

ANNUAL REPORT 2008

# IGI Insurance Limited



**IGI**  
Insurance

IGI Insurance Limited,  
7th Floor, The Forum, Suite Nos. 701-713, G-20,  
Block 9, Khayaban-e-Jami, Clifton, Karachi-75600, Pakistan

Designed by CIRCUIT | DRAFTFCB

**IGI**  
Insurance

**The business of coverage and protection is as old as trade and travel. The two go hand in hand. The general purpose of any insurance policy is to provide protection to the economic value of assets in case of any uncertain event. Whether it is a natural calamity, an accident, fire, or theft. Even in olden days, the tradesman, property owner, or businessman ensured his life, goods or property were insured against all events.**

**The idea of highly specialized cover or protection is transferred from the professional to the play field. Today sports are taken just as seriously as any profession and the mode of aggressive play demands bodily protection from harm during play. The equipment used to protect the sports person for each sport is unique and for a specific purpose.**

**Peace of mind when  
you need it most.**

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## **VISION**

**IGI Insurance is committed to being one of the leading providers of solutions to risk exposures in selected market segments in Pakistan.**

## **MISSION**

**Our vision will be realized through:**

### **CUSTOMERS**

**Being the preferred insurer in providing solutions to risk exposure**

### **SHAREHOLDERS**

**Consistently delivering above market average return on capital**

### **EMPLOYEES**

**Providing the environment necessary to be the employer of choice**

### **COMMUNITY**

**Compliance with the highest ethical and moral standards**

## **QUALITY POLICY**

**IGI Insurance believes in providing high quality solutions to risk exposures to the satisfaction of its customers through**

**Developing and maintaining a total quality culture**

**Developing capabilities of the employees**

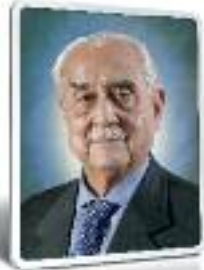
**Continuous improvement and teamwork**

**Updating business knowledge and techniques**

**Efficient utilization of resources and manpower**

**Introducing high standards of professionalism**

## Board of Directors



Syed Babar Ali



Syed Kamal Ali



Shamim Ahmad Khan



Syed Yawar Ali



Syed Shahid Ali



Syed Hyder Ali



Waqar Ahmed Malik



Saulat Said

## Company Profile

### Board of Directors

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Saulat Said (Chief Executive Officer)

### Chief Executive Officer

Saulat Said

### Chief Operating Officer

Syed Khalid Yusuf

### Chief Financial Officer

Muhammad Kashif Nisar

### Company Secretary

Haider Raza

### Audit Committee

Shamim Ahmad Khan (Chairman)  
Syed Yawar Ali  
Syed Hyder Ali  
Akhtar Abbas (Secretary)

### Investment Committee

Syed Hyder Ali (Chairman)  
Syed Kamal Ali  
Syed Yawar Ali  
Shamim Ahmad Khan  
Saulat Said  
Muhammad Kashif Nisar (Secretary)

### Claims Committee

Shamim Ahmad Khan (Chairman)  
Syed Khalid Yusuf  
Shahbaz Haider Agha  
Muhammad Kashif Nisar  
Mir Mehmood Ali (Secretary)

### Underwriting Committee

Syed Hyder Ali (Chairman)  
Syed Khalid Yusuf  
Shahbaz Haider Agha  
Syed Matin Ahmed  
Yasmin Sadiq (Secretary)

### Re-Insurance & Co-Insurance Committee

Syed Hyder Ali (Chairman)  
Saulat Said  
Syed Khalid Yusuf  
Faisal Khan (Secretary)

### Human Resource & Compensation Committee

Syed Yawar Ali (Chairman)  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Saulat Said (Secretary)

### Strategy Committee

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Yawar Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Saulat Said (Secretary)

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Adviser

Ramday Law Associate  
Hassan & Hassan  
Lari & Company

### Bankers

The Royal Bank of Scotland Limited  
(formerly ABN AMRO Bank (Pakistan) Limited)  
Allied Bank Limited  
Bank Alfalah Limited  
Habib Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Standard Chartered Bank  
(Pakistan) Limited  
United Bank Limited

### Share Registrar

FAMCO Associates (Private) Limited  
(Formerly Ferguson Associates (Private) Ltd.)  
State Life Building No.2A,  
4th Floor I.I. Chundrigar Road,  
P.O. Box # 4716  
Karachi - Pakistan

### Registered & Head Office

7th Floor, The Forum,  
Suite Nos. 701-713, G-20,  
Block 9, Khayaban-e-Jami,  
Clifton, Karachi-75600, Pakistan.

### Web Presence

[www.igiinsurance.com.pk](http://www.igiinsurance.com.pk)

### Contact

UAN: 111-234-234  
Toll Free No: 0800-2-34-34  
Fax: 92-21-5301772

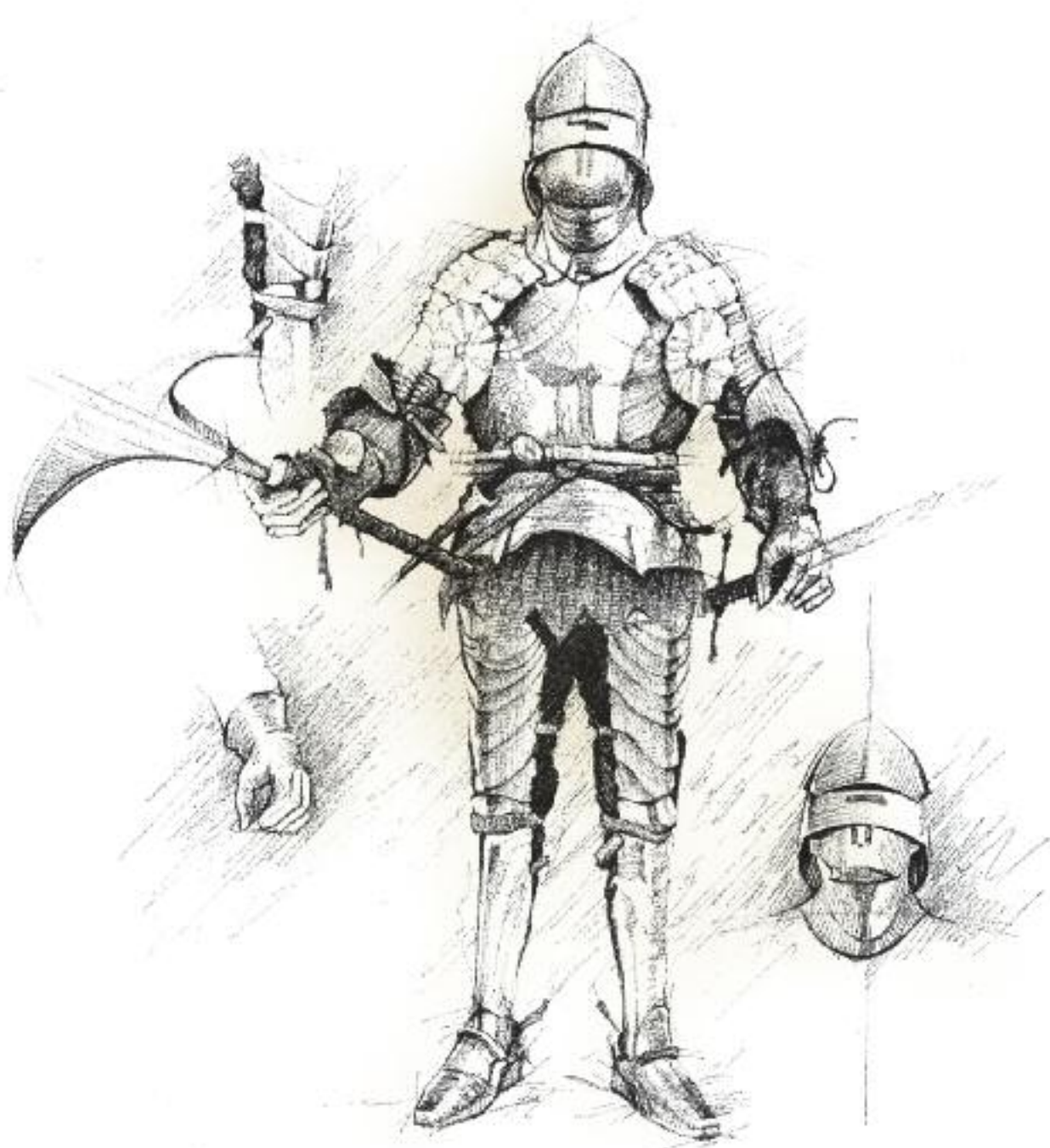
## Management Team

From L t R: Syed Matin Ahmed, Yasmin Sadiq, Akhtar Abbas, Haider Raza, Mir Mehmood Ali, Muhammad Kashif Nisar, Faisal Khan, Saulat Said, Syed Khalid Yusuf, Haider Ali & Shahbaz Haider Agha.





**A**rmour literally means “a protective covering”. Today this can refer to such things as the body armour of knights of old, a hockey helmet, or even the heavy steel plates that blanket most modern assault vehicles. Arms and armour are also used in hunting, tournaments, and parades. In the Medieval period, early forms of the tournament were little different from military exercises, with combatants using the same equipment that they would have used in warfare. The idea of highly specialized tournament armour lives on in some of today’s sports equipment.



## Company Profile

### A walk through time

With a vision to excel, innovate and the commitment to being one of the leading providers of solutions to risk exposure, IGI Insurance Limited was established in 1953 with Syed Maratib Ali as the first Chairman. A part of the Packages Group, IGI Insurance has grown into a prominent name in the insurance industry. With experience of over 55 years and on the basis of well-governed procedures founded on the highest ethical and moral practices, IGI Insurance has instituted a sound business footing in the non-life insurance sector in Pakistan. With an asset base of over 13 billion rupees, IGI Insurance is one of the leading quoted insurance companies in Pakistan and has been listed on the Karachi and Lahore Stock Exchanges since December 1987.

Keeping up with the tradition of leading the way, IGI Insurance achieved yet another milestone by becoming the FIRST general insurance company in Pakistan to obtain the ISO 9002 Certification for its entire operations from the certification body SGS Malaysia Sdn. Bhd. In 2003, the Company confirmed its commitment to quality by successfully shifting to the new ISO 9001:2000 standard.

As part of its strategy to enhance its presence in the financial sector, IGI Insurance has continued to be an integral part of the corporate umbrella of IGI Financial Services which includes IGI Investment Bank Limited, and its wholly owned subsidiaries, IGI Finex Securities Limited and IGI Funds Limited. Its progressive increase in the shareholding of IGI Investment Bank has established IGI Insurance as a key supporter of its partner companies, aiming not only to be the leading insurer in Pakistan but to be part of one of the leading Financial Services provider as well.

IGI Insurance has once again been awarded Insurer Financial Strength (IFS) Rating of ‘AA’ by PACRA, denoting a very strong capacity to meet policyholder and contract obligations while risk factors are considered modest and in times of current crisis the impact of adverse business and economic factors is expected to be very limited.

### Offering Peace of Mind

Our philosophy at IGI Insurance is strong yet calming – to provide our customers and clients with peace of mind. We are dedicated to maintaining the highest standards of integrity and sound dealing in our relationships with all stakeholders: customers, intermediaries, employees, shareholders and business partners. In every action we seek to make a positive contribution towards community activities and are committed to perform in a socially responsible manner.

With technical expertise in the field of non-life insurance, IGI Insurance offers unparalleled advice and personalized services in all spheres of general insurance: fire, marine, motor, travel, health, home and miscellaneous category.

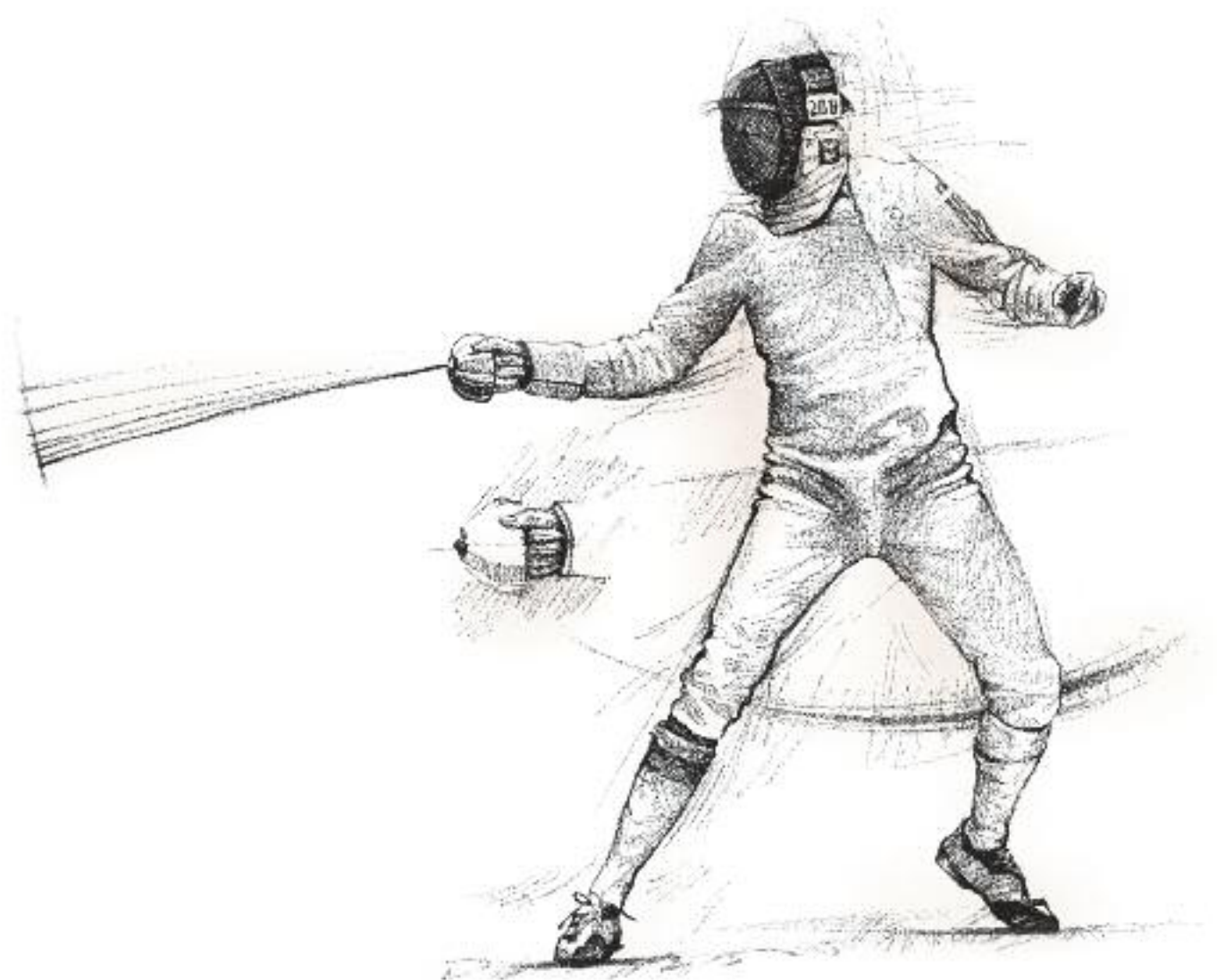
### Our Presence

With an aim to relentlessly cater to the needs of its customers and clients across the nation, IGI Insurance has looked towards expanding its offices across the country and making its presence felt in Karachi, Lahore, Islamabad, Sialkot, Multan, Gujranwala, Faisalabad and Peshawar.

Believing that presence is more than just being there, this vast network brings with it an extremely customer friendly and easily accessible call centre that complements the equally friendly staff at our branches, catering to an increasing number of prestigious local and multinational clients across the country.



encing has always been regarded as an art form, symbol of power and glory, and an individual form of expression, from the dueling and battle of yore to the widely captivating movies and facets of popular culture. The earliest evidence of fencing comes from a carving in Egypt, dated 1200 BC, showing a sport fencing bout with masks, protective weapon tips, and judges. The Greeks and Romans favored short swords and light spears. The 15th century brought the beginnings of modern fencing using the épée. Today cultural intermingling and competition has eliminated the national fencing styles, instead, the sport has become more reliant on individual technique.



## Company Profile

With an unrelenting drive to expand and further establish itself, IGI Insurance has enhanced its presence in almost all areas of business. It ranks amongst the leading insurance companies, in terms of gross premium written, having crossed the Rupees 1 billion mark in 2008 as was done last year.

A positive response has been received for the latest variations of our Travel Insurance products like Travel Sure-No Icing Plan and Travel Sure-Far East Plan. While helping in diversifying the business mix, a strategy of greater focus on retail business aims to provide a driving force for higher premium revenue. The Company's proven ability to manage associated risks, along with its substantial risk absorption capacity, provides significant cushioning to make inroads into relatively high-risk areas.

Amongst Pakistan's leading insurance companies, IGI Insurance Limited has maintained one of the HIGHEST Solvency Margins. IGI Insurance continues to maintain re-insurance agreements with highly credible reinsurers like Swiss Re, Hannover Re and Mitsui Sumitomo Re.

IGI Insurance maintains the "AA" (Double A) Insurer Financial Strength (IFS) rating with a Stable Outlook for 2008 by the Pakistan Credit Rating Agency Limited (PACRA), according to whom, "The rating reflects IGI Insurance's strong risk absorption capacity emanating from a robust equity base and strong liquidity. The rating also recognizes the Company's sound underwriting policies, leading healthy core profitability, though the overall performance is currently under pressure on account of declining investment income. Meanwhile synergetic benefits arising from the Company's association with the IGI Financial Services is also a key factor".

### Highlights – 2008

Re-asserting its strong position in the Insurance industry, IGI Insurance maintained its position

amongst the leading insurance companies in terms of gross premium written.

During 2008, IGI Insurance Limited increased its shareholding in IGI Investment Bank Limited from 35% at year end 2007 to 42%.

In an effort to creating alliances with complementing companies, IGI Insurance takes another step forward by joining hands with Pak Suzuki Motors, creating a customized product the 'IGI-PSM Auto Cover' that acts as an effective distribution channel towards a wider customer base.

Product variants for Travel Sure have been introduced as the Travel Sure-No Icing Plan covering the basic requirements of global travelers, the Far East Plan offering safety to travelers going to the Far East and upgrading from our vanilla travel insurance program providing premium coverage to its esteemed customers.

By constantly creating awareness and at the same time inducing competition that automatically stimulates efficiency, the following programs and sponsorships took place in 2008:

### Travel Sure – Rewards for Travel Agents – September 2008

A program introduced by IGI Insurance for travel agents, to recognize travel agents for their outstanding sales performance of Travel Sure Insurance Policies.

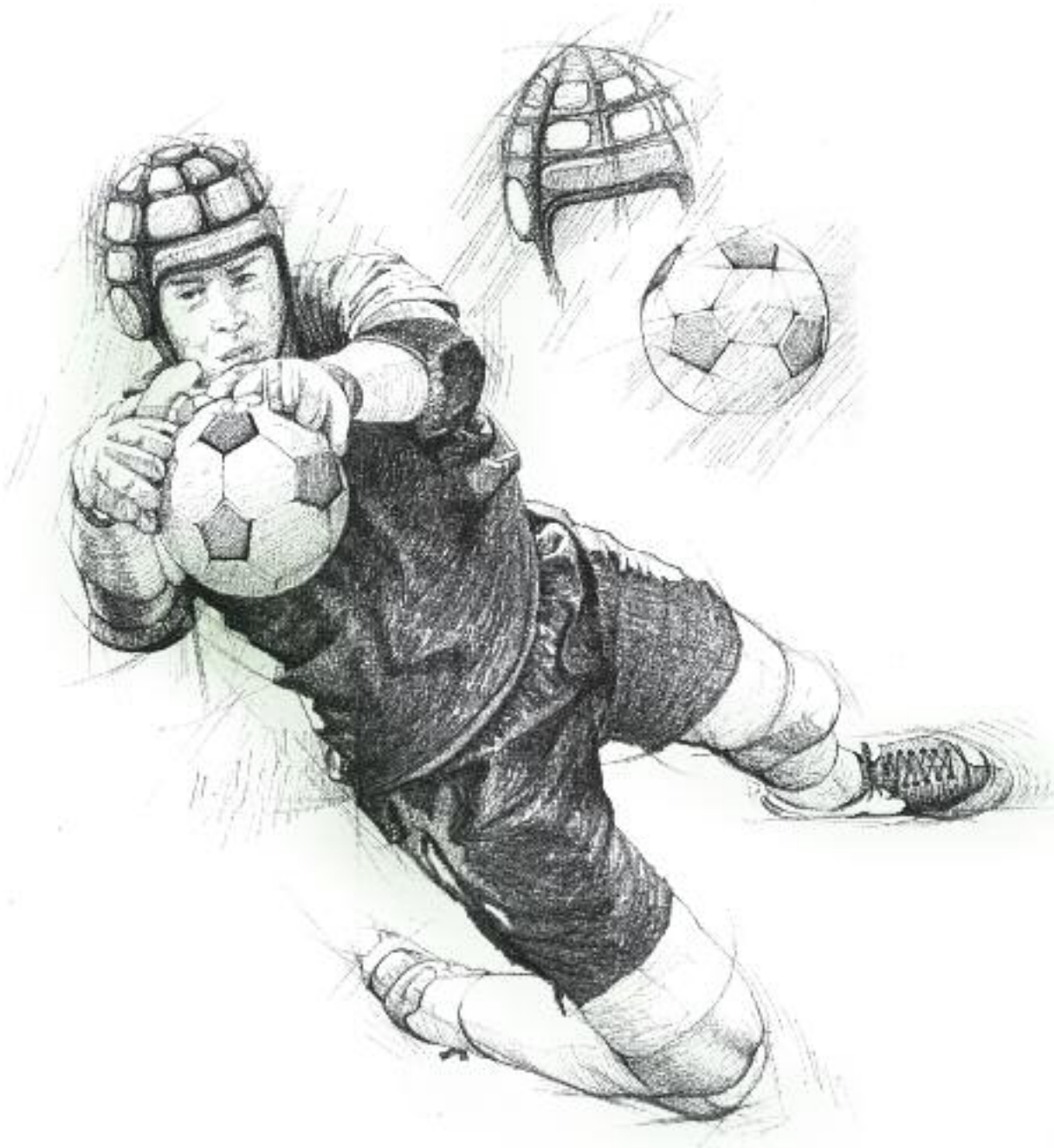
### Auto Cover – Exclusive sponsorship of the Vintage & Classic Car Show 2008

IGI Insurance was the main sponsor of a classic event that aimed at preserving heritage by restoring, collecting, driving and owning vintage and classic automobiles whilst attracting thousands of car enthusiasts. Held at The Forum, IGI Insurance was





The Chinese are credited with the earliest form of football, Tsu Chu, played as early as 255 - 206 BC. However, Tsu Chu did not have a direct influence on the game of football as we know it today. The first description of a football match in England was recorded around 1170. The youth of the city played a game of ball in which they propelled a huge ball by striking and rolling it along the ground, with their feet. By the 18th century, football was played by most of Britain's leading public schools. The Football Association was established in 1863 with the aim of establishing a single unifying code. 1871 saw the introduction of umpires and a neutral referee. It continued to adapt the rules of the game which made football the game it is today.



## Company Profile

able to gain immense mileage and awareness through excessive branding and conversion with help from the sales staff attending the IGI kiosks.

### Rewards for authorized 3S dealers – September 2008

A program introduced by IGI Insurance for authorized 3S dealers, to commend them for their outstanding sales performance of Auto Cover Insurance Policies.

### Products and Services

#### Fire & Allied Perils Insurance

This cover is property insurance for factories, offices and homes and it provides coverage against perils like fire and lightning which can be extended to cover the following: impact damage, storms, earthquakes, rain-flood damage, riot and strike damage, burglary and malicious damage etc.

#### Marine Cover

Covers imports and exports of consignments, loss or damage of cargo during transit by Air, Sea and Rail/Road; it also covers dispatch of finished goods from the insured factory to anywhere in Pakistan.

This kind of coverage is provided to transport-related businesses such as Ship Agents, Freight Forwarders, Terminal Operators, Stevedores, Courier Services, etc.

#### Auto Cover

Auto Cover is a complete auto insurance plan for both individuals and corporate offering:

- A comprehensive cover including theft, snatching, armed hold up, accidental damage, third party liability and terrorism.
- The liberty to have your vehicle repaired at the

workshop of your own choice and the cost of repairs being directly settled with the workshop.

- Reduction of premium up to 50% through no-claim bonus, which is transferable from other insurance companies and within immediate family members.
- Guaranteed settlement of Snatching / Theft / Total Loss claims within 15 days of completion of required documents.
- Free anti-theft device without any renewal condition.
- Call centre facility.

Pursuing strategic alliances, IGI Insurance embarks upon another step forward by joining hands with Pak Suzuki Motors, creating a customized product the 'IGI-PSM Auto Cover' that acts as an effective distribution channel towards a wider customer base offering the additional benefits to all Suzuki customers:

- Online / instant coverage issuance
- Nationwide insurance policy acceptance / claim settlement at any Pak-Suzuki authorized dealerships
- Standardized repair using Suzuki genuine parts
- Repairing only at Pak-Suzuki authorized dealer workshops
- Largest countrywide dealers network support

#### Travel Sure

Upon achieving immense success in the year 2007, Travel Sure, our travel insurance plan has been further upgraded in the year 2008 as the Premium amounts have been decreased and the services offered increased. In addition to Travel Sure – upgraded to the finest and Travel Sure-Senior Citizens Plan, a package that suits travelers aged 65+, we have aimed at further product variances with the Travel Sure-Far East Plan and Travel Sure-No Icing Plan introduced in 2008.



**H**umans have been diving since man was required to collect food from the sea. Ancient swimmers used cut hollow reeds to breathe air, the first rudimentary snorkel. Around 1300, Persian divers were making simple eye goggles from thinly sliced and polished shells of tortoises. The need for air and protection under water was obvious. Guglielmo de Loreno developed a diving bell in 1535. Augustus Siebe attached and sealed a diving helmet to a watertight diving suit in 1837. This became the standard for many diving expeditions. Further improvements and developments, such as the swim fins by Louis de Corlieu in 1933 and the Aqua Lung by Jacques-Yves Cousteau and Emile Gagnan in 1943 made scuba diving relatively easier. Also the use of mixed gases, like Oxygen and Helium, full face masks, underwater voice communication, propulsion systems, computer, etc. became more common in the 1990s.



## Company Profile

Travel Sure-Far East Plan has been tailor made for customers traveling to Far East Asia. The Far East Plan offers many benefits to the traveler by creating a stress-free experience for those wishing to explore the world in comfort. This coverage extends to all far eastern countries offering extensive coverage and a 24-hour complete access to International SOS Pte. Ltd. supporting its customers in times of medical emergencies.

Travel Sure-No Icing Plan offers customers traveling across the globe, a cost-effective coverage at the lowest premiums and also assists at fulfilling visa requirements for certain states i.e. Schengen states. With this vanilla plan you can enjoy the freedom of availing medical benefits at foreign facilities without having to pay the bills yourself whilst offering wide-ranging coverage and a 24-hour complete access to International SOS Pte. Ltd.

Travel Sure primarily provides comprehensive coverage for Hospitalization, Accidental Death & PTD, Evacuation, Death Repatriation, Loss of Baggage / Passport, Flight Delays and Personal Liability.

Further to this, it also provides a range of Free Assistance Services:

- Telephone Medical Advice
- Medical Service Provider Referral
- Arrangement of Hospital Admission
- Medical Translation Service
- Delivery of Essential Medicine
- Arrangement of Compassionate Visit
- Arrangement of Return of Minor Children
- Arrangement of Accommodation
- Interpreter Referral
- Lost Luggage and Passport Assistance
- Legal Referral

- Emergency Travel Service Assistance
- Emergency Interpreting Assistance
- Embassy Referral
- Emergency Document Delivery
- 24-hour complete access to International SOS Pte. Ltd.

### Health Sure

The brand representing health insurance is Health Sure; it covers expenses incurred during hospitalization due to sickness, emergency and accidents.

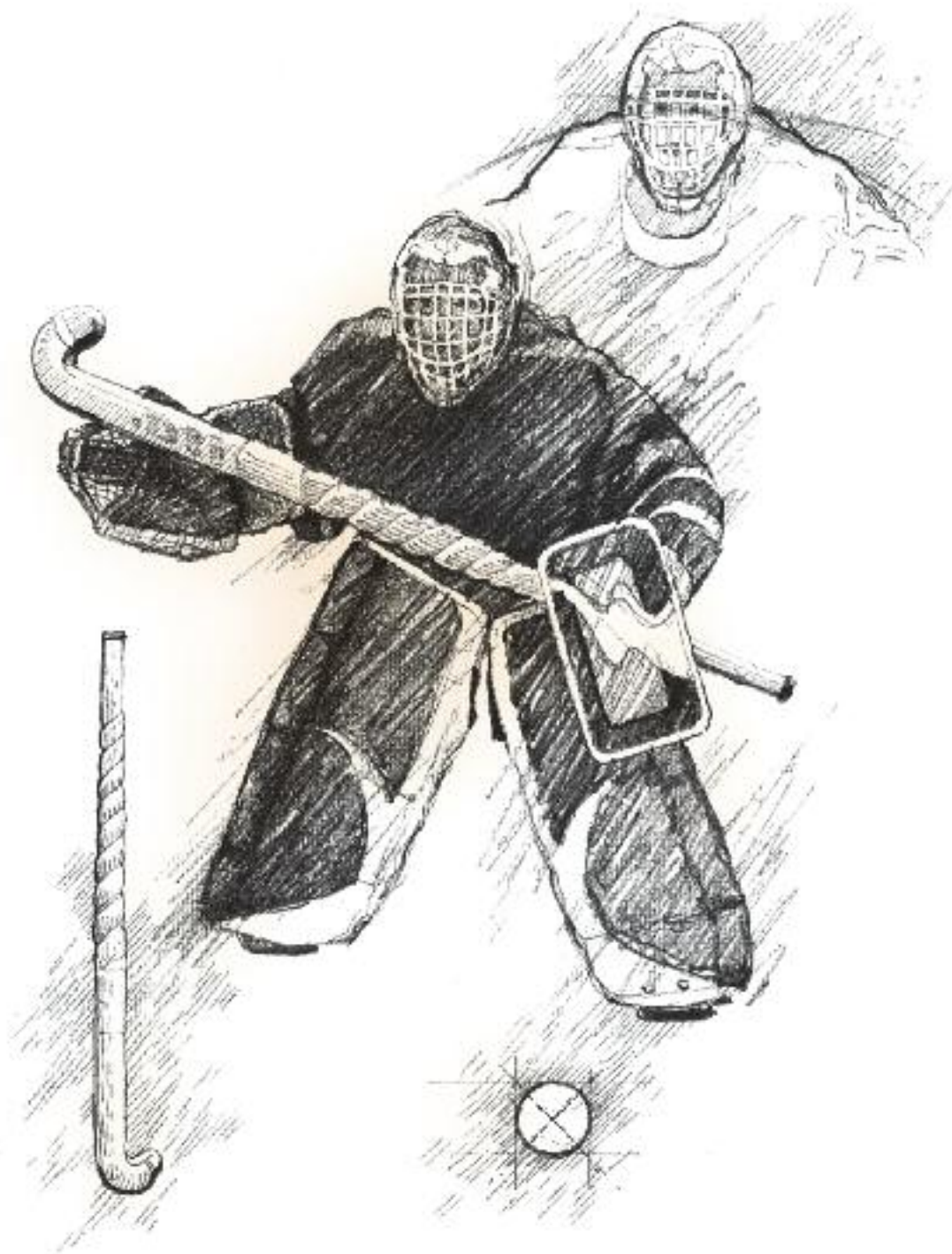
Health Sure is a managed care system providing quality healthcare at an affordable cost. Our managed care system comprises of:

- A network of over fifty carefully selected hospitals all over the country
- A network of diagnostic centers and pharmacies
- Qualified staff doctors
- An expert claims handling team

In addition to the quality of care we also offer the following value added benefits through the issuance of a Health Card:

- No pre-authorization for admission
- Pre and post hospitalization expenses
- Credit facility at our panel of well-reputed hospitals across Pakistan
- No limit on length of stay in the hospital
- No sub limits on hospital procedures or surgeries
- Patient's meals covered
- Local ambulance charges
- Discounts on consultations, dental treatments, diagnostic services and at pharmacies
- Out of network treatment reimbursement
- 24-hour Medical Hotline managed by our staff doctors

**I**ce hockey evolved around 1800 from field hockey played in Northern Europe and Nova Scotia for centuries. The first recorded games were played in the 1850s. In early 1870s, students at Montreal's McGill University drew up the first known set of rules using the puck rather than a ball and setting the teams at nine each. In 1893, a permanent trophy – the Stanley Cup – was presented to the best team. It is the oldest prize that North American athletes vie for. The 20th Century brought a new dimension to ice hockey – the professional player. The first professional league formed in 1904 in the United States. Soon after, the National Hockey Association was founded in Montreal. Beginning in 1912, professional teams were allowed to compete for the Stanley Cup.



## Company Profile

### Home Cover

Home Cover – a comprehensive plan for Home Insurance that includes the coverage of Home Property, Contents (furniture, carpets, electronic equipment etc.), Jewellery (at home or at the locker), Home Owner Free Rent, Home Tenants Free Rent and Cash at Home.

- Malaysian Re
- Lloyd's Syndicate MLM
- Oxygen Insurance Managers
- Pak Re
- Best Re
- Zurich Insurance Company

This insurance plan also covers against the following perils for a maximum of Rs. 20 million:

- Fire, Lightning or Explosion
- Aircraft and other Aerial devices dropped therefrom
- Earthquake, Storm, Tempest and Flood
- Bursting or Overflowing of Water Tanks
- Impact by any Vehicle
- Riot and Strike
- Malicious Act
- Burglary, House Breaking including Dacoity
- Impact of Tree Falling

### Miscellaneous Insurance

We also provide customized insurance solutions for our corporate clients. The covers range from the insurance of engineering projects to electrical equipment and machinery.

### Reinsurance Arrangements:

We are re-insured with some of the best renowned international re-insurers holding the highest ratings in their respective businesses. These are:

- Swiss Re
- Mitsui Sumitomo Re
- Hannover Re
- Arab Insurance Group (ARIG)
- Korean Re
- Asian Reinsurance Corporation
- Scor Global P&C



## Management Information

### Management

Chief Executive Officer	Saulat Said
Chief Operating Officer	Syed Khalid Yusuf
Chief Financial Officer	Muhammad Kashif Nisar
Company Secretary	Haider Raza
General Manager Marketing & Sales	Shahbaz Haider Agha
Head of Underwriting – Fire	Haider Ali
Head of Underwriting – Marine and Miscellaneous	Syed Matin Ahmed
Head of Underwriting – Motor	Yasmin Sadiq
Head of Claims	Mir Mehmood Ali
Head of Re-Insurance & Risk Management	Faisal Khan

### IGI Insurance Branch Offices

#### Karachi

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Kehkashan, Clifton,  
Karachi - 74000.  
Phone: 92-21-5831030-32  
Fax: 92-21-5821945-46  
E-mail: insurance.karachi@igi.com.pk

#### Lahore (Syed Maratib Ali Branch)

First Floor, 5-F.C.C.,  
Syed Maratib Ali Road,  
Gulberg, Lahore-54660.  
Phone: 92-42-5753404-06  
Fax: 92-42-5752338  
E-mail: insurance.lahore@igi.com.pk

#### Sialkot

Suite Nos. 10 & 11, First Floor,  
Soni Square, Khadim Ali Road,  
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Phone: 92-52-3258437  
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E-mail: insurance.sialkot@igi.com.pk

#### Islamabad

Mezzanine Floor, Razia Sharif Plaza,  
90, Blue Area, G/7, Islamabad.  
Phone: 92-51-2277355  
92-51-2273840  
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E-mail: insurance.islamabad@igi.com.pk

#### Lahore (Hali Road Branch)

16, Block A, Hali Road,  
Gulberg II, Lahore.  
Phone: 92-42-5763840  
92-42-5763890  
Fax: 92-42-5763542  
E-mail: insurance.u1lhr@igi.com.pk

#### Multan

Mezzanine Floor, Abdali Tower,  
Abdali Road, Chowk Nawa Shehar,  
Multan.  
Phone: 92-61-4784402  
92-61-4500179  
Fax: 92-61-4784403  
E-mail: insurance.multan@igi.com.pk

#### Faisalabad

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Bilal Chowk, Civil Lines,  
Faisalabad.  
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Fax: 92-41-2629415  
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#### Gujranwala

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Fax: 92-55-4294273  
E-mail: insurance.gujranwala@igi.com.pk

#### Peshawar

Second Floor, Mall Tower  
35- The Mall, Peshawar  
Phone: 92-91-5253981-8  
Fax: 92-91-5253989  
E-mail: insurance.peshawar@igi.com.pk

## Board Committees

### Audit Committee

In line with the best practices, the Board of Directors has established the audit committee. The Terms of Reference of the committee have been developed on the lines as laid down in the Code of Corporate Governance and approved by the Board. These include:

- i) To recommend to the Board of Directors the appointment of external auditors by the Company's shareholders and consider any questions of resignation or removal of external auditors, audit fees and provision by external auditors of any service to the Company in addition to audit of its financial statements;
- ii) To review the quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors;
- iii) To facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- iv) To review the management letter issued by external auditors and management's response thereto;
- v) To ensure coordination between the internal and external auditors of the Company;
- vi) To review the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- vii) To consider the major findings of internal investigations and management's response thereto;
- viii) To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- ix) To determine compliance with relevant statutory requirements; and
- x) To monitor compliance with the best practices

of corporate governance and identification of significant violations thereof.

The audit committee comprises of the following members:

Shamim Ahmad Khan  
*Non-executive & Independent Director (Chairman)*

Syed Yawar Ali  
*Non-executive Director*

Syed Hyder Ali  
*Non-executive Director*

Akhtar Abbas  
*Head-Internal Audit & Secretary to the Committee*

### Human Resource Committee:

Human Resource Committee assists the Board in fulfilling its obligations relating to human resources and related matters and to establish a plan of continuity and development of senior management for IGI Insurance Limited. The Terms of Reference of HR Committee are as follows:

- i) To review and recommend the compensation and benefits philosophy and strategy within the Company;
- ii) To review and recommend to the Board the Company's strategy respecting human resources management and planning, including recruitment, retention, training, performance management and related matters and to report the Board on the implementation of these strategies at least once a year;
- iii) To review the Company's strategy for succession planning across all management levels and to ensure that comprehensive succession plans are in place for senior executive positions;
- iv) To review and recommend, in consultation with the CEO, the appointment and compensation of all its employees, including incentive, benefit and retirement plans;



## Board Committees

- v) To review the amount of incentive bonus based on corporate and individual performance, for the purpose of incentives calculation; and
- vi) To review and recommend the CEO's compensation, including incentive, benefit and retirement plans, to the Board for approval.

The human resource committee comprises of the following members:

Syed Yawar Ali  
*Non-executive Director (Chairman)*

Syed Shahid Ali  
*Non-executive Director*

Syed Hyder Ali  
*Non-executive Director*

Waqar Ahmed Malik  
*Non-executive & independent Director*

Saulat Said  
*CEO & Secretary to the Committee*

### Underwriting Committee:

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

The underwriting committee comprises of the following members:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Syed Khalid Yusuf  
*Chief Operating Officer*

Shahbaz Haider Agha  
*General Manager Marketing & Sales*

Syed Matin Ahmed  
*Head-Underwriting – Marine & Misc.*

Yasmin Sadiq  
*Head-Underwriting – Motor & Secretary to the Committee*

### Claim Settlement Committee:

- This committee devises and reviews the claims settling policy of the Company;
- It oversees the claims position of the Company and ensures that adequate claims reserves are made;
- It determines the circumstances under which the claims disputes shall be brought to its attention and decides how to deal with such claims disputes; and
- It also oversees the implementation of the measures for combating fraudulent claims cases.

The claims settlement committee comprises of the following members:

Shamim Ahmad Khan  
*Non-executive & independent Director (Chairman)*

Syed Khalid Yusuf  
*Chief Operating Officer*

Muhammad Kashif Nisar  
*Chief Financial Officer*

Shahbaz Haider Agha  
*General Manager Marketing & Sales*

Mir Mehmood Ali  
*Head-Claims & Secretary to the Committee*

### Re-Insurance & Co-Insurance Committee:

- This committee ensures that adequate re-insurance arrangements are made for the Company's businesses;
- It peruses the proposed re-insurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating re-insurers, makes appropriate adjustments to

## Board Committees

- those arrangements in the light of the market development; and
- It also assesses the effectiveness of the re-insurance programme for the future reference.

The re-insurance & co-insurance committee members are as follows:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Saulat Said  
*Chief Executive Officer*

Syed Khalid Yusuf  
*Chief Operating Officer*

Faisal Khan  
*Head-Re-insurance & Secretary to the Committee*

### Investment Committee:

The purpose of the Investment Committee is to recommend to the Board the investment policy, including the asset mix policy and the appropriate benchmark. The investment committee also reviews the effectiveness of these policies and their implementation and the Company's Risk management approach. The Terms of Reference of the investment committee are as follows:

- i) To review performance for all asset classes and total portfolio relative to the appropriate benchmark;
- ii) To review management's proposed annual rate of return to be included in the Company's budget;
- iii) To review the risk assumptions and asset return assumptions imbedded in the current investment policy statement and, if changes have occurred, then review the policy asset mix and the weighted benchmark standard of performance;
- iv) To approve investments beyond delegated limits; and

- v) To ensure compliance with applicable legislation.

The investment committee comprises of the following members:

Syed Hyder Ali  
*Non-executive Director (Chairman)*

Syed Kamal Ali  
*Executive Director*

Syed Yawar Ali  
*Non-executive Director*

Shamim Ahmad Khan  
*Non-executive & independent Director*

Saulat Said  
*Chief Executive Officer*

Muhammad Kashif Nisar  
*CFO & Secretary to the Committee*

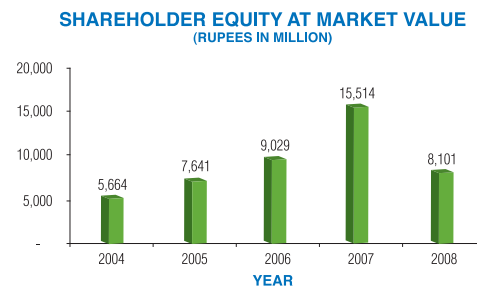
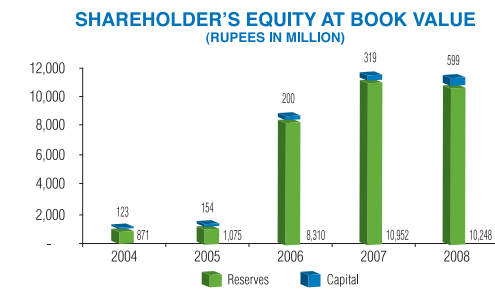
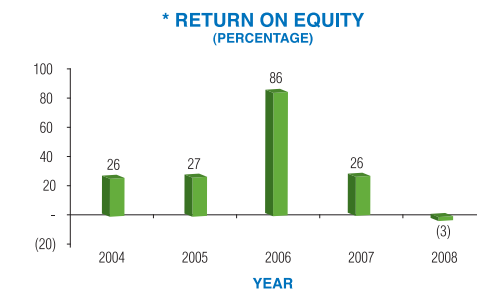
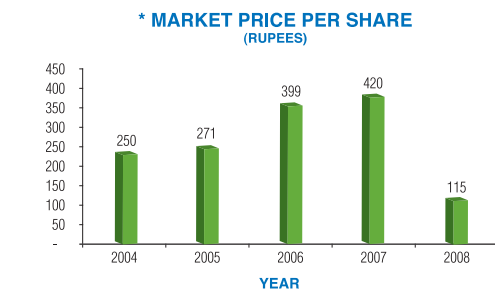
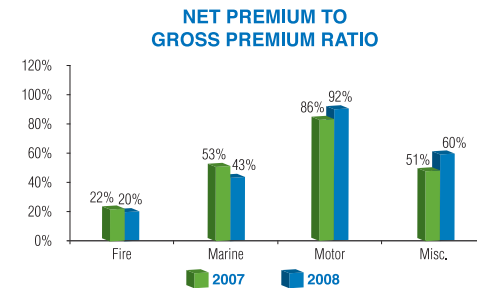
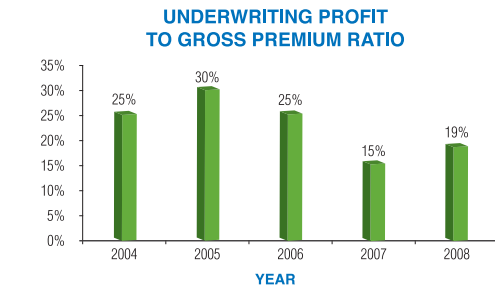
## Key Financial Data (Ten years at a glance)

	(Rupees in thousand)									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Gross Premium	1,035,218	1,060,836	916,696	642,592	430,341	363,271	302,429	247,376	229,980	187,757
Underwriting Profit	193,166	160,102	226,929	190,065	106,878	99,333	90,082	70,480	76,882	67,386
Investment Income	(157,476)	3,021,533	7,315,629	258,822	230,054	215,851	147,158	90,875	86,614	81,145
Provision For Diminution In Value of Investments	(362,694)	61,703	-	1,328	(13,627)	3,795	23,238	31,930	86,071	(47)
Profit Before Tax	(404,103)	2,983,516	7,357,109	326,757	260,565	280,652	215,415	128,085	57,916	129,492
Income Tax	(27,061)	53,938	14,739	37,014	28,000	41,100	41,543	17,514	55,100	51,959
Profit After Tax	(377,042)	2,929,578	7,342,370	289,743	232,565	239,552	173,872	110,571	2,816	77,533
EBITDA Margin	(156,861)	3,142,174	7,471,799	387,382	269,155	290,328	227,352	154,638	70,477	189,899
Employees Remuneration	102,072	83,486	68,076	51,823	32,730	28,028	21,351	17,373	15,222	13,174
Cash Dividend	89,803	127,720	79,825	61,404	55,264	92,106	64,074	48,541	38,833	33,767
Cash Dividend %	15	40	40	40	45	75	60	50	40	40
Stock Dividend	199,563	79,825	119,738	46,053	30,702	-	16,018	9,708	-	12,663
Stock Dividend %	50	25	60	30	25	-	15	10	-	15
Break-up Value Per Share - Rs	181	353	426	80	81	62	49	43	37	46
Market Value Per Share - Rs	115	420	399	271	250	226	93	58	58	53
(Loss) / Earning Per Share - Rs	(6.30)	97.75	367.92	18.87	18.94	19.51	16.28	11.39	0.29	9.18
Shareholders Equity	10,846,519	11,271,456	8,509,721	1,228,755	994,276	763,967	524,416	417,852	355,822	391,839
Paid Up Capital	598,689	319,301	199,563	153,510	122,808	122,808	106,790	97,082	97,082	84,419
General & Capital Reserves	10,624,177	8,103,740	823,740	673,740	704,442	543,740	409,758	308,448	255,338	279,762
Unexpired Risk / Unearned Premium, Commission And Prepaid Premium	247,684	243,288	253,616	156,419	145,643	74,856	53,831	50,022	52,156	40,915
Total Assets-at Book Value	13,200,639	14,099,555	10,399,049	2,957,949	1,626,127	1,086,527	894,876	822,136	695,868	599,509
Investments-at Book Value	11,709,948	12,404,727	9,246,735	1,873,786	954,802	728,863	626,916	530,027	500,412	484,576
Investments-at Market Value	8,964,435	16,647,641	9,765,736	8,286,127	5,624,871	4,335,668	2,519,780	1,668,000	1,505,906	1,375,346
Loss Ratio	45	57	44	45	41	38	30	42	34	31
Expense Ratio	20	16	7	(3)	11	(4)	3	(11)	(14)	(13)
Underwriting Profit To G.P Ratio	19	15	25	30	25	27	30	28	33	36
Profit Before Tax To G.P Ratio	(39)	281	803	51	61	77	71	52	25	69
Return on Equity	(3)	26	86	27	26	37	41	31	16	33
Total Assets Turnover Ratio	8	7	7	21	26	33	33	30	33	31
Investment Yield Ratio	(2)	18	75	3	4	5	6	5	6	6
Price Earning Ratio	(18)	5	1	14	13	12	6	5	200	6
Dividend Payout Ratio	(24)	4	1	21	24	38	37	44	1,379	44
Dividend Yield	1	1	1	1	2	3	6	9	7	8
Return on Assets	(3)	21	71	10	14	22	19	13	0.40	13

## Key Financial Data (For the Year)

	2008	2007						
	(Rupees in thousand)							
<b>PROFIT AND LOSS ACCOUNTS</b>								
Gross Written Premium	1,035,218	1,060,836						
Net Written Premium	537,153	613,805						
Net Earned Premium	542,515	606,603						
Claims Incurred	423,323	682,635						
Net Claims Expenses	240,931	347,805						
Direct Expenses	164,890	171,077						
Commission Income	150,287	153,612						
Commission Expense	93,815	81,231						
Underwriting Profit	193,166	160,102						
Investment Income	(157,476)	3,021,533						
(Loss) / Profit Before Tax	(404,103)	2,983,516						
(Loss) / Profit After Tax	(377,042)	2,929,578						
<b>TECHNICAL RESERVES COVER</b>								
Fire	350,994	324,138						
Marine	91,632	93,961						
Motor	226,107	365,198						
Miscellaneous	133,242	141,051						
Total	801,975	924,348						
<b>CORPORATE ASSETS</b>								
Investment in Fixed Assets	302,531	309,283						
Equity Investment in Associated Companies	4,130,464	470,225						
Other Investments	7,579,484	11,934,502						
Total Investments	11,709,948	12,404,727						
Total Investments at Realizable Value	8,964,435	16,647,641						
<b>NUMBER OF EMPLOYEES</b>								
Karachi Corporate Office	30	26						
Karachi	28	24						
Lahore	53	42						
Islamabad	13	9						
Faisalabad	5	5						
Multan	4	4						
Sialkot	5	4						
Gujranwala	2	-						
Peshawar	1	-						
Total	141	114						
<b>Ratios</b>								
	2008				2007			
	Fire	Marine	Motor	Misc	Fire	Marine	Motor	Misc
Net Premium to Gross Premium	20%	43%	92%	60%	22%	53%	86%	51%
Loss Ratio	40%	27%	53%	39%	47%	12%	77%	13%
Expense Ratio	4%	7%	26%	28%	-28%	-9%	23%	30%
Reserves to Net Premium	515%	93%	79%	150%	640%	113%	91%	175%
Policy Acquisition Cost to Gross Premium	25%	24%	24%	27%	26%	24%	21%	26%

## Key Financial Data



**GROSS PREMIUM BUSINESS WISE (2008)**



**GROSS PREMIUM AREA WISE (2008)**



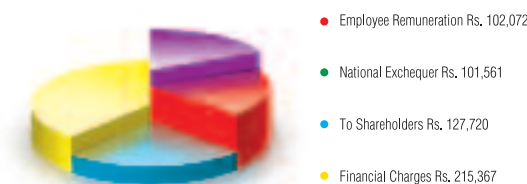
## Statement of Value Addition

	2008 (Rupees in thousand)	2007
Gross Premium (including FED and FIF)	1,116,779	1,122,226
Add: Other income	20,989	19,377
Income from investment	(311,447)	3,041,490
	(290,458)	3,060,867
	826,321	4,183,093
Management and other expenses	(752,488)	(934,981)
Total value added	73,833	3,248,112

### DISTRIBUTED AS FOLLOWS

Employee remuneration	102,072	83,486
National Exchequer as:		
Company taxation	20,000	15,000
Levies (including FIF and FED)	81,561	61,390
To shareholders:		
Dividend	47,895	159,650
Bonus shares	79,825	119,738
Retained in business:		
Depreciation	31,875	25,165
Net earnings	(504,762)	2,650,190
Financial charges	215,367	133,493
<b>Total</b>	<b>73,833</b>	<b>3,248,112</b>

**DISTRIBUTION OF VALUE ADDED FY-2008**



**DISTRIBUTION OF VALUE ADDED FY-2007**





## Horizontal Analysis

	2005	2006	2007	2008
<b>Balance Sheet</b>				
Cash and bank deposits	100	54	79	99
Investments	100	493	662	625
Deferred tax	100	103	(230)	128
Premiums due but unpaid - unsecured	100	124	122	162
Amounts due from other insurers / reinsurers - unsecured	100	148	228	143
Accrued investment income	100	11	23	12
Reinsurance recoveries against outstanding claims	100	54	408	334
Prepaid reinsurance premium ceded	100	186	221	203
Others	100	307	509	313
Taxation - payments less provision	100	153	208	239
Sundry receivables	100	255	476	171
Fixed assets	100	119	126	123
Goodwill	100	-	-	-
<b>Total Assets</b>	<b>100</b>	<b>352</b>	<b>476</b>	<b>446</b>
Issued, subscribed and paid up share capital	100	130	208	390
(Accumulated losses) / Unappropriated profits	100	1,865	709	(94)
Reserves	100	122	1,203	1,577
Provision for outstanding claims [including IBNR]	100	108	261	201
Provision for unearned premium	100	171	195	184
Commission income unearned	100	168	109	131
Deferred tax	100	100	100	100
Premiums received in advance	100	85	29	3
Amounts due to other insurers / reinsurers	100	119	190	73
Accrued expenses	100	145	143	179
Sundry creditors	100	573	236	279
Long term finance	100	84	54	43
Short term finance	100	93	308	273
Unclaimed dividend	100	117	136	140
<b>Total Shareholders' Equity and Liabilities</b>	<b>100</b>	<b>352</b>	<b>476</b>	<b>446</b>
<b>Profit and Loss Account</b>				
Net premium revenue	100	136	186	166
Net claims	100	131	243	169
Expenses	100	120	195	188
Net commission	100	80	77	60
Amortization of goodwill	100	100	-	-
Investment income	100	2,827	1,167	(61)
Other income	100	117	647	798
Financial charges	100	199	248	400
General and administration expenses	100	151	279	261
Share of (loss) / profit of associates	100	102	104	(799)
(Loss) / profit before tax	100	2,252	913	124
Taxation	100	40	146	(73)
<b>(Loss) / profit after tax</b>	<b>100</b>	<b>2,534</b>	<b>1,011</b>	<b>(130)</b>
<b>Earning / (loss) per share</b>	<b>100</b>	<b>2,534</b>	<b>337</b>	<b>(43)</b>

## Vertical Analysis

	2008	2007	2006
<b>Balance Sheet Items</b>			
Cash and bank deposits	2.0%	1.5%	1.3%
Investments	88.7%	88.0%	88.9%
Deferred tax	0.1%	0.0%	0.1%
Premiums due but unpaid - unsecured	1.3%	0.9%	1.3%
Amounts due from other insurers / reinsurers - unsecured	1.4%	2.1%	1.9%
Accrued investment income	0.0%	0.1%	0.0%
Reinsurance recoveries against outstanding claims	1.5%	1.7%	0.3%
Prepaid reinsurance premium ceded	1.4%	1.4%	1.6%
Others	0.1%	0.1%	0.1%
Taxation - payments less provision	0.6%	0.5%	0.5%
Sundry receivables	0.6%	1.5%	1.1%
Fixed assets	2.3%	2.2%	2.8%
<b>Total Assets</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Issued, subscribed and paid up share capital	4.5%	2.3%	1.9%
(Accumulated losses) / Unappropriated profits	-2.9%	20.2%	72.0%
Reserves	80.5%	57.5%	7.9%
Provision for outstanding claims [including IBNR]	2.8%	3.4%	1.9%
Provision for unearned premium	2.9%	2.8%	3.4%
Commission income unearned	0.4%	0.3%	0.7%
Deferred tax	0.0%	0.2%	0.0%
Premiums received in advance	0.0%	0.0%	0.2%
Amounts due to other insurers / reinsurers	0.6%	1.4%	1.2%
Accrued expenses	0.4%	0.3%	0.4%
Sundry creditors	0.4%	0.3%	1.0%
Long term finance	2.4%	2.8%	6.0%
Short term finance	7.9%	8.4%	3.4%
Unclaimed dividend	0.0%	0.0%	0.0%
<b>Total Shareholders' Equity and Liabilities</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Profit and Loss Account</b>			
Net premium revenue	100.0%	100.0%	100.0%
Net claims	-44.4%	-57.3%	-42.2%
Expenses	-30.4%	-28.2%	-23.7%
Net commission	10.4%	11.9%	17.1%
Amortization of Goodwill	0.0%	0.0%	-11.6%
Investment income	-29.0%	498.1%	1651.1%
Rental income	2.8%	1.6%	0.0%
Other income	3.9%	3.2%	3.5%
Financial charges	-39.7%	-22.0%	-24.2%
General and administration expenses	-19.7%	-18.8%	-13.9%
Share of (loss) / profit of associates	-28.4%	3.3%	4.4%
Taxation	5.0%	-8.9%	-3.3%
Loss / (profit) after tax	69.5%	-482.9%	-1657.2%
	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Shareholders' Information

### Registered Office

7th Floor, The Forum,  
Suite Nos.701-713, G-20,  
Block 9, Khayaban-e-Jami  
Clifton, Karachi-75600, Pakistan  
Tel # 111-234-234  
Fax # 92-21-5301772  
Web site: www.igiinsurance.com.pk

### Share Registrar Office

FAMCO Associates (Private) Limited  
(Formerly Ferguson Associates (Private) Ltd.)  
State Life Building No. 2A  
4th Floor, I.I. Chundrigar Road  
P.O.Box # 4716  
Karachi - Pakistan

### Listing on Stock Exchanges

IGI equity shares are listed on Karachi Stock Exchange (KSE) and Lahore Stock Exchange (LSE).

### Listing Fees

The annual listing fee for the financial year 2007-08 has been paid to both the stock exchanges within the prescribed time limit.

### Stock Code

The stock code for dealing in equity shares of IGI at KSE and in LSE is IGIL.

### Investor Service Centre

IGIL share department is operated by FAMCO Associates (Pvt) Ltd. Registrar Services. It also functions as an Investor Service Centre and has been servicing nearly 1,576 shareholders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Owais Khan at Registrar Office and Mr. Haider Raza, Deputy General Manager Accounts and Company Secretary at IGI Registered Office.

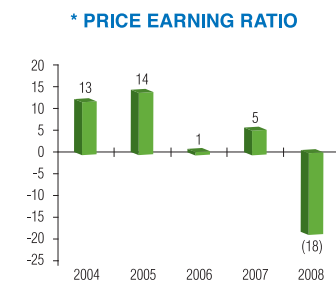
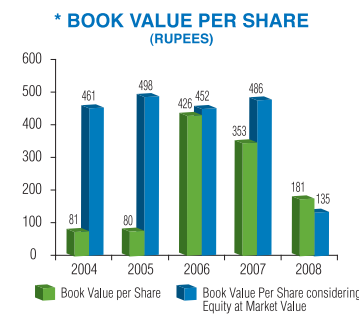
IGI's share department has online connectivity with Central Depository Company of Pakistan Limited. The share department undertakes activities pertaining to dematerialization of shares, shares transfer and transmission, issue of duplicate / re-validated dividend warrants, issue of duplicate / replaced shares certificates, change of address and other related matters.

For assistance, shareholders may contact either the Registered Office or the Share Registrar Office.

### Contact Persons:

Mr. Haider Raza  
Phone: 111-234-234 Ext: 863  
E-mail: haider.raza@igi.com.pk

Mr. Hussain Ahmed  
Phone:021-2420755  
021-2426597



## Shareholders' Information

### Services Standards

IGI has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For Request received Through post	Over the counter
Transfer of Shares	45 days after receipt	45 days after receipt
Transmission of shares	45 days after receipt	45 days after receipt
Issue of duplicate share certificates	45 days after receipt	45 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	15 minutes

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

### Statutory Compliance

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

### Dematerialization of Shares

The equity shares of the Company are under the compulsory demat category. As at December 31, 2008, 33.70% of the equity shares of the Company have been dematerialized by the shareholders.

Shareholders holding shares in physical form are requested to dematerialize their holding at the earliest by approaching the depository participant registered with the CDC.

### Dividend Announcement

The board of directors of the company has proposed cash dividend of 15% (Rs. 1.50 per share) (2007: 40% cash dividend i.e., Rs. 4.00 per share of Rs.10). This is in addition to the bonus share in the proportion of 5 shares for every 10 shares held i.e., 50% (2007: 25%) for the financial year ended December 31, 2008, subject to approval by the shareholders of the Company at the Annual General Meeting.

### Book Closure Dates

The register of Members and share transfer books of the company will remain closed from 21 March, 2009 to 31 March, 2009 both days inclusive.

## Shareholders' Information

### Dividend Remittance

Dividend declared and approved at the Annual General Meeting will be paid on or after 31 March, 2009 but within the statutory time limit of 30 days:

**(i) For shares held in physical form:** to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

**(ii) For shares held in electronic form:** to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of the business on book closure date.

### Withholding of Tax & Zakat on Dividend:

Under Section 150 of the Income Tax Ordinance, 2001 tax on dividend payable to a shareholder is to be withheld and will be paid to the Government @ 10% unless the shareholder's income is tax-exempt. This certificate is issued pursuant to section 164 of the Income Tax Ordinance, 2001.

Zakat is also deductible at source from the dividend at the rate of 2.5% of face value of the share, other than the corporate holders or the individuals who provide the undertaking for non-deduction of Zakat.

### Dividend Warrant

Cash Dividends are paid through dividend warrants addressed to the shareholder whose name is appearing on the register of shareholders at the date of book closure. Shareholders are requested to deposit the dividend warrants into their bank account, at their earliest. It will help the Company in clearing their unclaimed dividend account.

### Investors' Grievances

As on date none of the investor or shareholder has filed any letter of complaints against any service provided by the company to its shareholders.

### Legal Proceedings

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

### General Meetings & Voting Rights

Pursuant to section 158 of The Companies Ordinance, 1984, IGI holds a General Meeting of Shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Sindh and Punjab.

Shareholders having a holding of at least 10% of voting right may also apply to the Board of Directors to call for a meeting of shareholders, and if Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All shares issued by the Company carry equal voting rights. Generally, matters at the General Meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded. Since, the fundamental voting principle in a Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

## Shareholders' Information

### Proxies

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a General Meeting of the Company, can appoint another person as his / her proxy to attend and vote instead of himself / herself. Every notice calling a General Meeting of the Company contains a statement that shareholder entitled to attend and vote is entitled to appoint a proxy who needs not to be a member of the Company.

The instrument appointing proxy, duly signed by the shareholder appointing that proxy should be

deposited at the office of the Company not less than forty-eight hours before the meeting.

### Web Presence

Updated information regarding the Company can be accessed at IGI web site,

[www.igiinsurance.com.pk](http://www.igiinsurance.com.pk)

The web site contains the latest financial results of the Company together with Company's profile, the corporate philosophy and major products.

### Shareholding Pattern

The shareholding pattern of the equity share capital of the company as on December 31, 2008 was as follows.

Shareholders' Category	No. of Share Holders	Share Holding	Percentage
Directors, Chief Executive and Family Executives	23	19,170,334	32.02
Associated Companies, Undertakings and Related Parties	3	18,375	0.03
Public Sector Companies and Corporations	3	17,047,304	28.47
Banks, DFIs and NBFIs	1	592,630	0.99
Insurance Companies	8	674,079	1.13
Modaraba & Mutual Funds	3	576,316	0.96
Other Companies	8	1,675,604	2.80
Non Residents	71	3,393,010	5.67
General Public	4	3,866,366	6.46
	1,452	12,854,977	21.47
	<b>1,576</b>	<b>59,868,995</b>	<b>100.00</b>

### Shareholders having more than 10% Holdings (Name-Wise Detail)

Syed Babar Ali	13,116,974	21.91
Industrial Technical and Educational Institute	10,176,142	17.00
Packages Limited	6,354,412	10.61



Information as required under Code of Corporate Governance  
**CATEGORIES OF SHAREHOLDERS AS AT DECEMBER 31, 2008**

Category	Number of shareholders	Number of shares held	Holding %
<b>Associated Companies, Undertakings and Related Parties</b>			
Industrial Technical and Educational Institute Packages Limited	1	10,176,142	17.00
Loads Limited	1	6,354,412	10.61
	1	516,750	0.86
<b>Directors, Chief Executive and Family</b>			
Syed Babar Ali	2	13,116,974	21.91
Syed Hyder Ali	3	2,084,749	3.48
Saulat Said	1	1,687	0.00
Syed Kamal Ali	2	439,064	0.73
Syed Shahid Ali	4	2,212,731	3.70
Syed Yawar Ali	2	609,965	1.02
Shamim Ahmad Khan	1	3,079	0.01
Waqar Ahmed Malik	1	37	0.00
Mrs. Perwin Babar Ali	3	558,007	0.93
Mrs. Amina Hyder Ali	4	144,041	0.24
<b>Executives</b>			
Syed Khalid Yusuf	1	11,625	0.02
Muhammad Kashif Nisar	1	750	0.00
Shahbaz Haider Agha	1	6,000	0.01
<b>Joint Stock Companies</b>			
Public Sector Companies and Corporations	1	592,630	0.99
Banks, Development Finance Institutions, Non-Banking Finance Institutions	8	674,079	1.13
Insurance Companies	3	576,316	0.96
Modaraba and Mutual Funds	8	1,675,604	2.80
Others	71	3,393,010	5.67
<b>Non Residents</b>	4	3,866,366	6.46
<b>General Public</b>	1,452	12,854,977	21.47
	<b>1,576</b>	<b>59,868,995</b>	<b>100</b>

**CATEGORIES OF SHAREHOLDERS**



- Associated Companies, Undertakings and Related Parties 29%
- Directors, Chief Executive and their family 33%
- Banks, DFIs and NBFIs 2%
- Other Companies 9%
- Non Residents 6%
- General Public 21%

**Distribution of Shareholding in Central Depository Company of Pakistan Limited As at December 31, 2008**

Number of Shareholders	Shareholding From	To	Total Shares Held
176	1	100	8,049
295	101	500	72,776
144	501	1,000	107,760
269	1,001	5,000	621,920
49	5,001	10,000	353,561
30	10,001	15,000	384,483
10	15,001	20,000	174,995
4	20,001	25,000	88,979
4	25,001	30,000	108,947
7	30,001	35,000	223,239
3	35,001	40,000	112,567
5	40,001	45,000	210,500
2	45,001	50,000	96,924
3	50,001	55,000	156,307
2	55,001	60,000	116,062
1	60,001	65,000	62,412
1	65,001	70,000	65,300
2	75,001	80,000	155,345
3	90,001	95,000	278,977
1	95,001	100,000	98,150
1	105,001	110,000	106,987
2	110,001	115,000	226,239
1	120,001	125,000	120,916
1	125,001	130,000	126,666
1	130,001	135,000	133,695
1	135,001	140,000	137,125
1	140,001	145,000	144,435
1	145,001	150,000	147,102
1	160,001	165,000	163,816
2	175,001	180,000	355,088
1	190,001	195,000	190,200
2	200,001	205,000	402,625
1	210,001	215,000	213,964
1	215,001	220,000	219,250
1	235,001	240,000	238,462
1	240,001	245,000	242,034
1	250,001	255,000	254,712
1	265,001	270,000	266,614
1	280,001	285,000	283,110
1	285,001	290,000	285,610
1	325,001	330,000	326,026
1	330,001	335,000	334,147
1	360,001	365,000	360,685
1	365,001	370,000	369,271
1	370,001	375,000	372,777
1	400,001	405,000	403,125
1	430,001	435,000	431,677
1	440,001	445,000	440,490
1	515,001	520,000	516,750
1	565,001	570,000	569,910
1	590,001	595,000	592,630
1	595,001	600,000	598,645
1	625,001	630,000	626,053
1	975,001	980,000	975,100
1	1,670,001	1,675,000	1,671,931
1	3,830,001	3,835,000	3,833,284
<b>1,050</b>			<b>20,178,404</b>

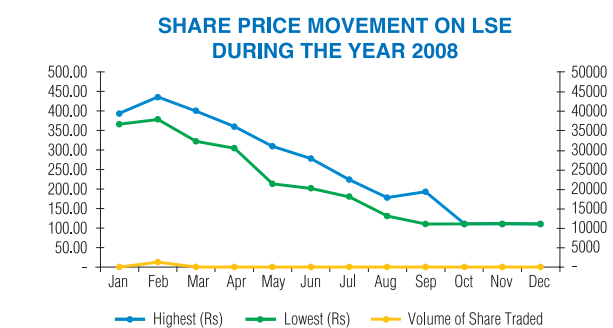
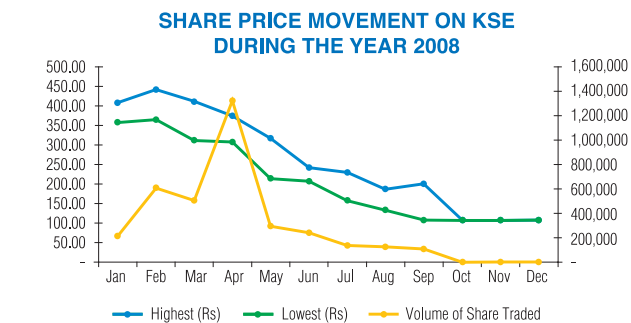
## Pattern of Shareholding As at December 31, 2008

Number of Shareholders	Shareholding From	To	Total Shares Held
308	1	100	12,828
424	101	500	107,901
187	501	1000	139,097
399	1001	5000	1,005,093
72	5001	10000	510,292
41	10001	15000	529,432
19	15001	20000	330,849
18	20001	25000	397,968
8	25001	30000	220,589
9	30001	35000	288,274
6	35001	40000	223,540
6	40001	45000	251,766
2	45001	50000	96,924
3	50001	55000	156,307
2	55001	60000	116,062
2	60001	65000	122,445
2	65001	70000	132,459
2	70001	75000	144,154
2	75001	80000	155,345
2	80001	85000	166,020
5	90001	95000	463,725
1	95001	100000	98,150
1	105001	110000	106,987
3	110001	115000	338,737
2	120001	125000	245,000
2	125001	130000	253,246
1	130001	135000	133,695
2	135001	140000	276,437
1	140001	145000	144,435
1	145001	150000	147,102
1	160001	165000	163,816
1	170001	175000	170,965
2	175001	180000	355,088
1	190001	195000	190,200
2	200001	205000	402,625
1	210001	215000	213,964
1	215001	220000	219,250
1	235001	240000	238,462
1	240001	245000	242,034
1	250001	255000	254,712
3	265001	270000	804,114
1	280001	285000	283,110
1	285001	290000	285,610
1	325001	330000	326,026
1	330001	335000	334,147
1	360001	365000	360,685
1	365001	370000	369,271
1	370001	375000	372,777
1	400001	405000	403,125
1	430001	435000	431,677
1	440001	445000	440,490
3	515001	520000	1,552,199
1	555001	560000	558,007
1	565001	570000	569,910
1	590001	595000	592,630
1	595001	600000	598,645
1	625001	630000	626,053
1	660001	665000	664,084
1	975001	980000	975,100
1	1235001	1240000	1,239,180
1	1305001	1310000	1,306,000
1	1670001	1675000	1,671,931
1	1855001	1860000	1,857,999
1	3830001	3835000	3,833,284
1	6355001	6355000	6,354,412
1	10175001	10180000	10,176,142
1	13115001	13120000	13,116,412
<b>1,576</b>			<b>59,868,995</b>

## Share Price / Volume

The monthly high and low prices and the volume of shares traded on the KSE and LSE during the financial year 2008 are as under:

Month	Share Price on the KSE (Rs.)		Volume of Shares Traded	Share Price on the LSE (Rs.)		Volume of Shares Traded
	Highest	Lowest		Highest	Lowest	
January	410.00	359.60	261,300	400.00	370.00	–
February	440.50	371.00	629,700	431.95	377.80	1,500
March	412.95	315.00	513,600	404.95	321.00	–
April	373.00	306.10	1,348,800	362.00	306.50	300
May	319.00	199.50	343,500	315.00	206.00	–
June	232.00	198.00	255,900	277.99	203.00	–
July	223.50	163.40	140,300	223.50	178.01	–
August	179.50	132.00	133,400	176.00	137.50	–
September	195.00	115.27	121,100	190.77	115.27	–
October	115.27	115.27	200	115.27	115.27	–
November	115.27	115.27	–	115.27	115.27	–
December	115.27	115.27	–	115.27	115.27	–



## Directors Report to the Shareholders

Dear Fellow Shareholders!

The Directors of IGI Insurance Limited take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2008.

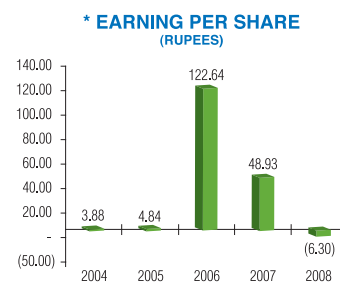
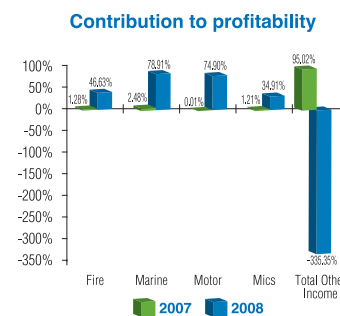
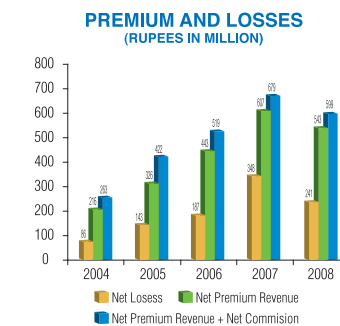
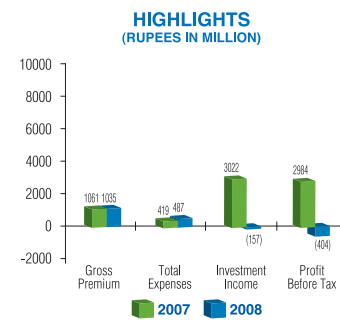
### Economic Overview

The year 2008 was a challenging period for the financial services sector globally. The economic picture during the last months of 2008 was extremely volatile. A confluence of factors was responsible for this situation led mainly by deepening of the global recession, market insulation due to the presence of an asset bubble accumulated over the years, macro-economic instability compounded with political uncertainty, surge in trade & current account deficits, weaker currency in response to forex reserve depletion, hike in interest rates and persistent rise in inflation.

### Company Performance Review 2008

After a promising start, 2008 had a bleak closure, both in terms of our results and share price performance. Some of our business segments did not meet expectations, nevertheless, the fundamental strength of our core operations remains intact and the Company has been able to maintain its operational performance, reflected by a healthy 21% increase in underwriting profitability. The results, however, have been adversely impacted by decline in investment income. Gross Written Premium (GWP) declined by 2%, from Rs. 1,061mn in 2007 to Rs. 1,035mn in 2008 mainly because of policy decision to discontinue motor leasing portfolio. Excluding discontinued motor leasing portfolio, GWP grew by 15% during 2008 which was higher than the industry growth. The business mix has shifted to more profitable segments with share of fire, marine, motor & miscellaneous at 33%, 23%, 29% and 15% respectively. Premium growth has been achieved mainly in new businesses and focus on health & travel businesses.

The Company's net premium stands at 52% of GWP, down by 10% in 2008, mainly due to the decline in retainable motor portfolio. This impact was offset by a remarkable 31% decline in net claims, from Rs. 348mn in 2007 to Rs. 241mn<sub>ing</sub>



## Directors Report to the Shareholders

in 2008. Underwriting profit margin (as a percentage of earned premiums) is 18% which illustrates your Company's success in developing the business while maintaining profitability. The underwriting profit increased by 21% from Rs. 160mn in 2007 to Rs. 193mn in 2008.

General & administrative expenses were reduced by 6%, from Rs. 114mn in 2007 to Rs. 107mn in 2008. Improved underwriting profitability and reduced administrative expenses improved the combined operating ratio from 94% in 2007 to 90% in 2008. As there was significant decline in equity markets, the Company posted a loss of Rs. 157mn on its investment portfolio. Further the Company has also booked Rs. (154)mn, its share of loss from associates where it has significant influence. Consequently the Company posted Rs. 404mn loss before tax in 2008 against Rs. 2,984mn profit before tax in 2007 and loss after tax of Rs. 377mn in 2008 against Rs. 2,930mn profit after tax in 2007. Earnings per share of the Company calculate to Rs. (6.30) in 2008 against Rs. 48.93 in 2007.

### Segments at a Glance

#### Fire

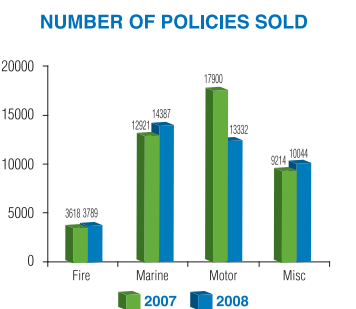
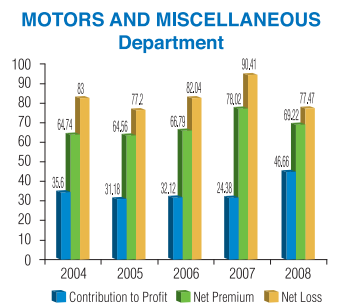
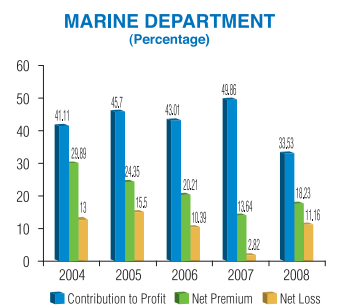
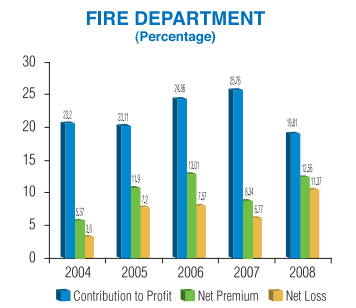
GWP grew by 18% from Rs. 293mn in 2007 to Rs. 346mn in 2008 and net premium earned increased by 35% from Rs. 51mn to Rs. 68mn. As losses increased by 16% from Rs. 24mn in 2007 to Rs. 27mn in 2008, underwriting profit decreased by 7% from Rs. 41mn in 2007 to Rs. 38mn in 2008.

#### Marine, Aviation and Transport

Marine business grew by 37% from Rs. 170 mn in 2007 to Rs. 234 mn in 2008. Net earned premium went up only 19% due to low retentions on bulk cargo business. Further the Company had to experience more losses in this segment during 2008 resulting in 19% decrease in underwriting profit, from Rs. 80mn in 2007 to Rs. 65mn in 2008.

#### Motor

The performance of motor segment during 2008 truly reveals that the management of your Company has a keen focus on profitability and has the vision & courage to take difficult decisions and is not induced by mere GWP growth. During the year, the Company decided to discontinue the motor leasing portfolio which almost eroded the motor underwriting profitability in 2007. It resulted in 30% fall of





## Directors Report to the Shareholders

motor GWP, from Rs. 429mn in 2007 to Rs. 300mn in 2008. The underwriting results increased by Rs. 62mn in 2008 in a year when all classes posted decline in underwriting profit.

### Others (Miscellaneous)

For Miscellaneous lines, which include engineering, contract, travel, health and cash business, GWP declined by 8% from Rs. 169mn in 2007 to Rs. 156mn in 2008. Net Earned Premium increased by 11%, closing at Rs. 89mn. However the increased retentions caused more losses to remain within the Company resulting in 26% decrease in underwriting profit, from Rs. 39mn in 2007 to Rs.29mn in 2008.

### Re-Insurance

Your Company follows a policy of optimizing retention of risk through a carefully designed program of re-insurance of high quality. We have structured our re-insurance program to protect the value at risk by ensuring timely and quality protection for individual risks. A GIS based tool is used for monitoring the company's exposure to accumulation and concentration of risk at any location. Your Company has also increased capacities for traditional re-insurance arrangements as well as obtained capacity for specialized lines.

The re-insurance programme finalized aims at:

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

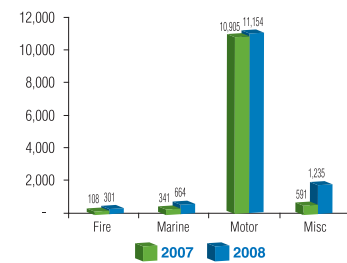
Further in order to mitigate the risk arising out of single large loss and /or catastrophe affecting company's net retentions, your Company has also taken Excess of Loss and Catastrophe covers.

In this challenging period of economic slow down, declining prices and softening of local insurance markets, your Company's strategy of increasing its retention of risk will help in achieving a positive net premium growth, thereby offsetting some of the impact of fall in premiums.

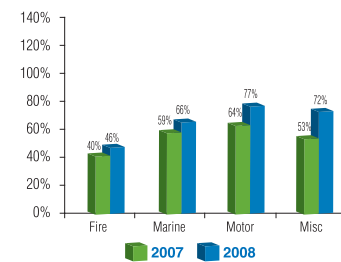
### Risk Management

Insurance being the business of transfer of risks from client to insurer is viable only if underwriter has the ability to precisely assess the risk. Your Company's Risk Management approach is proficient in qualitative evaluation of

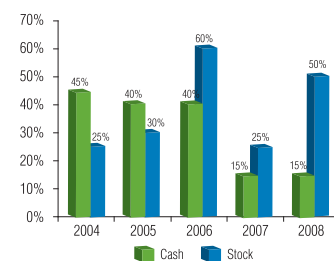
NUMBER OF CLAIMS SETTLED



CLAIM DISPOSAL RATIO



CASH AND STOCK DIVIDEND



## Directors Report to the Shareholders

risk, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client. Your company is striving to develop expertise in areas like risk pricing, business continuity planning and consequence analysis which will help us in offering value added services to the clients.

### Investments

Our investment objective is to achieve a superior total return on the investment portfolio adhering to our investment philosophy and the regulations as applicable from time to time. We are guided by value investing principles. The investment committee supervises the implementation of the investment policies laid down by the Board and guides the asset allocation strategy to ensure financial liquidity, security and diversification. Appropriate risk management practices are adopted with an objective to manage risks arising out of duration, market, credit, legal and operations.

Your Company's investment portfolio is invested with prudence while seeking a reasonable yield, in line with market conditions. The year 2008 proved it as your Company benefited from high spreads available in the Continuous Financing System but pulled out before the freezing of equity market, thus avoiding the emerging situation.

The equity markets went through a roller coaster ride during the year. During the first half 2008, the markets continued their strong run of the previous year taking the major market indices to all time highs. In the second half of the financial year, concerns about synchronized global slow down and increase in inflation came to the fore. Interest rates continued their rising trend on inflationary concerns and to top it all, the country slipped into the grip of a credit crunch. Liquidity situation caused deep & continuous corrections in prices of most of the stocks. By the end of 2008, KSE-100 Index slipped to 5,865.01,

down by 58.33% YoY basis and market capitalization was Rs. 1,859 billion against Rs. 4,330 billion as at the end of 2007.

The book value of your Company's investments decreased from Rs. 12,405 million to Rs. 11,710 million, i.e., by Rs. 695 million during the year 2008. The market value of investments decreased by 46% from Rs. 16,648 million as at December 31, 2007 to Rs. 8,964 million as at December 31, 2008.

Once the liquidity of credit markets is restored, the equity markets in general and our core investments portfolio have the potential to pay back. The Company will continue to place special emphasis in generating a significant portion of its investment income from sustainable sources such as interest and dividends.

### Information Technology

Strategic initiative to leverage information technology for improved business performance continued yielding required results. Your Directors recognize the importance of Technology in the conduct of business and the need for investing in new technology. As in all industries, adapting new technology has become absolute necessity in Insurance Industry to achieve the desired effect. With the ever increasing numbers of policies and claims, communication infrastructure has been strengthened by upgrading the systems between Corporate Office and the Branch Offices and new technology is introduced to meet the same.

We are also pleased to apprise our shareholders that a comprehensive Disaster Recovery Program (DRP) has been properly documented and implemented during the current year. Further the Company is in final stages of testing its in-house developed web based health & travel systems which will not only enhance operational efficiency but will service our clients & business partners in a more convenient way.

## Directors Report to the Shareholders

### Human Resource

As a successful company, Human Capital is now an integral part of the organization, shifting from a hitherto support to a business partner role.

Dynamic strategies are planned, developed and implemented to achieve the vision of the Company. Employee oriented incentives have been introduced to enhance retentions & motivation at all levels.

For infusing fresh blood, Management Trainee Program was introduced. These trainees are now contributing to the business growth. Based on training need analysis, courses on core and soft skills were organized. Formal orientation programs for new entrants ensure quick integration into the business. Good working environment continues to contribute in the productivity enhancement.

Our continued focus on equal opportunity employment goes a long way in maintaining a pool of employees with knowledge, experience and skills in their respective fields and employees remain our most valuable assets.

### Appropriations

The proposed appropriations are as under:

	2008	2007
	Rupees in thousand	
Final Dividend for the year – 15% (2007: 15%)	89,803	47,895
Interim Dividend for the year – Nil (2007: 25%)	–	79,825
Transfer to reserve for issue of Bonus Shares – Nil (2007: 25%)	–	79,825
Transfer to reserve for issue of Interim Bonus Shares – 50% (2007: Nil)	199,563	–
Transfer to General Reserves	–	2,720,000
	<b>289,366</b>	<b>2,927,545</b>

### ISO Certification and its value to our customers

Since your Company received ISO 9001:2000 certification in 2001, it has successfully maintained the status and its entire operations are ISO 9001:2000 certified. The value of ISO Certification expresses to our customers in the following ways:

**Structured processes & procedures:** The Company has established and perpetuated well defined documented processes to help understand our customers' requirements and address them to their satisfaction.

**Premium service standards:** Our commitment to excellence ensures prompt and proper documentation while also ensuring transparent and swift settlement of claims.

### Insurer's Financial Strength Rating

The Pakistan Credit Rating Agency Limited (PACRA) has for the ninth consecutive year assigned

## Directors Report to the Shareholders

your Company, an "Insurer Financial Strength" (IFS) Rating of "AA" (Double A) and a Stable Outlook, on the basis of financial statements for the year 2007.

The Insurer Financial Strength (IFS) Rating of "AA" (Double A) denotes:

"Insurers are viewed as possessing VERY STRONG capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be VERY SMALL."

### Auditors

The present auditors M/S KPMG Taseer Hadi & Company, Chartered Accountants, retire and being eligible, have offered themselves for reappointment. The external auditors hold satisfactory rating by the Institute of Chartered Accountants of Pakistan (ICAP) as required under their Quality Control Review Program. As suggested by the Audit Committee, the Board of Directors has recommended the appointment of M/S KPMG Taseer Hadi & Company, Chartered Accountants as auditors of the Company for the year 2009, at a fee to be mutually agreed.

### Board of Directors

The Directors of your Company were elected in the Annual General Meeting held on March 31, 2008 for a period of three years and we would like to take this opportunity of welcoming Mr. Waqar Ahmed Malik for joining the Board as non-executive director. Mr. Malik is the Chief Executive of ICI Pakistan Limited and Chairman of Pakistan PTA Limited and has over 23 years of extensive experience in senior commercial, finance and strategy roles. With such a rich experience of the corporate sector,

we look forward to his valuable contribution in the deliberations of the Board.

During the year, four (4) meetings of the Board of Directors were held and attendance by each Director is given below:

Name of Director	Number of meetings attended
Syed Babar Ali	4
Shamim Ahmad Khan	4
Syed Yawar Ali	4
Syed Shahid Ali	–
Syed Kamal Ali	2
Syed Hyder Ali	4
Waqar Ahmed Malik	1
Saulat said	4

The Board granted leave of absence to those Directors who could not attend the Board meetings.

### Audit Committee

As required under the Code of Corporate Governance, the audit committee continued to perform as per its terms of reference duly approved by the Board. The committee composition and its terms of reference are also attached with this report.

### Code of Corporate Governance

- The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.

## Directors Report to the Shareholders

3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last ten years is shown at page number 20.
9. Outstanding taxes and duties are given in the financial statements.
10. The value of investments based on audited accounts of the respective funds were as follows:
 

Provident Fund as at June 30, 2008	<b>Rs. 13.102 million</b>
Gratuity Fund as at December 31, 2007	<b>Rs. 4.683 million</b>
11. The related party transactions are approved or ratified by the audit committee and the Board of Directors;

12. The trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is given below:

### Directors & spouses

Mrs. Perwin Babar Ali purchased 8,900 shares.  
Syed Hyder Ali, Director purchased 22,282 shares.  
Syed Kamal Ali, Director sold 5,200 shares.  
Waqar Ahmed Malik, Director purchased 25 shares.

### Chief Financial Officer:

purchased 500 shares; and

### Executives:

Syed Khalid Yusuf, Chief Operating Officer purchased 2,800 shares.

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

### Material Changes

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2008.

### Pattern of Shareholding

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

### Insurance Ordinance, 2000

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

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

## Directors Report to the Shareholders

- the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

### Future Outlook

The phenomenal strength of the Group and the strategies pursued by IGI makes us feel confident to achieve plans for 2009. By applying prudent policies and discipline in our business operations and using cost effective methods, we are confident that the targets set for the year will be achieved.

We, however, cherish no illusions about the challenges ahead. Uncertainty still persists about credit markets and the national economy in general, while competition is increasing in all business segments. While challenges limit some opportunities, they create others. This may require us to track a different course.

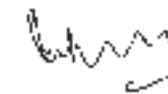
As a responsible corporate entity we will continue to conduct our business in a transparent way, working closely with the regulators to ensure compliance.

Our aim is to exceed expectation of our shareholders, not only during the current year but beyond.

### Acknowledgement

We would like to thank our customers, business partners and employees whose loyalty & dedication makes IGI the great Company that it is. We also thank our shareholders for their support and confidence in IGI.

### For and on behalf of the Board



Syed Babar Ali  
Chairman

Karachi: February 13, 2009



## Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance as contained in the Listing Regulations of respective stock exchanges and SRO 68(1)/2003 issued by the 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.

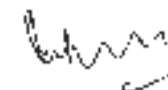
The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six non-executive directors, including the Chairman, out of eight directors.
2. The directors of the Company have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the directors have given declaration that they are aware of their duties and powers under the relevant laws and the Company's Memorandum and Articles of Association and the listing regulations of the stock exchanges of Pakistan.
4. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution. None of the director is a member of a stock exchange.
5. All the directors were elected for a period of three years with effect from April 27, 2008.
6. The Company has prepared a 'Statement of Ethics and Business Practices' (Code of Conduct), which has been signed by all directors and employees of the Company.
7. 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.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including the appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
9. All the meetings of the Board were presided over by the Chairman. The Board met at least once in every quarter during the year. 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. The Board has established a system of sound internal control which is effectively implemented at all levels within the Company.
11. The Board has arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulations and amendments thereof.
12. All material information as required under the relevant rules, has been provided to the stock exchanges and to the Securities and Exchange Commission of Pakistan within the prescribed time limit.
13. The Board has approved the appointment of Company Secretary, including his remuneration

## for the Year Ended December 31, 2008

and terms and conditions of employment as determined by the CEO.

14. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
15. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
16. 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.
17. The Company has complied with all the corporate and financial reporting requirements of the Code.
18. The Board has formed Underwriting, Claims Settlement and Re-insurance & Co-insurance Committees.
19. The Board has formed an Audit Committee. It comprises of three members all of whom are non-executive directors including the chairman of the committee.
20. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
21. The Board has set-up an effective internal audit function manned by suitably qualified and experienced personnel who are conversant with the policies and procedures of the Company and are involved in the Internal Audit function on a full time basis.
22. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme 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.
23. 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.
24. We confirm that all other material principles contained in the Code have been complied with.



Syed Babar Ali  
Chairman

Karachi: February 13, 2009



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

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Internet www.kpmg.com.pk

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of IGI Insurance Limited (“the Company”) to comply with the Listing Regulations of the respective stock exchanges where the Company is listed and the Code of Corporate Governance applicable to listed insurance companies issued under SRO 68(1)/2003, by the Securities and Exchange Commission of Pakistan.

The responsibility for compliance with the above Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board’s statement on internal control covers all controls and the effectiveness of such internal controls.

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 of Corporate Governance as applicable to the Company for the year ended 31 December 2008.

KPMG Taseer Hadi & Co.  
Chartered Accountants

Karachi: February 13, 2009



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

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## Auditors’ Report to the Members of IGI Insurance Limited

We have audited the annexed financial statements comprising of:

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

of IGI Insurance Limited (“the Company”) as at 31 December 2008 together with the notes forming part thereof, for the year then ended.

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

We conducted our audit in accordance with the 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 except for the change stated in note 4.7.1 and 4.17 to the financial statements with which we concur;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company’s affairs as at 31 December 2008 and of the loss, 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 2007 were audited by another firm of chartered accountants who had expressed in their audit report unqualified opinion vide their report dated 15 February 2008.

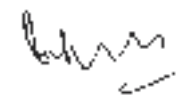
KPMG Taseer Hadi & Co.  
Chartered Accountants

Karachi: February 13, 2009

## Balance Sheet

	Note	2008 (Rupees in thousand)	2007 (Restated) (Rupees in thousand)
<b>Share capital and reserves</b>			
Authorized share capital 100,000,000 (2007: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up share capital	5	598,689	319,301
(Accumulated losses) / Unappropriated profits		(376,347)	2,848,415
Reserves	6	<u>10,624,177</u>	<u>8,103,740</u>
		<u>10,846,519</u>	<u>11,271,456</u>
<b>Underwriting provisions</b>			
Provision for outstanding claims [including IBNR]		366,620	476,716
Provision for unearned premium		378,622	400,657
Commission income unearned		56,733	46,975
Total underwriting provisions		<u>801,975</u>	<u>924,348</u>
<b>Deferred liabilities</b>			
Deferred tax	7	-	30,193
<b>Creditors and accruals</b>			
Premium received in advance		518	6,022
Amounts due to other insurers / reinsurers		75,730	197,188
Accrued expenses		56,103	44,848
Sundry creditors	8	<u>50,303</u>	<u>42,395</u>
		<u>182,654</u>	<u>290,453</u>
<b>Borrowings</b>			
Long term finance - secured	9	320,000	400,000
<b>Other liabilities</b>			
Short term finance - secured	10	<u>1,047,527</u>	<u>1,181,202</u>
Unclaimed dividend		1,964	1,903
		<u>1,049,491</u>	<u>1,183,105</u>
<b>TOTAL LIABILITIES</b>		<u>2,354,120</u>	<u>2,828,099</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>13,200,639</u>	<u>14,099,555</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11		

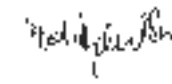
The annexed notes from 1 to 34 form an integral part of these financial statements.



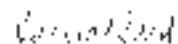
Syed Babar Ali  
Chairman



Shamim Ahmad Khan  
Director



Syed Hyder Ali  
Director



Saulat Said  
Principal Officer and Chief Executive

## As at December 31, 2008

	Note	2008 (Rupees in thousand)	2007 (Restated) (Rupees in thousand)
<b>Cash and bank deposits</b>			
Cash and other equivalents	12	53	407
Current and other accounts	13	57,855	5,152
Deposits maturing within 12 months	14	<u>200,352</u>	<u>200,352</u>
		<u>258,260</u>	<u>205,911</u>
<b>Investments</b>	15	<u>11,709,948</u>	<u>12,404,727</u>
<b>Deferred tax</b>	7	<u>16,868</u>	<u>-</u>
<b>Other assets</b>			
Premiums due but unpaid - unsecured	16	<u>169,916</u>	<u>128,082</u>
Amounts due from other insurers / reinsurers - unsecured	17	<u>189,374</u>	<u>301,171</u>
Accrued investment income		5,381	10,353
Reinsurance recoveries against outstanding claims		<u>196,584</u>	<u>240,481</u>
Prepayments		<u>187,671</u>	<u>204,344</u>
- prepaid reinsurance premium ceded		9,165	14,925
- others		78,909	68,801
Taxation - payments less provision		<u>76,032</u>	<u>211,477</u>
Sundry receivables	18	<u>913,032</u>	<u>1,179,634</u>
<b>Fixed assets</b>	19		
<b>Tangible</b>			
Furniture, fixtures and office equipments		<u>36,884</u>	<u>37,652</u>
Building		<u>217,838</u>	<u>229,829</u>
Motor vehicles		<u>47,809</u>	<u>41,802</u>
		<u>302,531</u>	<u>309,283</u>
<b>TOTAL ASSETS</b>		<u>13,200,639</u>	<u>14,099,555</u>



## Profit and Loss Account For the Year Ended December 31, 2008

(Rupees in thousand)						
Note	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	2008 Aggregate	2007 Aggregate (Restated)
<b>Revenue account</b>						
	68,114	98,878	286,801	88,722	542,515	606,603
	(27,393)	(26,882)	(151,862)	(34,794)	(240,931)	(347,805)
20	(55,057)	(37,221)	(47,823)	(24,789)	(164,890)	(171,077)
	52,604	29,995	(25,638)	(489)	56,472	72,381
<b>Underwriting result</b>	<u>38,268</u>	<u>64,770</u>	<u>61,478</u>	<u>28,650</u>	<u>193,166</u>	<u>160,102</u>
Investment income					(157,476)	3,021,533
Rental income					15,216	9,971
Other income	21				20,989	19,377
Financial charges	22				(215,367)	(133,493)
General and administration expenses	23				(106,660)	(113,931)
					(443,298)	2,803,457
					(250,132)	2,963,559
Share of (loss) / profit of associates					(153,971)	19,957
<b>(Loss) / profit before tax</b>					<u>(404,103)</u>	<u>2,983,516</u>
Taxation	24				27,061	(53,938)
<b>(Loss) / profit after tax</b>					<u>(377,042)</u>	<u>2,929,578</u>
<b>Profit and loss appropriation account</b>						
Balance at commencement of the year					2,848,415	7,478,225
(Loss) / profit after tax for the year					(377,042)	2,929,578
Final dividend 2007: Rs 1.5 per share (2006: Rs 4.00 per share)					(47,895)	(79,825)
Interim dividend 2008: Nil (2007: Rs 2.50 per share)					-	(79,825)
Transfer to general reserve					(2,720,000)	(7,280,000)
Transfer to reserve for bonus shares					(79,825)	(119,738)
					(3,224,762)	(4,629,810)
<b>(Accumulated losses) / unappropriated profits</b>					<u>(376,347)</u>	<u>2,848,415</u>
<b>(Loss) / Earnings per share - basic and diluted</b>	28				<u>(6.30)</u>	<u>48.93</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Shamim Ahmad Khan  
Director

Syed Hyder Ali  
Director

Saulat Said  
Principal Officer and Chief Executive

## Statement of Changes in Equity For the Year Ended December 31, 2008

	(Rupees in thousand)							
	Share Capital Issued, subscribed and paid-up	Reserves				Revenue reserves General reserves	(Accumulated losses) / Unappropriated profits	Total
		Reserve for exceptional losses	Reserve for contingencies	Premium on issue of shares	Reserve for bonus shares			
<b>Balance as at 1 January 2007 as previously reported</b>	199,563	3,267	30,000	35,762	-	754,711	7,486,418	8,509,721
Effect of change in accounting policy with respect to administrative surcharge (refer note 4.17)	-	-	-	-	-	-	(8,193)	(8,193)
<b>Balance as at 1 January 2007 - restated</b>	199,563	3,267	30,000	35,762	-	754,711	7,478,225	8,501,528
<b>Changes in equity for 2007</b>								
Transferred to general reserve	-	-	-	-	-	7,280,000	(7,280,000)	-
Transferred to reserve for issue of bonus shares	-	-	-	-	119,738	-	(119,738)	-
Nominal value of bonus shares issued	119,738	-	-	-	(119,738)	-	-	-
Final dividend for the year ended 31 December 2006 - Rs 4.0 per share	-	-	-	-	-	-	(79,825)	(79,825)
Interim dividend for the year ended 31 December 2007 - Rs. 2.5 per share	-	-	-	-	-	-	(79,825)	(79,825)
Net profit for the year - restated	-	-	-	-	-	-	2,929,578	2,929,578
<b>Balance as at 31 December 2007 - restated</b>	319,301	3,267	30,000	35,762	-	8,034,711	2,848,415	11,271,456
<b>Changes in equity for 2008</b>								
Transferred to general reserve	-	-	-	-	-	2,720,000	(2,720,000)	-
Transferred to reserve for issue of bonus shares	-	-	-	-	79,825	-	(79,825)	-
Nominal value of bonus shares issued	79,825	-	-	-	(79,825)	-	-	-
Final dividend for the year ended 31 December 2007 - Rs 1.5 per share	-	-	-	-	-	-	(47,895)	(47,895)
Transferred to reserve for issue of interim bonus shares	-	-	-	-	199,563	(199,563)	-	-
Nominal value of bonus shares issued	199,563	-	-	-	(199,563)	-	-	-
Net loss for the year	-	-	-	-	-	-	(377,042)	(377,042)
<b>Balance as at 31 December 2008</b>	<u>598,689</u>	<u>3,267</u>	<u>30,000</u>	<u>35,762</u>	<u>-</u>	<u>10,555,148</u>	<u>(376,347)</u>	<u>10,846,519</u>

The annexed notes from 1 to 34 form an integral part of these financial statements.

Syed Babar Ali  
Chairman

Shamim Ahmad Khan  
Director

Syed Hyder Ali  
Director

Saulat Said  
Principal Officer and Chief Executive

## Cash Flow Statement

	2008 (Rupees in thousand)	2007 (Rupees in thousand)
<b>Operating cash flows</b>		
<b>Underwriting activities</b>		
- Premiums received	987,880	1,024,562
- Reinsurance premiums paid	(507,726)	(518,064)
- Claims paid	(533,419)	(403,202)
- Reinsurance and other recoveries received	226,289	126,210
- Commissions paid	(91,958)	(79,097)
- Commissions received	160,045	127,890
Net cash flow from underwriting activities	241,111	278,299
<b>Other operating activities</b>		
- Income tax paid	(30,105)	(28,379)
- General and management expenses paid	(206,142)	(138,863)
- Other operating payments	(67,692)	(157,918)
- Other operating receipts	35,177	49,167
Net cash flow from other operating activities	(268,762)	(275,993)
<b>Total cash (outflow) / inflow from all operating activities</b>	<b>(27,651)</b>	<b>2,306</b>
<b>Investment activities</b>		
Profit / return received	29,178	17,580
Dividends received	210,441	184,722
Payments for investments	(8,866,810)	(11,258,597)
Proceeds from disposal of investments	8,963,809	10,925,277
Redemption of term finance certificates	54,784	11,305
Fixed capital expenditure	(32,675)	(50,947)
Proceeds from disposal of fixed assets	8,580	9,959
<b>Total cash inflow / (outflow) from investing activities</b>	<b>367,307</b>	<b>(160,701)</b>
<b>Financing activities</b>		
Loans repaid	(80,000)	(220,000)
Dividends paid	(47,834)	(159,393)
Advances received / (paid)	179,667	(97,388)
Financial charges paid	(205,465)	(123,129)
<b>Total cash outflow from financing activities</b>	<b>(153,632)</b>	<b>(599,910)</b>
<b>Net cash inflow / (outflow) from all activities</b>	<b>186,024</b>	<b>(758,305)</b>
<b>Cash at beginning of the year</b>	<b>(975,291)</b>	<b>(216,986)</b>
<b>Cash at end of the year</b>	<b>(789,267)</b>	<b>(975,291)</b>

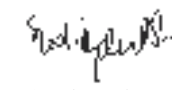
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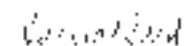
Syed Babar Ali  
Chairman



Shamim Ahmad Khan  
Director



Syed Hyder Ali  
Director



Saulat Said  
Principal Officer and Chief Executive

## For the Year Ended December 31, 2008

	2008 (Rupees in thousand)	2007 (Restated) (Rupees in thousand)
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(27,651)	2,306
Depreciation charge	(31,875)	(25,165)
Financial charges	(215,367)	(133,493)
Gain on disposal of fixed assets	1,028	1,376
(Increase) / decrease in assets other than cash	(64,788)	359,897
Increase / (decrease) in liabilities other than term finances	270,268	(319,145)
Provision for impairment in the value of available for sale investments	(362,694)	-
Appreciation in the value of available for sale investment	-	61,703
(Loss) / gain on revaluation of trading investments	(15,034)	4,816
<b>Others</b>		
(Loss) / gain on disposal of investments	(11,605)	2,751,999
Dividend and other investment income	234,647	205,327
Share of (loss) / profit of associates	(153,971)	19,957
(Loss) / profit after tax	<u>(377,042)</u>	<u>2,929,578</u>
<b>Definition of cash</b>		
Cash comprises of cash in hand, policy stamps, bank balances and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.		
<b>Cash for the purposes of the Statement of Cash Flows consists of:</b>		
Cash and other equivalents		
- Cash in hand	-	5
- Policy stamps in hand	53	402
	<u>53</u>	<u>407</u>
Current and other accounts		
- Current accounts	622	1,865
- Saving accounts	57,233	3,287
	<u>57,855</u>	<u>5,152</u>
Deposits maturing within 12 months		
- Cash with State Bank of Pakistan	352	352
- Term Deposit Receipts	200,000	200,000
	<u>200,352</u>	<u>200,352</u>
Short term finance	(1,047,527)	(1,181,202)
	<u>(789,267)</u>	<u>(975,291)</u>

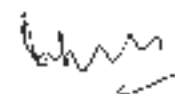
## Statement of Premiums For the Year Ended December 31, 2008

### Business underwritten inside Pakistan

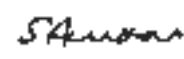
(Rupees in thousand)

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening (Restated)	Closing			Opening	Closing		2008	2007 (Restated)
<b>Direct and facultative</b>										
Fire and Property Damage	345,661	121,537	149,381	317,817	277,990	96,223	124,510	249,703	<b>68,114</b>	50,540
Marine, Aviation and Transport	233,684	20,555	33,084	221,155	133,726	10,719	22,168	122,277	<b>98,878</b>	82,810
Motor	300,240	181,292	135,985	345,547	24,123	47,716	13,093	58,746	<b>286,801</b>	393,614
Miscellaneous	155,633	77,273	60,172	172,734	62,226	49,686	27,900	84,012	<b>88,722</b>	79,639
<b>Total</b>	<b>1,035,218</b>	<b>400,657</b>	<b>378,622</b>	<b>1,057,253</b>	<b>498,065</b>	<b>204,344</b>	<b>187,671</b>	<b>514,738</b>	<b>542,515</b>	<b>606,603</b>

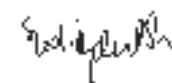
The annexed notes from 1 to 34 form an integral part of these financial statements.



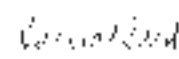
Syed Babar Ali  
Chairman



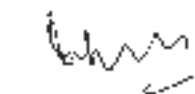
Shamim Ahmad Khan  
Director



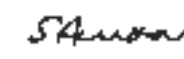
Syed Hyder Ali  
Director



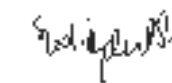
Saulat Said  
Principal Officer and Chief Executive



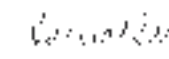
Syed Babar Ali  
Chairman



Shamim Ahmad Khan  
Director



Syed Hyder Ali  
Director



Saulat Said  
Principal Officer and Chief Executive

## Statement of Claims For the Year Ended December 31, 2008

### Business underwritten inside Pakistan

(Rupees in thousand)

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2008	2007
<b>Direct and facultative</b>										
Fire and Property Damage	156,719	168,030	160,846	149,535	117,518	131,095	135,719	122,142	<b>27,393</b>	23,552
Marine, Aviation and Transport	89,470	68,904	49,790	70,356	60,922	46,539	29,091	43,474	<b>26,882</b>	9,789
Motor	263,995	183,868	90,122	170,249	24,741	20,039	13,685	18,387	<b>151,862</b>	303,992
Miscellaneous	23,235	55,914	65,862	33,183	23,108	42,808	18,089	(1,611)	<b>34,794</b>	10,472
<b>Total</b>	<b>533,419</b>	<b>476,716</b>	<b>366,620</b>	<b>423,323</b>	<b>226,289</b>	<b>240,481</b>	<b>196,584</b>	<b>182,392</b>	<b>240,931</b>	<b>347,805</b>

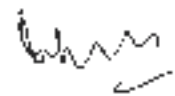
The annexed notes from 1 to 34 form an integral part of these financial statements.



## Statement of Expenses For the Year Ended December 31, 2008

Business underwritten inside Pakistan								(Rupees in thousand)	
Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing					2008	2007
<b>Direct and facultative</b>									
Fire and Property Damage	32,219	–	–	32,219	55,057	87,276	84,823	2,453	(14,323)
Marine, Aviation and Transport	18,699	–	–	18,699	37,221	55,920	48,694	7,226	(7,119)
Motor	25,676	–	–	25,676	47,823	73,499	38	73,461	89,811
Miscellaneous	17,221	–	–	17,221	24,789	42,010	16,732	25,278	30,327
<b>Total</b>	<b>93,815</b>	<b>–</b>	<b>–</b>	<b>93,815</b>	<b>164,890</b>	<b>258,705</b>	<b>150,287</b>	<b>108,418</b>	<b>98,696</b>

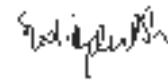
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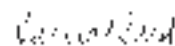
Syed Babar Ali  
Chairman



Shamim Ahmad Khan  
Director



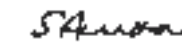
Syed Hyder Ali  
Director



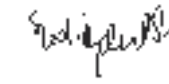
Saulat Said  
Principal Officer and Chief Executive



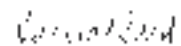
Syed Babar Ali  
Chairman



Shamim Ahmad Khan  
Director



Syed Hyder Ali  
Director



Saulat Said  
Principal Officer and Chief Executive

## Statement of Investment Income For the Year Ended December 31, 2008

	2008 (Rupees in thousand)	2007 (Rupees in thousand)
<b>Income from trading investments</b>		
(Loss) / Gain on trading (i.e. buying and selling difference)	(17,694)	32,144
Dividend income (earned while holding the securities)	6,018	3,350
	(11,676)	35,494
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on government securities	(780)	341
Return on other fixed income securities and deposits	28,495	20,136
	27,715	20,477
<b>Available for sale</b>		
Dividend income	200,914	181,500
Gain on sale of available for sale investments	6,089	2,719,855
	207,003	2,901,355
(Loss) / gain on revaluation of trading investments	(15,034)	4,816
<b>(Provision) / reversal for impairment in value of investments</b>		
(Provision) / reversal for available for sale investments	(362,694)	61,703
<b>Investment related expenses</b>	(2,790)	(2,312)
<b>Net investment income</b>	<b>(157,476)</b>	<b>3,021,533</b>

The annexed notes from 1 to 34 form an integral part of these financial statements.

## Notes to and forming part of the Financial Statements

### 1. Status and nature of business

IGI Insurance Limited ("the Company"), a Packages Group Company, was incorporated as a public limited Company in 1953 under Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore stock exchanges and is engaged in providing general insurance services in spheres of Fire, Marine, Motor and Miscellaneous. The registered office of the Company is situated at 7th Floor, The Forum, Suite Nos. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

### 2. Basis of preparation

These financial statements have been prepared in accordance with the format of financial statements prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise 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, 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.

#### 2.2 Standards or interpretations not yet effective

The following standards, interpretations and amendments of approved accounting standards are effective for accounting periods beginning on or after 1 January 2009. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases:

- Revised IAS 1 - Presentation of Financial Statements
- Revised IAS 23 - Borrowing costs
- Revised IFRS 3 - Business Combinations
- IFRS 4 - Insurance Contracts (Notified by SECP vide SRO 149-(1)/2009)
- IFRS 8 - Operating Segments
- IFRIC - 17 - Distributions of Non-cash Assets to Owners
- IAS 19 - IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirement and their Interaction
- Amendments to IAS 39 - Financial Instruments: Recognition and Measurement – Eligible hedged items
- IFRS 5 Amendment - Improvements to IFRSs - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 - Financial instruments: Disclosures
- IAS 27 - Consolidated and separate financial statements
- Amendments to IAS 36 - Impairment of Assets
- Amendments to IAS 1 - Presentation of Financial Statements
- Amendments to IAS 32 - Financial Instruments: Presentation
- Amendments to IAS 38 - Intangible Asset
- Amendments to IAS 19 - Employee Benefits
- Amendments to IAS 39 - Financial Instruments
- Amendments to IAS 40 - Investment Property

## For the Year Ended December 31, 2008

### 3. Basis of measurement

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

#### 3.1 Use of estimates and judgments

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

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

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

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

- Provision for outstanding claims including IBNR (note 4.1),
- Provision for taxation (note 4.5),
- Defined benefit plan (note 4.10.2), and
- Useful lives and residual values of fixed assets (note 4.9)

#### 3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand.

### 4. Summary of significant accounting policies

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

#### 4.1 Provision for outstanding claims including incurred but not reported (IBNR)

The Company recognizes liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

## Notes to and forming part of the Financial Statements

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

### 4.2 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

### 4.3 Commission

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

### 4.4 Creditors, accruals and provisions

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

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

### 4.5 Taxation

#### Current

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

#### Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

## For the Year Ended December 31, 2008

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

### 4.6 Cash and cash equivalents

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

### 4.7 Investments

4.7.1 All investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Investment in equity instruments of associated undertakings
- Held to maturity
- Available for sale
- Investment at fair value through profit or loss - held for trading

During the year, the Company has changed its accounting policy in relation to recognition of all regular way purchases and sales of financial assets. As per the new policy all 'regular way purchases and sales' of investments that require delivery within the time frame established by regulations or market convention are recognized at the trade date, previously being accounted for at settlement date. Trade date is the date on which the Company commits to purchase or sell the investment. The accounting policy has been changed as it results in more fair presentation of the Company's affairs. The change in accounting policy has been applied in accordance with the treatment specified in International Accounting Standard 8 (IAS-8); "Accounting Policies, Changes in Accounting Estimates and Errors".

#### 4.7.1.1 Investment in equity instruments of associated undertakings

Investment 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 recognized at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period. After application of the equity method, the Company determines whether it is necessary to recognize any permanent impairment loss with respect to the Company's net investment in the associate. Share of profit and loss of associate is accounted for in the Company's profit and loss account.



## Notes to and forming part of the Financial Statements

### 4.7.1.2 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield.

### 4.7.1.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity. It also includes investments in associated undertakings where the Company does not have significant influence.

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

Had these investments been measured at fair value as required by IAS 39 "Financial Instruments: Recognition and Measurement", the Company's net equity would have been lower by Rs. 600.562 million (2007: higher by Rs. 4,235.68 million).

### 4.7.1.4 Investment at fair value through profit or loss - held for trading

These financial assets are acquired principally for the purpose of generating profit from short term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short term profit taking.

Subsequent to initial recognition these are measured at fair value by reference to quoted market price with the resulting gain or loss being included in net profit or loss for the period in which it arises.

### 4.7.2 Derivative financial instruments

The Company entered into derivative financial instruments during the year, which includes future contracts in the stock and commodity market. Derivatives are initially recorded at cost and are remeasured to fair value at subsequent reporting dates. The fair value of a derivative is the equivalent of the unrealized gain or loss from revaluation of derivative using prevailing market rates. Derivatives are classified as held for trading and the net unrealized gain or loss are included in investment income.

### 4.8 Sale and repurchase agreements

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

## For the Year Ended December 31, 2008

### 4.9 Fixed assets

#### Tangible

These are stated at cost less accumulated depreciation and impairment loss.

Depreciation on all fixed assets is charged to profit and loss account on the straight line method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 19. Depreciation on additions to fixed assets is charged from the month in which an asset is acquired or capitalized, while no depreciation is charged for the month in which the asset is disposed off.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at 31 December 2008 did not require any adjustment as its impact is considered insignificant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### 4.10 Staff retirement benefits

#### 4.10.1 Defined contribution plan

The Company operates an approved contributory provident fund for all permanent employees. Equal monthly contributions are made by the Company and employees to the fund at the rate of 10 percent of basic salary.

#### 4.10.2 Defined benefit plan

All permanent employees of the Company participate in an approved funded defined gratuity plan. Monthly contributions are made to the fund on the basis of actuarial recommendation at the rate of 7.35 percent per annum of the basic salary. The latest actuarial valuation was carried out at 31 December 2008. The actual returns on plan assets during the year were Rs. 1.21 million. The actual return on plan asset represents the difference between the fair value of plan assets at the beginning and end of the year after adjustment for contributions made by the Company as reduced by benefits paid during the year.

Plan assets comprise of equity instruments and cash to the extent of 26% and 74% respectively. The Company is expected to contribute Rs. 1.7 million to the gratuity fund in the next financial year.

The Company's policy with regard to actuarial gains / losses is to follow minimum recommended approach under IAS 19 "Employee benefits".

#### 4.10.3 Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

Retirement benefits are payable to employees on completion of prescribed qualifying period of service under these schemes.

## Notes to and forming part of the Financial Statements

### 4.11 Premiums due but unpaid

These are recognized at cost, which is the fair value of the consideration given less provision for doubtful debts, if any.

### 4.12 Claims recoveries

Claims recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

### 4.13 Prepaid reinsurance expense

Premium for reinsurance contracts operative on a proportional basis is recorded as a liability on attachment of the underlying risks reinsured. The reinsurance for proportional reinsurance contracts, the reinsurance expense is recognized in accordance with the pattern of recognition of premium income to which they relate.

### 4.14 Financial instruments

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

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

### 4.15 Offsetting of financial assets and financial liabilities

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

### 4.16 Segment reporting

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

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

## For the Year Ended December 31, 2008

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

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

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

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

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

### 4.17 Revenue recognition

#### Premium income

Premium income under a policy is recognized over the period of insurance from the date of issue of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at a rate of 5% of the premium restricted to a maximum of Rs. 2,000 per policy.

During the year, Company has changed its accounting policy in relation to recognition of administrative surcharge. As per the new policy, administrative surcharge is deferred and charged to profit and loss account as revenue in accordance with the pattern of recognition of the insurance premium to which it relates. Previously the balance was charged to profit and loss account at the time the policies are accepted.

Had there been no change in accounting policy, net premium revenue of the Company for the year ended 31 December 2008 and equity as at 31 December 2008 would have been lower by Rs.1.786 million and higher by Rs. 7.109 million respectively.

#### Return on investments

- Income from held to maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.
- The difference between the redemption value and the purchase price of the held to maturity investments is amortized and taken to the profit and loss account over the term of the investment.
- Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.
- Gain / loss on sale of available for sale investments and investments at fair value through profit or loss - held for trading are recognized in profit and loss account.

## Notes to and forming part of the Financial Statements

### 4.18 Premium deficiency reserve

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

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

### 4.19 Impairment

The carrying amount of the assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If such indication exists, the recoverable amount of such assets is estimated and the impairment losses are recognized in the profit and loss account.

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense.

### 4.20 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

### 4.21 Expenses of management

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

### 4.22 Dividend

Dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are approved.

## For the Year Ended December 31, 2008

### 5. Issued, subscribed and paid up share capital

2008 (Number of Shares)	2007		2008 (Rupees in thousand)	2007
1,942,187	1,942,187	Ordinary shares of Rs. 10 each issued as fully paid in cash	19,422	19,422
57,926,775	29,987,943	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	579,267	299,879
<b>59,868,962</b>	<b>31,930,130</b>		<b>598,689</b>	<b>319,301</b>

### 5.1 Ordinary shares of the Company held by associated undertakings are as follows:

	2008 (Number of Shares)	2007
Packages Limited	6,354,412	3,389,020
Industrial Technical and Educational Institute Loads Limited	10,176,142	5,427,276
	516,750	275,600
	<b>17,047,304</b>	<b>9,091,896</b>

### 6. Reserves

#### Capital reserves

	2008 (Rupees in thousand)	2007
Reserve for exceptional losses	3,267	3,267
Reserve for contingencies	30,000	30,000
Premium on issue of shares	35,762	35,762
	<b>69,029</b>	<b>69,029</b>

#### Reserve for bonus shares

- Opening balance	-	-
- Transfer from profit and loss account	79,825	119,738
- Transfer from general reserves	199,563	-
- Transfer to ordinary share capital	(279,388)	(119,738)
- Closing balance	-	-

#### Revenue reserves

General reserve		
- Opening balance	8,034,711	754,711
- Transfer from profit and loss account	2,720,000	7,280,000
- Transfer to reserve for bonus shares	(199,563)	-
- Closing balance	<b>10,555,148</b>	<b>8,034,711</b>
	<b>10,624,177</b>	<b>8,103,740</b>



## Notes to and forming part of the Financial Statements

6.1 The reserve for exceptional losses amounting to Rs. 3.267 million (2007: Rs. 3.267 million) is a specific purpose reserve created to provide for possible losses on exceptional insurance claims and is, at present, not available for dividend distribution.

6.2 The reserve for contingencies is a specific purpose reserve to meet any eventualities which may arise due to any disputed income tax demand and is, at present, not available for dividend distribution.

	2008 (Rupees in thousand)	2007 (Rupees in thousand)
<b>7. Deferred taxation</b>		
The asset / (liability) for deferred taxation comprises timing differences relating to:		
Accelerated tax depreciation	(44,812)	(46,729)
Investment in associated companies	2,482	(14,977)
Provision for doubtful receivables	24,719	21,219
Unused tax losses	34,479	10,294
	<u>16,868</u>	<u>(30,193)</u>

### 8. Sundry creditors

Federal Excise Duty	6,769	4,011
Federal Insurance Fee	630	451
Car finance payable	2,239	1,952
Agent commission payable	28,802	26,645
Others	11,863	9,336
	<u>50,303</u>	<u>42,395</u>

8.1 This includes an amount of Rs. 6.692 million (2007: 6.374 million) representing advance rent received from IGI Investment Bank Limited.

### 9. Long term finance - secured

Loan	Lender	2008 (Rupees in thousand)	2007 (Rupees in thousand)	Rate of interest per annum	Number of instalments	Interest payable	Security
1.	MCB Bank Limited	200,000	200,000	3 months average KIBOR Ask rate + 0.85%	Lump sum payment in September 2009	Quarterly	The facility is secured against pledge of Company's investment in listed securities of 250,000 shares in Nestle Pakistan Limited having market value of Rs. 333.375 million.
2.	Standard Chartered Bank (Pakistan) Limited	120,000	200,000	3 months average KIBOR Ask rate + 0.75%	3 half yearly equal instalments ending May 2010	Quarterly	The facility is secured against pledge of Company's investment in listed securities of 300,000 shares in Nestle Pakistan Limited having a market value of Rs. 400.05 million.
		<u>320,000</u>	<u>400,000</u>				

## For the Year Ended December 31, 2008

		2008 (Rupees in thousand)	2007 (Rupees in thousand)
<b>10. Short term finance - secured</b>			
Running finance	10.1	847,527	681,202
Term finance	10.2	200,000	500,000
		<u>1,047,527</u>	<u>1,181,202</u>

10.1 Running finance available from a consortium of commercial banks under mark-up arrangements amounts to Rs. 2,200 million (2007: Rs. 1,500 million). The rates of mark-up range from 16.99% to 17.24% per annum. Running finances are secured against pledge of shares held by the company.

10.2 Term finance available from consortium of commercial banks under mark-up arrangements amounts to Rs. 500 million (2007: Rs. 500 million). The rate of mark-up being 17.95% per annum. Term finance is secured against pledge of shares held by the Company.

### 11. Contingencies and commitments

11.1 The income tax assessments of the Company have been finalized up to and including the tax year 2006. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- While finalizing the assessment for the year 1999-2000 the Taxation Officer has not allowed credit for tax paid under section 54 amounting to Rs.3 million for which rectification application is filed which is pending.
- While finalizing the assessments for the year 2000-2001, 2001-2002, 2002-2003 the CIT (A) has made certain disallowances of expenses amounting to Rs. 134.2 million. Appeals were filed with the Commissioner of Income tax (Appeals) for disallowances which were confirmed / set aside. Against the orders of CIT(A) the Company has filed the appeals with the Income Tax Appellate Tribunal which are pending.

The Company has also filed the applications in respect of certain mistakes made in the orders passed under section 124 of the Ordinance for 2001-2002 and 2002-2003. The applications filed are rejected by the T.O. against which appeals have been filed with the CIT(A) which are pending.

- An appeal was filed before the CIT(A) against the order passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001 for tax year 2003 which is decided against the Company. Against the order of the CIT(A) further appeal is filed with the ITAT which is pending.
- An appeal was filed before the CIT(A) against the order passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001 for tax year 2004 which is pending. The T.O. while passing the order has short allowed credit of tax amounting to Rs. 0.651 million. A refund of Rs. 0.651 million will be due to the Company once the credit of tax is allowed.
- The Additional Commissioner of income tax (AC) has issued notice under section 122(5A) of the Income Tax Ordinance, 2001 in respect of the tax year 2005 and 2006 whereby he has proposed to disallow claim of expenses and exemption in respect of gain on sale of shares and taxed income from associated companies. Against the above notice the Company has filed a constitutional petition before the honorable High Court. The honorable High Court while admitting the petition for regular hearing has granted stay in respect of proceedings.

## Notes to and forming part of the Financial Statements

11.2 Company is defending a suit filed against it and the beneficiary by the Federation of Pakistan amounting to Rs. 4.929 million. The Company issued two performance bonds in favour of the beneficiary for the performance of contract. The petition is pending for hearing before Civil Court judge.

	2008 (Rupees in thousand)	2007
<b>12. Cash and other equivalents</b>		
Cash in hand	–	5
Policy stamps in hand	53	402
	<u>53</u>	<u>407</u>

### 13. Current and other accounts

Current accounts	622	1,865
PLS savings accounts	13.1	3,287
	<u>57,233</u>	<u>5,152</u>
	<u>57,855</u>	<u>5,152</u>

13.1 The balances in PLS saving accounts carry mark-up ranging from 0.10% to 13.00% per annum (2007:0.10% to 10% per annum).

	2008 (Rupees in thousand)	2007
<b>14. Deposits maturing within 12 months</b>		
Statutory deposit with State Bank of Pakistan	352	352
Term deposits	14.1	200,000
	<u>200,000</u>	<u>200,352</u>
	<u>200,352</u>	<u>200,352</u>

14.1 Term deposits are placed with IGI Investment Bank Limited which carry mark-up at the rate of 20% per annum (2007: 11% per annum).

	2008 (Rupees in thousand)	2007
<b>15. Investments</b>		
The investments comprise of the following:		
Equity instruments of associated companies	15.1	470,225
Held to maturity	15.2	66,889
Available for sale	15.3	11,743,595
At fair value through profit or loss - held for trading		124,018
	<u>17,694</u>	<u>12,404,727</u>
	<u>11,709,948</u>	<u>12,404,727</u>

#### 15.1 Equity instruments of associated companies

##### Quoted

##### IGI Investment Bank Limited

89,095,494 (2007: 32,941,989) fully paid ordinary shares of Rs 10 each  
Equity held 42.01% (2007: 35.72%)  
Market value Rs. 3.15 per share

2008	771,070	326,720
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## For the Year Ended December 31, 2008

	2008 (Rupees in thousand)	2007
<b>Packages Limited</b>		
19,007,860 fully paid ordinary shares of Rs. 10 each Equity held 22.53% Market value Rs. 81.19 per share	3,207,473	–
<b>Unquoted</b>		
<b>Loads Limited</b>		
1,249,260 (2007: 1,249,260) fully paid ordinary shares of Rs. 10 each Equity held 20.82% (2007: 20.82%) Break-up value Rs. 115.11 per share	151,921	143,505
<b>Dane Foods Limited</b>		
2,643,161 (2007: 2,643,161) fully paid ordinary shares of Rs. 10 each Equity held 30.62% (2007: 30.62%) In liquidation, break-up value is Nil per share based on audited accounts for the year ended June 30, 2000		
Cost	26,432	26,432
Provision for diminution in value	(26,432)	(26,432)
	<u>–</u>	<u>–</u>
	<u>4,130,464</u>	<u>470,225</u>

15.1.1 Investment in unquoted associates do not include any goodwill as the investments were made when these associates were incorporated.

15.1.2 The summarized financial information of associated companies is as follows:

Name	Country of incorporation	Assets	Liabilities (Rupees in thousand)	Revenues	Profit/ (loss)
<b>2008</b>					
Loads Limited	Pakistan	1,189,743	499,064	946,514	40,416
IGI Investment Bank Limited	Pakistan	8,274,052	6,414,238	549,184	(234,637)
Packages Limited	Pakistan	35,094,846	18,762,061	12,224,779	(195,825)
		<u>44,558,641</u>	<u>25,675,363</u>	<u>13,720,477</u>	<u>(390,046)</u>
<b>2007</b>					
Loads Limited	Pakistan	1,112,208	449,945	1,060,460	152,946
IGI Investment Bank Limited	Pakistan	11,339,106	9,213,108	454,478	(30,208)
		<u>12,451,314</u>	<u>9,663,053</u>	<u>1,514,938</u>	<u>122,738</u>

15.1.3 The share of loss from Packages Limited and IGI Investment Bank Limited is based on unaudited results as at 31 December 2008. In case of Loads Limited, audited financial statements as at 30 June 2008 have been used.

## Notes to and forming part of the Financial Statements

			2008	2007
			(Rupees in thousand)	
15.2	Held to maturity			
	Government securities	15.2.1	59,063	3,000
	Term finance certificates	15.2.2	62,605	63,889
			<u>121,668</u>	<u>66,889</u>

### 15.2.1 Government securities

Particulars	Maturity year	Effective yield %	Profit payment	2008	2007
				(Rupees in thousand)	
Pakistan Investment Bond	2012	15.42%	Half yearly	59,063	–
WAPDA Bonds	Matured	–	–	–	3,000
				<u>59,063</u>	<u>3,000</u>

152.1.1 The Pakistan Investment Bond is placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of Clause (a) of sub-section 2 of section 29 of Insurance Ordinance, 2000.

152.1.2 Market value of Pakistan Investment Bond carried at amortized cost amounts to Rs. 58.685 million.

### 15.2.2 Term finance certificates

Name of investee company	Maturity year	Effective yield %	Profit payment	2008	2007
				(Rupees in thousand)	
Bank AL Habib Limited	2012	10%	Half yearly	2,496	2,497
Jahangir Siddiqui and Company Limited	Matured	–	–	–	205
Pakistan Mobile Communication Limited -I	Matured	–	–	–	1,200
Standard Chartered Bank (Pakistan) Limited	2010	10.57%	Half yearly	7,113	7,490
United Bank Limited	2012	8.45%	Half yearly	2,496	2,497
Engro Chemicals Pakistan Limited	Matured	–	–	–	50,000
Pakistan Mobile Communication Limited -II	2012	14.72%	Half yearly	50,500	–
				<u>62,605</u>	<u>63,889</u>

152.2.1 Market value of Term finance certificates carried at amortized cost amounts to Rs. 65.625 million.

### 15.3 Available for sale

			2008	2007
			(Rupees in thousand)	
15.3	Available for sale			
	<b>Related parties</b>	15.3.1		
	- Quoted		7,183,712	11,262,111
	- Unquoted		100,236	131,468
			<u>7,283,948</u>	<u>11,393,579</u>
	<b>Others</b>	15.3.2		
	- Quoted		120,002	322,996
	- Unquoted		36,172	27,020
			<u>156,174</u>	<u>350,016</u>
			<u>7,440,122</u>	<u>11,743,595</u>

## For the Year Ended December 31, 2008

### 15.3.1 Related Parties

#### Associated companies

Quoted		Percentage equity held %	Face value per share Rupees	Company's name	2008	2007
Number of Shares						
2008	2007				(Rupees in thousand)	
–	16,528,574	–	10	Packages Limited	–	3,252,672
4,319,897	4,311,897	9.53%	10	Nestle Pakistan Limited	6,316,156	6,305,400
–	290,432	–	50	Unilever Pakistan Limited	–	726,231
187,353	187,353	3.72%	10	Mitchell's Fruit Farms Limited	21,437	21,437
1,161,894	1,161,894	12.05%	10	Sanofi Aventis Pakistan Limited	280,654	280,654
544,206	544,206	13.01%	10	Treet Corporation Limited	150,035	150,035
157,447	143,134	3.25%	10	Zulfqar Industries Limited	19,561	19,561
947,500	785,800	2.62%	10	Tri-Pack Films Limited	202,789	176,856
70,220	69,220	0.90%	10	Siemens Pakistan Engineering Company Limited	125,781	124,122
36,432	36,432	0.15%	10	BOC Pakistan Limited	5,143	5,143
2,051,037	2,070,805	–	100	IGI Income Fund	201,036	200,000
Total investment					7,322,592	11,262,111
Provision for diminution in value					(138,880)	–
					<u>7,183,712</u>	<u>11,262,111</u>
Market value as at 31 December					6,587,052	15,271,575
<b>Unquoted</b>						
12,433,934	12,433,934	1.48%	10	Coca Cola Beverages Pakistan Limited		
Managing Director: Ahsan Rasheed						
Break-up value is Rs. 8.16 per share based on unaudited financial statements for the period ended 26 September 2008						
Cost					134,665	134,665
Provision for diminution in value					(34,429)	(34,429)
					<u>100,236</u>	<u>100,236</u>
–	1,549,999	–	10	Bayer Crop Science (Private) Limited		
Chief Executive: Syed Abdul Wahab Mehdi						
Break-up value is Rs. 19.26 per share based on audited financial statements for the year ended 31 December 2006						
Cost					–	31,232
					<u>100,236</u>	<u>131,468</u>
Break-up value as at 31 December					101,418	130,071



## Notes to and forming part of the Financial Statements

### 15.3.2 Others

Quoted		Percentage equity held %	Face value per share Rupees	Company's name		2008 (Rupees in thousand)	2007 (Rupees in thousand)
Number of Shares 2008	Number of Shares 2007						
788,127	809,934	0.42%	10	Engro Chemicals Pakistan Limited	15.5	243,765	197,096
28,108	29,187	0.05%	10	Shell Pakistan Limited		6,810	8,839
10,000	81,200	0.01%	10	United Bank Limited		1,082	14,526
-	200,000	-	10	Fauji Fertilizer Company Limited		-	22,655
-	825,000	-	10	Hub Power Company Limited		-	26,838
149,200	110,000	-	10	Oil and Gas Development Company Limited		17,339	13,130
60,000	25,000	0.01%	10	Pakistan State Oil Company Limited		28,273	10,840
382,176	169,800	0.22%	10	International Industries Limited	15.5	37,395	19,920
98,880	82,400	0.02%	10	Allied Bank Limited		9,152	9,152
				Total investment		343,816	322,996
				Provision for diminution in value		(223,814)	-
						120,002	322,996
				Market value as at 31 December		121,912	549,215
<b>Unquoted</b>							
44	44	4.87%	100	Kissan Fruit Growers (Private) Limited. Chief Executive: Syed M. Mohsin Break-up value is Rs. 559.23 per share based on audited financial statements for the year ended 30 September 2006		4	4
32	32	4.83%	100	Punjab Fruit Growers (Private) Limited. Chief Executive: Syed M. Mohsin Break-up value is Rs. 107.09 per share based on audited financial statements for the year ended 30 September 2006		3	3
1,705	1,705	4.87%	10	Haider Fruit Growers (Private) Limited. Chief Executive: Syed M. Mohsin Break-up value is Rs. 9.71 per share based on audited financial statements for the year ended 30 June 2006		1	-
				Cost		17	17
				Provision for diminution in value		(1)	(1)
						16	16
350	350	-	100	Petroleum Development Pakistan Limited	15.7	-	-
500	500	-	100	National Steel of Pakistan Limited	15.7	1	-
324,999	196,462	0.65%	10	CDC (Private) Limited. Chief Executive: Muhammad Hanif Break-up value is Rs. 46.62 per share based on audited financial statements for the year ended 30 June 2008		9,110	9,110
1,900,000	1,000,000	0.57%	10	DHA Cogen Limited. Chief Executive: Azam Mahmood Break-up value is Rs. 9.85 per share based on audited financial statements for the year ended 30 June 2008		19,125	10,125

## For the Year Ended December 31, 2008

Number of Shares 2008	Number of Shares 2007	Percentage equity held %	Face value per share Rupees	Company's name	2008 (Rupees in thousand)	2007 (Rupees in thousand)
531,207	324,324	2.46%	10	Systems (Private) Limited Chief Executive: Mr. Ashraf Kapadia Break-up value is Rs. 19.78 per share based on unaudited financial statements for the period ended 31 December 2007		
				Cost	10,150	10,000
				Provision for diminution in value	(6,499)	(6,499)
					3,651	3,501
				Break-up value as at 31 December	44,348	35,647

15.4 The equity securities have been valued at prices quoted on the Karachi Stock Exchange (Guarantee) Limited ("KSE") on 31 December 2008 without any adjustment as allowed by the SECP circular No. Enf/D-III/Misc./1/2008 dated 29 January 2009.

Further, the quoted market values, as at 31 December 2008, of certain equity securities classified as 'available for sale' were significantly below their cost. The fall in market values has been treated as 'other than temporary' and has been recognized as impairment in the profit and loss account.

15.5 3,060,000 shares of Nestle Pakistan Limited with a book value of Rs. 4,474.05 million, 500,000 shares of Engro Chemicals Pakistan Limited with a book value of Rs.154.65 million, 225,000 shares of International Industries Limited with book value of Rs. 22.016 million, 600,000 shares of Sanofi Aventis with a book value of Rs. 144.93 million, 750,000 shares of Tri-Pack Films Limited with book value of Rs. 160.52 million are pledged as security against long term and short term finance as referred to in note 9 and 10 respectively.

15.6 Investments with a carrying value of Rs. 0.896 million (2007: Rs. 0.896 million) are held jointly by the Company and its nominee.

15.7 These represent investments in Bangladesh.

	2008 (Rupees in thousand)	2007 (Rupees in thousand)
<b>16. Premiums due but unpaid</b>		
Unsecured		
- Considered good	169,916	128,082
- Considered doubtful	23,980	13,980
	193,896	142,062
Provision for doubtful receivables	(23,980)	(13,980)
	169,916	128,082
<b>16.1 Provision for doubtful receivables</b>		
Balance as at 1 January	13,980	8,104
Provision made during the year	10,000	5,876
Balance as at 31 December	23,980	13,980

## Notes to and forming part of the Financial Statements

		2008	2007
		(Rupees in thousand)	
<b>17.</b>	<b>Amounts due from other insurers / reinsurers</b>		
	Unsecured		
	- Considered good	189,374	301,171
	- Considered doubtful	46,646	46,646
		236,020	347,817
	Provision for doubtful receivables	(46,646)	(46,646)
		189,374	301,171
<b>17.1</b>	<b>Provision for doubtful receivables</b>		
	Balance as at 1 January	46,646	6,646
	Provision made during the year	-	40,000
	Balance as at 31 December	46,646	46,646
<b>18.</b>	<b>Sundry receivables</b>		
	Advances - considered good	47,224	5,698
	Security deposits	5,644	3,860
	Agent balances	231	84
	Receivable against reverse repo agreement	19,530	40,367
	Receivable from defined contribution plan	4	6
	Receivable from defined benefit plan	3,399	2,632
	Receivable under Continuous Funding System transaction	-	158,830
		76,032	211,477

18.1 Included in advances is an amount of Rs. 6.832 million (2007: Rs. 3.295 million) representing balance receivable from related parties. These are in the normal course of business and are interest free.

18.2 This represents amount receivable from EPCL Trust under reverse repo agreement against shares of Engro Polymer and Chemicals Limited having market value of Rs. 55.812 million and carries mark up at the rate of 19% per annum.

## For the Year Ended December 31, 2008

### 18.3 Defined benefit plan

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

- Discount rate: 15% (2007: 11%) per annum
- Expected rate of increase in the salaries of the employees: 15% (2007: 8.89%) per annum
- Expected interest rate on the plan assets of the fund: 15% (2007: 11%)
- Expected service length of employees: 14 years (2007: 14.6 years)

		2008	2007
		(Rupees in thousand)	
<b>18.3.1</b>	<b>(Asset) / liability in balance sheet</b>		
	Present value of defined benefit obligation	6,371	4,851
	Fair value of plan assets	(4,797)	(4,211)
	Net actuarial losses not recognized	(4,973)	(3,272)
		(3,399)	(2,632)
	<b>Movement in (asset) / liability during the year</b>		
	Opening balance	(2,632)	(1,753)
	Charge to profit and loss account	1,462	962
	Contribution to the fund during the year	(2,229)	(1,841)
	Closing balance	(3,399)	(2,632)
<b>18.3.2</b>	<b>Reconciliation of the present value of defined benefit obligations:</b>		
	Present value of obligation as at 1 January	4,851	3,666
	Current service cost	1,206	880
	Interest cost	534	393
	Benefits paid	(437)	(195)
	Actuarial gain	217	107
	Present value of obligation as at 31 December	6,371	4,851
<b>18.3.3</b>	<b>The changes in fair value of plan assets is as follows:</b>		
	Fair value of plan assets as at 1 January	4,211	3,253
	Expected return on plan assets	464	446
	Contributions to the fund	2,229	1,841
	Benefits paid	(437)	(195)
	Actuarial loss	(1,670)	(1,134)
	Fair value as at 31 December	4,797	4,211

## Notes to and forming part of the Financial Statements

	2008	2007
	(Rupees in thousand)	
<b>18.3.4 Charge for the defined benefit plan</b>		
Current service cost	1,206	880
Interest cost	534	393
Expected return on investments	(464)	(446)
Recognition of actuarial loss	186	135
Expense for the year	<u>1,462</u>	<u>962</u>
<b>18.3.5 Actual return on plan assets</b>		
Expected return on assets	464	446
Actuarial loss on assets	(1,670)	(1,134)
	<u>(1,206)</u>	<u>(688)</u>
<b>18.3.6 Composition of fair value of plan assets</b>		
Fixed interest bonds	-	1,600
Equity investment	1,268	2,822
Cash	3,529	(211)
Fair value of plan assets	<u>4,797</u>	<u>4,211</u>

### 18.3.7 Historical data of the fund

	2008	2007	2006	2005	2004
	(Rupees in thousand)				
Present value of defined benefit obligation	6,371	4,851	3,666	3,279	3,932
Fair value of plan assets	4,797	4,211	3,253	2,566	3,022
Deficit	<u>1,574</u>	<u>640</u>	<u>413</u>	<u>713</u>	<u>910</u>
<b>Experience adjustment</b>					
- Experience adjustment on obligation	-21%	2%	13%	16%	5%
- Experience adjustment on assets	-35%	6%	11%	12%	-2%

## For the Year Ended December 31, 2008

### 19. Fixed assets Tangible

	Furniture, fixtures and office equipment				Building	Motor Vehicles	Total
	Furniture and fixtures	Office equipment	Computer equipment	Sub total			
(Rupees in thousand)							
<b>As at 1 January 2007</b>							
Cost	5,752	6,942	17,732	30,426	-	37,103	67,529
Accumulated depreciation	(2,299)	(3,988)	(13,040)	(19,327)	-	(9,201)	(28,528)
Net book value as at 1 January 2007	<u>3,453</u>	<u>2,954</u>	<u>4,692</u>	<u>11,099</u>	<u>-</u>	<u>27,902</u>	<u>39,001</u>
<b>For the year ended 31 December 2007</b>							
Opening net book value	3,453	2,954	4,692	11,099	-	27,902	39,001
Additions	16,948	13,402	4,056	34,406	239,826	29,798	304,030
Disposals							
- Cost	(204)	(257)	(1,708)	(2,169)	-	(11,727)	(13,896)
- Accumulated depreciation	125	211	1,562	1,898	-	3,415	5,313
Depreciation charge	(79)	(46)	(146)	(271)	-	(8,312)	(8,583)
	(1,846)	(2,679)	(3,057)	(7,582)	(9,997)	(7,586)	(25,165)
Net book value as at 31 December 2007	<u>18,476</u>	<u>13,631</u>	<u>5,545</u>	<u>37,652</u>	<u>229,829</u>	<u>41,802</u>	<u>309,283</u>
<b>As at 1 January 2008</b>							
Cost	22,496	20,087	20,080	62,663	239,826	55,174	357,663
Accumulated depreciation	(4,020)	(6,456)	(14,535)	(25,011)	(9,997)	(13,372)	(48,380)
Net book value as at 1 January 2008	<u>18,476</u>	<u>13,631</u>	<u>5,545</u>	<u>37,652</u>	<u>229,829</u>	<u>41,802</u>	<u>309,283</u>
<b>For the year ended 31 December 2008</b>							
Opening net book value	18,476	13,631	5,545	37,652	229,829	41,802	309,283
Additions	1,846	3,569	3,751	9,166	-	23,509	32,675
Disposals							
- Cost	(2,494)	(1,747)	(267)	(4,508)	-	(11,191)	(15,699)
- Accumulated depreciation	1,778	1,560	267	3,605	-	4,542	8,147
Depreciation charge	(716)	(187)	-	(903)	-	(6,649)	(7,552)
	(2,056)	(3,042)	(3,933)	(9,031)	(11,991)	(10,853)	(31,875)
Net book value as at 31 December 2008	<u>17,550</u>	<u>13,971</u>	<u>5,363</u>	<u>36,884</u>	<u>217,838</u>	<u>47,809</u>	<u>302,531</u>
<b>As at 31 December 2008</b>							
Cost	21,848	21,908	23,564	67,320	239,826	67,492	374,638
Accumulated depreciation	(4,298)	(7,937)	(18,201)	(30,436)	(21,988)	(19,683)	(72,107)
Net book value as at 31 December 2008	<u>17,550</u>	<u>13,971</u>	<u>5,363</u>	<u>36,884</u>	<u>217,838</u>	<u>47,809</u>	<u>302,531</u>
Annual rate of depreciation	10%	10-20%	33.33%		5%	20%	

## Notes to and forming part of the Financial Statements

### 19.1 Disposal of operating fixed assets

Particulars of the assets	Sold to	Cost	(Rupees in thousand)			Mode of Disposal
			Accumulated depreciation	Book value	Sale proceeds	
<b>Vehicles</b>						
<b>Employees</b>						
Honda CD-70 LEL-2791	Zahid Nawaz	56	14	42	48	Company Policy
Rooma Van LZR-7284	Zia Mohy ud Din	462	239	223	310	Company Policy
Suzuki Mehran LRZ-9347	Muhammad Tariq Chaudhry	374	306	68	182	Company Policy
Suzuki Cultus STM-1500	Syed Owais Hassan	473	126	347	373	Company Policy
Suzuki Cultus STP-9032	Muhammad Naeem Ahsan	460	77	383	460	Company Policy
Suzuki Mehran STS-2100	Zulfiqar Ali	350	192	158	202	Company Policy
Suzuki Mehran AKQ-664	Sumbal Faraz	400	160	240	289	Company Policy
Toyota Corrola Vitz ANR-040	Janhangir Anwar	657	109	548	475	Company Policy
Suzuki Cultus AEJ-389	Haider Raza	448	373	75	220	Company Policy
Suzuki Baleno ADQ-761	Ejaz Ahmed Siddiqui	440	139	301	325	Company Policy
Suzuki Alto ALN-310	Faisal Khan	470	141	329	343	Company Policy
Honda CG-125 LEV-2288	Zia Ullah	76	4	72	76	Company Policy
Suzuki Alto APT-975	Muhammad Saqib Anwar	436	65	371	376	Company Policy
Suzuki Alto LWO-549	Naveed Akbar	532	239	293	409	Company Policy
<b>Outsiders</b>						
Suzuki Mehran ANC-460	Syed Afzal Iqbal	400	80	320	341	Negotiation
Suzuki Cultus LZY-1883	Adnan Ahmed	630	273	357	415	Negotiation
Suzuki Cultus ALG-701	Adnan Bhatti	630	220	410	427	Negotiation
Suzuki Mehran LED-2825	Ch. Shafqat Badar	371	80	291	323	Negotiation
Honda City LZT-177	Adnan Ahmed	933	529	404	541	Negotiation
Suzuki Alto ANL-716	Saleem Aziz	450	90	360	352	Negotiation
Honda Civic VTI Oriel AHR-118	IGI Investment Bank Limited	1,458	899	559	900	Negotiation
Suzuki Cultus AMF-815	Adnan Hassan	631	182	449	539	Negotiation
Honda CD-70 FDM-2896	Lost by theft	54	6	48	49	Insurance Claim
Other assets with book value less than Rs. 50,000		4,508	3,604	904	605	
		<u>15,699</u>	<u>8,147</u>	<u>7,552</u>	<u>8,580</u>	

### 20. Management expenses

	2008	2007
	(Rupees in thousand)	
Salaries, wages and benefits	102,072	83,486
Rent, rates and taxes	17,875	12,006
Electricity, gas etc	4,300	3,689
Repairs and maintenance	2,831	2,365
Conveyance	167	266
Education and training	993	881
Computer	2,813	5,511
Communication	8,020	6,400
Service charges	5,376	4,323
Registration, subscription and association	-	12
Provision for doubtful debts	10,000	45,876
Inspection fee	398	271
Security expenses	10,045	5,991
	<u>164,890</u>	<u>171,077</u>

## For the Year Ended December 31, 2008

	2008	2007
	(Rupees in thousand)	
<b>21. Other income</b>		
<b>Income from financial assets</b>		
Finance income from Continuous Funding System and reverse repo transactions	18,746	14,236
<b>Income from non-financial assets</b>		
Gain on disposal of fixed assets	1,028	1,376
Miscellaneous	1,215	3,765
	<u>2,243</u>	<u>5,141</u>
	<u>20,989</u>	<u>19,377</u>
<b>22. Financial charges</b>		
Mark up on:		
- Long term finance	43,579	61,008
- Short term finance	170,524	71,517
Bank charges	1,264	968
	<u>215,367</u>	<u>133,493</u>
<b>23. General and administrative expenses</b>		
Office renovation	6,746	6,205
General office premium	7,997	3,620
Motor car expenses	8,639	5,979
Tour and travelling	8,552	9,125
Club expenses	141	59
Representation expenses	586	664
Books and periodicals	338	356
Stationery and printing	3,719	4,367
Depreciation	19	31,875
Donations	23.1	424
Office cleaning and maintenance		717
Auditors' remuneration	23.2	941
Advertisement expenses		24,062
Legal and professional		11,040
Sundry expenses		883
		<u>106,660</u>
		<u>113,931</u>
23.1 Donation amounting to Rs. 79,973 was made to Ali Institute in which a director had interest during the year.		
23.2 Auditors' remuneration		
Audit fee	350	350
Fee for interim review	150	125
Audit fee for regulatory return	250	150
Certification fee	25	10
Out of pocket expenses	166	52
	<u>941</u>	<u>687</u>



## Notes to and forming part of the Financial Statements

	2008 (Rupees in thousand)	2007
<b>24. Taxation</b>		
For the year		
- Current	20,000	15,000
- Deferred	(47,061)	43,682
	<u>(27,061)</u>	<u>58,682</u>
Prior year	-	(4,744)
	<u>(27,061)</u>	<u>53,938</u>
	<b>2008</b>	<b>2007</b>
	<b>%age</b>	<b>%age</b>
<b>24.1 Tax Charge Reconciliation</b>		
Reconciliation between the average effective tax rate and the applicable tax rate is as follows;		
Applicable tax rate	35.00	35.00
Tax effect of the amounts that are:		
Exempt income	(32.72)	(31.54)
Chargeable to tax at different rates	4.41	(1.74)
Prior year adjustment	-	(0.04)
Others	0.01	0.14
	<u>(28.30)</u>	<u>(33.18)</u>
Effective tax rate	<u>6.70</u>	<u>1.82</u>

### 25. Remuneration of Chief Executive, Directors and Executives

25.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, Directors and Executives of the Company is as follows:

	(Rupees in thousand)					
	Chief Executive		Directors		Executives	
	2008	2007	2008	2007	2008	2007
Managerial remuneration	3,946	4,029	1,423	1,200	9,200	5,072
Retirement benefits (including provident fund)	685	587	-	-	1,475	673
Housing and utilities	2,248	1,887	405	338	5,380	3,755
Medical expenses	468	293	-	-	524	195
Conveyance allowance	121	85	-	-	1,646	707
Others	151	369	-	-	1,137	583
	<u>7,619</u>	<u>7,250</u>	<u>1,828</u>	<u>1,538</u>	<u>19,362</u>	<u>10,985</u>
<b>Number of persons</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>13</b>	<b>6</b>

Chief Executive and executives of the Company are provided with Company maintained cars and residential telephones.

## For the Year Ended December 31, 2008

### 26. Transactions with related parties

Related parties comprise associated undertakings, other related companies, Directors of the Company and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of directors is disclosed in note 25. Amounts due to / from and other significant transactions with related parties are as follows:

Relationship with the company	Nature of transactions	2008	2007	
		(Rupees in thousand)		
i) Associated undertakings	Insurance premium	105,530	32,600	
	Insurance commission	5,883	410	
	Claims paid	101,764	16,133	
	Dividend received	-	2,499	
	Dividend paid	4,947	1,275	
	Underwriting commission	1,198	1,037	
	Fee paid for issuance of commercial paper	500	-	
	Rental income	15,215	9,971	
	<b>Balances</b>			
	Premium receivable	26,752	10,832	
Commission payable	1,257	1,689		
ii) Other related parties	Insurance premium	279,705	264,809	
	Insurance commission	10,390	13,613	
	Claims paid	39,256	83,613	
	Dividend received	149,371	131,621	
	Dividend paid	318	16,852	
	Redemption of units	104,410	-	
	Investment in units	100,000	200,000	
	<b>Balances</b>			
	Premium receivable	50,226	32,821	
	Commission payable	10,443	8,028	
iii) Post employment benefit plans	Expense charged in respect of retirement benefit plans	4,573	3,005	

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

## Notes to and forming part of the Financial Statements

### 27. Segment Reporting

The Company has four primary business segments for reporting purposes namely fire and property damage, marine, aviation and transport, motor and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross premium earned by the segments.

	Fire and property damage		Marine, Aviation and Transport		Motor and Miscellaneous		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	(Rupees in thousand)							
<b>Other information</b>								
Segment assets	468,003	562,147	176,176	215,265	521,424	617,426	1,165,603	1,394,838
Unallocated corporate assets							12,035,036	12,704,717
Consolidated total assets							13,200,639	14,099,555
Segment liabilities	371,707	381,519	112,390	137,057	439,152	642,482	923,249	1,161,058
Unallocated corporate liabilities							1,430,871	1,667,041
Consolidated total liabilities							2,354,120	2,828,099
Capital expenditure	9,192	85,170	5,286	48,980	18,197	169,880	32,675	304,030
Depreciation charge	8,967	7,050	5,157	4,054	17,751	14,061	31,875	25,165

### 28. (Loss) / Earnings per share

#### 28.1 Basic (loss) / earnings per share

	2008	2007
	(Rupees in thousand)	
(Loss) / profit for the year	<u>(377,042)</u>	<u>2,929,578</u>
	Number of shares	
Weighted average number of ordinary shares	<u>59,868,962</u>	<u>59,868,962</u>
	(Rupees)	
(Loss) / earnings per share	<u>(6.30)</u>	<u>48.93</u>

#### 28.2 Weighted average number of ordinary shares

Number of shares outstanding as at 1 January 2008	<u>31,930,130</u>
Bonus shares issued during the year	<u>27,938,832</u>
Weighted average number of ordinary shares as at 31 December 2008	<u>59,868,962</u>

#### 28.3 Diluted earnings per share

Diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at 31 December 2008 and 31 December 2007 which would have any effect on the earnings per share if the option to convert is exercised

## For the Year Ended December 31, 2008

### 29. Financial assets and liabilities

The Company's activities expose it to a variety of financial risks, including the effects of changes in market interest rates such as KIBOR, liquidity risk, credit risk and reinsurance risk associated with various financial assets and liabilities respectively.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining a reasonable mix between various sources of finance to minimize risk.

Taken as a whole, risk arising from the Company's financial instruments is limited as there is no significant exposure to market risk in respect of such instruments.

#### (a) Yield / mark-up rate risk

Yield / mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and liabilities that matures:

	Effective yield / mark-up rate %	Interest / mark-up bearing		Non interest / mark-up bearing			Total		Credit risk		
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	2008	2007	2008	2007
		(Rupees in thousand)									
<b>Financial assets</b>											
Cash and bank deposits	0.10 - 20	257,233	-	257,233	1,027	-	1,027	258,260	205,911	257,855	205,152
Investments	8.45 - 14.72	-	121,668	121,668	7,457,816	4,130,464	11,588,280	11,709,948	12,404,727	11,650,885	12,401,727
Premiums due but unpaid		-	-	-	169,916	-	169,916	169,916	128,082	169,916	128,082
Amounts due from other											
insurers/reinsurers		-	-	-	189,374	-	189,374	189,374	301,171	189,374	301,171
Accrued investment income		-	-	-	5,381	-	5,381	5,381	10,353	5,381	10,353
Reinsurance recoveries											
against outstanding claims		-	-	-	196,584	-	196,584	196,584	240,481	196,584	240,481
Sundry receivables		19,530	-	19,530	56,502	-	56,502	76,032	211,477	76,032	211,477
		<u>276,763</u>	<u>121,668</u>	<u>398,431</u>	<u>8,076,599</u>	<u>4,130,464</u>	<u>12,207,063</u>	<u>12,605,495</u>	<u>13,502,202</u>	<u>12,546,027</u>	<u>13,498,443</u>
2008											
2007		<u>408,108</u>	<u>63,889</u>	<u>471,997</u>	<u>12,559,980</u>	<u>470,225</u>	<u>13,030,205</u>				
<b>Financial liabilities</b>											
Provision for outstanding claims		-	-	-	366,620	-	366,620	366,620	476,716		
Amounts due to other											
insurers/reinsurers		-	-	-	75,730	-	75,730	75,730	197,188		
Accrued expenses		-	-	-	56,103	-	56,103	56,103	44,848		
Dividend		-	-	-	1,964	-	1,964	1,964	1,903		
Long term finance		280,000	40,000	320,000	-	-	-	320,000	400,000		
Short term finance		1,047,527	-	1,047,527	-	-	-	1,047,527	1,181,202		
Sundry Creditors		-	-	-	42,904	-	42,904	42,904	37,933		
		<u>1,327,527</u>	<u>40,000</u>	<u>1,367,527</u>	<u>543,321</u>	<u>-</u>	<u>543,321</u>	<u>1,910,848</u>	<u>2,339,790</u>		
2008											
2007		<u>1,261,202</u>	<u>320,000</u>	<u>1,581,202</u>	<u>758,588</u>	<u>-</u>	<u>758,588</u>				
On-balance sheet sensitivity gap		<u>(1,050,764)</u>	<u>81,668</u>	<u>(969,096)</u>	<u>7,533,278</u>	<u>4,130,464</u>	<u>11,663,742</u>	<u>10,694,647</u>			
Total yield / mark-up rate risk											
sensitivity gap		<u>(1,050,764)</u>	<u>81,668</u>	<u>(969,096)</u>				<u>(969,096)</u>			
Cumulative yield / mark-up rate risk											
risk sensitivity gap		<u>(1,050,764)</u>	<u>(969,096)</u>								

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

## Notes to and forming part of the Financial Statements

### b) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company follows an effective cash management and planning policy to ensure availability of funds. The Company also aims at maintaining flexibility in funding by keeping committed credit lines available.

### c) Credit risk and concentration of credit risk

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

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

### d) Reinsurance risk

Reinsurance ceded do not relief the Company from its obligation to 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 agreement.

In common with other insurance companies, in order to minimize the financial exposure arising from large claims, the Company in the normal course of business, enters into agreement with other parties for reinsurance purposes.

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

### 30. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as the going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent the long term loan obtained by the Company as referred to in note 9. Total capital employed includes equity as shown in the balance sheet, plus borrowings.

## For the Year Ended December 31, 2008

The Company's strategy, which was unchanged from last year, was to maintain the gearing ratio of 20% debt and 80% equity. The gearing ratio as at year ended 31 December 2008 and 31 December 2007 are as follows:

		December 31, 2008	December 31, 2007
Borrowings	<b>Rupees in thousand</b>	<b>320,000</b>	400,000
Total capital employed	<b>Rupees in thousand</b>	<b>11,166,519</b>	11,671,456
Gearing ratio	<b>Percentage</b>	<b>2.87</b>	3.43

### 31. Fair Value of Financial Instruments

The carrying value of all the financial instruments reported in the financial statements approximate their fair value except for investments available for sale included in note 15.3.

### 32. Events after the Balance Sheet date

The Board of Directors have proposed a final dividend for the year ended 31 December 2008 of Rs. 1.50 (2007: Rs. 1.5 per share), amounting to Rs. 89.803 million (2007: Rs. 47.895 million) at their meeting held on 13 February, 2009 for the approval of the members at the annual general meeting to be held on 31 March, 2009.

### 33. Date of Authorization for Issue

These financial statements have been authorized for issue on 13 February 2009 by the Board of Directors of the Company.

### 34. Reclassification

Balance sheet	From	To	(Rupees in thousand)
Investment	Available for sale - other	Available for sale - related party	201,492
Sundry receivable	Receivable from Continuous Funding System transaction	Receivable against reverse repo agreement	40,367
Sundry creditors	Accrued expenses	Sundry creditors	7,967
<b>Profit and loss account</b>			
Other income	General and Administration expenses	Other income	36
Rental income	Other income	Rental income	9,971

Syed Babar Ali  
Chairman

Shamim Ahmad Khan  
Director

Syed Hyder Ali  
Director

Saulat Said  
Principal Officer and Chief Executive

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 55th Annual General Meeting of IGI Insurance Limited (the “Company”) will be held on Tuesday, March 31, 2009, at 03:00 p.m. at the registered office of the Company located at 7th Floor, The Forum, Suit Nos. 701-713, G-20, Block 9, Khyaban-e-Jami, Clifton, Karachi, to transact the following business:

### ORDINARY BUSINESS

1. To confirm the minutes of Annual General Meeting of the Company held on March 31, 2008.
2. To receive, consider and adopt the Audited Financial Statements of the Company together with the Directors' and Auditors' report thereon for the year ended December 31, 2008.
3. To consider and approve the payment of cash dividend @ fifteen percent (15%), that is, Rupees 1.50 per ordinary share of Rupees ten (10) each for the year ended December 31, 2008, as recommended by the Board of Directors (the “Board”) of the Company.
4. To appoint auditors for the ensuing year and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass a resolution as an ordinary resolution to approve the interim Bonus Shares as declared by the Board in their meeting held on August 22, 2008 in the ratio of fifty percent (50%), that is, one share for every two shares held.
6. To consider, and if thought fit, to approve the remuneration payable to the Chief Executive Officer.
7. To consider and approve increase in the authorized share capital of the Company from Rs.1,000,000,000 to Rs 2,000,000,000 as recommended by the Board in their meeting held on August 22, 2008 and to pass the following resolution as special resolution:

“**RESOLVED** that the authorized capital of the Company be increased from Rs.1,000,000,000/- (Rupees One Billion Only) to Rs. 2,000,000,000/- (Rupees Two Billion Only) divided into 200,000,000/- (Two Hundred Million) ordinary shares of 10/- each.

**FURTHER RESOLVED** that in the sub clause V of Memorandum and clause 4 of the Articles of Association, the words and figures appearing as Rs. 1,000,000,000/- (Rupees One Billion Only) divided into 100,000,000 (One Hundred Million) ordinary shares of Rs. 10/- each be and hereby substituted by the words and figures Rs. 2,000,000,000/- (Rupees Two Billion Only) divided into 200,000,000/- (Two Hundred Million) ordinary shares of Rs. 10/- each.

## Notice of Annual General Meeting

**FURTHER RESOLVED** that the Chief Executive Officer or the Company Secretary be and is hereby authorized to undertake all matters and to do all such acts as are necessary for the purpose of increase in authorized share capital.”

### ANY OTHER BUSINESS

8. To consider any other business with the permission of the Chairman.

By Order of the Board

Haider Raza  
**Company Secretary**  
 Karachi: February 16, 2009

### Notes:

1. The Share Transfer Books of the Company will be closed from March 21, 2009, to March 31, 2009, both days inclusive.
2. A member entitled to attend and vote at the meeting is entitled to appoint another person as a proxy to attend and vote instead of him. The proxy forms duly completed and signed by the member appointing a proxy must be deposited with the Company's Share Registrar, Famco Associates (Private) Limited (Formerly Ferguson Associates (Private) Limited), 4th Floor, State Life Building 2-A, I. I. Chundrigar Road, Karachi-74000, not later than forty eight (48) hours before the time appointed for the Meeting.
3. Any individual Beneficial Owner of Central Depository Company, entitled to vote at this Meeting must bring his/her National Identity Card (“NIC”) with him/her to provide his/her identity and in case of proxy must enclose an attested copy of his/her NIC. The representatives of corporate bodies should bring attested copy of Board of Directors Resolution / Power of Attorney and/or all such documents as are required under Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan for this purpose.
4. Change of address, if any, should be notified immediately to the Company's Share Registrar aforesaid.
5. Members are requested to provide their e-mail addresses to enable the Company to send notices, financial statements etc. via e-mail.
6. Members who have not yet submitted photocopy of their Computerized National Identity Cards to the Company are requested to send the same at the earliest.



## Notice of Annual General Meeting

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

#### Item No. 5 of the Notice

The Board at their meeting on August 22, 2008 considered and resolved unanimously to approve and place before the shareholders for approval by ordinary resolution to pass, with or without modification, the following ordinary resolutions:

- a) "RESOLVED that a sum of Rs. 199,563,310 out of the Free Reserves of the Company be capitalized and applied to the issue of 19,956,331 ordinary shares of Rs 10 each and allotted as fully paid up bonus shares to the members of the Company who were registered in the books of the Company on September 22, 2008, in the proportion of 50 such new shares for every 100 existing ordinary shares held and that such new shares rank pari passu with the existing ordinary shares of the Company."
- b) "RESOLVED that the sale proceeds of members' entitlement to fractions of shares shall be paid to a charitable institution approved under section 61(1) of the Income Tax Ordinance, 2001 for which purpose the fractional shares shall be consolidated into whole shares and issued to the Company Secretary upon trust to sell these shares on the Stock Exchange, through a member of the Exchange, and pay the net proceeds of sale when realized to the prescribed institution."
- c) "RESOLVED that for the purpose of giving effect to the foregoing, the Directors be and are hereby authorized to give such directions as may be necessary and as they deem fit to settle any questions or difficulties that may arise in the distribution of the said new shares or in the payment of the sale proceeds of the fractional shares."

None of the Directors of the Company are interested in this Special Business and/or ordinary resolution except to the extent of the bonus shares which they were entitled to receive on their shareholding in the Company.

#### Item No. 6 of the Notice

In terms of Finance Division - Government of Pakistan Notification SRO 572-(I)/82 dated June 16, 1982, the shareholders' approval will be sought for payment of remuneration and the provision of certain facilities to the Chief Executive Officer in accordance with his terms and conditions of service with the Company. For this purpose, the following Ordinary Resolution is proposed to be moved at the meeting:

"RESOLVED that consent be and is hereby given for the payment of the sums not exceeding Rs. 15 million per year effective March 01, 2009 as remuneration to Mr. Jalees Ahmed Siddiqi, Chief Executive Officer, and for the provision to him of transport, medical, bonus and leave fare facilities and other benefits incidental or relating to his office in accordance with Company's rules from time to time in force."

Mr. Jalees Ahmed Siddiqi is interested in this business to the extent of his respective remuneration.

#### Item No. 7 of the Notice

The present authorized share capital of the Company is Rs. 1,000,000,000 and the issued, subscribed and paid up capital is Rs. 598,689,620. To facilitate further issue of shares as and when deemed necessary, the directors have recommended to increase the authorized share capital to Rs. 2,000,000,000.

## Notice of Annual General Meeting

### Status of approvals for investments in associated companies

As required under the SRO No. 865(I)/2000 dated December 06, 2000, the position of various investments in associated companies against approvals held by the Company is as under:

1. Packages Limited - Against approval of Rs. 187.91 million, the Company has made no investment. The investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
2. Nestle Pakistan Limited - Against approval of Rs. 205.56 million, the Company has invested Rs. 15.7 million. Since the market price of the scrip remained volatile during the period, the Company has delayed further investment till the market price is attractive to buy. There was no major change in financial position of the investee company.
3. Siemens (Pakistan) Engineering Company Limited - Against approval of Rs. 198.3 million, the Company has invested Rs. 1.659 million. Further investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
4. Sanofi-Aventis Pakistan Limited - Against approval of Rs. 200 million, the Company has made no investments. The investment will be made on availability of shares at reasonable prices. There was no major change in financial position of the investee company.
5. Tri-Pack Films Limited - Against approval of Rs. 37.94 million, the Company has invested Rs. 25.93 million. Further investment will be made on availability of the shares at reasonable prices. There was no major change in financial position of the investee company.
6. Coca-Cola Beverages Pakistan Limited (CCBPL) - Against approval of Rs. 70 million, the Company has made no investment. The Company will make the investment at an appropriate time. There was no major change in financial position of the investee company.
7. IGI Investment Bank Limited - Against approval of Rs. 786.19 million, the Company has invested Rs. 561.54 million. The company has declared loss after tax of Rs. 288 million, translating into Rs. (1.36) per share in its consolidated financial results for the half year ended December 31, 2008. The break-up value of the company is Rs. 8.73 as at December 31, 2008. Your Company will make further investment at an appropriate time.

## Form of Proxy

The Company Secretary,  
IGI Insurance Limited,  
7th Floor, The Forum,  
Suite Nos. 701-713, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan

I/We \_\_\_\_\_  
(name)  
of \_\_\_\_\_ being member(s)  
of **IGI Insurance Limited**, and holder of \_\_\_\_\_ Ordinary Shares as per Share  
(number of shares)  
Registered **Folio No.** \_\_\_\_\_ and/or **CDC Participant I.D. No.** \_\_\_\_\_ and **Sub Account No.** \_\_\_\_\_  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
(name)  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
(name)

as my/our proxy in my/our absence to attend and vote for me/us on my/our behalf at the fifty fifth Annual General Meeting of the Company to be held on Tuesday, March 31, 2009 at 3:00 P.M. at the registered office of the Company at 7th Floor, The Forum, Suite Nos. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi-75600 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

- Witness:**  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
  
NIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_
- Witness:**  
Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
  
NIC or \_\_\_\_\_  
Passport No. \_\_\_\_\_

Signature: 

Please affix Rupees Five Revenue Stamp
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(Signature should agree with the specimen signature registered with the Company)

**Notes:** Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this proxy form before submission to the Company. The shareholders having shares deposited with the Central Depository Company (CDC) are requested to bring their Original National Identity Cards and CDC account number for verification.

