

Jubilee
LIFE INSURANCE



ANNUAL REPORT

2012



MEHFOOZ PAKISTAN

Ours is a country of contrasts; a country of mega cities and tiny villages, of towering mountains and arid deserts. And nowhere is that stunning diversity reflected more than in the people who live in this land we call Pakistan. We are rich and we are poor, we speak many languages and call ourselves by many different names and yet, beneath the surface we are all the same. Despite our differences we share the same strength and courage that makes us who we are: Pakistanis.

Here, jubilee life invites you to come with us on a journey as we show you the colors and character of this land that we call Home.

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Code of Conduct

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

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



VISION

Enabling people to overcome uncertainty

MISSION

To provide solutions that protect the future of our customers

OUR VALUES

Teamwork, Integrity, Excellence and Passion



CHILD EDUCATION PLANS

Let us enlighten the path to success for our children - our assets; for they will hold the reins of our country tomorrow.

Company Information

BOARD OF DIRECTORS

Masood Noorani
Chairman

Aly Noor Mahomed Rattansej
Director

Shahid Mahmood Loan
Director

Towfiq Habib Chinoy
Director

Javed Ahmed
Managing Director & Chief Executive Officer

John Joseph Metcalf
Director

Sultan Ali Akbar Allana
Director

BOARD COMMITTEES

Audit

Aly Noor Mahomed Rattansej Chairman

John Joseph Metcalf Member

Shahid Mahmood Loan Member

Adeel Ahmed Khan Secretary

Human Resource & Remuneration

Towfiq Habib Chinoy Chairman

Masood Noorani Member

John Joseph Metcalf Member

Javed Ahmed Member

Muhammad Munawar Khalil Secretary

Finance & Investment

Masood Noorani Chairman

Javed Ahmed Member

John Joseph Metcalf Member

Shahid Mahmood Loan Member

Nurallah Merchant Member

Manzoor Ahmed Member/Secretary

Technical

John Joseph Metcalf Chairman

Javed Ahmed Member

Nurallah Merchant Member/Secretary

MANAGEMENT

Javed Ahmed
Managing Director & Chief Executive Officer

Faisal
Head of Information Technology

Mansoor Ali
Head of Business Development

Muhammad Munawar Khalil
Head of HR & Administration

Shan Rabbani
Head of Actuarial Services

Nurallah Merchant
Executive Director

Faisal Shahzad Abbasi
Head of Retail Distribution

Manzoor Ahmed
Chief Financial Officer

Muhammad Sohail Fakhar
Head of Corporate Distribution

Zahid Barki
Head of Customer Services

RATING OF THE COMPANY

Insurer Financial Strength (IFS) Rating
Outlook
Rating Agency

“AA” (Double A)
“Stable”
JCR - VIS

| | |
|------------------------|-------------------|
| COMPANY SECRETARY | Manzoor Ahmed |
| HEAD OF INTERNAL AUDIT | Adeel Ahmed Khan |
| COMPLIANCE OFFICER | Nurallah Merchant |

MANAGEMENT COMMITTEES

Claim

| | |
|-----------------------|-----------|
| Javed Ahmed | Chairman |
| Nurallah Merchant | Member |
| Zahid Barki | Member |
| Muhammad Junaid Ahmed | Secretary |

Reinsurance

| | |
|------------------------|------------------|
| Javed Ahmed | Chairman |
| Nurallah Merchant | Member |
| Zahid Barki | Member |
| Muhammad Sohail Fakhra | Member |
| Shan Rabbani | Member/Secretary |

Underwriting

| | |
|-----------------------|-----------|
| Javed Ahmed | Chairman |
| Nurallah Merchant | Member |
| Faisal Shahzad Abbasi | Member |
| Zahid Barki | Member |
| Muhammad Adnan Qadir | Secretary |

Compliance

| | |
|-------------------|------------------|
| Javed Ahmed | Chairman |
| Nurallah Merchant | Member |
| Manzoor Ahmed | Member |
| Zahid Barki | Member |
| Adeel Ahmed Khan | Member/Secretary |

Procurement & Disposal

| | |
|-------------------------|----------|
| Nurallah Merchant | Chairman |
| Faisal | Member |
| Muhammad Munawar Khalil | Member |
| Imranuddin Usmani | Member |

APPOINTED ACTUARY

Nauman Associates,
249-CCA-Sector FF, Phase IV, DHA, Lahore, Pakistan. Tel: (0092)(42) 35741827-29

AUDITORS

A. F. Ferguson & Co. Chartered Accountants
Engagement Partner: Farrukh Rehman
State Life Building No. 1-C, I. I. Chundrigar Road, P. O. Box 4716,
Karachi - 74000, Pakistan. Tel: (0092)(21) 324 26682-86

REGISTERED OFFICE

26-D, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad, Pakistan
Tel: (0092)(51) 2206930-6 Fax: (0092)(51) 2825372
Web: www.jubileelife.com E-mail: info@jubileelife.com

HEAD OFFICE

74/1-A, Lalazar, M. T. Khan Road, Karachi -74000
Ph:(0092)(21) 35611071-75 Fax:(0092)(21) 35610959
Web: www.jubileelife.com E-mail: info@jubileelife.com

BANKERS

Habib Bank Limited
Standard Chartered Bank (Pakistan) Limited

REGISTRAR & SHARE TRANSFER OFFICE

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi - 74400, Pakistan
Tel: (0092)(21) 111-111-500

LEGAL ADVISORS

Kabraji & Talibuddin
Advocates & Legal Counsellors
64-A/I, Gulshan-e-Faisal, Bath Island, Karachi - 75530

Board of Directors



Masood Noorani
Chairman



Javed Ahmed
Managing Director & CEO



Towfiq Habib Chinoy
Director



Sultan Ali Akbar Allana
Director



John Joseph Metcalf
Director



Aly Noor Mahomed Rattansey
Director



Shahid Mahmood Loan
Director

Directors' Report to the Shareholders

The Directors take pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended December 31, 2012.

ACHIEVEMENTS:

Continuing on our philosophy of superior growth in business volume together with higher profits, 2012 has been yet another year of outstanding achievements by the Company, highlights of which are as follows:

- The Company is now the largest private sector life insurer in the Country in terms of gross written premiums.
- The gross written premium amounted to Rs. 12,080 million, an increase of 47% over the previous year (2011: Rs. 8,215 million).
- The Company has strengthened its position as undisputed leader in Bancassurance business by writing individual life premium of Rs. 7,475 million (2011: Rs. 4,430 million), an increase of 69%. The Company has the largest Bancassurance distribution network in the Country.
- Life insurance business has generated a surplus of Rs. 901 million, which is 44% higher than the previous year (2011: Rs. 627 million).
- A record surplus transfer of Rs. 650 million (2011: Rs. 530 million), an increase of 23%, from the Revenue Account has been made to the Profit & Loss account.
- All the statutory funds of the company meet the solvency requirements as per SECP Rules to meet solvency margins. In-fact, the total solvency margin provided by the Company exceeds the statutory requirement as at December 31, 2012 by a considerable margin.
- The Shareholders' equity has now reached the all times high level of Rs. 1,796 million compared with Rs. 1,430 million in 2011, an increase of 26%.
- The Insurer Financial Strength (IFS) rating of the Company has been upgraded to "AA" (Double A) with 'Stable' outlook by JCR-VIS from the previous IFS rating of "AA-" (Double A minus).
- To establish its new brand identity, the Company launched a vigorous publicity campaign through different media during the year 2012. These campaigns were well received by our target audience and media experts, and expected to yield positive results in the future.

BUSINESS PERFORMANCE AND OPERATING RESULTS

All lines of business performed satisfactorily during the year. The overall operating results are summarized below:

- Individual Life Unit Linked business registered an impressive growth of 53% in 2012, generating a gross premium of Rs. 10,164 million (2011: Rs. 6,646 million); and a surplus of Rs. 684 million during the year as compared to Rs. 391 million in 2011, an increase of 75%.
- The Conventional Business comprises mainly of Group Life Insurance which is a highly competitive and price sensitive business. It generated a gross premium of Rs. 1,240 million (2011: Rs. 1,163 million), an increase of 7%. However, due to the above factors the profitability declined considerably, yielding surplus of Rs. 143 million (2011: Rs. 183 million).
- The Accident & Health Business comprising mainly of Group Health business has performed well. The gross premium was Rs. 611 million (2011: Rs. 406 million), an increase of 51%. It has generated a surplus of Rs. 54 million (2011: Rs. 54 million). The surplus from this line of business did not increase due to the rising cost of medical expenses and expenses of management.
- Overseas Group Life and Health business fund was established with effect from January 01, 2012. The fund has generated a premium of Rs. 65 million and a surplus of Rs. 21 million.

INVESTMENT PERFORMANCE

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The Company continued its prudent policy for managing the investment portfolios of statutory funds. The total investment income recorded in 2012 was Rs. 2,668 million, an increase of 112% over the previous year's figure of Rs. 1,258 million.

Company provided competitive returns to the policyholders on their investment in the unit linked schemes, as may be seen from the following chart:

| Sr. No. | Name of Fund | Bid price effective 31.12.2012 (PKR) | Bid price effective 31.12.2011 (PKR) | % Increase |
|---------|----------------|---|---|------------|
| 1. | Managed Growth | 672.73 | 581.90 | 15.6% |
| 2. | Capital Growth | 331.37 | 235.67 | 40.6% |
| 3. | Meesaq | 628.92 | 557.11 | 12.9% |
| 4. | Yaqeen Growth | 670.14 | 609.15 | 10.0% |

PROFIT & LOSS ACCOUNT

The Profit & Loss Account of the Company shows a pre-tax profit of Rs. 809 million compared with Rs. 582 million in 2011, an increase of 39%. The after tax profit of the year is Rs. 553 million compared to Rs. 375 million in 2011, an increase of 48%.

EARNINGS PER SHARE

The earnings per share for the year is Rs. 8.82 (2011: Rs. 5.97), an increase of 48%.

Dividend

In view of the higher profits earned during the year, the Directors are pleased to recommend the payment of a cash dividend of Rs 4.50 (45%) per share for the year ended 31 December 2012 (2011: Rs.3.00 per share), subject to the approval of the members at the Annual General Meeting to be held on April 15, 2013.

HUMAN RESOURCE

With continued focus on attracting, developing and retaining top tier talent for the Company, Jubilee Life aims at developing "Best in Class" organization.

Emphasis on learning and development has been a critical factor in growth of the Company. During 2012, a number of in-house and external training sessions aimed at imparting knowledge to upgrade technical and soft skills of employees were conducted.

The Company also regularly sends its senior and middle managers to learning programs at renowned local and international institutions. The senior and middle managers are also sent on international seminars and conferences to expand their exposure on international trends and best practices.

EXPANSION OF BRANCH NETWORK

During the year, the Company opened 40 new branches thereby increasing the total network to 129 branches from which the Company's sales force operates.

BOARD OF DIRECTORS

Seven (7) meetings of the Board of Directors were held in the year 2012. The attendance of each Director was as follows:

| Name of Directors | No. of meetings attended |
|--------------------------------|--------------------------|
| Mr. Masood Noorani | 7 |
| Mr. Javed Ahmed | 7 |
| Mr. Towfiq Habib Chinoy | 6 |
| Mr. Sultan Ali Akbar Allana | 3 |
| Mr. Shahid Mahmood Loan | 7 |
| Mr. John Joseph Metcalf | 7 |
| Mr. Aly Noor Mahomed Rattansay | 7 |

All the above Directors were elected in the Annual General Meeting held on March 30, 2011.

The following Directors have already attended the "Board Leadership and Corporate Governance Training Program" conducted by the Institute of Directors, UK which is acknowledged as one of the eminent institutions on Corporate Governance:

Mr. Masood Noorani
 Mr. Javed Ahmed
 Mr. Towfiq Habib Chinoy
 Mr. Sultan Ali Akbar Allana
 Mr. Shahid Mahmood Loan
 Mr. John Joseph Metcalf

AUDIT COMMITTEE

The Board Audit Committee comprises of three (3) non-executive Directors. During the year 2012, five (5) meetings of the Board Audit Committee were held. The attendance of each director was as follows:

| | | |
|--------------------------------|------------|---|
| Mr. Aly Noor Mahomed Rattansey | (Chairman) | 5 |
| Mr. John Joseph Metcalf | (Member) | 5 |
| Mr. Shahid Mahmood Loan | (Member) | 5 |

The Committee's terms of reference have been determined by the Board in accordance with the guidelines provided in the Code of Corporate Governance.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Board Human Resource & Remuneration Committee (HR&R) consists of four (4) members. The committee comprises of three (3) non-executive Directors and one (1) Executive Director. During the year 2012, three (3) meetings of the Board HR&R Committee were held. The attendance of each director was as follows:

| | | |
|-------------------------|------------|---|
| Mr. Towfiq Habib Chinoy | (Chairman) | 3 |
| Mr. Masood Noorani | (Member) | 3 |
| Mr. John Joseph Metcalf | (Member) | 3 |
| Mr. Javed Ahmed | (Member) | 3 |

The Committee's terms of reference have been determined by the Board in accordance with the guidelines provided in the Code of Corporate Governance.

INTERNAL AUDIT FUNCTION

With a view to further strengthen the internal audit function and introduce a full-fledged Risk Based Audit, the company has strengthened its existing in-house Internal Audit Department. The Department reports to the Board Audit Committee.

The Statement of Compliance with the best corporate practices is annexed on page 29 of this report.

The Directors are pleased to confirm the following:

- The Financial Statements prepared by the management of the Company present a true and fair view of the state of its affairs, operational results, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, Insurance Ordinance and Rules have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is in place and is being continuously reviewed by internal audit. The process of review will continue and weakness in controls, if any, will be removed.
- There are no doubts about the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the listing regulations of the stock exchange of Pakistan.
- Information regarding outstanding taxes is given in the notes to the audited financial statements.
- The pattern of shareholding and the information regarding trading in the shares of the company by Directors, CEO, CFO, Company Secretary, Appointed Actuary, Executives and their spouses and minor children is shown on page 97.

THE KEY OPERATING AND FINANCIAL INFORMATION

A summary of the Key operating and financial information of the last six years is shown on page 19 of this report.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Statement of Ethics and Business Practices adopted by the Board was signed by all the Directors, Executives and the employees of the Company.

RETIREMENT BENEFITS

The value of investments made by the staff retirement funds, operated by the Company, as per their respective financial statements as at 31 December, 2012 (audit in progress) are as follows:

| | |
|----------------|-------------------|
| Provident Fund | Rs. 131.5 million |
| Gratuity Fund | Rs. 87.5 million |

MATERIAL CHANGES

There have been no material changes since December 31, 2012 to the date of this report.

STATUTORY AUDITORS

The present Auditors, A. F. Ferguson & Co. Chartered Accountants, retire and being eligible, offer themselves for appointment.

The external auditors have been given satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP). The external auditors have confirmed that their firm is in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP. The external auditors have not been appointed to provide other services except in accordance with the listing regulations and they have confirmed that they have observed IFAC guidelines in this respect.

The Audit Committee has recommended their appointment at a remuneration to be decided by the Board of Directors for the year ending 31 December 2013, and the Board endorses this recommendation.

The Company is a subsidiary of the Aga Khan Fund for Economic Development S.A. Switzerland, who holds 57.87% shares of the Company.

CORPORATE SOCIAL RESPONSIBILITY

With a vision of "enabling people to overcome uncertainty", Company recognizes its role in the social uplift and betterment of the less privileged segments of the society.

Jubilee Life leverages on its core business expertise and resources to create sustainable Micro-insurance solutions targeted at reducing the vulnerability of people living on low incomes. Micro-insurance initiatives at Jubilee Life revolve around providing life and health insurance benefits in cooperation with a number of NGOs, MFIs, MFBs and other bodies to the underprivileged sector of our population who would not otherwise afford such facilities. Through Micro-insurance, the Company provides insurance benefits to over a million persons at very low cost.

These initiatives are complemented by Awareness Camps organized by Jubilee Life in collaboration with other organizations. These camps create a wider awareness in low-income communities on issues relating to healthcare and healthy living. Along with other employees, dedicated Doctors from the Company also participate in these camps and provide prescription and free medicine for common ailments.

Besides financial contribution for the victims of natural disasters and other unforeseen events, the Company encourages its employees to participate directly by contributing their time and knowledge towards social causes.

The Company has also supported development of indoor sports by sponsoring both domestic and international events.

FUTURE OUTLOOK

The global and domestic economic outlook for 2013 is uncertain. However, the low penetration of life insurance coverage in Pakistan and the expanding base of potential customers offer a unique opportunity for the growth of the business; and we look forward to be able to grow our business in the coming years.

ACKNOWLEDGEMENTS

We thank our valued customers and business partners for their confidence and patronage and reaffirm our commitment to serve them in the best possible manner.

The tremendous growth and financial strength achieved by the Company since 2003 has been made possible with the dedication and hard work of the management team who have been ably supported by their colleagues both in the offices and sales force of the Company. We thank all of them for their contribution.

The Directors also wish to acknowledge the contribution of their colleagues who have served on the Audit, Finance & Investment, Human Resource and Technical Committees.

We would also like to record our appreciation of the positive regulatory role adopted by the Securities & Exchange Commission of Pakistan for their continuing efforts in promoting the growth and functioning of the Life Insurance business on a sound basis.

On behalf of the Board of Directors

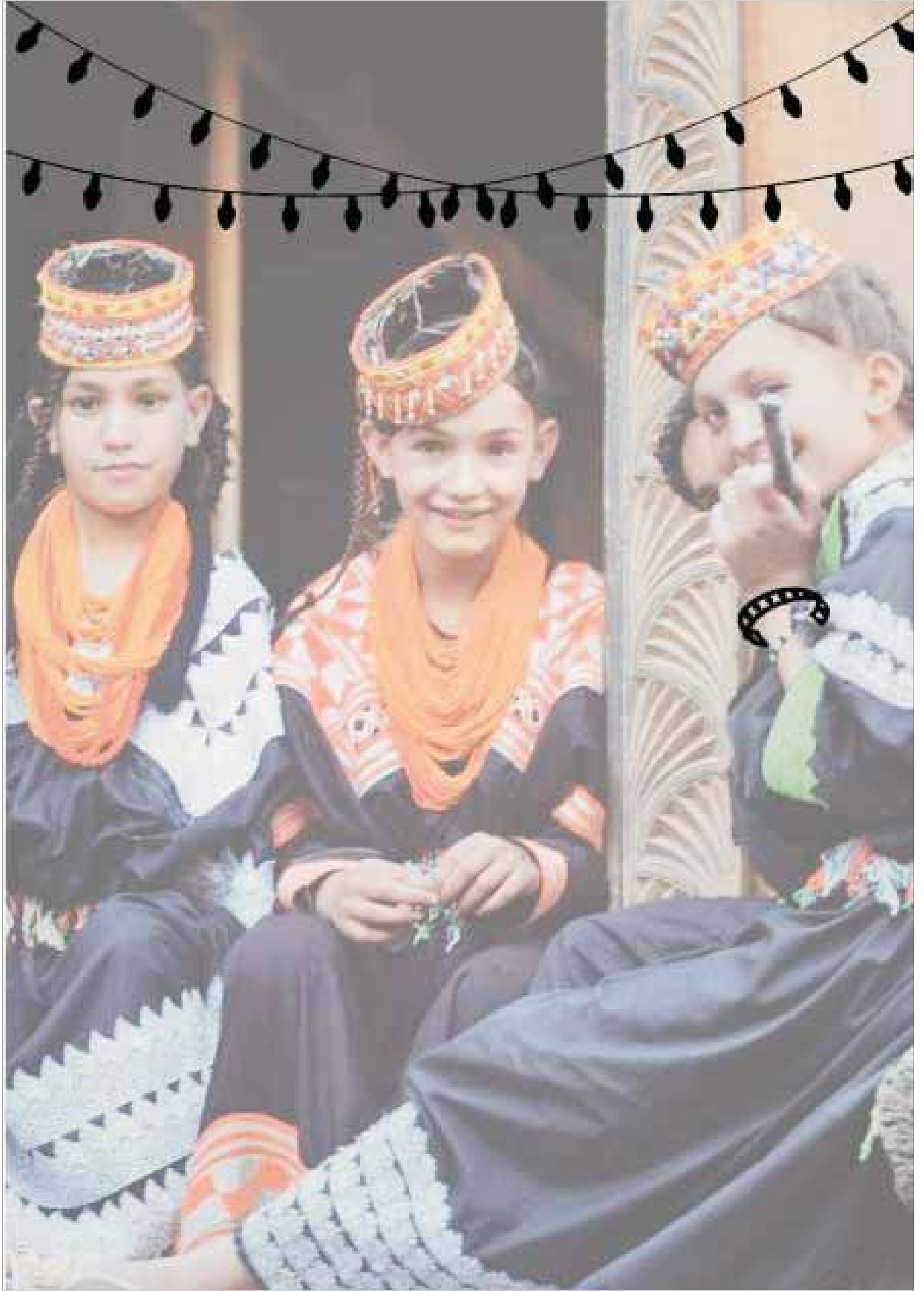


MASOOD NOORANI
(Chairman)



JAVED AHMED
(Managing Director & CEO)

Karachi, February 28, 2013



CHILD MARRIAGE PLANS

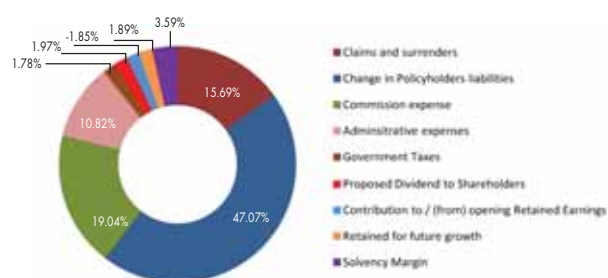
We are here for you to plan a dream wedding for your child. Our Child Marriage Plans make that once in a lifetime moment truly memorable.

Statement of Value Additions

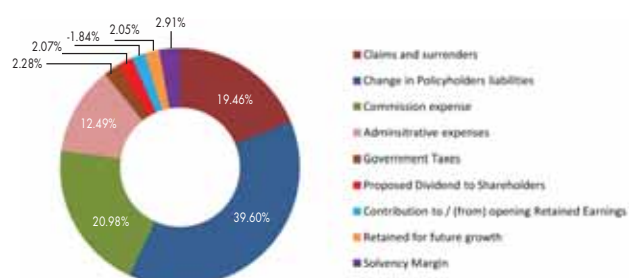
For the year ended December 31, 2012

| | 2012 | | 2011 | |
|--|----------------------------|---------------|----------------------------|---------------|
| | Amount (Rupees in '000) | % | Amount (Rupees in '000) | % |
| Wealth Generated | | | | |
| Net premium | 11,501,196 | 80.10 | 7,756,624 | 85.25 |
| Investment income | 2,848,505 | 19.84 | 1,327,143 | 14.59 |
| Other income | 7,985 | 0.06 | 14,277 | 0.16 |
| Net wealth | <u>14,357,686</u> | <u>100.00</u> | <u>9,098,044</u> | <u>100.00</u> |
| Distribution of Wealth | | | | |
| Claims and surrenders | 2,252,223 | 15.69 | 1,770,426 | 19.46 |
| Change in Policyholders liabilities | 6,758,106 | 47.07 | 3,602,488 | 39.60 |
| Commission expense | 2,734,212 | 19.04 | 1,909,137 | 20.98 |
| Administrative expense | 1,553,172 | 10.82 | 1,136,270 | 12.49 |
| Government Taxes | 255,296 | 1.78 | 207,763 | 2.28 |
| Proposed dividend to Shareholders | 282,204 | 1.97 | 188,136 | 2.07 |
| Contribution to / (from) opening Retained Earnings | (265,163) | (1.85) | (167,796) | (1.84) |
| Retained for future growth | 271,169 | 1.89 | 186,457 | 2.05 |
| Solvency Margin | 516,467 | 3.59 | 265,163 | 2.91 |
| | <u>14,357,686</u> | <u>100.00</u> | <u>9,098,044</u> | <u>100.00</u> |

Distribution of Wealth 2012



Distribution of Wealth 2011



Key Operating and Financial Data

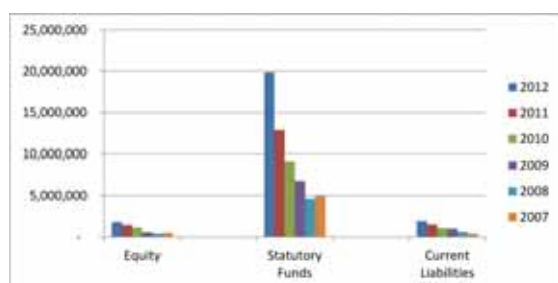
| | (Rupees in '000) | | | | | |
|--|------------------|------------|------------|-----------|-----------|-----------|
| Six Years Summary | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
| Gross Premium | 12,080,180 | 8,215,262 | 5,802,439 | 4,363,155 | 3,435,119 | 2,978,851 |
| Revenue and P&L Account | | | | | | |
| Premium - net of reinsurance | 11,501,196 | 7,756,624 | 5,451,804 | 4,054,739 | 3,127,200 | 2,777,076 |
| Net Investment income / (loss) | 2,667,925 | 1,257,908 | 1,302,972 | 1,302,883 | (700,714) | 697,987 |
| Total inflow | 14,169,121 | 9,014,532 | 6,754,776 | 5,357,622 | 2,426,486 | 3,475,063 |
| Total outgo | 13,267,817 | 8,387,165 | 6,239,228 | 5,040,102 | 2,267,786 | 3,348,463 |
| Surplus in Revenue Account | 901,304 | 627,367 | 515,548 | 317,520 | 158,700 | 126,600 |
| Surplus transfer to P&L | 650,000 | 530,000 | 200,000 | 100,000 | 66,633 | 106,000 |
| Profit / (loss) before tax per P&L Account | 808,669 | 582,356 | 217,268 | 160,744 | (49,972) | 150,028 |
| Income Tax (expense) | (255,296) | (207,763) | (70,516) | (30,801) | (5,000) | (24,572) |
| Profit / (loss) after tax per P&L Account | 553,373 | 374,593 | 146,752 | 129,943 | (54,972) | 125,456 |
| Balance Sheet | | | | | | |
| Investments including bank deposits | 21,955,492 | 14,780,198 | 10,347,115 | 7,279,564 | 5,031,512 | 5,238,067 |
| Other assets | 1,271,761 | 799,823 | 840,598 | 926,301 | 516,786 | 531,719 |
| Fixed assets | 320,487 | 207,587 | 160,869 | 118,115 | 94,579 | 82,029 |
| Total assets | 23,547,740 | 15,787,608 | 11,348,582 | 8,323,980 | 5,642,877 | 5,851,815 |
| Issued, subscribed and Paid up capital | 627,120 | 627,120 | 627,120 | 627,120 | 627,120 | 627,120 |
| Accumulated surplus /(deficit) | 1,168,515 | 803,278 | 522,753 | (80,615) | (210,558) | (145,892) |
| Statutory funds | 19,853,501 | 12,844,091 | 9,144,236 | 6,788,311 | 4,629,457 | 4,967,990 |
| Other liabilities | 1,898,604 | 1,513,119 | 1,054,473 | 989,164 | 596,858 | 402,597 |
| Total equity & liabilities | 23,547,740 | 15,787,608 | 11,348,582 | 8,323,980 | 5,642,877 | 5,851,815 |

| Six Years Summary | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|-------------|-------------|-------------|-------------|-----------|-----------|
| Financial Ratios | | | | | | |
| Profitability | | | | | | |
| Profit / (loss) Before Tax / Gross Premium | 7% | 7% | 4% | 4% | -1% | 5% |
| Profit / (loss) Before Tax / Net Premium | 7% | 8% | 4% | 4% | -2% | 5% |
| Profit / (loss) After Tax / Gross Premium | 5% | 5% | 3% | 3% | -2% | 4% |
| Profit / (loss) After Tax / Net Premium | 5% | 5% | 3% | 3% | -2% | 5% |
| Net claims / Net premium | 20% | 23% | 30% | 34% | 50% | 36% |
| Commission / Net premium | 24% | 25% | 23% | 25% | 19% | 13% |
| Administration Expenses / Net premium | 14% | 15% | 14% | 17% | 17% | 13% |
| Change in PHL / Net Inflow | 48% | 40% | 38% | 36% | -17% | 47% |
| Net investment income / Net premium | 23% | 16% | 24% | 32% | -22% | 25% |
| Return to Shareholders | | | | | | |
| Return on equity | 31% | 26% | 13% | 24% | -13% | 26% |
| Earnings / (loss) per share (pre-tax) | 12.89 | 9.29 | 3.46 | 2.56 | -0.80 | 2.39 |
| Earnings / (loss) per share (after-tax) | 8.82 | 5.97 | 2.34 | 2.07 | -0.88 | 2.00 |
| Price Earning Ratio - PAT | 11 | 10 | 20 | 21 | -51 | 35 |
| Net Assets per share | 28.63 | 22.81 | 18.34 | 8.71 | 6.64 | 7.67 |
| Return on assets | 2% | 2% | 1% | 2% | -1% | 2% |
| Market Value | | | | | | |
| Face value per share (Rs.) | 10 | 10 | 10 | 10 | 10 | 10 |
| Break up value per share (Rs.) | 28.63 | 22.81 | 18.34 | 8.71 | 6.64 | 7.67 |
| Market price per share at the end of the year (Rs.) | 92.95 | 62.39 | 46.09 | 44.21 | 45.13 | 70.55 |
| Cash dividend per share | 4.50 | 3.00 | 1.50 | 1.00 | - | 0.50 |
| Cash dividend | 45% | 30% | 15% | 10% | 0% | 5% |
| Dividend yield | 5% | 5% | 3% | 2% | 0% | 1% |
| Dividend payout | 51% | 50% | 64% | 48% | 0% | 25% |
| Dividend cover - (Times) | 1.96 | 1.99 | 1.56 | 2.07 | - | 4.00 |
| Performance Liquidity | | | | | | |
| Current Ratio - (Times) | 1.07 | 1.09 | 1.10 | 1.06 | 1.06 | 1.07 |
| Total Liabilities / Equity - (Times) | 12 | 10 | 9 | 14 | 13 | 11 |
| Return on Capital employed | 45% | 41% | 19% | 29% | -12% | 31% |
| Paid up capital / Total Assets | 3% | 4% | 6% | 8% | 11% | 11% |
| Equity / Total Assets | 8% | 9% | 10% | 7% | 7% | 8% |
| Cash Flows | | | | | | |
| Net cash flow from operating activities | 5,092,687 | 3,304,453 | 1,829,289 | 1,150,556 | 591,271 | 1,091,360 |
| Net cash flow from investing activities | (1,523,263) | (3,845,494) | (2,720,233) | (2,370,526) | 557,661 | (489,251) |
| Net cash flow from financing activities | (187,138) | (93,470) | (62,419) | - | - | - |
| Net change in cash and cash equivalent | 3,382,286 | (634,511) | (953,363) | (1,219,970) | 1,148,932 | 602,109 |

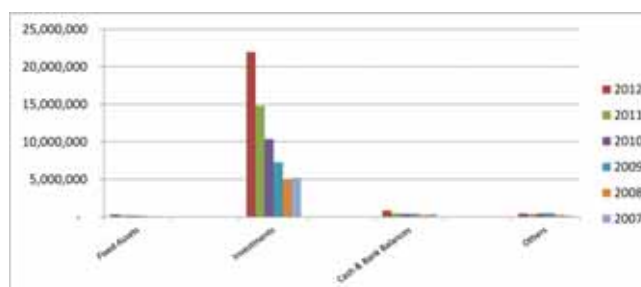
Vertical Analysis

| | 2012 | | 2011 | |
|--|-------------------|---------------|-------------------|---------------|
| | (Rupees in '000) | % | (Rupees in '000) | % |
| Balance Sheet | | | | |
| Net equity | 1,795,635 | 7.63 | 1,430,398 | 9.06 |
| Statutory funds | 19,853,501 | 84.31 | 12,844,091 | 81.36 |
| Current liabilities | 1,898,604 | 8.06 | 1,513,119 | 9.58 |
| Total equity and Liabilities | 23,547,740 | 100.00 | 15,787,608 | 100.00 |
| Total non-current assets | 321,993 | 1.37 | 209,996 | 1.33 |
| Investments | 21,955,492 | 93.24 | 14,780,198 | 93.62 |
| Current assets | 1,270,255 | 5.39 | 797,414 | 5.05 |
| Total assets | 23,547,740 | 100.00 | 15,787,608 | 100.00 |
| Revenue and Profit & Loss Account | | | | |
| Net Income | 14,357,686 | 100.00 | 9,098,044 | 100.00 |
| Claims, Expenditures and PHL | (13,297,713) | (92.62) | (8,418,321) | (92.53) |
| Contribution to / (from) opening Retained Earnings | 265,163 | 1.85 | 167,796 | 1.84 |
| Solvency Margin | (516,467) | (3.60) | (265,163) | (2.91) |
| Profit / (loss) before tax | 808,669 | 5.63 | 582,356 | 6.40 |
| Income tax expense | (255,296) | (1.78) | (207,763) | (2.28) |
| Profit / (loss) for the year | 553,373 | 3.85 | 374,593 | 4.12 |

Total Equity & Liabilities



Total Assets

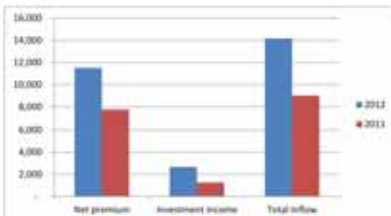


| 2010 | | 2009 | | 2008 | | 2007 | |
|-------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
| (Rupees in '000) | % | (Rupees in '000) | % | (Rupees in '000) | % | (Rupees in '000) | % |
| 1,149,873 | 10.13 | 546,505 | 6.57 | 416,562 | 7.38 | 481,228 | 8.22 |
| 9,144,236 | 80.58 | 6,788,311 | 81.55 | 4,629,457 | 82.04 | 4,967,990 | 84.90 |
| 1,054,473 | 9.29 | 989,164 | 11.88 | 596,858 | 10.58 | 402,597 | 6.88 |
| <u>11,348,582</u> | <u>100.00</u> | <u>8,323,980</u> | <u>100.00</u> | <u>5,642,877</u> | <u>100.00</u> | <u>5,851,815</u> | <u>100.00</u> |
| 165,151 | 1.46 | 125,435 | 1.51 | 100,579 | 1.78 | 82,029 | 1.40 |
| 10,347,115 | 91.17 | 7,279,564 | 87.45 | 5,031,512 | 89.17 | 5,238,067 | 89.51 |
| 836,316 | 7.37 | 918,981 | 11.04 | 510,786 | 9.05 | 531,719 | 9.09 |
| <u>11,348,582</u> | <u>100.00</u> | <u>8,323,980</u> | <u>100.00</u> | <u>5,642,877</u> | <u>100.00</u> | <u>5,851,815</u> | <u>100.00</u> |
| 6,798,566 | 100.00 | 5,437,735 | 100.00 | 2,320,820 | 100.00 | 3,526,239 | 100.00 |
| (6,265,750) | (92.16) | (5,059,471) | (93.04) | (2,278,725) | (98.19) | (3,355,611) | (95.16) |
| (147,752) | (2.17) | (217,520) | (4.00) | (92,067) | (3.97) | (20,600) | (0.58) |
| (167,796) | (2.47) | - | - | - | - | - | - |
| 217,268 | 3.20 | 160,744 | 2.96 | (49,972) | (2.15) | 150,028 | 4.25 |
| (70,516) | (1.04) | (30,801) | (0.57) | (5,000) | (0.22) | (24,572) | (0.70) |
| <u>146,752</u> | <u>2.16</u> | <u>129,943</u> | <u>2.39</u> | <u>(54,972)</u> | <u>(2.37)</u> | <u>125,456</u> | <u>3.56</u> |

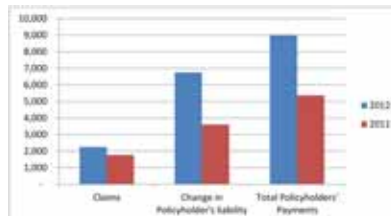
Horizontal Analysis

| | 2012 (Rupees in '000) | 2011 (Rupees in '000) | 2010 (Rupees in '000) | 2009 (Rupees in '000) |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Balance Sheet | | | | |
| Net equity | 1,795,635 | 1,430,398 | 1,149,873 | 546,505 |
| Statutory funds | 19,853,501 | 12,844,091 | 9,144,236 | 6,788,311 |
| Current liabilities | 1,898,604 | 1,513,119 | 1,054,473 | 989,164 |
| Total equity and Liabilities | 23,547,740 | 15,787,608 | 11,348,582 | 8,323,980 |
| Total non-current assets | 321,993 | 209,996 | 165,151 | 125,435 |
| Investments | 21,955,492 | 14,780,198 | 10,347,115 | 7,279,564 |
| Current assets | 1,270,255 | 797,414 | 836,316 | 918,981 |
| Total assets | 23,547,740 | 15,787,608 | 11,348,582 | 8,323,980 |
| Revenue and Profit & Loss Account | | | | |
| Net Income | 14,357,686 | 9,098,044 | 6,798,566 | 5,437,735 |
| Claims, Expenditures and PHL | (13,297,713) | (8,418,321) | (6,265,750) | (5,059,471) |
| Contribution to / (from) opening Retained Earnings | 265,163 | 167,796 | (147,752) | (217,520) |
| Solvency Margin | (516,467) | (265,163) | (167,796) | - |
| Profit / (loss) before tax | 808,669 | 582,356 | 217,268 | 160,744 |
| Income tax (expense) | (255,296) | (207,763) | (70,516) | (30,801) |
| Profit / (loss) for the year | 553,373 | 374,593 | 146,752 | 129,943 |

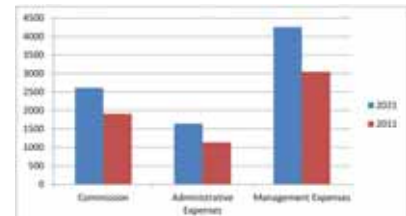
Net Premium, Investment Income =
Total Inflow



Claims, Change in Policyholders' liability =
Total Policyholders Payments

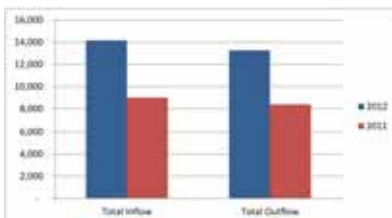


Commission, Administrative Expenses =
Management Expenses

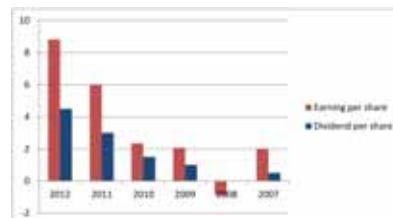


| 2008 (Rupees in '000) | 2007 (Rupees in '000) | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|--------------------------|--------------|---------------|--------------|-----------------|-----------------|--------------|
| % increase / (decrease) over preceeding year | | | | | | | |
| 416,562 | 481,228 | 25.53 | 24.40 | 110.40 | 31.19 | (13.44) | 34.88 |
| 4,629,457 | 4,967,990 | 54.57 | 40.46 | 34.71 | 46.63 | (6.81) | 49.72 |
| 596,858 | 402,597 | 25.48 | 43.50 | 6.60 | 65.73 | 48.25 | 9.80 |
| <u>5,642,877</u> | <u>5,851,815</u> | <u>49.15</u> | <u>39.12</u> | <u>36.34</u> | <u>47.51</u> | <u>(3.57)</u> | <u>44.79</u> |
| 100,579 | 82,029 | 53.33 | 27.15 | 31.66 | 24.71 | 22.61 | 11.18 |
| 5,031,512 | 5,238,067 | 48.55 | 42.84 | 42.14 | 44.68 | (3.94) | 47.44 |
| 510,786 | 531,719 | 59.30 | (4.65) | (9.00) | 79.92 | (3.94) | 28.06 |
| <u>5,642,877</u> | <u>5,851,815</u> | <u>49.15</u> | <u>39.12</u> | <u>36.34</u> | <u>47.51</u> | <u>(3.57)</u> | <u>44.79</u> |
| 2,320,820 | 3,526,239 | 57.81 | 33.82 | 25.03 | 134.30 | (34.18) | 45.74 |
| (2,278,725) | (3,355,611) | 57.96 | 34.35 | 23.84 | 122.03 | (32.09) | 45.69 |
| (92,067) | (20,600) | 58.03 | (213.57) | (32.07) | 136.26 | 346.93 | (4.03) |
| - | - | 94.77 | 58.03 | - | - | - | - |
| (49,972) | 150,028 | 38.86 | 168.04 | 35.16 | (421.67) | (133.31) | 58.26 |
| (5,000) | (24,572) | 22.88 | 194.63 | 128.94 | 516.02 | (79.65) | 102.36 |
| <u>(54,972)</u> | <u>125,456</u> | <u>47.73</u> | <u>155.26</u> | <u>12.94</u> | <u>(336.38)</u> | <u>(143.82)</u> | <u>51.78</u> |

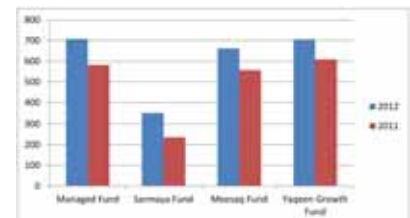
Total Inflow & Total Outflow



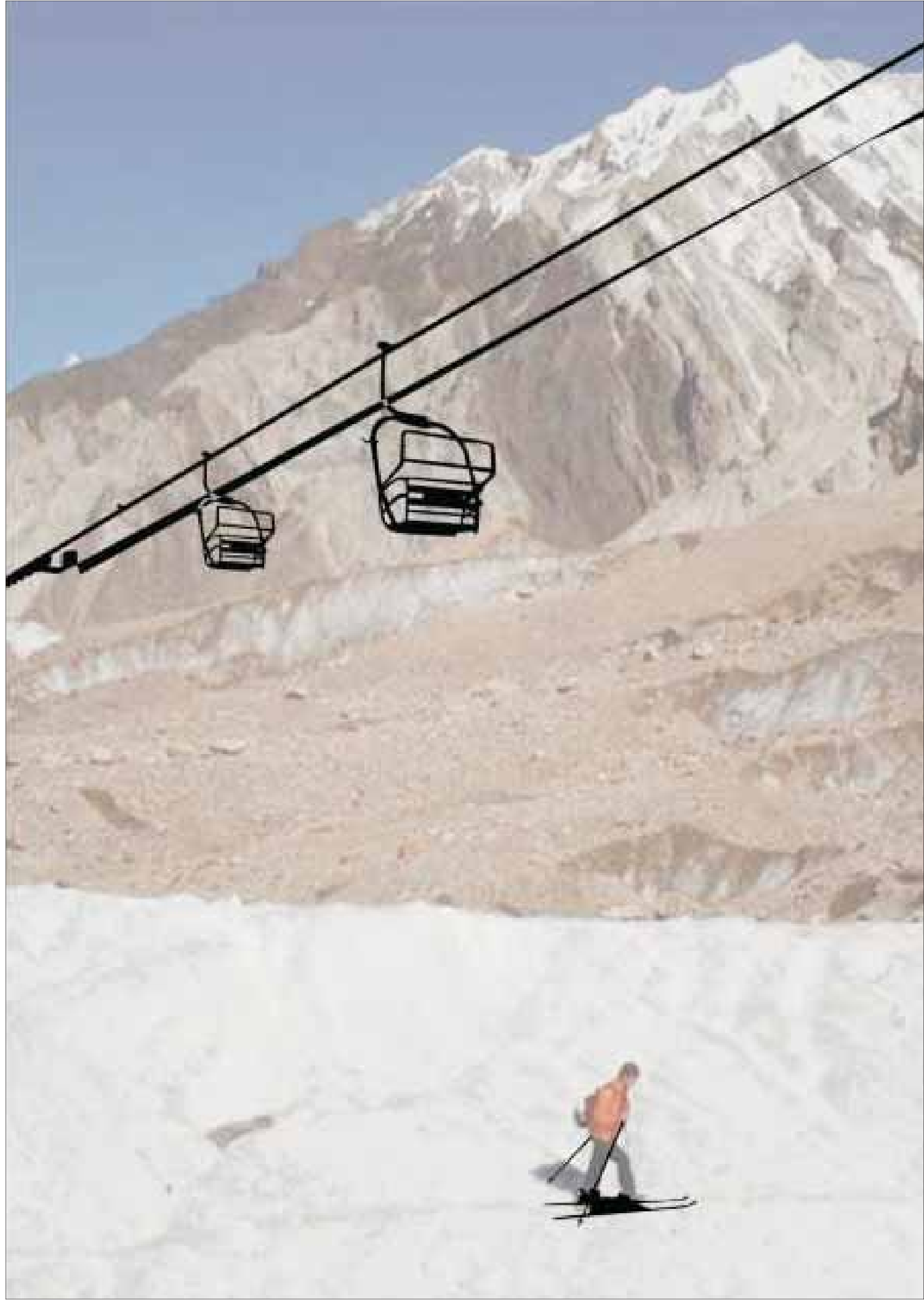
Earning per share & Dividend per share



Unit Bid Prices



FINANCIAL DATA



RETIREMENT PLANS

With our Retirement Plans, your old age is your never-ending vacation - your new beginning to a world of freedom and leisure.



A.F. FERGUSON & CO.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended December 31, 2012 prepared by the Board of Directors of Jubilee Life Insurance Company Limited to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange where the Company is listed.

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

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

Further, Listing Regulation of the Karachi Stock Exchange require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended December 31, 2012.

We further report that the requirement of the Code for placement of the 'Code of Conduct' on the Company's website was compiled subsequent to December 31, 2012.

A handwritten signature in blue ink, appearing to read 'Farrukh Rehman', is written over a horizontal line.

Chartered Accountants
Karachi

Dated: 21 March, 2013

Name of the engagement partner: Farrukh Rehman

Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2012

29

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of the Listing Regulations of Karachi Stock Exchange and Code of Corporate Governance applicable to listed insurance companies as issued by the SECP, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code of Corporate Governance 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 | Name |
|-------------------------|---|
| Non-executive director | Masood Noorani (Chairman) Towfiq Habib Chinoy Sultan Ali Akbar Allana John Joseph Metcalf Shahid Mahmood Loan Aly Noor Mahomed Rattansey |
| Executive director | Javed Ahmed |
| Independent director(s) | To take effect in the forthcoming election of directors. |

2. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies, including this company.
3. All the resident directors of the company have confirmed that they are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. None of the directors or their spouses is engaged in business of stock brokerage.
4. No casual vacancy occurred during the year 2012.
5. The company has prepared 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.
6. The Board has developed a vision and mission statement, overall corporate strategy and significant policies of the company. Policies on Investors' relations, Governance, Risk management and Compliance are in the process of preparation. 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 decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman Mr. Masood Noorani and the Board met at least once in every quarter. Written notice of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the Directors except Mr. Aly Noor Mahomed Rattansey had undergone training with the Institute of Directors, UK on 24th & 25th September 2010.
10. The Board has approved appointment of CFO & Company Secretary, and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding. The Board has set up the threshold for other employees for the purpose of disclosing trades in the shares of the Company.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three (3) members; all of whom are non-executive Directors including the Chairman of the committee.
16. The meetings of the Audit Committee were held at least once every quarter, prior to the approval of the interim and final results of the company, as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a HR and Remuneration Committee. It comprises of four (4) members, of whom, three (3) are non-executive directors including the Chairman.
18. The board has set up an effective internal audit function in place.
19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period' prior to announcement of interim / final results, and business decisions, which may materially affect the market price of company's shares, was determined and intimated to directors, employees and Karachi Stock Exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Karachi Stock Exchange.
23. The Company has established Underwriting Committee, Claims Settlement Committee and Reinsurance Committee in line with the Code of Corporate Governance for Insurance Companies.
24. The actuary appointed by the company has confirmed that neither he nor his spouse and minor children hold shares of the company.
25. The Board ensures that the appointed actuary complies with the requirements set for him in the Code for Insurance Companies.
26. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors



MASOOD NOORANI
(Chairman)



JAVED AHMED
(Managing Director & CEO)

Karachi, February 28, 2013



A.F. FERGUSON & CO.

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 changes in equity;
- iv. cash flows statement;
- v. revenue account;
- vi. statement of premiums;
- vii. statement of claims;
- viii. statement of expenses; and
- ix. statement of investment income

of Jubilee Life Insurance Company Limited as at December 31, 2012 together with the notes forming part thereof for the year then ended.

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

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

In our opinion:

- (a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2012 and of the profit, its cash flows and changes in equity for the year then ended in accordance with the 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;
- (d) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- (e) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants

Karachi

Dated: 20 March, 2013

Name of the engagement partner: Farrukh Rehman

Balance Sheet

As at December 31, 2012

| Note | Share holders' fund | Statutory Funds | | | | Aggregate | | |
|-----------------------------------|--|-----------------------------|-----------------------|-------------------|---|---------------|-------------------|-------------------|
| | | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 | |
| (Rupees in '000) | | | | | | | | |
| Share capital and reserves | | | | | | | | |
| | Authorised share capital 100,000,000 ordinary shares of Rs. 10 each | 1,000,000 | - | - | - | - | 1,000,000 | 1,000,000 |
| | Issued, subscribed and paid-up share capital 62,712,000 ordinary shares of Rs. 10 each | 627,120 | - | - | - | - | 627,120 | 627,120 |
| 6 | Accumulated surplus | 1,168,515 | - | - | - | - | 1,168,515 | 803,278 |
| 7 | Net shareholders' equity | 1,795,635 | - | - | - | - | 1,795,635 | 1,430,398 |
| | Balance of statutory fund [including policyholders' liabilities Rs. 19.34 billion (2011: Rs. 12.58 billion)] | - | 19,036,288 | 453,615 | 350,769 | 12,829 | 19,853,501 | 12,844,091 |
| | Creditors and accruals | | | | | | | |
| 10 | Outstanding claims | - | 140,124 | 361,635 | 121,640 | 18,976 | 642,375 | 582,985 |
| | Premiums received in advance | - | 188,611 | 48,768 | 33,335 | - | 270,714 | 189,401 |
| | Amounts due to insurers / reinsurers | - | - | 202 | - | 4,359 | 4,561 | 15,175 |
| | Amounts due to agents | - | 463,134 | 28,936 | 2,060 | - | 494,130 | 347,243 |
| | Taxation - provision less payments | - | - | - | - | - | - | 34,610 |
| | Accrued expenses | 53,595 | 320,076 | 13,612 | 1,416 | 132 | 388,831 | 285,472 |
| 12 | Other creditors and accruals | 42,790 | 26,846 | 4,534 | 2,732 | - | 76,902 | 30,064 |
| | Inter-fund payable | - | - | 6,754 | 11,697 | - | 18,451 | 26,527 |
| | | 96,385 | 1,138,791 | 464,441 | 172,880 | 23,467 | 1,895,964 | 1,511,477 |
| | Other liabilities | | | | | | | |
| | Unclaimed dividend | 2,640 | - | - | - | - | 2,640 | 1,642 |
| | Total liabilities | 99,025 | 20,175,079 | 918,056 | 523,649 | 36,296 | 21,752,105 | 14,357,210 |
| | Commitments | | | | | | | |
| 13 | | | | | | | | |
| | Total equity and liabilities | 1,894,660 | 20,175,079 | 918,056 | 523,649 | 36,296 | 23,547,740 | 15,787,608 |

The annexed notes 1 to 39 form an integral part of these financial statements.




MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Balance Sheet

As at December 31, 2012

| Note | Share holders' fund | Statutory Funds | | | | Aggregate | |
|--|---------------------|-----------------------------|-----------------------|-------------------|---|------------|------------|
| | | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| (Rupees in '000) | | | | | | | |
| Cash and bank deposits | | | | | | | |
| | 320 | 6,300 | 85 | 59 | - | 6,764 | 4,120 |
| Cash and others | 310,766 | 377,688 | 70,072 | 65,131 | 4,018 | 827,675 | 446,033 |
| Current and other accounts | - | 3,748,000 | - | - | - | 3,748,000 | 1,800,000 |
| Deposits maturing within 12 months | 311,086 | 4,131,988 | 70,157 | 65,190 | 4,018 | 4,582,439 | 2,250,153 |
| Unsecured advances to employees | | | | | | | |
| | 6,806 | - | - | - | - | 6,806 | 8,981 |
| Investments | | | | | | | |
| 14 | 879,862 | 12,042,892 | 634,463 | 386,548 | 29,106 | 13,972,871 | 10,134,979 |
| Government securities | - | 500,943 | - | - | - | 500,943 | 316,704 |
| Other fixed income securities | 217,138 | 3,105,110 | - | - | - | 3,322,248 | 2,189,874 |
| Listed equities and closed-ended mutual funds | 100,000 | 311,430 | - | - | - | 411,430 | 338,641 |
| Open-ended mutual funds | 1,197,000 | 15,960,375 | 634,463 | 386,548 | 29,106 | 18,207,492 | 12,980,198 |
| Deferred taxation | | | | | | | |
| 15 | 1,506 | - | - | - | - | 1,506 | 2,409 |
| Other assets - current | | | | | | | |
| 16 | - | - | 75,511 | 59,125 | - | 134,636 | 115,571 |
| Premiums due but unpaid | - | 121 | - | - | - | 121 | 103 |
| Investment income due but outstanding | 1,753 | 26,953 | 1,159 | 982 | - | 30,847 | 37,637 |
| Investment income accrued | - | 14,253 | 134,279 | 5,236 | - | 153,768 | 111,898 |
| Amounts due from other insurers / reinsurers | 23,379 | - | - | - | - | 23,379 | - |
| Taxation - payments less provision | 15,382 | 18,961 | - | - | - | 34,343 | 25,141 |
| Prepayments | - | - | - | - | - | - | 2,149 |
| Retirement benefit - prepayments | 10,411 | 13,999 | 2,487 | 6,568 | - | 33,465 | 19,254 |
| Sundry receivable | 6,850 | 8,429 | - | - | 3,172 | 18,451 | 26,527 |
| Inter-fund receivable | 57,775 | 82,716 | 213,436 | 71,911 | 3,172 | 429,010 | 338,280 |
| Fixed assets | | | | | | | |
| 19 | 46,881 | - | - | - | - | 46,881 | 12,408 |
| Tangible assets | | | | | | | |
| Capital work-in-progress | 261,054 | - | - | - | - | 261,054 | 182,748 |
| Furniture, fixtures, office equipments, computers and vehicles | 12,552 | - | - | - | - | 12,552 | 12,431 |
| Intangible assets | 320,487 | - | - | - | - | 320,487 | 207,587 |
| Computer softwares | 1,894,660 | 20,175,079 | 918,056 | 523,649 | 36,296 | 23,547,740 | 15,787,608 |
| Total assets | | | | | | | |

The annexed notes 1 to 39 form an integral part of these financial statements.




MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director




JAVED AHMED
Managing Director &
Chief Executive Officer

Profit and Loss Account

For the year ended December 31, 2012

| | Note | 2012 | 2011 |
|---|------|----------------------|-----------------|
| | | ← (Rupees in '000) → | |
| Investment income not attributable to statutory funds | | | |
| Return on Government securities | | 93,345 | 64,054 |
| Return on other fixed income securities and deposits | | 3,688 | 8,703 |
| Amortisation of discount relative to par | | 5 | 5 |
| Dividend income | | 18,114 | 15,333 |
| | | <u>115,152</u> | <u>88,095</u> |
| Gain on disposal of investments | | 24,299 | 750 |
| Reversal / (provision) for impairment in value of investment | | | |
| Government securities | | 1,617 | 1,125 |
| Listed equities | | 44,474 | (15,129) |
| | | <u>46,091</u> | <u>(14,004)</u> |
| Total investment income | | <u>185,542</u> | <u>74,841</u> |
| Investment related expenses | | (74) | (103) |
| Net investment income | | <u>185,468</u> | <u>74,738</u> |
| Other revenues | | | |
| Gain on disposal of fixed assets | | 1,068 | 5,155 |
| Others | | 2,029 | 3,619 |
| | | <u>3,097</u> | <u>8,774</u> |
| Total investment income and other revenues | | <u>188,565</u> | <u>83,512</u> |
| Expenses not attributable to statutory funds | 20 | (29,896) | (31,156) |
| Profit before appropriation of surplus to shareholders' fund | | 158,669 | 52,356 |
| Surplus appropriated to shareholders' fund from ledger account D | 8 | 650,000 | 530,000 |
| Profit before tax | | <u>808,669</u> | <u>582,356</u> |
| Taxation | 21 | (255,296) | (207,763) |
| Net profit for the year | | <u>553,373</u> | <u>374,593</u> |
| | | (Rupees) | |
| Basic and diluted earnings per share | 22 | <u>8.82</u> | <u>5.97</u> |

The annexed notes 1 to 39 form an integral part of these financial statements.



MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Statement of Changes in Equity

For the year ended December 31, 2012

| | Share Capital | Net accumulated surplus | | Total | |
|--|------------------|-------------------------|---|------------------|-------------------------------|
| | | Accumulated surplus | Capital contribution to/by statutory funds | | Net accumulated surplus |
| (Rupees in '000) | | | | | |
| Balance as at January 1, 2011 | 627,120 | 522,753 | - | 522,753 | 1,149,873 |
| Dividend for the year ended December 31, 2010 (Rs. 1.5 per share) | - | (94,068) | - | (94,068) | (94,068) |
| Profit for the year ended December 31, 2011 | - | 374,593 | - | 374,593 | 374,593 |
| Balance as at December 31, 2011 | 627,120 | 803,278 | - | 803,278 | 1,430,398 |
| Dividend for the year ended December 31, 2011 (Rs. 3 per share) | - | (188,136) | - | (188,136) | (188,136) |
| Capital contributed to statutory fund - note 8 | - | - | (10,000) | (10,000) | (10,000) |
| Capital withdrawn from statutory fund - note 8 | - | - | 10,000 | 10,000 | 10,000 |
| Profit for the year ended December 31, 2012 | - | 553,373 | - | 553,373 | 553,373 |
| Balance as at December 31, 2012 | 627,120 | 1,168,515 | - | 1,168,515 | 1,795,635 |

The annexed notes 1 to 39 form an integral part of these financial statements.




MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



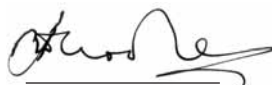
JAVED AHMED
Managing Director &
Chief Executive Officer

Cash Flows Statement

For the year ended December 31, 2012

| Note | Share holders' fund | Statutory Funds | | | | Aggregate | |
|--|---------------------|-----------------------------|-----------------------|-------------------|---|--------------|--------------|
| | | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| Operating cash flows (Rupees in '000) | | | | | | | |
| a) Underwriting activities | | | | | | | |
| Premiums received | - | 10,224,305 | 1,258,798 | 589,955 | 64,937 | 12,137,995 | 8,198,433 |
| Reinsurance premiums paid | - | (197,312) | (384,186) | (54) | - | (581,552) | (458,669) |
| Claims paid | - | (177,381) | (802,196) | (423,945) | (18,659) | (1,422,181) | (1,146,548) |
| Surrenders paid | - | (1,249,670) | - | - | - | (1,249,670) | (912,928) |
| Reinsurance and other recoveries received | - | 92,039 | 317,772 | 18,782 | - | 428,593 | 408,036 |
| Commissions paid | - | (2,342,531) | (232,332) | (12,433) | - | (2,587,296) | (1,763,648) |
| Commissions received | - | 60,343 | - | - | - | 60,343 | 39,206 |
| Net cash inflow from underwriting activities | - | 6,409,793 | 157,856 | 172,305 | 46,278 | 6,786,232 | 4,363,882 |
| b) Other operating activities | | | | | | | |
| Income tax paid | (312,382) | - | - | - | - | (312,382) | (108,149) |
| General management expenses paid | - | (1,275,342) | (135,184) | (73,153) | (4,857) | (1,488,536) | (1,006,542) |
| Other operating payments | (5,985) | (5,127) | (2,222) | - | - | (13,334) | (3,289) |
| Other operating receipts | 92,203 | 20,741 | - | 6,091 | 1,672 | 120,707 | 62,972 |
| Loans advanced | - | - | - | - | - | - | (4,421) |
| Inter-fund transactions | 3,507 | (34,956) | 11,340 | 23,281 | (3,172) | - | - |
| Net cash outflow from other operating activities | (222,657) | (1,294,684) | (126,066) | (43,781) | (6,357) | (1,693,545) | (1,059,429) |
| Total cash (outflow) / inflow from all operating activities | (222,657) | 5,115,109 | 31,790 | 128,524 | 39,921 | 5,092,687 | 3,304,453 |
| Investment activities | | | | | | | |
| Profit / return received | 97,025 | 1,529,884 | 83,285 | 42,433 | 754 | 1,753,381 | 1,300,294 |
| Dividends received | 18,114 | 259,456 | - | - | - | 277,570 | 220,267 |
| Payments for investments | (2,172,657) | (30,797,549) | (934,965) | (758,838) | (57,925) | (34,721,934) | (21,329,190) |
| Proceeds from disposal of investments | 2,085,558 | 27,693,376 | 935,189 | 626,031 | 29,268 | 31,369,422 | 16,064,122 |
| Fixed capital expenditure | (206,948) | - | - | - | - | (206,948) | (115,347) |
| Proceeds from disposal of fixed assets | 5,246 | - | - | - | - | 5,246 | 14,360 |
| Total cash (outflow) / inflow from investing activities | (173,662) | (1,314,833) | 83,509 | (90,374) | (27,903) | (1,523,263) | (3,845,494) |
| Financing activities | | | | | | | |
| Final dividend paid | (187,138) | - | - | - | - | (187,138) | (93,470) |
| Capital contributed from shareholders' fund | (10,000) | - | - | - | 10,000 | - | - |
| Capital returned to shareholders' fund | 10,000 | - | - | - | (10,000) | - | - |
| Surplus appropriated to shareholders' fund | 650,000 | (557,000) | (65,000) | (20,000) | (8,000) | - | - |
| Total cash inflow / (outflow) from financing activities | 462,862 | (557,000) | (65,000) | (20,000) | (8,000) | (187,138) | (93,470) |
| Net cash (outflow) / inflow from all activities | 66,543 | 3,243,276 | 50,299 | 18,150 | 4,018 | 3,382,286 | (634,511) |
| Cash and cash equivalents at the beginning of the year | 244,543 | 138,712 | 19,858 | 47,040 | - | 450,153 | 1,084,664 |
| Cash and cash equivalents at the end of the year | 23 311,086 | 3,381,988 | 70,157 | 65,190 | 4,018 | 3,832,439 | 450,153 |
| Reconciliation to profit and loss account | | | | | | | |
| Operating cash flows | | | | | | 5,092,687 | 3,304,453 |
| Depreciation expense | | | | | | (82,271) | (51,404) |
| Amortisation expense | | | | | | (7,599) | (8,020) |
| Profit on disposal of fixed assets | | | | | | 1,068 | 5,155 |
| Increase / (decrease) in assets other than cash | | | | | | 94,424 | (45,605) |
| (Increase) in liabilities | | | | | | (7,393,897) | (4,157,903) |
| Profit on sale of investments | | | | | | (5,918) | 17,651 |
| Revaluation gain / (loss) on investments | | | | | | 830,700 | (175,636) |
| Investment income | | | | | | 2,024,179 | 1,485,902 |
| Capital returned to Shareholders' fund | | | | | | - | - |
| Profit after taxation | | | | | | 553,373 | 374,593 |


The annexed notes 1 to 39 form an integral part of these financial statements.



MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Revenue Account

For the year ended December 31, 2012

| Note | Statutory Funds | | | | Aggregate | |
|--|-----------------------------|-----------------------|-------------------|---|-------------------|-------------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| Income | ← (Rupees in '000) → | | | | | |
| Premiums less reinsurances | 9,967,161 | 870,444 | 611,059 | 52,532 | 11,501,196 | 7,756,624 |
| Net investment income | 2,539,294 | 79,706 | 46,559 | 2,366 | 2,667,925 | 1,257,908 |
| Total net income | 12,506,455 | 950,150 | 657,618 | 54,898 | 14,169,121 | 9,014,532 |
| Claims and expenditures | | | | | | |
| Claims net of reinsurance recoveries | 1,363,665 | 408,325 | 451,153 | 29,080 | 2,252,223 | 1,770,426 |
| Management expenses less recoveries | 3,820,570 | 342,939 | 88,990 | 4,989 | 4,257,488 | 3,014,251 |
| Total claims and expenditures | 5,184,235 | 751,264 | 540,143 | 34,069 | 6,509,711 | 4,784,677 |
| Excess of income over claims and expenditures | 7,322,220 | 198,886 | 117,475 | 20,829 | 7,659,410 | 4,229,855 |
| Add: Policyholders' liabilities at beginning of the year | 12,207,185 | 220,653 | 151,090 | - | 12,578,928 | 8,976,440 |
| Less: Policyholders' liabilities at end of the year | 18,845,880 | 276,395 | 214,759 | - | 19,337,034 | 12,578,928 |
| Surplus | 683,525 | 143,144 | 53,806 | 20,829 | 901,304 | 627,367 |
| Movement in policyholders' liabilities | 6,638,695 | 55,742 | 63,669 | - | 6,758,106 | 3,602,488 |
| Transfers (to) / from shareholders' fund | | | | | | |
| - Surplus appropriated to shareholders' fund | (557,000) | (65,000) | (20,000) | (8,000) | (650,000) | (530,000) |
| - Capital contributed to shareholders' fund | - | - | - | 10,000 | 10,000 | - |
| - Capital returned to shareholders' fund | - | - | - | (10,000) | (10,000) | - |
| Net transfer to / from shareholders' fund | (557,000) | (65,000) | (20,000) | (8,000) | (650,000) | (530,000) |
| Balance of statutory funds at beginning of the year | 12,271,068 | 319,729 | 253,294 | - | 12,844,091 | 9,144,236 |
| Balance of statutory funds at end of the year | 19,036,288 | 453,615 | 350,769 | 12,829 | 19,853,501 | 12,844,091 |
| Represented by: | 8 | | | | | |
| Policyholders' liabilities | 18,845,880 | 276,395 | 214,759 | - | 19,337,034 | 12,578,928 |
| Retained earnings on other than participating business | 190,408 | 177,220 | 136,010 | 12,829 | 516,467 | 265,163 |
| Balance of statutory funds | 19,036,288 | 453,615 | 350,769 | 12,829 | 19,853,501 | 12,844,091 |

The annexed notes 1 to 39 form an integral part of these financial statements.




MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Statement of Premiums

For the year ended December 31, 2012

| | Statutory Funds | | | | Aggregate | |
|--|-----------------------------|-----------------------|-------------------|---|-------------------|------------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| Gross premiums | ← (Rupees in '000) → | | | | | |
| Regular premium individual policies* | | | | | | |
| First year | 4,219,950 | 422 | 185 | - | 4,220,557 | 2,719,468 |
| Second year renewal | 2,273,376 | 541 | 26 | - | 2,273,943 | 1,495,799 |
| Subsequent years renewal | 3,251,930 | 1,422 | 106 | - | 3,253,458 | 2,272,305 |
| Single premium individual policies | 419,217 | 8 | 68 | - | 419,293 | 161,746 |
| Group policies without cash values | - | 1,237,264 | 610,728 | 64,937 | 1,912,929 | 1,565,944 |
| Total gross premiums | 10,164,473 | 1,239,657 | 611,113 | 64,937 | 12,080,180 | 8,215,262 |
| Less: Reinsurance premiums ceded | | | | | | |
| On individual life first years business | (64,658) | (55) | (9) | - | (64,722) | (44,625) |
| On individual life second year business | (39,747) | 517 | (6) | - | (39,236) | (26,266) |
| On individual life subsequent renewal business | (92,907) | (970) | (21) | - | (93,898) | (68,087) |
| On single premium individual policies | - | - | (18) | - | (18) | (16) |
| On group policies | - | (368,705) | - | (12,405) | (381,110) | (319,644) |
| | (197,312) | (369,213) | (54) | (12,405) | (578,984) | (458,638) |
| Net premiums | 9,967,161 | 870,444 | 611,059 | 52,532 | 11,501,196 | 7,756,624 |

* Individual policies are those underwritten on an individual basis and include joint life policies underwritten as such.

The annexed notes 1 to 39 form an integral part of these financial statements.




MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Statement of Claims

For the year ended December 31, 2012

| | Statutory Funds | | | | Aggregate | |
|--|-----------------------------|-----------------------|-------------------|---|------------------|------------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| Gross claims | ← (Rupees in '000) → | | | | | |
| Claims under individual policies | | | | | | |
| by death | 190,626 | 833 | - | - | 191,459 | 116,618 |
| by insured event other than death | 240 | - | 408 | - | 648 | 145 |
| by surrender | 1,249,670 | - | - | - | 1,249,670 | 912,928 |
| by maturity | - | - | - | - | - | 20,411 |
| Total gross individual policy claims | 1,440,536 | 833 | 408 | - | 1,441,777 | 1,050,102 |
| Claims under group policies | | | | | | |
| by death | - | 722,410 | - | 10,855 | 733,265 | 647,760 |
| by insured event other than death | - | 10,961 | 432,744 | 5,703 | 449,408 | 317,466 |
| bonus in cash | - | 6,600 | - | - | 6,600 | 7,317 |
| experience refund | - | 57,114 | 22,000 | 21,077 | 100,191 | 116,929 |
| Total gross group policy claims | - | 797,085 | 454,744 | 37,635 | 1,289,464 | 1,089,472 |
| Total gross claims | 1,440,536 | 797,918 | 455,152 | 37,635 | 2,731,241 | 2,139,574 |
| Less: reinsurance recoveries | | | | | | |
| On individual life first year business claims | (15,398) | - | - | - | (15,398) | (3,705) |
| On individual life second year business claims | (13,145) | - | - | - | (13,145) | (8,999) |
| On individual life renewal business claims | (28,550) | (753) | - | - | (29,303) | (27,673) |
| On group claims | - | (357,542) | (3,999) | (5,657) | (367,198) | (278,591) |
| On experience refund of premiums | (19,778) | (31,298) | - | (2,898) | (53,974) | (50,180) |
| | (76,871) | (389,593) | (3,999) | (8,555) | (479,018) | (369,148) |
| Net claims | 1,363,665 | 408,325 | 451,153 | 29,080 | 2,252,223 | 1,770,426 |

The annexed notes 1 to 39 form an integral part of these financial statements.



MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Statement of Expenses

For the year ended December 31, 2012

| | Statutory Funds | | | | Aggregate | |
|--|-----------------------------|-----------------------|-------------------|---|------------------|------------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| Acquisition costs | ← (Rupees in '000) → | | | | | |
| Remuneration to insurance intermediaries on individual policies: | | | | | | |
| - Commission on first year premiums | 2,177,568 | 63 | 37 | - | 2,177,668 | 1,474,061 |
| - Commission on second year premiums | 134,573 | 54 | 5 | - | 134,632 | 91,753 |
| - Commission on subsequent renewal premiums | 66,580 | 71 | 21 | - | 66,672 | 51,742 |
| - Commission on single premiums | 6,209 | - | - | - | 6,209 | 3,289 |
| | <u>2,384,930</u> | <u>188</u> | <u>63</u> | <u>-</u> | <u>2,385,181</u> | <u>1,620,845</u> |
| Remuneration to insurance intermediaries on group policies: | | | | | | |
| - Commission | - | 213,420 | 12,399 | - | 225,819 | 207,229 |
| Branch overheads | 24 877,036 | 42,056 | 24,720 | - | 943,812 | 693,837 |
| Other acquisition costs: | | | | | | |
| - Policy stamps | 100,767 | 115 | 335 | - | 101,217 | 51,973 |
| | <u>3,362,733</u> | <u>255,779</u> | <u>37,517</u> | <u>-</u> | <u>3,656,029</u> | <u>2,573,884</u> |
| Administration expenses | | | | | | |
| Salaries, allowances and other benefits | 198,153 | 43,572 | 39,760 | 2,638 | 284,123 | 244,947 |
| Charge for defined benefit plan | 4,103 | 963 | 868 | 58 | 5,992 | 5,610 |
| Contribution to defined contribution plan | 7,505 | 1,837 | 1,685 | 109 | 11,136 | 8,948 |
| Travelling expenses | 18,428 | 4,026 | 2,742 | 207 | 25,403 | 11,150 |
| Auditors' remuneration | 25 3,973 | 465 | 152 | 18 | 4,608 | 2,180 |
| Actuary's fees | 3,139 | 2,168 | 833 | 94 | 6,234 | 6,353 |
| Medical fees | 2,553 | 1,068 | 720 | 58 | 4,399 | 2,885 |
| Advertisements | 84,063 | 2,443 | 3,054 | 287 | 89,847 | 28,420 |
| Printing and stationery | 19,800 | 4,450 | 4,124 | 269 | 28,643 | 19,250 |
| Depreciation | 19.2 31,253 | 4,206 | 5,337 | 228 | 41,024 | 22,514 |
| Amortisation | 19.4 4,884 | 839 | 529 | 38 | 6,290 | 7,030 |
| Rental | 24,144 | 6,212 | 4,310 | 276 | 34,942 | 24,687 |
| Legal and professional charges | 6,674 | 799 | 320 | 36 | 7,829 | 7,540 |
| Supervision fees | 20,272 | 2,484 | 1,223 | 132 | 24,111 | 16,431 |
| Utilities | 14,012 | 2,183 | 2,324 | 124 | 18,643 | 10,778 |
| Entertainment | 5,691 | 340 | 161 | 15 | 6,207 | 1,900 |
| Vehicle running | 5,190 | 1,037 | 1,104 | 67 | 7,398 | 6,737 |
| Repairs and maintenance | 18,459 | 2,507 | 1,460 | 113 | 22,539 | 16,834 |
| Bank charges and brokerage | 8,392 | 800 | 702 | 1 | 9,895 | 5,631 |
| Training expenses | 3,540 | 953 | 657 | 50 | 5,200 | 2,699 |
| Postages, telegrams and telephone | 24,218 | 1,826 | 1,946 | 118 | 28,108 | 19,237 |
| Staff welfare | 4,593 | 744 | 626 | 29 | 5,992 | 4,187 |
| General insurance | 2,953 | 395 | 297 | 20 | 3,665 | 2,554 |
| Doubtful debts | 975 | 680 | 2,778 | - | 4,433 | (352) |
| Miscellaneous expenses | 1,213 | 192 | 76 | 4 | 1,485 | 1,282 |
| | <u>518,180</u> | <u>87,189</u> | <u>77,788</u> | <u>4,989</u> | <u>688,146</u> | <u>479,432</u> |
| Gross management expenses | <u>3,880,913</u> | <u>342,968</u> | <u>115,305</u> | <u>4,989</u> | <u>4,344,175</u> | <u>3,053,316</u> |
| Commission from reinsurers | (60,343) | (29) | - | - | (60,372) | (39,065) |
| Recovery of expenses from associated undertaking | 26 - | - | (26,315) | - | (26,315) | - |
| Net management expenses | <u>3,820,570</u> | <u>342,939</u> | <u>88,990</u> | <u>4,989</u> | <u>4,257,488</u> | <u>3,014,251</u> |

The annexed notes 1 to 39 form an integral part of these financial statements.



MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Statement of Investment Income

For the year ended December 31, 2012

| | Statutory Funds | | | | Aggregate | |
|--|-----------------------------|-----------------------|-------------------|---|------------------|------------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| | (Rupees in '000) | | | | | |
| Investment income | | | | | | |
| - Government securities | 1,255,352 | 73,569 | 38,274 | 722 | 1,367,917 | 1,010,975 |
| - Other fixed income securities and deposits | 270,043 | 7,537 | 4,029 | 32 | 281,641 | 182,697 |
| - Dividends | 259,474 | - | - | - | 259,474 | 204,140 |
| - (Loss) / Gain on sale of investments | (29,812) | (721) | (142) | 458 | (30,217) | 16,901 |
| - Amortisation of premium | - | (8) | 2 | - | (6) | (1,241) |
| - Unrealised gain / (loss) on investments | 784,606 | - | - | - | 784,606 | (166,164) |
| - Other income | - | - | 3,725 | 1,163 | 4,888 | 5,503 |
| Total | 2,539,663 | 80,377 | 45,888 | 2,375 | 2,668,303 | 1,252,811 |
| Reversal / (provision) for impairment in value of investments | | | | | | |
| - Government securities | - | (666) | 679 | (9) | 4 | 5,768 |
| Less: Investment related expenses | (369) | (5) | (8) | - | (382) | (671) |
| Net investment income | 2,539,294 | 79,706 | 46,559 | 2,366 | 2,667,925 | 1,257,908 |

The annexed notes 1 to 39 form an integral part of these financial statements.



MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2012

1. STATUS AND NATURE OF BUSINESS

- 1.1 Jubilee Life Insurance Company Limited (the company) was incorporated in Pakistan on June 29, 1995 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on the Karachi Stock Exchange. The company started its business on June 20, 1996. The addresses of its registered and principal office are 26-D, 3rd floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad and Jubilee Life Insurance Building, 74/1-A, Lalazar, M.T Khan Road, Karachi, respectively.

The company is engaged in life insurance, carrying on non-participating business. In accordance with the requirements of the Insurance Ordinance, 2000 the company has established a shareholders' fund and following statutory funds in respect of each class of its life insurance business:

- Individual life unit linked
- Conventional business
- Accident & health
- Overseas group life and health business (established during the current year)

- 1.2 The company is a subsidiary of Aga Khan Fund For Economic Development, S.A, Switzerland.

2. BASIS OF PRESENTATION

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002] vide S.R.O. 938 (1)/2002 dated December 12, 2002.

3. STATEMENT OF COMPLIANCE

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

3.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', is effective for the accounting periods beginning on or after July 01, 2011. This amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The new amendment does not have a material impact on the company's financial statements.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 01, 2012 are considered not to be relevant for the company's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

Amendment to IAS 19, 'Employee benefits' - effective for annual periods beginning on or after January 01, 2013. These amendments eliminate the corridor approach and calculate finance costs on a net funding basis. The new amendment is not expected to materially affect the company's financial statements.

4. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except as disclosed in accounting policies relating to investments.

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 37 to the financial statements.

4.1 Functional and presentation currency

These financial statements have been presented in Pak Rupee, which is the company's functional and presentation currency. Amounts presented have been rounded off to the nearest thousand.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements which have been consistently applied during the year are set out below:

5.1 Insurance contracts

a) Individual life unit linked

Individual life contracts are mainly regular premium unit linked policies, where policy value is determined as per the underlying assets' value. Various types of riders (Accidental Death, Family Income Benefit, etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders' fund value, while others are conventional i.e. additional premium is charged thereagainst. Policies are sold to a wide cross-section of population with different income levels. The risk underwritten is mainly death and sometimes disability and/or critical illness. This business is written through two distribution channels, namely, the direct sales force and bancassurance.

Individual life single premium policies are also issued and their value is determined as per underlying assets' value of the fund.

Revenue recognition

Premium received is recognised as follows:

First year, renewal and single premiums are recognised once the related policies are issued / renewed against receipt and realisation of premium.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised earlier of the date the policy ceases to participate in the earnings of the fund and the date insured event is intimated.

Surrenders are recognised after these have been approved in accordance with the company's policy.

Liability for outstanding claims is recognised in respect of all claims intimated up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

b) Conventional business

i) Individual life conventional business

Individual life conventional contracts are mainly protection policies sold to a wide cross-section of population with different income levels. The risk underwritten is mainly death and sometimes critical illness. This business is written through direct sales force.

Revenue recognition

Individual life conventional first year and renewal premiums are recognised once the related policies are issued / renewed against receipt and realisation of premium.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

ii) Group life

Group life contracts are mainly issued to employers to insure their commitments to their employees as required under The West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968. The company also writes business for consumer banking related schemes and micro-insurance schemes. The risk underwritten is mainly death and sometimes disability. This business is written through direct sales force and bancassurance.

Revenue recognition

Group life premiums are recognised as and when due. In respect of certain group policies the company continues to provide insurance cover even if the premium is received after the grace period.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

Experience refund of premium

Experience refund of premium payable to policyholders is included in outstanding claims.

c) Accident & health

Group health contracts are mainly issued to employers to insure their commitments to their employees. The company also writes business for micro-insurance schemes in northern areas of Pakistan. The risk underwritten is medical expenses related to hospitalisation. This business is written through direct sales force.

Revenue recognition

Health premiums are recognised as and when due. In respect of certain group policies the company continues to provide cover even if the premium is received after the grace period.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

Experience refund of premium

Experience refund of premium payable to policyholders is included in outstanding claims.

d) Overseas group life and health fund

The Company has issued group life and health policies to a policyholder based in Afghanistan. The risk underwritten under life policy is mainly death and sometimes disability while the risk underwritten under health policy is medical expenses related to hospitalisation.

Revenue recognition

Overseas group life and health premiums are recognised as and when due. The company continues to provide cover even if the premium is received after the grace period.

Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

Claim expense

Claim expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims is recognised in respect of all claims incurred up to the balance sheet date. Claims liability includes amounts in relation to unpaid reported claims.

Liability for claims "Incurred But Not Reported" (IBNR) is included in policyholders' liabilities.

Experience refund of premium

Experience refund of premium payable to policyholders is included in outstanding claims.

5.2 Policyholders' liabilities

During the year, Securities and Exchange Commission of Pakistan (SECP) has issued S.R.O 16 (1)/2012 dated January 9, 2012 through which, minimum basis of valuation has been prescribed. There have been no effect on the basis of valuation used by the Company due to this S.R.O.

a) Individual life unit linked

Policyholders' liabilities constitute the fund value of unit linked contracts as well as non-unit reserves of these linked contracts. Non-linked reserves constitute liability kept to account for risks such as death, disability, critical illness, etc., Incurred But Not Reported (IBNR) claims and non-linked riders (Accidental Death and Disability, Waiver of Premium, etc.).

Reserves for risks such as death, disability, etc. are kept on the basis of risk charges deducted for these risks.

- Incurred But Not Reported (IBNR) claims

For IBNR, the company uses statistical methods to incorporate assumptions made in order to estimate the ultimate cost of claims. The claims experience for this line of business has not developed sufficiently to attach full credibility to the experience. Hence, IBNR reserves are being kept as a percentage of risk charges. A lag study has been conducted at various points of time to attach greater credibility to the experience in order to determine the amount of IBNR claims.

The method involves the analysis of historical claims and the lags are estimated based on this historical pattern. Actual IBNR claims experience at various points of time is compared to the IBNR reserves kept at these time periods, to determine the adequacy of IBNR reserves. This validates the factor that is applied to risk charges in order to arrive at IBNR reserves. Adequate margins are also built-in to compensate for any adverse deviations in claims experience. In view of grossly insufficient claims experience, IBNR reserves for non-linked riders have been held in proportion to the premium earned in the valuation year.

- Unearned premium and premium deficiency reserve

Unearned premium reserve is not applicable to main policies. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves. Liabilities for claims in course of payment for Family Income Benefit rider and Waiver of Premium rider are held in accordance with the advice of the appointed actuary.

The Premium Deficiency Reserve (PDR) is not applicable to these policies. For riders, there is no need to hold a PDR since these maintain very reasonable claim ratios.

b) Conventional business

i) Individual life conventional

Policyholders' liabilities constitute the reserves for base plans, riders attached to the base plans and reserves for IBNR claims.

For base plans, policyholders' liabilities are determined as per the minimum criteria given in Insurance Rules, 2002. Discount rate used in this calculation is 3.75% and the mortality rates assumed are those according to EFU (61-66) table. For critical illness policies, the future incidence of critical illness is according to a percentage of reinsurer's risk premium rates for this coverage.

- Incurred But Not Reported (IBNR) claims

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

- Unearned premium and premium deficiency reserve

Unearned Premium Reserves (UPR) methodology is applied to rider premium to arrive at riders' reserves. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves.

Tests are conducted periodically on the basis of gross premium valuation to confirm the adequacy of reserves kept on modified net premium basis. For riders, there is no requirement to hold premium deficiency reserves since these maintain very reasonable claims ratios.

ii) Group life

Policyholders' liabilities comprise of Unearned Premium Reserves (UPR), reserves for Incurred But Not Reported (IBNR) claims and pay-continuation reserves.

- Incurred But Not Reported (IBNR) claims

For purposes of estimation, the business has been split into two categories, namely, normal and other than normal schemes (including consumer banking schemes, large groups and micro-insurance). IBNR reserves is calculated on separate basis for these two categories. IBNR is based upon reported claims for normal schemes and on earned premium for other than normal schemes due to lack of fully credible experience. For IBNR reserves based on reported claims, the company uses the chain-ladder method (a statistical technique) to estimate the ultimate cost of claims.

- Unearned premium and premium deficiency reserve

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is gross deterioration in mortality, there is an occurrence of a catastrophic event, or there is a reduction in asset value on potential encashment of assets. No requirement for holding premium deficiency reserve was found since the company has a good combined ratio and it is unlikely that there will be a sudden, significant worsening of mortality due to good dispersion of risk across various geographical and income stratas. Also, the company holds a catastrophe reinsurance cover which reduces its exposure to large number of claims arising from any one incident.

Liabilities for claims in course of payment (pay continuation reserves) are held in accordance with the advice of the appointed actuary.

c) Accident & health

Policy holder liability comprises of Unearned Premium Reserves (UPR) and reserves for Incurred But Not Reported (IBNR) claims.

- Incurred But Not Reported (IBNR) claims

For purposes of estimation, the business has been split into two categories, namely, normal and micro-insurance schemes. IBNR is calculated on separate basis for these two categories. IBNR is based upon reported claims for normal schemes and in proportion to the premium earned in the valuation year for micro-insurance schemes due to lack of fully credible experience in these schemes. For IBNR reserves based on reported claims, the company uses the chain-ladder method (a statistical technique) to estimate the ultimate cost of claims.

- Unearned premium and premium deficiency reserve

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is sudden worsening of morbidity or inflationary increase in claims. No requirement for holding premium deficiency reserve was found at present since the portfolio has a combined ratio of less than 100% and the average claims have been low in spite of overall inflation.

d) Overseas groupe life and health fund

Policy holder liability comprises of Unearned Premium Reserves (UPR) and reserves for Incurred But Not Reported (IBNR) claims.

- Incurred But Not Reported (IBNR) claims

This reserve has been set as Nil as at the valuation date in view of the reinsurance arrangements in place.

- Unearned premium and premium deficiency reserve

Gross premium proportionate to the unexpired duration of the period for which the respective premiums have been billed are held as unearned premium reserves.

The unearned premium reserve can deem to become insufficient if either there is gross deterioration in mortality, sudden worsening of morbidity, occurrence of a catastrophic event, reduction in asset value on potential encashment of assets or inflationary increase in claims. No requirement for holding premium deficiency reserve was found at present since the portfolio has a good combined ratio and the average claims have been low in spite of overall inflation.

5.3 Reinsurance contracts held

Reinsurance premiums

Reinsurance premium is recognised at the same time when the premium income is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

Claim recoveries

Claim recoveries from reinsurers are recognised at the same time as the claims are intimated and recorded in the books of accounts of the company.

Experience refund of premium

Experience refund receivable from reinsurers is included in the reinsurance recoveries of claims.

Individual life unit linked and conventional policies are reinsured under an individual life reinsurance agreement whereas group life policies are reinsured under a group life reinsurance agreement.

All receivables (reinsurer's share in claims, inward commission and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised net in the company's financial statements, under the circumstances only that there is a clear legal right of off-set of the amounts. Furthermore, credit is taken on account of reinsurer's share in policyholders' liabilities as advised by the appointed actuary.

5.4 Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents and policyholders.

5.5 Staff retirement benefits

Defined benefit plan

The company operates an approved funded gratuity scheme for all permanent employees who have completed minimum qualifying eligible service of 5 years. Contribution to the fund is made and expense is recognised on the basis of actuarial valuation carried out as at each year end using the projected unit credit method. Actuarial gains or losses in excess of 10% of the actuarial liability or plan assets are recognised over the average life of the employees.

Defined contribution plan

The company operates an approved contributory provident fund for all its permanent employees. Equal monthly contributions are made by both the company and the employees to the fund at the rate of 10% of basic salary. Contributions made by the company are recognised as expense.

5.6 Accumulated compensated absences

The company makes provision in the financial statements for its liabilities towards vested compensated absences accumulated by its employees on the basis of anticipated utilisation of such leaves based on past trends.

5.7 Statutory funds

The company maintains statutory funds in respect of each class of life insurance business. Assets, liabilities, revenues and expenses of the company are referable to respective statutory funds, however, where these are not referable to statutory funds, these are allocated to the shareholders' fund.

Apportionment of assets, liabilities, revenues and expenses, wherever required, between funds are made on a fair and equitable basis in accordance with the written advice of the appointed actuary.

5.8 Taxation

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

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing laws for taxation on income. Charge for the current tax is calculated using tax rates enacted or substantively enacted at the balance sheet date and includes adjustments, where considered necessary, relating to prior years.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities using the tax rates enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available and the credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

5.9 Investments

Classification

Investments with fixed or determinable payments and fixed maturity, where the company has positive intent and ability to hold to maturity, are classified as held-to-maturity. Investments which are intended to be held for an indefinite period but may be sold in response to the need for liquidity or change in mark-up / interest rates are classified as available for sale.

Initial recognition

All investments, classified as above, are initially recognised at fair value including acquisition charges associated with the investments.

Subsequent measurement

Investments classified as held-to-maturity are subsequently measured at amortised cost, taking into account any discount or premium on acquisition, using the effective interest method.

Investments classified as available-for-sale are subsequently measured at lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 and is recognised as a provision for impairment in value of investment. Any change in the provision for impairment in value of an investment is recognised in the profit and loss account or revenue account of the respective non-linked fund. However, investments classified as available-for-sale, which are linked to the units of the unit linked fund, are marked to their market values. Any gain or loss on such available-for-sale investments is recognised in revenue account of the respective linked fund.

Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from Reuters page (PKRV) where applicable. For investments in quoted marketable securities, other than term finance certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on balance sheet date. The fair market value of term finance certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

5.10 Fixed assets

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost. Depreciation is charged using the straight line method at the rates specified in note 19.2 on all assets available for use at the end of each month. When parts of an item of asset have different useful lives, they are accounted for as separate fixed assets items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other expenses are charged to income during the year in which they are incurred.

The assets' residual value and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposal of fixed assets are taken to profit and loss account.

Intangible assets

These represent assets with finite lives and are stated at cost less accumulated amortisation and impairment losses (if any). Amortisation is charged over the estimated useful life of the asset applying the straight line method at the rates specified in note 19.4 to the financial statements.

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

5.11 Other revenue recognition

Mark-up / Interest

- Mark-up / interest income on bank deposits is recognised on time proportion basis.
- Interest on fixed income securities is recognised on time proportion basis using effective interest rate method.

Dividends

- Dividend income is recognised when company's right to receive dividend is established.

5.12 Acquisition cost

These are costs incurred in acquiring insurance policies, maintaining such policies, and include without limitation all forms of remuneration paid to insurance agents.

Commission and other expenses are recognised as expense in the earlier of the financial year in which they are paid and financial year in which they become due and payable, except that commission and other expenses which are directly referable to the acquisition or renewal of specific contracts are recognised not later than the period in which the premium to which they refer is recognised as revenue.

5.13 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Foreign currency transactions are recorded using the rates of exchange prevailing at the date of transaction. Exchange gains and losses on translation are included in income currently.

5.14 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include the following:

- Cash at bank in current and saving accounts
- Cash and stamps in hand
- Term deposits with original maturity upto three months

5.15 Impairment

The carrying amount of assets 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 / revenue account, as appropriate.

5.16 Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of a past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

5.17 Segment reporting

Operating segments are reported in a manner consistent with that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The company has four operating segments for reporting purposes namely; Individual life unit linked, Conventional business, Accident & health and Overseas group life and health business.

- The Individual life - unit linked segment provides life insurance coverage to individuals under unit based policies issued by the company.
- The Conventional business segment includes 'Individual life - conventional' and 'Group life'. The Individual Life - conventional business segment provides life insurance coverage to individuals under conventional policies issued by the company. The group life business segment provides life insurance coverage to members of business enterprises, corporate entities in common interest groups under group life insurance schemes issued by the company.
- Accident & health business segment provides personal accident coverage to individuals and inpatient / outpatient health coverage to member enterprises, corporate entities and common interest groups under group health insurance schemes issued by the company.
- Overseas group life and health business segment provides life insurance coverage and inpatient / outpatient health coverage to overseas corporate entities under Overseas group life and health policies issued by the company.

5.18 Off-setting

Assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the company intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

5.19 Financial assets and liabilities

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair / market value or amortised cost as the case may be.

5.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves except appropriations required by the law or determined by the appointed actuary or allowed by the Insurance Ordinance, 2000 are recognised in the year in which these are approved.

6. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| 2012 | 2011 | | 2012 | 2011 |
|----------------------------|---------------|---|------------------|----------------|
| (Number of shares in '000) | | | (Rupees in '000) | |
| <u>62,712</u> | <u>62,712</u> | Ordinary shares of Rs. 10 each fully paid in cash | <u>627,120</u> | <u>627,120</u> |

- 6.1 As at December 31, 2012 and 2011 Aga Khan Fund for Economic Development S.A Switzerland and its nominees held 36,294,894 ordinary shares of Rs. 10 each.

7. ANALYSIS OF ACCUMULATED SURPLUS AS SHOWN IN BALANCE SHEET

| | 2012 | 2011 |
|---|------------------|----------------|
| | (Rupees in '000) | |
| Accumulated surplus in statement of changes in equity at beginning of the year | 803,278 | 522,753 |
| Add: Surplus in profit and loss account for the year | 553,373 | 374,593 |
| Less: Dividend | (188,136) | (94,068) |
| Accumulated surplus in statement of changes in equity ignoring effect of capital transfers at the end of the year | <u>1,168,515</u> | <u>803,278</u> |
| Accumulated surplus | <u>1,168,515</u> | <u>803,278</u> |

8. MOVEMENT IN EQUITY OF STATUTORY FUND

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| | Statutory Funds | | | | Aggregate | |
|---|-----------------------------|-----------------------|-------------------|---|------------|------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| | (Rupees in '000) | | | | | |
| Policyholders' liabilities | | | | | | |
| Balance at beginning of the year | 12,207,185 | 220,653 | 151,090 | - | 12,578,928 | 8,976,440 |
| Increase during the year | 6,638,695 | 55,742 | 63,669 | - | 6,758,106 | 3,602,488 |
| Balance at end of the year - note 9 | 18,845,880 | 276,395 | 214,759 | - | 19,337,034 | 12,578,928 |
| Retained earnings on other than participating business | | | | | | |
| Balance at beginning of the year | 63,883 | 99,076 | 102,204 | - | 265,163 | 167,796 |
| Surplus for the year | 683,525 | 143,144 | 53,806 | 20,829 | 901,304 | 627,367 |
| Surplus appropriated to shareholders' fund | (557,000) | (65,000) | (20,000) | (8,000) | (650,000) | (530,000) |
| Balance at end of the year - note 8.1 | 190,408 | 177,220 | 136,010 | 12,829 | 516,467 | 265,163 |
| Capital contributed by shareholders' fund | | | | | | |
| Balance at beginning of the year | - | - | - | - | - | - |
| Capital contributed during the year | - | - | - | 10,000 | 10,000 | - |
| Capital withdrawn during the year | - | - | - | (10,000) | (10,000) | - |
| Balance at end of the year | - | - | - | - | - | - |
| Balance of statutory fund at end of the year | 19,036,288 | 453,615 | 350,769 | 12,829 | 19,853,501 | 12,844,091 |

8.1 Balances in retained earnings are maintained in accordance with the SEC rules to meet solvency margins.

9. POLICYHOLDERS' LIABILITIES

| | Statutory Funds | | | | Aggregate | |
|---|-----------------------------|-----------------------|-------------------|---|------------|------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| | (Rupees in '000) | | | | | |
| Gross of reinsurance | | | | | | |
| Actuarial liability relating to future events | 18,730,357 | 187,037 | 165,291 | - | 19,082,685 | 12,409,183 |
| Provision for outstanding reported claims payable over a period exceeding twelve months | 93,435 | 97,049 | - | - | 190,484 | 113,868 |
| Provision for incurred but not reported claims | 122,720 | 103,635 | 49,511 | 1,301 | 277,167 | 233,026 |
| | 18,946,512 | 387,721 | 214,802 | 1,301 | 19,550,336 | 12,756,077 |
| Net of reinsurance | | | | | | |
| Actuarial liability relating to future events | 18,710,170 | 106,854 | 165,250 | - | 18,982,274 | 12,324,622 |
| Provision for outstanding reported claims payable over a period exceeding twelve months | 93,435 | 97,049 | - | - | 190,484 | 113,868 |
| Provision for incurred but not reported claims | 42,275 | 72,492 | 49,509 | - | 164,276 | 140,438 |
| | 18,845,880 | 276,395 | 214,759 | - | 19,337,034 | 12,578,928 |

| | 2012 | | | 2011 | | |
|--|----------------------|------------------|----------------|----------------|------------------|----------------|
| | Gross | Re-insurance | Net | Gross | Re-insurance | Net |
| | ← (Rupees in '000) → | | | | | |
| Individual life unit linked | | | | | | |
| Notified claims at beginning of the year | 126,639 | (21,174) | 105,465 | 101,258 | (57,698) | 43,560 |
| Cash paid for claims settled in the year | (1,427,051) | 92,039 | (1,335,012) | (1,024,831) | 76,901 | (947,930) |
| Increase / (decrease) in liabilities: | | | | | | |
| Arising from current year claims | 1,453,076 | (86,921) | 1,366,155 | 1,059,509 | (48,753) | 1,010,756 |
| Arising from prior year claims | (12,540) | 10,050 | (2,490) | (9,297) | 8,376 | (921) |
| Notified claims at end of the year | <u>140,124</u> | <u>(6,006)</u> | <u>134,118</u> | <u>126,639</u> | <u>(21,174)</u> | <u>105,465</u> |
| Conventional business | | | | | | |
| Notified claims at beginning of the year | 365,913 | (107,872) | 258,041 | 348,649 | (120,509) | 228,140 |
| Cash paid for claims settled in the year | (802,196) | 317,772 | (484,424) | (760,260) | 317,718 | (442,542) |
| Increase / (decrease) in liabilities: | | | | | | |
| Arising from current year claims | 822,586 | (390,538) | 432,048 | 787,365 | (305,821) | 481,544 |
| Arising from prior year claims | (24,668) | 945 | (23,723) | (9,841) | 740 | (9,101) |
| Notified claims at end of the year | <u>361,635</u> | <u>(179,693)</u> | <u>181,942</u> | <u>365,913</u> | <u>(107,872)</u> | <u>258,041</u> |
| Accident & health | | | | | | |
| Notified claims at beginning of the year | 90,433 | (33,668) | 56,765 | 52,980 | (9,978) | 43,002 |
| Cash paid for claims settled in the year | (423,945) | 18,782 | (405,163) | (274,385) | - | (274,385) |
| Increase / (decrease) in liabilities: | | | | | | |
| Arising from current year claims | 463,265 | (3,999) | 459,266 | 317,102 | (23,690) | 293,412 |
| Arising from prior year claims | (8,113) | - | (8,113) | (5,264) | - | (5,264) |
| Notified claims at end of the year | <u>121,640</u> | <u>(18,885)</u> | <u>102,755</u> | <u>90,433</u> | <u>(33,668)</u> | <u>56,765</u> |
| Overseas group life and health fund | | | | | | |
| Notified claims at beginning of the year | - | - | - | - | - | - |
| Cash paid for claims settled in the year | (18,659) | - | (18,659) | - | - | - |
| Increase / (decrease) in liabilities: | | | | | | |
| Arising from current year claims | 37,635 | (8,555) | 29,080 | - | - | - |
| Arising from prior year claims | - | - | - | - | - | - |
| Notified claims at end of the year | <u>18,976</u> | <u>(8,555)</u> | <u>10,421</u> | <u>-</u> | <u>-</u> | <u>-</u> |

10.1 As the company settles its claim obligations within a year the claim development table has not been presented.

11. STATUTORY DEPOSITS

The company has deposited 10 & 20 years Pakistan Investment Bonds amounting to Rs. 70 million (2011: Rs. 70 million) with the State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

12. OTHER CREDITORS AND ACCRUALS

| | Share holders' fund | Statutory Funds | | | | Aggregate | |
|---|---------------------|-----------------------------|-----------------------|-------------------|---|---------------|---------------|
| | | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| (Rupees in '000) | | | | | | | |
| Sundry creditors | 8,612 | 12,760 | 4,152 | 2,546 | - | 28,070 | 7,364 |
| Payable to related parties | | | | | | | |
| Jubilee General Insurance Company Limited | - | - | - | 162 | - | 162 | - |
| Withholding tax payable | 1,361 | 14,017 | 382 | 24 | - | 15,784 | 6,266 |
| Payable to Workers' Welfare Fund | 32,817 | - | - | - | - | 32,817 | 16,319 |
| Zakat payable | - | 69 | - | - | - | 69 | 115 |
| | <u>42,790</u> | <u>26,846</u> | <u>4,534</u> | <u>2,732</u> | <u>-</u> | <u>76,902</u> | <u>30,064</u> |

13. COMMITMENTS

| | 2012 | 2011 |
|-------------------------|------------------|----------------|
| | (Rupees in '000) | |
| In respect of : | | |
| - Capital expenditure | | |
| Not later than one year | <u>117,879</u> | <u>118,099</u> |

14. INVESTMENTS

14.1 Government securities

| | Share holders' fund | Statutory Funds | | | | Aggregate | |
|--|---------------------|-----------------------------|-----------------------|-------------------|---|-------------------|-------------------|
| | | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| (Rupees in '000) | | | | | | | |
| Held-to-maturity | | | | | | | |
| 20 years Pakistan Investment Bonds | - | - | - | 9,950 | - | 9,950 | 60,140 |
| 15 years Pakistan Investment Bonds | 9,957 | - | - | - | - | 9,957 | 9,952 |
| | 9,957 | - | - | 9,950 | - | 19,907 | 70,092 |
| Available-for-sale | | | | | | | |
| 20 years Pakistan Investment Bonds | - | 44,885 | 36,134 | - | - | 81,019 | 40,681 |
| 10 years Pakistan Investment Bonds | 22,597 | - | 70,522 | 21,121 | - | 114,240 | 114,241 |
| 5 years Pakistan Investment Bonds | 22,695 | - | 14,571 | 9,714 | - | 46,980 | 70,842 |
| 3 years Pakistan Investment Bonds | - | - | - | - | - | - | 220,161 |
| 3 years Ijara Sukuk Bonds | - | 1,203,883 | - | - | - | 1,203,883 | 1,054,405 |
| 1 year Treasury Bills | - | 208,293 | 283,902 | - | - | 492,195 | 4,263,883 |
| 6 months Treasury Bills | 827,552 | 10,088,831 | 245,992 | 347,807 | 29,115 | 11,539,297 | 4,323,945 |
| 3 months Treasury Bills | - | 497,000 | - | - | - | 497,000 | - |
| | 872,844 | 12,042,892 | 651,121 | 378,642 | 29,115 | 13,974,614 | 10,088,158 |
| | 882,801 | 12,042,892 | 651,121 | 388,592 | 29,115 | 13,994,521 | 10,158,250 |
| Provision for impairment in value of Investments - note 14.1.1 | (2,939) | - | (16,658) | (2,044) | (9) | (21,650) | (23,271) |
| | <u>879,862</u> | <u>12,042,892</u> | <u>634,463</u> | <u>386,548</u> | <u>29,106</u> | <u>13,972,871</u> | <u>10,134,979</u> |
| 14.1.1 Reconciliation of provision | | | | | | | |
| Balance at the beginning of the year | 4,556 | - | 15,992 | 2,723 | - | 23,271 | 30,164 |
| (Reversal) / provision for impairment in value of investments | (1,617) | - | 666 | (679) | 9 | (1,621) | (6,893) |
| Balance at the end of the year | <u>2,939</u> | <u>-</u> | <u>16,658</u> | <u>2,044</u> | <u>9</u> | <u>21,650</u> | <u>23,271</u> |

14.1.2 Particulars of government securities

| Name of the investments | Maturity | Tenor (Years) | Principal payment | Coupon rate p.a. (%) | Coupon payment |
|---------------------------|-------------------------------|---------------|-------------------|----------------------|----------------|
| Held-to-maturity | | | | | |
| Pakistan Investment Bonds | January 2019 to June 2024 | 15 - 20 years | On maturity | 9-10 | Half-yearly |
| Available-for-sale | | | | | |
| Ijara Sukuk Bonds | December 2013 - June 2014 | 3 years | On maturity | 9.26 - 9.84 | Half-yearly |
| Pakistan Investment Bonds | June 2013 to June 2024 | 5 - 20 years | On maturity | 8 - 11.5 | Half-yearly |
| Treasury Bills | January 2013 to March 2013 | 1 year | On maturity | 11.69 - 11.94 | On maturity |
| Treasury Bills | January 2013 to March 2013 | 6 months | On maturity | 9.16 - 11.92 | On maturity |
| Treasury Bills | January 2013 to February 2013 | 3 months | On maturity | 9.23 - 9.64 | On maturity |

14.1.3 During the year, the Company sold Pakistan Investment Bonds classified as held-to-maturity from Conventional Business and accordingly the Company has classified all of its investments held-to-maturity to available for sale as per International Accounting Standard IAS-39 "Financial Instruments - Recognition and Measurement".

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14.2 Other fixed income securities

14.2.1 Available-for-sale - Term finance certificates

| | Market value as at | | Maturity year | Tenor (Years) | Current Rate of profit p.a. (%) | Profit payment |
|---|--------------------|-------------------|---------------|---------------|---------------------------------|----------------|
| | December 31, 2012 | December 31, 2011 | | | | |
| Individual Life (Unit Linked) | (Rupees in '000) | | | | | |
| Allied Bank Limited | 50,778 | 50,012 | 2014 | 8 years | 11.38 | Half-yearly |
| Bank Al Habib Limited | 51,429 | 51,305 | 2015 | 8 years | 13.65 | Half-yearly |
| Bank Al-Falah Limited | 177,300 | - | 2021 | 8 years | 10.67 | Half-yearly |
| Engro Chemicals Pakistan Limited (First Issue) | 58,403 | 58,711 | 2015 | 8 years | 11.08 | Half-yearly |
| Faysal Bank Limited | 25,337 | 24,792 | 2014 | 7 years | 10.72 | Half-yearly |
| Jahangir Siddiqui & Company Limited (Fourth Issue) | - | 12,555 | 2012 | 5 years | 0.00 | Half-yearly |
| Orix Leasing Company Limited | - | 4,837 | 2012 | 5 years | 0.00 | Half-yearly |
| Pakistan Mobile Communication (Private) Limited (Third Issue) | 5,013 | 15,017 | 2013 | 7 years | 12.38 | Half-yearly |
| Pakistan Mobile Communication (Private) Limited (Seventh Issue) | 65,027 | - | 2016 | 4 years | 12.43 | Quarterly |
| United Bank Limited | 67,656 | 99,475 | 2014 | 8 years | 12.13 | Half-yearly |
| | <u>500,943</u> | <u>316,704</u> | | | | |

The aggregate cost of the above investments as at December 31, 2012 was Rs. 498.19 million (2011: Rs. 315.19 million).

14.3 Listed equities and closed-ended mutual funds

| Share holders' fund | Statutory Funds | | | | Aggregate | |
|---|-----------------------------|-----------------------|-------------------|---|------------------|------------------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| | (Rupees in '000) | | | | | |
| Available-for-sale | | | | | | |
| Ordinary shares and units of closed-ended mutual funds - note 14.3.2 | 247,053 | 3,105,110 | - | - | 3,352,163 | 2,264,263 |
| Less: Provision for impairment in values of investments - note 14.3.1 | (29,915) | - | - | - | (29,915) | (74,389) |
| | <u>217,138</u> | <u>3,105,110</u> | <u>-</u> | <u>-</u> | <u>3,322,248</u> | <u>2,189,874</u> |

14.3.1 Reconciliation of provision

| | | | | | | |
|---|---------------|----------|----------|----------|---------------|---------------|
| Balance at the beginning of the year | 74,389 | - | - | - | 74,389 | 59,260 |
| Provision / (reversal) for impairment in value of investments | (44,474) | - | - | - | (44,474) | 15,129 |
| Balance at the end of the year | <u>29,915</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,915</u> | <u>74,389</u> |

The face value of ordinary shares are between Rs. 5 to Rs. 50 per share.

| Shareholders' fund | December 31, 2012 | | | December 31, 2011 | | |
|--|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Number of shares | Cost (Rupees in '000) | Market Value | Number of shares | Cost (Rupees in '000) | Market Value |
| Allied Bank Limited | 127,584 | 7,141 | 9,376 | 115,985 | 7,141 | 6,248 |
| Fauji Fertilizer Company Limited | 375,000 | 21,024 | 43,928 | 250,000 | 21,024 | 37,385 |
| Habib Bank Limited | 1,021,703 | 149,751 | 120,367 | 592,458 | 109,703 | 62,848 |
| Hub Power Company Limited | 650,000 | 24,332 | 29,406 | 650,000 | 24,332 | 22,230 |
| International Industries Limited | 10,672 | 614 | 351 | 610,672 | 35,155 | 23,212 |
| Jubilee General Insurance Company Limited | 563,995 | 35,942 | 37,850 | 469,996 | 35,942 | 25,055 |
| Pakistan State Oil Limited | 12,000 | 3,054 | 2,787 | 10,000 | 3,054 | 2,272 |
| United Bank Limited | 81,441 | 5,195 | 6,814 | 81,441 | 5,194 | 4,267 |
| | | <u>247,053</u> | <u>250,879</u> | | <u>241,545</u> | <u>183,517</u> |
| Individual life unit linked | | | | | | |
| Akzo Nobel Pakistan Limited | 16,730 | 971 | 1,447 | - | - | - |
| Allied Bank Limited | 211,602 | 14,923 | 15,551 | 33,275 | 1,869 | 1,793 |
| Askari Bank Limited | 3,741,672 | 88,875 | 64,432 | 3,728,628 | 102,222 | 37,398 |
| Bank Al-Habib Limited | 3,220,863 | 67,482 | 102,198 | 1,931,186 | 39,397 | 55,097 |
| Bank Alfalah Limited | 875,000 | 14,739 | 14,718 | - | - | - |
| Century Paper & Board Mills Limited | 240,000 | 16,019 | 6,394 | 200,000 | 16,019 | 2,600 |
| Cherat Cement Company Limited | 107,457 | 5,377 | 5,239 | 457,457 | 22,759 | 3,298 |
| D.G. Khan Cement Company Limited | 246,240 | 14,215 | 13,440 | 246,240 | 14,215 | 4,686 |
| Engro Corporation Limited | 196,000 | 21,119 | 18,040 | 120,000 | 17,117 | 11,124 |
| Fauji Cement Company Limited | 2,800,000 | 18,923 | 18,312 | - | - | - |
| Fauji Fertilizer Bin Qasim Limited | 550,000 | 11,719 | 21,225 | 550,000 | 11,719 | 23,337 |
| Fauji Fertilizer Company Limited | 5,572,712 | 298,279 | 652,787 | 3,272,475 | 223,069 | 489,366 |
| Faysal Bank Limited | 1,018,105 | 18,364 | 10,843 | 2,936,205 | 72,260 | 23,871 |
| First Habib Modaraba Limited | 1,843,815 | 13,773 | 16,226 | 1,843,815 | 13,773 | 13,386 |
| Glaxo SmithKline Pakistan Limited | - | - | - | 179,687 | 16,526 | 12,053 |
| Hinopak Motors Limited | 14,623 | 8,690 | 1,283 | 33,300 | 19,801 | 2,333 |
| Honda Atlas Cars Company Limited | - | - | - | 52,500 | 1,314 | 454 |
| Hub Power Company Limited | 7,497,135 | 258,718 | 339,170 | 6,647,135 | 220,738 | 227,332 |
| ICI Pakistan Limited | 20,560 | 3,234 | 3,575 | 50,000 | 2,903 | 6,014 |
| Indus Motor Company Limited | 278,414 | 45,021 | 75,172 | 278,414 | 45,021 | 57,083 |
| International Industries Limited | 2,072,857 | 129,739 | 68,218 | 2,072,857 | 129,739 | 78,789 |
| JS Growth Fund | 796,117 | 11,831 | 6,950 | 796,117 | 11,831 | 3,742 |
| Kot Addu Power Company Limited | 3,982,173 | 166,202 | 196,680 | 2,447,173 | 96,879 | 101,117 |
| Lotte Pakistan PTA Limited | 600,000 | 8,330 | 4,410 | 500,000 | 7,474 | 4,635 |
| Lucky Cement Company Limited | 55,000 | 5,801 | 8,335 | 55,000 | 5,801 | 4,127 |
| MCB Bank Limited | 15,489 | 503 | 3,249 | 14,081 | 503 | 1,895 |
| Meezan Bank Limited | 1,275,943 | 14,646 | 38,342 | 867,505 | 5,629 | 15,077 |
| Meezan Balance Fund | 1,000,000 | 9,058 | 11,560 | - | - | - |
| Millat Tractors Limited | 494,158 | 98,822 | 278,982 | 419,158 | 61,107 | 153,081 |
| National Bank of Pakistan | 3,605,521 | 178,759 | 178,077 | 2,188,201 | 121,981 | 89,826 |
| NIB Bank Limited | - | - | - | 2,067,000 | 45,083 | 3,576 |
| Nishat Mills Limited | 968,187 | 44,057 | 61,819 | 1,024,411 | 46,555 | 41,437 |
| Oil and Gas Development Company Limited | 68,987 | 5,995 | 13,288 | 68,987 | 5,995 | 10,460 |
| Orix Leasing Company Limited | 506,747 | 12,918 | 7,601 | 530,127 | 17,738 | 3,366 |
| Packages Limited | 104,401 | 11,817 | 15,781 | 199,401 | 22,569 | 16,494 |
| Pak Suzuki Motors Company Limited | - | - | - | 228,125 | 43,541 | 13,466 |
| Pakistan Oilfields Limited | 628,800 | 185,723 | 275,125 | 445,500 | 115,532 | 154,343 |
| Pakistan Petroleum Limited | 1,605,758 | 193,191 | 283,882 | 964,407 | 124,740 | 162,329 |
| Pakistan Refinery Limited | - | - | - | 29,669 | 5,500 | 2,009 |
| Pakistan State Oil Limited | 259,389 | 63,821 | 60,233 | 216,158 | 63,820 | 49,113 |
| Pakistan Telecommunication Company Limited | 2,625,000 | 42,283 | 45,544 | 2,705,000 | 43,172 | 28,105 |
| Pakistan Tobacco Company Limited | 156,700 | 19,948 | 10,587 | 156,700 | 19,948 | 8,697 |
| PICIC Growth Fund | 284,000 | 10,288 | 4,658 | 284,000 | 10,288 | 3,539 |
| PICIC Investment Fund | 150,500 | 2,663 | 1,064 | 150,500 | 2,663 | 820 |
| Soneri Bank Limited | - | - | - | 164,700 | 5,294 | 643 |
| Standard Chartered Modaraba Limited | 45,477 | 1,439 | 525 | 45,477 | 1,439 | 472 |
| Thal Limited | 419,630 | 21,861 | 44,846 | 381,482 | 21,861 | 31,205 |
| Tri-Pack Films Limited | 103,489 | 20,003 | 19,870 | - | - | - |
| Unilever Pakistan Limited | - | - | - | 6,000 | 8,995 | 33,395 |
| United Bank Limited | 985,437 | 58,160 | 82,452 | 647,937 | 31,528 | 33,945 |
| Wateen Telecom Limited | 1,000,000 | 6,620 | 2,980 | 1,000,000 | 6,620 | 1,790 |
| | | <u>2,244,919</u> | <u>3,105,110</u> | | <u>1,924,547</u> | <u>2,022,718</u> |

| Share holders' fund | Statutory Funds | | | | Aggregate | |
|--|-----------------------------|-----------------------|-------------------|---|------------------|---------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| (Rupees in '000) | | | | | | |
| Available-for-sale | | | | | | |
| Units of open-ended mutual funds - note 14.4.1 & 14.4.2 | 100,000 | 311,430 | - | - | 411,430 | 338,641 |
| | | | | | 2012 | 2011 |
| | | | | | (Rupees in '000) | |

14.4.1 Shareholders' fund - note 14.4.1.1

| | | |
|--|---------|---------|
| ABL Cash Fund | - | 50,000 |
| Askari Sovereign Cash Fund | - | 50,000 |
| IGI Money Market Fund | - | 50,000 |
| NAFA Government Securities Liquid Fund | - | 50,000 |
| NIT Government Bond Fund | 100,000 | - |
| Pakistan Cash Management Fund | - | 50,000 |
| UBL Government Securities Fund | - | 50,000 |
| | 100,000 | 300,000 |

14.4.1.1 The aggregate market value of the above mutual funds as at December 31, 2012 was Rs. 101.2 million (2011: Rs. 321.2 million).

14.4.2 Individual life unit linked - note 14.4.2.1

| | 2012 | 2011 |
|------------------------------------|---------|--------|
| (Rupees in '000) | | |
| First Habib Cash Fund | 53,552 | - |
| JS Large Capital Fund | 9,958 | 6,393 |
| Meezan Islamic Fund | 35,842 | 24,037 |
| NIT Government Bond Fund | 200,505 | - |
| Pakistan Strategic Allocation Fund | 11,573 | 8,211 |
| | 311,430 | 38,641 |

14.4.2.1 The aggregate cost of the above mutual funds as at December 31, 2012 was Rs. 295.5 million (2011: Rs. 45 million).

14.5 International Accounting Standard IAS-39 "Financial Instruments - Recognition and Measurement" was revised effective from January 1, 2005. In the revised IAS-39 the option of taking the revaluation gain / (loss) on the available-for-sale securities to income / revenue account has been deleted and all such gain / (loss) is to be taken directly into equity. However, the Securities and Exchange Commission of Pakistan (SECP) through Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, according to which the statutory funds have no equity accounts, resultantly the changes in IAS-39 were not implemented.

| | Statutory funds | | | | | | | | | | |
|--------------------------------------|--------------------|--------------------|-----------------------------|--------------------|-----------------------|--------------------|-------------------|--------------------|---|--------------------|--------------|
| | Shareholders' fund | | Individual life unit linked | | Conventional business | | Accident & health | | Overseas group life and health business | | Total |
| | Held to maturity | Available for sale | Held to maturity | Available for sale | Held to maturity | Available for sale | Held to maturity | Available for sale | Held to maturity | Available for sale | |
| | (Rupees in '000) | | | | | | | | | | |
| As at January 01, 2011 | 9,947 | 294,388 | - | 8,581,076 | 96,010 | 512,285 | 20,371 | 159,038 | - | - | 9,673,115 |
| Movement during the year: | | | | | | | | | | | |
| Additions | - | 1,059,698 | - | 16,745,010 | - | 1,234,340 | - | 490,142 | - | - | 19,529,190 |
| Disposals (sale and redemptions) | - | (310,528) | - | (14,008,733) | (45,000) | (1,239,848) | (10,000) | (432,362) | - | - | (16,046,471) |
| Amortisation of discount / (premium) | 5 | - | - | - | (818) | - | (423) | - | - | - | (1,236) |
| Impairment reversal / (losses) | - | (14,004) | - | 219 | - | 4,113 | - | 1,436 | - | - | (8,236) |
| Unrealised gain | - | - | - | (166,164) | - | - | - | - | - | - | (166,164) |
| As at December 31, 2011 | 9,952 | 1,029,554 | - | 11,151,408 | 50,192 | 510,890 | 9,948 | 218,254 | - | - | 12,980,198 |
| Movement during the year: | | | | | | | | | | | |
| Additions | - | 2,172,657 | - | 30,797,549 | - | 934,965 | - | 758,838 | - | 57,925 | 34,721,934 |
| Disposals (sale and redemptions) | - | (2,061,259) | - | (26,773,188) | (50,184) | (810,726) | - | (601,173) | - | (28,810) | (30,325,340) |
| Amortisation of discount / (premium) | 5 | - | - | - | (8) | - | 2 | - | - | - | (1) |
| Impairment (losses) / reversal | - | 46,091 | - | - | - | (666) | - | 679 | - | (9) | 46,095 |
| Unrealised loss | - | - | - | 784,606 | - | - | - | - | - | - | 784,606 |
| As at December 31, 2012 | 9,957 | 1,187,043 | - | 15,960,375 | - | 634,463 | 9,950 | 376,598 | - | 29,106 | 18,207,492 |

15. DEFERRED TAXATION

Debit balances arising in respect of tax depreciation allowance

| 2012 | 2011 |
|------------------|-------|
| (Rupees in '000) | |
| 1,506 | 2,409 |

16. PREMIUMS DUE BUT UNPAID

| | 2012 | | | Total | 2011 |
|--|-----------------------|-------------------|---|---------|---------|
| | Conventional business | Accident & health | Overseas group life and health business | | |
| | (Rupees in '000) | | | | |
| Considered good | | | | | |
| Due from related parties - associates | 9,243 | 3,603 | - | 12,846 | 9,116 |
| Due from others | 66,268 | 55,522 | - | 121,790 | 106,455 |
| Considered doubtful | 2,977 | 5,255 | - | 8,232 | 4,774 |
| | 78,488 | 64,380 | - | 142,868 | 120,345 |
| Provision for bad & doubtful receivables - note 16.1 | (2,977) | (5,255) | - | (8,232) | (4,774) |
| Net premium due but unpaid | 75,511 | 59,125 | - | 134,636 | 115,571 |

16.1 Reconciliation of provision

| | | | | | |
|--|-------|-------|---|-------|---------|
| Balance at the beginning of the year | 2,297 | 2,477 | - | 4,774 | 8,544 |
| Provision for bad & doubtful receivables | 680 | 2,778 | - | 3,458 | (799) |
| Receivables written off during the year | - | - | - | - | (2,971) |
| Balance at the end of the year | 2,977 | 5,255 | - | 8,232 | 4,774 |

| | Statutory Funds | | | | Aggregate | |
|--|-----------------------------|-----------------------|-------------------|---|-----------|---------|
| | Individual life unit linked | Conventional business | Accident & health | Overseas group life and health business | 2012 | 2011 |
| | (Rupees in '000) | | | | | |
| Reinsurance recoveries against outstanding claims net of reinsurance premium payable | (5,525) | 100,176 | 5,236 | - | 99,887 | 57,782 |
| Other reinsurance assets | 19,778 | 34,103 | - | - | 53,881 | 54,116 |
| | 14,253 | 134,279 | 5,236 | - | 153,768 | 111,898 |

18. RETIREMENT BENEFIT - PREPAYMENTS

18.1 Defined benefit plan

The latest actuarial valuation of the defined benefit plan based on Projected Unit Credit Method was carried out as at December 31, 2012. Following are the significant assumptions used in the valuation:

| | 2012 | 2011 |
|--|------------------|-------|
| | (Rupees in '000) | |
| Discount factor used (% per annum) | 11.00 | 12.50 |
| Expected long term rate of return on plan assets (% per annum) | 12.50 | 13.00 |
| Expected rate of increase in salary (% per annum) | 11.00 | 12.50 |
| Normal retirement age (years) | 60.00 | 60.00 |
| Average remaining working life of employees (years) | 14 | 14 |

Expected contribution to the benefit plan for the year ending December 31, 2013 is Rs. 14.78 million (2012: Rs. 10 million).

| | 2012 | 2011 |
|---|------------------|----------|
| | (Rupees in '000) | |
| 18.1.1 Balance sheet reconciliation | | |
| Present value of defined benefit obligation - note 18.1.2 | 92,242 | 69,336 |
| Fair value of plan assets - note 18.1.3 | (89,704) | (72,862) |
| Unrecognised net actuarial (loss) / gain | (2,538) | 1,377 |
| | - | (2,149) |
| 18.1.2 Movement in present value of defined benefit obligation | | |
| Opening balance | 69,336 | 60,526 |
| Current service cost | 10,833 | 9,773 |
| Interest cost | 8,667 | 7,868 |
| Actuarial (gain) / loss on defined benefit obligation | 5,651 | (3,378) |
| Actual benefit paid during the year | (2,245) | (5,453) |
| Closing balance | 92,242 | 69,336 |

| | 2012 | 2011 |
|--|------------------|---------|
| 18.1.3 Movement in fair value of plan assets | (Rupees in '000) | |
| Opening balance | 72,862 | 59,858 |
| Expected return on plan assets | 9,108 | 7,782 |
| Contributions made | 8,244 | 9,900 |
| Benefit paid by the fund | (2,245) | (5,454) |
| Actuarial gain on plan assets | 1,735 | 776 |
| Closing balance - note 18.1.5 | 89,704 | 72,862 |
| 18.1.4 Actual return on plan assets | 10,843 | 8,558 |

18.1.5 Plan assets comprise of the following:

| | 2012 | | 2011 | |
|--------------|------------------|------|------------------|------|
| | (Rupees in '000) | % | (Rupees in '000) | % |
| Bonds | 78,932 | 88% | 69,543 | 95% |
| Mutual Funds | 5,000 | 6% | - | - |
| Others | 5,772 | 6% | 3,319 | 5% |
| | 89,704 | 100% | 72,862 | 100% |

| | 2012 | 2011 |
|--------------------------------|------------------|---------|
| 18.1.6 Charge for the year | (Rupees in '000) | |
| Current service cost | 10,833 | 9,773 |
| Interest cost | 8,667 | 7,868 |
| Expected return on plan assets | (9,108) | (7,782) |
| | 10,392 | 9,859 |

18.1.7 Historical information

| | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|------------------|----------|----------|----------|----------|
| | (Rupees in '000) | | | | |
| Defined benefit obligation | 92,242 | 69,336 | 60,526 | 49,718 | 40,313 |
| Fair value of plan assets | (89,704) | (72,862) | (59,858) | (45,892) | (32,560) |
| (Deficit) / Surplus | (2538) | 3,526 | (668) | (3,826) | (7,753) |
| Experience adjustment on plan liabilities | 5,651 | (3,378) | 169 | (2,599) | 680 |
| Experience adjustment on plan assets | 1,735 | 776 | 1,217 | 1,062 | (3,577) |

19. FIXED ASSETS

19.1 Capital work-in-progress

| | 2012 | 2011 |
|---------------------------------------|------------------|----------|
| | (Rupees in '000) | |
| Opening balance | 12,408 | 14,209 |
| Additions | 177,526 | 76,879 |
| Transfer to tangible operating assets | (143,053) | (78,680) |
| Closing balance | 46,881 | 12,408 |

19.2 Tangible operating assets

| | Leasehold Improvements | Furniture, fixture and fittings | Office equipments | Computers | Motor Vehicles | Total |
|-------------------------------------|---------------------------|--|----------------------|-----------|-------------------|-----------|
| | (Rupees in '000) | | | | | |
| Net carrying value basis | | | | | | |
| Year ended December 31, 2012 | | | | | | |
| Opening net book value (NBV) | 30,817 | 24,994 | 25,595 | 17,062 | 84,280 | 182,748 |
| Additions | 39,748 | 27,962 | 21,083 | 32,318 | 43,589 | 164,700 |
| Disposals at NBV - note 19.3 | (96) | (22) | (227) | (158) | (3,620) | (4,123) |
| Depreciation charge | (10,789) | (21,752) | (11,590) | (14,892) | (23,248) | (82,271) |
| Closing NBV | 59,680 | 31,182 | 34,861 | 34,330 | 101,001 | 261,054 |
| Gross carrying value basis | | | | | | |
| At December 31, 2012 | | | | | | |
| Cost | 86,413 | 111,926 | 91,553 | 89,724 | 167,739 | 547,355 |
| Accumulated depreciation | (26,733) | (80,744) | (56,692) | (55,394) | (66,738) | (286,301) |
| NBV | 59,680 | 31,182 | 34,861 | 34,330 | 101,001 | 261,054 |
| Net carrying value basis | | | | | | |
| Year ended December 31, 2011 | | | | | | |
| Opening net book value (NBV) | 9,649 | 16,417 | 20,050 | 15,469 | 71,245 | 132,830 |
| Additions | 25,295 | 19,491 | 14,825 | 11,812 | 38,688 | 110,111 |
| Disposals at NBV | - | (491) | (677) | (660) | (6,961) | (8,789) |
| Depreciation charge | (4,127) | (10,423) | (8,603) | (9,559) | (18,692) | (51,404) |
| Closing NBV | 30,817 | 24,994 | 25,595 | 17,062 | 84,280 | 182,748 |
| Gross carrying value basis | | | | | | |
| At December 31, 2011 | | | | | | |
| Cost | 46,761 | 84,076 | 71,233 | 58,959 | 134,115 | 395,144 |
| Accumulated depreciation | (15,944) | (59,082) | (45,638) | (41,897) | (49,835) | (212,396) |
| NBV | 30,817 | 24,994 | 25,595 | 17,062 | 84,280 | 182,748 |
| Depreciation rate % per annum | 20 | 20 | 20-33 | 30 | 20 | |

19.3 Details of disposals of fixed assets

Disposal of fixed assets during the year having net book value (NBV) of Rs. 50,000 and above are as follows:

| | Cost | Accumulated depreciation | Net book value | Sale proceeds | Mode of disposal | Particulars of buyers |
|--|----------------------|--------------------------|----------------|---------------|------------------|---|
| | ← (Rupees in '000) → | | | | | |
| Motor vehicles | 1,750 | 263 | 1,487 | 1,487 | Insurance Claim | Jubilee General Insurance Company Limited |
| | 1,200 | 280 | 920 | 1,200 | Insurance Claim | Jubilee General Insurance Company Limited |
| | 591 | 89 | 502 | 502 | Insurance Claim | Jubilee General Insurance Company Limited |
| | 1,005 | 826 | 179 | 156 | Company Policy | Mr. Adeel Ahmed Khan House No. A-376 Gulberg, F.B. Area Karachi |
| | 983 | 737 | 246 | 442 | Company Policy | Mr. Ejaz Ahmed Arshad House No. 79 Shadman No. 1 Lahore |
| | 652 | 543 | 109 | 272 | Company Policy | Mr. Malik Amjad Mahboob House No. 21 Dad Khan Colony Chaklala Scheme 3 Rawalpindi |
| | 652 | 522 | 130 | 293 | Company Policy | Mr. Inam ul Haq Village Nodeah Payan Bara Road Peshawar |
| | 6,833 | 3,260 | 3,573 | 4,352 | | |
| Leasehold improvements | 128 | 32 | 96 | 125 | Negotiation | Liberty Associates 1st Floor, City Centre Shahi Road Rahim Yar Khan |
| Net book value not exceeding Rs. 50,000 each | | | | | | |
| Motor Vehicles | 3,132 | 3,085 | 47 | 480 | | |
| Office equipments | 763 | 536 | 227 | 64 | | |
| Furniture and Fixtures | 112 | 90 | 22 | 3 | | |
| Computers | 1,553 | 1,395 | 158 | 171 | | |
| | <u>12,521</u> | <u>8,398</u> | <u>4,123</u> | <u>5,195</u> | | |

| | 2012 | 2011 |
|---|------------------|----------|
| | (Rupees in '000) | |
| 19.4 Intangible assets - computer software | | |
| Net carrying value basis Year ended December 31, 2012 | | |
| Opening net book value (NBV) | 12,431 | 13,830 |
| Additions | 7,775 | 7,037 |
| Amortisation charge | (7,599) | (8,020) |
| Disposals at NBV | (55) | (416) |
| Closing NBV | 12,552 | 12,431 |
| Gross carrying value basis At December 31, 2011 | | |
| Cost | 47,281 | 40,118 |
| Accumulated amortisation | (34,729) | (27,687) |
| Closing NBV | 12,552 | 12,431 |
| Amortisation rate per annum | 30% | 30% |
| 20. EXPENSES NOT ATTRIBUTABLE TO STATUTORY FUNDS | | |
| Salaries, allowances and other benefits | 4,613 | 6,074 |
| Travelling expenses | 2,690 | 1,691 |
| Legal and professional charges | 1,908 | 1,625 |
| Workers' Welfare Fund | 16,499 | 11,885 |
| Donations - Note 20.1 | 205 | 62 |
| Miscellaneous | 3,981 | 9,819 |
| | 29,896 | 31,156 |

The above expenses represent allocation in accordance with the advice of appointed actuary as approved by the Board of Directors.

20.1 None of the directors or their spouses had any interest in the donees.

| | 2012 | 2011 |
|---------------------|------------------|---------|
| | (Rupees in '000) | |
| 21. TAXATION | | |
| Current | | |
| - for the year | 253,898 | 205,890 |
| - prior years | 495 | - |
| Deferred | 903 | 1,873 |
| | 255,296 | 207,763 |

21.1 Relationship between tax expense and accounting profit

| | 2012 | 2011 |
|---|------------------|---------|
| | (Rupees in '000) | |
| Profit before tax | 808,669 | 582,356 |
| Tax at the applicable rate of 35% (2011: 35%) | 283,034 | 203,825 |
| Tax effect of dividend income being taxable at lower rate | (4,528) | (3,833) |
| Tax effect of capital loss / (gain) being exempt | (24,637) | 4,902 |
| Prior years adjustment | 495 | - |
| Effect of surcharge on tax payable | - | 3,086 |
| Others | 932 | (217) |
| Tax expense for the year | 255,296 | 207,763 |

22. BASIC AND DILUTED EARNING PER SHARE

There is no dilutive effect on the basic earnings per share of the company, which is based on:

| | 2012 | 2011 |
|---|----------------------------|---------|
| | (Rupees in '000) | |
| Profit after tax | 553,373 | 374,593 |
| | (Number of shares in '000) | |
| Weighted average number of ordinary shares outstanding as at year end | 62,712 | 62,712 |
| | (Rupees in '000) | |
| Basic earnings per share | 8.82 | 5.97 |

23. CASH AND CASH EQUIVALENTS

| | Share holders' Fund | Statutory Funds | | | | Aggregate | |
|---|---------------------|-----------------------------|-----------------------|-------------------|---|-----------|---------|
| | | Individual Life Unit Linked | Conventional business | Accident & Health | Overseas group life and health business | 2012 | 2011 |
| | (Rupees in '000) | | | | | | |
| Cash at banks | | | | | | | |
| - in current accounts | 2,639 | 19,169 | 587 | - | - | 22,395 | 15,468 |
| - in savings accounts | 308,127 | 358,519 | 69,485 | 65,131 | 4,018 | 805,280 | 430,565 |
| | 310,766 | 377,688 | 70,072 | 65,131 | 4,018 | 827,675 | 446,033 |
| Term deposits having maturity of three months | - | 2,998,000 | - | - | - | 2,998,000 | - |
| Cash and stamps in hand | 320 | 6,300 | 85 | 59 | - | 6,764 | 4,120 |
| | 311,086 | 3,381,988 | 70,157 | 65,190 | 4,018 | 3,832,439 | 450,153 |

24. BRANCH OVERHEADS

| | Statutory Funds | | | | Aggregate | |
|---|-----------------------------|-----------------------|-------------------|---|-----------|---------|
| | Individual Life Unit Linked | Conventional business | Accident & Health | Overseas group life and health business | 2012 | 2011 |
| | (Rupees in '000) | | | | | |
| Salaries, allowances and other benefits | 509,101 | 24,119 | 11,418 | - | 544,638 | 379,259 |
| Charge for defined benefit plan | 3,478 | 561 | 222 | - | 4,261 | 4,103 |
| Contribution to defined contribution plan | 6,518 | 995 | 424 | - | 7,937 | 6,267 |
| Overriding commission | 123,212 | - | - | - | 123,212 | 81,063 |
| Travelling expenses | 15,297 | 1,188 | 2,007 | - | 18,492 | 13,415 |
| Advertisements | 7,639 | 1,585 | 700 | - | 9,924 | 12,181 |
| Printing and stationery | 22,543 | 1,911 | 3,740 | - | 28,194 | 25,711 |
| Depreciation | 37,494 | 2,363 | 803 | - | 40,660 | 28,552 |
| Amortisation | 1,062 | 116 | 46 | - | 1,224 | 936 |
| Rental | 41,748 | 2,853 | 951 | - | 45,552 | 40,675 |
| Legal and professional charges | 888 | 110 | 86 | - | 1,084 | 1,337 |
| Utilities | 17,666 | 985 | 383 | - | 19,034 | 16,928 |
| Entertainment | 3,855 | 194 | 93 | - | 4,142 | 2,987 |
| Vehicle running | 27,089 | 2,493 | 2,598 | - | 32,180 | 25,321 |
| Repairs and maintenance | 8,906 | 565 | 310 | - | 9,781 | 7,776 |
| Training expenses | - | - | - | - | - | - |
| Postage, telegram and telephone | 37,951 | 976 | 482 | - | 39,409 | 37,460 |
| Staff welfare | 6,532 | 404 | 204 | - | 7,140 | 5,960 |
| Miscellaneous expenses | 6,057 | 638 | 253 | - | 6,948 | 3,906 |
| | 877,036 | 42,056 | 24,720 | - | 943,812 | 693,837 |

25. AUDITORS' REMUNERATION

| | 2012 | 2011 |
|--|------------------|-------|
| | (Rupees in '000) | |
| Audit fee | 1,600 | 1,300 |
| Fee for review of half yearly financial information and other reportings | 1,000 | 800 |
| Fee for review of application system | 1,800 | - |
| Out of pocket expenses | 517 | 261 |
| | 4,917 | 2,361 |

26. RECOVERY OF EXPENSES FROM ASSOCIATED UNDERTAKING

This represents recovery of common expenses from Jubilee General Insurance Limited - an associated undertaking on account of joint business activities in relation to Accident and health business.

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | 2012 | | 2011 | |
|-------------------------|----------------------|----------------|-----------------|----------------|
| | Chief Executive | Executive | Chief Executive | Executive |
| | ← (Rupees in '000) → | | | |
| Managerial remuneration | 9,856 | 111,412 | 8,227 | 89,378 |
| Performance bonus | 4,500 | 38,795 | 4,000 | 35,523 |
| Retirement benefits | 1,529 | 17,288 | 1,372 | 13,991 |
| House rent allowance | 4,395 | 50,135 | 3,702 | 40,220 |
| Utilities | 986 | 11,141 | 823 | 8,938 |
| Medical | - | 2,207 | 23 | 2,169 |
| Leave passage | - | 2,813 | 500 | 248 |
| Others | - | 6,834 | - | 5,105 |
| | <u>21,266</u> | <u>240,625</u> | <u>18,647</u> | <u>195,572</u> |
| Number of persons | <u>1</u> | <u>81</u> | <u>1</u> | <u>64</u> |

In addition to the above, fee paid to four non-executive directors during the year amounted to Rs. 2.16 million (2011: Rs. 0.92 million).

The Chief Executive is provided with company maintained cars whereas the executives are provided with cars in accordance with company policy.

28. INFORMATION ABOUT MAJOR CUSTOMERS

The company considers its external customers to be individuals and group policyholders. However, premium against individual life unit linked policies from one of the bancassurance arrangements constitutes 59% (2011: 55%) of the company's premium from such policies, premium against group life policies from the same bank amounts to 20% (2011: 18%). Moreover, company's overseas business from two policies constitutes 100% of the Overseas group life and health business.

29. TRANSACTIONS WITH RELATED PARTIES

The company is controlled by Aga Khan Fund for Economic Development, S.A Switzerland, which owns 57.87% (2011: 57.87%) of the company's shares. Associated undertakings include Habib Bank Limited being under common control of the parent company. Other associated undertakings are classified due to common directorship.

The related parties comprise related group companies, local associated companies, directors of the company, companies where directors also hold directorship, key management employees, staff retirement funds and statutory funds.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

| Relationship with the Company | Nature of transaction | 2012 | 2011 |
|-------------------------------|--|------------------|-----------|
| | | (Rupees in '000) | |
| i. Parent | Dividend paid | 108,885 | 54,442 |
| ii. Associated companies | Group insurance premium | 334,665 | 223,251 |
| | Incurred claims against insurance cover | 269,075 | 199,394 |
| | Rent of building | 24,784 | 21,045 |
| | Payment for premium against general insurance | 8,506 | 6,181 |
| | Claims lodged | 3,799 | 7,296 |
| | Investment advisory services | 3,000 | 3,000 |
| | Individual life unit linked insurance policy premium | 14,013 | 13,533 |
| | Agency commission | 1,262,451 | 895,843 |
| | Interest income on term deposits | 190,607 | 86,820 |
| | Dividend received | 13,890 | 14,219 |
| | Dividend paid | 47,708 | 23,775 |
| | Recovery of expenses | 26,315 | - |
| iii. Staff retirement funds | Expense charged for retirement benefit plans | 29,629 | 25,297 |
| | Payments to retirement benefit plans | 27,481 | 25,337 |
| iv. Key management personnel | Salaries and other short-term employee benefits | 105,347 | 91,254 |
| | Post-employment benefits | 7,507 | 6,485 |
| | Consideration received for vehicle sold | 246 | 660 |
| Relationship with the Company | Receivable / (Payable) | | |
| Associated companies | Bank account balance | 699,991 | 358,804 |
| | Short term deposits | 2,648,000 | 1,700,000 |
| | Investment in shares | 236,522 | 243,797 |
| | Interest accrued on term deposits | 13,177 | 9,381 |
| | Agency commission | (280,406) | (177,861) |
| | Claims against general policy | 3,035 | 426 |
| | Group premium | 9,982 | 9,116 |
| | Claims lodged & outstanding | (40,525) | (36,118) |
| | Prepaid insurance | - | 500 |
| | Prepaid rent | 11,263 | 9,015 |

These are settled in the ordinary course of business. The receivables and payables are mainly unsecured in nature and bear no interest.

30. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

30.1 Insurance Risk

30.1.1 Individual life unit linked

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the company being unable to recover expenses incurred at policy acquisition.

The company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the company to limit the maximum exposure on any one policyholder. The company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committees with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The company reserves the right to review the charges deductible under the contracts, thus limiting the risk of underpricing.

a) Frequency and severity of claims

The company measures concentration of risk by geographical area. Concentration of risk is not a factor of concern due to spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The company charges for mortality risk on a monthly basis for all insurance contracts without a fixed term. It has the right to alter these charges based on its mortality experience and hence minimises its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce its mitigating effect. The company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the company.

The amounts presented are showing total exposure of the company including exposure in respect of riders attached to the main policies.

Benefits assured per life

Assured at the end of 2012
Total benefits assured

| Rupees | Before reinsurance | | After reinsurance | |
|---------------------|--------------------|----------------|--------------------|----------------|
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 1,595,148 | 0.74% | 1,537,204 | 1.22% |
| 200,001 - 400,000 | 10,702,041 | 4.98% | 10,569,266 | 8.39% |
| 400,001 - 800,000 | 24,524,142 | 11.42% | 21,870,022 | 17.36% |
| 800,001 - 1,000,000 | 16,379,634 | 7.62% | 12,449,174 | 9.88% |
| More than 1,000,000 | 161,643,323 | 75.24% | 79,550,427 | 63.15% |
| Total | 214,844,288 | 100.00% | 125,976,093 | 100.00% |

Assured at the end of 2011
Total benefits assured

| Rupees | Before reinsurance | | After reinsurance | |
|---------------------|--------------------|----------------|-------------------|----------------|
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 804,059 | 0.50% | 774,148 | 0.86% |
| 200,001 - 400,000 | 6,052,418 | 3.82% | 5,970,433 | 6.52% |
| 400,001 - 800,000 | 15,840,046 | 10.00% | 13,555,539 | 14.81% |
| 800,001 - 1,000,000 | 9,876,697 | 6.24% | 7,580,384 | 8.28% |
| More than 1,000,000 | 125,833,637 | 79.44% | 63,622,693 | 69.53% |
| Total | 158,406,857 | 100.00% | 91,503,197 | 100.00% |

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long – term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behaviour.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The company assumes the expected mortality at 95% of LIC (94-96) since the current experience for this line of business is not credible.
- Persistency: The company conducts a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The expected mortality is assumed at 95% of LIC (94-96) since the current experience for this line of business is not credible.
- Persistency: A periodic analysis of the company's recent and historic experience is performed and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: A periodic study is conducted on the company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns are based on the historic performance of the fund.

d) **Changes in assumptions**

The valuation as at December 31, 2012, contains a change in reserving basis for the reserves maintained for individual life unit linked Incurred But Not Reported (IBNR) claims.

A study was conducted to test the adequacy of the IBNRs held in respect of individual life unit linked business. The study indicated that IBNR adequacy had been at acceptable levels, however, it was following decreasing trend. From further analysis it was deduced that the IBNR adequacy for IBNRs held in respect of DSF policies was significantly different than that of bancassurance policies. In view of this and to cater for changing business mix by sales channel and the difference in the claim lags of these two channels, the IBNR basis has been bifurcated between DSF and Bancassurance.

The above change in valuation bases has resulted in increase in policyholders' liabilities by Rs. 0.16 million with corresponding impact on revenue account of the respective statutory fund.

e) **Sensitivity analysis**

The table below indicates the level of the respective variable that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable:

| Variables | Trigger level | Change in variable | Increase in liability 2012 | Increase in liability 2011 |
|--|---------------|--------------------|----------------------------|----------------------------|
| Rupees '000 | | | | |
| Worsening of mortality rates for risk policies | 241% | +10% p.a. | 67,800 | 41,100 |
| Worsening of persistency rates for long term individual policies * | - | - | - | - |
| Increase in expense levels and inflation | 256% | +10% p.a. | 22,200 | 14,200 |
| Decrease in investment returns * | - | - | - | - |

* Due to sufficient margins, liability adequacy test does not trigger at any value.

The above analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, change in interest rate and change in market values; and change in lapses and future mortality.

30.1.2 Conventional business

30.1.2.1 Individual life conventional business

The risk underwritten, i.e. the risk of death and critical illness will vary from region to region. The company may be exposed to the risk of unexpected claim severity or frequency. This can be as a result of anti-selection and fraudulent claims. The company also faces a risk of under-pricing due to long-term nature of the contract.

The company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The company has a well defined medical under-writing policy and avoids selling policies to high risk individuals, while critical illness policies are rarely offered with effective screening of pre-existing conditions. This puts a check on anti-selection. Profit testing is conducted on an annual basis to ensure adequacy of premiums charged. Reinsurance contracts have been purchased by the company to limit the maximum exposure of any policyholder. The company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. On the claims handling side, the company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification and conducts detailed investigation of all apparently doubtful claims.

a) **Frequency and severity of claims**

The company measures concentration of risk in terms of exposure by geographical area and by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the company maintains a catastrophe excess of loss reinsurance cover which ensures that the company's liability in respect of catastrophic events remains within reasonable limits.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the company.

The amounts presented are showing total exposure of the company including exposure in respect of riders attached to the main policies.

Benefits assured per life

| Rupees | Assured at the end of 2012 Total benefits assured | | | |
|---------------------|--|----------------|-------------------|----------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 11,186 | 4.17% | 3,357 | 4.67% |
| 200,001 - 400,000 | 53,266 | 19.87% | 14,347 | 19.96% |
| 400,001 - 800,000 | 71,181 | 26.56% | 17,010 | 23.66% |
| 800,001 - 1,000,000 | 18,618 | 6.95% | 9,793 | 13.62% |
| More than 1,000,000 | 113,797 | 42.45% | 27,386 | 38.09% |
| Total | 268,048 | 100.00% | 71,893 | 100.00% |

| Rupees | Assured at the end of 2011 Total benefits assured | | | |
|---------------------|--|----------------|-------------------|----------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 107,559 | 3.71% | 30,998 | 3.86% |
| 200,001 - 400,000 | 532,199 | 18.34% | 154,029 | 19.17% |
| 400,001 - 800,000 | 727,824 | 25.06% | 210,233 | 26.16% |
| 800,001 - 1,000,000 | 205,947 | 7.10% | 97,238 | 12.10% |
| More than 1,000,000 | 1,328,900 | 45.79% | 311,112 | 38.71% |
| Total | 2,902,429 | 100.00% | 803,610 | 100.00% |

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long – term conventional insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and critical illness incidence rates.

Mortality rates are assumed as EFU (61-66). Critical Illness (CI) incidence rates are taken as a percentage of reinsurer's risk premium rate.

c) Process used to decide on assumptions

For long-term conventional insurance contracts, the company determines assumptions on future mortality and morbidity. At regular intervals, tests are conducted on main policies. Assumptions used to profit test the main policies are as follows:

Mortality rates are assumed as EFU (61-66). Critical Illness (CI) incidence rates are taken as a percentage of reinsurer's risk premium rate.

d) Changes in assumptions

There has been no change in assumptions.

e) Sensitivity analysis

The overall liability for this business stands at less than 2% of the total policyholder liability held in the fund. Due to its immateriality, sensitivity analysis has not been conducted.

30.1.2.2 Group life

The main risk written by the company is mortality. The company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The rates are certified by the appointed actuary for large groups. The company also maintains an MIS to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the company to limit the maximum exposure of any life. The company also has a catastrophe excess of loss cover with respect to group life. The intent of the cover is to limit the liability of the company in a single happening that results in multiple claims. At the same time, due caution is applied in writing business in areas of high probability of terrorism. The company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor exposure. Writing business of known hazardous groups is also avoided. On the claims handling side, the company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business have a short duration, thus mitigating the risk of asset value deterioration.

a) **Frequency and severity of claims**

The company measures concentration of risk in terms of exposure by geographical area and by its exposure to catastrophic events. Concentration of risk arising from geographical area is not a factor of concern due to spread of risks across various parts of the country. To mitigate risk accumulation resulting from catastrophic events, the company maintains a catastrophe excess of loss reinsurance cover which ensures that the company's liability in respect of catastrophic events remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the company.

The amounts presented are showing total exposure of the company including exposure in respect of riders attached to the main policies.

Benefits assured per life

| Rupees | Assured at the end of 2012 Total benefits assured | | | |
|---------------------|--|----------------|--------------------|----------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 111,434,692 | 23.47% | 43,701,327 | 22.24% |
| 200,001 - 400,000 | 42,570,258 | 8.96% | 22,764,211 | 11.59% |
| 400,001 - 800,000 | 46,702,854 | 9.83% | 25,975,083 | 13.22% |
| 800,001 - 1,000,000 | 31,799,623 | 6.70% | 16,043,152 | 8.16% |
| More than 1,000,000 | 242,387,679 | 51.04% | 88,005,242 | 44.79% |
| Total | 474,895,106 | 100.00% | 196,489,015 | 100.00% |

| Rupees | Assured at the end of 2011 Total benefits assured | | | |
|---------------------|--|----------------|--------------------|----------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 108,807,373 | 23.60% | 45,122,672 | 24.55% |
| 200,001 - 400,000 | 41,061,627 | 8.91% | 19,785,941 | 10.76% |
| 400,001 - 800,000 | 59,542,349 | 12.91% | 25,530,407 | 13.89% |
| 800,001 - 1,000,000 | 23,109,829 | 5.01% | 23,163,501 | 12.61% |
| More than 1,000,000 | 228,539,317 | 49.57% | 70,199,358 | 38.19% |
| Total | 461,060,495 | 100.00% | 183,801,879 | 100.00% |

b) **Sources of uncertainty in the estimation of future benefit payments and premium receipts**

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) **Process used to decide on assumptions**

An investigation into group's experience over the last ten years was performed, and statistical methods are used to adjust the rates to a best estimate of mortality. For this purpose, the crude rates were adjusted to reflect the slope in mortality as per India's mortality table of LIC (94-96). Where data is sufficient to be statistically credible, the statistics generated by the data is assigned appropriate credibility factors to account for the group's experience.

d) Changes in assumptions

The valuation as at December 31, 2012, contains a change in reserving basis for the reserves maintained for group life Incurred But Not Reported (IBNR) claims.

Claims experience available with the company in respect of Group Life line of business was analyzed and found to be adequate. Therefore, a move towards claims based IBNRs from premium based IBNRs has been made. Due to differences in claims lags between employer / employee schemes and depositors / micro-finance schemes, IBNR for these two categories has been determined separately. The claims development factors determined for employer / employee schemes and depositors / micro-finance schemes were appropriately loaded in order to build in appropriate margins for adverse deviations.

The above change in valuation bases has resulted in decrease in policyholder's liability by Rs. 3.3 million with corresponding impact on revenue account of the respective statutory fund.

e) Sensitivity analysis

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

| Variables | Change in variable | Increase in liability 2012 | Increase in liability 2011 |
|--|--------------------|----------------------------|----------------------------|
| Rupees '000 | | | |
| Worsening of mortality rates for risk policies | +10% p.a. | 7,200 | 2,200 |
| Increase in reporting lag | +10% p.a. | 7,200 | 2,200 |

The above analyses are based on a change in an assumption while holding all other assumptions constant.

30.1.3 Accident & Health

The main risk written by the company is morbidity. The company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of high exposure in a particular geographical area (Micro-Insurance in Northern Areas), medical expense inflation, fraudulent claims and catastrophic event. The company potentially faces the risk of lack of adequate claims control (such as for very large groups). The company also faces a risk of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The company has a well defined medical under-writing policy and avoids writing business for groups with potentially high health related risk exposure such as Government Schemes. Any pre-existing conditions are screened at this stage. Pricing is done as per actual experience of the company's portfolio. The premium charged takes into account the actual experience of the client and an MIS is maintained to track the adequacy of the premium charged. The company has pre-determined charges for certain illnesses with its panel hospitals, and to keep a check on medical inflation, it continues to negotiate these rates. The portfolio has a spread across various geographical regions. On the claims handling side, the company ensures that payment of any fraudulent claims is avoided. For this, the claims are reviewed and managed by technical staff and doctors while an on-site monitoring and checking is performed. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

a) **Frequency and severity of claims**

Company measures risk accumulation in terms of potentially high exposure concentration in a particular geographical area (such as micro insurance policy in northern areas).

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the company.

The amounts presented are showing total exposure of the company including exposure in respect of riders attached to the main policies.

Benefits assured per life

| Rupees | Assured at the end of 2012 Total benefits assured | | | |
|---------------------|--|----------------|-------------------|----------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 9,666,745 | 20.07% | 9,666,745 | 20.07% |
| 200,001 - 400,000 | 20,118,652 | 41.76% | 20,118,652 | 41.76% |
| 400,001 - 800,000 | 17,501,863 | 36.33% | 17,501,863 | 36.33% |
| 800,001 - 1,000,000 | 174,481 | 0.36% | 174,481 | 0.36% |
| More than 1,000,000 | 714,597 | 1.48% | 714,597 | 1.48% |
| Total | 48,176,338 | 100.00% | 48,176,338 | 100.00% |

| Rupees | Assured at the end of 2011 Total benefits assured | | | |
|---------------------|--|----------------|-------------------|----------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | 9,458,233 | 28.37% | 9,458,233 | 28.37% |
| 200,001 - 400,000 | 12,224,791 | 36.66% | 12,224,791 | 36.66% |
| 400,001 - 800,000 | 10,745,351 | 32.23% | 10,745,351 | 32.23% |
| 800,001 - 1,000,000 | 70,582 | 0.21% | 70,582 | 0.21% |
| More than 1,000,000 | 845,470 | 2.53% | 845,470 | 2.53% |
| Total | 33,344,427 | 100.00% | 33,344,427 | 100.00% |

b) **Sources of uncertainty in the estimation of future benefit payments and premium receipts**

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate morbidity for future years because of the short duration of the contracts.

c) **Process used to decide on assumptions**

An investigation into group's experience is performed periodically, and statistical methods are used to adjust the rates to a best estimate of morbidity. For this purpose, the experience is adjusted as per the international experience studies such as HIPE. Where data is sufficient to be statistically credible, the statistics generated by the data are assigned appropriate credibility factors to account for the group's experience.

d) **Changes in assumptions**

The valuation as at December 31, 2012, contains a change in reserving basis for the reserves maintained for group health Incurred But Not Reported (IBNR) claims.

The revised IBNR reserving methodology is to determine the claim lag factors at each year-end using the last two year's claims data. The claim lag factors so determined are then applied to determine the IBNR's at the year-end and the subsequent three quarter-ends. In order to cater for risk of potential increase in reporting lag due to rapid growth of business, an appropriate margin has been built in the IBNR.

For micro-insurance schemes, the IBNR basis at December 31, 2012 has been changed so as to target an ultimate claims ratio of 180% on the earned premium of last 18 months of high risk schemes and 125% on the earned premium of last 18 months for other micro-insurance schemes.

The above change in valuation bases has resulted in decrease in policyholder's liability by Rs. 8.5 million with corresponding impact on revenue account of the respective statutory fund.

e) **Sensitivity analysis**

The table below shows the level of respective variation in liabilities for change in each assumption while holding all other assumptions constant.

| Variables | Change in variable | Increase in liability | Increase in liability |
|--|--------------------|-----------------------|-----------------------|
| | | 2012 | 2011 |
| Rupees '000 | | | |
| Worsening of morbidity rates for risk policies | +10% p.a. | 5,000 | 3,600 |
| Increase in reporting lag | +10% p.a. | 5,000 | 3,600 |
| Increase in average claim amount | +10% p.a. | 5,000 | 3,600 |

30.1.4 Overseas group life and health business

The risk underwritten by the company is mainly mortality and morbidity. The company may be exposed to the risk of unexpected claim severity and/or frequency. With regards to mortality, the risk can be a result of writing business with higher than expected mortality (such as terrorism in the region), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. As for the morbidity, the risk may stem from higher than assumed medical expenses, fraudulent claims, inadequate claims control or catastrophic events (including terrorism). The company also faces risk such as that of underpricing to acquire business in a competitive environment and of non-receipt of premium in due time.

The company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. As part of its risk management the company has in place reinsurance arrangement to fully cover the mortality and morbidity risks underwritten. At the same time, the company has a well defined medical underwriting policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the company. The premium charged takes into account the actual experience of the client and the nature of mortality and morbidity exposure the group faces. The rates are certified by the appointed actuary for large groups. The company also maintains an MIS to track the adequacy of the premium charged. On the claims handling side, the company ensures that payment of any fraudulent claims is avoided. For this, a claims committee reviews all large claims for verification. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days.

As part of the risk management process, the company has fully reinsured the underwritten risks and hence the primary risk to which the company may be exposed to is that of reinsurer defaulting on its obligations. Presently as per the requirements of the State Bank of Pakistan, the company is required to settle all claims under this business from its reinsurance recoveries.

a) **Frequency and severity of claims**

The company measures concentration of risk in terms of exposure by geographical area and by its exposure to catastrophic events. As the portfolio for this line of business is relatively small, concentration of risk arising from geographical area is a source of concern. To mitigate this risk company maintains reinsurance which ensures that the company's liability in respect of concentration of risk remains within reasonable limits.

The following table presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross of the reinsurance contracts described above. Since the company maintains a 100% reinsurance, benefits insured net of the reinsurance contracts are practically Nil.

The amounts presented are showing total exposure of the company including exposure in respect of riders attached to the main policies.

Benefits assured per life

| Rupees | Assured at the end of 2012 Total benefits assured | | | |
|---------------------|--|----------------|-------------------|--------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | - | 0.00% | - | 0.00% |
| 200,001 - 400,000 | - | 0.00% | - | 0.00% |
| 400,001 - 800,000 | - | 0.00% | - | 0.00% |
| 800,001 - 1,000,000 | - | 0.00% | - | 0.00% |
| More than 1,000,000 | 14,313,637 | 100.00% | - | 0.00% |
| Total | 14,313,637 | 100.00% | - | 0.00% |

Benefits assured per life

| Rupees | Assured at the end of 2011 Total benefits assured | | | |
|---------------------|--|--------------|-------------------|--------------|
| | Before reinsurance | | After reinsurance | |
| | Rupees in '000 | % | Rupees in '000 | % |
| 0 - 200,000 | - | 0.00% | - | 0.00% |
| 200,001 - 400,000 | - | 0.00% | - | 0.00% |
| 400,001 - 800,000 | - | 0.00% | - | 0.00% |
| 800,001 - 1,000,000 | - | 0.00% | - | 0.00% |
| More than 1,000,000 | - | 0.00% | - | 0.00% |
| Total | - | 0.00% | - | 0.00% |

b) **Sources of uncertainty in the estimation of future benefit payments and premium receipts**

There is no need to estimate mortality and morbidity for future years because of the short duration of the contracts.

c) **Process used to decide on assumptions**

An investigation into group's experience is performed periodically and statistical methods are used to adjust the rates to a best estimate of mortality and morbidity. For this purpose, the crude rates for mortality were adjusted to reflect the slope in mortality as per India's mortality table of LIC (94-96) while for morbidity, international experience studies such as HIPE are used. Reinsurance rates provided by the reinsurer are also kept under consideration.

d) Changes in assumptions

The valuation as at December 31, 2012, contains a change in reserving basis for the reserves maintained for Overseas Group Life and Health Incurred But Not Reported (IBNR) claims compared to the valuation as at June 30, 2012.

The Overseas Group Life and Health fund was set-up with effect from January 1, 2012 and there were no reinsurance arrangements of the company as at June 30, 2012. Therefore an appropriate IBNR was held in the valuation as at June 30, 2012. However, as at December 31, 2012 the company has fully reinsured the underwritten risks resulting in no requirement of IBNR.

The above change in valuation bases has resulted in decrease in policyholder's liability by Rs. 8.4 million with corresponding impact on revenue account of the respective statutory fund.

e) Sensitivity analysis

The company has fully reinsured its underwritten risks and therefore a sensitivity analysis has not been conducted.

30.2 Financial risk**Liquidity risk**

Liquidity risk is the risk that the company will be unable to meet its funding requirements. To guard against the risk, the company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure that adequate liquidity is maintained.

Interest rate risk

The company invests in securities and has deposits that are subject to interest rate risk. Interest rate risk to the company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash and investments are denominated. The company's interest rate sensitivity and liquidity positions based on maturities is given in note 30.2.1

30.2.1 Mismatch of interest rate sensitive assets and liabilities / yield / interest rate risk

| | | 2012 | | | | | | | | | | |
|---|--------------|--------------------------------------|--------------------------------|---------------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------------|------------------------------|----------------|--|-----------|
| | | Exposed to Yield/ Interest rate risk | | | | | | | | | Non-interest bearing financial instruments | |
| Effective Yield/ Interest rate % | Total | Upto one month | Over one month to three months | Over three months to six months | Over six months to one year | Over one year to two years | Over two years to three years | Over three years to five years | Over five years to ten years | Over ten years | | |
| ← (Rupees in '000) → | | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | | |
| | | 6,764 | - | - | - | - | - | - | - | - | 6,764 | |
| | 7 | 827,675 | 805,280 | - | - | - | - | - | - | - | 22,395 | |
| | 8.60 - 10.25 | 3,748,000 | 898,000 | 2,100,000 | 650,000 | 100,000 | - | - | - | - | - | |
| | | 6,806 | - | - | - | - | - | - | - | - | 6,806 | |
| | 8.13.68 | 18,207,492 | 1,232,843 | 3,186,949 | 8,213,632 | - | 1,347,654 | 109,831 | 208,571 | 187,257 | 87,152 | |
| | | 134,636 | - | - | - | - | - | - | - | - | 134,636 | |
| | | 121 | - | - | - | - | - | - | - | - | 121 | |
| | | 30,847 | - | - | - | - | - | - | - | - | 30,847 | |
| | | 153,768 | - | - | - | - | - | - | - | - | 153,768 | |
| | | 18,451 | - | - | - | - | - | - | - | - | 18,451 | |
| | | 33,465 | - | - | - | - | - | - | - | - | 33,465 | |
| | | 23,168,025 | 2,936,123 | 5,286,949 | 8,863,632 | 100,000 | 1,347,654 | 109,831 | 208,571 | 187,257 | 87,152 | |
| Financial liabilities | | | | | | | | | | | | |
| | | 642,375 | - | - | - | - | - | - | - | - | 642,375 | |
| | | 4,561 | - | - | - | - | - | - | - | - | 4,561 | |
| | | 494,130 | - | - | - | - | - | - | - | - | 494,130 | |
| | | 388,831 | - | - | - | - | - | - | - | - | 388,831 | |
| | | 76,902 | - | - | - | - | - | - | - | - | 76,902 | |
| | | 2,640 | - | - | - | - | - | - | - | - | 2,640 | |
| | | 18,451 | - | - | - | - | - | - | - | - | 18,451 | |
| | | 1,627,890 | - | - | - | - | - | - | - | - | 1,627,890 | |
| On-balance sheet gap | | 21,540,135 | 2,936,123 | 5,286,949 | 8,863,632 | 100,000 | 1,347,654 | 109,831 | 208,571 | 187,257 | 87,152 | 2,412,966 |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| | | (117,879) | - | - | - | - | - | - | - | - | - | (117,879) |
| Off-balance sheet gap | | (117,879) | - | - | - | - | - | - | - | - | - | (117,879) |
| Total yield / interest rate risk sensitivity gap | | | 2,936,123 | 5,286,949 | 8,863,632 | 100,000 | 1,347,654 | 109,831 | 208,571 | 187,257 | 87,152 | 2,295,087 |
| Cumulative yield / interest rate risk sensitivity gap | | | 2,936,123 | 8,223,072 | 17,086,704 | 17,186,704 | 18,534,358 | 18,644,189 | 18,852,760 | 19,040,017 | 19,127,169 | 2,295,087 |

2011

| Effective Yield/ Interest rate % | Exposed to Yield/ Interest rate risk | | | | | | | | | | Non-interest bearing financial instruments | |
|---|--------------------------------------|----------------|--------------------------------|---------------------------------|-----------------------------|----------------------------|-------------------------------|--------------------------------|------------------------------|----------------|--|-----------|
| | Total | Upto one month | Over one month to three months | Over three months to six months | Over six months to one year | Over one year to two years | Over two years to three years | Over three years to five years | Over five years to ten years | Over ten years | | |
| | (Rupees in '000) | | | | | | | | | | | |
| On-balance sheet financial instruments | | | | | | | | | | | | |
| Financial assets | | | | | | | | | | | | |
| Cash and others | 4,120 | - | - | - | - | - | - | - | - | - | - | 4,120 |
| Current and other accounts | 7 446,033 | 430,565 | - | - | - | - | - | - | - | - | - | 15,468 |
| Deposits maturing within 12 months | 11.5-12.5 1,800,000 | - | - | - | 1,800,000 | - | - | - | - | - | - | - |
| Unsecured advances to employees | 8,981 | - | - | - | - | - | - | - | - | - | - | 8,981 |
| Investments - net of provision | 8-15.33 12,980,197 | 521,477 | 1,866,910 | 2,259,948 | 4,030,371 | 135,889 | 1,392,434 | 133,879 | 9,952 | 100,822 | 2,528,515 | |
| Premiums due but unpaid | 115,571 | - | - | - | - | - | - | - | - | - | - | 115,571 |
| Investment income due but outstanding | 103 | - | - | - | - | - | - | - | - | - | - | 103 |
| Investment income accrued | 37,637 | - | - | - | - | - | - | - | - | - | - | 37,637 |
| Amounts due from other insurers / reinsurers | 111,898 | - | - | - | - | - | - | - | - | - | - | 111,898 |
| Inter-fund receivable | 26,527 | - | - | - | - | - | - | - | - | - | - | 26,527 |
| Sundry receivable | 19,254 | - | - | - | - | - | - | - | - | - | - | 19,254 |
| | 15,550,321 | 952,042 | 1,866,910 | 2,259,948 | 5,830,371 | 135,889 | 1,392,434 | 133,879 | 9,952 | 100,822 | 2,868,074 | |
| Financial liabilities | | | | | | | | | | | | |
| Outstanding claims | 582,985 | - | - | - | - | - | - | - | - | - | - | 582,985 |
| Amounts due to other insurers / reinsurers | 15,175 | - | - | - | - | - | - | - | - | - | - | 15,175 |
| Amounts due to agents | 347,243 | - | - | - | - | - | - | - | - | - | - | 347,243 |
| Accrued expenses | 285,472 | - | - | - | - | - | - | - | - | - | - | 285,472 |
| Other creditors and accruals | 30,064 | - | - | - | - | - | - | - | - | - | - | 30,064 |
| Unclaimed dividend | 1,642 | - | - | - | - | - | - | - | - | - | - | 1,642 |
| Inter-fund payable | 26,527 | - | - | - | - | - | - | - | - | - | - | 26,527 |
| | 1,289,108 | - | - | - | - | - | - | - | - | - | - | 1,289,108 |
| On-balance sheet gap | 14,261,213 | 952,042 | 1,866,910 | 2,259,948 | 5,830,371 | 135,889 | 1,392,434 | 133,879 | 9,952 | 100,822 | 1,578,966 | |
| Off-balance sheet financial instruments | | | | | | | | | | | | |
| Commitments | (118,099) | - | - | - | - | - | - | - | - | - | - | (118,099) |
| Off-balance sheet gap | (118,099) | - | - | - | - | - | - | - | - | - | - | (118,099) |
| Total yield / interest rate risk sensitivity gap | | 952,042 | 1,866,910 | 2,259,948 | 5,830,371 | 135,889 | 1,392,434 | 133,879 | 9,952 | 100,822 | 1,460,867 | |
| Cumulative yield / interest rate risk sensitivity gap | | 952,042 | 2,818,952 | 5,078,900 | 10,909,271 | 11,045,160 | 12,437,594 | 12,571,473 | 12,581,425 | 12,682,247 | 1,460,867 | |

a) Sensitivity analysis - interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

Debt securities held to maturity are accounted for at amortised cost and their carrying amounts are not sensitive to changes in the level of interest rates.

Management monitors the sensitivity of reported interest rate movements periodically by assessing the expected changes in the different portfolios due to parallel movements of 100 basis points in all yield curves.

An increase in 100 basis points in interest yields would result in a loss of Rs. 59.36 million (2011: Rs. 42.53 million). The portion of this loss that would be recognised directly in profit and loss account is Rs. 0.08 million (2011: Rs. 2.8 million)

A decrease in 100 basis points in interest yields would result in a gain of Rs. 14.30 million (2011: Rs. 45.83 million). The portion of this gain that would be recognised directly in profit and loss account is Rs. 0.36 million (2011: Rs. 4.07 million)

b) Sensitivity analysis - currency risk

Except for business underwritten in Overseas group life and health fund, the company primarily underwrites insurance contracts in Pak Rupees and invests in assets denominated in the same currency, which eliminates the foreign currency exchange rate risk for these operations.

31. FOREIGN CURRENCY RISK

As at balance sheet date, there are no material financial instruments denominated in foreign currency. Therefore, the company is not materially exposed to risk from foreign currency exchange rate fluctuation.

32. MARKET RISK

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

The company is exposed to market risk with respect to its investments.

The company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity, open-end and closed-end mutual funds and term finance certificates markets. In addition, the company actively monitors the key factors that affect the underlying value of these securities.

33. CREDIT RISK AND CONCENTRATION OF CREDIT RISK

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises when a number of counterparties have similar types of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner.

Major credit risk is in premiums receivable, reinsurance receivables, bank balances and investments. The management monitors exposure to credit risk through regular review of credit exposure and assessing credit worthiness of counter parties.

| | AAA | AA+ | AA | AA- | A+ | A | A- | BBB+ | BBB- | Not rated | Total |
|---------------------------|---------|-----------|---------|---------|---------|--------|--------|------|------|------------|------------|
| (Rupees in '000) | | | | | | | | | | | |
| December 31, 2012 | | | | | | | | | | | |
| Debt securities | - | - | 169,863 | 272,678 | - | 58,402 | - | - | - | 13,972,871 | 14,473,814 |
| Open-end mutual funds | - | - | 53,552 | - | - | - | 35,843 | - | - | 322,035 | 411,430 |
| Loans and receivables | - | - | - | 69,331 | 79,200 | 5,236 | - | - | - | 202,445 | 356,212 |
| Cash and cash equivalents | - | 3,811,341 | - | - | 9,189 | 3,990 | 1,155 | - | - | 6,764 | 3,832,439 |
| | - | 3,811,341 | 223,415 | 342,009 | 88,389 | 67,628 | 36,998 | - | - | 14,504,115 | 19,073,895 |
| December 31, 2011 | | | | | | | | | | | |
| Debt securities | - | 4,836 | 222,047 | 74,804 | 15,017 | - | - | - | - | 10,134,979 | 10,451,683 |
| Open-end mutual funds | 100,000 | 150,000 | - | - | - | 24,037 | - | - | - | 64,604 | 338,641 |
| Loans and receivables | - | - | - | 19,637 | 38,481 | 53,780 | - | - | - | 162,115 | 274,013 |
| Cash and cash equivalents | - | - | - | - | 445,872 | 161 | - | - | - | 4,120 | 450,153 |
| | 100,000 | 154,836 | 222,047 | 94,441 | 499,370 | 77,978 | - | - | - | 10,365,818 | 11,514,490 |

Due to the nature of its business the company is not exposed to concentration of credit risk.

The carrying values of financial assets which are neither past due nor impaired are as under:

| | 2012 | 2011 |
|---------------------------------------|-----------|-----------|
| (Rupees in '000) | | |
| Cash and bank deposits | 4,582,439 | 2,250,153 |
| Unsecured advances to employees | 6,806 | 8,981 |
| Premiums due but unpaid | 66,773 | 63,693 |
| Investment income due but outstanding | 121 | 103 |
| Investment income accrued | 30,847 | 37,637 |
| Sundry receivable | 33,465 | 19,254 |

The carrying values of financial assets which are past due but not impaired are as under:

| | 2012 | 2011 |
|-------------------------|--------|--------|
| (Rupees in '000) | | |
| Premiums due but unpaid | 31,324 | 33,898 |

The carrying values of financial assets which are past due and impaired are as under:

| | 2012 | 2011 |
|-------------------------|--------|--------|
| (Rupees in '000) | | |
| Premiums due but unpaid | 36,539 | 17,980 |

34. REINSURANCE RISK

In order to minimise the financial exposure arising from large claims, the company, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the company obtains reinsurance cover only from companies with sound financial health.

35. CAPITAL MANAGEMENT

The company's goals and objectives when managing capital are:

- to comply with the minimum paid-up capital requirements as prescribed by SECP which in respect of the current and next year is Rs. 500 million (2011: Rs 500 million);
- to safeguard the company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders';
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- maintain strong ratings and to protect the company against unexpected events / losses; and
- to ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

As prescribed by SECP, company is required to maintain the minimum capital and to comply with the solvency requirements both for shareholders' and statutory funds in accordance with the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as amended by S.R.O. 16 (1)/2012 dated January 9, 2012, with which the company is in compliance.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

As at December 31, 2012, the carrying value of all financial instruments is estimated to approximate their fair value, except for investments referable to non-linked funds, the market value of which exceeded the cost by Rs. 40.57 million (2011: Rs. 40.71 million) on an aggregate portfolio basis.

37. ACCOUNTING ESTIMATES AND JUDGMENTS

The company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates relating to insurance contracts are based on the advice of the appointed actuary. Some of the critical accounting estimates and judgments are as follows:

37.1 Policyholders' liabilities

37.1.1 Valuation discount rate

The valuation of policyholders' liabilities has been based on a discount rate of 3.75%, which is in line with the requirements under the repealed Insurance Act, 1938 and is considerably lower than the actual investment return the company is managing on its conventional portfolio. The difference each year between the above and the actual investment return is intended to be available to the company for meeting administration expense and provide margins for adverse deviation.

37.1.2 Mortality assumption

For the purpose of valuing the insurance contracts, the mortality assumption used is based on EFU (61-66) table. This table is constructed on the basis of EFU (61-66) table, adjusted to reflect the mortality expectation in Pakistan. In the opinion of appointed actuary the adjusted table gives the closest match to the underlying mortality of the covered population.

37.1.3 Claims provision

The calculation of Incurred But Not Reported Claims Reserve for both Group Life under Conventional Business and Accident and Health lines has been based on the assumption that the claims lag pattern would follow the trend experienced over the past 3 years.

The reserving basis has been formulated on the recent claims lag pattern and experience of the company for each line of business separately. Appropriate margins have been added to ensure that the reserve set aside is resilient to changes in the experience.

37.1.4 Surrenders

For the purpose of valuation of conventional business, no provision has been made for lapses and surrenders. This gives prudence to the value placed on the liability by not taking any credits for the profits made on surrenders.

37.2 Income taxes

In making the estimates for income taxes currently payable by the company, the management looks at the current income tax law and the decisions of appellate authorities on disputed issues in the past. However, the company has made adequate provision in this respect. Therefore, no amount is shown as a contingent liability of the company.

37.3 Impairment in respect of listed securities

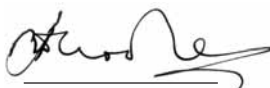
The company determines that listed available-for-sale securities are impaired when there has been a significant decline in fair value below its cost. In making this judgment, the company evaluates among other factors volatility in share prices in normal course.

38. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 28, 2013 proposed a final cash dividend of Rs.4.50 per share (2011: Rs. 3 per share) for the year ended December 31, 2012 amounting to Rs. 282.20 million (2011: Rs. 188.14 million) for approval of the members at the forthcoming Annual General Meeting. These financial statements do not recognise this appropriation which will be accounted for in the financial statements for the year ending December 31, 2013.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on February 28, 2013 by the Board of Directors of the company.



MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Statement of Directors

(As per the requirement of section 46(6) and section 52(2)(c) of the Insurance Ordinance, 2000)

Section 46(6)

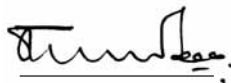
- (a) In our opinion the annual statutory accounts of the Jubilee Life Insurance Company Limited set out in the forms attached to the statement have been drawn up in accordance with the Ordinance and any rules made there under;
- (b) Jubilee Life Insurance Company Limited has at all the times in the year complied with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements; and
- (c) As at December 31, 2012, Jubilee Life Insurance Company Limited continues to be in compliance with the provisions of the Ordinance and the rules made there under relating to paid-up capital, solvency and reinsurance arrangements.

Section 52(2)(c)

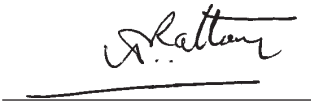
- (d) In our opinion, each statutory fund of Jubilee Life Insurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000, and the Insurance Rules, 2002.



MASOOD NOORANI
Chairman



SHAHID M. LOAN
Director



ALY NOOR MAHOMED RATTANSEY
Director



JAVED AHMED
Managing Director &
Chief Executive Officer

Statement by the Appointed Actuary

required under Section 52(2) a & b of the Insurance Ordinance, 2000.

In my opinion

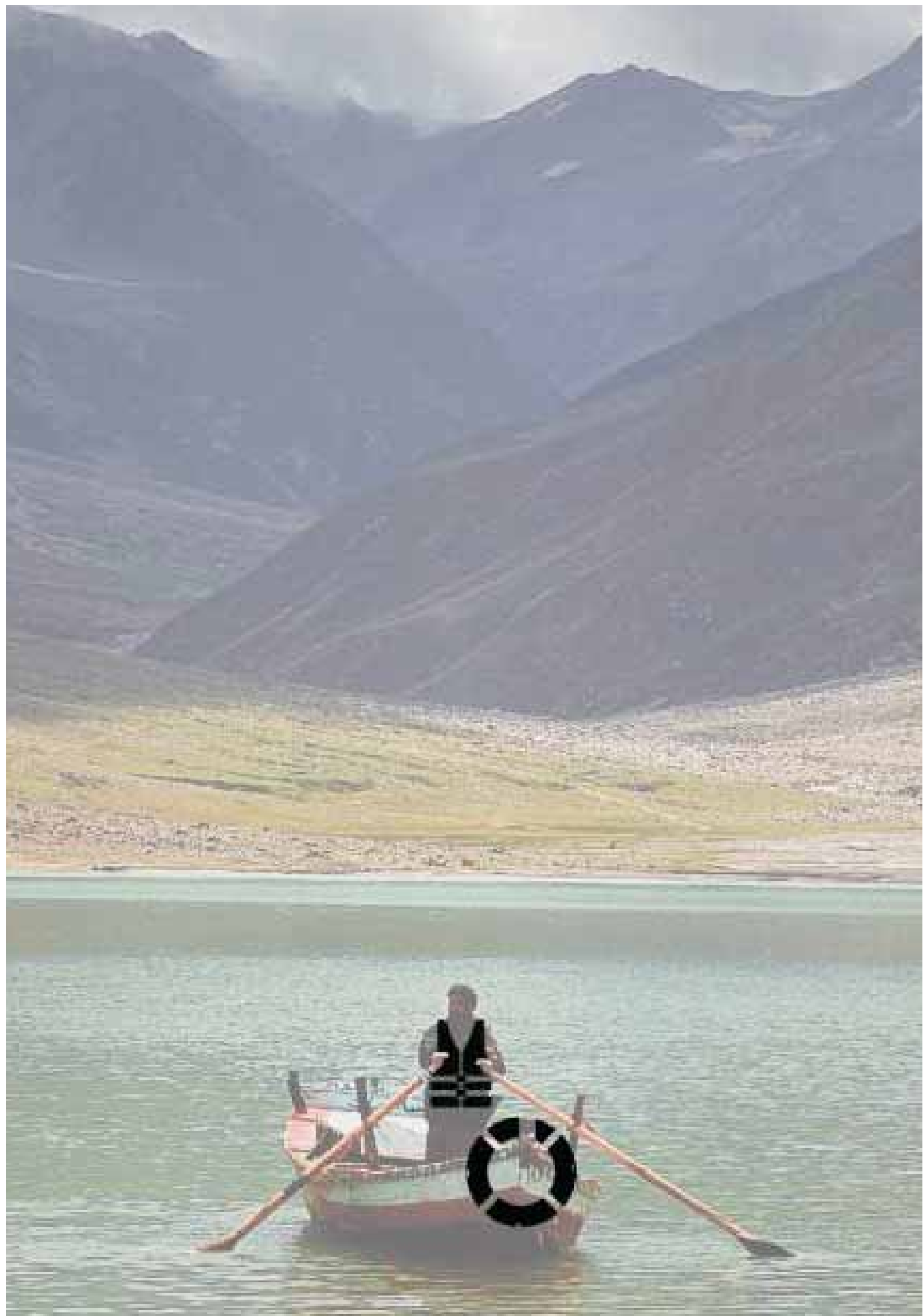
- (a) the policyholders' liabilities included in the balance sheet of Jubilee Life Insurance Company Limited as at December 31, 2012 have been determined in accordance with the provisions of the Insurance Ordinance, 2000; and
- (b) each Statutory fund of the Jubilee Life Insurance Company Limited complies with the solvency requirements of the Insurance Ordinance, 2000.



NAUMAN A. CHEEMA
Appointed Actuary of the Company
Fellow of Society of Actuaries (USA)
Fellow of Pakistan Society of Actuaries

Lahore: February 28, 2013

SHAREHOLDERS' INFORMATION



SAVINGS AND PROTECTION PLANS

We take on all your worries
because we know what your loved
ones mean to you.

Notice of Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting of the Shareholders of Jubilee Life Insurance Company Limited will be held as per below mentioned schedule:

Date and time: April 15, 2013 (Monday) at 11.00 a.m.
Venue: Auditorium, Habib Bank Tower, Jinnah Avenue, Islamabad

AGENDA

Ordinary Business

1. To consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2012 and the Directors and Auditors Reports thereon.
2. To consider and approve payment of Cash Dividend of 45% (Rs. 4.50 per ordinary share of Rs. 10 each) for the year ended December 31, 2012 as recommended by the Directors of the Company.
3. To consider and approve the appointment of Auditors for the year ending 31 December 2013 and to fix their remuneration. The retiring Auditors Messrs. A.F. Ferguson & Co. Chartered Accountants being eligible have offered themselves for reappointment.

Special Business

4. To consider and approve the following Resolutions as Special Resolutions as required under Section 208 of the Companies Ordinance, 1984.
 - (i) **Investment in ordinary shares of Habib Bank Limited**
"To invest a sum of up to Rs.150 million for the purchase of ordinary shares of Habib Bank Limited".
 - (ii) **Investment in London Bishkek Insurance Company Kyrgyz Republic**
"To invest a sum up to US\$ 440,088 for acquisition of 19.50% shareholding in the ordinary shares of London Bishkek Insurance Company - CJSC, Kyrgyz Republic, subject to all necessary regulatory approvals".
 - (iii) The Managing Director and / or Chief Financial Officer be and hereby authorized to take all necessary actions as may be required to implement and give effect to the above mentioned Resolutions and to complete all other legal formalities. FURTHER RESOLVED that the Special Resolution be and is hereby passed for the purpose of Section 208 of the Companies Ordinance, 1984.
5. To transact any other ordinary business as may be placed before the meeting with the permission of the Chair.

A statement of Material Facts under Section 160(1)(b) of the Companies Ordinance, 1984 pertaining to the aforesaid Special Business is being sent to the shareholders along with the Notice of Annual General Meeting.

By order of the Board



Manzoor Ahmed
Company Secretary

February 28, 2013
Karachi

NOTES:

1. The Share transfer books of the Company shall remain closed from April 06, 2013 to April 15, 2013 (both days inclusive). Transfers received in order by our registrar, M/s Central Depository Company of Pakistan, CDC Share Registrar Service, CDC House, 99-B, Block-B, SMCHS, Main Shara-e-Faisal, Karachi-74400, at the close of business on April 05, 2013 will be treated in time for the purpose of attending the meeting.
2. A Member of the company entitled to attend and vote at this Meeting shall be entitled to appoint another member, as his/her proxy to attend, speak and vote instead of him/her, and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Meeting as are available to a member.
3. A Member shall not be entitled to appoint more than one proxy to attend any one meeting. If any Member appoints more than one proxy for any one meeting and more than one instruments of proxy are deposited with the Company, all such instruments of proxy shall be rendered invalid.
4. Proxies, in order to be effective, must be received by / lodged with the Company at its Registered Office 26-D, 3rd floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad not less than 48 hours before the Meeting.
5. Members are requested to immediately notify any change in their addresses.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
7. In pursuance with the Securities & Exchange Commission of Pakistan (SECP) notification No. SRO 779(1)/2011 dated August 18, 2011 and SRO. 831 (1)/2012 dated July 05, 2012, the shareholders possessing physical shares are requested to immediately send a copy of their Computerized National Identity Card (CNIC) to our Registrar Office, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block B, SMCHS, Main Shara-e-Faisal, Karachi for printing / insertion of CNIC number on respective Dividend Warrant. In case of non-receipt of the copy of valid CNIC and non-compliance of the above requirement, the Company will be constrained to withhold dispatch of Dividend Warrants to such shareholders. Corporate entities are also requested to submit their NTN at the address of our Registrar as given above.

A). FOR ATTENDING THE MEETING:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

The shareholders registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.

- ii) In case of corporate entity, the Board of Directors' resolution/power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

B). FOR APPOINTMENT OF PROXIES:

- i) In case of individual, the account holder or sub account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.
- v) In case of corporate entity being a Member, the Board of Directors' resolution / power of attorney with specimen signature of the nominee / attorney shall have to be submitted (unless it has been provided earlier) along with the proxy form to the Company.

Pursuant to Section 160(1)(b) of the Companies Ordinance, 1984:

Agenda Item -4- Investments in Associates:

Special Resolution:

(i) Investment in ordinary shares of Habib Bank Limited

"To invest a sum of up to Rs. 150 million for the purchase of ordinary shares of Habib Bank Limited".

(ii) Investment in London Bishkek Insurance Company Kyrgyz Republic

"To invest a sum up to US\$ 440,088 for acquisition of 19.50% shareholding in the ordinary shares of London Bishkek Insurance Company - CJSC, Kyrgyz Republic, subject to all necessary regulatory approvals".

a. Habib Bank Limited.

| Sr. No. | Description | Status |
|---------|---|---|
| 1. | Name of associated company or associated undertaking along with criteria based on which the associated relationship is established. | Common Director-ship. |
| 2. | Purpose, benefits and period of investments | <ul style="list-style-type: none"> - To earn dividend income - To benefit from the expected future growth of HBL. - Period of investment is Long term |
| 3. | Maximum amount of investment | Rs. 150 million |
| 4. | Maximum price at which securities will be acquired. | Market price at the time of purchase of shares. |
| 5. | Maximum number of securities to be acquired | Number of shares would depend upon the prevailing market prices at the time of purchase of shares. |
| 6. | Number of securities and percentage thereof held before and after the proposed investment. | <p>Before: Number of securities: 1,021,703 Jubilee Life's shareholding: 0.08%</p> <p>After: Number of securities cannot be determined at this stage as it will depend on the market price prevailing at the time the shares are acquired.</p> |
| 7. | In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired. | Rs. 115.77 per share |
| 8. | In case of investment in unlisted securities, fair market value of such securities determined in term of regulation 6(1) | Not applicable |
| 9. | Break-up value of securities intended to be acquired on the basis of latest audited financial statements | Rs. 108.73 |
| 10. | Earnings per share of the associated company or associated undertaking for the last three years. | 2010: Rs. 15.26 2011: Rs. 18.30 2012: Rs. 18.36 |

| Sr. No. | Description | Status |
|---------|---|--|
| 11. | Source of fund from which securities will be acquired. | Company's own funds. |
| 12. | Where the securities are intended to be acquired using borrowed funds 1. Justification for investment through borrowings and 2. Detail of guarantees and assets pledged for obtaining such funds. | Not applicable |
| 13. | Salient features of the agreement(s) if any, entered into with its associated company or associated undertaking with regards to the proposed investment. | Not applicable |
| 14. | Direct or indirect interest of Directors, Sponsors, Majority Shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration. | Common Directorship. The Directors have no direct or indirect holding in this investment. |
| 15. | Any other important details necessary for the members to understand the transaction. | Not applicable |
| 16. | In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information required, namely I. Description of the project and its history since conceptualization; II. Starting and expected date of completion of work; III. Time by which such project shall become commercially operational; and IV. Expected time by which the project shall start paying return on investment. | Not applicable |

b. London Bishkek Insurance Company – CJSC, Kyrgyz Republic.

| Sr. No. | Description | Status |
|---------|---|--|
| 1. | Name of associated company or associated undertaking along with criteria based on which the associated relationship is established. | London Bishkek Insurance Company (LBIC) - CJSC, Kyrgyz Republic. The associated relationship is established based on the common directorship. |
| 2. | Purpose, benefits and period of investments | This is a long term strategic investment. The purpose is to establish a strong market position in a developing insurance market of Central Asia. To benefit from expected income and a growth of the investee company. |
| 3. | Maximum amount of investment | Up to US Dollars 440,088 |
| 4. | Maximum price at which securities will be acquired. | US Dollar 0.0435 per share |

| Sr. No. | Description | Status |
|---------|---|--|
| 5. | Maximum number of securities to be acquired. | Up to 10,106,693 Ordinary Shares |
| 6. | Number of securities and percentage thereof held before and after the proposed investment. | Before: Number of securities: NIL Jubilee Life's shareholding: NIL After: Number of securities: 10,106,693 Jubilee Life's shareholding: 19.50% |
| 7. | In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired. | Not applicable as the company is not a listed company |
| 8. | In case of investment in unlisted securities, fair market value of such securities determined in term of regulation 6(1) | 100% shareholding of the London Bishkek Insurance Company (LBIC) has been acquired by the Kyrgyz Investment and Credit Bank (KICB) at a negotiated price of US\$ 0.0435 per ordinary share based on a due diligence carried out by Deloitte. The Bank intends to sell up to 19.50% of the shareholding in LBIC to Jubilee Life Insurance Company Limited at the same price of US\$ 0.0435 per ordinary share. |
| 9. | Break-up value of securities intended to be acquired on the basis of latest audited financial statements | US\$ 0.0360 per share |
| 10. | Earnings per share of the associated company or associated undertaking for the last three years. | 2010: US\$ 0.0005 2011: US\$ (0.0007) 2012: US\$ 0.0015 |
| 11. | Source of fund from which securities will be acquired | Own sources of the company |
| 12. | Where the securities are intended to be acquired using borrowed funds 1. Justification for investment through borrowings and 2. Detail of guarantees and assets pledged for obtaining such funds. | Not applicable |
| 13. | Salient features of the agreement(s) if any, entered into with its associated company or associated undertaking with regards to the proposed investment. | Not applicable |
| 14. | Direct or indirect interest of Directors, Sponsors, Majority Shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration. | The Directors have no direct or indirect interest in the proposed investment except to the extent of their shareholding in Jubilee Life Insurance company. |
| 15. | Any other important details necessary for the members to understand the transaction. | Not applicable |
| 16. | In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, the following further information required, namely 1. Description of the project and its history since conceptualization; 2. Starting and expected date of completion of work; 3. Time by which such project shall become commercially operational; and 4. Expected time by which the project shall start paying return on investment. | Not applicable |

Pattern of Shareholdings

As at December 31, 2012

| Number of Shareholders | Shareholding's Slab | | Total Shares held |
|------------------------|---------------------|-------------|-------------------|
| | From | To | |
| 125 | 1 | to 100 | 3,118 |
| 558 | 101 | to 500 | 240,025 |
| 206 | 501 | to 1000 | 176,095 |
| 346 | 1001 | to 5000 | 978,555 |
| 83 | 5001 | to 10000 | 652,634 |
| 21 | 10001 | to 15000 | 264,930 |
| 20 | 15001 | to 20000 | 357,392 |
| 15 | 20001 | to 25000 | 351,420 |
| 5 | 25001 | to 30000 | 139,234 |
| 5 | 30001 | to 35000 | 159,030 |
| 3 | 35001 | to 40000 | 116,400 |
| 2 | 40001 | to 45000 | 83,000 |
| 2 | 45001 | to 50000 | 95,050 |
| 3 | 50001 | to 55000 | 160,000 |
| 1 | 55001 | to 60000 | 60,000 |
| 2 | 60001 | to 65000 | 126,000 |
| 1 | 75001 | to 80000 | 77,400 |
| 2 | 80001 | to 85000 | 165,500 |
| 1 | 90001 | to 95000 | 93,890 |
| 2 | 95001 | to 101000 | 200,500 |
| 1 | 110001 | to 115000 | 115,000 |
| 2 | 120001 | to 125000 | 247,500 |
| 1 | 145001 | to 150000 | 150,000 |
| 1 | 165001 | to 170000 | 165,064 |
| 1 | 245001 | to 250000 | 246,000 |
| 1 | 270001 | to 275000 | 271,435 |
| 1 | 355001 | to 360000 | 356,000 |
| 1 | 400001 | to 405000 | 400,700 |
| 1 | 430001 | to 435000 | 430,890 |
| 1 | 490001 | to 495000 | 492,340 |
| 1 | 565001 | to 570000 | 567,973 |
| 1 | 625001 | to 630000 | 630,000 |
| 1 | 655001 | to 660000 | 660,000 |
| 1 | 920001 | to 925000 | 924,965 |
| 1 | 970001 | to 975000 | 973,800 |
| 1 | 4030001 | to 4035000 | 4,032,766 |
| 1 | 11250001 | to 11255000 | 11,255,000 |
| 1 | 36290001 | to 36295000 | 36,292,394 |
| 1,422 | | | 62,712,000 |

Pattern of Shareholdings

As at December 31, 2012

| Categories of Shareholders | Number of Shareholders | Shares held | Percentage |
|--|------------------------|-------------------|----------------|
| 1. Directors, Chief Executive Officer, their spouse and minor children: | 8 | 395,215 | 0.63% |
| Masood Noorani | | 271,435 | |
| Towfiq Habib Chinoy | | 100,500 | |
| Hina Javed | | 20,500 | |
| Javed Ahmed | | 780 | |
| Sultan Ali Akbar Allana | | 500 | |
| Shahid Mahmood Loan | | 500 | |
| John Joseph Metcalf | | 500 | |
| Aly Noor Mahomed Rattansey | | 500 | |
| 2. Associated Companies, Undertakings & related parties: | 5 | 52,195,000 | 83.23% |
| * Aga Khan Fund for Economic Development S.A. Switzerland | | 36,292,394 | |
| Habib Bank Limited - Treasury Division | | 11,255,000 | |
| CDC- Trustee HBL - Stock Fund | | 122,500 | |
| Jubilee General Insurance Company Limited | | 4,032,766 | |
| The Aga Khan University Foundation | | 492,340 | |
| 3. NIT and ICP | 1 | 500 | |
| Investment Corporation of Pakistan | | 500 | |
| 4. Public Sector Companies & Corporations | | - | |
| 5. Banks, Development Financial Institutions & Non Banking Financial Institutions | 2 | 25,000 | 0.04% |
| MCB Bank Limited | | 16,000 | |
| Soneri Bank Limited | | 9,000 | |
| 6. Insurance Companies | 2 | 925,465 | 1.48% |
| EFU General Insurance Limited | | 924,965 | |
| The Premier Insurance Company of Pakistan | | 500 | |
| 7. Modarbas and Mutual Funds | 4 | 399,400 | 0.64% |
| CDC- Trustee First Dawood Mutual Fund | | 356,000 | |
| CDC- Trustee JS Pension Savings Fund-Equity Account | | 38,400 | |
| CDC- Trustee APF Equity Sub Fund | | 2,000 | |
| First Equity Modarba | | 3,000 | |
| 8. Others | 32 | 900,099 | 1.44% |
| 9. Executives | 5 | 24,521 | 0.04% |
| Muhammad Sohail Fakhra | | 20,000 | |
| Zahid Barki | | 2,000 | |
| Muhammad Munawar Khalil | | 1,400 | |
| Manzoor Ahmed | | 621 | |
| Faisal | | 500 | |
| 10. General Public - Local | 1358 | 5,179,800 | 8.26% |
| Foreign | 5 | 2,667,000 | 4.25% |
| ACACIA Partners LP | | 973,800 | |
| ACACIA II Partners LP | | 630,000 | |
| ACACIA Conservation Fund-Offshore Ltd. | | 400,700 | |
| ACACIA Institutional Partners LP | | 660,000 | |
| Mohammad Ishaq | | 2,500 | |
| TOTAL | 1,422 | 62,712,000 | 100.00% |
| * Excluding 2,500 shares held by Nominee Directors | | | |

| | Designation | Transaction | No. of Shares |
|--|-------------|-------------|---------------|
|--|-------------|-------------|---------------|

11. Trading in shares by the Directors, CEO & Spouse and Executive during the year 2012

| | | | |
|--------------------------------|-------------------|-----------|--------|
| Masood Noorani | Director | Purchased | 50,000 |
| Hina Javed (spouse of the CEO) | Director | Purchased | 500 |
| Manzoor Ahmed | Company Secretary | Sold | 5,000 |

| | No. of Shareholders | Shares Held | Percentage |
|--|---------------------|-------------|------------|
|--|---------------------|-------------|------------|

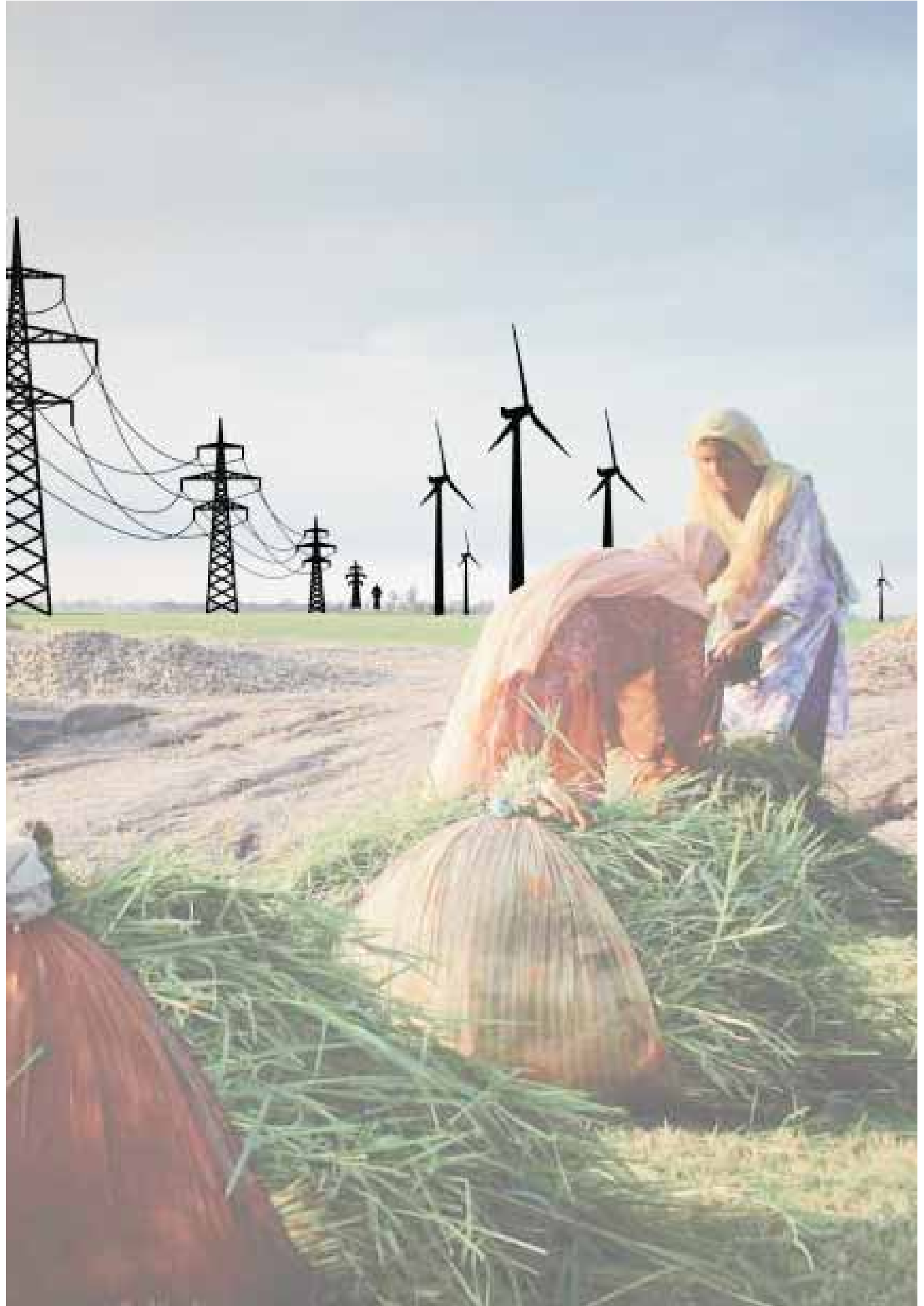
12. Categories of Shareholders as at December 31, 2012

| | | | |
|------------------------------|-------|------------|--------|
| Individuals | 1,371 | 5,599,536 | 8.93% |
| Insurance Companies | 3 | 4,958,231 | 7.91% |
| Joint Stock Companies | 32 | 900,099 | 1.44% |
| Financial Institutions | 5 | 47,572,894 | 75.86% |
| Modarbas & Mutual Funds | 5 | 521,900 | 0.83% |
| Non Residential Shareholders | 5 | 2,667,000 | 4.25% |
| Others | 1 | 492,340 | 0.79% |

| | | | |
|-------|-------|------------|---------|
| TOTAL | 1,422 | 62,712,000 | 100.00% |
|-------|-------|------------|---------|

13. Shareholders holding 5% or more voting interest

| | | |
|---|------------|--------|
| Aga Khan Fund for Economic Development S.A. Switzerland | 36,292,394 | 57.87% |
| Habib Bank Limited Treasury Division | 11,255,000 | 17.95% |
| Jubilee General Insurance Company Limited | 4,032,766 | 6.43% |



MICROINSURANCE PLANS

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NORTH REGION

Khyber Branch

2nd Floor, Samad Plaza, Opposite GAP CNG, Tehkal, University Road, Peshawar. (091) 5850520-22

University Road Branch

2nd Floor, Samad Plaza, Opposite GAP CNG, Tehkal, University Road, Peshawar. (091) 5850520-22

Lakki Marwat (Sub Office)

Main Laari Adda, Near Kargal Chowk, Main Mianwali Road, Laki Marwat. (0969) 9512006

Canth Branch-1

UG-Office # 422, 424, 426, 440, 442 Main Lobby Deans Trade Centre, Peshawar Cantt. (091) 5270566 / 5270388

Canth Branch-2

UG-Office # 422, 424, 426, 440, 442 Main Lobby Deans Trade Centre, Peshawar Cantt. (091) 5270566 / 5270388

Deans Branch

UG-Office # 422, 424, 426, 440, 442 Main Lobby Deans Trade Centre, Peshawar Cantt. (091) 5270566 / 5270388

Mardan (Sub Office)

Mardan Trade Centre, Near Aga Khan Lab, Shamsi Road, Mardan. (0937) 7870700

Chitral Branch

Terichmir View Hotel, Shahi Qila Road, Chitral. (0943) 413649

New Kohat Branch

Al Madina Plaza, Pehzati Chikarkot, Bannu Road, Kohat. (0922) 519789

Twin City Branch

DD-83, 1st Floor, Minhas Shopping Plaza, Shamsabad, Murree Road, Rawalpindi (051) 457201 - 4

Haider Road Branch

DD-83 1st Floor, Minhas Shopping Plaza, Shamsabad, Murree Road, Rawalpindi. (051) 457201 - 4

Shamsabad Branch

DD-83, 1st Floor, Minhas Shopping Plaza, Shamsabad, Murree Road, Rawalpindi. (051) 457201 - 4

Mansehra Road Branch

1st Floor, Civic Shopping Centre, near Mandian, Mansehra Road, Abottabad. (0992) 383257

Mirpur Branch

Plot No.629, 1st Floor, Sector B-1, Allama Iqbal Road, Bank Square, Nangi, Mirpur AJK. (05827) 445223 / 445805

Muzaffarabad Branch

Aziz Plaza, Opposite Government Girls College, C.M.H Road, Muzaffarabad, Azad Kashmir. (0582) 2445041

Pindi Road Kotli Branch

2nd Floor, Gulistan Plaza, Pindi Road, Kotli, Azad Kashmir. (05826) 444475

Jinnah Avenue Road Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Islamabad. (051) 2206930

Islamabad Central Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Islamabad. (051) 2206930-1

Saddar Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Islamabad. (051) 2206930-1

Pamir Branch

Nasir Market, Opp. FCNA, Near SCO Sector Office, Hally Chock, Jutial, Gilgit. (05811) 450093-4-6

Karakuram Branch

Nasir Market, Opp. FCNA, Near SCO Sector Office, Hally Chock, Jutial, Gilgit. (05811) 450093-4-6

Hunza Branch

Nasir Market, Opp. FCNA, Near SCO Sector Office, Hally Chock, Jutial, Gilgit. (05811) 450093-4-6

Karakuram-2 Branch

Z.S. Plaza, 2nd Floor, Opposite Radio Pakistan, Main Shakra-e-Quid-e- Azam, Jutial, Gilgit. (05811) 457062-4-8

Hamalian's Branch

Z.S. Plaza, 2nd Floor, Opposite Radio Pakistan, Main Shakra-e-Quid-e- Azam, Jutial, Gilgit. (05811) 457062-4-8

Ghizer Branch

Z.S. Plaza, 2nd Floor, Opposite Radio Pakistan, Main Shakra-e-Quid-e- Azam, Jutial, Gilgit. (05811) 457062-4-8

Margalla Hills Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Islamabad. (051) 2206930-1

Rawal Branch

D-26, 3rd Floor, Kashmir Plaza, Jinnah Avenue, Islamabad. (051) 2206930-1

Service North Branch

DD-83 1st Floor, Minhas Shopping Plaza, Shamsabad, Murree Road, Rawalpindi. (051) 457201-4

CENTRAL REGION

G.T. Road Branch-1

1st Floor, Chughtai Centre, Shaheen Abad, Main G.T Road, Gujranwala. (055) 3824735

Paris Road Branch

2nd Floor, Al Ameen Centre, Opp. Sialkot Chamber of Commerce & Industry, Paris Road, Sialkot. (052) 4264687-8

Ravi Branch

1st, 2nd, & 3rd Floor, Plot # 79, Commercial Area, Officers Housing Scheme, Cavalry Ground, Lahore. (042) 36619962-3-4

Lahore Prime Branch

1st, 2nd, & 3rd Floor, Plot # 79, Commercial Area, Officers Housing Scheme, Cavalry Ground, Lahore. (042) 36619962-3-4

Lahore Regent Branch

41, Civic Centre, Barkat Market, Opposite National Bank, Lahore. (042) 35941897

Lahore Falcon Branch

41, Civic Centre, Barkat Market, Opposite National Bank, Lahore. (042) 35941897

Dawn Branch

16/2, 2nd Floor, KSB Pumps Building, Sir Agha Khan Road, Lahore. (042) 36308956-60

Lahore Pioneer Branch

16/2, 2nd Floor, KSB Pumps Building, Sir Agha Khan Road, Lahore. (042) 36308956-60

Model Town Branch

Plot No. 217-218, BP GESH Lahore, 1st Floor on Punjab Bank, Model Town, Link Road, Lahore. (042) 35970127-33

Okara Branch

2nd Floor, Nasir Plaza, Depalpur Chowk, Okara. (044) 25210101

CORPORATE DISTRIBUTION

Karachi : Jubilee Life Building, 74/1-A, Lalazar, M.T. Khan Road, Karachi - 74000 Tel: (021) 35611071-5, Ext. 2263 Fax: (021) 35612314
Lahore : 21-L, Gulberg III, Main Ferozepur Road, Lahore. Tel : (042) 35841915, Fax : (042) 35841913
Faisalabad : Saleemi Tower, 2nd Floor, D-Ground, Faisalabad. Tel: (041) 8712008, 8733179, 8717337, 8720984, 8714256, 8720487 Fax: (041) 8710101
Rawalpindi : DD-79, Asad Plaza, Main Muree Road, Shamsabad, Rawalpindi. Tel: (051) 4575243, 111-116-554
Gilgit : Z.S. Plaza, 2nd Floor, Opposite Radio Pakistan, Main Shakra-e-Quid-e-Azam, Jutial Gilgit. Tel: (05811) 457062-4-8

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Lahore Mentor Branch
16/2, 2nd Floor, KSB Pumps Building,
Sir Agha Khan Road, Lahore.
(042) 36308956-60

Lahore Tycoon Branch
16/2, 2nd Floor, KSB Pumps Building,
Sir Agha Khan Road, Lahore.
(042) 36308956-60

Lahore Shaheen Branch
16/2, 2nd Floor, KSB Pumps Building,
Sir Agha Khan Road, Lahore.
(042) 36308956-60

Muridke Branch
Jubilee Life Building, 2nd Floor,
Main G. T. Road, Muridke

Faisalabad City Branch
721/B, 1st Floor, Batala Colony,
Satiana Road, Faisalabad.
(041) 8720984

Faisalabad Lions Branch
721/B, 1st Floor, Batala Colony,
Satiana Road, Faisalabad.
(041) 8720984

Layalpur Branch-1
577-B, 2nd Floor, Peoples Colony,
Main Satiana Road, Near Saleemi Chowk,
Faisalabad.
(041) 8554681-2-3

Satiana Road Branch
577-B, 2nd Floor, Peoples Colony,
Main Satiana Road, Near Saleemi Chowk,
Faisalabad.
(041) 8554681-2-3

Chenab Branch
Ground Floor, Sadiq Center,
Rehman Shaheed Road, opp. Total Pump, Gujrat.
(053) 536115

Kotla A. A. Khan Branch
Ground Floor, Sadiq Center, Rehman Shaheed
Road, opp. Total Pump, Gujrat.
(053) 536115

Jalalpur Jattan Branch
1st Floor, Circular Road,
Near Allied Hospital, Jalalpur Jattan,
Teshil & District, Gujrat.
(053) 592277

Jhelum Buraq Branch
1st & 2nd Floor, Sarang Plaza,
Near MCB Bank, G.T Road, Jada, Jhelum.

Lahore Royal Branch
16/2, 2nd Floor, KSB Pumps Building,
Sir Agha Khan Road, Lahore.
(042) 36308956-60

Hafizabad Branch
2nd Floor, Nazir Centre,
Old Katchehry Road,
Near Jinnah Public Hall, Hafizabad.

Club Road Sargodha Branch
405-A, Club Road,
Opp. Contonment Board, Sargodha.
(048) 3768468-9

Jhang (Sub Office)
Chenab Street No. 1, Canal Road,
Shadab Colony, Near Canal Rest House,
District Jhang.
(0477) 651886

Service Central Branch
16/2, 2nd Floor, KSB Pumps Building,
Sir Agha Khan Road, Lahore.
(042) 36308956-60

MULTAN REGION

Rahim Yar Khan Branch
24-Model Town, First Floor,
City Chowk Hospital,
Near MCB Model Town,
Rahim Yar Khan.
(068) 5887601

Rahim Yar Khan City Branch
24-Model Town, First Floor,
City Chowk Hospital,
Near MCB Model Town,
Rahim Yar Khan.
(068) 5887601

Sadiqabad Branch
24-Model Town, First Floor,
City Chowk Hospital,
Near MCB Model Town,
Rahim Yar Khan.
(068) 5887601

Bahawalpur Branch
1st Floor, Adil Complex,
Opp: Circuit House Ahmed Pur Road,
Bahawalpur.
(062) 2877682

Dera Ghazi Khan Branch
Al-qjwa Plaza, First Floor, Bank Road,
Block No. 1, DG Khan.
(064) 2466500 / 2463994 / 2470893

Abdali Road Branch-1
63-A NIPCO House
(Nawai-e-Waqt Building),
Abdali Road, Multan.
(061) 4573301-02

Multan Royal Branch
Near China Gift Centre,
Chobara Road, Layyah.
(0606) 6410911

Layyah Branch
Near China Gift Centre,
Chobara Road, Layyah.
(0606) 6410911

Sahiwal Branch
First Floor, Habib Bank, High Street,
Alpha Tower, Sahiwal.
(040) 4220503

Muzaffargarh Branch
Opposite Bank of Panjab,
Jhang Road, Muzaffargarh.
(066) 2423677

Service Multan Branch
63-A NIPCO House
(Nawai-e-Waqt Building),
Abdali Road, Multan.
(061) 4573301-02

SOUTH REGION

Ayesha Manzil Branch
B-1 & B-2 Anar Kali Apartment,
Block # 7 F.B Area, Karachi.
(021) 36321452-4

Crown Branch, Karachi
B-1 & B-2 Anar Kali Apartment,
Block # 7 F.B Area, Karachi.
(021) 36321452-4

Gulshan-e-Iqbal Branch
Plot # 6, Flat # 6, Block # 6,
KDA Sch#24, Gulshan-e-Iqbal, Karachi.
(021) 34834214-5

Nobel Branch
Alif Residency, Mezzanine Floor,
SB-8, Block No. 2, Gulshan-e-Iqbal, Karachi.
(021) 34992204-6

Karachi Central Branch
Alif Residency, Mezzanine Floor,
SB-8, Block No.2, Gulshan-e-Iqbal, Karachi.
(021) 34992204-6

Platinum Branch
G-5, Adenwella Apartment,
GRE 325/2, Garden East, Karachi.
(021) 32259552-3

Garden East Branch
G-5, Adenwella Apartment,
GRE 325/2, Garden East, Karachi.
(021) 32259552-3

Thandi Sarak Branch
1st Floor, Block CC-1, Civic Center,
Thandi Sarak, Hyderabad.
(022) 786194 / 785907

Hyderabad Indus Branch
1st Floor, Block CC-1, Civic Center,
Thandi Sarak, Hyderabad.
(022) 786194 / 785907

Hyderabad Metro Branch
1st Floor, Block CC-1,
Civic Center,
Thandi Sarak, Hyderabad.
(022) 786194 / 785907

Hyderabad Cantt Branch
Shop No. 1 & 2, Ground Floor,
Sambara Tower, Behind KFC,
Near State Life Building,
Thandi Sarak, Hyderabad.
(022) 730141-2-3

CORPORATE DISTRIBUTION

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Gilgit : Z.S. Plaza, 2nd Floor, Opposite Radio Pakistan, Main Shakra-e-Quid-e-Azam, Jutial Gilgit. Tel: (05811) 457062-4-8

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Badin (Sub Office)

Shop No. 33 and 34, Naseem City Centre,
NJI Block, Hyerabad Road, Badin.
(0297) 7861620

Alpha Branch

1st Floor, Office# 105-A,106,
Asia Pacific Trade Centre,
Opp. Drive In Cinema,
Main Rashid Minhas Road, Karachi.
(021) 34017414

Royal Branch

1st Floor, Office# 105-A,106,
Asia Pacific Trade Centre,
Opp. Drive In Cinema,
Main Rashid Minhas Road, Karachi.
(021) 34017414

Liberty Branch

1st Floor, Office# 105-A,106,
Asia Pacific Trade Centre,
Opp. Drive In Cinema,
Main Rashid Minhas Road, Karachi.
(021) 34017414

Civic Branch

1st Floor, Office No. 109,
Asia Pacific Trade Centre,
Opp. Drive In Cinema,
Main Rashid Minhas Road, Karachi.
(021) 34663183-4

Shaheen Branch

Flat # 9, 3rd Floor,
Afzal Appt.
KDA Scheme # 1-A,
Stadium Road, Karachi.
(021) 34131346-78 / 348602294-5

Karachi Mehran Branch

Flat # 9, 3rd Floor,
Afzal Appt.
KDA Scheme # 1-A,
Stadium Road, Karachi.
(021) 34131346-78 / 348602294-5

Pioneer Branch

Suit No. 601, 6th Floor,
Progressive Centre,
Block - 6, P.E.C.H.S.,
Main Shahrah-e-Faisal, Karachi.
(021) 34392853-5

Khairpur City Branch

Opposite Session Court,
Katchery Road, Khairpur.
(0243) 3714872

Naushero City Branch

Near Habib Bank Ltd., Main Road,
Naushero Feroz.
(0242) 2448424 / 2481222

Mehrabpur (Sub Office)

Kotri Road, Mehrabpur.
(024) 2430466

Sukkur City Branch

1st Floor, Lala Azam Plaza,
Opposite Excise Office,
Station Road, Sukkur.
(071) 5614261 / 5614515

Panu Aqil Branch

Opposite Caltex Petrol Pump,
Baiji Chowk, National Highway,
Panu Aqil.
(071) 5691717-8

Rohri Branch

1st Floor, Building No. 2181/B,
Near Bab-e- Karbala, Main G.T. Road, Rohri.
(071) 5644792-3

Station Road Ghotki Branch

Green Hotel Building, Main Chowk,
Station Road, Ghotki.
(0723) 3600612-3

Mirpur Mathelo Branch

1st Floor, Jam Plaza,
Near Iqbal Petrol Pump,
Mirpur Mathelo.
(0723) 3652191

Kandhkot Branch

Near Sabzi Mandi, Kashmor Road,
Kandhkot.
(0722) 2570216

Daharki Branch

GT Raod, Near First Micro Finance Bank,
Daharki.
(0723) 3644317

Larkana City Branch

Lal Medical Eye Centre, Near City Bakers,
Nawatak Muhalla, Larkana.
(074) 4057486-7

Larkana Royal Branch

Lal Medical Eye Centre,
Near City Bakers,
Nawatak Muhalla, Larkana.
(074) 4057486-7

Larkana Central Branch

Lal Medical Eye Centre,
Near City Bakers,
Nawatak Muhalla, Larkana.
(074) 4057486-7

Mehar City Branch

Near United Bank Limited,
Mehar District Dadu.
(025) 4730402

Station Road Larkana Branch

Lal Medical Eye Centre,
Near City Bakers,
Nawatak Muhalla, Larkana.
(074) 4057486-7

Larkana Indus Branch

Lal Medical Eye Centre,
Near City Bakers,
Nawatak Muhalla, Larkana.
(074) 4057486-7

Shahbaz Branch

Near United Bank Limited,
Mehar District Dadu.
(025) 4730402

Shikarpur (Sub Office)

Near Model Public School,
Old Sadar, Shikarpur.
(0726) 6521907

Khipro Branch

Opposite Forest Office,
Sanghar Road Khipro.
(0235) 879969

Khipro Lucky Branch

Opposite Forest Office,
Sanghar Road Khipro.
(0235) 879969

Mirpurkhas City Branch

Umerkot Road,
Near Ali Medicare Hospital,
Mirpurkhas.
(0233) 873106 / 875471

Lavish City Branch

Suit No. 601, 6th Floor,
Lavish City, Progressive Centre,
Block - 6, P.E.C.H.S.,
Main Shahrah-e-Faisal, Karachi.
(021) 34392853-55

Defence Branch

Office # 302 & 303,
3rd Floor, Arab Business Center,
Plot# 05, Block# 3,
Karachi Cooperative Housing Society,
Main Bahadurabad Chowrangi,
Alameer Road, Karachi.
(021) 34123262-5-6-7

Zamzama Branch

1st Floor, 20-C, Lane 12,
Off Khayaban-e-Ittehad, Phase II,
Extension, DHA, Karachi 75500.
(021) 35391586-8

Service South Branch

Suit No. 601, 6th Floor,
Lavish City, Progressive Centre,
Block - 6, P.E.C.H.S.,
Main Shahrah-e-Faisal, Karachi.
(021) 34392853-55

CORPORATE DISTRIBUTION

Karachi : Jubilee Life Building, 74/1-A, Lalazar, M.T. Khan Road, Karachi - 74000 Tel: (021) 35611071-5, Ext. 2263 Fax: (021) 35612314
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Faisalabad : Saleemi Tower, 2nd Floor, D-Ground, Faisalabad. Tel: (041) 8712008, 8733179, 8717337, 8720984, 8714256, 8720487 Fax: (041) 8710101
Rawalpindi : DD-79, Asad Plaza, Main Muree Road, Shamsabad, Rawalpindi. Tel: (051) 4575243, 111-116-554
Gilgit : Z.S. Plaza, 2nd Floor, Opposite Radio Pakistan, Main Shakra-e-Quid-e-Azam, Jutial Gilgit. Tel: (05811) 457062-4-8

Proxy Form

I/We _____ of _____ (full address)

being member(s) of Jubilee Life Insurance Company Limited and holder of _____

ordinary shares as per shares register folio No. _____ CDC Participant ID _____

CDC Account No. _____ hereby appoint Mr./Mrs./Miss _____

of _____ (full address)

or failing him/her _____ of _____ or failing him / her _____

of _____ as my proxy to attend, speak and vote for me and on my behalf at the

Annual General Meeting of the Company to be held on April 15, 2013 (Monday) at 11.00 a.m. at Auditorium, Habib Bank tower, Jinnah Avenue Islamabad and at any adjournment thereof.

In witness whereof, I have placed my/our hand(s) this _____ day of April 2013.

Signed by _____

In presence of _____

Signature

Name: _____

Addressee: _____

Passport / NIC No. _____

Please affix
Revenue Stamp

Signature of Member(s)

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

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized.

The instrument appointing a proxy, together with the power of attorney if any under which it is signed or a notarial certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the meeting.



Jubilee
LIFE INSURANCE

If undelivered, please return to:
Jubilee Life Insurance Company Limited
74/1-A, Lalazar, M. T. Khan Road, Karachi-74000
Phone : (0092) (21) 35611071-75, 35611802-08
Fax : (0092) (21) 35610262

AFFIX
CORRECT
POSTAGE

Fold : Here

Fold : Here

Fold : Here

Fold : Here

JUBILEELIFE.COM

Jubilee Life Insurance Company Limited

74/1A, Lilezar, M.T. Khan Road,
Karachi - 74000, Pakistan

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