / (income) during the year

Experience adjustments	(11,117)	11,969
Return on plan assets excluding interest income	6,706	(7,553)
	(4,411)	4,416

29.1.7 Expected return on assets

	15,003	10,226
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29.1.8 Composition of fair value of plan assets

	2014		2013	
	Fair value (Rupees in '000)	Percentage	Fair value (Rupees in '000)	Percentage
Debt instruments	8,736	6.78	6,500	5.42
Equity instruments	33,580	26.06	22,535	18.78
Government securities	77,147	59.87	75,623	63.01
Others	9,396	7.29	15,362	12.80
Fair value of plan assets	128,859		120,020	

29.1.9 Historical data

	2013	2012	2011	2010	2009
	(Rupees in '000)				
Present value of defined benefit obligations	120,020	90,954	78,727	71,169	60,817
Fair value of plan assets	(120,020)	(90,954)	(78,727)	(71,169)	(60,817)
(Surplus) / deficit	-	-	-	-	-
Experience adjustments					
- Actuarial loss /(gain) on obligation	11,969	(1,688)	(9,388)	(4,908)	(9,290)
- Actuarial gain / (loss) on assets	7,553	(9,563)	(1,484)	(446)	(5,910)

29.1.10 The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2015 is Rs.12,596 thousands.

29.1.11 **Sensitivity analysis on significant actuarial assumptions: Actuarial liability**

	2014	2013
	Rupees in '000	
Discount rate +1%	119,370	109,999
Discount rate -1%	139,624	131,567
Future salary increases +1%	139,699	131,597
Future salary increases -1%	119,131	108,968

29.2 **Defined contribution plan**

29.2.1 **Provident fund trust**

	2014	2013
	(Unaudited)	(Audited)
Size of the fund	319,429	268,577
Cost of investments made	294,319	256,844
Percentage of investments made (based on fair value)	97%	98%
Fair value of investments	311,148	263,058

29.2.2 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose. The break-up of investments is as follows:

Break-up of investments

Listed securities / mutual funds	119,791	112,086
Government securities	184,857	144,472
Other debt instruments	6,500	6,500
	311,148	263,058

30 REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

	Managing Director		Directors		Executives		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
	(Rupees in '000)							
Directors' fees	-	-	3,265	2,240	-	-	3,265	2,240
Managerial remuneration								
- including bonus	15,877	13,268	-	-	107,864	90,082	123,741	103,350
Staff retirement benefits	1,060	877	-	-	5,225	4,476	6,285	5,353
House rent allowance	3,817	3,158	-	-	37,678	32,601	41,495	35,759
Utilities allowance	1,273	1,053	-	-	8,834	7,570	10,107	8,623
Medical expenses	12	17	-	-	2,361	2,464	2,373	2,481
Leave passage / assistance	1,467	2,050	-	-	3,771	3,581	5,238	5,631
Vehicle allowance	2,068	1,829	-	-	44,478	38,039	46,546	39,868
Others	1,096	1,041	-	-	24,622	20,772	25,718	21,813
	26,670	23,293	3,265	2,240	234,833	199,585	264,768	225,118
Number of persons	1	1	8	8	74	71	83	80

In addition, the managing director and some of the executives are provided with certain items of household furniture, fixtures and equipment in accordance with their entitlements.

31. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2014 and 31 December 2013, unallocated capital expenditure and non-cash expenses during the year:

	Fire		Marine		Motor		Liability		Accident and health		Miscellaneous		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
(Rupees in '000)														
SEGMENT ASSETS														
Segment assets	<u>1,218,885</u>	<u>1,596,513</u>	<u>277,168</u>	<u>261,314</u>	<u>280,841</u>	<u>281,452</u>	<u>369,019</u>	<u>380,464</u>	<u>139,326</u>	<u>157,062</u>	<u>1,525,047</u>	<u>1,412,759</u>	<u>3,810,286</u>	<u>4,089,564</u>
Unallocated corporate assets													<u>9,728,495</u>	<u>8,722,388</u>
Consolidated total assets													<u>13,538,781</u>	<u>12,811,952</u>
SEGMENT LIABILITIES														
Segment liabilities	<u>2,002,527</u>	<u>2,406,965</u>	<u>641,401</u>	<u>575,132</u>	<u>827,046</u>	<u>838,671</u>	<u>402,911</u>	<u>421,924</u>	<u>544,369</u>	<u>532,617</u>	<u>2,248,785</u>	<u>1,998,110</u>	<u>6,667,039</u>	<u>6,773,419</u>
Unallocated corporate liabilities													<u>1,448,865</u>	<u>1,278,738</u>
Consolidated total liabilities													<u>8,115,904</u>	<u>8,052,157</u>
Depreciation / amortisation	<u>6,516</u>	<u>6,312</u>	<u>5,084</u>	<u>5,167</u>	<u>8,292</u>	<u>8,110</u>	<u>340</u>	<u>511</u>	<u>7,302</u>	<u>7,667</u>	<u>5,667</u>	<u>4,750</u>	<u>33,201</u>	<u>32,517</u>
Non-cash expenses other than depreciation / amortisation	<u>1,868</u>	<u>2,387</u>	<u>1,458</u>	<u>1,953</u>	<u>2,378</u>	<u>3,066</u>	<u>97</u>	<u>193</u>	<u>2,094</u>	<u>2,899</u>	<u>1,625</u>	<u>1,796</u>	<u>9,520</u>	<u>12,294</u>
Unallocated capital expenditure													<u>561,403</u>	<u>48,174</u>

32 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

32.1 Financial risk management objectives and policies

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

32.1.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The Company manages the market risk exposure by following internal risk management policies.

32.1.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

Effective rate % per annum	2014					
	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total
	Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total		
(Rupees in '000)						

Financial assets

Cash and bank deposits	1.30 to 9.75	919,169	-	-	919,169	101,876	1,021,045
Loans to employees	6	-	577	-	577	-	577
Investments	10 to 14.75	64,058	411,485	56,236	531,779	7,245,812	7,777,591
Premiums due but unpaid		-	-	-	-	843,893	843,893
Amounts due from other insurers / reinsurers		-	-	-	-	122,547	122,547
Reinsurance recoveries due but unpaid		-	-	-	-	162,973	162,973
Accrued investment income		-	-	-	-	23,398	23,398
Reinsurance recoveries against outstanding claims		-	-	-	-	1,356,398	1,356,398
Sundry receivables	6	525	-	-	525	40,849	41,374
		<u>983,752</u>	<u>412,062</u>	<u>56,236</u>	<u>1,452,050</u>	<u>9,897,746</u>	<u>11,349,796</u>

Financial liabilities

Provision for outstanding claims		-	-	-	-	2,805,862	2,805,862
Amounts due to other insurers / reinsurers		-	-	-	-	801,807	801,807
Accrued expenses		-	-	-	-	33,280	33,280
Other creditors and accruals		-	-	-	-	460,558	460,558
Deposits and other payables		-	-	-	-	1,202,156	1,202,156
Unclaimed dividend		-	-	-	-	44,849	44,849
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,348,512</u>	<u>5,348,512</u>
Interest risk sensitivity gap		<u>983,752</u>	<u>412,062</u>	<u>56,236</u>	<u>1,452,050</u>	<u>4,549,234</u>	<u>6,001,284</u>
Cumulative interest risk sensitivity gap		<u>983,752</u>	<u>1,395,814</u>	<u>1,452,050</u>			

Effective rate % per annum	2013					Non-interest / mark-up bearing financial instruments	Total
	Interest / mark-up bearing financial instruments				Sub total		
	Maturity upto one year	Maturity over one year to five years	Maturity more than five years				
(Rupees in '000)							

Financial assets

Cash and bank deposits	1.25 to 9.10	767,693	-	-	767,693	242,692	1,010,385
Loans to employees	6	-	519	-	519	-	519
Investments	9.41 to 14.75	536,451	186,747	56,663	779,861	6,522,696	7,302,557
Premiums due but unpaid		-	-	-	-	897,723	897,723
Amounts due from other insurers / reinsurers		-	-	-	-	78,022	78,022
Reinsurance recoveries due but unpaid		-	-	-	-	165,563	165,563
Accrued investment income		-	-	-	-	20,704	20,704
Reinsurance recoveries against outstanding claims		-	-	-	-	1,630,601	1,630,601
Sundry receivables	6	546	-	-	546	29,440	29,986
		<u>1,304,690</u>	<u>187,266</u>	<u>56,663</u>	<u>1,548,619</u>	<u>9,587,441</u>	<u>11,136,060</u>

Financial liabilities

Provision for outstanding claims		-	-	-	-	3,142,956	3,142,956
Amounts due to other insurers / reinsurers		-	-	-	-	612,567	612,567
Accrued expenses		-	-	-	-	34,564	34,564
Other creditors and accruals		-	-	-	-	421,631	421,631
Deposits and other payables		-	-	-	-	1,025,689	1,025,689
Unclaimed dividend		-	-	-	-	36,814	36,814
		<u>1,304,690</u>	<u>187,266</u>	<u>56,663</u>	<u>1,548,619</u>	<u>4,313,220</u>	<u>5,861,839</u>
Interest risk sensitivity gap		<u>1,304,690</u>	<u>187,266</u>	<u>56,663</u>	<u>1,548,619</u>	<u>4,313,220</u>	<u>5,861,839</u>
Cumulative interest risk sensitivity gap		<u>1,304,690</u>	<u>1,491,956</u>	<u>1,548,619</u>			

Cashflow sensitivity analysis of variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
		(Rupees in '000)	
31 December 2014	100	14,359	9,621
	(100)	(14,359)	(9,621)
31 December 2013	100	18,735	12,365
	(100)	(18,735)	(12,365)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

32.1.1.2 Foreign currency risk

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

32.1.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest 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 similar financial instruments traded in the market.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs). In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.

The following table summarizes the Company's other price risk as at 31 December 2014 and as at 31 December 2013. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect it in a similar but opposite manner.

	Fair value (Rupees in '000)	Price change	Effect on fair value (Rupees in '000)
31 December 2014	8,981,638	+5%	449,082
		-5%	(449,082)
31 December 2013	7,683,020	+5%	384,151
		-5%	(384,151)

However, increase of 5% in equity prices at the reporting date is restricted to amount of cost of investment of such securities as per the policy of the Company (refer note 3.8.2.3).

32.1.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.

	2014			
	Within one year	Over one year to five years	Over five years	Total
	(Rupees in '000)			
Financial liabilities				
Provision for outstanding claims	2,805,862	-	-	2,805,862
Amounts due to other insurers / reinsurers	801,807	-	-	801,807
Accrued expenses	33,280	-	-	33,280
Other creditors and accruals	460,558	-	-	460,558
Deposits and other payables	1,202,156	-	-	1,202,156
Unclaimed dividend	44,849	-	-	44,849
	<u>5,348,512</u>	<u>-</u>	<u>-</u>	<u>5,348,512</u>
	2013			
	Within one year	Over one year to five years	Over five years	Total
	(Rupees in '000)			
Financial liabilities				
Provision for outstanding claims	3,142,956	-	-	3,142,956
Amounts due to other insurers / reinsurers	612,567	-	-	612,567
Accrued expenses	34,564	-	-	34,564
Other creditors and accruals	421,631	-	-	421,631
Deposits and other payables	1,025,689	-	-	1,025,689
Unclaimed dividend	36,814	-	-	36,814
	<u>5,274,221</u>	<u>-</u>	<u>-</u>	<u>5,274,221</u>

32.1.3 Credit Risk

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

32.1.3.1 Concentration of credit risk and credit exposure of the financial instruments

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The Company is exposed to major credit risk on bank balances and deposits, marketable securities, Term Finance Certificates, premiums receivable from customers and co-insurers; and on commission and claim recoveries from re-insurers.

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

Bank	Long term rating	Rating agency	2014	2013
			(Rupees in '000)	
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	541,395	463,521
Habib Bank Limited - a related party	AAA	JCR-VIS	236,109	350,889
Soneri Bank Limited	AA-	PACRA	98,604	110,022
United Bank Limited	AA+	JCR-VIS	32,656	35,997
The First Micro Finance Bank Limited - a related party	A	JCR-VIS	25,000	25,000
NIB Bank Limited	AA-	PACRA	2,202	2,109
Pak Oman Micro Finance Bank Limited	BBB+	JCR-VIS	1,750	1,750
MCB Bank Limited	AAA	PACRA	2,058	989
Samba Bank Limited	AA-	JCR-VIS	263	46
Bank Al-Falah Limited	AA	PACRA	57,972	-
KASB Bank Limited	B	PACRA	166	-
Dubai Islamic Bank Limited	A+	JCR-VIS	1,374	-
			<u>999,549</u>	<u>990,323</u>

The credit quality of Company's quoted equity securities and mutual funds can be assessed as follows:

Rating	2014	2013
A or above	6,272,452	5,598,355
others	922,915	921,841
	<u>7,195,367</u>	<u>6,520,196</u>

The credit quality of Company's exposure in TFCs can be assessed as follows:

Rating	2014	2013
Bank Al-Habib Limited	24,930	49,870
Pakistan Mobile Communication Limited	16,500	24,000
K-Electric Limited	19,963	19,980
Orix Leasing Pakistan Limited	-	2,000
	<u>61,393</u>	<u>95,850</u>

The management monitors exposure to credit risk in premium receivable from customers and amount due from Co-insurers through regular review of credit exposure and prudent estimates of provision for doubtful receivables as disclosed in note 15 and note 16.

The credit quality of amount due from co-insurer, and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 34.

33 INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally, most insurance contracts carry the insurance risk for a period of one year (refer note 3.1).

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company’s risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The Company’s class wise major risk exposure is as follows:

Class	Maximum Gross Risk Exposure	
	2014	2013
	(Rupees in `000)	
Fire and property	40,738,701	41,629,992
Marine, aviation and transport	2,468,804	2,554,488
Motor	62,000	63,000
Liability	15,963,600	15,040,000
Accident and health	11,181,040	10,880,745
Miscellaneous	53,964,619	40,905,000

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company’s net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company’s risk exposures is not quantifiable.

Uncertainty in the estimation of future claims payment

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

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim lag triangle method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of claims incurred but not reported.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be significantly different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims other than exceptional losses. Hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company’s future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

The assumed net of reinsurance loss ratios for each class of business for estimation of Premium Deficiency Reserves is as follows:

Class	Assumed net loss ratio	Assumed net loss ratio
	2014	2013
Fire and property	50%	46%
Marine, aviation and transport	41%	46%
Motor	54%	59%
Liability	2%	5%
Accident and health	82%	81%
Miscellaneous	48%	61%

Sensitivities

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
(Rupees in '000)					
2014	+ 10%	375,121	207,807	203,733	136,501
2013	+ 10%	409,494	215,714	211,484	137,465

Claims development

The development of claims against insurance contracts written is not disclosed as uncertainty about the amount and timing of claim settlement is usually resolved within one year.

Statement of Age-wise Breakup of Unclaimed Insurance Benefits

Particulars	Total amount	Age-wise Breakup				
		1 to 6 Months	7 to 12 Months	13 to 24 Months	25 to 36 Months	Beyond 36 Months
(Rupees in '000)						
Claims not encashed	18,268	6,595	3,333	1,740	2,483	4,117

34

REINSURANCE RISK

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

To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2014	2013
(Rupees in '000)					
A or above including Pakistan Reinsurance Company Limited	115,572	1,261,640	156,684	1,533,896	1,736,877
BBB	6,821	86,693	6,289	99,803	82,555
Others	154	8,065	-	8,219	54,754
	<u>122,547</u>	<u>1,356,398</u>	<u>162,973</u>	<u>1,641,918</u>	<u>1,874,186</u>

35 CAPITAL MANAGEMENT

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions.

In accordance with SECP Circular no. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance / Takaful companies at the 31 December 2014 and subsequent year is Rs. 300 million. At 31 December 2014 the Company's paid-up capital is in excess of the prescribed limit.

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, difference may arise between the carrying values and the fair values estimates.

The fair value of all the financial instruments are estimated to be not significantly different from their carrying values except for investments in associate, held to maturity and available for sale securities having fair value of Rs.11,482,935 thousands (2013: Rs. 9,025,462 thousands).

The fair value hierarchy has not been presented as the Company's investments are stated at cost as per the Company's accounting policy (refer note 3.8.2.3).

37 EARNINGS PER SHARE - BASIC AND DILUTED

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

	2014	2013
	(Rupees in '000)	
Profit after taxation	<u>1,079,119</u>	<u>1,045,315</u>
	(Numbers of Shares '000)	
	(Restated)	
Weighted average number of shares of Rs.10 each	<u>156,910</u>	<u>156,910</u>
	(Rupees)	
Earnings per share of Rs.10 each - basic and diluted (Restated)	<u>6.88</u>	<u>6.66</u>

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

37.2 The number of shares for the last year has also been adjusted for the effect of 20,467 thousands bonus shares issued during the current year.

38 SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on 12 February 2015 has announced a final cash dividend in respect of the year ended 31 December 2014 of Rs. 4.0 per share of Rs.10 each (40%) [31 December 2013: Rs.3.0 per share of Rs.10 each (30%)] and bonus shares @ Nil (31 December 2013: 15%). In addition, the Board of Directors has approved the transfer of Rs. 100,000 thousands (31 December 2013: Rs.100,000 thousands) to special reserve and Rs. 350,000 thousands (31 December 2013: Rs. 320,000 thousands) to general reserve from unappropriated profit. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

39 NUMBER OF EMPLOYEES

	2014	2013
	(Numbers)	
As at December 31	633	627
Average Number of employees during the year	626	631

40 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 12 February 2015.

41 GENERAL

All figures have been rounded off to the nearest thousand of rupees, unless otherwise stated.



Towfiq H. Chinoy
Chairman



Aly Noormahomed Rattansey
Director



Akbarali Pesnani
Director



Tahir Ahmed
Managing Director
(Chief Executive)

GLOSSARY

- Actuary Qualified expert who analyses problems from the area of insurance, investments and pensions using methods of probability theory and financial mathematics, and develops solutions with due regard to legal and economic parameters.
- Actuarial Valuations A determination by an actuary at a special date of the value of a insurance company's assets and its liabilities.
- Amortisation The reduction of the value of an asset by prorating its cost over a period of years.
- Application Program Interface (API) A Program (software) interface that allows external world to access the internal functionality of a programme application.
- Associate A company in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
- Authorized Share Capital The maximum value of share that a company can legally issue.
- Big-Data IT terminology to describe massive amount of data hidden in corporate data bases, holding valuable insight for intelligence business decision making.
- Bonus Shares Free shares given to current shareholders out of profit.
- Book Value The value of an asset as entered in a company's books.
- Budget An estimate of income and expenditure for a set period of time.
- Business Process Re-Engineering The analysis and design of workflows and processes within an organization.
- Capital Expenditure The cost of long-term improvements and fixed assets.
- Capital Gain Portion of the total gain recognized on the sale or exchange of a non inventory asset.
- Capital Reserves Any reserve not regarded free for distribution by way of dividends.
- Cash on Delivery (COD) A mode of payment wherein payment is made by the customer on delivery of good/services.
- Cedant Client of a reinsurance company.
- Combined Ratio Percentage ratio of the sum of net claims plus management expenses and net commission to net earned premiums. It corresponds to the sum of the loss ratio, commission ratio and the expense ratio.
- Commission Remuneration to an intermediary for services such as selling and servicing an insurer's products.
- Consumer online Portal An internet window presence for selling all retails consumer products.
- Claims The amount payable under a contract of insurance arising from occurrence of an insured event.
- Claims Incurred The aggregate of all claims paid during the accounting period together with attributable claims handling expenses, where appropriate, adjusted by the gross claims reserve at the beginning and end of the accounting period.
- Corporate Social Responsibility A process with the aim to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, and all other members of the public who may also be considered as stakeholders.

- **Deferred Commission** Expenses which vary with and are primarily related to the acquisition of new insurance contracts and renewal of existing contracts, which are deferred as they relate to a period of risk subsequent to the Balance Sheet date.
- **Deferred Tax** An accounting concept (also known as future income taxes), meaning a future tax liability or asset in respect of taxable temporary differences.
- **Defined benefit Plans** Post-employment benefit plans other than defined contribution plans.
- **Depreciation** The systematic allocation of the cost of an asset over its useful life.
- **Dividend cover** Profit after tax divided by Dividend measures the number of times dividends are covered by distributable profit for the period.
- **Doubtful debts** Debts where circumstances have rendered its ultimate recovery uncertain.
- **Earnings Per Share** Amounts for profit or loss attributable to ordinary shareholders of the entity.
- **Equity method** Method of accounting whereby the investment is initially recognized at cost and adjusted hereafter for the post-acquisition change in the investor's share of net assets of the investee.
- **Exchange Gain (Loss)** Difference resulting from translating a given number of units of one currency into another currency at different exchange rates.
- **Facultative reinsurance** The reinsurer assumes a share of selected individual risks. The primary insurer can offer an individual risk in reinsurance, which the reinsurer for its part can either accept or decline.
- **Fair Value** The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing business partners in an arm's length transaction.
- **General Insurance** All kind of Insurance except Life Insurance. i-e, Fire. Marine, Motor and Other Insurance.
- **Gross Domestic Product(GDP)** The total value of goods produced and services provided in a country during one year.
- **Gross Premium** Premium which an insurer is contractually entitled to receive from the insured in relation to contracts of insurance.
- **Group Health Insurance** A single health policy covering a group of individuals, usually employees of the same company or members of the same association and their dependents.
- **Human Resource Development** A framework for the expansion of within an organization through the development of both the organization and the individual to achieve performance improvement.
- **Impairment** The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.
- **Incurred but not reported (IBNR)** Claim incurred but not reported to the insurer until the financial statements reporting date.
- **Inflation** A general increase in prices and fall in the purchasing value of money.
- **Insurance Contracts** A contract under which one party (the insurer) accepts significant insurance risk from another party (The policyholder) by agreeing to compensate the policyholder for a specified uncertain future event.
- **Insurer Financial Strength(IFS) Rating** An assessment of the financial strength of an insurance company.
- **Intangibles** An identifiable non-monetary asset without physical substance.

- Internal Control	An accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc.
- KGS - (Kyrgyz Som)	Code of official currency of the Kyrgyz Republic.
- KIBOR - (Karachi Interbank Offered Rate)	Interbank clean (without collateral) lending/borrowing rates quoted by the commercial banks operating in Pakistan.
- Loss Ratio	Percentage ratio of claims expenses to net premium.
- Macroeconomics	Branch of economics dealing with the performance, structure, behavior, and decision making of an economy as a whole.
- Market Share	The portion of a market controlled by a particular company or product.
- Market Value	The highest estimated price that a buyer would pay and a seller would accept for an item in an open and competitive market.
- MIS	Management Information System
- Mutual fund	A type of professionally managed investment fund that pools money from many investors to purchase securities.
- National Exchequer	The account into which tax funds and other public funds are deposited.
- Net Asset Value	The value of all tangible and intangible assets of a company minus its liabilities.
- Net Premium Revenue	Gross written premium less Reinsurance expense.
- Non-Life Insurance	Non Life Insurance and General Insurance have the identical meaning.
- Open-end mutual fund	Collective Investment Scheme which can issue and redeem shares at any time.
- Outstanding Claims	A type of technical reserve or accounting provision in the financial statements of an insurer to provide for the future liability for claims.
- Paid up Capital	The amount paid or contributed by shareholders in exchange for shares of a company's Stock.
- Pakistan Investment Bonds	Long term instruments of the Government of Pakistan with tenors available in 3, 5, 10, 15 and 20 years.
- Payment gateway	An e-commerce application service that authorizes credit card payments for online retail business
- Premium	The amount that has to be paid for the insurance cover provided by an insurer.
- Present Value	Future amounts that have been discounted to the present.
- Proxy	Power of attorney by which the shareholder transfers the voting rights to another shareholder.
- Quoted	Being listed on a Stock Exchange.
- Registered Office	The registered office is an address which is registered with the government registrar as the official address of a company.
- Reinsurance	A method of insurance arranged by insurers to share the exposure of risks accepted.
- Reinsurance Commission	Commission received or receivable in respect of premium paid or payable to a reinsurer.
- Reinsurance Premium	The premium payable to the reinsurer in respect of reinsurance contract.

- Related Party Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.
- Retrocession Transfer of risk from a reinsurer to another reinsurer.
- Revenue Reserves Reserve that is normally regarded as available for distribution through the profit and loss account, including general reserves and other specific reserves created out of profit and un-appropriated profit.
- Risk Condition in which there is a possibility of loss.
- Risk Management Includes analyzing all exposures to gauge the likelihood of loss and choosing options to better manage or minimize loss.
- Statutory levies Fee charged (levied) by a government on a product, income, or activity.
- Strategic Objectives A broadly defined objective that an organization must achieve to make its strategy succeed.
- Subsequent Event-
Non Adjusting Events concerning conditions which arose after the balance sheet date, but which may be of such materiality that their disclosure is required to ensure that the financial statements are not misleading.
- Takaful An Islamic concept of insurance.
- Tangibles An asset whose value depends on particular physical properties.
- Term Finance Certificate A debt instrument issued by an entity to raise funds.
- Treasury Bills Short term instruments of the Government of Pakistan with tenors available in 3, 6 and 12 months.
- Underwriting Profit This is the profit generated purely from the General Insurance business without taking into account the investment income and other non- technical income and expenses.
- Unearned Premium It represents the portion of premium already entered in the accounts as due but which relates to a period of risk subsequent to the Balance Sheet date.
- United Nations (UN) An intergovernmental organization established to promote international co-operation.

EXECUTIVES

President & Managing Director

Tahir Ahmed, BE (MET), MBA, ACII,
Chartered Insurer

Executive Director

Atiq A Mahmudi, B Com, LLB, FCA

Executive Vice Presidents

Asad Raza Bhojani, FIA
Azfar Arshad, BE (Mech), MBA
Captain Mahmood Sultan, FCII
Fayyiaz Ahmad Khan, BA
Kamran Arif, B Com
Karim Merchant, BE (Mech), ACII
Mohammed Safdar, MBA, ACII
M Nadeem Irshad, B Sc
M Uzair Mirza, BE (Elec), MBA
Nawaid Jamal, FCA
Syed Ather Abbas, MBA
Syed Imran Rabbani, MA
Syed Sohail Ahmed, MBA

Joint Executive Vice Presidents

Abdul Aziz, B Com
Dr Syed Tanveer Rauf, MBBS
Ejaz Mehmood, BA
M Saifuddin Shafi, BS (Electronics)
Syed Abid Waseem, MBA
Zahoor A Shaheen, MBA
Zulfiqar Ali Abdullah, MBA

Senior Vice Presidents

Abdul Alim, MA, FCII, Chartered Insurer
Abdul Wahid, FCA
Ahsan Ilyas, BBA
Ali Aasim Khan, BA
Asif Ali, BA
Captain Shahid Ahmed, B Sc
Chaudhary Sardar Ali, BA
Fahad Alam, ACA, APA
Ghulam Qadir
Ghulam Shabbir Goraya
Haji Muhammad Ramzan, BA
Ilyas Mohammed

Ishtiaque Ahmed, B Com
Muhammad Adnan Junaid, MBA
Muhammad Arif, B Com
Muhammad Afzal Qureshi, MA
Muhammad Razzak Chaudhary
Munawar Ali Siddiqui, MA, EMBA
Munir ul Haq, M Sc
Nasimul Haq, B Com, LLB
Shahzad Lakhani, MA, ACA & CIA
Syed Abdul Rahim, B Com
Syed Hamid Hussain Zaidi, B Com
Syed Kamran Ali, FCMA, ACIS
Syed M Haroon A Bokhari, MBA
Syed Zamin Zafar, MBA
Tariq Mahmood, MBA
Tariq Zia, B Sc
Tauseef Hussain Shah, MBA

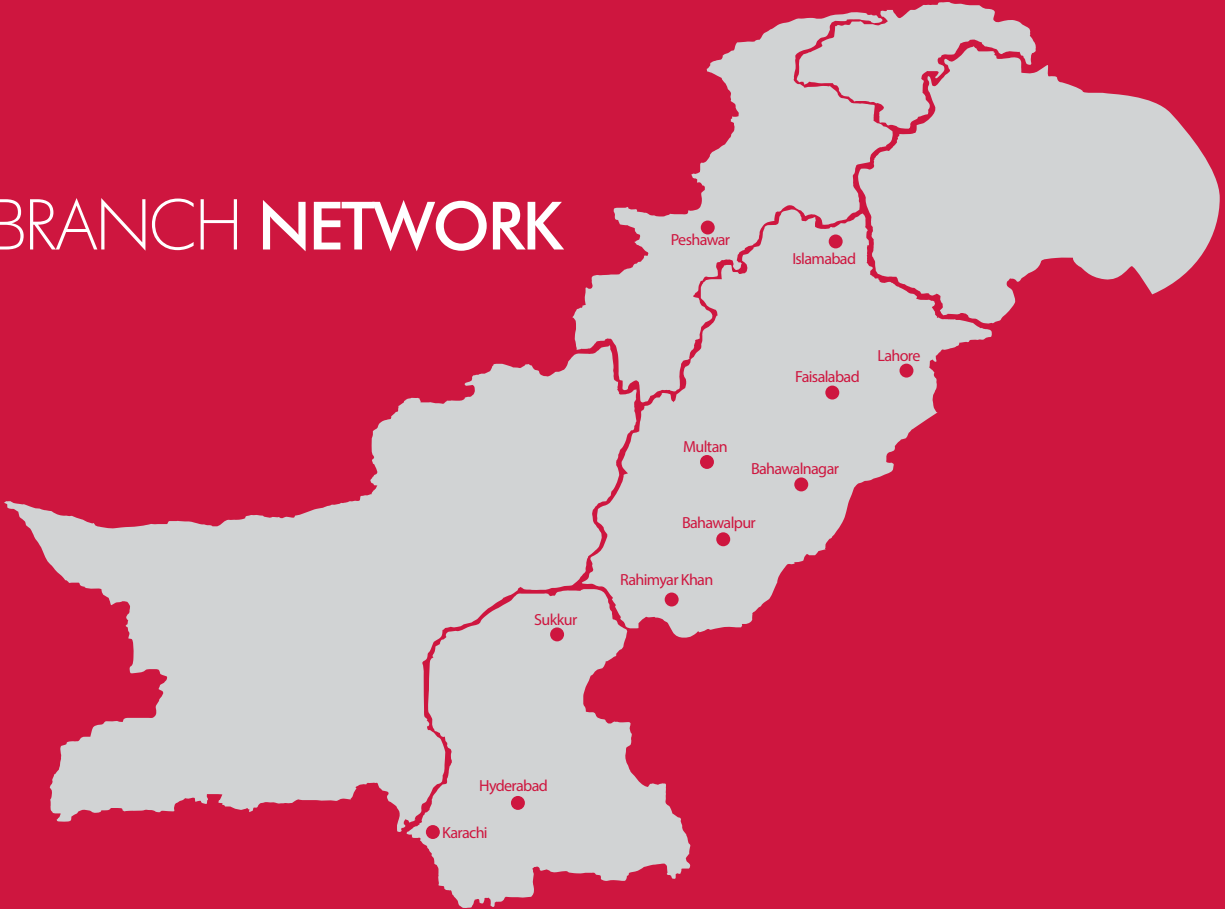
Advisors

Hashim M Shamim
M Jahangir Chughtai, MA
Saeed Jan Awan, M Com
Syed Wiqar Hyder Taqvi, B Sc

Joint Senior Vice Presidents

Amar Mumtaz Piracha, BA
Ghufranullah Khan, MBA
Irfan Mujeeb, M Com
Junaid Memon
Khalid Farooq, MBA, ACII
Muhammad Adnan Jamil, B Com
Muhammad Amin Haroon, B Com
Muhammad Arif Bashir, MBA
Muhammad Ashraf Tahir, BA
M Sajjad Chaudhary
Qamar Saleem, B Com
Rizwan Ehsan Puri
Saad Siddiqui, MBA
Suleman Faisal, B Com
Syed M Tariq Ziauddin, B Sc
Tabassum Bashir Qureshi, BA
Tariq Mushtaq, M Com
Umair Ismail, BBA
Zafar Ahmed Qazi, B Sc, ACII
Zulfiqar Anwar, B Com

BRANCH NETWORK



BRANCH NETWORK

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Fax: (9241) 2638782

ISLAMABAD

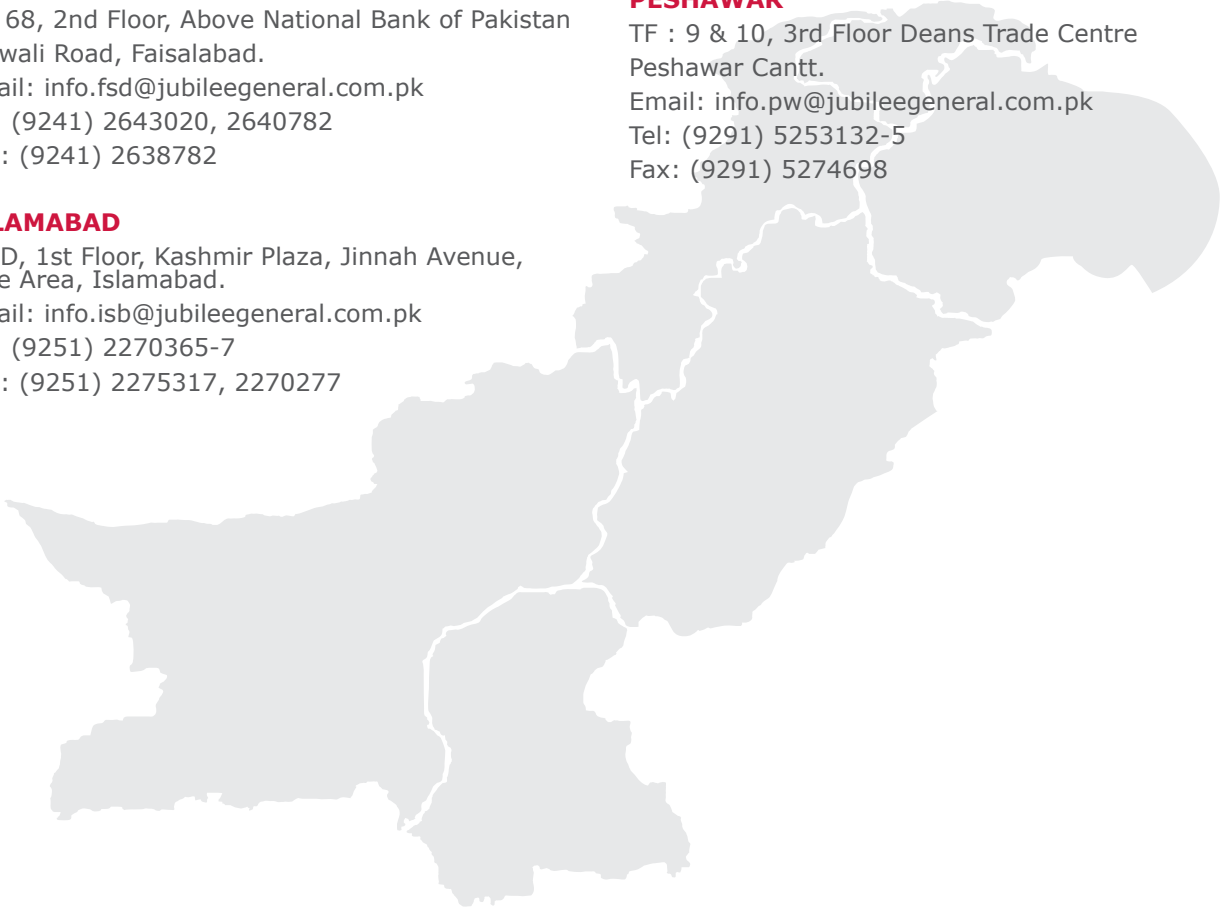
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Peshawar Cantt.
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Fax: (9291) 5274698



Proxy Form

JUBILEE GENERAL INSURANCE COMPANY LIMITED
JUBILEE INSURANCE HOUSE
I.I. CHUNDRIGAR ROAD,
KARACHI

I / We _____ of _____
being a member of Jubilee General Insurance Company Limited and a holder of _____
ordinary shares, as per Share Register Folio No. _____ and / or CDC
Participant I.D. No. _____ and sub Account No. _____

hereby appoint _____ of _____
(Name)

failing him _____ of _____
(Name)

who are also members of Jubilee General Insurance Company Limited, as my/our proxy to vote for
me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 17,
2015 at 11:00 a.m and at any adjournment thereof.

Signed this _____ day of _____ 2015.

WITNESS:

1. Signature: _____
Name: _____
Address: _____

CNIC No: _____

Signature

Revenue
Stamp

2. Signature: _____
Name: _____
Address: _____

CNIC No: _____

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

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Pakistan

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