askari
general insurance co. ltd.

BRINGING INNOVATION

2013 ANNUAL REPORT

14% Increase in Gross Premium

From Rs. 1.4 Billion in 2012 to Rs. 1.6 Billion in 2013

Financial Highlights

+25%

Underwriting Profit

2013: Rs. 207 Million (2012: Rs. 166 Million)

+60%

Profit After Tax

2013: Rs. 119 Million (2012: Rs. 74 Million)

+61%

Earnings Per Share

2013: Rs. 3.07 (2012: Rs. 1.91)

+43%

Investment

2013: Rs. 864 Million (2012: Rs. 605 Million)

+23%

Equity

2013: Rs. 618 Million (2012: Rs. 503 Million)

Now

Rated 'A+'

by both

JCR-VIS &

PACRA

The Inside

Corporate Information

Chairman
Lt Gen Tahir Mahmood (Retd)

President & Chief Executive Officer
Mr. Abdul Waheed

Board of Directors
Maj Gen Mukhtar Ahmed (Retd)
Brig Irfan Azam (Retd)
Brig M. Ibrahim Khan (Retd)
Mr. Farrukh Iqbal Khan
Mr. M.A. Ghazali Marghoob
Mr. Abdul Hai Mahmood Bhaimia
Khawaja M. Iqbal

Company Secretary
Mr. Suleman Khalid

Chief Financial Officer
Mr. Jamil Ahmed

Head of Internal Audit
Mr. Rizwan Saeed

Executive Committee
Maj Gen Mukhtar Ahmed (Retd)
Chairman
Brig M. Ibrahim Khan (Retd)
Member
Mr. M.A. Ghazali Marghoob
Member

Audit Committee
Brig M. Ibrahim Khan (Retd)
Chairman
Brig Irfan Azam (Retd)
Member
Mr. Farrukh Iqbal Khan
Member

Human Resource and Remuneration (HR&R) Committee
Brig Irfan Azam (Retd)
Chairman
Mr. Farrukh Iqbal Khan
Member
Mr. Abdul Waheed
Member

Underwriting Committee
Brig M. Ibrahim Khan (Retd)
Chairman
Mr. Abdul Waheed
Member
Mrs. Samina Khan
Member

Claim Settlement Committee
Mr. M.A. Ghazali Marghoob
Chairman
Mr. Abdul Waheed
Member
Dr. Abbas Zaidi
Member

Reinsurance & Co-Insurance Committee
Maj Gen Mukhtar Ahmed (Retd)
Chairman
Mr. Abdul Waheed
Member
Mr. Sohail Khalid
Member

External Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Legal Advisors
Hassan Kaunain Nafees

Bankers
Askari Bank Ltd.
Askari Islamic Bank Ltd.
Habib Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.
Summit Bank Ltd.
Soneri Bank Ltd.
Silk Bank Ltd.
Faysal Bank Ltd.

Registrar & Share Transfer Office
THK Associates (Private) Limited
Ground Floor, State Life Building
No. 3, Dr. Zia ud Din Ahmad Road,
Karachi 75530, PO Box 8533
Ph: +92-21-111 000 322
Fax: +92-21-35655595

Registered Office/Head Office
4th Floor, AWT Plaza, The Mall,
Rawalpindi, Pakistan
Ph: +92-51-9272425-7
Fax: +92-51-9272424
Email: info@agico.com.pk

Our Board

From left to right

1. Brig M. Ibrahim Khan (Retd)
2. Maj Gen Mukhtar Ahmed (Retd)
3. Mr. Abdul Waheed > President & Chief Executive
4. Lt Gen Tahir Mahmood (Retd) > Chairman
5. Mr. M.A. Ghazali Marghoob
6. Brig Irfan Azam (Retd)
7. Mr. Farrukh Iqbal Khan

VISION

The Vision of askari general insurance company limited is to be amongst the leading insurance companies of the country with the clear perception of upholding the principles of corporate governance and making agico a profitable and growth oriented insurance company while creating insurance awareness and culture.

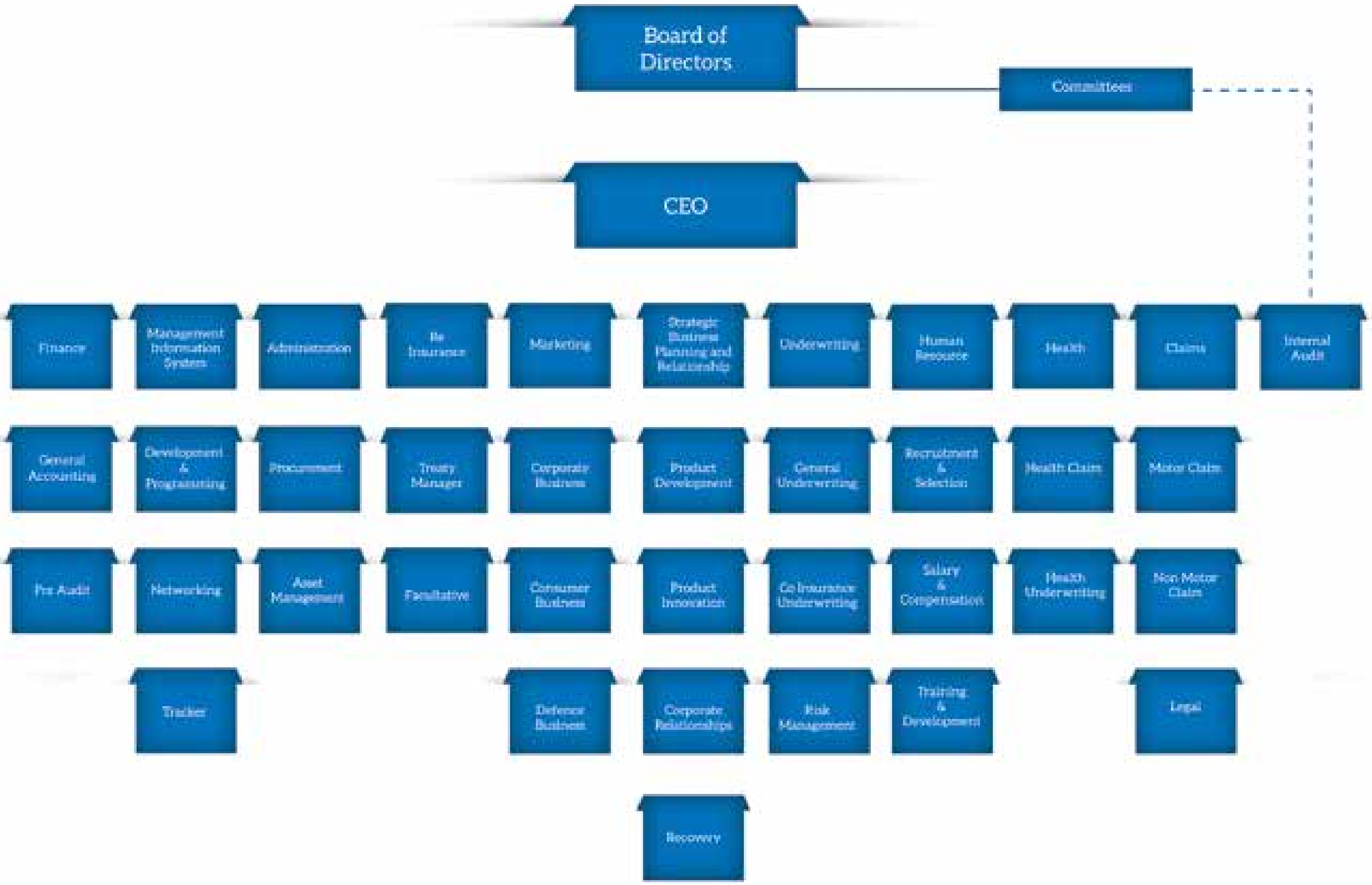
MISSION

To become a leading insurance company by providing client friendly services through highly motivated team of dedicated professionals and ensuring progressive return to the shareholders.

Our Smart Products

- Motor Insurance
- Health Insurance
- Fire Insurance
- Bond Insurance
- Marine Insurance
- Aviation Insurance
- Engineering Insurance
- Travel Insurance
- Agriculture Insurance

Organizational Structure



Our Management

From left to right

1. Mr. Jamshed Jadoon > Head of MIS
2. Col. Ayub Aezad (Retd) > Head of Administration
3. Mrs. Samina Khan > Head of Underwriting
4. Mr. Ashraf Malik > Head of Legal Affairs
5. Mr. Jamil Ahmed > Chief Financial Officer
6. Mr. Fawad Asif Rana > Head of HR
7. Dr. Abbas Zaidi > Chief Health Officer
8. Mr. Rizwan Saeed > Head of Internal Audit

From left to right

1. Mr. Mustafa Salman Pasha > Business Head-Defence Institutions
2. Mr. Sohail Khalid > Head of Reinsurance
3. Mr. Anwar Ahmed > Head of External Coordination
4. Rana Shahbaz Ahmed > Head of Marketing
5. Mr. Imran Afzal > Head of Motor Claims
6. Mr. Suleman Khalid > Company Secretary
7. Ch. Shams-ul-Haq > Business Head-Agriculture Insurance
8. Mr. Imran Bukhari > Head of Theft & Other Claims

President's Message

The steady growth of the Company which started in year 2010 successfully completed its 4th year with new milestones. It was delightful to get a whopping 60% increase in net profits after taxes and new record gross premium written of Rs. 1.6 billion.

What pleases me most is the profitability we are pulling out from the total premiums we write as that is indicative of effective management of the total premium. Operational profit is on a steady rise and we are also consistently building our investment portfolio which has crossed Rs. 850 million now.

Year 2013 brought many reasons to celebrate; especially the First FPCCI Achievement Award from The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and most importantly the recognition of the growth and solvency of the Company by the rating agencies who have awarded it with IFS Rating 'A+'. This will increase the comfort level for our existing customers and would play a crucial role in attaining new business.

I believe in innovation and thinking out of box. Working on these lines, we are atomizing existing products and developing new products as well. We are very hopeful to add more value to the investment of our shareholders in the upcoming years.

I believe in my team and look forward to achieve better results in the years ahead, with it.

Abdul Waheed
President & CE

Notice of 19th Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of askari general insurance company limited ("the Company") will be held on Wednesday, April 30, 2014 at 10:00 am at Rawalpindi Golf Club, near Ayub Park on main GT Road, Rawalpindi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the 18th Annual General Meeting held on April 30, 2013.

2. To receive, consider and adopt the Financial Statements of the Company for the year ended December 31, 2013 together with Directors' and Auditors' Reports thereon.

3. To appoint Auditors of the Company for the year ending December 31, 2014 and to fix their remuneration(s).

4. To elect eight (8) Directors of the Company, as fixed by the Board of Directors, in accordance with the provision of Section 178 of the Companies Ordinance 1984 for a period of next three years commencing from the date of holding AGM i.e. 30th April 2014.

Names of Retiring Directors

1. Lt Gen Tahir Mahmood (Retd) (Chairman)
2. Maj Gen Mukhtar Ahmed (Retd)
3. Brig Irfan Azam (Retd)
4. Brig M. Ibrahim Khan (Retd)
5. Mr. Farrukh Iqbal Khan
6. Mr. M.A. Ghazali Marghoob
7. Mr. Abdul Hai Mahmood Bhaimia
8. Khawaja M. Iqbal

Special Business:

5. To consider and if deemed fit, approve and adopt the amendment in the Memorandum & Articles of Association of the Company and pass the following special resolutions with or without modification(s):

   RESOLVED THAT "the Company be and is hereby authorized to increase its Authorized Share Capital from an amount of PKR 500,000,000 (Pak Rupees Five Hundred Million only) divided into 50,000,000 ordinary shares of PKR 10 each to an amount of PKR 1,000,000,000 (Pak Rupees One Billion only) divided into 100,000,000 ordinary shares of PKR 10 each, and in this regard the Memorandum and Articles of Association of the Company be amended as follows:

Memorandum of Association
Amended Clause V

The authorized share capital of the Company is Rs.1,000,000,000 (Rupees One Billion Only) divided into 100,000,000 ordinary shares of Rs.10/- each with powers to increase, reduce, modify sub-divide, consolidate or reorganize the capital of the company for the time being and to divide the shares into several classes in accordance with the provisions of law.

Articles of Association
Amended Article 3

The authorized share capital of the Company is Rs. 1,000,000,000 (Rupees One Billion Only) divided into 100,000,000 ordinary shares of Rs.10/- each with power to the Company from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into several classes subject to any permission required by law."

FURTHER RESOLVED THAT "the President & Chief Executive and the Company Secretary of the Company be and are hereby authorized either singly or jointly, to complete any or all necessary required corporate and legal formalities for the completion of the amendment."

Any Other Business:

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

By order of the Board

Suleman Khalid
Company Secretary

Rawalpindi
09 April 2014

Notes:

1. Closure of Share Transfer book

The Share Transfer Book of the Company will remain closed from April 24, 2014 to April 30, 2014 (both days inclusive). Transfers received at our Registrars, **Messrs. THK Associates (Pvt.) Limited,** Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on April 23, 2014 will be treated in time.

2. Change in Address

Members of the Company are requested to immediately notify the change in address if any, and ask for consolidation of folio number, provided the member holds more than one folio, to our registrar Messrs. THK Associates (Pvt.) Limited.

3. Participation in General Meeting

a. A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except that Government of Pakistan/ Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.

b. The instrument appointing a proxy duly completed, together with Power of Attorney or Board Resolution, if any, under which it is signed or a notarially certificate copy thereof, should be deposited with the Company Secretary , askari general insurance company limited, 4th Floor, AWT Plaza, The Mall, Rawalpindi, not later than 48 hours before the time of holding the meeting.

c. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2014.

Item No 4 of the notice - Election of Directors

Term of office of the present Directors of the Company will expire on April 30, 2014. The Board of Directors in terms of Section 178 of the Companies Ordinance, 1984 have fixed eight Directors to be elected for a fresh period of three years. The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

Any person, who seeks to contest an election to the office of Director, shall whether he is a retiring Director or otherwise, file with the Company at its registered office not later than fourteen days before the date of the Meeting, a Notice of his/her intention to offer himself/herself for the election of directors in terms of Section 178(3) of the Companies Ordinance, 1984 together with:

1. Consent to Act as Director on Form-28.

A declaration with consent to act as director in the prescribed form under Clause (ii) of Code of Corporate Governance to the effect that he/she is aware of duties and powers of directors under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, Insurance Companies (Sound and Prudent Management) Regulations 2012, the Memorandum and Articles of Association of the Company and the Listing Regulations of the Stock Exchanges in Pakistan and have read the provisions contained therein.

2. A declaration in terms of Clause (ii), (iv) & (v) of the Code of Corporate Governance to the effect that:

a. I am aware of my duties and powers to act as director under the relevant law(s), the Memorandum and Article of Association of the Company and listing regulations of the Stock Exchanges.

b. I am not serving as Director on the Board of more than 7 (seven) listed companies, including the Company.

c. I am a registered National Tax Payer (except where he/she is a non-resident)

d. I have not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Banking Company a Development Financial Institution or a non-Banking Financial Institution or, I, being a member of a Stock Exchange(s) have not been declared as a defaulter by such Stock Exchange(s).

e. Neither I nor my spouse is engaged in the business of Stock Brokerage.

Item No 5 of the notice – Revision of Authorized Share Capital

Approval of the shareholders of the Company will be sought for amendment in clause v of the Memorandum of Association and Articles 3 of the Articles of Association of the Company. The amendment seeks to increase the Authorized Share Capital of the Company considering future needs.

The Board of Directors have approved and recommended the amendments in the relevant clauses and articles for increase in the Company’s Authorized Share Capital by amending the Memorandum and Articles of Association.

Interest of the Directors and their relatives

The Directors of the Company have no interest directly or indirectly in the proposed amendments in the Memorandum and Articles of Association of the Company except to the extent of the proposed amendments in the clause of Authorized Capital.

Inspection of Documents

Copies of memorandum and articles of association of the Company, annual and quarterly financial statements as the case may be and other related information or documents of the Company may be inspected/produced during business hours on any working day at the registered office of the Company from the date of publication of this notice till conclusion of the Annual General Meeting.

Directors' Report

We are pleased to present 19th Annual Report of Askari General Insurance Company Limited (AGICO) along with the audited Financial Statements for the year ended 31st December 2013, and Auditor's Report there on.

INDUSTRY REVIEW

Insurance business has room for penetration in Pakistan but is directly proportional to the upswing of overall business environment in the country. The current uncertainty about the law & order and economic situation in the country remains an impediment to the local and foreign investment in the country.

Insurance industry is also being closely watched by the regulators who are looking forward to reform and development of insurance industry in Pakistan.

2013 FOR AGICO

The Company once again achieved historic performance by attaining record gross premium written of Rs. 1.6 billion in year 2013 and also posting an astounding 60% increase in its net profits after tax. The Company continued to enjoy profitability in all classes of business and its financial position is also most solid ever as its investments now exceed Rs. 860 million.

HIGHLIGHTS OF 2013

Insurer Financial Strength (IFS) Rating

The Company achieved yet another landmark during the year as it was awarded with IFS Rating 'A+' by both the credit rating companies of Pakistan i.e. JCR-VIS and PACRA.

This rating implies that your Company possesses strong capacity to meet policyholder and contract obligations. Its risk factors are moderate, and the impact of any adverse business and economic factors is expected to be small.

Information Technology Developments

The Company continued to make advancements in its IT infrastructure whereby it added more tools to its Executive Support System making the financial reporting and decision making further efficient and valuable.

Enhancement of Capital

The Company issued 20% Bonus shares during the year which added Rs. 64.72 million to the paid up share capital of the Company resulting in a total paid up share capital of Rs. 388.34 million.

Human Resource Development

The Company's consistently rising results are reflective of its quality human resource. The Company conducted multiple sessions to build its team and to provide a motivating working environment for the employees. The Company provides opportunity for its employees to complete Insurance international qualifications at Company's costs. This is helping the Company to improve the quality of its workforce and further to retain the experienced quality employees with the Company.

Awards

In recognition of the Company's outstanding services in insurance, The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) have awarded the First FPCCI Achievement Award to the Company.

PERFORMANCE REVIEW

The Company earned a remarkable increase of 60% in the net profits after taxes. This was contributed from a 14% increase in gross premiums written, 15% increase in investment & other income and a mild increase in management and administration expenses of only 3% other than provisions.

The key performance indicators of the Company are summarized below:

	2013	2012
	Rupees in thousands (unless specified otherwise)	
Gross premium written	1,605,033	1,413,554
Net premium revenue	841,925	699,947
Underwriting results	206,764	165,808
Investment & other income	89,975	78,106
Profit before tax	149,636	86,393
Profit after tax	119,065	74,287
Return on equity	24%	17%
Earning Per Share	3.07	1.91

It is evident by the above statistics that the Company progressed well in operational as well as investment income.

"The performance of your Company during the year 2013 reflects the success of our strategy of focusing on profitable ventures and strengthening the operational systems to improve the efficiency in handling business."

SEGMENT WISE PERFORMANCE ANALYSIS

Fire & Property Damage

This segment contributed gross premium of Rs. 219.49 million (2012: Rs. 177.51 million) which makes its contribution 14% (2012: 13%) to the total gross premium written by the Company.

The underwriting profit of this segment is Rs. 30.67 million as compared with Rs. 26.40 million in the previous year. Loss ratio increased from 47% last year to 52% in 2013. The premium ceded to the reinsurer percentage increased from 76% last year to 79% in the current year.

Marine, Aviation and Transport

This segment constituted 8% of our portfolio in the current year as well as last year. The Company managed to underwrite Rs. 11.42 million more this year than the year 2012.

The underwriting profit from this segment in the current year is Rs. 14.93 million as compared to a profit of Rs. 26.49 million last year, depicting a decrease of 44%. Total premium underwritten this year was Rs. 125.75 million against Rs. 114.3 million in the previous year. The Company maintained a steady approach towards premium ceded to the Re-insurer in the current year.

Motor

This segment constituted 37% of our total portfolio in the current year as well as previous year. The premium underwritten increased by Rs. 83.17 million. This segment contributed Rs. 50.19 million underwriting profit in the current year as compared to Rs. 63.83 million in the previous year. This segment contributed 24% of the underwriting profit for the current year as opposed to 38% in 2012.

Accident & Health

Accident & Health portfolio contributed 21% to the total portfolio in the current year as compared to 17% of the total portfolio in previous year. The segment observed substantial increase in the gross premiums written which rose by Rs. 108.22 million. The segment generated an underwriting profit of Rs. 23.01 million which is almost the same as it earned in year 2012.

Miscellaneous

This segment comprises of miscellaneous classes of business including engineering, bond insurance, crop insurance, travel insurance etc. The written premium in this class decreased by Rs 53.30 million (14%) over the last year.

This segment resulted in an underwriting profit of Rs.87.97 million (2012: Rs. 26.5 million) despite the decrease in written premium. The sharp rise in the underwriting profit was mainly due to the low loss ratio of 15% (2012: 37%).

Investment Income

The Company continues to keep a substantial portion of its portfolio invested in money market mutual funds, which puts the Company's exposure to market risk at a very low level.

Investment income of the Company recorded a growth of 18% this year, rising to Rs. 65.02 million from Rs. 55.09 million in the previous year. The book value of the investments rose by 259.07 million in the current year depicting a rise of 43%.

Reinsurance

The company has reinsurance arrangements and relationships with internationally renowned reinsurers such as Swiss Re, Korean Re, Hannover Re and SCOR Re. The company is also supported by internationally acclaimed reinsurance brokers including AON Group, MID and J.B. Boda.

Due to the Company's outstanding reinsurance results, the reinsurers have now offered better terms for the next financial year.

The Company opted not to give any dividend to build up its free reserves in line with industry.

AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants, Islamabad have audited the financial statements for the current year. The Board, on the recommendation of the Audit Committee, has recommended the appointment of KPMG Taseer Hadi & Co. Chartered Accountants, Islamabad for appointment as auditors of the Company for the next financial year ending December 31, 2014.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

Statement of Directors Responsibilities

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

- The financial statements together with the notes forming an integral part of these statements have been prepared by the management of the Company in conformity with the Companies Ordinance 1984 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate Accounting Policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departures therefrom has been adequately disclosed and explained.
- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year. Internal controls and their implementation are reviewed continuously by the Internal Audit department and any weakness in controls is timely addressed.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2013, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2013 and were subsequently deposited in Government treasury in time.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

KEY FINANCIAL DATA

Key operational and financial data for the last 10 years is annexed at page 26 of the Annual Report.

Value of investments in Provident Fund and Gratuity Fund

The value of investment of provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2013 was:

Name of Fund	2013	2012
	Rupees in Millions	
Employees' Provident Fund	38	34
Employees' Gratuity Fund	39	32

Board Meetings

During the year, 4 meetings of the Board of Directors were held. Attendance by each of the director was as follows:

Name of Directors	Meetings Attended
Lt Gen Tahir Mahmood (Retd)	4
Maj Gen Mukhtar Ahmed (Retd)	4
Brig Tariq Sher (Retd)	1
Brig Irfan Azam (Retd)	4
Brig M. Ibrahim Khan (Retd)	3
Syed Suhail Ahmad Rizvi	2
Mr. Farrukh Iqbal Khan	4
Mr. M.A. Ghazali Marghoob	0
Mr. Abdul Hai Mahmood Bhaimia	4
Khawaja M. Iqbal	0

The Board granted leave of absence to those directors who could not attend the Board Meeting. Mr. M.A. Ghazali Marghoob was appointed in the month of December 2013.

Casual Vacancies in the Board of Directors

Two casual vacancies occurred on the Board of directors during the year 2013. Brig M. Ibrahim Khan (Retd) replaced Brig Tariq Sher (Retd) w.e.f. 09th July 2013; Mr. M.A. Ghazali Marghoob replaced Syed Suhail Ahmad Rizvi w.e.f. 4th December 2013.

Directors' Training

Mr. Abdul Waheed, President & CE of the Company attended the Directors Training from Pakistan Institute of Corporate Governance (PICG), during the year. A total of 2 directors have now obtained the certification.

Pattern of Shareholding and trading in the shares

The pattern of shareholding is given at page 92 of this report. Trade in shares of the company by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children is given at page 93 of this report.

Board Committees

During the year, the Audit Committee, Executive Committee and Human Resources & Remunerations Committee, held five, three and one meeting respectively. The composition of the Board Committees and their terms of reference are given at page 20.

Further, the Company has three sub committees of the Board which cover the core areas of business; these are Underwriting Committee, Claims Settlement Committee and Re-insurance & Co-insurance Committee. The names of members and the terms of references of these committees are given at page 21.

FUTURE PROSPECTS

The economy of Pakistan is facing mixed pressures from multiple aspects out of which the law and order is the most critical to resolve. The Company hopes to take its performance further despite the volatility risks it is exposed to.

ACKNOWLEDGMENTS

We would like to acknowledge, with thanks, the contributions made by the employees, our business partners and regulatory authorities in bringing improved results in year 2013. Without their efforts and support these results would not have been possible. We would also like to thank our shareholders for posing confidence in the Company.

For and on behalf of the Board

Lt Gen Tahir Mahmood (Retd)
Chairman

Rawalpindi
March 24, 2014

Board Committees

The company has three committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework.

The terms of reference and composition of these committees are given below:

Executive Committee

The terms of reference of this committee include the following:

- Approve all investments over Rs. 10 million and review progress of investments.
- Review yearly budget and recommend its approval to the Board.
- Review monthly performance of the Company.
- Review and approve claim payments over Rs. 1 million.
- Review legal suits filed by or against the Company.
- Consider any other matter related to the performance and operations of the Company.

The Committee comprises of three members, including the Chairman of this committee, all of them are non-executive directors. Following is the composition of this committee:

Name of Member	Status in Commitee
Maj Gen Mukhtar Ahmed (Retd)	Chairman
Brig M. Ibrahim Khan (Retd)	Member
Mr. M. A. Ghazali Marghoob	Member

Audit Committee

The terms of reference of this committee include the following:

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

The Committee comprises of three members, including the Chairman of this committee, all of them are non-executive directors. Following is the composition of this committee:

Name of Member	Status in Commitee
Brig M. Ibrahim Khan (Retd)	Chairman
Brig Irfan Azam (Retd)	Member
Mr. Farrukh Iqbal Khan	Member

Human Resource & Remuneration Committee

The terms of reference of this committee include the following:

- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

- Recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

The committee comprises of three members including the Chairman of this Committee, out of which two are non-executive directors and one is executive director. Following is the composition of this committee:

Name of Member	Status in Commitee
Brig Irfan Azam (Retd)	Chairman
Mr. Farrukh Iqbal Khan	Member
Mr. Abdul Waheed	Member

Furthermore, the Company has three sub-committees of the Board, which cover the core areas of business. These committees meet on regular basis and are headed by non-executive directors. The functions and composition of the committees are given below:

Underwriting Committee

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

Following is the composition of this committee:

Name of Member	Status in Commitee
Brig M. Ibrahim Khan (Retd)	Chairman
Mr. Abdul Waheed	Member
Mrs. Samina Khan	Member

Claim Settlement Committee

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

Following is the composition of this committee:

Name of Member	Status in Commitee
Brig M. A. Ghazali Marghoob	Chairman
Mr. Abdul Waheed	Member
Dr. Abbas Zaidi	Member

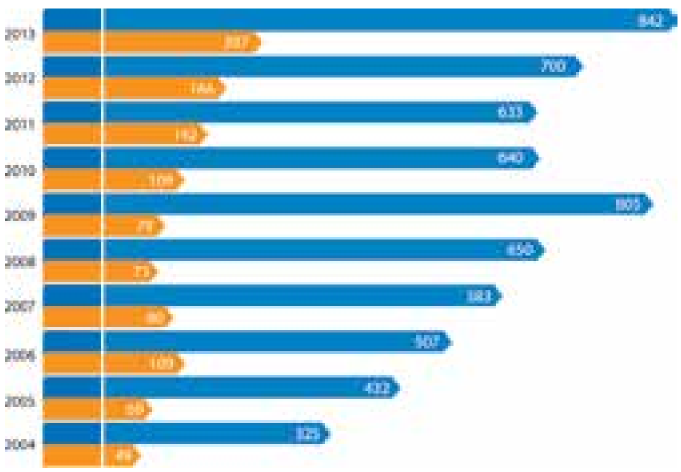
Re-insurance & Co-insurance Committee

This committee ensures that adequate reinsurance arrangements are made for the Company. It peruses the proposed reinsurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance programme for the future reference.

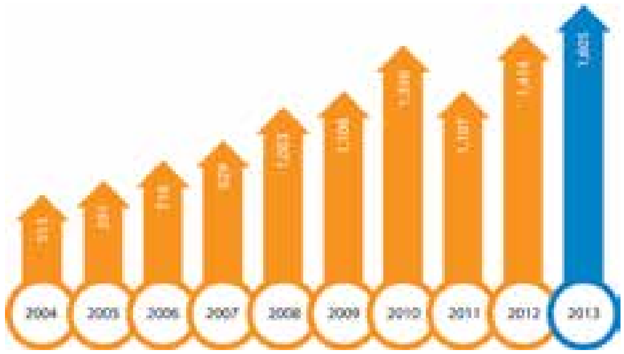
Following is the composition of this committee:

Name of Member	Status in Commitee
Maj Gen Mukhtar Ahmed (Retd)	Chairman
Mr. Abdul Waheed	Member
Mr. Sohail Khalid	Member

Performance at a Glance



Net Premium Revenue
Underwriting Income



Gross Premiums Written

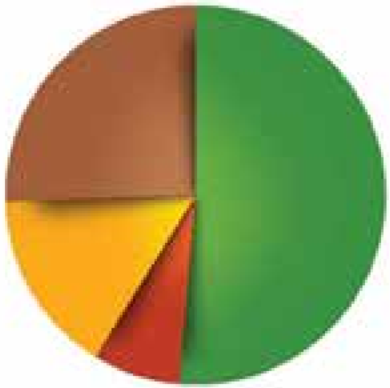
Profit After Tax

Investment and Other Income

Statement of Value Added
For the year ended December 31, 2013

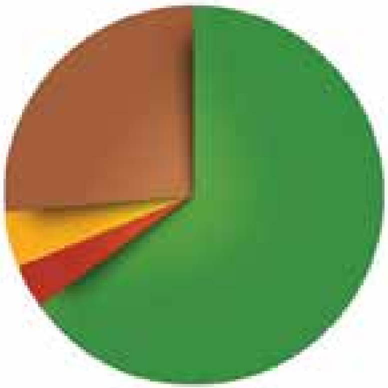
	2013	2012
	Rupees	
Wealth Generated		
Net Premium Revenue	841,924,949	699,947,477
Commission from reinsurer	146,838,356	115,065,822
Investment income and profit on bank deposits	73,162,173	67,507,063
Rental income	2,366,264	1,401,120
Other income	8,365,792	9,197,944
	1,072,657,534	893,119,426
Less:		
Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes)	718,972,621	576,404,135
Net wealth generated	353,684,913	316,715,291
Wealth distribution		
Employees' remuneration	179,222,055	205,903,620
Government taxes (includes income tax, WWF and other taxes)	30,907,233	12,461,804
Contribution to society	81,720	83,947
Stock dividend to shareholders	64,724,000	15,410,470
Retained in business		
Depreciation and amortization	26,236,771	23,403,429
Earnings	52,513,134	59,452,021
	78,749,905	82,855,450
Total Wealth Distributed	353,684,913	316,715,291

2013



Employees' Remuneration	51.43%
Government Taxes	7.48%
Contribution to society	0.02%
Stock dividend to shareholders	15.66%
Retained in business	25.41%

2012



Employees' Remuneration	65.01%
Government Taxes	3.93%
Contribution to society	0.03%
Stock dividend to shareholders	4.87%
Retained in business	26.16%

Financial Statements Analysis - Vertical

	2013		2012		2011		2010		2009		2008	
Balance Sheet	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Cash and bank deposits	119,602,484	5.34	483,241,871	21.73	130,566,287	8.45	91,251,429	6.28	114,277,274	9.56	85,107,892	6.99
Loans to employees	1,111,191	0.05	1,736,354	0.08	1,189,796	0.08	2,158,634	0.15	4,197,435	0.35	2,955,672	0.24
Investments	864,102,144	38.61	605,033,838	27.20	503,413,264	32.58	457,771,860	31.49	413,606,523	34.59	512,843,411	42.13
Investment properties	48,360,833	2.16	49,670,833	2.23	50,980,833	3.30	52,290,833	3.60	-	-	-	-
Deferred taxation	7,189,578	0.32	4,595,303	0.21	3,282,478	0.21	877,003	0.06	-	-	-	-
Other assets	1,130,505,991	50.51	1,003,036,980	45.10	807,557,885	52.27	801,935,999	55.16	533,026,181	44.58	489,356,629	40.20
Fixed assets - tangible and intangible	67,122,542	3.00	76,698,735	3.45	47,989,542	3.11	47,647,803	3.28	130,643,671	10.93	126,986,527	10.43
Total Assets	2,237,994,763	100	2,224,013,914	100.00	1,544,980,085	100.00	1,453,933,561	100.00	1,195,751,084	100.00	1,217,250,131	100.00
Total Equity	618,475,400	27.64	502,897,135	22.61	432,207,395	27.97	315,832,847	21.72	268,411,298	22.45	295,956,227	24.31
Underwriting provisions	1,307,779,309	58.44	1,084,382,558	48.76	810,378,263	52.45	833,018,628	57.29	776,587,694	64.95	710,343,354	58.36
Staff retirement benefits	11,080,700	0.50	9,916,198	0.45	9,177,635	0.59	6,950,909	0.48	12,294,231	1.03	11,496,305	0.94
Creditors and accruals	281,638,722	12.58	617,858,721	27.78	280,646,459	18.17	290,058,284	19.95	65,363,727	5.47	108,991,367	8.95
Other liabilaities	19,020,632	0.85	8,959,302	0.40	12,570,333	0.81	8,072,893	0.56	73,094,134	6.11	90,462,878	7.43
Total Share Holders' Equity & Liabilities	2,237,994,763	100	2,224,013,914	100.00	1,544,980,085	100.00	1,453,933,561	100.00	1,195,751,084	100.00	1,217,250,131	100.00
Profit & Loss Account												
Net premium revenue	841,924,949	100	699,947,477	100.00	633,283,427	100.00	639,901,275	100.00	805,176,472	100.00	650,428,814	100.00
Net claims	464,837,715	55.21	372,933,697	53.28	327,856,816	51.77	385,889,597	60.30	522426357	64.88	423,393,312	65.09
Expenses	220,939,216	26.24	194,920,917	27.85	182,398,162	28.80	153,942,248	24.06	155,001,481	19.25	130,818,241	20.11
Net commission	50,616,251	6.01	33,715,190	4.82	19,321,513	3.05	9,067,781	1.42	48,991,518	6.08	23,221,251	3.57
Investment income including rental & bank deposits returns	75,528,437	8.97	64,826,470	9.26	56,481,782	8.92	56,246,175	8.79	(24,780,549)	(3.08)	16,735,097	2.57
Other income including share of profit of associates	14,446,309	1.72	13,279,657	1.90	10,140,981	1.60	6,809,753	1.06	22,378,573	2.78	7,762,463	1.19
General and administration expenses	147,102,873	17.47	157,521,013	22.50	130,051,371	20.54	(1,18,810,809)	(18.57)	(91,430,623)	(11.36)	(80,107,856)	(12.32)
Impairment in value of available for sale securities	-	-	-	-	-	-	64,737,599	10.12	(66,762,828)	(8.29)	-	-
Profit / (Loss) before tax	149,636,142	17.77	86,393,167	12.34	789,21,354	12.46	53,346,745	8.34	(15,075,483)	(1.87)	17,385,714	2.67
Taxation - net	(30,570,673)	(3.63)	(12,106,528)	(1.73)	(13,487,156)	(2.13)	(5,928,576)	(0.93)	(12,469,446)	(1.55)	(10,726,295)	(1.65)
Profit / (Loss) after tax	119,065,469	14.14	74,286,639	10.61	65,434,198	10.33	47,418,169	7.41	(27,544,929)	(3.42)	6,659,419	1.02

Financial Statements Analysis - Horizontal

	2013	2012	2011	2010	2009	2008	% increase / (decrease) over preceeding year 2013	2012	2011	2010	2009	2008
Balance Sheet												
Cash and bank deposits	119,602,484	483,241,871	130,566,287	91,251,429	114,277,274	85,107,892	(75.25)	270.11	43.08	(20.15)	34.27	(49.87)
Loans to employees	1,111,191	1,736,354	1,189,796	2,158,634	4,197,435	2,955,672	(36.00)	45.94	(44.88)	(48.57)	42.01	4.92
Investments	864,102,144	605,033,838	503,413,264	457,771,860	413,606,523	512,843,411	42.82	20.19	9.97	10.68	(19.35)	21.17
Investment properties	48,360,833	49,670,833	50,980,833	52,290,833	-	-	(2.64)	(2.57)	(2.51)	-	-	-
Deferred taxation	7,189,578	4,595,303	3,282,478	877,003	-	-	56.45	39.99	274.28	-	-	-
Other assets	1,130,505,991	1,003,036,980	807,557,885	801,935,999	533,026,181	489,356,629	12.71	24.21	0.70	50.45	8.92	18.33
Fixed assets - tangible and intangible	67,122,542	76,698,735	47,989,542	47,647,803	130,643,671	126,986,527	(12.49)	59.82	0.72	(63.53)	2.88	22.14
Total Assets	2,237,994,763	2,224,013,914	1,544,980,085	1,453,933,561	1,195,751,084	1,217,250,131	0.63	43.95	6.26	21.59	(1.77)	8.92
Total Equity	618,475,400	502,897,135	432,207,395	315,832,847	268,411,298	295,956,227	22.98	16.36	(36.85)	17.67	(9.31)	2.30
Underwriting provisions	1,307,779,309	1,084,382,558	810,378,263	833,018,628	776,587,694	710,343,354	20.60	33.81	2.72	7.27	9.33	17.93
Staff retirement benefits	11,080,700	9,916,198	9,177,635	6,950,909	12,294,231	11,496,305	11.74	8.05	(32.04)	(43.46)	6.94	16.19
Creditors and accruals	281,638,722	617,858,721	280,646,459	290,058,284	65,363,727	108,991,367	(54.42)	120.16	3.24	343.76	(40.03)	(19.90)
Other Liabilities	19,020,632	8,959,302	12,570,333	8,072,893	73,094,134	90,462,878	112.30	(28.73)	(55.71)	(88.96)	(19.20)	13.09
Total Share Holders' Equity & Liabilities	2,237,994,763	2,224,013,914	1,544,980,085	1,453,933,561	1,195,751,084	1,217,250,131	0.63	44.95	(6.26)	21.59	(1.77)	8.92
Profit & Loss Account												
Net premium revenue	841,924,949	699,947,477	633,283,427	639,901,275	805,176,472	650,428,814	20.28	10.53	(1.03)	(20.53)	23.79	11.50
Net claims	(464,837,715)	(372,933,697)	(327,856,816	(385,889,597)	(522,426,357)	(423,393,312)	24.64	13.75	(15.04)	(26.14)	23.39	11.84
Expenses	(220,939,216)	(194,920,917)	(182,398,162)	(15,3942,248)	(155,001,481)	(130,818,241)	13.35	6.87	18.48	(0.68)	18.49	24.27
Net commission	50,616,251	33,715,190	19,321,513	9,067,781	48,991,518	23,221,251	50.13	74.50	113.08	(81.49)	110.98	18.08
Investment income including rental & bank deposits returns	75,528,437	64,826,470	56,481,782	56,246,175	(24,780,549)	16,735,097	16.51	14.77	0.42	(326.98)	(248.08)	(70.78)
Other income including share of profit of associates	14,446,309	13,279,657	10,140,981	6,809,753	22,378,573	7,762,463	8.79	30.95	48.92	(69.57)	188.29	224.37
General and administration expenses	(147,102,873)	(157,521,013)	(130,051,371)	(118,810,809)	(91,430,623)	(80,107,856)	(6.61)	21.12	9.46	29.95	14.13	15.31
Impairment in value of available for sale securities	-	-	-	64,737,599	(66,762,828)	-	-		(100.00)	(196.97)	-	-
Profit / (Loss) before tax	149,636,142	86,393,167	78,921,354	53,346,745	(15,075,483)	17,385,714	73.20	9.47	47.94	(453.86)	(186.71)	(75.16)
Taxation - net	(30,570,673)	(12,106,528)	(13,487,156)	(5,928,576)	(12,469,446)	(10,726,295)	152.51	(10.24)	127.49	(52.46)	16.25	(41.28)
Profit / (Loss) after tax	119,065,469	74,286,639	65,434,198	47,418,169	(27,544,929)	6,659,419	60.28	13.53	37.99	(272.15)	(513.62)	(87.13)

A Glimpse of Ten Years Performance

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
						Rupees in Millions				
Financial Position										
Paid-Up Capital	388	324	308	204	204	204	157	121	102	102
General Reserve	75	75	70	70	70	70	65	50	23	15
Equity	618	503	432	316	268	296	289	238	180	135
Underwriting Reserve	926	767	465	492	486	468	353	311	274	239
Investments	864	605	503	458	414	513	423	380	329	252
Investment Property	48	50	51	52	-	-	-	-	-	-
Fixed Assets - Tangible and Intangible	67	77	48	48	131	127	104	71	44	28
Retained Profit	155	105	49	37	-10	18	63	62	51	32
Total Assets	2,238	2,224	1,545	1,454	1,196	1,217	1,118	883	733	641
Market Share Price	19.5	13.51	8.07	11	17	29.99	65.55	40.95	27.1	25.15
Financial Performance										
Gross Premiums Written	1,605	1,414	1,107	1,350	1,108	1,003	829	718	591	513
Net Premium Revenue	842	700	633	640	805	650	583	507	432	325
Net Claims	465	373	328	386	522	423	379	300	276	206
Underwriting Income	207	166	142	109	79	73	80	109	69	49
Management Expenses	221	195	182	154	155	131	105	81	64	53
Administration Expenses	147	158	128	118	91	79	69	59	42	31
Investment and Other Income	90	78	67	63	-2	25	60	36	33	24
Profit Before Tax	149	86	79	53	-15	17	70	85	61	41
Profit After Tax	119	74	65	47	-28	7	52	57	45	27
Dividend	-	20% (B)	5% (B)	10% (B)	-	30% (B)	30% (B)	18% (B)	17.5% (C)	15% (C)
Earning Per Share (Restated)	3.07	1.91	2.18	2.33	-1.35	0.33	3.3	3.64	3.73	2.93
Cash Flows Summary										
Operating Activities	-169	436	-17	-54	5	26	89	65	63	126
Investing Activities	-195	-83	5	31	26	-108	-42	-56	-61	-93
Financing Activities	0	0	51	-1	-1	-2	-3	-1	-20	10
Cash & Cash Equiv. at the year end	120	483	131	91	114	85	170	126	135	142

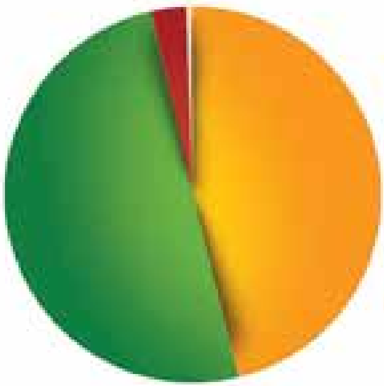
Financial Ratios

Profitability		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Profit / (Loss) Before Tax / Gross Premium	%	9.32	6.11	7.14	3.93	(1.35)	1.69	8.44	11.84	10.32	7.99
Profit / (Loss) Before Tax / Net Premium	%	17.77	12.34	12.48	8.28	(1.86)	2.62	12.01	16.77	14.12	12.62
Profit / (Loss) After Tax / Gross Premium	%	7.42	5.26	5.87	3.48	(2.53)	0.7	6.27	7.94	7.61	5.26
Profit / (Loss) After Tax / Net Premium	%	14.14	10.61	10.27	7.34	(3.48)	1.08	8.92	11.24	10.42	8.31
Underwriting Result / Gross Premium	%	12.88	11.73	12.83	8.07	7.13	7.28	9.65	15.18	11.68	9.55
Underwriting Result / Net Premium	%	24.56	23.69	22.43	17.03	9.81	11.23	13.72	21.5	15.97	15.08
Profit / (Loss) Before Tax / Total Income	%	15.23	10.64	11.29	7.54	(1.87)	2.52	10.89	15.65	13.12	11.75
Profit / (Loss) After Tax / Total Income	%	12.12	9.15	9.29	6.69	(3.49)	1.04	8.09	10.5	9.68	7.74
Combined ratio	%	93.32	98.87	97.87	101.32	101.46	100.98	98.10	90.00	93.30	94.28
Net Claims / Net Premium	%	55.21	53.28	51.82	60.31	64.84	65.08	65.01	59.17	63.89	63.38
Management Expense / Net Premium	%	26.24	27.85	28.75	24.06	19.25	20.15	18.01	15.98	14.81	16.31
Return to Share Holders											
Return on Equity - PAT	%	23.68	17.19	15.05	14.87	(10.45)	2.36	17.99	23.95	25	20
Earning / (Loss) Per Share	Rs.	3.07	1.91	2.18	2.33	(1.35)	0.33	3.3	3.64	3.73	2.93
Earning Growth	%	60.28	14.54	38.3	(267.86)	(500)	(86.54)	(8.77)	26.67	66.67	68.75
Breakup Value Per Share	Rs.	15.93	15.54	14.03	15.49	13.14	14.51	18.41	19.67	17.65	13.24
Return on Assesst (Book Value)	%	5.32	3.34	4.21	3.23	(2.34)	0.58	4.65	6.46	6.14	4.21
Performance / Liquidity											
Current Ratio	Times	1.22	1.15	1.35	1.24	1.15	1.18	1.22	1.26	1.25	1.21
Cash / Current Liabilities	%	7.44	28.24	11.77	8	12.28	9.23	20.51	19.53	24.41	28.06
Total Assets Turnover	Times	0.72	0.64	0.72	0.93	0.93	0.82	0.74	0.81	0.81	0.8
Fixed Assets Turnover	Times	23.91	18.43	23.06	28.13	8.46	7.9	7.97	10.11	13.43	18.32
Total Liabilities / Equity	Times	2.62	3.42	2.58	3.6	3.46	3.11	2.87	2.71	3.07	3.75
Paid-up Capital / Total Assets	%	17.35	14.55	19.94	14.03	17.06	16.76	14.04	13.7	13.92	15.91
Earning assets / Total Assets	%	46.12	51.17	44.34	41.33	44.15	49.14	53.04	57.3	63.3	61.47
Equity / Total Assets	%	27.64	22.61	27.96	21.73	22.41	24.32	25.85	26.95	24.56	21.06

Graphical Composition of Balance Sheet

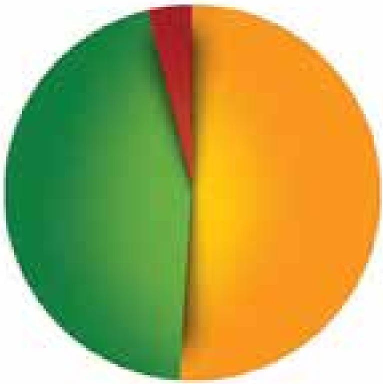
Assets

2013



Earning Assets	46.12%
Current Assets - Other	50.51%
Fixed Assets	3.00%
Others	0.37%

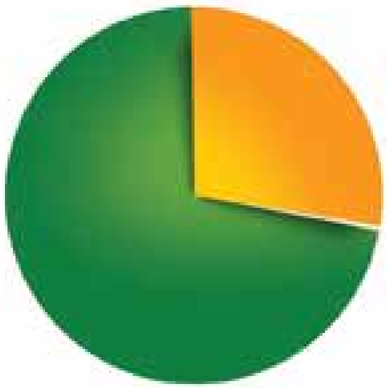
2012



Earning Assets	51.17%
Current Assets - Other	45.10%
Fixed Assets	3.45%
Others	0.28%

Shareholders' Equity and Liabilities

2013



Share Capital & Reserves	27.64%
Current Liabilities	0.50%
Non - Current Liabilities	71.87%

2012

Share Capital & Reserves	22.61%
Current Liabilities	0.45%
Non - Current Liabilities	76.94%

Graphical Analysis of Profit & Loss

Gross Premium-Business Wise

2013

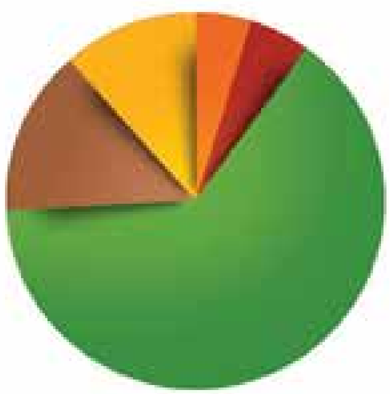
Fire & Property Damage	13.68%
Marine, Aviation & Transport	7.83%
Motor	37.50%
Accident and Health	21.37%
Miscellaneous	19.62%

2012

Fire & Property Damage	12.56%
Marine, Aviation & Transport	8.09%
Motor	36.69%
Accident and Health	16.61%
Miscellaneous	26.05%

Net Premium-Business Wise

2013



Fire & Property Damage	4.98%
Marine, Aviation & Transport	5.16%
Motor	64.10%
Accident and Health	14.12%
Miscellaneous	11.64%

2012

Fire & Property Damage	5.06%
Marine, Aviation & Transport	5.15%
Motor	70.37%
Accident and Health	12.00%
Miscellaneous	6.88%

Financial Calendar

1	First Quarter ended March 31, 2013	Announced on April 25, 2013
2	Half Year ended June 30, 2013	Announced on August 26, 2013
3	Third Quarter ended September 30, 2013	Announced on October 25, 2013
4	Year ended December 31, 2013	Announced on March 24, 2014
5	Issuance of Annual Report 2013	April 09, 2014
6	19th Annual General Meeting	April 30, 2014

Financial Statements

9. The Directors are well conversant with listing regulations, legal requirement and operational imperatives of the Company, and as such are fully aware of their duties and responsibilities. During the year the President & CE of the Company obtained the Directors Training Certificate from Pakistan Institute of Corporate Governance (PICG). A total of 2 directors have now obtained the certification. The remaining directors shall obtain certification under directors' training program upto 2016.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three members, who are non-executive directors including the chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed Human Resource & Remuneration Committee. It comprises 3 members, one of whom is executive director and other members including the Chairman are non-executive directors.
18. The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of the Board

Tahir

March 24, 2014
Rawalpindi

Lt Gen Tahir Mahmood (Retd)
Chairman

KPMG Taseer Hadi & Co.
Chartered Accountants
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REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of askari general insurance company limited ("the Company") for the year ended 31 December 2013 to comply with the Listing Regulation No. 35 of Karachi Stock Exchange Limited, Listing Regulation No. 35 of Lahore Stock Exchange Limited and Chapter XI of the Listing Regulation of Islamabad Stock Exchange Limited, where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2013.

Islamabad
24 March 2014

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement Partner
Riaz Pesnani

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

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AUDITORS' REPORT TO THE MEMBERS of askari general insurance company limited

We have audited the annexed financial statements comprising of:
(i) balance sheet;
(ii) profit and loss account / statement of comprehensive income;
(iii) statement of changes in equity;
(iv) statement of cash flows;
(v) statement of premiums;
(vi) statement of claims;
(vii) statement of expenses; and
(viii) statement of investment income

of askari general insurance company limited ("the Company") as at 31 December 2013 together with the notes forming part thereof, for the year then ended.

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

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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;

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 change as mentioned in note 5.1 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 2013 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KPMG Taseer Hadi & Co.

Islamabad
24 March 2014

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement Partner
Riaz Pesnani

Balance Sheet
As at 31 December 2013

	Note	2013	2012 Restated
		Rupees	
Share Capital and Reserves			
Authorized share capital			
50,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Paid up share capital	6	388,344,030	323,620,030
Retained earnings		155,473,689	104,619,424
Reserves		74,657,681	74,657,681
		618,475,400	502,897,135
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		280,899,123	263,924,087
Provision for unearned premium		926,428,492	767,175,085
Commission income unearned		100,451,694	53,283,386
		1,307,779,309	1,084,382,558
Deferred Liability			
Staff Compensated Absences	7	11,080,700	9,916,198
Creditors and Accruals			
Premium received in advance		17,358,218	87,437,644
Amounts due to other insurers / reinsurers		119,400,979	365,058,356
Accrued expenses		1,964,044	2,008,769
Other creditors and accruals	8	142,915,481	163,353,952
		281,638,722	617,858,721
Other Liabilities			
Unclaimed dividend		830,102	830,102
Others		18,190,530	8,129,200
		19,020,632	8,959,302
TOTAL LIABILITIES		1,619,519,363	1,721,116,779
TOTAL EQUITY AND LIABILITIES		2,237,994,763	2,224,013,914
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Brig M. Ibrahim Khan (Retd)
Director

Balance Sheet

As at 31 December 2013

	Note	2013	2012 Restated
		Rupees	
Cash and Bank Deposits			
Cash and other equivalents	10	1,045,113	495,159
Current and other accounts	11	118,557,371	482,746,712
Total Cash and Bank		119,602,484	483,241,871
Advances to Employees	12	1,111,191	1,736,354
Investments	13	864,102,144	605,033,838
Investment Property	14	48,360,833	49,670,833
Deferred Taxation	15	7,189,578	4,595,303
Current Assets - Others			
Premium due but unpaid - unsecured	16	305,582,662	248,257,414
Amounts due from other insurers / reinsurers - unsecured	17	67,784,260	107,113,958
Salvage recoveries accrued		15,256,493	12,395,214
Accrued investment income		1,649,869	2,412,800
Reinsurance recoveries against outstanding claims - unsecured, considered good		134,629,829	123,772,426
Taxation - payment less provision		5,043,245	2,195,381
Deferred commission expense		56,685,195	35,943,498
Prepayments	18	509,417,884	450,784,866
Sundry receivables	19	34,456,554	20,161,423
		1,130,505,991	1,003,036,980
Fixed Assets	20		
Furniture and fixtures		7,165,764	7,102,084
Computer and office equipment		7,335,777	9,052,719
Motor vehicles		4,690,394	4,340,844
Tracking devices		26,218,968	32,765,668
Leasehold improvements		3,380,795	5,045,958
Software license		4,140,124	6,104,439
Capital work in progress		14,190,720	12,287,023
		67,122,542	76,698,735
TOTAL ASSETS		2,237,994,763	2,224,013,914

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Profit and Loss Account / Statement of Comprehensive Income

For the year ended 31 December 2013

Revenue Account	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	2013 Aggregate	2012 Aggregate Restated
		Rupees						
Net premium revenue	21	41,958,819	43,476,886	539,666,590	118,844,406	97,978,248	841,924,949	699,947,477
Net claims		(21,623,881)	(23,805,087)	(308,338,439)	(96,351,111)	(14,719,197)	(464,837,715)	(372,933,697)
Expenses	22	(9,079,745)	(9,408,249)	(155,531,543)	(25,717,522)	(21,202,157)	(220,939,216)	(194,920,917)
Net commission		19,414,695	4,668,129	(25,611,024)	26,230,637	25,913,814	50,616,251	33,715,190
Underwriting Results		30,669,888	14,931,679	50,185,584	23,006,410	87,970,708	206,764,269	165,808,053
Other Income and Expenses								
Investment income							65,022,385	55,090,439
Rental income							2,366,264	1,401,120
Other income	23						8,365,792	9,197,944
Profit on bank deposits							8,139,788	8,334,911
Share of profit in associated company							6,080,517	4,081,713
General and administration expenses	24						(147,102,873)	(157,521,013)
							(57,128,127)	(79,414,886)
Profit before tax							149,636,142	86,393,167
Provision for taxation	25						(30,570,673)	(12,106,528)
Profit after tax							119,065,469	74,286,639
Other comprehensive income for the year								
Items that will not be reclassified subsequently to profit and loss account								
Experience adjustments on staff retirement benefits								
- Gratuity							(5,488,112)	(551,235)
- Compensated absences							288,312	1,563,406
Tax effect on experience adjustments	25						1,712,596	(354,260)
Total other comprehensive income for the year							(3,487,204)	657,911
Total comprehensive income for the year							115,578,265	74,944,550
Profit and loss appropriation account								
Balance at commencement of the year							104,619,424	45,085,344
Profit after tax for the year							115,578,265	74,944,550
Bonus shares issued							(64,724,000)	(15,410,470)
Balance of unappropriated profit at end of the year							155,473,689	104,619,424
Earning per share - basic and diluted	26						3.07	1.91

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed President & Chief Executive	Brig M. Ibrahim Khan (Retd) Director	Maj Gen Mukhtar Ahmed (Retd) Director	Lt Gen Tahir Mahmood (Retd) Chairman

Statement of Cash Flows

For the year ended 31 December 2013

	2013	2012 Restated
	Rupees	
Operating Cash Flows		
a) Underwriting activities:		
Premium received	1,457,725,212	1,483,189,727
Reinsurance premium paid	(1,067,667,874)	(297,630,147)
Claims paid	(732,120,963)	(600,411,155)
Reinsurance and other recoveries received	410,660,609	98,137,168
Commission paid	(104,198,501)	(82,223,503)
Commission received	250,845,545	78,414,330
Other underwriting payments (management expenses)	(203,468,747)	(183,988,059)
Net cash flow from underwriting activities	11,775,281	495,488,361
b) Other operating activities:		
Income tax paid	(32,073,636)	(17,172,953)
General management expenses paid	(127,155,813)	(121,814,940)
Other operating (payments) / receipts	(22,231,041)	79,985,814
Advances to employees	625,163	(546,558)
Net cash used in other operating activities	(180,835,327)	(59,548,637)
Total cash flow (used in) / generated from all operating activities	(169,060,046)	435,939,724
Investment activities:		
Profit / return received	15,615,334	20,296,034
Dividends received	2,265,753	1,238,489
Payments for investments	(690,801,186)	(229,910,858)
Proceeds from disposal of investments	454,652,833	137,080,427
Redemption of term finance certificates	39,204,580	37,961,560
Fixed capital expenditure	(15,700,314)	(51,196,352)
Proceeds from disposal of fixed assets	183,659	1,266,560
Total cash used in investing activities	(194,579,341)	(83,264,140)
Total cash used in financing activities	-	-
Net cash (used in) / generated from all activities	(363,639,387)	352,675,584
Cash at beginning of the year	483,241,871	130,566,287
Cash at end of the year	119,602,484	483,241,871

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed	Brig M Ibrahim Khan (Retd)	Maj Gen Mukhtar Ahmed (Retd)	Lt Gen Tahir Mahmood (Retd)
President & Chief Executive	Director	Director	Chairman

Statement of Cash Flows

For the year ended 31 December 2013

Reconciliation to Profit and Loss Account:	2013	2012 Restated
	Rupees	
Operating cash flows	(169,060,046)	435,939,724
Depreciation expense	(26,236,771)	(23,403,429)
(Loss) / profit on disposal of fixed assets	(166,077)	872,830
Increase in assets other than cash	140,247,251	226,089,636
Increase / (decrease) in liabilities other than running finance	107,085,528	(609,644,999)
Provision against doubtful debts	(9,036,933)	(28,140,611)
Provision against amounts due from other insurers / reinsurers	(4,513,136)	-
Unrealized gain on investments, held for trading	40,711,037	45,002,581
Provision for diminution in value of investment	-	(5,090,027)
Reversal of impairment in available for sale investments	-	2,025,229
Dividend income	2,265,753	1,238,489
Investment income	9,253,698	11,364,277
Profit on bank deposits	8,139,788	8,334,911
Share of profit in associated company	6,080,517	4,081,713
Income tax provision	(30,570,673)	(12,106,528)
Gain on trading	12,791,897	549,890
Tax paid	32,073,636	17,172,953
Profit after taxation	119,065,469	74,286,639

Definition of cash :

Cash comprises of cash in hand, bank balances, stamp in hand 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.

Cash for the purpose of the statement of cash flows consist of:	2013	2012
	Rupees	
Cash and other equivalents		
Cash in hand	662,777	340,943
Stamp in hand	382,336	154,216
	1,045,113	495,159
Current and other accounts		
On current accounts	11,079,216	4,384,625
On deposit accounts	107,478,155	478,362,087
	118,557,371	482,746,712
Total	119,602,484	483,241,871

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed President & Chief Executive	Brig M Ibrahim Khan (Retd) Director	Maj Gen Mukhtar Ahmed (Retd) Director	Lt Gen Tahir Mahmood (Retd) Chairman

Statement of Premiums

For the year ended 31 December 2013

Business underwritten inside Pakistan

Class of Business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2013 Net premium revenue	2012 Net premium revenue
		Opening	Closing			Opening	Closing			
	Rupees									
Direct and facultative										
Fire and property damage	219,488,273	88,676,641	106,609,536	201,555,378	173,191,689	69,161,263	82,756,393	159,596,559	41,958,819	39,183,303
Marine, aviation and transport	125,750,189	16,776,375	20,845,349	121,681,215	74,797,278	13,488,081	10,081,030	78,204,329	43,476,886	36,055,870
Motor	601,815,220	225,008,033	276,059,879	550,763,374	13,893,104	4,067,020	6,863,340	11,096,784	539,666,590	492,552,778
Accident and health	342,995,058	141,075,436	215,888,889	268,181,605	194,016,406	84,661,512	129,340,719	149,337,199	118,844,406	83,970,151
Miscellaneous	314,984,282	295,638,600	307,024,839	303,598,043	203,196,189	271,644,897	269,221,291	205,619,795	97,978,248	48,185,375
Grand total	1,605,033,022	767,175,085	926,428,492	1,445,779,615	659,094,666	443,022,773	498,262,773	603,854,666	841,924,949	699,947,477

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Brig M. Ibrahim Khan (Retd)
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Statement of Claims

For the year ended 31 December 2013

Business underwritten inside Pakistan

Class of business	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries in respect of outstanding claims Closing	Reinsurance and other recoveries revenue	2013 Net claims expense	2012 Net claims expense
	Rupees									
Direct and facultative										
Fire and property damage	67,926,009	50,159,448	48,888,854	66,655,415	46,806,103	40,890,465	39,115,896	45,031,534	21,623,881	18,510,020
Marine, aviation and transport	71,308,838	27,047,466	26,827,929	71,089,301	48,593,787	19,417,479	18,107,906	47,284,214	23,805,087	6,491,782
Motor	308,930,936	92,122,844	101,633,449	318,441,541	5,758,407	2,032,660	6,377,355	10,103,102	308,338,439	268,706,648
Accident and health	242,290,039	55,205,293	59,119,056	246,203,802	145,341,929	39,486,593	43,997,355	149,852,691	96,351,111	61,540,955
Miscellaneous	41,665,141	39,389,036	44,429,835	46,705,940	26,900,655	21,945,229	27,031,317	31,986,743	14,719,197	17,684,292
Grand total	732,120,963	263,924,087	280,899,123	749,095,999	273,400,881	123,772,426	134,629,829	284,258,284	464,837,715	372,933,697

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Brig M. Ibrahim Khan (Retd)
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Statement of Expenses

For the year ended 31 December 2013

Business underwritten inside Pakistan

Class of Business	Commission Paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurer*	2013 Net underwriting expense	2012 Net underwriting expense
	Rupees								
Direct and facultative									
Fire and property damage	28,602,141	12,836,570	14,498,357	26,940,354	9,079,745	36,020,099	46,355,049	(10,334,950)	(5,726,291)
Marine, aviation and transport	19,616,141	1,875,612	2,402,777	19,088,976	9,408,249	28,497,225	23,757,105	4,740,120	3,069,504
Motor	27,646,879	11,234,076	12,624,538	26,256,417	155,531,543	181,787,960	645,393	181,142,567	160,019,283
Accident and health	14,726,183	5,422,521	9,045,044	11,103,660	25,717,522	36,821,182	37,334,297	(513,115)	(203,591)
Miscellaneous	26,372,458	4,574,719	18,114,479	12,832,698	21,202,157	34,034,855	38,746,512	(4,711,657)	4,046,822
Grand total	116,963,802	35,943,498	56,685,195	96,222,105	220,939,216	317,161,321	146,838,356	170,322,965	161,205,727

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

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Brig M. Ibrahim Khan (Retd)
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Statement of Investment Income

For the year ended 31 December 2013

	2013	2012
	Rupees	
Income from trading investments		
Gain on trading	12,791,897	549,890
Dividend income	1,553,028	1,049,489
	14,344,925	1,599,379
Income from non-trading investments		
Return on government securities	3,817,112	3,307,313
Return on other fixed income securities	2,895,503	8,056,964
	6,712,615	11,364,277
Available for sale investments		
Dividend income	712,725	189,000
Gain on sale of investments	2,541,083	-
	3,253,808	189,000
Unrealized profit on re-measurement of investments held for trading	40,711,037	45,002,581
Reversal of impairment in available for sale investments	-	2,025,229
Impairment in loans and receivable	-	(5,090,027)
Net investment income	65,022,385	55,090,439

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed President & Chief Executive	Brig M Ibrahim Khan (Retd) Director	Maj Gen Mukhtar Ahmed (Retd) Director	Lt Gen Tahir Mahmood (Retd) Chairman

Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital	Reserves			Total reserves	Total equity
	Issued, subscribed and paid up	Capital reserve	Revenue reserve			
		Share premium	General reserve	Retained earnings		
	Rupees					
Balance as at 01 January 2012 - as previously reported	308,209,560	4,657,681	70,000,000	49,340,154	74,657,681	432,207,395
Change in accounting policy for recognition of actuarial gains and losses (Note 5.1)	-	-	-	(4,254,810)	-	(4,254,810)
Balance as at 01 January 2012 - as restated	308,209,560	4,657,681	70,000,000	45,085,344	74,657,681	427,952,585
Total comprehensive income for the year						
Profit for the year	-	-	-	74,286,639	-	74,286,639
Other comprehensive income for the year	-	-	-	657,911	-	657,911
Total comprehensive income for the year	-	-	-	74,944,550	-	74,944,550
Changes in owners' equity						
Total transactions with owners - Issuance of bonus shares	15,410,470	-	-	(15,410,470)	-	-
Balance as at 31 December 2012 - restated	323,620,030	4,657,681	70,000,000	104,619,424	74,657,681	502,897,135
Balance as at 01 January 2013 - as previously reported	323,620,030	4,657,681	70,000,000	108,876,122	74,657,681	507,153,833
Change in accounting policy for recognition of actuarial gains and losses (Note 5.1)	-	-	-	(4,256,698)	-	(4,256,698)
Balance as at 01 January 2013 - as restated	323,620,030	4,657,681	70,000,000	104,619,424	74,657,681	502,897,135
Total comprehensive income for the year						
Profit for the year	-	-	-	119,065,469	-	119,065,469
Other comprehensive income for the year	-	-		(3,487,204)	-	(3,487,204)
Total comprehensive income for the year	-	-	-	115,578,265	-	115,578,265
Changes in owners' equity						
Total transactions with owners - Issuance of bonus shares	64,724,000	-	-	(64,724,000)	-	-
Balance as at 31 December 2013	388,344,030	4,657,681	70,000,000	155,473,689	74,657,681	618,475,400

The annexed notes 1 to 32 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Brig M Ibrahim Khan (Retd)
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

1. STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, accident, health and miscellaneous. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 19 branches in Pakistan.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated 12 December 2002.

3. STATEMENT OF COMPLIANCE

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

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

4. BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determinedunder the provisions of IAS-19, "Employee Benefits".

4.1 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable to insurance companies in Pakistan requires management to makeudgments/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and assumptions are based onhistorical 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 their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the evision affects both current and future years.

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 discussed below:

a) Income tax

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rates which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets residual values are reviewed and adjusted if appropriate, at each financial year end.

c) Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is accounted for from subsequent to year end data on an estimated basis by the management and in case of accident and health business on actuary recommendation. Any significant event may affect the management's judgment which could effect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset a are measured at the amount expected to be received.

d) Premium deficiency reserves

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

e) Defined benefits plan

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

f) Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

g) Provision against premiums due but unpaid

The Company reviews its premium portfolio to assess amount of premium due but unpaid and provision required there-against. While assessing this requirement, various factors including the delinquency in the account, financial position of the insured are considered.

h) Classification of investment

In classifying investments as "held-for-trading" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

i) Allocation of management expenses

Management expenses which are not specifically related to a class of business are allocated on all classes of business based on their respective net premium share in the total net premiums of the Company.

j) Provisions

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

k) Fair value of investments - held for trading

The fair value of held for trading investment is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amount of investments held for trading with corresponding effect in profit and loss account.

4.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. Amounts presented in Pakistani Rupees have been rounded off to nearest Rupee.

4.3 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2014:

- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. This amendment is not expected to have material impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. This amendment is not expected to have material impact on financial statements of the Company.

- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment is not expected to have material impact on financial statements of the Company.

- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" Continuing hedge accounting after derivative novations (effective for annual periods beginning on or after 1 January 2014). The amendments add a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specific criteria. This amendment is not expected to have material impact on financial statements of the Company.

- Amendments to IAS 19 "Employee Benefits" Employee contributions – a practical approach (effective for annual periods beginning on or after 1 July 2014). The practical expedient addresses an issue that arose when amendments were made in 2011 to the previous pension accounting requirements. The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. This amendment is not expected to have material impact on financial statements of the Company.

- Amendments to IAS 27 "Consolidated and Separate Financial Statements" – consolidation relief for investments funds (effective for annual periods beginning on or after 1 January 2014). A qualifying investment entity is required to account for investments in controlled entities - as well as investments in associates and joint ventures - at fair value through profit or loss (FVTPL); the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. The consolidation exception is mandatory - not optional. This amendment is not expected to have material impact on financial statements of the Company.

- Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards. These amendments are not expected to have material impact on financial statements of the Company.

- IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

- IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

- IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision maker. This change aligns the disclosure requirements with those for segment liabilities.

- Amendments to IAS 16'Property, plant and equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

- IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through agroup entity.

- IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should: assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. The policies have been applied consistently to all years presented except a change in policy during the year as stated in note 5.1 below:

5.1 Change in accounting policy

International Accounting Standards (IAS) 19 (as revised in June 2011) "Employees Benefits" became effective for annual periods beginning on or after 01 January 2013. The amendments to IAS 19, change accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. The amendments require the recognition of changes in defined benefit obligation and fair value of plan assets when they occur, and hence eliminate 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. Now all actuarial gains and losses are recognized immediately through other comprehensive income. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (as revised in June 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (as revised in June 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Adoption of the amended IAS 19 amounts to change in accounting policy as per IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and effects of retrospective application of this change in accounting policy are as follows. As the effect of this restatement on opening balance of earliest period presented is not significant, third balance sheet has not been presented.

	As previously reported 31 December 2011	Effect of restatement	As restated 31 December 2011
		Rupees	
Defined benefit obligation	22,418,798	6,545,861	28,964,659
Deferred taxation	3,282,478	2,291,051	5,573,529
Unappropriated profit	49,340,154	(4,254,810)	45,085,344

	2012
	Rupees
Effect on profit and loss account	
Net increase in profit before tax	548,331
Net increase in tax expenses	(191,916)
	356,415
Effect on other comprehensive income	
Actuarial losses recognised in other comprehensive income	551,235
Tax effect of actuarial losses recognised in other comprehensive income	(192,932)
	358,303
Actuarial gain on compensated absences transferred from profit and loss to other comprehensive income	1,563,406
Tax effect of actuarial gain transferred to other comprehensive income	547,192

	As previously reported 31 December 2012	Effect of restatement	As restated 31 December 2012
		Rupees	
Defined benefit obligation	29,626,870	6,548,765	36,175,635
Deferred taxation	2,658,512	1,936,791	4,595,303
Taxation - net	1,840,105	(355,276)	2,195,381
Unappropriated profit	108,876,122	(4,256,698)	104,619,424

Change in accounting policy has also resulted in decrease in earning per share for the year ended 2012 by Rs. 0.017.

5.2 Insurance contracts

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

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

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.

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

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

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

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

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insure.

Reinsurance contracts

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted reinsurance business being reinsured. Once a contract has been classified as insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the year, unless all rights and liabilities are extinguished or expired.

5.2.1 Premium and receivable under insurance contracts

Premium written under all insurance policies is recognized as income over the year of insurance from the date of issuance of policy to which it relates to its expiry. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

Receivable under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and that impairment loss is recognised in the profit and loss account.

5.2.2 Reinsurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in the manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contracts.

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

The Company assesses its reinsurance assets for impairment on balance sheet date. If there is any objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes that impairment loss in the profit and loss account.

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

5.2.3 Claim expense including provision for outstanding claims including Incurred But Not Reported

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claims 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.

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 estimates and the claims actually reported subsequent to the balance sheet date however in case of health business, provision is determined using actuary recommendations.

5.2.4 Reinsurance recoveries against claims

Claims recoveries receivables from the reinsurers 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.

5.2.5 Commission

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

5.2.6 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.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is determined. The loss ratios estimated on these basis for the unexpired portion are as follows:

- Fire and property damage;	0.46
- Marine, aviation and transport;	0.38
- Motor;	0.55
- Health; and	0.74
- Miscellaneous.	0.27

Based on an analysis of combined operating ratio for the expired year of each reportable segment, 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.

5.3 Provision for unearned premium

In accordance with the requirements of Insurance Rules 2002, provision for unearned premium is calculated byapplying 1/24th method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognised as prepayment. The deferred portion of reinsurance premium ceded is calculated using 1/24th method.

5.4 Fixed assets

Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life of the assets by applying reducing balance method, except for tracking devices for which straight line method is applied, at rates specified in note 20 to the financial statements. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

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 year 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.

Capital work in progress is stated at cost less any impairment in value.

Owned - intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

5.5 Financial instruments

5.5.1 Non-derivative financial assets

These are initially recognised on the date that they are originated i.e. on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: held to maturity, financial assets at fair value through profit or loss, available for sale investments and loans and receivables.

a) Held to maturity

Investments with fixed maturity, where the management has both the intent and ability to hold to maturity, are classified as held to maturity. Subsequent to initial recognition, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account effective interest rate method. Profit on held to maturity instruments is recognized on a time proportion basis taking into account the effective yield on investments.

b) Investments at fair value through profit and 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 prices with the resulting gain or loss is included in net profit or loss for the year in which it arises.

c) 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 year of time or may be sold in response to the need for liquidity are classified as available for sale. Subsequent to initial recognition at cost, quoted investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan on 12 December 2002. Had the Company adopted IAS 39 "Financial Instruments: Recognition and Measurement " the investments available for sale as of 31 December 2012 would have been higher by Rs. 4.99 million (2012: higher by Rs. 1.40 million) with the corresponding increase in equity by the same amount. The Company's available for sale investments represent investment in mutual funds and shares of listed companies. Investment in the units of these funds is valued at their respective redemption/ repurchase price and investment in listed shares are valued at the prices quoted on stock exchange.

d) Loans and receivables

Loans and receivables comprise cash and bank deposits, advances, premium due but unpaid, amounts due from other insurers / reinsurers, reinsurance recoveries against outstanding claims and sundry receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

All other loans and receivables

These are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment of the collectability of counter party accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

5.5.2 Non-derivative financial liabilities

The Company initially recognises non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise amounts due from other insurers / reinsurers, unclaimed dividend, other payables and other creditors and accruals.

5.5.3 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

5.6 Investment in associates

Associates are those entities in which the Company has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost and the carrying value is increased or decreased to recognize the Company's share of the profit and loss of the associate after the date of its acquisition and the Company's share in the associates' equity that has not been recognized in the associate's profit and loss account. The Company's share of profit and loss of associates is included in the profit and loss account for the year. This method is applied from the date when significant influence commences until the date when the significant influence ceases. When the associates' share of losses exceed the carrying amount of investment in associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has incurred obligation in respect of the associate.

5.7 Investment property

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

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

5.8 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 taxation

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. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 to the profit and loss account, except in the case of items credited or charged to other comprehnsive income or equity in which case it is included in other comprehensive income or equity.

5.9 Employees' retirement benefits

a) Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2013.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

Discount rate	11% per annum
Expected return on plan assets	12.5% per annum
Expected rate of increase in salary	12.5% per annum
Average expected remaining working life time of the employee	8 years
Mortality rate	SLIC 2001 - 2005

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

b) Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

c) Compensated absences

Provisions for compensation absences, determined by actuary, are made annually to cover the obligation for compensated absences and charged to profit and loss account. The latest actuarial valuation was carried out as at 31 December 2013.

Actuarial valuation was carried out on the Projected Unit Credit Method based on the following significant assumptions:

Discount rate	12.5% per annum
Expected rate of increase in salary	12.5% per annum
Average number of leaves accumulated per annum	9 days
Mortality rate	SLIC 2001 - 2005

5.10 Management expenses

Expenses of management have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under general and administrative business.

5.11 Earnings per share

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

5.12 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. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. The Company has following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

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

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss. Accident and health provides inpatient and outpatient medical coverage.

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

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

5.13 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

5.14 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

5.15 Impairment

a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.16 Distribution and appropriations

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

6. PAID UP SHARE CAPITAL

2013	2012		2013	2012
Number of shares			Rupees	
		Ordinary shares of Rs. 10 each issued as:		
12,708,378	12,708,378	- fully paid cash shares	127,083,780	127,083,780
26,126,025	19,653,625	- fully paid bonus shares	261,260,250	196,536,250
38,834,403	32,362,003		388,344,030	323,620,030

6.1 Army Welfare Trust (AWT) and Askari Bank Limited held 12,426,277 (2012: 10,361,579) and 10,550,577 (2012: 8,795,953) ordinary shares of the Company respectively at the year end.

	Note	2013	2012
		Rupees	
7. STAFF COMPENSATED ABSENCES	7.1	11,080,700	9,916,198
7.1 Movement in liability			
Balance at beginning of the year		9,916,198	9,177,635
Charge for the year	7.1.1	2,065,632	1,711,016
Benefits paid / adjusted during the year		(901,130)	(972,453)
Balance at end of the year		11,080,700	9,916,198
7.1.1 Charge for the year			
Recognised in profit and loss account			
Current service cost		1,263,162	2,127,218
Interest cost		1,090,782	1,147,204
		2,353,944	3,274,422
Recognised in other comprehensive income			
Actuarial gain		(288,312)	(1,563,406)
		2,065,632	1,711,016

7.1.2 Comparison of the present value of defined benefit obligation and experience adjustment of present value of defined benefit obligation for the current and previous four years:

	2013	2012	2011	2010	2009
	Rupees				
Present value of obligation	11,080,700	9,916,198	9,177,635	6,950,909	12,294,231
Experience adjustment on obligation	(288,312)	(1,563,406)	883,823	260,562	(276,515)

8 OTHER CREDITORS AND ACCRUALS

	Note	2013	2012
		Rupees	
Agents' commission payable		51,651,995	37,632,409
Security deposit against bond insurance		44,174,974	57,341,881
Payable to staff gratuity fund	8.1	6,677,388	3,209,171
Tax deducted at source		2,353,131	1,200,268
Federal excise duty / Federal insurance fee		24,012,011	51,354,666
Workers' Welfare Fund		2,753,318	2,753,318
Due to associated company - unsecured	8.2	6,686,907	6,122,036
Payable against tracker devices and monitoring expenses		4,605,757	3,740,203
		142,915,481	163,353,952

8.1 Staff gratuity fund
8.1.1 Amount recognized in the balance sheet

	Note	2013	2012
Present value of defined benefit obligation	8.1.3	41,751,277	32,793,178
Benefits due but not paid during the year		4,339,699	3,382,457
		46,090,976	36,175,635
Fair value of plan assets	8.1.4	(39,413,588)	(32,966,464)
Net liability at end of the year		6,677,388	3,209,171

8.1.2 Movement in liability recognized in balance sheet

	Note	2013	2012
Balance at beginning of the year		3,209,171	5,002,789
Expense for the year	8.1.5	4,494,913	4,486,192
Actuarial loss recognized in other comprehensive income		5,488,112	551,235
		13,192,196	10,040,216
Contributions to the fund during the year		(6,514,808)	(6,831,045)
Balance at end of the year		6,677,388	3,209,171

8.1.3 Reconciliation of the present value of defined benefits obligations

	2013	2012
Present value of obligations as at beginning of the year	32,793,178	27,075,444
Current service cost	4,513,974	4,096,995
Interest cost	3,607,250	3,384,431
Benefits paid	(2,593,290)	(1,831,045)
Benefits due but not paid	(1,090,760)	(1,493,242)
Actuarial loss	4,520,925	1,560,595
Present value of obligations as at end of the year	41,751,277	32,793,178

8.1.4 Movement in the fair value of plan assets

	2013	2012
Fair value of plan assets as at beginning of the year	32,966,464	23,961,870
Interest income on plan assets	3,626,311	2,995,234
Contribution to the fund	6,514,808	6,831,045
Benefits paid	(2,726,808)	(1,831,045)
Actuarial (loss) / gain	(967,187)	1,009,360
Fair value of plan assets as at end of the year	39,413,588	32,966,464

	2013	2012
	Rupees	
8.1.5 Particulars of expense for the year		
Current service cost	4,513,974	4,096,995
Net interest	(19,061)	389,197
Expense for the year	4,494,913	4,486,192

8.1.6 Composition of fair value of plan assets

	2013		2012	
	Fair value Rupees	Percentage %	Fair value Rupees	Percentage %
Debt instruments	-	-	8,879,390	27%
Cash and bank balances	29,167,244	74%	6,747	1%
Others	10,246,344	26%	24,080,327	72%
Fair value of plan assets	39,413,588	100%	32,966,464	100%

Comparison of present value of defined obligation, fair value of plan assets and deficit of gratuity fund for the last four years:

	2013	2012 Restated	2011 Restated	2010 Restated	2009 Restated
Present value of defined benefit obligation	41,751,277	32,793,178	28,964,659	25,115,502	20,452,975
Fair value of plan assets	(39,413,588)	(32,966,464)	(23,961,870)	(18,465,704)	2,057,734)
Deficit / (surplus)	2,337,689	(173,286)	5,002,789	6,649,798	8,395,241
Experience adjustments:					
- Actuarial loss / (gain) on obligation	4,520,925	1,560,595	(1,367,355)	570,356	(443,015)
- Actuarial (loss) / gain on assets	(967,187)	1,009,360	(1,904,376)	872,074	(705,206)

8.1.7 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

	(Increase) / decrease in Defined Benefit Obligation	
	1% increase	1% decrease
	Rupees	
Discount rate	3,341,593	(3,843,633)
Future salary growth	(3,807,311)	3,369,543

8.2 This mainly constitutes payable to Askari Bank Limited, a related party, against salaries of its employees who are on secondment with the Company.

9. CONTINGENCIES AND COMMITMENTS

Contingencies

Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the Income Tax Appellate Tribunal (ITAT). The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000. The management firmly believes that the matter will be resolved in favor of the Company.

Commitments

At the balances sheet date, the Company does not have any capital commitment (2012: Nil).

	Note	2013	2012
10 CASH AND OTHER EQUIVALENTS		Rupees	
Cash in hand		662,777	340,943
Stamps in hand		382,336	154,216
		1,045,113	495,159

11 CURRENT AND OTHER ACCOUNTS

	Note	2013	2012
Cash at bank:			
Current accounts		11,079,216	4,384,625
Deposit accounts			
- local currency	11.1	88,480,101	464,977,874
- foreign currency	11.2	18,998,054	13,384,213
		107,478,155	478,362,087
	11.3	118,557,371	482,746,712

11.1 These carry effective markup rate ranging from 7% to 8.75% per annum (2012 : 6% to 10.5% per annum).

11.2 This carry effective markup rate of 0.25% per annum (2012: 0.25%).

11.3 These include balance amounting to Rs. 70.3 million (2012: Rs. 421.92 million) held with associated company.

	Note	2013	2012
12 ADVANCES TO EMPLOYEES		Rupees	
Employees (secured, considered good)			
- Executives	12.1	-	199,822
- Others		1,111,191	1,536,532
		1,111,191	1,736,354

12.1 These represents short term interest free advances given in accordance with terms of mployment. The maximum amount due from executives at the end of any month during the year was Rs. 0.22 million (2012: Rs. 0.21 million).

	Note	2013	2012
		Rupees	
13 INVESTMENTS			
Held to maturity	13.1	46,632,893	80,236,615
Loans and receivables - Certificates of investment (COIs)	13.2	14,808,716	4,673,535
Fair value through profit and loss - held for trading	13.3	688,374,065	467,250,860
Available for sale	13.4	17,325,050	9,491,925
Investment in associated company	13.5	96,961,420	43,380,903
		864,102,144	605,033,838
13.1 Held to maturity			
Government securities	13.1.1	40,396,393	34,795,535
Term finance certificates - quoted	13.1.2	6,236,500	45,441,080
		46,632,893	80,236,615

13.1.1 Government securities - Pakistan Investment Bonds (PIBs)

PIBs are 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. These carry interest at effective rate ranging from 9.8% to 11.65% per annum (2012: 8% to 13.91% per annum) and will mature by 18 July 2016 (2012: 18 August 2014). Market value of PIBs carried at amortised cost amounts to Rs. 39.97 million (2012: Rs.35.28 million).

13.1.2 Term finance certificates

Quoted

Number of certificates 2013	Number of certificates 2012	Redemption value per certificate Rupees	Company's Name	2013	2012
				Rupees	
-	1,500	-	Standard Chartered Bank Limited	-	1,875,000
-	4,000	-	United Bank Limited	-	19,994,000
-	1,500	-	Bank Alfalah Limited	-	4,986,780
-	1,400	-	Faysal Bank Limited	-	1,745,800
-	1,500	-	Soneri Bank Limited	-	1,870,500
-	3,000	-	Pakistan Mobile Communications Limited	-	2,496,000
1,500	1,500	2,495	Faysal Bank Limited	3,742,500	7,485,000
1,000	1,000	2,494	Allied Bank Limited	2,494,000	4,988,000
			Book value	6,236,500	45,441,080
			Market value	6,264,802	45,610,351

Term finance certificates have face value of Rs. 5,000 per certificate, carry interest rate ranging from six months KIBOR plus 1.4% to 1.9% per annum (2012: 1.4% to 2.85% per annum) and will be redeemed by 2014 (2012: 2014). The market values of term finance certificates are determined as per rates quoted by Mutual Funds Association of Pakistan on 31 December.

13.2 Loans and receivables - Certificates of investment (COIs)	Note	2013	2012
		Rupees	
Certificates of investment		31,027,158	20,891,977
Provision for impairment	13.2.1	(16,218,442)	(16,218,442)
		14,808,716	4,673,535

These carry interest rate ranging from 8.75% to 12% (2012: 9% to 12%) per annum having maturity for a period of three months to one year (2012: one month to one year). The Company has created a provision against certain COIs.

13.2.1 The movement in provision is given as under:	2013	2012
	Rupees	
Opening balance	16,218,442	11,128,415
Charge during the year	-	5,090,027
Closing balance	16,218,442	16,218,442

13.3 Fair value through profit and loss - held for trading: Investment in shares / units - quoted

Number of shares / units 2013	Number of shares / units 2012	Face value per share / unit Rupees	Name of entity	Carrying / market value 2013	Carrying / market value 2012
				Rupees	
			Open-Ended Mutual Funds		
3,360,485	1,173,609	10	ABL Government Securities Fund	33,624,342	11,802,286
2,138,625	1,998,421	10	ABL Income Fund	21,402,939	20,014,588
-	4,498,245	10	ABL Cash Fund	-	45,040,484
31,548	29,053	500	Atlas Income Fund	16,191,187	15,036,264
107,170	41,356	500	Atlas Money Market Fund	53,880,039	20,886,890
610,260	-	50	Alfalah GHP Income Multiplier Fund	30,299,870	-
102,667	-	100	Faysal Financial Sector Opportunity Fund	10,379,660	-
473,738	246,258	100	Faysal Money Market Fund	48,188,716	25,344,961
32,509	30,019	100	Faysal Savings Growth Fund	3,334,215	3,098,010
318,349	10,997	100	First Habib Cash Fund	31,867,979	1,101,482
565,971	523,697	100	HBL Money Market Fund	57,214,180	53,002,910
-	259,266	100	IGI Income Fund	-	26,143,708
-	102,280	100	IGI Money Market Fund	-	10,300,331
-	242,343	100	KASB Cash Fund	-	24,854,776
481,207	440,501	100	MCB Cash Management Optomizer Fund	48,145,432	44,169,312
214,567	99,540	100	MCB Dynamic Cash Fund	21,687,242	10,109,047
5,368,085		10	NAFA Income Opportunity Fund	56,959,682	-
-	2,501,914	10	NAFA Money Market Fund	-	25,103,707
4,733,327	3,738,068	10	NIT Income Fund	50,031,270	40,611,119
737,537	102,341	50	Pakistan Cash Management Fund	36,895,365	5,131,031
34,496	26,640	10	Pakistan Premier Fund	441,212	316,486
369,972	152,529	100	PICIC Cash Fund	37,242,793	15,317,912
96,391	87,940	100	PICIC Income Fund	9,686,160	8,880,199
633,964	-	100	Primus Daily Reserve Fund	63,466,863	-
-	348,716	100	UBL Government Securities Fund	-	35,135,218
-	51,590	100	UBL Liquidity Plus Fund	-	5,173,359
308,143	-	100	UBL Islamic Income Fund	31,245,726	-

Number of shares / units 2013	Number of shares / units 2012	Face value per share / unit Rupees	Name of entity	Carrying / market value 2013 Rupees	Carrying / market value 2012 Rupees
			Close-Ended Mutual Funds		
-	36,775	-	PICIC Growth Fund	-	603,110
			Automobile and Parts		
14,000	14,000	10	Pak Suzuki Motors Company Limited	2,154,460	1,226,960
			Banks		
78,594	69,862	10	Faysal Bank Limited	895,185	744,030
10,000	10,000	10	JS Bank Limited	45,000	58,700
12,245	11,132	10	MCB Bank Limited	3,442,926	2,335,048
51,073	44,412	10	National Bank of Pakistan	2,965,298	2,193,509
28,241	28,241	10	NIB Bank Limited	66,083	74,274
31,839	28,945	10	Soneri Bank Limited	348,000	205,220
40,250	40,250	10	The Bank of Punjab	443,555	430,675
			Chemicals		
24,834	24,834	10	Arif Habib Corporation Limited	552,556	598,996
			Construction and Materials		
22,641	19,688	10	Attock Cement Pakistan Limited	3,229,296	1,965,059
30,400	30,400	10	D. G. Khan Cement Company Limited	2,606,192	1,659,232
40,000	40,000	10	Fauji Cement Company Limited	638,000	261,600
-	3,000	10	Flying Cement Company Limited	-	11,370
65,000	65,000	10	Lafarge Pakistan Cement Limited	543,400	329,550
59,000	59,000	10	Maple leaf Cement Factory Limited	1,618,370	859,630
			Financial Services		
19,032	19,032	10	Jahangir Siddiqui & Co Limited	174,904	307,176
3,219	3,219	10	JS Global Capital Limited	106,387	122,290
17,000	17,000	10	JS Investment Limited	185,640	138,040
			Fixed Line Telecommunication		
48,322	48,322	10	Pakistan Telecommunication Company Limited	1,374,277	838,387
16,718	16,718	10	Worldcall Telecom Limited	41,460	42,297
			Fuel and Energy		
58,000	58,000	10	BYCO Petroleum Pakistan Limited	516,780	838,100
-	3,750	10	Mari Petroleum Company Limited	-	368,813
4,000	562	10	Pakistan Petroleum Limited	855,840	99,356
			General Industries		
1,400	1,360	10	Packages Limited	381,682	205,577
			Household Goods		
7,400	7,400	10	Tariq Glass Industries Limited	179,080	156,066

Number of shares / units 2013	2012	Face value per share / unit Rupees	Name of entity	Carrying / market value 2013 (Rupees)	2012 (Rupees)
			Industrial Engineering		
4,437	4,437	10	KSB Pumps Company Limited	400,882	288,405
			Industrial Metals and Mining		
2,257	2,257	10	Aysha Steel Mill Limited (Preference Shares)	18,033	22,660
10,000	10,000	10	International Industries Limited	463,700	329,100
			Non Life Insurance		
24,550	24,550	10	Century Insurance Company Limited	397,955	322,832
44,800	44,800	10	Pak Reinsurance Company Limited	1,274,112	1,095,360
			Personal Goods		
21,150	21,150	10	Azgard Nine Limited	151,011	171,104
22,998	22,998	10	Chenab Limited	119,129	89,002
43,517	43,517	10	Mukhtar Textile Mills Limited	-	-
-	1,000	-	Service Industries Limited	-	167,000
-	2,000	-	Treet Corporation Limited	-	131,260
			Software and Computer Services		
-	44,320	-	Netsol Technologies Limited	-	846,512
			Tobacco		
-	8,000	-	Pakistan Tobaco Company Limited	-	540,480
				688,374,065	467,250,860

13.4 Available for sale

Investments in units/shares-quoted

Number of shares / units 2013	2012	Face value per share / unit Rupees	Investee name	Carrying / market value 2013 (Rupees)	2012 (Rupees)
			Open-End Mutual Funds		
21,608	21,608	100	Dawood Income Fund	1,491,925	1,491,925
106,181	83,371	100	JS Large Capital Fund	5,000,000	5,000,000
			Closed-End Mutual Funds		
-	210,000	10	Atlas Fund of Funds	-	2,000,000
116,150	116,150	10	First Dawood Mutual Fund	220,000	1,000,000
			Banks		
17,500	-	10	United Bank Limited	2,357,573	-
			Chemicals		
9,000	-	10	Engro Corporations Limited	1,457,533	-

Number of shares / units 2013	2012	Face value per share / unit Rupees	Investee name	Carrying / market value 2013 Rupees	2012 Rupees
			Construction and Materials		
13,000	-	10	Kohat Cement Co Limited	1,197,373	-
			Textile		
17,000	-	10	Nishat Chunian Limited	983,054	-
			Food Producers		
10,000	-	10	Engro Foods Limited	1,096,817	-
			Oil and Gas		
3,000	-	10	National Refinery Limited	774,760	-
5,500	-	10	Pakistan State Oil Company Limited	1,875,169	-
			Electricity		
12,500	-	10	Hub Power Company Limited	870,846	-
			Carrying value	17,325,050	9,491,925
			Market value	22,321,591	10,893,596

13.5 Investment in associated company

Number of units 2013	2012	Face value per unit Rupees	Investee name	2013 Rupees	2012 Rupees
593,343	382,291	100	Askari Sovereign Cash Fund	59,808,629	38,431,566
257,966	52,391	100	Askari High Yield Scheme	26,672,049	4,949,337
104,452	-	100	Askari Sovereign Yield Enhancer Fund	10,480,742	-
			Carrying value	96,961,421	43,380,903
			Market Value	96,961,421	43,380,903

13.5.1 The summarized financial information of associated companies on the basis of un-audited financial information for the half year ended 31 December 2013 are as follows:

	Askari Sovereign Cash Fund 2013	Askari Sovereign Cash Fund 2012	Askari High Yield Scheme 2013	Askari High Yield Scheme 2012	Askari Sovereign Yield Enhancer Fund 2013
	Rupees				
Total assets	5,993,254,601	4,987,688,218	2,244,241,058	1,492,469,699	1,015,965,198
Total liabilities	62,263,150	256,369,363	17,043,155	14,329,414	7,724,931
Net assets	5,930,991,451	4,731,318,855	2,227,197,903	1,478,140,285	1,008,240,267
Total income / (loss) for the period	271,566,449	379,164,215	134,490,045	(7,861,914)	74,772,823
Net income / (loss) for the period	227,597,093	289,495,816	98,328,539	(55,391,315)	57,494,023

14. INVESTMENT PROPERTY

This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.

	2013	2012
	Rupees	
Cost	52,400,000	52,400,000
Depreciation		
Balance at beginning of the year	2,729,167	1,419,167
Charge for the year	1,310,000	1,310,000
Balance at end of the year	4,039,167	2,729,167
Carrying value	48,360,833	49,670,833

14.1 The market value of the investment property is Rs. 78.60 million (2012: Rs. 72.05 million) as on 31 December 2013 as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years. The amount of depreciation has been allocated to general and administration expenses.

15 DEFERRED TAXATION

	Note	2013	2012
		Rupees	
Deferred tax asset arising in respect of:			
Provision for impairment in loans and receivables investments		2,582,555	2,658,512
Provision against premium due but unpaid		3,072,557	-
Provision against amounts due from other insurers / reinsurers		1,534,466	-
		7,189,578	2,658,512
Deferred tax on items recognised in other comprehensive income:			
Provision for staff retirement benefits		-	1,936,791
		7,189,578	4,595,303

16. PREMIUMS DUE BUT UNPAID - UNSECURED

	Note	2013	2012
Considered good	16.1	305,582,662	248,257,414
Considered doubtful		9,036,933	-
		314,619,595	48,257,414
Provision for doubtful balances	16.2	(9,036,933)	-
		305,582,662	248,257,414

16.1 This includes premium amounting of Rs.44.74 million (2012: Rs. 32.90 million) receivable from the associated undertakings, the movement of which is as under:

	Note	2013	2012
		Rupees	
Balance at beginning of the year		32,898,275	27,421,026
Insurance premium written (including government levies administrative surcharge and policies stamps)		258,885,757	101,034,553
Premium received during the year		(247,045,311)	(95,557,304)
Balance at end of the year		44,738,721	32,898,275

16.2 Provision for doubtful balances

	2013	2012
Balance at beginning of the year	-	6,872,786
Provision made during the year	9,036,933	28,140,611
Provision adjusted against debts written off	-	(35,013,397)
Balance at end of the year	9,036,933	-

16.3 Age analysis of amounts receivable for related parties:

	2013	2012
Up to 1 year	41,743,999	22,504,884
1 to 2 years	2,994,722	10,393,391
	44,738,721	32,898,275

17 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS

	Note	2013	2012
Considered good		67,784,260	107,113,958
Considered doubtful		4,513,136	-
		72,297,396	107,113,958
Provision for doubtful balances	17.1	(4,513,136)	-
		67,784,260	107,113,958

17.1 Provision for doubtful balances

	2013	2012
Balance at beginning of the year	-	-
Provision made during the year	4,513,136	-
Balance at end of the year	4,513,136	-

18. PREPAYMENTS

	2013	2012
Prepaid reinsurance premium ceded	498,262,773	443,022,773
Others	11,155,111	7,762,093
	509,417,884	450,784,866

19. SUNDRY RECEIVABLES

	Note	2013	2012
Security deposits		6,585,621	4,711,621
Advances to suppliers - unsecured, considered good		770,870	104,400
Receivable from staff provident fund - secured		112,769	2,013,202
Receivable against sale of vehicles		1,227,254	2,723,324
Other receivables - unsecured, considered good	18.1	25,760,040	10,608,876
		34,456,554	20,161,423

19.1 This includes Rs. 3.54 million (2012: Nil) receivable from a related party on account of sale of securities as broker of the Company. The balance is current, unsecured and receivable on demand.

20. FIXED ASSETS, owned

	Tangible					Intangible	Capital work in progress	Total
	Furniture and fixtures	Computers and office equipment	Motor vehicles	Tracking devices	Leasehold improvements	Software licenses		
	Rupees							
COST								
As at 01 January 2012	17,565,923	44,437,463	11,445,895	3,103,327	19,462,488	10,121,573	4,836,203	110,972,872
Additions during the year	35,700	1,291,400	489,020	-	371,978	-	49,008,254	51,196,352
Disposals	(45,900)	(1,160,000)	(781,000)	-	-	-	-	(1,986,900)
Transfers / adjustments	25,000	155,000	-	41,365,434	12,000	-	(41,557,434)	-
As at 31 December 2012	17,580,723	44,723,863	11,153,915	44,468,761	19,846,466	10,121,573	12,287,023	160,182,324
Additions during the year	1,124,768	1,958,868	1,308,144	-	-	-	11,308,534	15,700,314
Disposals	(704,105)	(348,448)	-	-	-	-	-	(1,052,553)
Transfers / adjustments	-	-	-	9,404,837	-	-	(9,404,837)	-
As at 31 December 2013	18,001,386	46,334,283	12,462,059	53,873,598	19,846,466	10,121,573	14,190,720	174,830,085
Depreciation and amortization								
As at 01 January 2012	9,712,513	32,035,990	6,442,793	570,262	12,343,945	1,877,827	-	62,983,330
Charge for the year	786,504	4,560,212	1,018,012	11,132,831	2,456,563	2,139,307	-	22,093,429
Depreciation on disposals	(20,378)	(925,058)	(647,734)	-	-	-	-	(1,593,170)
As at 31 December 2012	10,478,639	35,671,144	6,813,071	11,703,093	14,800,508	4,017,134	-	83,483,589
Charge for the year	760,764	3,626,398	958,594	15,951,537	1,665,163	1,964,315	-	24,926,771
Depreciation on disposals	(403,781)	(299,036)	-	-	-	-	-	(702,817)
As at 31 December 2013	10,835,622	38,998,506	7,771,665	27,654,630	16,465,671	5,981,449	-	107,707,543
Carrying value as at:								
- 31 December 2012	7,102,084	9,052,719	4,340,844	32,765,668	5,045,958	6,104,439	12,287,023	76,698,735
- 31 December 2013	7,165,764	7,335,777	4,690,394	26,218,968	3,380,795	4,140,124	14,190,720	67,122,542
Depreciation rate %	10	35	20	33	33	20		

	Note	2013	2012
		Rupees	

20.1 Depreciation and amortization is allocated as follows:

	Note	2013	2012
Management expenses	22	18,997,615	14,720,360
General and administration expenses	24	5,929,156	7,373,069
		24,926,771	22,093,429

20.2 Detail of disposals of fixed assets during the year

Description of assets	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on sale
			Rupees		
2013					
Aggregate value of other items with individual book value not exceeding Rs. 50,000	1,052,553	702,817	349,736	183,659	(166,077)
2012	1,986,900	1,593,170	393,730	1,266,560	872,830

21. NET PREMIUM REVENUE

	Note	2013	2012
		Rupees	
Premium revenue (net of reinsurance)		806,447,950	663,660,049
Administrative surcharge	21.1	35,476,999	36,287,428
		841,924,949	699,947,477

21.1 Net premium revenue includes administrative surcharge as under:

	2013	2012
Fire and property damage	3,886,389	3,912,205
Marine, aviation and transport	3,632,852	4,618,972
Motor	22,056,419	22,083,464
Accident and health	2,789,928	2,961,507
Miscellaneous	3,111,411	2,711,280
	35,476,999	36,287,428

22. MANAGEMENT EXPENSES

	Note	2013	2012 Restated
		Rupees	
Salaries and other benefits	22.1	133,473,305	123,685,344
Rent expense		20,942,627	19,782,664
Communication		8,174,074	8,712,258
Tracker devices		10,914,407	6,941,135
Monitoring of trackers		9,519,871	4,350,932
Printing and stationery		1,446,999	1,317,513
Traveling and entertainment		2,752,387	3,161,754
Depreciation and amortization	20.1	18,997,615	14,720,360
Repair and maintenance		4,478,317	2,276,186
Utilities		6,864,751	6,445,474
Advertisement		190,720	122,776
Inspection expenses		1,199,225	950,645
Bank charges		259,820	295,340
Miscellaneous		1,725,098	2,158,536
		220,939,216	194,920,917

22.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 2.56 million (2012: Rs. 2.69 million), Rs.1.42 million (2012: Rs.1.96 million) and Rs. 3.12 million (2012: Rs. 2.78 million) respectively.

23. OTHER INCOME / (EXPENSE) - net

	Note	2013	2012
		Rupees	
From non-financial assets			
(Loss) / Gain on disposal of fixed assets	20.2	(166,077)	872,830
Old liabilities written back		3,153,778	5,915,339
Recoveries against premium written off		3,454,646	-
Miscellaneous		1,923,445	2,409,775
		8,365,792	9,197,944

	Note	2013	2012
		Rupees	

24 GENERAL AND ADMINISTRATION EXPENSES

	Note	2013	2012
Salaries and other benefits	24.1	89,663,069	83,233,351
Rent expenses		9,152,852	8,524,522
Communication		4,010,048	4,219,965
Printing and stationery		4,106,247	4,477,781
Traveling and entertainment		2,552,446	2,673,651
Depreciation and amortization	14.1 & 20.1	7,239,156	8,683,069
Repair and maintenance		3,487,648	2,812,810
Legal and professional		3,136,610	2,847,048
Subscription		3,309,089	4,262,791
Utilities		3,060,829	2,770,463
Advertisement		1,361,779	2,286,187
Auditor's remuneration		900,000	787,000
Bank charges		243,791	281,260
Provision against premium due but unpaid	16.2	9,036,933	28,140,611
Provision against amounts due from other insurers / reinsurers	17.1	4,513,136	-
Miscellaneous expenses		1,329,240	1,520,504
		147,102,873	157,521,013

24.1 This includes charges for defined benefit plans, defined contribution plans and staff compensated absences amounting to Rs. 1.93 million (2012: Rs. 1.79 million), Rs. 0.94 million (2012: Rs. 1.31 million) and Rs.0.89 million (2012: Rs.0.73 million) respectively.

24.2 Auditor's remuneration

	2013	2012
	Rupees	
Audit fee	373,750	325,000
Half yearly review	143,750	125,000
Other certifications	100,000	50,000
Tax advisory services	225,000	237,000
Out of pocket expenses	57,500	50,000
	900,000	787,000

	Note	2013	2012 Restated
		Rupees	

25. PROVISION FOR TAXATION

25.1 Taxation charged to profit and loss account

	Note	2013	2012 Restated
Current		35,101,739	11,482,562
Deferred tax (income) / charge		(4,531,066)	623,966
	25.2	30,570,673	12,106,528

25.2 Relationship between tax expense and accounting profit

	2013	2012 Restated
Profit for the year before taxation	149,636,142	86,393,167
Tax at the applicable rate of 34% (2012: 35%)	50,876,288	30,237,608
Effect of items that are not considered in determining taxable income - net	(16,875,773)	(17,429,833)
Effect of amounts chargeable to tax at reduced rate	(3,505,799)	(701,248)
Effect of change in tax rate	75,957	-
	30,570,673	12,106,527

25.3 Taxation charged to other comprehensive income

	2013	2012 Restated
Current tax income	3,649,387	-
Deferred tax charge	(1,936,791)	(354,260)
	1,712,596	(354,260)

26. EARNING PER SHARE - BASIC AND DILUTED

		2013	2012 Restated
Profit after taxation	Rupees	119,065,469	74,286,639
Weighted average number of ordinary shares	Numbers	38,834,403	38,834,403
Earnings per share	Rupees	3.07	1.91

26.1 The comparative figures of weighted average number of ordinary shares and earnings per share have been restated as a result of bonus shares issued by the Company during the current year.

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

27. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of directors, major shareholders, key management personnel, entities under common control, entities with common directors and employees retirement benefit funds.

The amounts due to and due from associated undertakings are disclosed in their respective notes to the financial statements.

Army Welfare Trust ("AWT") holds directly and indirectly significant portion of the Company's equity, therefore all subsidiaries and associated undertakings of AWT are related parties of the Company. Remuneration to chief executive, directors and executives under the terms of their employment are disclosed in note 28 to the financial statements.

Transactions with related parties during the year are given below:

	2013	2012
	Rupees	
Insurance premium written (including government levies administrative surcharge and policies stamps)	258,885,757	101,034,553
Premium received during the year	247,045,311	95,557,304
Profit on deposit accounts	2,937,719	4,030,753
Bank charges	420,574	513,762
Insurance claims paid	51,676,717	17,705,309
Purchase of listed securities through broker, ASL including brokerage fee	40,642,376	-
Sale of listed securities through broker, ASL including brokerage fee	44,195,199	1,445,374
Rent paid	9,418,872	8,458,084
Issuance of bonus shares	38,294,760	9,117,490
Contribution to staff retirement benefit funds	10,947,628	11,658,285

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

28.1 The aggregate amount charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

	2013		
	Chief Executive	Directors	Executives
	Rupees		
Remuneration and bonus	8,555,851	-	11,815,724
Housing and utilities	2,984,815	-	5,280,680
Provident fund	438,455	-	846,779
Meeting fee	-	330,000	-
	11,979,121	330,000	17,943,183
No of person(s)	1	8	14

	2012		
	Chief Executive	Directors	Executives
	Rupees		
Remuneration and bonus	10,114,959	-	8,795,541
Housing and utilities	2,809,980	-	4,301,718
Leave fare assistance	651,465	-	-
Provident fund	420,135	-	694,430
Meeting fee	-	365,000	-
	13,996,539	365,000	13,791,689
No of person(s)	1	8	12

28.2 The Chief Executive and Executives are also provided with the Company's maintained car. They are also entitled to gratuity and leave encashment for which the provision is determined by the actuary.

29. MANAGEMENT OF FINANCIAL AND INSURANCE RISK

29.1 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

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

I) 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 management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2013	2012
	Rupees	
Bank deposits	118,557,371	482,746,712
Investments	767,140,723	561,652,935
Advances to employees	1,111,191	1,736,354
Premium due but unpaid	305,582,662	248,257,414
Amounts due from other insurers / reinsurers	67,784,260	107,113,958
Accrued investment income	1,649,869	2,412,800
Reinsurance recoveries against outstanding claims	134,629,829	123,772,426
Sundry receivables	34,456,554	20,161,423
	1,430,912,459	1,547,854,022

The Company does not hold any collateral against the above balances. Provision against receivable is written off when the Company expects that it cannot recover the balance due. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default. The age analysis of gross receivables is as follows:

	Premium due but unpaid	Amounts due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Sundry receivables	2013 Aggregate	2012 Aggregate
	Rupees					
Up to 1 year	283,796,354	53,471,704	103,675,707	34,456,554	475,400,319	349,731,113
1-2 years	27,082,526	11,019,465	6,606,036	-	44,708,027	80,033,007
2-3 years	3,740,715	3,321,534	5,684,289	-	12,746,538	45,767,004
Over 3 years	-	4,484,693	18,663,796	-	23,148,489	27,213,691
	314,619,595	72,297,396	134,629,828	34,456,554	556,003,373	502,744,815

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

	Rating			2013	2012
	Short term	Long term	Rating agency	Rupees	
Askari Bank Limited	A1+	AA	PACRA	70,286,520	421,918,076
Standard Chartered Bank Limited	A1+	AAA	PACRA	555	182,512
Summit Bank Limited	A-3	A-	JCR-VIS	44,203,417	58,520,109
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,046,425	1,173,750
Faysal Bank Limited	A1+	AA	PACRA	3,010,393	812,771
JS Bank Limited	A1	A+	PACRA	-	20,547
Soneri Bank Limited	A1+	AA-	PACRA	1,685	59,859
Silk Bank Limited	A-2	A-	JCR- VIS	8,376	59,088
				118,557,371	482,746,712

b) Sector wise analysis of gross premiums due but unpaid is as follows:

	2013	2012
	Rupees	
Financial services	16,606,441	20,043,902
Textile and composites	21,374,975	18,645,064
Pharmaceuticals	301,570	5,196,679
Engineering	6,647,513	3,176,793
Other manufacturing	30,039,291	36,119,572
Construction companies	99,692	293,197
Education	27,683,901	6,790,273
Development	45,297,259	20,834,584
Telecommunication	2,254,209	9,254,725
Logistics	4,129,353	8,990,779
Agriculture	624,363	-
Other services	85,159,979	37,507,325
Poultry Industry	2,605,860	-
Miscellaneous	71,795,188	81,404,521
	314,619,595	248,257,414

During the year, the Company has provided for Rs. 9.03 million and Rs. 4.51 million (2012: 28.14 million and nil) against premium due but unpaid and amounts due from other insurers / reinsurers respectively. Movements of these provisions are disclosed in note 16.2 and 17.1 to the financial statements.

c)The credit quality of amount due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

Rating	2013 Amount due from other insurers / reinsurers	2013 Reinsurance recoveries against outstanding claims	2013 Aggregate	2012 Aggregate
	Rupees			
A or above	52,429,819	134,629,829	187,059,648	188,538,787
Others	15,354,441	-	15,354,441	42,347,597
	67,784,260	134,629,829	202,414,089	230,886,384

d) The Company has diversified portfolio of investment to mitigate the risk. The major credit risk exposure in held to maturity investment can be assessed from the credit quality of Company's exposure in TFC as disclosed in note 13.1.2 to the financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 13.2 to the financial statements.

ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as it arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

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

	2013 Carrying amount	2013 Contractual cash flows	2013 Up to one year	2013 More than one year
Financial liabilities	Rupees			
Provision for outstanding claims (including IBNR)	280,899,123	280,899,123	280,899,123	-
Amounts due to other insurers / reinsurers	119,400,979	119,400,979	119,400,979	-
Accrued expenses	1,964,044	1,964,044	1,964,044	-
Other creditors and accruals	116,550,339	116,550,339	116,550,339	-
Unclaimed dividend	830,102	830,102	830,102	-
Other liabilities	18,190,530	18,190,530	18,190,530	-
	537,835,117	537,835,117	537,835,117	-

Financial liabilities	2012 - Restated			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees			
Provision for outstanding claims (including IBNR)	263,924,087	263,924,087	263,924,087	-
Amounts due to other insurers / reinsurers	365,058,356	365,058,356	365,058,356	-
Accrued expenses	2,008,769	2,008,769	2,008,769	-
Other creditors and accruals	110,799,018	110,799,018	110,799,018	-
Unclaimed dividend	830,102	830,102	830,102	-
Other liabilities	8,129,200	8,129,200	8,129,200	-
	750,749,532	750,749,532	750,749,532	-

iii) Market risk

a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

Interest / mark up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates risk. The Company limits interest / mark up rate risk by monitoring changes in interest / mark up rates in the currencies in which its cash and investments are denominated. The Company's financial liabilities are not exposed to interest / mark up rate risk.

At the balance sheet date exposure to interest bearing financial assets is as follows:

	2013	2012	2013	2012
	Effective interest rate (%)		Carrying amounts	
			Rupees	
Fixed rate financial assets				
Deposit accounts	0.25% to 8.75%	0.25% to 10.50%	107,478,155	478,362,087
Investments - held to maturity	7.8% to 13.09%	8% to 13.91%	40,396,393	34,795,535
			147,874,548	513,157,622
Variable rate financial assets				
Investments - held to maturity	11.8% to 12.75%	8% to 13.91%	6,236,500	45,441,080
Loans and receivables	8.75% to 9%	10% to 13%	14,808,716	4,673,535
			21,045,216	50,114,615

Sensitivity

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect the fair value of any financial instrument.

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / increased profit / (loss) for the year by Rs. 0.21 million (2012: Rs. 50 million).

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

b) Foreign currency risk

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

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to price risk since it has investments in quoted securities amounting to Rs. 705.70 million (2012: Rs. 476.74 million) at the balance sheet date out of which Rs. 688.37 million (2012: Rs. 467.25) are carried at fair value. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to price risk are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost, investment in associates which are carried under equity method and available for sale equity instruments which 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).

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity

A hypothetical 10% increase / (decreased) in market prices of held for trading investments at the year end, would have increased / (decreased) profit before tax by Rs. 68.84 million (2012: Rs. 46.72 million).

Had available for sale investments of the Company been measured at fair value as required by IAS 39 "Financial Instruments: Recognition and Measurement", a hypothetical 10% increase / (decreased) in market prices as at the year end, would have increased / (decreased) other comprehensive income by Rs. 1.73 million (2012: Rs. 0.95 million).

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

iv) Fair value of financial instruments

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

The basis for determining the fair values is as follows:

Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels are defined as below:

Level 1:quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs. 688.37 million (2012: Rs. 467.25 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1.

Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement / or disclosure purpose based on the following methods:

Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

Available for sale investment

The fair value of available for sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. The fair value is determined for disclosure purposes.

Held to maturity investment

Fair value for held to maturity investment except for Term Finance Certificates (TFC) is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. Fair values for TFC is estimated as per rates quoted by Mutual Funds Association of Pakistan for 31 December 2013. The fair values are determined for disclosure purposes.

Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

v) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is compliant with the minimum capital requirement under the Insurance Ordinance 2000.

The Company has adopted a policy of profit capitalization to meet the regulatory requirements for minimum paid up capital and where required call further capital. There was no change in the Company's approach towards capital management during the year.

29.2 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses , engineering losses and other events) and their consequences (for example subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which are divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum insured on occurrence of the insured event.

The Company has entered into reinsurance cover / arrangements with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company.

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

The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claim payments

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement year for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the cost of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous years. Claims are assessed on a case-by-case basis separately.

(c) Sensitivity analysis

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

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

	Profit before tax		Shareholders' equity	
	2013	2012	2013	2012
	Rupees			
10% increase in loss				
Net				
Fire and property damage	(977,296)	(926,898)	(645,015)	(602,484)
Marine aviation and transport	(872,002)	(762,999)	(575,521)	(495,949)
Motor	(9,525,609)	(9,009,018)	(6,286,902)	(5,855,862)
Health	(1,512,170)	(1,571,870)	(998,032)	(1,021,716)
Miscellaneous	(1,739,852)	(1,744,381)	(1,148,302)	(1,133,847)
	(14,626,929)	(14,015,166)	(9,653,772)	(9,109,858)

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

(d) Concentration of insurance risk

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

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk.

The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured	Reinsurance	Net
2013	Rupees		
Fire and property	171,898,721	138,086,243	33,812,478
Marine, aviation and transport	102,803,452	62,967,114	39,836,338
Motor	27,668,751	608,713	27,060,038
Miscellaneous	50,329,505	34,831,522	15,497,983
	352,700,429	236,493,591	116,206,838
2012			
Fire and property	125,291,142	96,855,932	28,435,210
Marine, aviation and transport	107,097,208	76,081,857	31,015,351
Motor	22,681,737	396,930	22,284,806
Miscellaneous	39,949,642	32,570,665	7,378,977
	295,019,729	205,905,385	89,114,344

(e) Claims development tables

The following table shows the development of fire claims over a year of time. The disclosure goes back to the year when the earliest material claim arose for which there is still uncertainty about the amount and timing of i.e. claims payments. For other classes of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year. In accordance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 4/2010 dated 23 January 2010, the claims where uncertainty about the amount and timings of claims payment is usually resolved within a year are not disclosed in the below table.

Analysis on gross basis

Accident Year	2008	2009	2010	2011	2012	2013	Total
	Rupees						
Estimate of Ultimate Claim Cost							
At the end of accident year	123,448,238	72,270,018	59,097,670	74,828,740	77,425,147	80,794,797	487,864,610
One year later	115,949,641	76,355,592	49,985,336	82,598,556	65,390,686	-	390,279,811
Two years later	116,567,575	73,494,350	49,325,021	81,855,023	-	-	321,241,969
Three years later	115,874,808	73,716,726	49,118,474	-	-	-	238,710,008
Four years later	116,509,551	73,785,120	-	-	-	-	190,294,671
Five years later	116,429,065	-	-	-	-	-	116,429,065
Estimate of cumulative claim	116,429,065	73,785,120	49,118,474	81,855,023	65,390,686	80,794,797	467,373,165
Cumulative payments to date	101,024,065	73,735,114	48,853,051	81,567,513	65,354,750	47,949,818	418,484,311
Liability recognised on the reporting date	15,405,000	50,006	265,423	287,510	35,936	32,844,979	48,888,854

30. SEGMENT REPORTING

(Amounts in Rupees)

The following table presents revenue and profit information regarding segments for the years ended 31 December 2013 and 2012 and estimated information regarding certain assets and liabilities of the segments as at 31 December 2013 and 2012.

	Fire and property damage		Marine, aviation and Transport		Motor		Accident and Health		Miscellaneous		TOTAL	
REVENUE	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Net premium revenue	41,958,819	39,183,303	43,476,886	36,055,870	539,666,590	492,552,778	118,844,406	83,970,151	97,978,248	48,185,375	841,924,949	699,947,477
Segment result	30,669,888	26,399,574	14,931,679	26,494,584	50,185,584	63,826,847	23,006,410	22,632,787	87,970,708	26,454,261	206,764,269	165,808,053
Investment income											65,022,385	55,090,439
Rental income											2,366,264	1,401,120
Other income											8,365,792	9,197,944
Profit on bank deposits											8,139,788	8,334,911
Share of profit in associated company											6,080,517	4,081,713
Unallocated general and administration expenses											(147,102,873)	(157,521,013)
											(57,128,127)	(79,414,886)
Profit before tax											149,636,142	86,393,167
Provision for taxation											(30,570,673	(12,106,528)
Profit after tax											119,065,469	74,286,639
OTHER INFORMATION												
Segment assets	156,560,668	144,553,667	51,512,209	54,717,310	341,211,756	347,125,672	239,569,456	175,999,697	361,512,909	324,807,672	1,150,366,998	1,047,204,018
Unallocated corporate assets											1,087,627,765	1,177,857,423
Consolidated total assets											2,237,994,763	2,225,061,441
Segment liabilities	186,508,673	183,772,945	61,109,319	71,888,886	518,970,397	674,940,679	337,328,350	277,785,554	465,066,503	478,559,653	1,568,983,242	1,686,947,717
Unallocated corporate liabilities											50,536,121	30,959,891
Consolidated total liabilities											1,619,519,363	1,717,907,608
Capital expenditure	218,872	439,093	226,791	404,047	14,123,627	14,157,097	619,935	940,980	511,089	539,971	15,700,314	51,196,352
Unallocated capital expenditure												
Depreciation and amortization	151,807	824,051	157,299	758,279	17,904,046	10,358,712	429,978	1,765,948	354,485	1,013,370	18,997,615	14,720,360
Unallocated depreciation and amortization											7,239,156	8,683,069

31. PROVIDENT FUND

	2013	2012
	Rupees	
Size of the fund - total assets	38,626,881	34,667,941
Percentage of investment made	85%	95%
Fair value of investments	32,665,109	33,041,753

31.1 The cost of above investments amounted to Rs. 32.72 million (2012: Rs.38.88 million).

31.2 The break-up of fair value of investments is:

	2013	2012	2013	2012
	Percentage		Rupees	
Bank deposits	65%	-	21,286,956	-
Money Market Funds	35%	69%	11,378,153	22,819,877
Equity Funds	-	22%	-	7,392,441
Term Finance Certificates	-	9%	-	2,829,435
	100%	100%	32,665,109	33,041,753

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

32. GENERAL

32.1 Number of employees

Total number of employees at the end of the year were 398 (2012: 398). Average number of employees during the year were 398 (2012: 405).

32.2 Date of approval

These financial statements have been authorized for issue by the Board of Directors of the Company on 24 March 2014.

Abdul Waheed	Brig M. Ibrahim Khan (Retd)	Maj Gen Mukhtar Ahmed (Retd)	Lt Gen Tahir Mahmood (Retd)
President & Chief Executive	Director	Director	Chairman

Pattern of Shareholding

For the year ended 31 December 2013

NO. OF SHAREHOLDERS	From	To	SHARES HELD
294	1	100	10,140
688	101	500	189,952
199	501	1,000	146,392
281	1,001	5,000	678,862
51	5,001	10,000	374,628
18	10,001	15,000	219,806
17	15,001	20,000	313,254
10	20,001	25,000	225,606
6	25,001	30,000	164,339
4	30,001	35,000	132,056
5	35,001	40,000	188,700
2	40,001	45,000	89,375
3	45,001	50,000	144,249
1	50,001	55,000	54,626
3	55,001	60,000	170,996
3	60,001	65,000	191,018
2	70,001	75,000	146,412
1	75,001	80,000	78,379
1	80,001	85,000	81,559
1	85,001	90,000	90,000
1	95,001	100,000	95,287
1	105,001	110,000	108,044
1	125,001	130,000	125,884
1	130,001	135,000	132,170
1	140,001	145,000	144,930
1	170,001	175,000	173,819
1	210,001	215,000	215,000
1	215,001	220,000	216,571
1	275,001	280,000	275,528
1	310,001	315,000	313,800
1	320,001	325,000	324,894
1	525,001	530,000	526,000
1	540,001	545,000	542,154
1	560,001	565,000	561,500
1	795,001	800,000	800,000
1	1,550,001	1,555,000	1,553,646
1	2,215,001	2,220,000	2,218,400
1	3,840,001	3,845,000	3,844,200
1	10,545,001	10,550,000	10,546,706
1	12,425,001	12,430,000	12,425,521
1,610		**Company Total**	**38,834,403**

Categories of Shareholders

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,584	8,559,220	22.0403
Insurance Companies	-	-	-
Financial Institutions	7	13,893,152	35.7754
Charitable Trust	2	12,426,277	31.9981
Others	17	3,955,754	10.1862
Total	**1,610**	**38,834,403**	**100.0000**

Note 1: Individual includes 6 Directors Holding 8,308 shares in their capacity as nominee of Army Welfare Trust and Askari Bank Limited. The ultimate ownership remains with respective Company / Trust.

Pattern of Shareholding

As at 31 December 2013

Particulars	No. of Shareholders	Shares Held	Percentage
Associated companies, undertakings & related parties			
Army Welfare Trust	2	12,426,277	31.9981
Askari Bank Limited	2	10,550,577	27.1681
Askari Securities Limited	1	117	0.0003
Askari Associate (Pvt) Ltd	1	25,430	0.0655
NIT/ICP	-	-	-
Directors, CEO, their spouse & minor children			
Lt Gen Tahir Mahmood (Retd)	1	1,904	0.0049
Maj Gen Mukhtar Ahmed (Retd)	1	1,904	0.0049
Brig Irfan Azam (Retd)	1	1,904	0.0049
Brig M. Ibrahim Khan (Retd)	1	1,904	0.0049
Mr. Farrukh Iqbal Khan	1	692	0.0018
Mr. Abdul Hai Mahmood Bhaimia	1	2,475	0.0064
Khawaja M. Iqbal	1	1,524	0.0039
Executives	-	-	-
Public Sector Companies and Corporations (other than specified above)	-	-	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarabas & pension funds (other than specified above)	1	36,558	0.0941
Mutual Funds			
Golden Arrow Selected Stocks Fund Limited	1	526,000	1.3545
CDC - Trustee AKD Opportunity Fund	1	561,500	1.4459
Shareholders holding five percent or more voting rights in the Company			
Trustees of FFC Employees Provident Fund	1	3,844,200	9.8990
DJM Securities (Private) Limited	1	2,218,400	5.7125
Individuals	1,577	8,546,913	22.0086
Others	15	86,124	0.2218
Total	**1,610**	**38,834,403**	**100.0000**

Trading in shares by Directors, CEO, CFO, Company Secretary & their spouses and minor children during the year 2013:

Name	Activity	Number of Shares
Mrs. Rukhsana Ismail, w/o Mr. Abdul Hai Mahmood Bhaimia	Sale	27,500

Branch Network

1. **Head Office**
   Askari general insurance co ltd
   (Underwriting /Claims Dept., askari health)
   276-A, Peshawar Road, Rawalpindi Cantt.
   TEL#051-5125053-4, 051-5124958-9, FAX#051-5125059
   agicoho@agico.com.pk

2. **Abbottabad**
   Askari general insurance co ltd
   Room # 10 & 11, 2nd Floor, Silk Plaza, Mansehra Road, Abbottabad. TEL#0992-342439, FAX#0992-342440
   agicoabt@agico.com.pk

3. **Rawalpindi-2**
   Askari general insurance co ltd
   2nd Floor, National Business Centre, Murree Road, Shamsabad, Rawalpindi
   TEL#051-9290479-489, FAX#051-9290499
   agicorwp@agico.com.pk

4. **Faisalabad -1**
   Askari general insurance co ltd
   2nd Floor, Platinum Centre, Kotwali Road, Faisalabad
   TEL#041-2412302-5, FAX#041-2412301

5. **Faisalabad-3**
   Askari general insurance co ltd, Ground Floor, Mian Arif Plaza, Lahore Road, Khurrianwala, Faisalabad
   TEL#041-4361049-50, FAX#041-4361051
   Agicofsd3@agico.com.pk

6. **Gujranwala**
   Askari general insurance co ltd
   1st Floor, Al-Azhar Plaza, Opp. Iqbal High School, Ghalla Mandi, GT Road, Gujranwala
   TEL#055-3856324, FAX#055-3856325
   agicogrw@agico.com.pk

7. **Lahore-1**
   Askari general insurance co ltd
   75-d/1, Lower Ground , Lahore Lagoon
   Main bulevard, Gulberg III, Lahore.
   TEL#0423-5782971-3, FAX#0423-5782970
   agicolhr@agico.com.pk

8. **Multan**
   Askari general insurance co ltd
   Golden Heights, Nusrat Road, Multan
   TEL#061-4547842, FAX#061-4547862
   agicormtn@agico.com.pk

9. **Hyderabad**
   Askari general insurance co ltd
   1st Floor, Gul Centre, Thandi Sarak, Hyderabad
   TEL#022-2729689, FAX#022-2783976
   agicohyd@agico.com.pk

10. **Karachi-2**
    Askari general insurance co ltd
    3rd Floor, AWT Plaza, i.i Chundrigar Road, Karachi
    TEL#0231-2273513-5, FAX#0213-2214332
    agicokch2@agico.com.pk

11. **Islamabad-1**
    Askari general insurance co ltd
    11-West Jinnah Avenue, Blue Area, Islamabad
    TEL#051-2270471-3, FAX#051-2279566
    agicoisb@agico.com.pk

12. **Islamabad-2**
    Askari general insurance co ltd
    11-West Jinnah Avenue, Blue Area, Islamabad
    TEL#051-2270471-3, FAX#051-2279566
    agicoisb@agico.com.pk

13. **Rawalpindi-3**
    Askari general insurance co ltd
    1st Floor, Feroz Sons Building Harding Road, Saddar, Rawalpindi
    TEL#051-9273661-3, FAX#051-9273660
    agicorwp3@agico.com.pk

14. **Faisalabad-2**
    Askari general insurance co ltd
    Office # 13-16, 1st Floor, Kohinoor One Plaza, Jaranwala Road, Faisalabad
    TEL#041-8501862-4, FAX#041-8501861
    agicofsd2@agico.com.pk

15. **Sialkot**
    Askari general insurance co ltd
    1st Floor, Obero I Cooperative Building, Paris Road, Sialkot
    TEL#052-4582381, FAX#052-4582382
    agicoslt@agico.com.pk

16. **Lahore-3**
    Askari general insurance co ltd
    Office # 106, 1st Floor, Lateef Centre, Ichra, 100 Ferozpur Road, Lahore
    TEL#0423-7502327-9, FAX#0423-7502330
    Agicolhr3@agico.com.pk

17. **Bahawalpur**
    Askari general insurance co ltd
    2nd Floor, Shahab Plaza, Chowk One Unit, Bahawalpur
    TEL#062-2284201, FAX#062-2284203
    agicobwp@agico.com.pk

18. **Karachi-1**
    Askari general insurance co ltd
    Office No G-167, Mezzanine Floor, Marium Center, Khalid Bin Waleed Road, Karachi.
    TEL#0213-4306701-6, FAX#0213-4306709
    agicokch@agico.com.pk

19. **Peshawar**
    Askari general insurance co ltd
    6th Floor, State Life Building, The Mall, Peshawar Cantt
    TEL#091-5284768, FAX#091-5284769
    agicopsc@agico.com.pk

Form of Proxy

I/We ______________________________ of ______________________________ being Member(s) of askari general insurance co. ltd, holding ____________________ ordinary shares, do hereby appoint Mr./Mrs./Miss ______________________________ of ______________________________ or failing him/her ______________________________ of ______________________________ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 19th Annual General Meeting of the Company to be held on Wednesday April 30, 2014 at 10 am and at any adjournment thereof.

Folio No.	CDC Account No.	
	Participant ID	Account No.

Signature on Rs. 5.00 Revenue Stamp
(Signature should agree with the specimen signature registered with the Company)

As we witness my/our hand this ____________________ day of ______________________________ 2014

Signed by the said ______________________________

Witness: 1 2

	1	2
Signature		
Name		
Address		
CNIC No./ Passport No.		

Notes:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.

2. The instrument appointing a proxy duly completed, together with Power of Attorney, if any, under which it is signed or a notarially certificate copy thereof, should be deposited with the Company Secretary , askari general insurance company limited 4th Floor AWT Plaza, The Mall Rawalpindi, not latter than 48 hours before the time of holding the meeting.

3. CDC account holders will further have to comply with the guidelines as laid down by the Circular No.1 dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan.

4. If a member appoints more than one proxy, and more than one instruments of proxy, are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

AFFIX
CORRECT
POSTAGE

The Company Secretary
askari general insurance co. ltd.
P.O. Box No. 843, 4th Floor, AWT Plaza,
The Mall, Rawalpindi - Pakistan

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Designed & Produced by: **ASTRAL HATCH INC.** 051-8430659