NEW HAMPSHIRE INSURANCE COMPANY – PAKISTAN BRANCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

AUDITORS' REPORT TO THE DIRECTORS

We have audited the annexed financial statements comprising of:

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

of **New Hampshire Insurance Company – Pakistan Branch (the Branch)** as at **December 31, 2014** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

(a) proper books of accounts have been kept by the Branch 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 Branch 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 Branch's affairs as at December 31, 2014 and of the profit and its cash flows for the year then ended, in accordance with the approved accounting standards as applicable in Pakistan, and the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
(d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

AFF&Co

Chartered Accountants
Engagement Partner: **Rashid A. Jafer**
Dated: April 15, 2015
Karachi

NEW HAMPSHIRE INSURANCE COMPANY - PAKISTAN BRANCH
BALANCE SHEET
AS AT DECEMBER 31, 2014

	Note	2014	2013
		Rupees in '000	
Head office account	7	1,245,836	1,033,814
Underwriting provisions			
Provision for outstanding claims (including IBNR)		451,256	874,760
Provision for unearned premium		672,012	585,631
Commission income unearned		124,793	118,511
Total underwriting provisions		1,248,061	1,578,902
Creditors and accruals			
Amounts due to other insurers / reinsurers	8	917,880	922,638
Accrued expenses	9	111,082	96,309
Other creditors and accruals	10	81,926	59,196
		1,110,888	1,078,143
TOTAL LIABILITIES		2,358,949	2,657,045
TOTAL EQUITY AND LIABILITIES		3,604,785	3,690,859
CONTINGENCIES AND COMMITMENTS	12		

	Note	2014	2013
		Rupees in '000	
Cash and bank deposits	13		
Cash and other equivalent		1,011	726
Current and other bank accounts		125,888	248,004
Deposits maturing within 12 months		816,850	910,000
		943,749	1,158,730
Investments	14	1,085,121	721,292
Deferred taxation	15	8,789	6,544
Security deposits		3,219	3,244
Other Assets			
Premium due but unpaid	16	246,855	229,715
Amounts due from other insurers / reinsurers	17	401,527	220,705
Salvage recoveries accrued		3,535	5,499
Accrued income on investments and deposits	18	47,426	14,367
Reinsurance recoveries against outstanding claims	19	301,313	786,650
Taxation - payments less provision	20	24,756	6,195
Deferred commission expense		85,674	81,751
Prepayments	21	415,197	405,298
Loans to employees - unsecured - considered good	22	3,267	2,556
Sundry receivables	23	692	532
		1,530,242	1,753,268
Fixed Assets			
Tangible and Intangible assets			
Leasehold improvements		5,456	7,824
Furniture and fittings		6,335	7,877
Office equipment		3,874	5,231
Computers and EDP equipment		1,500	2,495
Vehicles		16,473	23,164
Software		27	120
Capital work-in-progress		-	1,070
	24	33,665	47,781
TOTAL ASSETS		3,604,785	3,690,859

The annexed notes 1 to 36 form an integral part of these financial statements.

Manager for Pakistan / Principal Officer | **Assistant General Manager** | **Chief Financial Officer**

NEW HAMPSHIRE INSURANCE COMPANY - PAKISTAN BRANCH
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	2014	2013
		(Rupees in '000)						
Revenue Account								
Net Premium Revenue		25,197	28,154	411,021	135,110	7,131	606,613	509,870
Net Claims		(16,718)	(17,669)	(287,318)	(96,724)	(386)	(418,815)	(272,280)
Management Expenses	25	(29,745)	(10,574)	(39,713)	(19,535)	(2,124)	(101,691)	(121,764)
Net Commission		151,949	23,508	(51,369)	(31,380)	6,433	99,141	83,758
		105,486	(4,735)	(378,400)	(147,639)	3,923	(421,365)	(310,286)
Underwriting Results		130,683	23,419	32,621	(12,529)	11,054	185,248	199,584
Investment income - net							262,150	166,626
Other (charges) / income - net	26						(4,007)	13,490
General and administration expenses	27						(141,697)	(127,431)
Profit before taxation							301,694	252,269
Taxation	28						(89,672)	(82,743)
Profit after taxation							212,022	169,526

The annexed notes 1 to 36 form an integral part of these financial statements.

Manager for Pakistan / Principal Officer

Assistant General Manager

Chief Financial Officer

NEW HAMPSHIRE INSURANCE COMPANY - PAKISTAN BRANCH
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	------------- Rupees in '000 -----------	
OPERATING CASH FLOWS		
(a) **Underwriting activities**		
Premiums received	1,637,390	1,544,943
Reinsurance premiums paid	(1,138,392)	(998,795)
Claims paid	(1,429,775)	(578,881)
Reinsurance and other recoveries received	1,050,174	387,196
Commissions paid	(216,559)	(211,341)
Commissions received	331,748	305,253
Net cash generated from underwriting activities	234,586	448,375
(b) **Other operating activities**		
Income tax paid	(110,478)	(67,805)
General and administrative expenses and management expenses paid - net	(206,186)	(177,768)
Net cash flow from other operating activities	(316,664)	(245,573)
Net cash (used in) / generated from all operating activities	(82,078)	202,802
INVESTMENT ACTIVITIES		
Profit / return received	152,159	165,983
Dividends received	5,566	7,823
Investment in term deposit receipt	93,150	145,000
Proceeds from disposal of investments - available for sale	72,469	-
Proceeds from redemption of investments	3,027,298	735,000
Investments made during the year	(3,392,230)	(929,933)
Fixed capital expenditure	(2,416)	(889)
Proceeds from disposal of fixed assets	4,251	2,415
Net cash (used in) / generated from investing activities	(39,753)	125,399
FINANCING ACTIVITIES		
Remittance made to Head Office	-	(330,703)
Net cash used in financing activities	-	(330,703)
Net decrease in cash and cash equivalents during the year	(121,831)	(2,502)
Cash and cash equivalents at the beginning of the year	248,730	251,232
Cash and cash equivalents at the end of the year	126,899	248,730
Reconciliation to Profit and Loss Account		
Operating cash flows	(82,078)	202,802
Depreciation expense	(14,839)	(14,550)
Amortisation	(93)	(607)
Investment income	262,150	166,626
Gain on disposal of fixed assets	2,651	2,185
(Decrease) / Increase in assets other than cash	(253,865)	700,604
Decrease / (Increase) in liabilities	298,096	(887,534)
Profit after taxation for the year	212,022	169,526

Definition of cash

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

	2014	2013
	------------- Rupees in '000 -----------	
Cash and cash equivalents for the purposes of the Statement of Cash Flows consists of:		
- cash and other equivalents	1,011	726
Current and other bank accounts		
- saving accounts	125,888	248,004
Cash and cash equivalents for the purpose of Statement of Cash Flows	126,899	248,730

The annexed notes 1 to 36 form an integral part of these financial statements.

Manager for Pakistan / Principal Officer **Assistant General Manager** **Chief Financial Officer**

NEW HAMPSHIRE INSURANCE COMPANY - PAKISTAN BRANCH
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2014

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2014	2013
	Rupees in '000									
Direct and Facultative										
Fire and property	951,244	373,645	401,451	923,438	897,632	367,653	367,044	898,241	25,197	14,911
Marine, aviation and transport	174,398	25,106	41,741	157,763	141,139	20,691	32,221	129,609	28,154	25,716
Motor	459,403	143,353	180,560	422,196	11,175	2	2	11,175	411,021	342,585
Accident and health	149,645	30,954	35,797	144,802	9,971	1,892	2,171	9,692	135,110	118,915
Miscellaneous	61,871	12,573	12,463	61,981	53,637	11,665	10,452	54,850	7,131	7,743
Total	1,796,561	585,631	672,012	1,710,180	1,113,554	401,903	411,890	1,103,567	606,613	509,870

The annexed notes 1 to 36 form an integral part of these financial statements.

Manager for Pakistan / Principal Officer | Assistant General Manager | Chief Financial Officer

NEW HAMPSHIRE INSURANCE COMPANY - PAKISTAN BRANCH
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2014

Business underwritten inside Pakistan

Class	Total claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		2014	2013
	Rupees in '000									
Direct and Facultative										
Fire and property	949,476	751,122	293,407	491,761	954,259	745,183	265,967	475,043	16,718	5,297
Marine, aviation and transport	112,949	27,872	45,412	130,489	95,154	14,825	32,491	112,820	17,669	11,995
Motor	268,764	32,997	51,551	287,318	-	-	-	-	287,318	188,462
Accident and health	76,528	36,984	60,165	99,709	2,264	1,292	2,013	2,985	96,724	66,280
Miscellaneous	22,058	25,785	721	(3,006)	21,116	25,350	842	(3,392)	386	246
Total	1,429,775	874,760	451,256	1,006,271	1,072,793	786,650	301,313	587,456	418,815	272,280

The annexed notes 1 to 36 form an integral part of these financial statements.

Manager for Pakistan / Principal Officer

Assistant General Manager

Chief Financial Officer

NEW HAMPSHIRE INSURANCE COMPANY - PAKISTAN BRANCH
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					2014	2013
	Rupees in '000								
Direct and Facultative									
Fire and property	118,652	51,384	50,125	119,911	29,745	149,656	271,860	(122,204)	(95,387)
Marine, aviation and transport	14,538	2,467	3,555	13,450	10,574	24,024	36,958	(12,934)	(6,323)
Motor	54,526	18,769	21,926	51,369	39,713	91,082	-	91,082	91,434
Accident and health	34,737	7,303	8,647	33,393	19,535	52,928	2,013	50,915	49,905
Miscellaneous	6,973	1,828	1,421	7,380	2,124	9,504	13,813	(4,309)	(1,623)
Total	229,426	81,751	85,674	225,503	101,691	327,194	324,644	2,550	38,006

Note: Commission from reinsurers is net of opening and closing unearned commission of Rs 118,511 thousand and Rs 124,793 thousand respectively.

The annexed notes 1 to 36 form an integral part of these financial statements.

Manager for Pakistan / Principal Officer

Assistant General Manager

Chief Financial Officer

NEW HAMPSHIRE INSURANCE COMPANY - PAKISTAN BRANCH
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	------------ Rupees in '000 ------------	
Income from non-trading investments		
Held to maturity		
Return on government securities	88,825	52,815
Available for sale		
Dividend income	5,566	7,823
Return on term deposits and balances with bank	97,486	103,597
Gain on sale of non-trading investments	70,273	-
	262,150	164,235
Reversal of provision against diminution in the value of available-for-sale investments	-	2,391
Net investment income	262,150	166,626

The annexed notes 1 to 36 form an integral part of these financial statements.

Manager for Pakistan / Principal Officer

Assistant General Manager

Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

New Hampshire Insurance Company - Pakistan (the Branch) is a Branch operation of New Hampshire Insurance Company (the Head Office), incorporated in the United States of America with limited liability, having its registered office at 2005 Market Street, Philadelphia, Pennsylvania. The ultimate parent of the Head Office is American International Group, Inc. The registered office of the Pakistan Branch is located at 1st Floor, Dadex House 34-A/1, Block 6 PECHS Shahrah-e-Faisal, Karachi. The Branch is engaged in General Insurance business under the Insurance Ordinance, 2000 and operates through 4 sales offices (2013: 4) in Pakistan.

2 BASIS OF PRESENTATION

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

2.1 Statement of compliance

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

The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) -39 "Financial Instruments: Recognition and Measurement" in respect of valuation of investments classified as available-for-sale. The accounting policy in respect of available-for-sale investments is stated in note 5.8.1 to these financial statements.

3 ACCOUNTING CONVENTION

These financial statements have been prepared under the historical cost convention except for certain staff retirement benefits which are carried at present value.

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the Branch operates. The financial statements are presented in Pakistani Rupees, which is the Branch's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES

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

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

There are certain new and amended standards and interpretations that are mandatory for the Branch's accounting periods beginning on or after January 1, 2014 but are considered not be to relevant or to have any significant effect on the Branch's operations and are, therefore, not disclosed in these financial statements.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Branch's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or will not have any significant effect on the Branch's operations and therefore not detailed in these financial statements.

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5.1.4 Insurance contracts

Insurance contracts are those contracts where the branch (the insurer) has accepted significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

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

The Branch neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

5.2 Premium

Premium received / receivable under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognised evenly over the period of insurance from inception to expiry.

Premium income also includes administrative surcharge that represents documentation and other charges recovered by the Branch from policy holders in respect of policies issued.

Receivables under insurance contracts are recognised when contractual right to receive the money is established, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Branch reduces the carrying amount of the receivable accordingly and recognises that impairment loss in the profit and loss account.

5.3 Reinsurance ceded

The Branch enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted insurance business being reinsured.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance contracts.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire.

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

5.4 Underwriting provisions

Underwriting provisions in respect of the insurance contracts entered into by the Branch are accounted for as under:

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

Provision for outstanding claims are based on the estimated cost of all claims incurred but not settled at the balance sheet date, whether reported or not, together with related claims expected settlement costs at undiscounted values. In addition, conforming to the requirements of the SEC (Insurance) Rules, 2002, a provision is made for the claims which may have been incurred in the current reporting period but have not been reported to the Branch. Incurred but not reported (IBNR) claims are recognised on the basis of management best estimate which takes into account the claims that are actually reported subsequent to the balance sheet date. IBNR for accident and health business is recognised based on actuarial valuation in accordance with the requirements of the SECP.

Any difference between the provision at the balance sheet date and settlement in the following year is included in the financial statements of that year.

5.4.2 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage. The Branch recognises unearned portion of premium income as a liability, calculated as a proportion of the gross premium of each policy, determined as the ratio of the unexpired period of the policy and the total period, both measured to the nearest day, as allowed under SEC (Insurance) Rules, 2002.

5.4.3 Premium deficiency reserve

According to the requirements of the SEC (Insurance) Rules, 2002, a premium deficiency reserve needs to be created where the unearned premium for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of policies in that class of business. Any movement in the reserve is to be charged to the profit and loss account.

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

5.4.4 Unearned commission income

Commission income from reinsurers are deferred and recognised as a liability and are recognised in the profit and loss account as revenue in accordance with the pattern of recognition of reinsurance premiums.

5.5 Other creditors and accruals

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

5.6 Provisions

Provisions are recognized when the Branch has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are regularly reviewed and adjusted to reflect the current estimate.

5.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments.

5.8 Financial instruments

5.8.1 Financial assets

5.8.1.1 Classification

The Branch classifies its financial assets into the following categories: 'at fair value through profit or loss' , 'available for sale', 'held to maturity' and 'loans and receivables'. The classification is determined at initial recognition and depends on the purpose for which the financial assets were acquired.

a) At fair value through profit or loss

A financial asset is classified into the 'financial assets at fair value through profit or loss' category at inception if it is acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by the management.

b) Available for sale

These are non-derivative financial assets, which are intended to be held for an indefinite period of time which may be sold in response to the needs for liquidity or changes in price. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables (b) held to maturity (c) financial assets at fair value through profit or loss.

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c) **Held to maturity**

These are non-derivative financial assets with fixed or determinable payments and fixed maturity, in respect of which the Branch has the positive intent and ability to hold to maturity.

d) **Loans and receivables**

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

5.8.1.2 Initial recognition and measurement

Financial assets are recognised at the time when the Branch becomes a party to the contractual provisions of the instrument. Investments other than those categorised into 'financial assets at fair value through profit or loss' category are initially recognised at fair value which includes transaction costs which are directly attributable to the acquisition of the securities. Investments classified as 'financial assets at fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date.

5.8.1.3 Subsequent measurement

Investments classified as 'financial assets at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the profit and loss account. 'Available for sale' investments are subsequently measured at the 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. In case of quoted equity securities, the market value is determined by using Stock Exchange quotations at the balance sheet date. However, in case of Government securities the market value is determined using rates announced by the Financial Market Association. Investments classified as 'held to maturity' are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

5.8.1.4 Impairment against financial assets

The Branch assesses at each balance sheet date whether there is an objective evidence that the financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss account, as the case may be, is taken to the profit and loss account. For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Branch will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash outflows, discounted at the original effective interest rate.

5.8.2 Financial liabilities

Financial liabilities are recognised at the time when the Branch becomes a party to the contractual provisions of the instrument.

5.8.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Branch has transferred substantially all risks and rewards of ownership. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current period.

5.8.4 Off-setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Branch has a legally enforceable right to set-off and the Branch intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

5.9 Reinsurance recoveries against outstanding claims

These are recognised as assets at the same time as the claims which give rise to the right of recovery are recognised as liabilities and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

5.10 Salvage and subrogation reimbursements

Some insurance contracts permit the Branch to sell (usually damaged) property acquired in settling a claim (for example, salvage). The Branch may also have a right to pursue third parties for payment of some or all costs (for example, subrogation).

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

5.11 Deferred commission expense

Commission expense and costs incurred in obtaining and recording policies are deferred and recognised as an asset and are recognised in the profit and loss account as expenses in accordance with the pattern of recognition of premium income.

5.12 Prepaid reinsurance

Reinsurance expense is recognised evenly in the period of indemnity. The portion of reinsurance contribution not recognised as an expense is shown as a prepayment.

5.13 Sundry receivables

These are recognised at cost, which is the fair value of the consideration receivable less impairment, if any.

5.14 Fixed assets

Tangible

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to the profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 24.1 to the financial statements. Depreciation is charged on additions from the month of acquisition and on disposals till the month of disposal.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain and loss on disposal of fixed assets is included in the profit and loss account.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Maintenance and normal repairs are charged to the profit and loss account as and when incurred. Subsequent costs are included in the asset's carrying amounts or are recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Branch and the cost of the item can be measured reliably.

Intangible

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged to the profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 24.2 to the financial statements. Amortisation is calculated from the month the assets are available for use, while on disposal, amortisation is charged upto the month in which the assets are disposed of.

Capital work-in-progress

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

Impairment

The carrying values of the Branch's fixed assets are reviewed at each financial year end for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The resulting impairment loss is taken to the profit and loss account.

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5.15 Revenue recognition

Premium received / receivable under a policy is recognised as written from the date of attachment of the policy to which it relates. Premium income is recognised evenly over the period of policy from inception to expiry (note 5.4.2).

Commission income is being taken to the profit and loss account, on a time proportionate basis, in accordance with the pattern of recognition of reinsurance premium to which they relate.

Administrative surcharge recovered by the Branch from policy holders is included in income currently.

Return on bank balances and government securities is recognised on an accrual basis.

Dividend income is recognised when the right to receive the dividend is established.

Gain / loss on sale / redemption of investments is included in the profit and loss account in the period of sale / redemption.

5.16 Taxation

Tax charge for the period comprises current and deferred taxation. Tax charge is recognised in the profit and loss account, except to the extent that it relates to the items recognised directly in the 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 earned. The charge for current tax is calculated using the prevailing tax rates or tax rates expected to apply to the profits, if enacted. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessment framed / finalised during the year.

Deferred

Deferred taxation is recognised using the balance sheet liability method on all major temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are measured using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

5.17 Staff retirement benefits

Defined benefit plan

The Branch operates an approved gratuity fund scheme (defined benefit plan) for all permanent employees who have completed the minimum prescribed period of service under the scheme. The Branch makes contributions to the fund on the basis of recommendations made by an actuary.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated by an independent actuary using the Projected Unit Credit Method.

IAS 19 'Employee benefits' requires "remeasurements" (actuarial gain and losses) to be recognised in the Balance Sheet immediately, with a charge or credit to Other Comprehensive Income (OCI) in the periods in which they occur, which are not later reclassified to profit and loss account. However, the Securities and Exchange Commission of Pakistan (SECP) through the Insurance Rules, 2002 had prescribed the format of presentation and disclosure of financial statements, which do not require an OCI statement. Accordingly, remeasurements are recognised in the profit and loss account.

Defined contribution plan

The Branch operates a funded contributory provident fund (defined contribution plan) for all permanent employees. Equal monthly contributions are made, both by the Branch and the employees, to the fund at the rate of 10% of basic salary. The Branch has no further payment obligation once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

5.18 Premiums due but unpaid

These are recognised at cost, which is the fair value of the consideration receivable, less provision for impairment, if any.

5.19 Amount due from / to other insurers / reinsurers

Amounts due from / to other insurers / reinsurers are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

5.20 Management expenses

Expenses have been allocated to profit and loss account among classes of businesses based on management's best estimate which primarily takes into account gross premium written and number of employees.

5.21 Foreign currency transactions

Foreign currency transactions are translated into Pak Rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the exchange rates prevailing at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Exchange gains or losses are included in income currently.

6 CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgments were made by the management in the application of accounting policies are as follows:

	Note
Provision for outstanding claims (including IBNR)	5.4.1
Premium deficiency reserve	5.4.3
Staff gratuity fund	5.17 and 10.1
Deferred taxation	5.16 and 15
Classification of investments	5.8.1.1 and 14
Provision for doubtful debts	5.6
Deferred commission	5.11
Useful lives of assets and methods of depreciation	5.14 and 24
Allocation of management expenses	5.20, 25 and 27

7 HEAD OFFICE ACCOUNT

	2014	2013
	-------- Rupees in '000 -----------	
Unremitted profit		
Balance at the beginning of the year	1,033,814	1,194,991
Profit after tax for the year	212,022	169,526
Remittance to Head Office	-	(330,703)
Balance at the end of year	1,245,836	1,033,814

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		Note	2014	2013
			-------- Rupees in '000 -----------	
8	**AMOUNTS DUE TO OTHER INSURERS / REINSURERS**			
	Amounts due to group companies		742,595	730,663
	Amounts due to others		175,285	191,975
			917,880	922,638
9	**ACCRUED EXPENSES**			
	Salaries, wages and benefits		23,478	13,394
	Software usage and maintenance charges		56,201	48,850
	Legal and professional charges		6,472	2,549
	Agency development and recognition		6,754	3,250
	Other accrued expenses		18,177	28,266
			111,082	96,309
10	**OTHER CREDITORS AND ACCRUALS**			
	Due to related parties		4,061	4,688
	Commission		46,149	36,368
	Federal Excise Duty		5,365	4,562
	Federal Insurance Fee		516	464
	Withholding tax		128	304
	Workers' Welfare Fund		6,349	5,237
	Payable to gratuity fund	10.1	4,931	777
	Others		14,427	6,796
			81,926	59,196

10.1 Defined benefit plan - approved gratuity fund

10.1.1 Salient features

As mentioned in note 5.17 to these financial statements, the Branch operates an approved funded gratuity scheme for all permanent employees who have completed the minimum prescribed period of service under the scheme. Contribution to the fund is made and expense is recognised on the basis of actuarial valuations carried out at each year end using the projected unit credit method.

The Branch faces the following risks on account of gratuity fund:

Final salary risks

The risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility

Most assets are invested in risk free investments. However, investments in shares are subject to adverse fluctuation as a result of changes in market prices.

Discount rate fluctuation

The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plan's bond holdings.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets

This is managed by making regular contribution to the Fund as advised by the actuary.

10.1.2 Valuation results

An actuarial valuation is carried out every year to determine the liability of the Branch in respect of the benefit and the latest valuation was carried out as at December 31, 2014. The information provided below has been obtained from the actuarial valuation carried out as at December 31, 2014. The following significant assumptions have been used for valuation of this scheme:

	2014	2013
Financial assumptions		
Discount rate	10.50%	12.75%
Rate of salary increase	10.00%	12.25%
Demographic assumptions		
Mortality rate (for death in service)	SLIC (2001-05)	SLIC (2001-05)
Rate of employee turnover	Moderate	Moderate

	2014	2013
	-------- Rupees in '000 --------	
Amounts recognised in the balance sheet		
Present value of defined benefit obligation	33,642	27,618
Fair value of plan assets	(28,711)	(26,841)
Liability as at December 31	4,931	777
Movement in defined benefit obligations		
Balance as at January 1	777	(3,909)
Charge for the year	4,154	3,490
Contributions	-	1,529
Payment to outgoing members by the Branch	-	(333)
Balance as at December 31	4,931	777
Amounts recognised in profit and loss account		
Current service cost	2,650	2,704
Net interest cost	93	2,559
Remeasurements - actuarial loss recognised	1,411	931
Charge for the year ended December 31	4,154	6,194
Movement in the Present Value of Defined Benefit Obligation:		
Present Value of Defined Benefit Obligation as at January 1	27,618	25,406
Current service cost	2,650	2,704
Interest cost on defined benefit obligation	3,628	3,159
Remeasurements - actuarial loss / (gain) on obligation	547	(2,386)
Actual benefits paid during the year	(801)	(1,265)
Present value of defined benefit obligation as at December 31	33,642	27,618
Movement in Fair Value of Plan Assets:		
Fair value of plan assets as at January 1	26,841	26,680
Interest income on plan assets	3,535	3,304
Contributions made by the Branch	-	(1,529)
Actual benefits paid during the year	(801)	-
Outstanding Payments	-	(932)
Remeasurements - actuarial loss on assets	(864)	(682)
Fair value of plan assets as at December 31	28,711	26,841

Sensitivity analysis

a) The impact of 1% change in following variables on defined benefit obligation is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
		------------ (Rupees in '000) ------------	
Discount rate	1%	31,435	36,207
Long term salary increases	1%	36,358	31,264

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b) The impact on defined benefit obligation due to increase in life expectancy by 1 year is not significant.

The above sensitivity analysis is 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. When calculating the sensitivity of the defined benefit obligation to significant assumptions, same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability.

Weighted average duration of the present value of defined benefit obligation is 7.09 years (2013: 7.90 years)

Breakup of plan assets	**2014**		**2013**	
	Rupees in '000	**%**	**Rupees in '000**	**%**
Treasury Bills	21,471	74.78	19,576	72.93
Pakistan Investment Bonds	5,150	17.94	5,065	18.87
Bank deposits	2,090	7.28	2,200	8.20
	28,711	100.00	26,841	100.00

5 year data on experience adjustments is as follows:

	2014	**2013**	**2012**	**2011**	**2010**
	Rupees in '000				
Present value of defined benefit obligations	33,642	27,618	25,406	26,289	22,339
Fair value of plan assets	28,711	26,841	26,680	21,381	16,409
Surplus / (deficit)	4,931	(777)	1,274	(4,908)	(5,930)

Expected contribution to the plan for the year ending December 31, 2015 is Rs 3.573 million (2014: Rs 2.743 million).

11 **DEFINED CONTRIBUTION PLAN - PROVIDENT FUND**

The Branch has set up provident fund for its permanent employees and the contributions were made by the Branch to the Fund in accordance with the requirements of Section 227 of the Companies Ordinance, 1984. The total charge against provident fund for the year ended December 31 2014, was Rs. 3.569 million (2013: Rs. 3.386 million). The total assets based on the audited financial statements of the Provident Fund as at June 30, 2014 were Rs 32.021 million (2013: 35.584) million out of which 92% (2013: 96%) were invested in different financial instruments categories as provided in Section 227 of the Companies Ordinance, 1984 and rules formulated for the purpose. The fair value of the assets of the fund equate their carrying value. The above investments out of provident fund have been made in accordance with the requirement of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

Break up of investments	**2014**		**2013**	
	Rupees in '000	**% of the size of the fund**	**Rupees in '000**	**% of the size of the fund**
Government securities	28,977	90%	29,840	84%
Bank deposits	589	2%	4,309	12%
Total	29,566		34,149	

12 **CONTINGENCIES AND COMMITMENTS**

12.1 The Branch is defendant in a law suit filed by Syed Bhais (Private) Limited in the Honourable High Court of Sindh in respect of a Marine insurance policy, issued to the plaintiff with a maximum liability of Rs 5.6 million. The legal advisor of the Branch is of the view that the loss claimed by the plaintiff is not covered under the subject policy as the consignment was auctioned by the customs department due to non clearance of the consignment in time and hence, based on the merits of the case, the Branch is in a better position to defend their interest in the above suit. Accordingly, no provision in respect of the above matter is considered necessary in these financial statements.

12.2 The Branch is defendant in a law suit filed by Sodaghar Khan in the Honourable Civil Court, Rawalpindi in respect of an Accident and Health insurance policy, issued to the plaintiff with a maximum liability of Euros 30,000. In this respect, a decree awarding damages to the plaintiff has been passed for an amount of Rs 2,000,000, Rs 63,000 and Euros 30,000. However, owing to the legal action of the legal counsel of the Branch, the decree has been suspended and its execution has been stayed. The Branch has not created any provision in this respect as advised by the Branch's legal counsel.

13 CASH AND BANK DEPOSITS

	Note	2014	2013
		------- Rupees in '000 -------	
Cash and other equivalents			
Cash in hand		91	27
Stamps in hand		920	699
		1,011	726
Current and other bank accounts			
Savings accounts	13.1	125,888	248,004
Deposits maturing within 12 months			
Term deposit receipts	13.2	816,850	910,000
		943,749	1,158,730

13.1 These include balance in foreign currency amounting to USD 0.410 million (2013: USD 1.683 million) carrying mark-up at 0.05% (2013: 0.05%) per annum. Local currency balances carry mark-up ranging from 4.5% to 6.5% (2013: 6.5% to 7%) per annum.

13.2 These include balances in foreign currency amounting to USD 1.750 million (2013: Nil) carrying mark-up at 0.24% (2013: Nil) per annum. Local currency balances carry mark-up ranging from 8.5% to 9.6% (2013: 8.13% to 9.32%) per annum.

14 INVESTMENTS

	Note	2014	2013
		------- Rupees in '000 -------	
Held-to-maturity	14.1	1,069,461	703,436
Available-for-sale	14.2	15,660	17,856
		1,085,121	721,292

14.1 Held-to-maturity

Government Securities	Profit payment	Face Value Rs in '000	Coupon rate / yield	Maturity year	2014	2013
Deposited with the State Bank of Pakistan (14.1.1)						
3 years Pakistan Investment Bonds	Half yearly	11,000	11.25%	2016	10,918	10,873
					10,918	10,873
Others						
3 years Pakistan Investment Bonds	Half yearly	290,000	11.25%	2015 - 2016	288,093	80,969
5 years Pakistan Investment Bonds	Half yearly	50,000	11.50%	2018	48,691	-
10 years Pakistan Investment Bonds	Half yearly	105,000	9.60%	2016	103,132	-
					439,916	80,969
1 year market treasury bill	At maturity	54,000	9.77%	2014	-	51,820
1 year market treasury bills	At maturity	369,000	9.47% to 9.99%	2015	351,696	-
6 months market treasury bill	At maturity	200,000	9.69%	2014	-	193,960
6 months market treasury bills	At maturity	200,000	9.47% to 9.98%	2015	193,418	-
3 months market treasury bills	At maturity	370,000	9.76% to 10.21%	2014	-	365,814
3 months market treasury bill	At maturity	75,000	9.48%	2015	73,513	-
					618,627	611,594
					1,069,461	703,436

14.1.1 These securities have been deposited with the State Bank of Pakistan in compliance with the requirements of section 29 of the Insurance Ordinance, 2000.

14.1.2 The aggregate market value of held-to-maturity investments as at December 31, 2014 amounted to Rs 1,083.902 million (2013: Rs 702.558 million).

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14.2 Available-for-sale

Ordinary shares (face value of Rs.10 each) - quoted

2014	2013		Note	2014	2013
-------No. of shares-------		Name of Entity		------- Rupees in '000 -------	
225,000	225,000	Hub Power Company Limited		12,570	12,570
245,560	452,782	MCB Bank Limited		2,134	4,330
8,210	7,464	Pakistan State Oil Company Limited		956	956
				15,660	17,856
Less: Provision for diminution in value of available-for-sale investments			14.2.1	-	-
				15,660	17,856

14.2.1 Reconciliation of provision for diminution in value of available-for-sale investments:

	2014	2013
Opening balance	-	2,391
(Reversal) / provision for the year	-	(2,391)
Closing balance	-	-

14.2.2 The aggregate market value of available-for-sale investments as at December 31, 2014 amounted to Rs 95.625 million (2013: Rs 143.45 million).

14.2.3 In compliance with the accounting regulations as per the Securities and Exchange Commission (Insurance) Rules, 2002, the Branch has accounted for the available-for-sale investments at lower of cost or market value. Had the Branch valued its available-for-sale investments at fair value, in accordance with International Accounting Standards - 39 "Financial Instruments: Recognition and Measurement", the investments as at December 31, 2014 would have been higher by Rs 79.965 million (2013: Rs 125.60 million) and surplus on revaluation of available-for-sale investments (under Head Office account) would have been Rs 79.965 million (2013: Rs 125.60 million).

15 DEFERRED TAXATION

	Note	2014	2013
		------- Rupees in '000 -------	
Temporary differences arising in respect of:			
Provision for doubtful debts		5,825	5,658
Fixed assets		2,964	886
		8,789	6,544

16 PREMIUM DUE BUT UNPAID

	Note	2014	2013
Considered good		246,855	229,715
Considered doubtful		5,250	5,250
		252,105	234,965
Less: Provision for doubtful debts	16.1	(5,250)	(5,250)
		246,855	229,715

16.1 Provision for doubtful debts

	2014	2013
Opening balance	5,250	3,178
Charge for the year	-	2,072
	5,250	5,250

17 AMOUNT DUE FROM OTHER INSURERS / REINSURERS

	Note	2014	2013
Considered good		401,527	220,705
Considered doubtful		11,391	11,391
		412,918	232,096
Less: Provision for doubtful debts	17.1	(11,391)	(11,391)
		401,527	220,705

17.1 Provision for doubtful debts

	2014	2013
Opening balance	11,391	13,463
Reversal for the year	-	(2,072)
	11,391	11,391

Alto

		2014	2013
		------------ Rupees in '000 ----------	
18	**ACCRUED INCOME ON INVESTMENTS AND DEPOSITS**		
	- Pakistan Investment Bonds	21,931	4,631
	- Term Deposit Receipts	25,462	8,133
	- Dividend Income receivable	33	1,603
		47,426	14,367
19	**REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS**	301,313	786,650

19.1 The above balance includes claims receivable from American Home Assurance Company and National Union Fire Insurance Company of Pittsburgh, PA (group companies) amounting to Rs 49.51 million and Rs 167.90 million respectively (2013: Rs 38.14 million and Rs 489.72 million respectively).

		2014	2013
		------------ Rupees in '000 ----------	
20	**TAXATION - PAYMENT LESS PROVISION**		
	Opening refundable	6,195	20,358
	Charge for the year	(91,917)	(81,968)
	Payments during the year	110,478	67,805
		18,561	(14,163)
	Closing refundable	24,756	6,195

20.1 The income tax assessments of the Branch have been finalised up to and including the tax year 2014.

20.2 The Branch's case was selected in the random balloting done for selection of cases for audit for the tax year 2013 by the Federal Board of Revenue (FBR) under section 214C of the Income Tax Ordinance, 2001. The audit proceedings are being carried out and the Branch has provided information and explanations requested by the FBR.

		Note	2014	2013
			------------ Rupees in '000 ----------	
21	**PREPAYMENTS**			
	Prepaid re-insurance premium		411,890	401,903
	Rent		3,307	3,395
			415,197	405,298
22	**LOAN TO EMPLOYEES - Unsecured - considered good**	22.1	3,267	2,556

22.1 This represents interest free domestic loans to employees upto two months salary repayable within 11 months.

		Note	2014	2013
			------------ Rupees in '000 ----------	
23	**SUNDRY RECEIVABLES**			
	Advances to suppliers		692	300
	Others		-	232
	Due from related parties			-
			692	532
24	**FIXED ASSETS**			
	Tangible assets	24.1	33,638	46,591
	Intangible assets	24.2	27	120
	Capital work-in-progress	24.1.1	-	1,070
			33,665	47,781

24.1 Tangible Assets

	2014							
	Cost			Accumulated Depreciation				
	As at January 1, 2014	Additions / (disposals)	As at December 31, 2014	As at January 1, 2014	Charge for the year / (on disposals)	As at December 31, 2014	Written down value as at December 31, 2014	Rate of Depreciation per annum
	Rupees in '000							%
Leasehold property	56	-	56	56	-	56	-	20
Leasehold improvements	25,044	-	25,044	17,220	2,368	19,588	5,456	20
Furniture and fittings	17,175	-	17,175	9,298	1,542	10,840	6,335	10
Office equipment	17,169	244	17,413	11,938	1,601	13,539	3,874	20
Computer and EDP equipment	30,624	249	30,873	28,129	1,244	29,373	1,500	33.33
Vehicles	43,689	2,993 (7,542)	39,140	20,525	8,084 (5,942)	22,667	16,473	20
December 31, 2014	133,757	3,486 (7,542)	129,701	87,166	14,839 (5,942)	96,063	33,638	

	2013							
	Cost			Accumulated Depreciation				
	As at January 1, 2013	Additions / (Disposals)	As at December 31, 2013	As at January 1, 2013	Charge for the year / (on disposals)	As at December 31, 2013	Written down value as at December 31, 2013	Rate of Depreciation per annum
	Rupees in '000							%
Leasehold property	56	-	56	56	-	56	-	20
Leasehold improvements	25,044	-	25,044	14,734	2,486	17,220	7,824	20
Furniture and fittings	17,015	160	17,175	7,758	1,540	9,298	7,877	10
Office equipment	15,764	1,527 (122)	17,169	10,306	1,754 (122)	11,938	5,231	20
Computer and EDP equipment	28,566	2,058	30,624	26,901	1,228	28,129	2,495	33.33
Vehicles	43,807	5,934 (6,052)	43,689	18,805	7,542 (5,822)	20,525	23,164	20
December 31, 2013	130,252	9,679 (6,174)	133,757	78,560	14,550 (5,944)	87,166	46,591	

	Note	2014	2013
24.1.1 Capital work in progress		-------- Rupees in '000 -------	
Civil works		-	1,070
		-	1,070

24.1.2 Depreciation has been allocated as follows:

	Note	2014	2013
Management expenses	25	9,409	9,226
General and administration expenses	27	5,430	5,324
		14,839	14,550

24.1.3 Cost of fully depreciated fixed assets that are still in Branch use as at December 31, 2014 amounted to Rs 56.627 million (2013: Rs 59.438 million).

24.2 Intangible Assets

	Cost			Accumulated Amortisation				
	As at January 1	Additions	As at December 31	As at January 1	Amortisa-tion for the year	As at December 31	Written down value as at December 31	Rate of Amortisa-tion per annum
	Rupees in '000							%
Software	28,030	-	28,030	27,910	93	28,003	27	20
2014	28,030	-	28,030	27,910	93	28,003	27	
2013	28,030	-	28,030	27,303	607	27,910	120	20

	Note	2014	2013
24.2.1 Amortisation has been allocated as follows:		--------Rupees in '000--------	
Management expenses	25	-	251
General and administration expenses	27	93	356
		93	607

25 MANAGEMENT EXPENSES

	Note	2014	2013
Salaries, wages and benefits	25.1	45,608	51,136
Rents, taxes, electricity etc.		9,952	10,040
Communication		1,753	2,895
Advertisement and sales promotion		12,135	5,490
Printing and stationery		1,391	2,531
Traveling and entertainment		1,431	1,492
Car running and maintenance		4,361	4,699
Software maintenance charges		9,687	28,352
Depreciation	24.1.2	9,409	9,226
Amortisation	24.2.1	-	251
Subscription and membership fees		5,362	5,415
Other expenses		602	237
		101,691	121,764

25.1 This includes staff retirement benefits amounting to Rs 2.780 million (2013: Rs 3.254 million).

	2014	2013
26 OTHER (CHARGES) / INCOME - NET	--------Rupees in '000--------	
Gain on disposal of fixed assets	2,651	2,185
Exchange (loss) / gain	(6,658)	11,305
	(4,007)	13,490

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27 GENERAL AND ADMINISTRATION EXPENSES

	Note	2014	2013
		------------Rupees in '000------------	
Salaries, wages and benefits	27.1	80,034	56,911
Rent, taxes, electricity etc.		8,048	8,119
Communication		3,040	2,573
Printing and stationery		3,476	2,686
Traveling and entertainment		3,179	2,299
Depreciation	24.1.2	5,430	5,324
Amortisation	24.2.1	93	356
Software maintenance charges		8,785	25,711
Repairs and maintenance		6,485	5,707
Legal and professional charges		5,030	4,683
Auditors' remuneration	27.2	547	457
Insurance		2,234	2,631
Car running and maintenance		3,998	2,799
Workers' Welfare Fund		6,157	5,148
Other expenses		5,161	2,027
		141,697	127,431

27.1 This includes staff retirement benefits amounting to Rs 4.943 million (2013: Rs 3.622 million).

27.2 Auditors' remuneration

	2014	2013
	------------Rupees in '000------------	
Audit fee	344	344
Other certification services	63	63
Out of pocket expenses	140	50
	547	457

28 TAXATION

Current - for the year	76,598	83,332
Current - for prior year	15,319	(1,364)
Deferred	(2,245)	775
	89,672	82,743

28.1 Relationship between tax expense and accounting profit

The tax on the Branch's profit (before tax) differs from the theoretical amount that would arise using the Branch's applicable tax rate as follows:

	2014	2013
	------------Rupees in '000------------	
Profit before tax	301,694	252,269
Tax calculation at the rate of 33 % (2013: 34 %)	99,559	85,771
Tax effect of dividend income	(1,317)	(1,923)
Prior year adjustments	15,319	(1,364)
Tax effect of income taxable on lower rates	(23,190)	-
Others	(699)	259
	89,672	82,743

29 REMUNERATION OF MANAGER FOR PAKISTAN

Salary and other benefits	10,853	9,810
Branch's provided accommodation and utilities	5,485	4,758
	16,338	14,568

In addition, Manager for Pakistan has been provided with free use of Branch's car and household fixtures, in accordance with the practice of the Branch.

30 FINANCIAL INSTRUMENTS BY CATEGORY

	As at December 31, 2014			
	Loans and receivables	Held to maturity	Available for sale	Total
	Rupees in '000			
Financial Assets				
Bank deposits	942,738	-	-	942,738
Investments	-	1,069,461	15,660	1,085,121
Premium due but unpaid	246,855	-	-	246,855
Amounts due from other insurers / reinsurers	401,527	-	-	401,527
Accrued income on investment and deposits	47,426	-	-	47,426
Reinsurance recoveries against outstanding claims	301,313	-	-	301,313
Loan to employees - unsecured - considered good	3,267	-	-	3,267
	1,943,126	1,069,461	15,660	3,028,247

	As at December 31, 2014	
	Other financial liabilities	Total
	Rupees in '000	
Financial Liabilities		
Provision for outstanding claims (including IBNR)	451,256	451,256
Amounts due to other insurers / reinsurers	917,880	917,880
Accrued expenses	111,082	111,082
Other creditors and accruals	64,637	64,637
	1,544,855	1,544,855

	As at December 31, 2013			
	Loans and receivables	Held to maturity	Available for sale	Total
	Rupees in '000			
Financial Assets				
Bank deposits	1,158,004	-	-	1,158,004
Investments	-	703,436	17,856	721,292
Premium due but unpaid	229,715	-	-	229,715
Amounts due from other insurers / reinsurers	220,705	-	-	220,705
Accrued income on investment and deposits	14,367	-	-	14,367
Reinsurance recoveries against outstanding claims	786,650	-	-	786,650
Loan to employees - unsecured - considered good	2,556	-	-	2,556
Sundry receivables	232	-	-	232
	2,412,229	703,436	17,856	3,133,521

	As at December 31, 2013	
	Other financial liabilities	Total
	Rupees in '000	
Financial Liabilities		
Provision for outstanding claims (including IBNR)	874,760	874,760
Amounts due to other insurers / reinsurers	922,638	922,638
Accrued expenses	96,309	96,309
Other creditors and accruals	47,852	47,852
	1,941,559	1,941,559

31 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 value estimates. The fair values of all the financial assets and liabilities are estimated to be not significantly different from their carrying values except for investments as disclosed in note 14 to these financial statements.

Underlying the definition of fair value is the presumption that the Branch is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets (e.g. listed shares, treasury bills etc.) are based on the quoted market prices at the close of trading on the year end date. The quoted market prices used for financial assets held by the Branch is current bid price.

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A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The estimated fair value of other financial assets and liabilities is considered not significantly different from carrying values as the items are either short term in nature or periodically repriced.

IFRS 7, 'Financial instruments: Disclosures' requires the Branch to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Currently all equity securities are held at cost which is lower than their market values, hence, hierarchy of the fair values has not been presented.

32 RISK MANAGEMENT

32.1 Financial risk management objective and policies

The Branch's activities expose it to a variety of financial risks namely market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk that could result in a reduction in the Branch's net assets or reduction in the profit. The Branch's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Branch's financial performance. The Branch management has the overall responsibility for the establishment and oversight of the Branch's risk management framework and is responsible for developing risk management policies and its monitoring.

32.1.1 Market risk

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

Market risk comprises of three types of risk namely foreign currency risk, interest rate risk and price risk.

32.1.2 Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Branch's quoted securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Branch limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity market.

The following table summarizes the Branch's other price risk as of December 31, 2014 and 2013. It shows the effects of an estimated increase / decrease of 5% in the market prices as on the fair values of the quoted equity securities with other factors remaining constant. However, in practice the actual results may differ from the sensitivity analysis.

	Fair value	Price change	Effect on fair value
	Rupees in '000		Rupees in '000
December 31, 2014	95,625	+5%	4,781
		-5%	(4,781)
December 31, 2013	143,450	+5%	7,173
		-5%	(7,173)

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32.1.3 Interest rate risk exposure

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

The Branch is exposed to interest / mark-up rate risk in respect of the following:

	2014							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Bank deposits	0.05% - 9.6%	942,738	-	942,738	-	-	-	942,738
Investments	9.48% - 11.50%	618,627	450,834	1,069,461	15,660	-	15,660	1,085,121
Premium due but unpaid		-	-	-	246,855	-	246,855	246,855
Amount due from other insurers / reinsurers		-	-	-	401,527	-	401,527	401,527
Accrued income		-	-	-	47,426	-	47,426	47,426
Reinsurance recoveries against outstanding claims		-	-	-	301,313	-	301,313	301,313
Loan to employees - unsecured - considered good		-	-	-	3,267	-	3,267	3,267
		1,561,365	450,834	2,012,199	1,016,048	-	1,016,048	3,028,247
Financial liabilities								
Provision for outstanding claims (including IBNR)		-	-	-	451,256	-	451,256	451,256
Amounts due to other insurers / reinsurers		-	-	-	917,880	-	917,880	917,880
Accrued expenses		-	-	-	111,082	-	111,082	111,082
Other creditors and accruals		-	-	-	64,637	-	64,637	64,637
		-	-	-	1,544,855	-	1,544,855	1,544,855
		1,561,365	450,834	2,012,199	(528,807)	-	(528,807)	1,483,392

	2013							
	Interest Rates	Interest / mark-up bearing			Non-interest / mark-up bearing			Total
		Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
		(Rupees in '000)						
Financial assets								
Bank deposits	0.05% - 9.32%	1,158,004	-	1,158,004	-	-	-	1,158,004
Investments	9.69% - 11.25%	611,594	91,842	703,436	17,856	-	17,856	721,292
Premium due but unpaid		-	-	-	229,715	-	229,715	229,715
Amount due from other insurers / reinsurers		-	-	-	220,705	-	220,705	220,705
Accrued income		-	-	-	14,367	-	14,367	14,367
Reinsurance recoveries against outstanding claims		-	-	-	786,650	-	786,650	786,650
Loan to employees - unsecured - considered good					2,556	-	2,556	2,556
Sundry and other receivables		-	-	-	232	-	232	232
		1,769,598	91,842	1,861,440	1,272,081	-	1,272,081	3,133,521
Financial liabilities								
Provision for outstanding claims (including IBNR)		-	-	-	874,760	-	874,760	874,760
Amounts due to other insurers / reinsurers		-	-	-	922,638	-	922,638	922,638
Accrued expenses		-	-	-	96,309	-	96,309	96,309
Other creditors and accruals		-	-	-	47,852	-	47,852	47,852
		-	-	-	1,941,559	-	1,941,559	1,941,559
		1,769,598	91,842	1,861,440	(669,478)	-	(669,478)	1,191,962

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

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on Head Office Account
		----------- Rupees in '000	----------
December 31, 2014	100	20,122	13,482
	(100)	(20,122)	(13,482)
December 31, 2013	100	18,614	12,099
	(100)	(18,614)	(12,099)

32.1.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial asset or liability will fluctuate due to changes in foreign currency rates. Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The Branch's principal transactions are carried out in Pak Rupees and its exposure to foreign currency risk arises primarily with respect to US dollar. Financial liabilities exposed to foreign currency risk amounted to Rs 7.781 million (2013: Rs 9.753 million) at the end of the year.

32.1.5 Credit Risk

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

	2014	2013
	----------- Rupees in '000	----------
Bank accounts and deposits*	942,738	1,158,004
Accrued income on investment and deposits**	25,462	8,133
Premiums due but unpaid***	252,105	234,965
Security deposits	3,219	3,244
Loan to employees	3,267	2,556
Amounts due from other insurers / reinsurers***	412,918	232,096
Reinsurance recoveries against outstanding claims	301,313	786,650
	1,941,022	2,425,648

The credit quality of Branch's bank deposits and accrued income can be assessed with reference to external credit ratings as follows:

	Credit Rating	Credit Rating Agency	2014	2013
			---------- Rupees in '000	---------
*** Bank accounts and deposits**				
Various	AAA	JCR -VIS / PACRA	383,764	280,902
Various	A2	Moody's	418,383	877,102
Various	AA+	JCR -VIS / PACRA	140,092	-
Various	AA	JCR -VIS / PACRA	499	-
			942,738	1,158,004
**** Accrued income on investment and deposits**				
Various	P-1	Moody's	5,870	2,771
Various	A1+	JCR -VIS / PACRA	19,592	5,362
			25,462	8,133

*** The age analysis of premiums due but unpaid and amounts due from other insurers / reinsurers is as follows:

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	2014	2013
	--------- Rupees in '000 ---------	
Upto 1 year	655,931	460,086
1 - 2 years	3,914	70
Over 2 years	5,178	6,906
	665,023	467,062

32.1.6 Liquidity risk

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

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

	2014			
	Within one year	Over one year to five years	Over five years	Total
	------------ Rupees in '000 ------------			
Financial liabilities				
Provision for outstanding claims (including IBNR)	451,256	-	-	451,256
Amounts due to other insurers / reinsurers	917,880	-	-	917,880
Accrued expenses	111,082	-	-	111,082
Other creditors and accruals	64,637	-	-	64,637
	1,544,855	-	-	1,544,855

	2013			
	Within one year	Over one year to five years	Over five years	Total
	------------ Rupees in '000 ------------			
Financial liabilities				
Provision for outstanding claims (including IBNR)	874,760	-	-	874,760
Amounts due to other insurers / reinsurers	922,638	-	-	922,638
Accrued expenses	96,309	-	-	96,309
Other creditors and accruals	47,852	-	-	47,852
	1,941,559	-	-	1,941,559

32.2 Insurance risks

The Branch mainly issues the following types of insurance contracts:

- Fire and property
- Marine, aviation and transport
- Motor
- Accident and health
- Miscellaneous

These contracts are normally one year insurance contracts except marine and accident and health business contracts which are generally for a period of 3 months and 1 month respectively.

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32.2.1 Frequency and severity of claims

The principal risk the Branch faces under insurance contracts is that the actual claims and benefit payments or timing thereof, differ from expectations. This is influenced by frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore the objective of the Branch is to ensure that sufficient reserves are available to cover these liabilities.

32.2.2 Reinsurance Arrangements

Such risk exposure is mitigated by diversification across a large portfolio of insurance contracts and careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Strict claim review policies to assess all new and ongoing claims and regular detailed review of claims handling procedures are also put in place to reduce the risk exposure of the Branch. The Branch further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future development.

The Branch's class wise risk exposure (based on maximum loss coverage in a single policy) is as follows:

	2014		
	Maximum sum insured	**Reinsurance cover**	**Highest net liability**
	-------------------- Rupees in '000 --------------------		
Fire and property	85,995,000	81,695,250	4,299,750
Marine, aviation and transport	16,894,627	13,895,831	2,998,796
Motor	700,654	-	700,654
Accident and health	6,078,523	6,017,738	60,785
Miscellaneous	2,712,775	271,277	2,441,498
	112,381,579	101,880,096	10,501,483

	2013		
	Maximum sum insured	**Reinsurance cover**	**Highest net liability**
	-------------------- Rupees in '000 --------------------		
Fire and property	11,399,238	11,380,238	19,000
Marine, aviation and transport	1,931,798	1,596,631	335,167
Motor	47,600	47,600	-
Accident and health	43,000	38,250	4,750
Miscellaneous	2,432,000	2,424,704	7,296
	15,853,636	15,487,423	366,213

32.2.3 Geographical concentration of insurance risk

To optimize benefits from the principle of averages and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location. Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the location, occupation and coverage of the insured.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. It provides a way to better visualize the risk exposures so the Branch determines the appropriate amount of reinsurance coverage to protect the business portfolio.

32.2.4 Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Branch is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on the intimation to the Branch. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the management makes the best estimate which takes into account the claims that are actually reported subsequent to the balance sheet date. IBNR for accident and health business is recognised based on actuarial valuation in accordance with the requirements of the SECP.

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There are several variable factors which affect the amount and timing of recognized claim liabilities. The Branch takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount.

32.2.5 Key assumptions

The principal assumption underlying the liability estimation of claims and premium deficiency reserves is that the Branch's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

The assumed net of reinsurance loss ratios for each class of business is as follows:

Class	Assumed Net Loss 2014	Assumed Net Loss 2013
Fire and property	66%	36%
Marine, aviation and transport	63%	47%
Motor	70%	55%
Accident and health	72%	56%
Miscellaneous	5%	3%

32.2.6 Sensitivity analysis

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of 10% variation in claims value with other factors remaining constant is summarized below. However, in practice the actual results may differ from sensitivity analysis:

	Profit before tax		Head Office Account	
	2014	2013	2014	2013
	Rupees in '000			
10% increase in loss	(41,882)	(27,228)	(28,061)	(17,698)
10% decrease in loss	41,882	27,228	28,061	17,698

32.2.7 Claim development

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

32.3 Reinsurance risk

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

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

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

	Amount due from other insurers / reinsurers		Reinsurance recoveries against outstanding claims	
	2014	2013	2014	2013
Rating	Rupees in '000			
A or above including Pakistan Reinsurance Company Limited	401,527	220,705	301,313	786,650

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33 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Branch comprises of head office, ultimate parent and subsidiaries / branches of ultimate parent. The Branch, in the normal course of business, carries out transactions at arm's length prices with various related parties. Details of transactions with related parties during the year and the balances as at the year end, with related group companies other than those already disclosed in the specific notes to the financial statements are as follows:

	2014	2013
	-------- Rupees in '000 --------	
Transactions during the year:		
Premiums ceded	862,964	811,586
Commission income	252,856	230,635
Claims recovered	744,557	196,011
Remittance	(144,734)	227,438
Software maintenance charges	4,890	16,636
Balances at the year end:		
Due to related parties included in accrued expenses	10,030	40,259

34 NUMBER OF EMPLOYEES

Number of permanent employees at the end of the year were 55 (2013: 55) . The average number of employees of the Branch are 56 (2013: 56)

35 AUTHORISATION FOR ISSUE

These financial statements were authorized for issue by the management on 15 APR 2015.

36 GENERAL

36.1 Figures have been rounded off to the nearest thousand rupees.

36.2 Prior year's figures have been reclassified, wherever necessary, for the purposes of comparison. However, such reclassifications are not material.

Manager for Pakistan / Principal Officer | **Assistant General Manager** | **Chief Financial Officer**