Century Insurance
A Lakson Group Company

Your Trust, Our Assurance

Annual Report 2013

Century Insurance at a Glance

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance business.
- One of the premier general insurance companies of Pakistan.
- Rated “A+” with a stable outlook by JCR - VIS, signifying a ‘high capacity to meet policyholders’ and contractual obligations’.
- Total equity in excess of Rs. 1.1 billion.
- Twice awarded ‘Top 25 Companies Award’ by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with highly rated international reinsurers.
- Broad client base consisting of individuals as well as some of the most prestigious local and multinational companies.

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Our Vision

To be an organization known for integrity and ethical behavior and fully dedicated to our Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of our operations.

Our motto: "Customer satisfaction is management's top priority"

Our Mission

- To become a company of choice for our valued Clients, Stockholders and Employees.
- To maximize growth and profitability of the Company and provide excellent financial returns to its valued Shareholders.
- The Company culture to be known for Integrity and Ethical behavior.
- The Company to be known as one of the best insurance companies of the country.

Core Values

INTEGRITY We revere honesty. We adhere to high ethical standards and believe in timely, accurate and complete financial reporting.

GOLDEN RULE We respect all people, value the differences among them and deal with them in the way we want to be dealt with.

OBJECTIVES We strive to clearly communicate our corporate objectives to our people and our customers. We set objectives for our people and evaluate performance against these objectives.

EXCELLENCE We strive constantly to improve in order to meet and exceed the highest expectations of our customers, agents, shareholders, and people. We encourage our people to continuously improve performance and to reduce costs.

PROFIT We seek to earn a profit by offering consumers the products and services they want. We aim to charge a fair premium for the risks we assume and realize that to ensure the sustainability of our profits. We must maintain long-term relationships with our valued customers.

Corporate Information

Board of Directors
Mr. Iqbal Ali Lakhani - Chairman
Mr. Zulfiqar Ali Lakhani
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay
Mr. A. Aziz H. Ebrahim
Mr. Muhammad Abdul Qadir (up to October 5, 2013)
Mr. Mohammad Hussain Hirji - Chief Executive
Mr. Mansoor Ahmed (effective from October 24, 2013)

Advisor
Mr. Sultan Ali Lakhani

Chief Financial Officer
Mr. Sabza Ali Pirani

Company Secretary
Mr. Mansoor Ahmed

Audit Committee
Mr. Zulfiqar Ali Lakhani (Chairman)
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay

Underwriting Committee
Mr. Tasleemuddin Ahmed Batlay (Chairman)
Mr. Mohammad Hussain Hirji
Mr. Afzal-ur-Rahman

Claim Settlement Committee
Mr. Amin Mohammed Lakhani (Chairman)
Mr. Mohammad Hussain Hirji
Mr. Afzal-ur-Rahman

Reinsurance & Co-Insurance Committee
Mr. Zulfiqar Ali Lakhani (Chairman)
Mr. Mohammad Hussain Hirji
Mr. Afzal-ur-Rahman
Ms. Madiha Khalid

Human Resource & Remuneration Committee
Mr. Amin Mohammed Lakhani (Chairman)
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji

External Auditors
M/s. Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Shares Registrar
M/s. FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi.
Tel: (021) 34380101-2
Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Bankers
Allied Bank Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered & Corporate Office
Lakson Square, Building No. 2, Sarwar Shaheed
Road, Karachi-74200.

Head Office
11th Floor, Lakson Square, Building No. 3,
Sarwar Shaheed Road, Karachi-74200.

Website: www.cicl.com.pk
UAN: 111-111-717
NTN: 0710008-6

Products & Services

Fire Insurance

Marine Insurance

Motor Insurance

Engineering Insurance

Health Insurance

Travel Insurance

Miscellaneous Insurance

Fire Insurance

Your corporate offices, factories and facilities are the primary sources of your income and revenue. Century Insurance understands the importance and value of your business property and operations. So we will work with you to help you prevent losses, protect what matters and help you stay in business. Property insurance solutions include:

- Fire and Allied Perils
- Consequential Loss
- Property All Risk
- Comprehensive Machinery Insurance
- Terrorism Insurance (Property insurance policies in Pakistan now exclude Terrorism including any Riot & Strikes resulting from a terrorist act. These are now covered under a separate Terrorism policy)

Marine Insurance

We offer our clients tailored solutions for their international and domestic marine exposures. The two standard product lines are:

- Marine Cargo including Inland Transit
- Marine Hull

Marine cargo insurance covers the risks of physical loss or damage to goods and merchandise while in transit by any method of conveyance anywhere in the world. Inland Transit policies cover transit by road and/or rail within the country.

Marine hull provides coverage for all types of vessels and their machinery while navigating anywhere in the world. In addition we can cover ship beaching risks for the ship breaking industry as well as Fire and Allied Perils for the beached vessel.

Losses occurring anywhere in the world are promptly investigated and equitably settled through our international claims settling agents.

Motor Insurance

Private Car Insurance

People love their cars, but insuring them can be a chore. At Century Insurance, with fast, fair and convenient services and cover you can depend on, we'll be there for you when it matters. We settle bills with a very wide network of repairers directly – so no waiting for that check in the mail. And because we don't force you to use any particular repairer you are free to take your car to the workshop of your choice. You may opt for comprehensive coverage including own damage, theft and third party legal liability or just third party legal liability coverage to meet the requirements of law.

If you would like to have the added assurance of a good vehicle tracking service, substantial discounts are available on the premium you pay. Or if you would like us to arrange the tracking service for you we can do that too as a complimentary service at economical rates.

Commercial Vehicle Insurance

Whatever your business, if you have your own commercial vehicles we know how important these vehicles are to your business. No matter how many commercial vehicles you have, we've got a plan to suit you. From fleets of trucks to just one or two pickups, we can tailor the right insurance package for you. If you are insuring many vehicles, our fleet policy can cover them all in a single policy.

Engineering Insurance

Our qualified engineers can cater to all of your engineering insurance needs. At Century Insurance, we can help by sharing insights, insurance solutions and risk engineering services. From construction related insurances to erection of machinery to electronic equipment, we have the right solution for you. With us, you'll work with specialized underwriting, risk engineering and claims professionals who understand the challenges you face and can deliver quality service when you need it.

Engineering insurance solutions include:

- Contractor's All Risk (CAR) insurance offers comprehensive protection for contract works, construction plant and equipment as well as for Third Party claims.
- Contractor's Plant & Equipment (CP&E).
- Erection All Risk (EAR) for plant and machinery in the course of erection.
- Machinery Breakdown covers sudden and unforeseen loss or damage to machinery.
- Advance Loss of Profits (ALOP) also known as Delayed Startup to cover loss of gross profits arising from a CAR or EAR loss.
- Electronic Equipment Insurance for computers and other electronic equipment.
- Deterioration of stock.
- Boiler and Pressure Vessels.

Health Insurance

In today's competitive marketplace, employers know that their true competitive advantage frequently lies in their human capital. A good employer will therefore always try to take care of its employees. One of the key variables in an employee's benefit structure is the health insurance provided by the employer.

Century Insurance provides the best possible corporate health insurance packages available in the market. We care for your employees and make every effort to ensure that they receive the best possible care based on the benefits chosen for them by their employer. Whether they need expert advice and guidance related to medical admissions and treatment or whether they just want a better understanding of the benefits available under their policy, we provide service with a smile and a caring attitude. We liaise closely with the hospitals to ensure that your employees receive the care and treatment that they need in the most timely and efficient manner possible.

We also work closely with the Human Resource department of our clients to make sure that they are fully informed of developments involving major hospitalizations of their employees or of the dependants of their employees. We also pay extra attention to ensure that all paperwork, health cards, payments, etc are made correctly and on time. With all of the topmost hospitals on our panel we ensure a smooth, cashless service for your employees so that they are not made to fret and worry about these matters during the difficult time they may be facing on account of either their own hospitalization or that of a loved one.

Travel Insurance

Whether you are travelling for business or pleasure, unfortunate surprises can occur either before or during your trip. Medical emergencies or accidents can result in costly trip cancellations or medical bills leaving the traveler stranded in an unfamiliar country. Children may be left unattended with perhaps no one to accompany them on their return back home. Loss of baggage or mere flight delay may also result in unexpected and unbudgeted expenses. Our 24 hour, 7days of the week hotline will be available to assist you no matter where you are or what language you are comfortable communicating in.

Century Insurance provides the best available travel insurance plans for you and your family, to suit every budget and need. We also have special plans available for senior citizens no matter where in the world they may be planning to travel to. Claims can be paid directly to hospitals in most instances, anywhere in the world. So the next time you travel, give up your worries and get the best travel insurance solution from Century Insurance.

Miscellaneous Insurance

This is a broad category and includes any insurance product or service that does not fall into any of the above categories. The most important of these include the following:

- General or Public Liability to protect you and/or your business against liability to third parties for accidental bodily injury or property damage, such as when they come upon your business premises.
- Professional Indemnity to protect you and/or your business against liability that may be incurred in the course of discharging your professional duties, whether you are a doctor, lawyer or architect or in any other profession.
- Product Liability to protect you and/or your business against any liability for injury or damage that may arise from the use of a defective product that your company may have provided.
- Personal Accident provides 24/7 worldwide cover for accidental bodily injury to the insured person resulting in death or permanent disablement.
- Employer's Liability provides protection to you and/or your business against liability to your employees for bodily injury or property damage occurring in the course of their employment.
- Workmen's Compensation provides protection for accidents to workmen in your employ resulting in death or disablement that may occur in the course of their employment.
- Cash on Premises indemnifies you and/or your business for cash belonging to the business that may be stolen from the business premises consequent upon forcible entry or under the threat of force.
- Cash in Transit indemnifies you and/or your business for loss of cash stolen forcibly during transit between specific points during normal business hours.
- Fidelity Guarantee indemnifies you and/or your business for loss sustained on account of fraud or theft conducted by your employees.

Claims Service

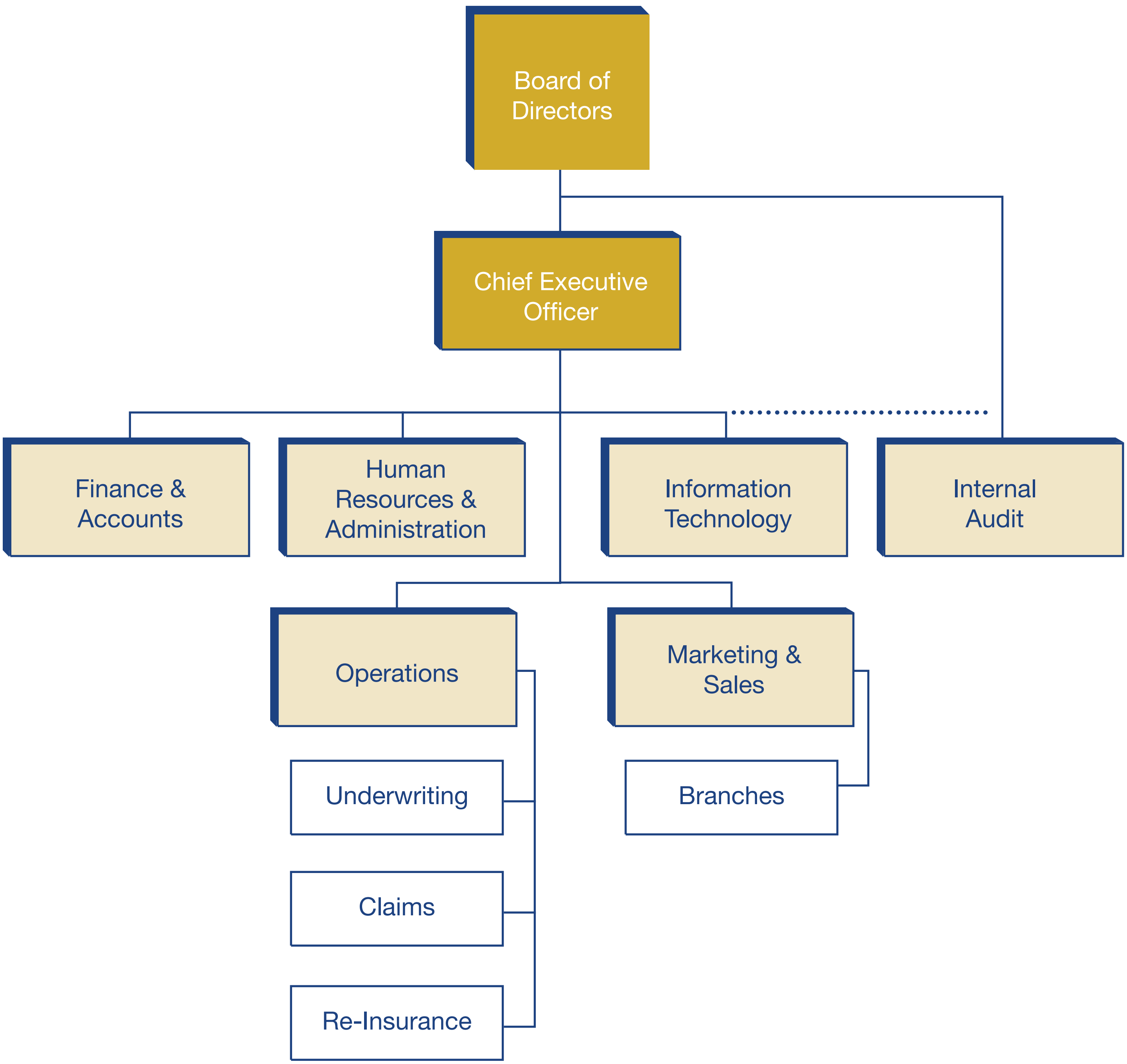
For us, every customer claim is an opportunity to deliver when it matters and to differentiate the Century Insurance customer experience. As soon as you report a claim, our team will come into action, delivering swift and transparent claims assistance wherever you need it. Our team consists of experienced claims professionals dedicated to fairness and transparency in the handling of all claims.

Combining international experience and local knowledge, we will partner with you to give you the assistance you need while helping you to reduce your overall claim costs over time.

Risk Management

Working closely with you, our underwriters and risk engineers can identify and control risk in a broad range of environments, both in the manufacturing and service sectors. With Century Insurance's specialized underwriting knowledge, experienced risk assessments and excellent claims handling, we'll be there to support you should a claim occur. Our Risk Engineers identify, assess and guide you to improve risks helping you reduce losses and the overall risk to your business.

Organisation Chart



Code of Conduct

1. RELATIONSHIP WITH EMPLOYEES

- Century Insurance Company Limited (CICL) takes pride in the strong personal commitment of its people towards the progress and success of the Company. CICL's policy is to treat individuals in all aspects of employment solely on the basis of merit irrespective of race, religion, color, age, gender, and marital status. CICL believes in individuals' respect and their rights.

  The Company is committed to the growth of its employees. This is achieved through building a culture of mutual trust, learning and motivation.

- CICL's vision is based on inspiring and developing individuals as their success depends on their ability to make meaningful contributions to the progress of the Company.

2. RELATIONSHIP WITH COMPANY

- The employees of the Company strive to adhere to its guidelines and objectives and to give their best efforts to improve its performance. They recognize the trust placed by the Company in them and act with integrity and honesty in all situations - to preserve that trust and confidence. They avoid conflicts of interest and other situations that are potentially harmful to the progress of the Company.

- The employees of the Company use its assets, facilities and services only for lawful, proper and authorized purposes. They intend to make best use of the Company's equipment, systems and technology in order to have fast and reliable communication and a strong MIS system to further the aims and objectives of the Company.

3. RELATIONSHIP WITH BUSINESS COMMUNITY

- Each employee is responsible for how he or she is perceived by clients and other business partners; it is essential that they maintain the Company's reputation for honesty and fair dealing with these people and organizations.

- It is CICL's policy to respect the trade secrets and proprietary information of others. This is particularly pertinent if one has knowledge of trade secrets and proprietary information of a former employer.

4. RELATIONSHIP WITH CLIENTS

- CICL's reputation has been built upon the trust and quality service it is providing. Our commitment to excellence in quality of service and building strong client relationships is essential to the continued growth and success of the Company. Also, vital for success is to meet the challenges of the highly competitive market with our expertise, innovative and creative marketing.

CICL's motto: "Customer satisfaction is management's top priority"

5. RELATIONSHIP WITH GOVERNMENT AND THE LAW

- CICL supports free enterprise and a competitive market system. The Company's policy is to comply fully with all applicable laws irrespective to the extent to which they are enforced. The Company cooperates fully with all government and regulatory bodies and is committed to high standards of corporate governance. Penalties for non-compliance can be severe and can involve criminal proceedings.

- CICL's financial policies for conducting business are based on trust, transparency, integrity, and following the principles of accounting and finance as approved by regulations and applicable accounting codes. Any unsupportive or false entry, infringement of accounts for individual or Company gain is contrary to our business codes and ethics.

6. RELATIONSHIP WITH SOCIETY

- CICL strives to operate as a responsible corporate citizen within both the local and global communities.

- CICL is an equal opportunity employer for all levels of employees irrespective of color, race, gender, age, ethnicity or religious beliefs.

- CICL provides a safe and healthy workplace, protecting human health and the environment.

- CICL pays its employees a remuneration that enables them to meet at least their basic needs, and provides employees the opportunity to improve their skills and capabilities.

- CICL respects employees' freedom of association.

- CICL works with governments and the communities in which it does business to improve the educational, cultural, economic and social wellbeing of those communities.

7. RELATIONSHIP WITH THE ENVIRONMENT

- Protecting the world in which we live is a vital concern and a continuing commitment. CICL is dedicated to contributing to the overall quality of life. We recognize and constantly reaffirm the value of a healthy and clean environment.

8. RELATIONSHIP WITH THE SHAREHOLDERS

- CICL strives to serve the best interests of its shareholders to provide consistent growth and a fair rate of return on their investment and to maintain its position and reputation as one of the leading insurance companies, dedicated to protecting shareholders' investments and providing full and timely information. By conducting our business in accordance with the principles of fairness, decency and integrity set forth here, we help to build shareholders' value.

9. RESPONSIBILITY FOR COMPLIANCE

- In accepting employment with the Company, each of us becomes accountable for compliance with these standards of conduct and with all laws and regulations. Managers are responsible for communicating these standards to employees to ensure that they understand and abide by them, and for creating a climate where employees can discuss ethical and legal issues freely.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting of CENTURY INSURANCE COMPANY LIMITED will be held on Wednesday, 30 April 2014 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December 2013 together with the Directors' and Auditors' reports thereon.

2. To declare final dividend in cash @ 15% i.e. Rs.1.50 per share of Rs.10 each as recommended by the Board of Directors.

3. To appoint Auditors and fix their remuneration.

4. To elect seven Directors as fixed by the Board of Directors for the next term of three years in accordance with the provisions of the Companies Ordinance, 1984. The retiring Directors are M/s. Iqbal Ali Lakhani, Zulfiqar Ali Lakhani, Amin Mohammed Lakhani, Tasleemuddin Ahmed Batlay, A. Aziz H. Ebrahim, Mohammad Hussain Hirji and Mansoor Ahmed. The retiring Directors are eligible for re-election.

By Order of the Board

(MANSOOR AHMED)
Director & Company Secretary

KARACHI: 26 March 2014

NOTES:

1. The share transfer books of the Company will remain closed from 24 April 2014 to 30 April 2014 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on 23 April 2014 will be treated in time for entitlement of the dividend.

2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy, in order to be valid must be properly filled in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.

5. Members are requested to notify Shares Registrar of the Company promptly of any change in their addresses.

6. Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Shares Registrar at the earliest.

7. Form of Proxy is enclosed.

Corporate Calendar

Meetings	Date
Audit Committee meeting to consider accounts of the Company for the year ended 31 December 2012	26 February 2013
Board of Directors' meeting to consider accounts of the Company for the year ended 31 December 2012	28 February 2013
Audit Committee meeting to consider accounts of the Company for the quarter ended 31 March 2013	22 April 2013
Board of Directors' meeting to consider accounts of the Company for the quarter ended 31 March 2013	25 April 2013
Annual General Meeting of shareholders to consider accounts of the Company for the year ended 31 December 2012	25 April 2013
Audit Committee meeting to consider accounts of the Company for the half year ended 30 June 2013	19 August 2013
Board of Directors' meeting to consider accounts of the Company for the half year ended 30 June 2013	21 August 2013
Audit Committee meeting to consider accounts of the Company for the quarter ended 30 September 2013	23 October 2013
Board of Directors' meeting to consider accounts of the Company for the quarter ended 30 September 2013	24 October 2013

Access to Reports and Enquiries

Annual Report
Annual report 2013 may be downloaded from the Company's website: www.cicl.com.pk or printed copies obtained by writing to:

The Company Secretary
Century Insurance Company Limited
Registered & Corporate office
Lakson Square Building No. 2, Sarwar
Shaheed Road, Karachi 74200, Pakistan.

Quarterly Reports
The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2013 can be accessed at Century Insurance website: www.cicl.com.pk or printed copies can be obtained by writing to the Company Secretary.

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

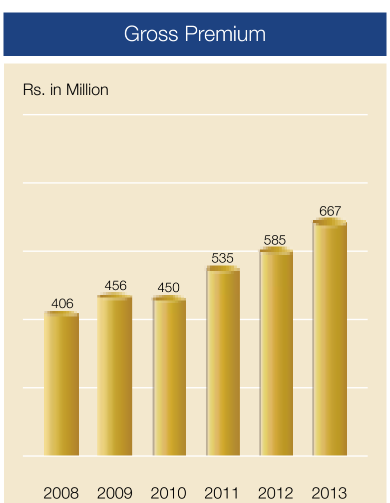
M/s. FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahra-e-Faisal,
Karachi.

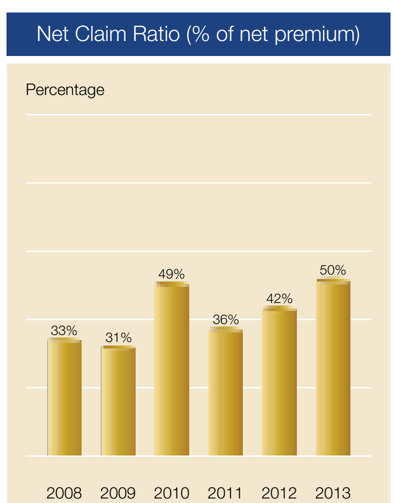
Stock Exchange Listing
Century Insurance Company Limited shares are listed on Karachi and Lahore stock exchanges. The symbol code for dealing in shares of the Company is CENI.

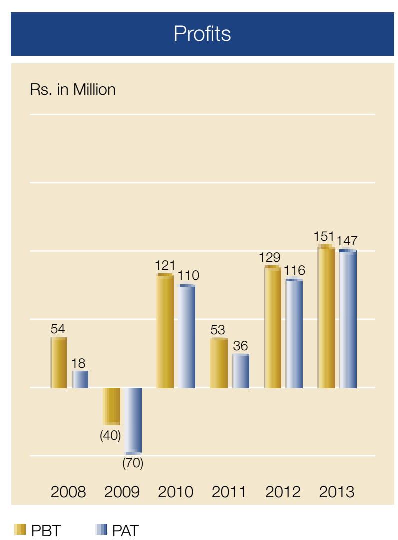
Performance Highlights

(Rupees in million)

	2013	2012	Change
Gross Premium	667	585	↑ 14%
Net Premium	322	268	↑ 20%
Underwriting Profit	83	84	↓ 1%
Investment & Other Income	155	124	↑ 25%
Profit after Tax	147	116	↑ 27%
Total Assets	1,739	1,612	↑ 8%
Total Shareholders' Equity	1,112	1,023	↑ 9%
Investments	1,113	998	↑ 12%







Horizontal Analysis

	2013	2012	2011	2010	2009	2008
BALANCE SHEET						
Assets						
Cash and bank deposits	16.3%	-7.2%	12.0%	15.6%	-76.2%	27.2%
Investments	11.5%	16.1%	2.4%	14.1%	58.5%	0.0%
Deferred taxation	33.5%	19.5%	-28.0%	425.7%	-4.8%	-42.3%
Premiums due but unpaid	37.2%	-11.1%	8.3%	24.0%	-8.6%	61.8%
Amounts due from other insurers / reinsurers	-15.1%	31.7%	-5.0%	-4.4%	-43.9%	298.0%
Reinsurance recoveries due but unpaid	-27.8%	165.4%	35.1%	-14.2%	-90.8%	848.3%
Salvage recoveries accrued	-5.0%	-18.4%	-33.3%	49.5%	6.3%	1.1%
Accrued investment income	10.4%	-3.8%	-31.8%	-5.6%	47.2%	-12.7%
Reinsurance recoveries against outstanding claims	-27.4%	-15.9%	166.0%	427.0%	-74.0%	-96.3%
Taxation - net	-7.5%	-36.1%	21.7%	378.4%	100.0%	-100.0%
Deferred commission expense	12.6%	15.2%	24.9%	10.4%	12.8%	8.2%
Prepayments	6.1%	5.1%	31.9%	-10.6%	38.4%	29.8%
Sundry receivables	15.1%	-28.7%	79.6%	75.2%	-5.5%	-8.8%
Fixed assets (tangible & intangible)	7.1%	-9.8%	9.3%	4.6%	1.1%	32.7%
Total assets	7.9%	9.4%	10.7%	15.5%	-11.0%	-23.5%
Shareholders' equity and liabilities						
Paid-up capital	-	-	-	-	-	80.0%
Retained earnings	46.0%	57.9%	-7.1%	504.5%	-76.3%	-47.4%
Reserves	-	-	-	-	-	296.7%
Provision for outstanding claims (including IBNR)	-5.8%	-8.9%	59.8%	71.5%	-45.1%	-87.7%
Provision for unearned premium	22.3%	4.8%	28.8%	-11.6%	23.3%	0.5%
Commission income unearned	7.7%	23.1%	22.0%	6.0%	1.7%	15.9%
Staff retirement benefits	566.3%	100.0%	0.0%	0.0%	-100.0%	-74.2%
Premiums received in advance	34.3%	-78.8%	-52.8%	-12.2%	389.6%	62.6%
Amounts due to other insurers / reinsurers	-11.7%	54.2%	80.1%	113.0%	-68.5%	41.2%
Accrued expenses	4.0%	12.4%	15.4%	14.9%	-21.8%	51.2%
Taxation - net	-	-	-	-	-100.0%	100.0%
Other creditors and accruals	24.3%	25.7%	12.5%	39.7%	8.9%	-67.1%
Unclaimed dividend	40.5%	25.7%	65.0%	0.0%	0.0%	-2.1%
Total shareholders' equity and liabilities	7.9%	9.4%	10.7%	15.5%	-11.0%	-23.5%
PROFIT AND LOSS ACCOUNT						
Net premium revenue	19.9%	19.1%	2.8%	6.0%	-14.4%	10.4%
Net claims	42.2%	39.2%	-24.5%	64.8%	-18.4%	-45.7%
Management expenses	8.6%	15.3%	12.6%	5.1%	24.4%	8.3%
Net commission	2.6%	-34.2%	-5.2%	9.4%	57.0%	-16.6%
Investment income / (loss)	26.9%	370.0%	-78.9%	245.0%	92.0%	-122.5%
Other income - net	-36.0%	-19.8%	37.6%	-63.2%	-9.5%	358.3%
General and administration expenses	10.7%	16.3%	14.4%	10.2%	9.7%	7.0%
Share of profit / (loss) of associates	-7.5%	351.3%	251.4%	-84.7%	797.1%	-136.1%
Reversal / (impairment) in value of investment in associates	94.7%	2366.8%	-106.7%	116.1%	575.3%	-100.0%
Taxation - net	-74.0%	-22.7%	48.8%	-61.9%	-15.1%	21087.5%
Profit / (loss) after tax	26.7%	219.8%	-66.8%	256.7%	-479.8%	-89.0%

Vertical Analysis

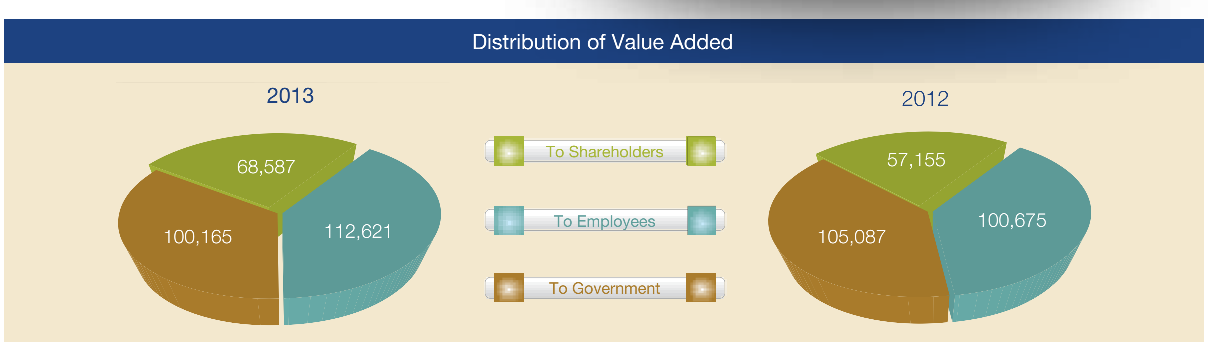
	2013	2012	2011	2010	2009	2008
BALANCE SHEET						
Assets						
Cash and bank deposits	6.1%	5.6%	6.6%	6.5%	6.5%	24.5%
Investments	64.0%	61.9%	58.4%	63.1%	63.9%	35.9%
Deferred taxation	0.2%	0.2%	0.1%	0.2%	0.1%	0.0%
Premiums due but unpaid	6.9%	5.4%	6.7%	6.8%	6.3%	6.2%
Amounts due from other insurers / reinsurers	4.7%	6.0%	5.0%	5.8%	7.0%	11.1%
Reinsurance recoveries due but unpaid	1.5%	2.2%	0.9%	0.8%	1.0%	9.9%
Salvage recoveries accrued	0.2%	0.2%	0.3%	0.5%	0.4%	0.3%
Accrued investment income	0.1%	0.1%	0.2%	0.3%	0.3%	0.2%
Reinsurance recoveries against outstanding claims	3.6%	5.4%	7.0%	2.9%	0.6%	2.2%
Taxation - net	1.0%	1.1%	2.0%	1.8%	0.4%	0.0%
Deferred commission expense	1.2%	1.2%	1.1%	1.0%	1.0%	0.8%
Prepayments	7.3%	7.4%	7.7%	6.5%	8.3%	5.4%
Sundry receivables	0.5%	0.5%	0.8%	0.5%	0.3%	0.3%
Fixed assets (tangible & intangible)	2.7%	2.7%	3.3%	3.4%	3.7%	3.3%
Total assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Shareholders' equity and liabilities						
Paid-up capital	26.3%	28.4%	31.0%	34.4%	39.7%	35.3%
Retained earnings	16.2%	12.0%	8.3%	9.9%	1.9%	7.1%
Reserves	21.5%	23.1%	25.3%	28.0%	32.4%	28.8%
Provision for outstanding claims (including IBNR)	7.9%	9.0%	10.9%	7.5%	5.1%	8.2%
Provision for unearned premium	12.8%	11.3%	11.8%	10.1%	13.2%	9.5%
Commission income unearned	1.8%	1.8%	1.6%	1.4%	1.6%	1.4%
Staff retirement benefits	0.2%	0.0%	0.0%	0.0%	0.0%	0.1%
Premiums received in advance	0.0%	0.0%	0.1%	0.3%	0.4%	0.1%
Amounts due to other insurers / reinsurers	7.8%	9.5%	6.7%	4.1%	2.2%	6.4%
Accrued expenses	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Taxation - net	-	-	-	-	-	0.1%
Other creditors and accruals	5.2%	4.6%	4.0%	3.9%	3.2%	2.6%
Unclaimed dividend	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
Total shareholders' equity and liabilities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PROFIT AND LOSS ACCOUNT						
Net premium revenue	100.0%	100.0%	100.0%	100%	100%	100%
Net claims	-49.5%	-41.8%	-35.7%	-48.7%	-31.3%	-32.9%
Management expenses	-27.4%	-30.3%	-31.3%	-28.6%	-28.8%	-19.8%
Net commission	2.7%	3.2%	5.8%	6.3%	6.1%	3.3%
Investment income / (loss)	41.4%	39.1%	9.9%	48.3%	-35.3%	-15.8%
Other income - net	1.6%	3.1%	4.6%	3.4%	9.8%	9.3%
General and administration expenses	-27.0%	-29.3%	-30.0%	-26.9%	-25.9%	-20.2%
Share of profit / (loss) of associates	1.5%	2.0%	0.5%	-0.4%	-2.4%	-0.2%
Reversal / (impairment) in value of investment in associates	3.5%	2.2%	-0.1%	1.7%	-11.4%	-1.5%
Taxation - net	-1.1%	-4.9%	-7.6%	-5.2%	-14.5%	-14.6%
Profit / (loss) after tax	45.8%	43.3%	16.1%	50.0%	-33.9%	7.6%

Statement of Value Addition

(Rupees in '000)

	2013	2012
WEALTH GENERATED		
Gross premium (including FED & FIF)	763,822	677,033
Commission income	8,841	8,615
Investment income	149,390	116,065
Other income	5,261	8,226
	927,314	809,939
Management & other expenses	(525,934)	(477,623)
	401,380	332,316
WEALTH DISTRIBUTED		
To Employees	112,621	100,675
To Government:		
Company taxation	3,416	13,154
Levies (including FED & FIF)	96,749	91,933
	100,165	105,087
To Shareholders:		
Dividend *	68,587	57,155
	68,587	57,155
Retained in Business:		
Depreciation and amortisation	7,778	9,682
Net earnings	112,229	59,717
	120,007	69,399
	401,380	332,316

* Cash dividend amounting to Rs. 68.587 million (2012: 57.155 million) proposed by the Board of Directors subsequent to the year end.



Directors' Report

Dear Fellow Shareholders!

The Directors of Century Insurance Company Limited (the Company) take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2013.

The Year in Review

The economic outlook of the country has improved significantly under the new government as steps are being taken to return the economy to a position of stability and to restore growth to the levels experienced in the past. However, it will take time for these structural reforms to take hold and therefore we are unlikely to see enhanced levels of growth until after 2014.

Gross Domestic Product (GDP) growth slowed down to 3.6% in the fiscal year 2013 largely due to a slowdown in the service sector and according to the latest forecast by the Asian Development Bank is expected to be just 3% in fiscal year 2014. While the service sector growth rate declined from 5.3% to 3.7%, the agricultural sector growth rate at 3.3% was just marginally below the previous 3.5%. Thanks to robust growth in construction, the rate of industrial growth was boosted to 3.5%. Large scale manufacturing also grew at 2.8% after several years of stagnation. However, electricity and gas fell by 3.2% and it is estimated that due to the persistent power load shedding the overall GDP growth figure was 2% below what it might have otherwise been.

The government continued to borrow heavily from banks resulting in broad money growth of 15.9% and due to the continuation of subsidies on electricity and the settlement of the power sector's arrears, the fiscal deficit grew to 8.8% of GDP. Surprisingly, headline inflation averaged just 7.4% in fiscal year 2013 down from 11% in fiscal year 2012.

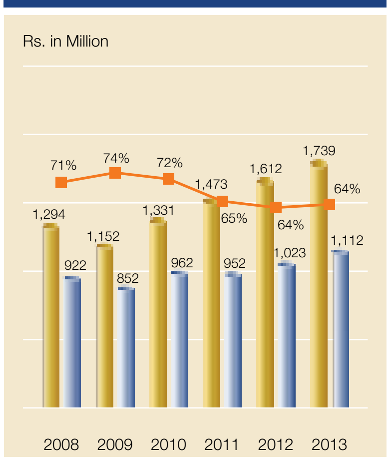
Though the current account deficit narrowed to $2.3 billion, official foreign exchange reserves fell from $10.8 billion at the start of fiscal year 2013 to just $6.0 billion by the end of the fiscal year 2013, equaling just 1.5 months of imports. This was largely due to external debt repayments and interventions to support the Pak Rupee. It is expected that the foreign exchange reserves will improve gradually over time.

The insurance industry as a whole appears to have done reasonably well in 2013 as it was hit by relatively fewer major losses. The industry has posted better results in terms of operational as well as investment profitability. By the Grace of the Almighty, Century Insurance grew in terms of premium volume as well as profitability.

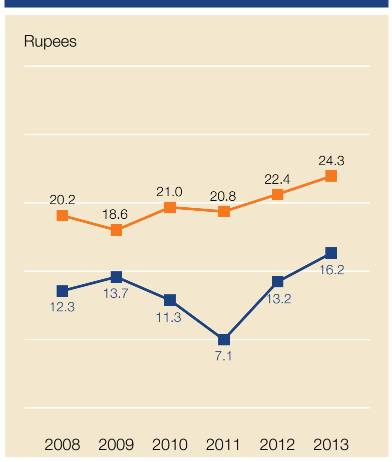
Performance Highlights

Alhamdolillah, your Company stands in the forefront of the domestic insurance industry and is widely recognized for its professionalism as one of the premier general insurance companies of the country. In order to meet the challenges of continued growth and to increase its market share

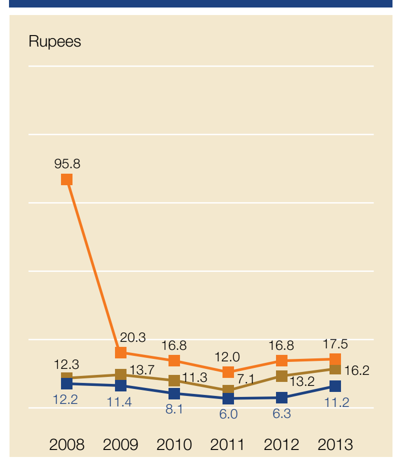
Equity and Total Assets



Break-up and Market Value Per Share



Share's Market Trend



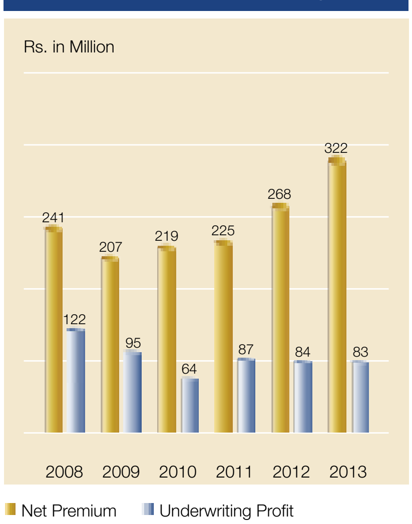
and profitability, the Company is in the process of further strengthening its infrastructure. The Company established a new branch in Multan which has been performing well and Inshallah will continue to open new branches as and when the opportunities for growth arise.

The comparative financial highlights for the years 2013 and 2012 are presented as follows:

Rupees in millions (except as otherwise stated)	2013	2012
Gross Premium Written	667	585
Net Premium	322	268
Net Claims	(159)	(112)
Underwriting Profit	83	84
Investment and Other Income	155	124
Profit after Tax	147	116
Total Assets	1,739	1,612
Paid-up Capital	457	457
Total Equity	1,112	1,023
Earnings per Share – Rs.	3.22	2.54

All business segments have been profitable and have contributed significantly to the bottom line of the Company. During the year under review, gross premium grew to Rs. 667 million from Rs. 585 million in 2012, an increase of 14%. Net premium also grew to Rs. 322 million from Rs. 268 in 2012, an increase of 20%. Net claims have increased by Rs. 47 million. Underwriting profit recorded this year is Rs. 83 million as compared to Rs. 84 million in 2012.

Net Premium and Underwriting Profit



The Company endeavors to maintain a balanced premium portfolio mix, preferring to focus on all underwriting classes instead of increasing its exposure in any particular class.

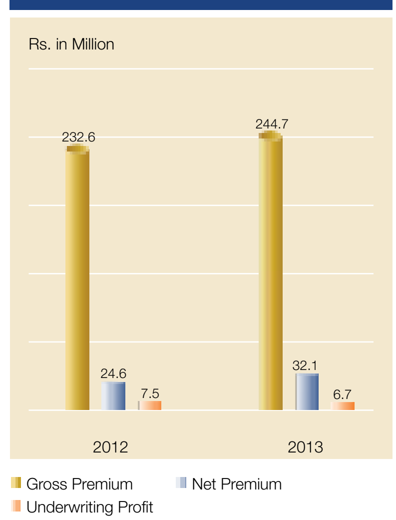
Segments at a Glance

All classes of business activities maintained profitability during the year. Segment-wise performance of each class of business is given below:

Fire & Property

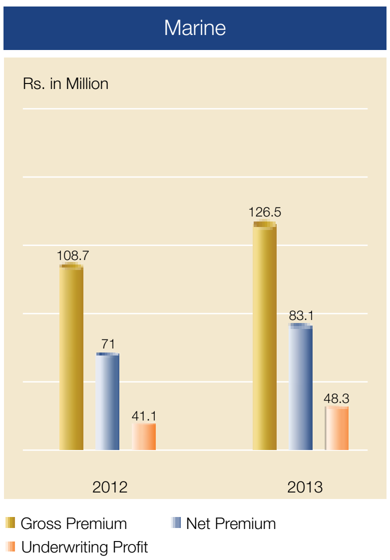
Fire & Property class of business constitutes 37% of the total premium portfolio. Gross premium underwritten during the year was Rs. 244.7 million as compared to Rs. 232.6 million in 2012, an increase of 5%. Net premium has increased by 30% to Rs. 32.1 million from Rs. 24.6 million in 2012. The net claim to net premium ratio for the year under review was 42% resulting in an underwriting profit of Rs. 6.7 million as against Rs. 7.5 million in 2012.

Fire & Property



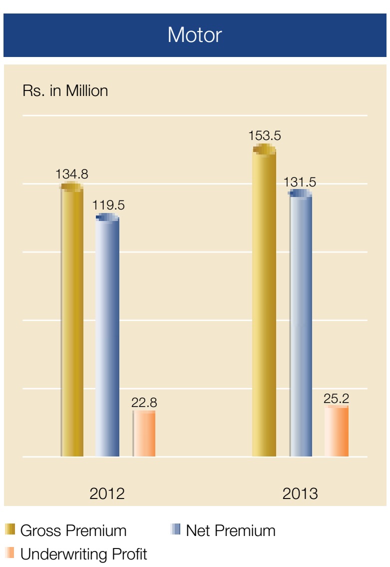
Marine, Aviation and Transport

Marine, Aviation & Transport business grew significantly during the year. Gross premium under this class of business constitutes 19% of the total premium portfolio. Gross premium underwritten grew to Rs. 126.5 million from Rs. 108.7 million in 2012, registering an increase of 16%. Net premium stood at Rs. 83.1 million as against Rs. 71.0 million in 2012, an increase of 17%. The net claim to net premium ratio for the year under review was 18% resulting in an underwriting profit of Rs. 48.3 million as against Rs. 41.1 million in 2012.



Motor

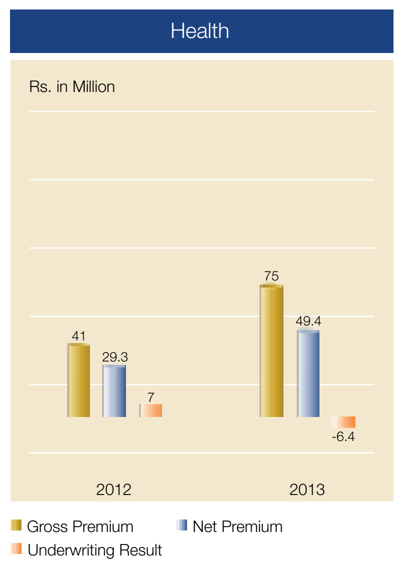
Gross premium under Motor class constitutes 23% of the total premium portfolio. The Company underwrote gross premium of Rs. 153.6 million in 2013 as compared to Rs. 134.8 million in 2012, registering an increase of 14%.



Net premium also increased to Rs. 131.5 million from Rs. 119.5 million in 2012, registering an increase of 10%. The net claim to net premium ratio for the year under review was 57%, resulting in an underwriting profit of Rs. 25.2 million in 2013 as against Rs. 22.8 million in 2012.

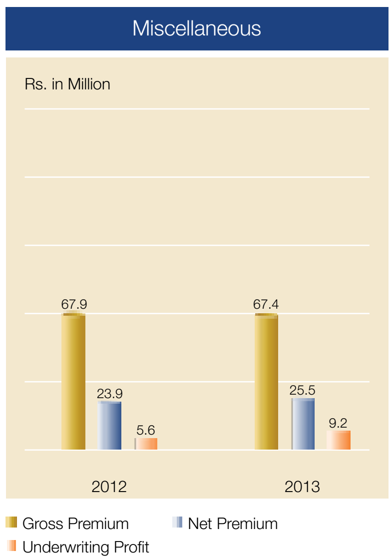
Health

Health class of business grew significantly during the year. Gross premium under this class constitutes 11% of the total premium portfolio. The Company underwrote gross premium of Rs. 75.0 million as compared to Rs. 41.0 million in 2012, an increase of 83%. Net premium also increased to Rs. 49.4 million as against Rs. 29.3 million in 2012, an increase of 69%. The net claim to net premium ratio for the year under review was 93% resulting in an underwriting loss of Rs. 6.4 million in 2013. Loss ratios are expected to improve significantly in 2014.



Miscellaneous

Gross premium under Miscellaneous class constitutes 10% of the total premium portfolio. The Company underwrote gross premium of Rs. 67.4 million as compared to Rs. 68.0 million in 2012, a marginal decrease of 1%. Net premium, however, increased by 7% to Rs. 25.5 million as against Rs. 23.9 million in 2012. The net claim to net premium ratio for the year under review was 36% resulting in an underwriting profit of Rs. 9.2 million in 2013.



Investment Activities

During the year under review, Investment and Other Income contributed Rs. 154.7 million to the bottom line of the Company as against Rs. 124.3 million in 2012. The Company has realized a gain in its Shares and Funds portfolio of Rs. 104.9 million during the year under review as against Rs. 77.2 million in 2012.

Investment income includes an unrealized gain of Rs. 15.3 million in the Held for Trading portfolio, dividend income of Rs. 10.3 million, returns earned on government securities of Rs. 8.3 million and on fixed income securities of Rs. 0.5 million. Other income includes interest on bank deposits of Rs. 5.1 million.

Management's policy is to make diversified and secure investments from funds generated from operations while ensuring safety and a sound balance between risks and returns.

Claim Settlement

Prompt settlement of claims and customer satisfaction is Management's highest priority. Your Company endeavors to indemnify the losses of the insured promptly. This is a most important function which builds trust and a good image of the Insurance Company in the eyes of its valued clients.

Reinsurance Treaties

The Company has strong reinsurance arrangements with some of the best rated reinsurers in the international market who have full faith and confidence in its underwriting practices. As the risk underwriting capacity for Marine class of business has increased further in 2014, your Company will now be able to underwrite larger Marine risks. We are thankful to all our reinsurers for their unwavering support and continued cooperation.

Rated

"A+"

by JCR-VIS

Insurer Financial Strength Rating (IFSR)

JCR-VIS, an affiliate of Japan Credit Rating Agency Ltd. has assigned your Company an "A+" rating with a 'stable outlook' which signifies a "high capacity to meet policyholders' and contractual obligations".

Human Resource Initiatives

The management is of the firm belief that complete alignment of the human resource mission and vision with corporate goals is vital for the success of any organization. In today's competitive environment, we realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews. During the year under review, your Company has been successful in hiring quality professionals in various fields. Our continued focus on creating a meritocratic work environment with equal opportunity for all goes a long way in maintaining a pool of knowledgeable, experienced and skilled employees who remain our most valuable asset.

Your Company is continuously investing in its human capital. Staff is sent regularly for training and to attend seminars to keep themselves abreast of the latest developments in the field that are taking place in Pakistan and around the world.

Paid-up Capital

Your Company has a strong financial base with a paid up capital of Rs. 457.2 million which is well above the threshold for general insurance companies as specified by the regulator. Factoring in retained earnings and reserves, the total equity of your Company as at December 31, 2013 was Rs. 1,111.6 million. The larger capital base will enhance the financial strength and underwriting capability of the Company.

Earnings per Share

Your Company has earned a profit after tax of Rs. 147.3 million which translates into earnings per share of Rs. 3.22 as compared to Rs. 2.54 (restated) for the previous year.

Appropriation of Profit

Profits for the year ended December 31, 2013 has been appropriated as follows:

	(Rupees)
Amount brought forward from previous years (restated)	135,526,958
Profit after tax for the year ended December 31, 2013	147,334,836
Un-appropriated amount available for appropriation	282,861,794
Appropriations:	
Proposed final cash dividend @ 15% (2012: 12.5%)	68,586,549
Un-appropriated amount carried forward	214,275,245
	282,861,794

Contribution to National Exchequer

Your Company contributed an amount of Rs. 117 million into the Government Treasury on account of taxes, levies and federal excise duty.

Future Outlook

The new government has begun implementing a wide ranging economic program to restore stability and enhance future growth prospects. As imbalances are corrected and structural reforms take hold, we are certain to see the economy picking up though the full impact may not be felt until after 2014. Gradually, we expect foreign exchange reserves to increase and growth rates to climb. Despite the challenges being faced in the country, we continue to have an optimistic long-term outlook for the country and our business.

Your Company plans to focus its energies on those products and channels of distribution that have potential to grow, with an acceptable level of risk and can also contribute positively to the bottom line. We firmly believe that rapid progress can only be achieved by continuously striving to identify new and innovative products and channels of distribution, expanding the branch network, providing superior quality service and enhancing the financial strength of the Company. Your dedicated and committed management is sanguine about the future and will strive hard to make 2014 a still better year, Inshallah.

Auditors

M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants retire at the conclusion of the Annual General Meeting. Being eligible they have offered themselves for re-appointment. The Audit Committee and Board have recommended their re-appointment.

The audit firm has confirmed that it has been awarded a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants' (IFAC) guidelines on code of ethics, as adopted by the ICAP.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

Board of Directors

The Board of Directors has always been a source of guidance and inspiration. They have contributed immensely in terms of their experience and practical advice. I would like to place on record my appreciation and gratitude for their valued participation and wisdom.

Board of Directors' Meetings

During the year, four board meetings were held. The number of meetings attended by each Director is given hereunder:-

Name of Directors	No. of Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	2
Mr. Zulfiqar Ali Lakhani	4
Mr. Amin Mohammed Lakhani	1
Mr. Tasleemuddin Ahmed Batlay	4
Mr. A. Aziz H. Ebrahim	2
Mr. M. A. Qadir (up to October 5, 2013)	0
Mr. Mohammad Hussain Hirji (Chief Executive)	4
Mr. Mansoor Ahmed (effective from October 24, 2013)	1

The Directors, with a deep sense of loss, regret to inform of the sad demise on 5th October, 2013 of Mr. Muhammad Abdul Qadir, a director of the Company. The Board highly appreciates the valuable services rendered by him during his tenure on the Board. May Almighty Allah bless his soul and give strength to his family to bear this irreparable loss.

The Board welcomes Mr. Mansoor Ahmed as a director, who has been co-opted in place of Mr. Muhammad Abdul Qadir with effect from 24th October, 2013.

Board Committees

During the year, the Board Audit Committee, Underwriting Committee, Claim Settlement Committee and Reinsurance & Co-Insurance Committee held four (04) meetings each. The Human Resource & Remuneration Committee held one (01) meeting during the year. The names of the members of the Board Committees and their terms of reference are given in the annexure to this report.

Code of Conduct

The Board has adopted a code of conduct and all employees have been informed of this code which they have signed. All employees understand that they are required to observe these rules of conduct in relation to business and regulations.

Corporate and Financial Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Insurance Ordinance, 2000 and Companies Ordinance, 1984. These Statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements.

- The system of internal control is sound in design. The system is being continuously monitored by an internal audit function and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring in improvements in the system.

- There are no doubts upon the Company's ability to continue as a going concern.

- There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.

- The key operating and financial data for the last six years is annexed.

- Information about taxes and levies is given in the notes to and forming part of financial statements.

- As per the requirement of the Code of Corporate Governance, Mr. Mohammad Hussain Hirji, Director and Chief Executive has attended all four parts of the Directors' training programme.

- The value of investments in respect of retirement benefit funds based on their audited accounts as on June 30, 2013 and December 31, 2013 were the following:

Gratuity Fund	Rs. 12.21 million
Provident Fund	Rs. 28.98 million

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2013 is annexed with the report.

The Board has determined threshold under clause xvi (l) of CCG-2013 in respect of trading of Company's shares by executives and employees as those who are drawing annual basic salary of Rs. 1 million or above.

There has been no transaction carried out by Directors, Chief Executive, CFO, Company Secretary and their spouses and minor children in the shares of the Company during the year.

One of the Directors has inherited 560 shares of the Company from his late mother.

Acknowledgments

The Directors of your Company would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan (SECP), Insurance Association of Pakistan (IAP), State Bank of Pakistan (SBP), banks and financial institutions, insurance companies and JCR-VIS Credit Rating Company for their continued support and cooperation.

The Directors would also like to express their gratitude and appreciation for the support provided by our valued reinsurers.

We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company.

Finally the Directors also wish to place on record their appreciation of the devotion, loyalty and hard work of the officers and members of the staff towards the growth of the Company and success of its operations.

Iqbal Ali Lakhani
Chairman

Karachi: 28 February 2014

Board Committees

Audit Committee:

Terms of reference:

1. Determination of appropriate measures to safeguard the company's assets.

2. Review of preliminary announcements of results prior to publication.

3. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

   a. Major judgmental areas.
   b. Significant adjustments resulting from the audit.
   c. The going-concern assumption.
   d. Any changes in accounting policies and practices.
   e. Compliance with applicable accounting standards.
   f. Compliance with listing regulations and other statutory and regulatory requirements.
   g. Significant related party transactions.

4. Facilitating the external audit and discussion with external auditors on major observations arising from interim and final audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

5. Review of management letter issued by external auditor and management's response thereto.

6. Ensuring coordination between the internal and external auditor of the company.

7. 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.

8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

9. Ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective.

10. Review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.

11. Instituting special projects, value for money studies or other investigations in any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

12. Determination of compliance with relevant statutory requirements.

13. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

14. 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. During the year 2013 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Zulfiqar Ali Lakhani - Chairman	4
Amin Mohammad Lakhani	2
Tasleemuddin Ahmed Batlay	4

Underwriting Committee

The committee shall review matters relating to assessing, monitoring and management of underwriting operations. It also assesses the overall effectiveness of the underwriting strategy and changes required in its business portfolio and the market development. In addition the committee shall examine any other matter referred to it.

The Committee comprises of three members, including the Chairman of this committee who is a non-executive director. During the year 2013 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Tasleemuddin Ahmed Batlay-Chairman	4
Mohammad Hussain Hirji	4
Afzal-ur-Rahman	4

Claim Settlement Committee

The committee shall review matters relating to management of claims. It oversees the claims position of the company and ensures that adequate claims reserves are made. The committee shall review significant claims cases reported during the period. The committee shall determine the circumstances under which the claims disputes shall be brought to its attention. In addition the committee shall examine any other matter referred to it.

The Committee comprises of three members, including the Chairman of this committee who is a non-executive director. During the year 2013 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Amin Mohammad Lakhani - Chairman	4
Mohammad Hussain Hirji	4
Afzal-ur-Rahman	4

Reinsurance & Co-insurance Committee

The committee shall review matters relating to assessing, monitoring and management of reinsurance & co-insurance operations. The committee shall also assess the effectiveness of the reinsurance arrangements for future reference in light of market developments. In addition the committee shall examine any other matter referred to it.

The Committee comprises of four members, including the Chairman of this committee who is a non-executive director. During the year 2013 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Zulfiqar Ali Lakhani – Chairman	4
Mohammad Hussain Hirji	4
Afzal-ur-Rahman	4
Madiha Khalid	4

Human Resource and Remuneration Committee

Terms of reference:

The committee shall be responsible for:

1. Recommending human resource management policies to the Board.
2. Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of CEO.
3. Recommending to the board the selection, evaluation, compensation (including retirement benefits) of Chief Financial Officer, Company Secretary and Head of Internal Audit.
4. 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 the committee. Two members including the Chairman are non-executive directors. During the year 2013 one meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Amin Mohammad Lakhani – Chairman	1
Tasleemuddin Ahmed Batlay	1
Mohammad Hussain Hirji	1

Pattern of Shareholding

As at December 31, 2013

Incorporation No.K-192/8927 1985-86
CUIN Registration No.0013587

No. of Shareholders	Shareholding From		Shareholding To	Total Shares Held
323	1	-	100	6,694
230	101	-	500	76,024
168	501	-	1,000	138,322
326	1,001	-	5,000	865,118
123	5,001	-	10,000	911,693
41	10,001	-	15,000	520,061
24	15,001	-	20,000	435,151
22	20,001	-	25,000	509,493
11	25,001	-	30,000	309,278
8	30,001	-	35,000	256,697
1	35,001	-	40,000	38,599
4	40,001	-	45,000	177,636
7	45,001	-	50,000	337,462
4	50,001	-	55,000	209,276
4	55,001	-	60,000	228,158
2	65,001	-	70,000	135,349
1	70,001	-	75,000	73,527
2	75,001	-	80,000	158,653
3	80,001	-	85,000	249,228
1	85,001	-	90,000	90,000
2	95,001	-	100,000	199,377
1	100,001	-	105,000	103,000
1	125,001	-	130,000	126,250
2	145,001	-	150,000	297,031
1	155,001	-	160,000	159,300
2	165,001	-	170,000	333,677
1	190,001	-	195,000	193,500
1	245,001	-	250,000	249,392
1	350,001	-	355,000	355,000
1	450,001	-	455,000	451,312
1	595,001	-	600,000	600,000
1	720,001	-	725,000	721,263
1	1,145,001	-	1,150,000	1,147,500
1	4,535,001	-	4,540,000	4,539,185
1	6,505,001	-	6,510,000	6,506,692
1	10,770,001	-	10,775,000	10,774,674
1	13,240,001	-	13,245,000	13,240,794
1,325				45,724,366

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive, their spouse and minor children	38,635	0.08
Associated Companies, undertakings and related parties	35,066,623	76.69
NIT and ICP	NIL	-
Banks, Development Finance Institutions, Non Banking Finance Companies	1,148,735	2.51
Insurance Companies	24,550	0.05
Modaraba & Mutual Funds	451,312	0.99
Shareholders holding 10% or more	30,522,160	66.75
General Public	7,620,355	16.67
Others	1,374,156	3.01

NOTE: Some of the shareholders are reflected in more than one category.

Details of Pattern of Shareholding

As per requirement of code of corporate governance
As at December 31, 2013

Categories of Shareholders			No. of Shares held
i)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES		
1.	M/s. SIZA (Pvt.) Limited		6,506,692
2.	M/s. SIZA Services (Pvt.) Limited		10,774,674
3.	M/s. SIZA Commodities (Pvt.) Limited		4,539,185
4.	M/s. Premier Fashions (Pvt.) Limited		13,240,794
5.	Mr. Sultan Ali Lakhani		540
6.	Mrs. Shaista Sultan Ali Lakhani		360
7.	Mr. Babar Ali Lakhani		1,560
8.	Mr. Bilal Ali Lakhani		329
9.	Mr. Danish Ali Lakhani		1,321
10.	Ms. Anushka Zulfiqar Lakhani		566
11.	Ms. Anika Amin Lakhani		602
ii)	MUTUAL FUNDS		
1.	Golden Arrow Selected Stocks Fund Limited		451,312
iii)	DIRECTORS, THEIR SPOUSE AND MINOR CHILDREN		
1.	Mr. Iqbal Ali Lakhani	Chairman/Director	1,670
2.	Mr. Zulfiqar Ali Lakhani	Director	900
3.	Mr. Amin Mohammed Lakhani	Director	1,605
4.	Mr. Tasleemuddin Ahmed Batlay	Director	29,632
5.	Mr. A. Aziz H. Ebrahim	Director	3,014
6.	Mr. Mohammad Hussain Hirji	Director/Chief Executive	500
7.	Mr. Mansoor Ahmed	Director	500
8.	Mrs. Ronak Iqbal Lakhani w/o. Mr. Iqbal Ali Lakhani		360
9.	Mrs. Fatima Lakhani w/o. Mr. Zulfiqar Ali Lakhani		180
10.	Mrs. Saira Amin Lakhani w/o. Mr. Amin Mohammed Lakhani		274
iv)	EXECUTIVE		Nil
v)	PUBLIC SECTOR COMPANIES AND CORPORATIONS		Nil
vi)	BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS		1,173,285
vii)	SHAREHOLDERS HOLDING 5% OR MORE (Other than those reported at (i) (1, 2, 3 & 4)		Nil
viii)	INDIVIDUAL AND OTHER THAN THOSE MENTIONED ABOVE		8,994,511
			45,724,366

Key Operating and Financial Data

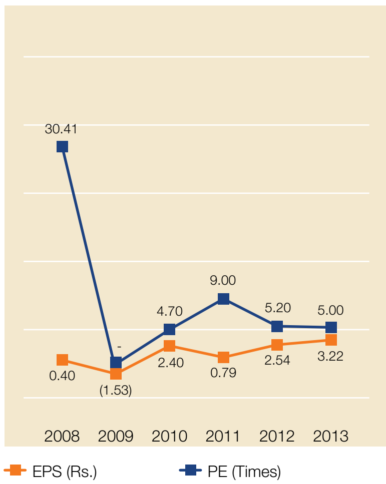
Rupees in million

		2013	2012	2011	2010	2009	2008
FINANCIAL DATA							
Paid-up Capital		457.2	457.2	457.2	457.2	457.2	457.2
Reserves & Retained Earnings		654.4	565.7	495.0	504.4	394.8	464.7
Equity		1,111.6	1,022.9	952.3	961.6	852.0	922.0
Underwriting Premium Reserves		389.9	355.7	356.2	253.5	228.4	247.3
Investments		1,112.7	998.1	859.9	840.0	736.0	464.4
Fixed Assets (Tangible & Intangible)		47.1	44.0	48.7	44.6	42.6	42.2
Cash & Bank Deposits		105.3	90.5	97.5	87.1	75.3	316.4
Total Assets		1,738.9	1,612.1	1,473.2	1,330.5	1,151.8	1,293.5
OPERATING DATA							
Gross Premium		667.1	585.1	534.8	449.7	456.2	406.1
Net Premium		321.7	268.2	225.2	219.1	206.6	241.4
Net Claims		159.3	112.0	80.5	106.6	64.7	79.3
Underwriting Profit		83.0	83.6	87.3	63.6	95.0	122.3
Investment & Other Income / (Loss)		154.7	124.3	33.5	116.4	(81.5)	(19.7)
Profit / (Loss) Before Tax		150.8	129.4	53.4	121.1	(39.9)	53.8
Taxation - Net		3.4	13.2	17.0	11.4	30.0	35.3
Profit / (Loss) After Tax		147.3	116.2	36.3	109.6	(70.0)	18.4
CASH FLOW SUMMARY							
Operating Activities		45.1	50.8	57.4	8.9	117.2	(167.9)
Investing Activities		26.4	(12.3)	(1.5)	2.9	(358.3)	(143.0)
Financing Activities		(56.8)	(45.5)	(45.4)	-	-	381.0
Cash & Cash Equivalents at the year end		104.6	89.8	96.8	87.1	75.3	316.4
FINANCIAL RATIOS							
Profitability							
Profit /(Loss) Before Tax / Net Premium	(%)	46.9	48.2	23.7	55.3	(19.3)	22.3
Profit /(Loss) After Tax / Net Premium	(%)	45.8	43.3	16.1	50.0	(33.9)	7.6
Underwriting Results / Net Premium	(%)	25.8	31.2	38.8	29.1	46.0	50.7
Total Expenses / Gross Premium	(%)	26.2	27.3	25.8	27.0	24.8	23.8
Total Expenses / Net Premium	(%)	54.4	59.5	61.2	55.5	54.7	40.0
Net Claims / Net Premium	(%)	49.5	41.8	35.7	48.7	31.3	32.9
Combined Ratio	(%)	101.2	98.1	91.2	97.9	79.9	69.6
Return to Shareholders							
Return on Equity	(%)	13.3	11.4	3.8	11.4	(8.2)	2.0
Return on Assets	(%)	8.5	7.2	2.5	8.2	(6.1)	1.4
Return on Investment	(%)	14.7	13.4	4.0	14.8	(13.6)	(4.3)
Earnings / (Loss) per Share	(Rs.)	3.22	2.54	0.79	2.40	(1.53)	0.40
Dividend *	(%)	15.0	12.5	10.0	10.0	-	-
Dividend Yield	(%)	9.3	9.5	14.1	8.9	-	-
Dividend Payout	(%)	46.6	49.2	126.6	41.7	-	-
Price Earning Ratio	(Times)	5.0	5.2	9.0	4.7	(9.0)	30.4
Market Price per Share	(Rs.)	16.2	13.2	7.1	11.3	13.7	12.3
Liquidity / Leverage							
Break-up Value per Share	(Rs.)	24.3	22.4	20.8	21.0	18.6	20.2
Current Ratio	(Times)	4.2	3.7	4.0	5.5	7.2	4.9
Total Assets Turnover Ratio	(Times)	0.4	0.4	0.4	0.3	0.4	0.3
Total Liabilities / Equity	(Times)	0.6	0.6	0.5	0.4	0.4	0.4
Paid-up Capital / Total Assets	(%)	26.3	28.4	31.0	34.4	39.7	35.3
Equity / Total Assets	(%)	63.9	63.5	64.6	72.3	74.0	71.3

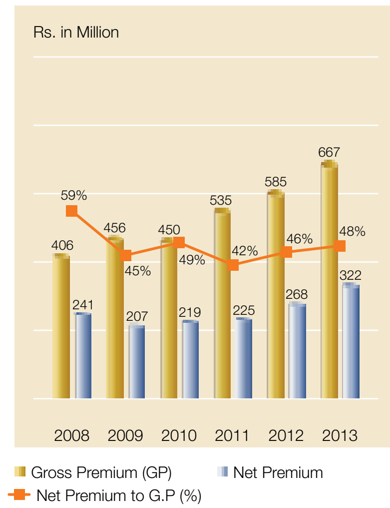
* Includes cash dividend amounting to Rs. 68.587 million proposed by the Board of Directors subsequent to the year end.

Graphical Presentation

Earnings per Share (EPS) and Price Earning (PE) Ratio

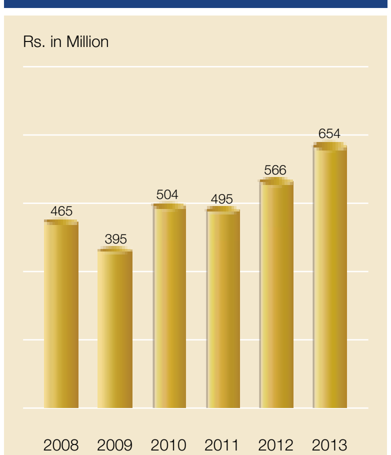


Gross Premium and Net Premium

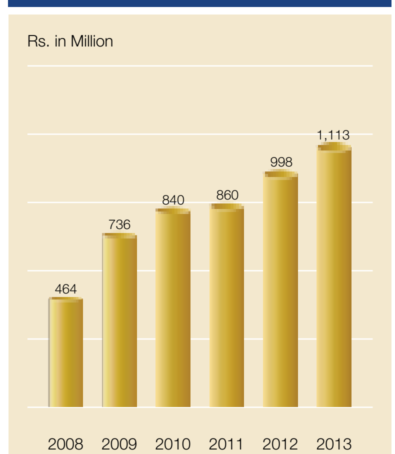


Total Expenses to Gross Premium

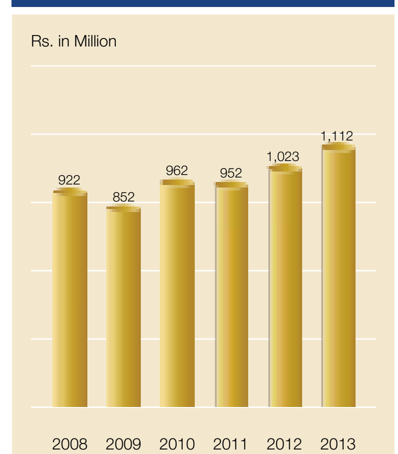
Reserves



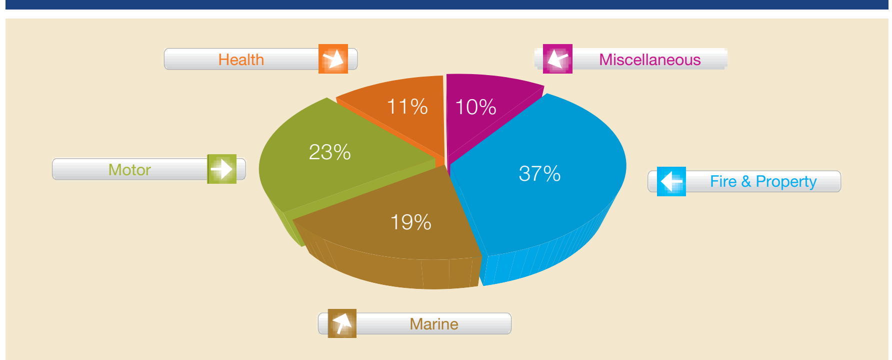
Investments



Equity



Gross Premium (Class Wise)



Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2013

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed insurance company is managed in compliance with the best practices of corporate governance.

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

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

Category	Names
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Zulfiqar Ali Lakhani Mr. Amin Mohammed Lakhani Mr. Tasleemuddin Ahmed Batlay Mr. A. Aziz H. Ebrahim Mr. Mansoor Ahmed
Executive Director	Mr. Mohammad Hussain Hirji

   The condition of clause 1(b) of the CCG in relation to independent Director will be applicable after election of next Board of Directors of the Company in April 2014.

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

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

4. A causal vacancy occurring on the Board on 5th October 2013 was filled up by the directors within the stipulated time.

5. The Company has adopted a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures. The Company has placed the above document on its website as required by clause v (a) of CCG.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause (xi) of CCG, majority of Directors of the Company are exempted from the requirement of director's training program and one of the Director of the Company has completed his Director's Training Program and Certificate will be issued in due course. The remaining Director to be trained within the stipulated time.

10. The Board has approved appointments of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment. Mr. Mansoor Ahmed was assigned the responsibilities of the Company Secretary of Century Insurance Company Limited in addition to his responsibilities in other Group Companies.

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. In order to apprise the Directors for their duties and responsibilities and the requirements of the Code they have been kept updated with the change in relevant laws applicable to the Company. Directors are conversant of the relevant laws applicable to the Company and are aware of their duties and responsibilities. The board has arranged a training program for its directors during the year.

14. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the code.

15. 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.

16. The Company has complied with all the corporate and financial reporting requirements of the CCG.

17. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee. The condition of clause 1(b) of CCG in relation to independent Director will be applicable on election of next Board of Directors of the Company in April 2014.

18. The meetings of the Audit Committee, as required by the CCG, were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the committee have been formed and advised to the committee for compliance.

19. The Board has formed an HR and Remuneration Committee. It comprises two non-executive Directors and one executive Director. The Chairman of the Committee is a non-executive Director.

20. The Board has formed Underwriting / Claim Settlement / Re-insurance and Co-insurance Committee(s).

21. The Board has set up an effective internal audit function which is headed by a suitably qualified and experienced person for the purpose and conversant with the policies and procedures of the Company.

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

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

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

25. Material and price sensitive information has been disseminated among all market participants at once through stock exchange(s).

26. We confirm that all other material principles enshrined in the Code have been complied with.

Iqbal Ali Lakhani
Chairman

Karachi: 28 February 2014

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Building a better working world

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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 Century Insurance Company Limited (the Company) for the year ended 31 December 2013 to comply with the requirements of Listing Regulation No(s) 35 of the Karachi and Lahore Stock Exchange(s) 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.

Ernst & Young Ford Rhodes

Chartered Accountants
Date: 28 February 2014

Karachi

Financial Statements

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

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

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

In our opinion:

(a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for the changes as stated in note 4.1 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 comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

Ernst & Young Ford Rhodes

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 28 February 2014

Karachi

A member firm of Ernst & Young Global Limited

Balance Sheet

As at December 31, 2013

	Note	2013	2012 Restated (Note 4.1)
		------------- (Rupees) -------------	
Share capital and reserves			
Authorised share capital [50,000,000 (December 31, 2012: 50,000,000) ordinary shares of Rs.10 each]		500,000,000	500,000,000
Paid-up share capital	5	457,243,660	457,243,660
Retained earnings		281,338,081	192,682,416
Reserves		373,024,260	373,024,260
		1,111,606,001	1,022,950,336
Underwriting provisions			
Provision for outstanding claims (including IBNR)		137,310,372	145,787,410
Provision for unearned premium		221,969,685	181,537,399
Commission income unearned		30,577,853	28,404,710
Total underwriting provisions		389,857,910	355,729,519
Deferred liabilities			
Staff retirement benefits	6	4,061,306	609,525
Creditors and accruals			
Premiums received in advance		556,745	414,553
Amounts due to other insurers / reinsurers	7	135,283,314	153,280,123
Accrued expenses	8	4,949,864	4,760,992
Other creditors and accruals	9	91,242,569	73,388,100
		232,032,492	231,843,768
Other liabilities			
Unclaimed dividend		1,371,364	976,351
TOTAL LIABILITIES		627,323,072	589,159,163
TOTAL EQUITY AND LIABILITIES		1,738,929,073	1,612,109,499
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 37 form an integral part of these financial statements.

	Note	2013	2012 Restated (Note 4.1)
		(Rupees)	
Cash and bank deposits	11		
Cash and other equivalents		770,881	334,188
Current and other accounts		104,506,846	90,176,594
		105,277,727	90,510,782
Investments	12	1,112,661,320	998,097,022
Deferred taxation	13	3,519,347	2,636,469
Current assets - others			
Premiums due but unpaid	14	119,497,864	87,101,787
Amounts due from other insurers / reinsurers	15	81,790,907	96,327,619
Reinsurance recoveries due but unpaid		26,000,087	35,989,672
Salvage recoveries accrued		3,580,000	3,770,000
Accrued investment income	16	2,500,343	2,265,134
Reinsurance recoveries against outstanding claims	17	63,273,974	87,134,182
Taxation - net	18	16,975,981	18,360,038
Deferred commission expense		21,299,627	18,912,357
Prepayments	19	126,287,945	119,079,483
Sundry receivables	20	9,168,596	7,968,204
		470,375,324	476,908,476
Fixed assets	21		
Tangible and intangible			
Office improvement		4,789,286	5,521,569
Furniture and fixtures		4,078,998	4,614,141
Office equipment		3,871,049	3,774,896
Computer and related accessories		1,053,902	1,054,227
Motor vehicles		31,446,199	27,780,774
Capital work-in-progress		1,855,905	1,102,800
Computer software		16	108,343
		47,095,355	43,956,750
TOTAL ASSETS		1,738,929,073	1,612,109,499

Iqbal Ali Lakhani	Tasleemuddin Ahmed Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Profit and Loss Account

For the year ended December 31, 2013

	Note	Fire and property damage	Marine, aviation and transport	Motor	Health	Miscellaneous	2013 Aggregate	2012 Restated (Note 4.1) Aggregate
		(Rupees)						
Revenue account								
Net premium revenue	22	32,099,232	83,092,233	131,535,621	49,411,174	25,534,615	321,672,875	268,223,452
Net claims		(13,502,876)	(15,303,815)	(75,291,253)	(45,920,964)	(9,287,072)	(159,305,980)	(112,042,924)
Management expenses	23	(32,351,899)	(16,721,310)	(20,304,510)	(9,920,386)	(8,911,656)	(88,209,761)	(81,212,635)
Net commission		20,495,238	(2,734,261)	(10,750,214)	(5,091)	1,835,293	8,840,965	8,615,008
Underwriting result		6,739,695	48,332,847	25,189,644	(6,435,267)	9,171,180	82,998,099	83,582,901
Net investment income							133,172,582	104,966,501
Other income - net	25						5,260,737	8,225,630
General and administration expenses	26						(86,898,809)	(78,472,282)
Share of profit of associates - net	12.1.2						4,882,099	5,276,836
Reversal in value of investment in associates - net	12.1.2						11,335,671	5,821,419
Profit before tax							150,750,379	129,401,005
Taxation - net	27						(3,415,543)	(13,154,265)
Profit after tax							147,334,836	116,246,740
Profit and loss appropriation account:								
Balance at commencement of the year							192,682,416	122,642,002
Profit after tax for the year							147,334,836	116,246,740
Other comprehensive income								
- Share in associates' reserves							(124,978)	127,565
- Remeasurement of post retirement benefits obligation							(1,398,735)	(609,525)
Final cash dividend of Rs.1.25 (12.5%) for the year ended December 31, 2012 [December 31, 2012: Re.1 (10%) for the year 2011]							(57,155,458)	(45,724,366)
Balance of unappropriated profit at end of the year							281,338,081	192,682,416
Earnings per share of Rs.10 each - basic and diluted (restated)				(note 28)			3.22	2.54

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani Chairman	Tasleemuddin Ahmed Batlay Director	A. Aziz H. Ebrahim Director	Mohammad Hussain Hirji Director & Chief Executive

Statement of Comprehensive Income

For the year ended December 31, 2013

	2013	2012 Restated (Note 4.1)
	(Rupees)	
Net profit for the year	147,334,836	116,246,740
Other comprehensive income for the year		
Not to be reclassified to profit and loss account in subsequent periods		
- Share in associates' reserves	(124,978)	127,565
- Remeasurement of post retirement benefits obligation	(1,398,735)	(609,525)
Total comprehensive income for the year	145,811,123	115,764,780

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin Ahmed Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Changes in Equity

For the year ended December 31, 2013

	Share capital	Reserves				Total
	Issued, subscribed and paid-up	Capital reserves	Revenue reserves		Total reserves	
		Share premium	General reserve	Retained earnings		
	(Rupees)					
Balance as at January 01, 2012 (as per previously reported)	457,243,660	254,024,260	119,000,000	122,016,975	495,041,235	952,284,895
Effect of change in accounting policy as stated in note 4.1	-	-	-	625,027	625,027	625,027
Balance as at January 01, 2012 - Restated	457,243,660	254,024,260	119,000,000	122,642,002	495,666,262	952,909,922
Changes in equity for the year ended December 31, 2012						
Profit for the year - Restated	-	-	-	116,246,740	116,246,740	116,246,740
Other comprehensive income						
- gratuity	-	-	-	(609,525)	(609,525)	(609,525)
- share in associates' reserve	-	-	-	127,565	127,565	127,565
Total comprehensive income - Restated	-	-	-	115,764,780	115,764,780	115,764,780
Final cash dividend of Re.1 (10%) for the year ended December 31, 2011	-	-	-	(45,724,366)	(45,724,366)	(45,724,366)
Balance as at December 31, 2012 - Restated	457,243,660	254,024,260	119,000,000	192,682,416	565,706,676	1,022,950,336
Changes in equity for the year ended December 31, 2013						
Profit for the year	-	-	-	147,334,836	147,334,836	147,334,836
Other comprehensive income						
- gratuity				(1,398,735)	(1,398,735)	(1,398,735)
- share in associates' reserve	-	-	-	(124,978)	(124,978)	(124,978)
Total comprehensive income for the year	-	-	-	145,811,123	145,811,123	145,811,123
Final cash dividend of Rs.1.25 (12.5%) for the year ended December 31, 2012	-	-	-	(57,155,458)	(57,155,458)	(57,155,458)
Balance as at December 31, 2013	457,243,660	254,024,260	119,000,000	281,338,081	654,362,341	1,111,606,001

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin Ahmed Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Cash Flows

For the year ended December 31, 2013

	2013	2012 Restated (Note 4.1)
	-------------- (Rupees)	--------------
Operating cash flows		
(a) Underwriting activities		
Premiums received	651,222,290	582,365,803
Reinsurance premiums paid	(338,322,745)	(252,920,456)
Claims paid	(216,181,351)	(334,940,718)
Reinsurance and other recoveries received	88,820,406	200,905,046
Commissions paid	(58,819,439)	(57,283,912)
Commissions received	84,994,885	64,931,186
Net cash inflow from underwriting activities	211,714,046	203,056,949
(b) Other operating activities		
Income tax paid	(2,914,364)	(3,206,817)
General management expenses paid	(167,555,946)	(149,222,214)
Other operating receipts	3,850,225	212,372
Net cash outflow from other operating activities	(166,620,085)	(152,216,659)
Total cash inflow from all operating activities	45,093,961	50,840,290
Investment activities		
Profit / return received	12,825,006	15,337,837
Dividends received	10,776,414	10,490,735
Purchase of investments	(845,538,880)	(545,560,542)
Proceeds from disposal of investments	859,294,785	512,568,941
Fixed capital expenditure	(12,514,808)	(8,883,886)
Proceeds from disposal of fixed assets	1,590,912	3,722,650
Total cash inflow / (outflow) from investing activities	26,433,429	(12,324,265)
Financing activities		
Dividends paid	(56,760,445)	(45,524,902)
Net cash inflow / (outflow) from all activities	14,766,945	(7,008,877)
Cash at beginning of the year	89,810,782	96,819,659
Cash at end of the year	104,577,727	89,810,782

Statement of Cash Flows

For the year ended December 31, 2013

	2013	2012 Restated (Note 4.1)
	------------- (Rupees)	-------------
Reconciliation to profit and loss account		
Operating cash flows	45,093,961	50,840,290
Depreciation / amortisation expense	(7,778,484)	(9,682,124)
Loss on disposal of fixed assets	(6,807)	(245,656)
Profit on disposal of investments	104,864,428	77,158,592
Dividend income	10,263,742	10,492,735
Investment and other income	45,538,476	39,907,536
(Decrease) / Increase in assets other than cash	(9,871,584)	15,855,004
Increase in liabilities other than running finance	(40,768,896)	(68,079,637)
Profit after taxation	147,334,836	116,246,740

Definition of cash

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

Cash for the purposes of the Statement of Cash Flows consists of:

	2013	2012
Cash and other equivalents		
- Cash	117,975	85,804
- Policy stamps and bond papers in hand	652,906	248,384
	770,881	334,188
Current and other accounts		
- Current accounts *	36,178,821	14,203,598
- PLS savings accounts	67,628,025	75,272,996
	103,806,846	89,476,594
Cash and bank deposits as per balance sheet	104,577,727	89,810,782

* This does not include local currency account with a lien amounting to Rs.0.7 million (December 31, 2012: Rs.0.7 million), with a commercial bank for letters of credit arranged through the bank for securing claims arising outside Pakistan.

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin Ahmed Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Premiums

For the year ended December 31, 2013

Business underwritten inside Pakistan

Class	Premiums written (note 22)	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	2013 Net premium revenue	2012 Net premium revenue
		Opening	Closing			Opening	Closing			
	(Rupees)									
Direct and facultative										
1. Fire and property damage	244,656,416	88,273,669	96,158,457	236,771,628	215,474,704	83,171,044	93,973,352	204,672,396	32,099,232	24,605,254
2. Marine, aviation and transport	126,452,416	6,597,533	8,609,854	124,440,095	41,603,065	5,011,725	5,266,928	41,347,862	83,092,233	70,985,979
3. Motor	153,549,832	49,434,211	58,066,030	144,918,013	11,712,571	7,224,734	5,554,913	13,382,392	131,535,621	119,456,535
4. Health	75,021,443	15,032,379	36,917,060	53,136,762	(650,228)	4,375,816	-	3,725,588	49,411,174	29,295,457
5. Miscellaneous	67,393,070	22,199,607	22,218,284	67,374,393	43,778,630	17,031,192	18,970,044	41,839,778	25,534,615	23,880,227
Total	667,073,177	181,537,399	221,969,685	626,640,891	311,918,742	116,814,511	123,765,237	304,968,016	321,672,875	268,223,452

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani Chairman	Tasleemuddin Ahmed Batlay Director	A. Aziz H. Ebrahim Director	Mohammad Hussain Hirji Director & Chief Executive

Statement of Claims

For the year ended December 31, 2013

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expenses	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										
1. Fire and property damage	35,976,356	45,014,470	23,326,872	14,288,758	26,855,344	42,253,808	16,184,346	785,882	13,502,876	5,072,812
2. Marine, aviation and transport	15,967,704	12,455,831	15,435,113	18,946,986	3,991,008	6,992,014	6,644,177	3,643,171	15,303,815	13,453,927
3. Motor	105,808,073	46,431,774	42,246,940	101,623,239	29,240,731	7,257,195	4,348,450	26,331,986	75,291,253	68,156,337
4. Health	39,076,650	6,031,465	13,381,999	46,427,184	506,523	3,514,833	3,514,530	506,220	45,920,964	16,604,130
5. Miscellaneous	19,352,568	35,853,870	42,919,448	26,418,146	11,664,935	27,116,332	32,582,471	17,131,074	9,287,072	8,755,718
Total	216,181,351	145,787,410	137,310,372	207,704,313	72,258,541	87,134,182	63,273,974	48,398,333	159,305,980	112,042,924

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani Chairman	Tasleemuddin Ahmed Batlay Director	A. Aziz H. Ebrahim Director	Mohammad Hussain Hirji Director & Chief Executive

Statement of Expenses

For the year ended December 31, 2013

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expenses	Other management expenses (note 23)	Underwriting expenses	Commission from reinsurers (note 24)	2013 Net underwriting expense	2012 Net underwriting expense
	(Rupees)								
Direct and facultative									
1. Fire and property damage	34,674,556	11,833,261	12,886,461	33,621,356	32,351,899	65,973,255	54,116,594	11,856,661	11,998,138
2. Marine, aviation and transport	18,349,717	985,021	1,277,394	18,057,344	16,721,310	34,778,654	15,323,083	19,455,571	16,471,714
3. Motor	11,171,124	3,647,511	4,028,682	10,789,953	20,304,510	31,094,463	39,739	31,054,724	28,543,638
4. Health	917,434	44,557	533,663	428,328	9,920,386	10,348,714	423,237	9,925,477	9,651,945
5. Miscellaneous	8,452,233	2,402,007	2,573,427	8,280,813	8,911,656	17,192,469	10,116,106	7,076,363	5,600,928
Total	73,565,064	18,912,357	21,299,627	71,177,794	88,209,761	159,387,555	80,018,759	79,368,796	72,266,363

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani
Chairman

Tasleemuddin Ahmed Batlay
Director

A. Aziz H. Ebrahim
Director

Mohammad Hussain Hirji
Director & Chief Executive

Statement of Investment Income

For the year ended December 31, 2013

	Note	2013	2012
		(Rupees)	
Income from trading investments			
Gain on sale of trading investments		24,009,614	31,885,149
Dividend income		6,575,975	6,341,269
Unrealised gain on remeasurement of securities to fair value - net		15,270,805	9,641,057
		45,856,394	47,867,475
Income from non-trading investments			
Held to maturity			
Return on government securities		8,264,239	9,163,433
Return on other fixed income securities and term finance certificates		510,376	1,533,097
Available-for-sale			
Dividend income		3,687,767	4,151,466
		12,462,382	14,847,996
Gain on sale of non-trading investments		80,854,814	45,273,443
Reversal for impairment in investment classified as held to maturity		7,742	408
Investments related expenses	8.1	(6,008,750)	(3,022,821)
Net investments income		133,172,582	104,966,501

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin Ahmed Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Notes to the Financial Statements

For the year ended December 31, 2013

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 10 October 1985 under the Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore stock exchanges and is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

2. BASIS OF PREPARATION

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

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, 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 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.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable in Pakistan requires management to make judgments / estimates and associated assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgments / estimates and associated assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

(a) classification of insurance contracts (note 4.2);
(b) provision for premium due but unpaid (note 4.2.1);
(c) provision for outstanding claims (including IBNR) (note 4.2.3);
(d) premium deficiency reserve (note 4.2.6);

(e) provision for obligations (note 4.3);
(f) recognition of taxation and deferred tax (note 4.5);
(g) accounting for employee benefit plans (note 4.7);
(h) classification of investments (note 4.8);
(i) determining the residual values and useful lives of fixed assets (note 4.9);
(j) allocation of management expenses (note 4.11);
(k) segment reporting (note 4.13); and
(l) impairment (note 4.16).

3. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

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

Standard or interpretation	Effective date (annual periods beginning on or after)
IAS 32 – Offsetting Financial Assets and Financial Liabilities – (Amendment)	January 01, 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	January 01, 2014
IFRIC 21 – Levies	January 01, 2014

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

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

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	January 01, 2015
IFRS 10 – Consolidated Financial Statements	January 01, 2013
IFRS 11 – Joint Arrangements	January 01, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 – Fair Value Measurement	January 01, 2013

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as stated in 4.1 below:

4.1 Change in accounting policy relating to Defined Benefit Plan

Amendments to IAS 19 "Employee Benefits" range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognised in other comprehensive income with no subsequent recycling to profit and loss.

- The distinction between short-term and other long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.

- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

The effects of the retrospective application of the change in accounting policy are as follows:

	2013	2012
	(Rupees)	
Increase in the staff retirement gratuity	2,008,260	609,525
(Decrease) / Increase in opening unappropriated profit	(609,525)	625,027
Decrease in other comprehensive income (OCI)	(1,398,735)	(609,525)
Decrease in profit and loss account	-	(625,027)
Net decrease in equity	(2,008,260)	(609,525)

The transaction did not have any material impact on the Company's basic or diluted earnings per share of 2013 and 2012.

The cumulative effect of the above change is not considered material. Accordingly, third balance sheet as of January 01, 2012 has not been presented in these financial statements.

Adoption of new and amended International Financial Reporting Standards (IFRSs)

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

Standard or interpretation

IAS 1 – Presentation of Financial Statements –
Presentation of items of other comprehensive income (Amendment)

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments: Disclosures - (Amendments)

– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements -
Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements.

4.2 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders are insurance policy contracts. The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, money, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

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 in to 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 period as the related premiums for the direct or accepted reinsurance business being reinsured.

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

4.2.1 Premiums

Premiums under a policy are recognized as revenue at the time of issuance of insurance policy. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period 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.

Administrative surcharge represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs.2,000 per policy and are recognised as revenue at the time of issuance of insurance policy.

Receivables under insurance contracts are recognised 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 recognizes it as impairment loss.

4.2.2 Reinsurance ceded

Reinsurance liabilities represent balances due to reinsurance companies. Balances payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers 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 contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000.

Reinsurance assets or liabilities 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 an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognizes it as impairment loss.

4.2.3 Claims expense

Insurance claims include all claims occurring during the year, whether reported or not. Internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

The Company recognizes liability in respect of all claims incurred upto the balance sheet date which is based on the best estimate of the claims intimated or assessed on or before the end of the financial year and measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

4.2.4 Reinsurance recoveries against outstanding claims

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

4.2.5 Commission

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

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

4.2.6 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement 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 estimated. The loss ratios estimated on these basis for the unexpired portion are as follows:

Fire and property damage	32.16%
Marine, aviation and transport	16.93%
Motor	52.86%
Health	79.44%
Miscellaneous	46.32%

Based on an analysis of combined operating ratio for the expired period 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 provision for the same has been made in these financial statements.

4.3 Creditors, accruals and provisions

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

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

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

4.5 Taxation

4.5.1 Current

Provision for current taxation is based on taxable income at the rates enacted or substantively enacted at the balance sheet date after taking into account available tax credits and rebates, if any. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

4.5.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised 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 period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.6 Transaction with related parties

All transactions involving related parties arising in the normal course of business are conducted at agreed / commercial terms and conditions.

4.7 Staff retirement benefits

4.7.1 Defined benefit plan

The Company operates an approved defined gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations. The most recent actuarial valuation was carried out for the year ended December 31, 2013 using the Projected Unit Credit Method.

The Company has adopted IAS 19 (revised) as mentioned in note 4.1. Actuarial gains or losses are recognised in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements and net interest income (expense). Previously, actuarial gains or losses in excess of 10% of the present value of defined benefit obligation and fair value of plan assets, whichever was higher, were recognized over the expected average remaining working life of the employees in the profit and loss account.

4.7.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 10 percent of basic salary plus cost of living allowance.

4.7.3 Employees' compensated absences

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

4.8 Investments

4.8.1 Recognition

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

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

4.8.2 Measurement

4.8.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in market price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held-for-trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

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

4.8.2.2 Held to maturity

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

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

4.8.2.3 Available-for-sale

These are investments that do not fall under investment at fair value through profit or loss or held to maturity categories.

Quoted

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

Had the Company adopted International Accounting Standard (IAS) 39 “Financial Instruments Recognition and Measurement” the investments of the Company would have been higher by Rs.298.702 million (December 31, 2012: Rs.100.183 million) and net equity would have been higher by the same amount (refer note 12.2 and 12.5).

Unquoted

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

Provision for diminution in the value of securities is made after considering impairment losses, if any.

4.8.2.4 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Company’s share of the changes in the net assets of the associates are accounted for at the end of each reporting period less impairment loss, if any. Share of profit and loss of associate is accounted for in the Company’s profit and loss account, whereas changes in the associates’ equity which has not been recognised in the associates profit and loss account, are recognised directly in equity of the Company. The goodwill relating to an associate arising on the acquisition of the investment is included in the carrying value of the investments.

After the application of equity method including recognizing the associates losses, the Company determines whether it is necessary to recognize any additional impairment loss with respect to its net investment in associate by comparing the entire carrying amount including goodwill with its recoverable amount i.e. the higher of value in use or fair market price less cost to sell.

4.8.2.5 Date of recognition

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

4.9 Fixed assets

4.9.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21.1 to the financial statements, after taking into account residual value.

Depreciation on additions is charged from the month in which the asset is put to use whereas no depreciation is charged from the month the asset is disposed off.

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

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

4.9.2 Capital work-in-progress

Capital work-in-progress including advances made for capital expenditure is stated at cost less impairment, if any.

4.9.3 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21.4 to the financial statements. Amortisation on additions is charged from the month in which the asset is acquired or capitalised whereas no amortisation is charged from the month the asset is disposed off.

Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amounts.

4.10 Investment income

Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income from investments, other than those which are accounted for under the equity method is recognised when the Company's right to receive the payment is established.

Gain or loss on sale of investment is included in income currently.

Return on bank deposits is recognised on a time proportionate basis taking into account the effective yield.

4.11 Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written for the year. Expenses not allocable to the underwriting business are charged as administrative and investments related expenses.

4.12 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriations are recognised when approved.

4.13 Segment reporting

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

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to 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 five primary business segments for reporting purposes namely fire, marine, motor, health and miscellaneous.

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

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

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

Health insurance provides cover to compensate hospitalisation and outpatient medical coverage to the insured.

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

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

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

4.14 Foreign currency translation

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.15 Offsetting of financial assets and liabilities

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

4.16 Impairment

The carrying amount of assets (other than deferred tax asset) are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

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

5. PAID-UP SHARE CAPITAL

2013	2012		2013	2012
------- (Number of shares) -------			----------- (Rupees) -----------	
13,981,213	13,981,213	Ordinary shares of Rs.10 each issued as fully paid in cash	139,812,130	139,812,130
31,743,153	31,743,153	Ordinary shares of Rs.10 each issued as fully paid bonus shares	317,431,530	317,431,530
45,724,366	45,724,366		457,243,660	457,243,660

5.1 Ordinary shares of the Company held by associated companies / persons are as follows:

	2013	2012
	------- (Number of shares) -------	
Siza (Private) Limited	6,506,692	6,506,692
Siza Services (Private) Limited	10,774,674	10,774,674
Siza Commodities (Private) Limited	4,539,185	4,539,185
Premier Fashions (Private) Limited	13,240,794	13,240,794
Directors and their spouses	38,635	38,699
Related parties - individuals	5,278	5,838
	35,105,258	35,105,882

6. STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity scheme

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

Discount rate 12.5% (2012: 11.5%) per annum.

Expected rate of increase in the salaries of the employees 12% (2012: 10.5%) per annum.

Expected interest rate on plan assets of the scheme 11.5% (2012: 11.5%) per annum.

Expected remaining service length of the employees 6 years (2012: 7 years).

	2013	2012 Restated (Note 4.1)
	-------------- (Rupees) --------------	
6.1 Liability in balance sheet		
Present value of defined benefit obligations	15,000,469	12,268,220
Fair value of plan assets	(10,939,163)	(11,658,695)
	4,061,306	609,525
6.2 Movement in liability during the year		
Opening balance	609,525	(625,027)
Charge to profit and loss account	2,053,046	1,625,027
Charged to other comprehensive income	1,398,735	609,525
Contributions to the fund during the year	-	(1,000,000)
Closing balance	4,061,306	609,525

	2013	2012 Restated (Note 4.1)
	------------- (Rupees)	-------------
6.3 Reconciliation of the present value of defined benefit obligations		
Present value of obligations as at January 01	12,268,220	10,810,421
Current service cost	1,869,193	1,658,156
Interest cost	1,421,967	1,266,371
Benefits paid	(1,784,972)	(657,954)
Actuarial loss / (gain)	1,226,061	(808,774)
Present value of obligations as at December 31	15,000,469	12,268,220
6.4 Reconciliation of the fair value of plan assets		
Fair value of plan assets as at January 01	11,658,695	10,224,979
Expected return on plan assets	1,238,114	1,299,500
Contribution to the fund	-	1,000,000
Benefits paid	(1,784,972)	(657,954)
Actuarial loss	(172,674)	(207,830)
Fair value of plan assets as at December 31	10,939,163	11,658,695
6.5 Charge for the defined benefit plan		
Current service cost	1,869,193	1,658,156
Interest cost	1,421,967	1,266,371
Expected return on plan assets	(1,238,114)	(1,299,500)
	2,053,046	1,625,027
6.6 Actual return on plan assets		
Expected return on assets	1,238,114	1,299,500
Actuarial loss on assets	(172,674)	(207,830)
	1,065,440	1,091,670

6.7 Composition of fair value of plan assets

	2013		2012	
	Fair value (Rupees)	Percentage	Fair value (Rupees)	Percentage
Treasury bills	10,386,365	95%	10,353,034	89%
Term finance certificates	-	0%	512,272	4%
Cash and bank balances	552,798	5%	793,389	7%
Fair value of plan net assets	10,939,163	100%	11,658,695	100%

6.8 Historical data of the fund

	2013	2012	2011	2010	2009
	----------	----------	(Rupees)	----------	----------
Present value of defined benefit obligations	15,000,469	12,268,220	10,810,421	8,455,615	6,657,000
Fair value of plan assets	(10,939,163)	(11,658,695)	(10,224,979)	(7,522,097)	(5,117,000)
Deficit	4,061,306	609,525	585,442	933,518	1,540,000
Experience adjustments					
Actuarial loss / (gain) on obligation	1,226,061	(808,774)	(233,910)	(430,570)	(601,000)
Actuarial (loss) / gain on assets	(172,674)	(207,830)	104,393	88,482	(228,000)

6.9 The estimated contribution to the fund for the year ended December 31, 2014 is Rs.2.355 million.

6.10 Sensitivity analysis

	Change in assumption	Impact on DBO: Increase in assumption	Impact on DBO: Decrease in assumption
		------------- (Rupees)	-------------
Discount rate	0.5%	(1,064,945)	1,169,622
Salary increase rate	0.5%	1,169,622	(1,074,055)
		----------- (Percentage)	-----------
Discount rate	0.5%	(7.10%)	7.80%
Salary increase rate	0.5%	7.80%	(7.16%)
Duration	14 years (on all active employees of 2013)		

	Note	2013	2012
		----------- (Rupees)	-----------
7. AMOUNT DUE TO OTHER INSURERS / REINSURERS			
Foreign reinsurers		18,911,946	50,033,421
Local reinsurers		94,269,407	86,105,022
Co-insurers		22,101,961	17,141,680
		135,283,314	153,280,123
8. ACCRUED EXPENSES			
Auditors' remuneration		530,000	474,720
Professional services fee		219,875	35,000
Provision for compensated absences		3,008,189	3,012,655
Investment advisory fee - due to related party	8.1	300,115	251,012
Utilities and others	8.2	891,685	987,605
		4,949,864	4,760,992

8.1 This represents payable on account of management of Company's investment portfolio to Lakson Investments Limited as per agreement. Total investment advisory fee for the year is Rs.6.009 million (December 31, 2012: Rs.3.023 million).

8.2 This includes a sum of Rs.0.089 million (December 31, 2012: Rs.0.080 million) due to related parties.

9. OTHER CREDITORS AND ACCRUALS

	Note	2013	2012
		----------- (Rupees) -----------	
Creditors		1,852,169	1,336,077
Federal excise duty		5,287,161	3,222,596
Federal insurance fees		386,218	226,111
Retention money		106,572	142,469
Commission payable	9.1	67,676,593	54,261,220
Workers' welfare fund		9,175,156	6,098,617
Margin deposits	9.2	2,405,708	4,652,209
Payable against purchase of shares		-	319,152
Payable against construction of new branches		-	269,040
Withholding tax payable		145,674	221,286
Deposits from employees against car scheme	9.3	4,198,510	2,639,057
Others		8,808	266
		91,242,569	73,388,100

9.1 This includes a sum of Rs.47.37 million (December 31, 2012: Rs.44.22 million) due to related parties.

9.2 This represents margin deposits on account of performance bond policies issued by the Company.

9.3 This represents amount withheld from employees' salary against motor vehicle installments.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

There are no contingencies as at December 31, 2013.

Commitments

10.1 Capital work in progress

	Note	2013	2012
		----------- (Rupees) -----------	
Office renovation	10.1.1	2,580,445	-
Software development	10.1.2	750,000	-
		3,330,445	-

10.1.1 This represents the remaining balance of office renovation charges for the renovation of Company's branch office located at the 10th Floor, Lakson Square, Building III, Sarwar Shaheed Road, Karachi as per the agreement.

10.1.2 This represents the remaining balance of software development charges payable to a software house as per the agreement.

11. CASH AND BANK DEPOSITS

	Note	2013	2012
		----------- (Rupees) -----------	
Cash and other equivalents			
Cash		117,975	85,804
Policy stamps and bond papers in hand		652,906	248,384
		770,881	334,188
Current and other accounts			
Current accounts	11.1	36,878,821	14,903,598
PLS saving accounts	11.2	67,628,025	75,272,996
		104,506,846	90,176,594
		105,277,727	90,510,782

11.1 This includes lien on a local currency account, amounting to Rs.0.7 million (December 31, 2012: Rs.0.7 million) in respect of a letter of credit arranged through a bank for securing claims arising outside Pakistan.

11.2 The rate of return on PLS saving accounts maintained at various banks range from 6% to 8% per annum (2012: 6% to 10.25% per annum).

	Note	2013	2012
		(Rupees)	
12. INVESTMENTS			
In related parties			
Investment in associates under equity accounting	12.1	43,254,226	25,595,566
Available-for-sale - quoted mutual funds	12.2	598,596,198	579,643,888
		641,850,424	605,239,454
Others			
Investments at fair value through profit or loss - held-for-trading			
Quoted shares		124,102,509	95,760,162
Held to maturity			
Government securities	12.3	47,920,825	67,950,621
Term finance certificates - quoted	12.4	-	10,807,814
		47,920,825	78,758,435
Available-for-sale			
Quoted equity securities / mutual funds	12.5	298,787,562	218,338,971
		1,112,661,320	998,097,022

12.1 Investment in associates - equity accounting

12.1.1 Particulars of investment in associates - listed

Number of shares 2013	Number of shares 2012	Face value per share (Rupees)	Name of associates	2013 (Rupees)	2012 (Rupees)
629,495	437,910	10	Century Paper & Board Mills Limited	29,249,701	11,665,922
66,528	66,528	10	Clover (Pakistan) Limited	6,548,208	6,702,643
17,639	16,036	10	Colgate Palmolive (Pakistan) Limited	7,456,317	7,227,001
				43,254,226	25,595,566

12.1.2 Movement of investment in associates - listed

	Beginning of the year	Additions	Share of profit	Dividend received	Share in equity	Reversal of impairment	2013	2012
	(Rupees)							
Century Paper & Board Mills Limited	11,665,922	2,189,540	4,058,568	-	-	11,335,671	29,249,701	11,665,922
Clover (Pakistan) Limited	6,702,643	-	376,832	(399,168)	(132,099)	-	6,548,208	6,702,643
Colgate Palmolive (Pakistan) Limited	7,227,001	-	446,699	(224,504)	7,121	-	7,456,317	7,227,001
	25,595,566	2,189,540	4,882,099	(623,672)	(124,978)	11,335,671	43,254,226	25,595,566

Notes to the Financial Statements

For the year ended December 31, 2013

12.1.3 Summarised latest available interim financial information of the associates of the Company along with its respective share are as follows:

Name of associates	Country of incorporation / listing	Date of financial statements	Total assets	Total liabilities	Net assets	Revenues	Profit / (loss) after tax	Interest held %
			(Rupees in 000)					
2013								
Century Paper & Board Mills Limited	Pakistan	September	13,703,284	9,589,912	4,113,372	4,198,226	397,108	0.52
Clover (Pakistan) Limited	Pakistan	September	883,680	19,054	864,626	11,123	(4,539)	0.71
Colgate Palmolive (Pakistan) Limited	Pakistan	September	9,532,289	3,126,566	6,405,723	6,944,581	371,874	0.04
			24,119,253	12,735,532	11,383,721	11,153,930	764,443	
2012								
Century Paper & Board Mills Limited	Pakistan	September	14,318,098	11,308,400	3,009,698	3,204,061	199,436	0.52
Clover (Pakistan) Limited	Pakistan	September	991,871	77,201	914,670	8,671	(4,925)	0.71
Colgate Palmolive (Pakistan) Limited	Pakistan	December	8,024,550	2,224,302	5,800,248	9,616,339	746,589	0.04
			23,334,519	13,609,903	9,724,616	12,829,071	941,100	

12.1.4 Market value of investment in associates is Rs.64.733 million (December 31, 2012: Rs.40.177 million).

12.2 Available-for-sale - quoted mutual fund

12.2.1 Related parties

Number of units 2013	Number of units 2012	Face value per unit (Rupees)	Name of entity	2013 (Rupees)	2012 (Rupees)
			Open-end mutual funds		
2,354,959	2,275,196	100	Lakson Income Fund	202,786,094	201,812,812
2,841,121	3,195,465	100	Lakson Money Market Fund	250,132,681	277,831,076
518,535	370,466	100	Lakson Asset Allocation Emerging Market Fund	53,677,415	35,000,000
-	316,711	100	Lakson Asset Allocation Global Commodities Fund	-	30,000,000
931,586	370,716	100	Lakson Asset Allocation Developed Market Fund	92,000,008	35,000,000
				598,596,198	579,643,888

12.2.2 Market value of investment in related parties classified as available-for-sale is Rs.680.57 million (December 31, 2012: Rs. 660.45 million).

12.3 Held to maturity - amortised cost

12.3.1 Government securities

Number of certificates 2013	Number of certificates 2012	Face value per certificate (Rupees)	Particulars	Coupon rate	Profit payment	Maturity date	2013 (Rupees)	2012 (Rupees)
1	1	25,000,000	Pakistan Investment Bond * (10 years)	12.00%	Semi annually	August 30, 2018	24,084,842	23,949,371
1	-	25,000,000	Pakistan Investment Bond * (10 years)	12.00%	Semi annually	July 19, 2022	23,835,983	-
-	1	-	Pakistan Investment Bond (10 years)	-	Matured	October 06, 2013	-	44,001,250
							47,920,825	67,950,621

* These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

12.3.2 Market value of Pakistan Investment Bonds is Rs.48.953 million (December 31, 2012: Rs.71.482 million).

12.4 Term finance certificates - quoted - held to maturity

Number of certificates 2013	Number of certificates 2012	Face value per certificate (Rupees)	Name of investee	Profit rate (note 12.4.1)	Maturity date	2013 (Rupees)	2012 (Rupees)
-	600	5,000	Askari Commercial Bank Limited (I)		-	-	2,991,000
-	600	5,000	Askari Commercial Bank Limited (II)		-	-	2,991,600
-	400	5,000	Bank Alfalah Limited (III)		-	-	1,329,808
-	200	5,000	Soneri Bank Limited		-	-	249,400
-	198	5,000	Faysal Bank Limited		-	-	246,906
200	200	5,000	Telecard Limited	Base rate plus 3.75% per annum *	May 27, 2011	359,350	367,092
-	600	5,000	United Bank Limited		-	-	2,999,100
						359,350	11,174,906
				Less: Provision for impairment		(359,350)	(367,092)
						-	10,807,814

* Base rate is defined as six months KIBOR.

12.4.1 Profit on these term finance certificates is received on semi-annual basis.

12.4.2 Market value of quoted term finance certificates is not available (December 31, 2012: Rs.10.829 million) as the same is classified in non performing category by Mutual Funds Association of Pakistan as at December 31, 2013.

	Note	2013 (Rupees)	2012 (Rupees)
12.5 Available-for-sale - quoted investments			
Cost	12.5.1	341,847,027	271,481,557
Provision for impairment - net of reversals	12.5.2	(43,059,465)	(53,142,586)
		298,787,562	218,338,971

12.5.1 Market value of quoted available-for-sale investments is Rs.515.515 million (December 31, 2012: Rs.237.714 million).

12.5.2 Provision for impairment - net of reversals

	2013	2012
Opening provision	53,142,586	116,028,709
Realised on disposal	(10,083,121)	(62,886,123)
Closing provision	43,059,465	53,142,586

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	2013	2012
		----------- (Rupees) -----------	
13. DEFERRED TAXATION			
Deferred tax debits / (credits) arising in respect of:			
Accelerated depreciation on operating fixed assets		(1,879,390)	(1,810,123)
Provision for claims incurred but not reported (IBNR)		2,114,633	810,587
Provision for employees' benefits		1,022,784	1,054,429
Share of (profit) / loss from associates		(245,525)	167,820
Provision against receivables		2,506,845	2,413,756
		3,519,347	2,636,469
14. PREMIUMS DUE BUT UNPAID - Unsecured			
Considered good	14.1	119,497,864	87,101,787
Considered doubtful		6,556,972	6,080,344
		126,054,836	93,182,131
Provision for doubtful balances	14.2	(6,556,972)	(6,080,344)
		119,497,864	87,101,787

14.1 This includes a sum of Rs.64.114 million (December 31, 2012: Rs.57.341 million) due from related parties.

14.2 Provision for doubtful balances

	2013	2012
Opening balance	6,080,344	6,069,880
Provision made during the year	519,298	475,994
Recoveries during the year	(42,670)	(465,530)
	6,556,972	6,080,344

15. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - Unsecured

	2013	2012
Considered good		
- Local reinsurers	4,558,326	3,682,413
- Co-insurers	78,048,683	93,461,308
	82,607,009	97,143,721
Provision for doubtful balances	(816,102)	(816,102)
	81,790,907	96,327,619

16. ACCRUED INVESTMENT INCOME

	2013	2012
Return on government securities	2,375,343	1,906,411
Return on term finance certificates	-	344,723
Dividend income on equity securities	125,000	14,000
	2,500,343	2,265,134

17. REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

18. TAXATION - NET

	2013	2012
Advance tax including tax deducted at source	21,274,402	31,944,844
Provision for taxation	(4,298,421)	(13,584,806)
	16,975,981	18,360,038

18.1 The Company has filed returns upto tax year 2013.The returns filed for tax years upto 2013 are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 unless any amendments have been made by the tax authorities.

	Note	2013	2012
		----------- (Rupees) -----------	
19. PREPAYMENTS			
Prepaid reinsurance premium ceded		123,765,237	116,814,511
Others		2,522,708	2,264,972
		126,287,945	119,079,483
20. SUNDRY RECEIVABLES			
Profit on bank deposits - savings accounts		464,492	486,856
Security deposits		3,686,889	1,836,325
Advance to employees		2,013,371	1,284,293
Advance against expenses		102,978	85,000
Receivables from supplier		-	1,982,000
Receivable against sale of shares		-	2,177,919
Advance against right shares	20.1	2,826,000	-
Others		74,866	115,811
		9,168,596	7,968,204

20.1 This represents a non-interest bearing advance payment made against issue of right shares of Engro Fertilizers Limited. Subsequent to the year end, the right shares have been allotted to the Company.

21. FIXED ASSETS

21.1 Tangible assets

December 31, 2013

	Cost				Depreciation				Written down value as at December 31, 2013	Depreciation rate %
	As at January 01 2013	Additions	(Disposals)	As at December 31, 2013	As at January 01 2013	For the year	(Disposals)	As at December 31, 2013		
	(Rupees)									
Office improvement	16,566,326	697,905	806,231	16,458,000	11,044,757	986,762	362,805	11,668,714	4,789,286	10
Furniture and fixtures	9,678,876	192,289	7,000	9,864,165	5,064,735	723,583	3,151	5,785,167	4,078,998	10
Office equipment	8,213,004	1,121,134	43,100	9,291,038	4,438,108	1,024,979	43,098	5,419,989	3,871,049	10 - 33
Computer and related accessories	7,218,016	727,650	447,500	7,498,166	6,163,789	727,965	447,490	6,444,264	1,053,902	33
Motor vehicles	42,068,449	9,022,725	2,043,000	49,048,174	14,287,675	4,206,868	892,568	17,601,975	31,446,199	20
	83,744,671	11,761,703	3,346,831	92,159,543	40,999,064	7,670,157	1,749,112	46,920,109	45,239,434	

December 31, 2012

	Cost				Depreciation				Written down value as at December 31, 2012	Depreciation rate %
	As at January 01 2012	Additions	(Disposals)	As at December 31, 2012	As at January 01 2012	For the year	(Disposals)	As at December 31, 2012		
	(Rupees)									
Office improvement	17,760,043	515,400	1,709,117	16,566,326	10,144,928	1,984,631	1,084,802	11,044,757	5,521,569	10
Furniture and fixtures	9,069,164	1,552,170	942,458	9,678,876	4,668,317	1,025,032	628,614	5,064,735	4,614,141	10
Office equipment	6,344,571	2,124,233	255,800	8,213,004	3,755,691	934,165	251,748	4,438,108	3,774,896	10 - 33
Computer and related accessories	6,800,133	665,883	248,000	7,218,016	5,634,068	762,994	233,273	6,163,789	1,054,227	33
Motor vehicles	44,390,129	2,923,400	5,245,080	42,068,449	11,979,418	4,541,969	2,233,712	14,287,675	27,780,774	20
	84,364,040	7,781,086	8,400,455	83,744,671	36,182,422	9,248,791	4,432,149	40,999,064	42,745,607	

21.2 Depreciation charge for the year has been allocated as follows:

	Note	2013	2012
		----------- (Rupees) -----------	
Management expenses	23	4,065,183	4,901,859
General and administrative expenses	26	3,604,974	4,346,932
		7,670,157	9,248,791

21.3 Capital work-in-progress

	2013	2012
Advance against purchase of motor vehicles	-	802,800
Advance against renovation of branch	1,105,905	300,000
Advance against software development	750,000	-
	1,855,905	1,102,800

21.4 Intangible assets

	Cost			Amortisation			Written down value as at December 31, 2013	Amortisation rate %
	As at January 01 2013	Additions / (disposals)	As at December 31, 2013	As at January 01 2013	For the year	As at December 31, 2013		
	(Rupees)							
Computer software	5,124,839	-	5,124,839	5,016,496	108,327	5,124,823	16	33
2012	5,124,839	-	5,124,839	4,583,163	433,333	5,016,496	108,343	33

21.5 Amortisation charge for the year has been allocated as follows:

	Note	2013	2012
		----------- (Rupees) -----------	
Management expenses	23	57,413	229,666
General and administrative expenses	26	50,914	203,667
		108,327	433,333

21.6 Disposal of tangible assets

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss) (note 25)	Mode of disposal	Sold to
	(Rupees)						
Office improvement	806,231	362,805	443,426	22,000	(421,426)	Negotiation	M/s Saleem Showroom, Karachi
Furniture and fixtures	7,000	3,151	3,849	10,000	6,151	Negotiation	M/s SKZ Engineering Services, Karachi
Office equipment	43,100	43,098	2	500	498	Negotiation	Mr. Muhammad Zia, Karachi
Computer and related accessories	20,000	19,999	1	5,000	4,999	Negotiation	M/s Star Com, Karachi
Computer and related accessories	37,000	36,999	1	800	799	Negotiation	M/s Prime Computer Services, Faisalabad
Computer and related accessories	80,500	80,499	1	17,715	17,714	Insurance claim	M/s Premier Insurance Limited, Karachi
Computer and related accessories	24,000	23,999	1	800	799	Negotiation	M/s PC Mart, Karachi
Computer and related accessories	87,800	87,799	1	4,500	4,499	Negotiation	M/s Technovative, Karachi
Computer and related accessories	72,000	71,999	1	4,500	4,499	Negotiation	M/s Technovative, Karachi
Computer and related accessories	126,200	126,196	4	4,000	3,996	Negotiation	M/s Technovative, Karachi
Motor vehicle	836,000	286,000	550,000	825,000	275,000	Insurance claim	M/s Premier Insurance Limited, Karachi
Motor vehicle	61,000	46,000	15,000	21,000	6,000	As per company policy	Mr. Muhammad Ali - employee
Motor vehicle	41,000	19,915	21,085	14,000	(7,085)	Negotiation	Mr. Bilal Hussain
Motor vehicle	450,000	243,000	207,000	300,000	93,000	Negotiation	Mr. Safdar Mahmood
Motor vehicle	65,000	50,000	15,000	18,750	3,750	As per company policy	Mr. Rizwan Rahim - employee
Motor vehicle	590,000	247,653	342,347	342,347	-	As per company policy	Mr. Abdul Rasheed - employee (Executive)
	3,346,831	1,749,112	1,597,719	1,590,912	(6,807)		

22. NET PREMIUM REVENUE - ADMINISTRATIVE SURCHARGE

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

	Note	2013	2012
		(Rupees)	
Fire and property damage		1,171,122	960,674
Marine, aviation and transport		3,760,432	3,110,856
Motor		2,942,527	2,889,646
Health		74,693	43,083
Miscellaneous		1,133,343	1,133,574
		9,082,117	8,137,833

23. MANAGEMENT EXPENSES

	Note	2013	2012
Salaries, wages and benefits	23.1	59,689,150	53,689,079
Rent, taxes and electricity		8,080,860	7,436,324
Communications		2,628,775	2,575,581
Printing and stationery		2,141,888	1,847,695
Travelling and entertainment		2,527,412	2,446,689
Repairs and maintenance		1,339,855	893,584
Advertisement and sales promotion		1,680,119	984,518
Depreciation	21.2	4,065,183	4,901,859
Amortisation	21.5	57,413	229,666
Legal and professional charges		240,600	891,925
Workers' welfare fund		1,630,565	1,406,925
Provision against premium due but unpaid - net		476,628	10,464
Service charges	23.2	3,632,240	3,891,006
Other expenses		19,073	7,320
		88,209,761	81,212,635

23.1 These include Rs.1.729 million (December 31, 2012: Rs.1.673 million) in respect of employees' provident fund and Rs.1.088 million (December 31, 2012: Rs.0.530 million) in respect of defined benefit plan. For details of the provident fund, refer note 26.2.

23.2 This represents service charges charged @ 2.5% in respect of co-insurance recoveries.

24. COMMISSION FROM REINSURERS

	Commissions received or receivable	Opening commissions unearned	Closing commissions unearned	Commissions from reinsurers
	(Rupees)			
Fire and property damage	56,666,769	21,633,427	24,183,602	54,116,594
Marine, aviation and transport	15,240,912	1,748,358	1,666,187	15,323,083
Motor	62,865	32,314	55,440	39,739
Health	(149,169)	572,406	-	423,237
Miscellaneous	10,370,525	4,418,205	4,672,624	10,116,106
	82,191,902	28,404,710	30,577,853	80,018,759

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

	Note	2013	2012
		---------------- (Rupees) ----------------	
25. OTHER INCOME - NET			
Income from financial assets			
Profit on bank deposits			
Saving accounts		5,108,491	7,005,128
Exchange gain		8,203	240,743
		5,116,694	7,245,871
Income from non-financial assets			
Loss on sale of fixed assets - net	21.6	(6,807)	(245,656)
Management fee sharing commission		-	1,060,122
Others	25.1	150,850	165,293
		144,043	979,759
		5,260,737	8,225,630

25.1 Included herein is a sum of Rs.0.150 million (December 31, 2012: Rs.0.120 million) representing service charges from a related party for keeping promotional materials in the Company's branches located outside Karachi.

26. GENERAL AND ADMINISTRATION EXPENSES

	Note	2013	2012
Salaries, wages and benefits	26.1	52,931,888	47,611,070
Rent, taxes and utilities		7,239,790	6,165,994
Fees and subscription		2,821,006	2,441,227
Communications		2,010,433	2,007,838
Printing and stationery		2,141,887	1,847,695
Travelling and entertainment		2,748,302	2,645,809
Depreciation	21.2	3,604,974	4,346,932
Amortisation	21.5	50,914	203,667
Repairs and maintenance		1,188,173	792,423
Legal and professional		1,507,594	1,030,583
Auditors' remuneration	26.5	791,965	678,070
Advertisement and sales promotion		3,043,996	1,974,506
Insurance		2,854,988	3,075,823
Bank charges		295,995	283,333
Workers' welfare fund		1,445,973	1,247,651
Other expenses		2,220,931	2,119,661
		86,898,809	78,472,282

26.1 These include Rs.1.533 million (December 31, 2012: Rs.1.484 million) in respect of employees' provident fund and Rs.0.965 million (December 31, 2012: Rs.0.470 million) in respect of defined benefit plan.

26.2 Provident Fund (the Fund) Disclosures

The following information is based on the latest un-audited financial statements of the Fund:

	Unaudited 2013	Audited 2012
	---------------- (Rupees) ----------------	
Size of the fund - total assets	28,985,603	26,834,365
Cost of investment made	28,405,948	25,828,890
Fair value of investments	28,985,603	26,834,365
Percentage of investment made	98%	96%

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

	Unaudited 2013		Audited 2012	
	--- (Rupees) ---	Percentage	--- (Rupees) ---	Percentage
Bank balances	1,382,081	4.77%	1,610,402	6.00%
Term deposit receipts (TDRs)	-	-	999,660	3.73%
Government securities	23,303,823	80.40%	18,118,828	67.52%
Mutual funds	4,299,699	14.83%	6,105,475	22.75%
	28,985,603	100.00%	26,834,365	100.00%

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

	2013	2012
	----------- (Rupees) -----------	
26.5 Auditors' remuneration		
Audit fee	280,000	260,820
Interim review	150,000	130,410
Special reports and other certifications	275,800	231,950
Out of pocket expenses	86,165	54,890
	791,965	678,070

27. TAXATION - NET

	2013	2012
Current	4,298,421	10,443,241
Prior	-	3,141,565
Deferred	(882,878)	(430,541)
	3,415,543	13,154,265

	2013	2012 Restated (Note 4.1)
	----------- (Rupees) -----------	
27.1 Relationship between tax expense and accounting profit		
Profit for the year before taxation	150,750,379	129,401,005
Tax at the applicable rate of 34% (December 31, 2012: 35%)	51,255,129	45,290,352
Tax effect of expenses that are not allowable in determining taxable income	1,870,698	1,999,432
Tax effect of capital gains exempt from tax	(35,653,906)	(27,005,507)
Tax effect of income subject to lower rates	(2,463,298)	(2,623,184)
Others	(11,593,080)	(7,648,393)
Prior year charge	-	3,141,565
	3,415,543	13,154,265

28. EARNINGS PER SHARE

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

	2013	2012 Restated (Note 4.1)
	----------- (Rupees) -----------	
Profit after tax for the year	147,334,836	116,246,740
	------- (Number of shares) -------	
Weighted average number of shares of Rs. 10 each	45,724,366	45,724,366
	----------- (Rupees) -----------	
Basic earnings per share of Rs. 10 each	3.22	2.54

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

29. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount including all benefits, to the Chief Executive and Executives of the Company are as follows:

	Chief Executive		Executives		Total	
	2013	2012	2013	2012	2013	2012
	(Rupees)					
Managerial remuneration	5,103,720	4,445,628	22,730,218	20,899,170	27,833,938	25,344,798
Bonus	1,221,564	1,063,498	5,421,655	5,033,703	6,643,219	6,097,201
Retirement benefits	510,943	445,128	1,363,941	1,451,721	1,874,884	1,896,849
House rent	2,296,620	2,000,520	10,229,254	9,404,575	12,525,874	11,405,095
Others	524,660	453,852	3,433,215	2,550,848	3,957,875	3,004,700
	9,657,507	8,408,626	43,178,283	39,340,017	52,835,790	47,748,643
Number of persons	1	1	24	22	25	23

29.1 In addition, some of the executives are provided with free use of Company maintained cars.

30. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. The associated companies are associated either based on holding in equity or they are due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

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

Name of related party	Premiums written	Commission paid and due	Claims paid	Investment in associates	Dividend income	Bonus shares received	Dividend paid	Expenses	Retirement Fund
	(Rupees)								
Associated companies									
Accuracy Surgical Limited	899,999	113,389	7,048,945	-	-	-	-	-	-
Baluchistan Polyproducts (Private) Limited	440,973	57,504	-	-	-	-	-	-	-
Century Paper & Board Mills Limited	97,406,817	10,295,289	2,444,694	2,189,540	-	82,108	-	1,890,546	-
Clover Pakistan Limited	639,439	84,193	1,639,030	-	399,168	-	-	-	-
Colgate Palmolive (Pakistan) Limited	102,016,322	14,580,223	11,317,128	-	224,504	1,603	-	-	-
Cyber Internet Services (Private) Limited	15,726,944	634,237	4,225,732	-	-	-	-	479,755	-
ICE Animations (Private) Limited	953,019	118,340	903,535	-	-	-	-	-	-
GAM Corporation (Private) Limited	10,183,201	1,085,218	4,527,429	-	-	-	-	-	-
Hasanali and Gulbanoo Lakhani Foundation	1,316,726	166,731	73,299	-	-	-	-	596,281	-
Lakson Business Solution Limited	49,281	4,928	-	-	-	-	-	876,235	-
Lakson Investments Limited	967,098	-	173,334	-	-	-	-	6,008,750	-
Merit Packaging Limited	4,692,137	684,612	793,100	-	-	-	-	-	-
Premier Fashions (Private) Limited	57,595	8,640	-	-	-	-	16,550,993	-	-
Princeton Travels (Private) Limited	743,585	87,244	98,370	-	-	-	-	905,753	-
Siza (Private) Limited	324,067	38,403	-	-	-	-	8,133,365	1,940,287	-
Reliance Chemicals (Private) Limited	100,525	15,079	-	-	-	-	-	-	-
Siza Commodities (Private) Limited	22,450	2,245	-	-	-	-	5,673,981	-	-
Siza Foods (Private) Limited	10,758,741	1,062,276	670,644	-	-	-	-	50,000	-
Sybrid (Private) Limited	1,308,236	100,641	1,664,770	-	-	-	-	-	-
Siza Services (Private) Limited	3,360,928	431,078	28,216	-	-	-	13,468,343	6,014,634	-
Tetley Clover (Private) Limited	2,310,721	362,449	50,717	-	-	-	-	54,460	-
Tritex Cotton Mills Limited	2,686,693	398,212	905,000	-	-	-	-	-	-
Others									
Anchor Commodities (Private) Limited	461,765	51,424	-	-	-	-	-	-	-
Century Publication (Private) Limited	5,813,482	684,257	694,738	-	-	-	-	-	-
I & R Trust	3,715	372	-	-	-	-	-	-	-
Matrix Press (Private) Limited	669,562	100,435	-	-	-	-	-	-	-
Misha Fashion (Private) Limited	65,762	4,376	-	-	-	-	-	-	-
Printek (Private) Limited	360,164	54,025	-	-	-	-	-	-	-
Television Media Network (Private) Limited	15,100,139	1,224,998	509,886	-	-	-	-	-	-
Key management personnel	145,408	14,370	-	-	-	-	49,875	-	-
Retirement benefit plans									
Contribution to staff provident fund	-	-	-	-	-	-	-	-	3,261,889
Contribution to staff gratuity fund	-	-	-	-	-	-	-	-	2,053,046
December 31, 2013	279,585,494	32,465,188	37,768,567	2,189,540	623,672	83,711	43,876,557	18,816,701	5,314,935
December 31, 2012	265,235,781	32,722,716	153,446,990	-	852,376	75,657	35,071,612	13,263,912	4,157,122

31. SEGMENT INFORMATION

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at December 31, 2013 and December 31, 2012, allocated and unallocated capital expenditures and non-cash expenses during the year:

	Fire		Marine		Motor		Health		Miscellaneous		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012 Restated (Note 4.1)
	(Rupees)											
SEGMENT ASSETS												
Segment assets	123,044,159	137,258,113	13,188,499	12,988,760	13,932,045	18,129,440	4,048,193	7,935,206	54,125,942	46,549,531	208,338,838	222,861,050
Unallocated corporate assets											1,530,590,235	1,389,248,449
Total assets											1,738,929,073	1,612,109,499
SEGMENT LIABILITIES												
Segment liabilities	141,118,756	154,921,566	25,793,325	20,801,722	100,345,284	95,898,299	50,299,059	21,636,250	70,128,342	62,471,681	387,684,766	355,729,518
Unallocated corporate liabilities											239,638,306	233,429,645
Total liabilities											627,323,072	589,159,163
CAPITAL EXPENDITURE												
Capital expenditure	28,300	123,400	1,158,300	-	223,800	85,650	958,900	-	-	139,550	2,369,300	348,600
Unallocated capital expenditure											9,392,403	7,432,486
Total capital expenditure											11,761,703	14,845,420
Depreciation / amortisation	1,512,007	2,040,301	781,492	953,593	948,957	1,182,455	463,642	1,929,850	416,498	(974,674)	4,122,596	5,131,525
Non-cash expenses other than depreciation / amortisation	174,809	3,838	90,351	1,984	109,712	2,409	53,603	-	48,153	2,234	476,628	10,465

32. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

32.1 Insurance risk management

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.

The Company deals in short tail insurance contracts (maximum for one year). Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. 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 is divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, miscellaneous and health. 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 (SECP) 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 analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement period 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 period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated costs of unpaid claims (both reported and non-reported), the Company estimation technique is 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 costs 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 periods. Claims are assessed on a case-by-case basis separately.

(c) Process used to decide on assumptions

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This exposure is geographically concentrated in Pakistan only.

The Company uses assumptions based on a mixture of internal and market data to measure its related claims liabilities. Internal data is derived mostly from the Company's monthly claims reports, surveyor's report for particular claim and screening of the actual insurance contracts carried out to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop related provision for outstanding claims (both reported and non-reported). Generally, claims are reported to the Company within three months from the date of insured event occurred.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. Through this analysis, the Company determines the need for an IBNR or an unexpired risk liability to be held at each reporting date.

(d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

(e) Sensitivity analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate as the Company deals in short tail insurance contracts. 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, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and shareholders' equity is set out below.

	Underwriting results		Shareholders' equity	
	2013	2012	2013	2012
	(Rupees)			
10% increase in loss / decrease				
Fire and property damage	(1,350,288)	(507,281)	(877,687)	(329,733)
Marine, aviation and transport	(1,530,382)	(1,345,393)	(994,748)	(874,505)
Motor	(7,529,125)	(6,815,634)	(4,893,931)	(4,430,162)
Health	(4,592,096)	(1,660,413)	(2,984,862)	(1,079,268)
Miscellaneous	(928,707)	(875,572)	(603,660)	(569,122)
	(15,930,598)	(11,204,293)	(10,354,888)	(7,282,790)
10% decrease in loss / increase				
Fire and property damage	1,350,288	507,281	877,687	329,733
Marine, aviation and transport	1,530,382	1,345,393	994,748	874,505
Motor	7,529,125	6,815,634	4,893,931	4,430,162
Health	4,592,096	1,660,413	2,984,862	1,079,268
Miscellaneous	928,707	875,572	603,660	569,122
	15,930,598	11,204,293	10,354,888	7,282,790

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

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		(Rupees in '000)			
2013	+ 10%	20,831	14,140	13,863	9,011
2012	+ 10%	32,077	11,546	11,319	7,358

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 optimise benefits from the principle of average and the 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 survey.

The concentration of risk by type of contracts in aggregate is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2013	2012	2013	2012	2013	2012
	(Rupees in millions)					
Fire and property damage	175,154	137,642	158,088	120,181	17,066	17,461
Marine, aviation and transport	63,154	50,649	14,969	11,361	48,185	39,288
Motor	6,406	5,742	6,373	23	33	5,719
Health	120	106	-	96	120	5,719
Miscellaneous	22,293	19,551	11,415	13,315	10,878	6,246
	267,127	213,690	190,845	144,976	76,282	74,433

Claims development tables

The following table shows the development of claims over a period of time on gross basis. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2013.

Analysis on gross basis

Accident year	2011	2012	2013	Total
	(Rupees)			
Estimate of ultimate claims cost:				
At end of accident year	19,939,000	84,180,489	224,787,839	-
One year later	20,932,249	106,776,357	-	-
Two years later	22,537,258	-	-	-
Estimate of cumulative claims	22,537,258	106,776,357	224,787,839	354,101,454
Cumulative payments to date	(12,461,544)	(59,519,856)	(144,199,951)	(216,181,351)
Liability recognised in the balance sheet	10,075,714	47,256,501	80,587,888	137,920,103

33. FINANCIAL RISK MANAGEMENT

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

Credit risk
Liquidity risk
Market risk

Risk management framework

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

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

33.1 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.

33.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the bank balances, investments (except for investment in associates and government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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

	Note	2013	2012
		----------- (Rupees)	-----------
Bank balances	11	105,159,752	90,424,978
Investments	12	1,021,486,269	904,550,835
Premiums due but unpaid	14	119,497,864	87,101,787
Amounts due from other insurers / reinsurers	15	81,790,907	96,327,619
Accrued investment income	16	125,000	358,723
Reinsurance recoveries against outstanding claims	17	63,273,974	87,134,182
Sundry receivables	20	7,052,247	6,598,911
		1,398,386,013	1,272,497,035

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

	Rating		Rating
	Short-term	Long-term	agency
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
HSBC Bank Middle East Limited	P-1	A2	MOODY'S
NIB Bank Limited	A1+	AA-	PACRA
Allied Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AA+	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Habib Bank Limited	A1+	AAA	JCR-VIS
National Bank of Pakistan	A1+	AAA	JCR-VIS
United Bank Limited	A1+	AA+	JCR-VIS
JS Bank Limited	A1	A+	PACRA
MCB Bank Limited	A1+	AAA	PACRA

Investments

The Company is exposed to credit risk in respect of investments made in term finance certificates, quoted equity securities and mutual funds. The Company invests in term finance certificates of banks having sound credit rating by recognised credit rating agencies whereas investment in quoted securities and open end mutual funds are made which can be liquidate by selling through stock exchanges and encashment of units at the counter of mutual funds.

Premium due but unpaid

Premium due but unpaid is mostly recoverable from group companies and are considered good.

Concentration of credit risk

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. Sector-wise analysis of premium due but unpaid at the reporting date was:

	2013		2012	
	(Rupees)	%	(Rupees)	%
Miscellaneous	57,658,258	48.3%	27,072,833	31.1%
Paper and board	29,026,824	24.3%	24,307,267	27.9%
Technology and communication	19,435,602	16.3%	27,293,173	31.3%
Food and allied industries	11,875,184	9.9%	5,464,743	6.3%
Textiles	1,358,479	1.1%	1,749,551	2.0%
Tobacco	143,517	0.1%	450,743	0.5%
Individuals	-	0.0%	356,377	0.4%
Banks	-	0.0%	407,100	0.5%
	119,497,864	100%	87,101,787	100%

Age analysis of premium due but unpaid at the reporting date was:

	2013		2012	
	Gross	Impairment	Gross	Impairment
	---------------------------------- (Rupees) ----------------------------------			
Upto 1 year	115,488,769	-	83,579,412	-
1-2 years	1,639,292	-	2,118,725	-
2-3 years	2,369,803	-	1,403,650	-
Over 3 years	6,556,972	6,556,972	6,080,344	6,080,344
Total	126,054,836	6,556,972	93,182,131	6,080,344

Amount due from other insurers / reinsurers / reinsurance recoveries against outstanding claims

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated ‘A’ or above by Standard & Poors with the balance being placed with entities rated at least ‘BBB’ by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Amount due from reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2013	2012
	(Rupees)				
A or above (including PRCL)	-	45,162,179	123,765,237	168,927,416	141,102,592
BBB	-	230,150	-	230,150	310,935
Total	-	45,392,329	123,765,237	169,157,566	141,413,527

Age analysis of amount due from other insurers / reinsurers at the reporting date was:

	2013		2012	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	48,990,756	-	68,431,201	-
1-2 years	20,597,921	-	18,936,953	-
2-3 years	8,850,481	-	6,996,321	-
Over 3 years	4,167,851	816,102	2,779,246	816,102
Total	82,607,009	816,102	97,143,721	816,102

Age analysis of reinsurance recoveries against outstanding claims at the reporting date was:

Upto 1 year	23,318,614	-	30,593,274	-
1-2 years	19,102,117	-	39,734,634	-
2-3 years	5,566,543	-	15,382,158	-
Over 3 years	15,286,700	-	1,424,116	-
Total	63,273,974	-	87,134,182	-

In respect of the aforementioned premium due but unpaid, reinsurance assets and receivables, the Company takes into account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and makes prudent estimates of provision for doubtful receivables whenever required. As at December 31, 2013, an amount of Rs.64.114 million (December 31, 2012: Rs.57.341 million) is receivable from related parties out of which Rs.25.82 million (December 31, 2012: Rs.16.6 million) has been received subsequently and remaining is expected to be received in unexpired period of insurance contracts. Further, reinsurance recoveries are made when corresponding liabilities are settled. The credit quality of premium receivable from co-insurer, and for commission and claim recoveries from reinsurer can be assessed from external ratings as disclosed above.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	2013		2012 Restated (Note 4.1)	
	Carrying amount	Contractual cash flows upto one year	Carrying amount	Contractual cash flows upto one year
	------------------------------ (Rupees) ------------------------------			
Financial liabilities				
Provision for outstanding claims	137,310,372	(137,310,372)	145,787,410	(145,787,410)
Staff retirement benefits	4,061,306	(4,061,306)	609,525	(609,525)
Amount due to other insurers / reinsurers	135,283,314	(135,283,314)	153,280,123	(153,280,123)
Accrued expenses	4,949,864	(4,949,864)	4,760,992	(4,760,992)
Other creditor and accruals	76,248,360	(76,248,360)	63,619,490	(63,619,490)
Unclaimed dividend	1,371,364	(1,371,364)	976,351	(976,351)
	359,224,580	(359,224,580)	369,033,891	(369,033,891)

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity and units prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and equity / units price risk.

33.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from balances held in investments and saving accounts with reputable banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments is:

	2013	2012	2013	2012
	Effective interest rate (in %)		----------- (Rupees) -----------	
Fixed rate instruments				
Government securities	12% to 15%	12% to 15%	47,920,825	67,950,621
Variable rate instruments				
PLS savings accounts	6% to 8%	6% to 10.25%	67,628,025	75,272,996
Term finance certificates	-	9.49% to 13.8%	-	10,807,814

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of savings accounts and term finance certificates classified as held to maturity. In case 100 basis points (bp) increase / decrease in interest rates at year end, the net income and equity would have higher / lower by Rs.0.501 million (December 31, 2012: Rs.0.789 million).

33.3.2 Price risk

Price risk is the risk of changes in the fair value of equity and debt securities as the result of changes in the levels of KSE-100 Index and the value of individual shares and changes in unit prices due to changes in interest rates scenario. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities and investment in different categories of mutual funds within specified limits set by internal risk management guidelines. A summary analysis of investments is disclosed in note 12 to these financial statements.

The management monitors the fluctuations of prices on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market and also monitor fluctuation in unit prices through a related party as disclosed in note 8.1.

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 / units may be affected by the relative quantity of the security / units being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The analysis summarizes Company's price risk as of December 31, 2013 and 2012 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of equity markets and interest rates scenario where mutual funds invest in debt securities in Company's investment portfolio.

Sensitivity analysis of investments as at the reporting date is as follows:

For held-for-trading investments, in case of 10% increase / decrease in prices at the reporting date, the profit and loss account and equity would have been higher / lower by Rs.12.410 million (December 31, 2012: Rs.9.576 million).

33.4 Fair value of financial instruments

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

The fair value of all the financial instruments are estimated to be not significantly different from their carrying values except for investments in associate, held to maturity and available-for-sale securities having fair value of Rs.1,309.770 million (December 31, 2012: Rs.1,020.652 million).

34. CAPITAL MANAGEMENT

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

Notes to the Financial Statements

For the year ended December 31, 2013

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

The Company currently meets the paid-up capital requirement as required by Securities and Exchange Commission of Pakistan.

35. SUBSEQUENT EVENT

The Board of Directors in its meeting held on February 28, 2014 has recommended cash dividend of 15% i.e. Rs.1.50 per share in respect of the year ended December 31, 2013 [December 31, 2012: 12.5% (Rs.1.25 per share)]. These financial statements for the year ended December 31, 2013 do not include the effect of this appropriation which will be accounted for when approved.

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on February 28, 2014.

37. GENERAL

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

Iqbal Ali Lakhani	Tasleemuddin Ahmed Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Form of Proxy

I/We ____

of ____

a member of CENTURY INSURANCE COMPANY LIMITED hereby

appoint ____

of ____

or failing him ____

of ____

who is/are also member/s of Century Insurance Company Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 30th day of April 2014 or at any adjournment thereof.

Signed this ____________ day of ____________2014.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held

Signature over Revenue Stamp

Witness 1

Signature ____________________

Name ____________________

CNIC No. ____________________

Address ____________________

____

Witness 2

Signature ____________________

Name ____________________

CNIC No. ____________________

Address ____________________

____

Notes:

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

Network

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