



Annual Report 2011



Organisation  
development  
through  
*self development*



## Contents

Vision and Mission Statements	1
Corporate Strategy	2
Core Values	3
Code of Business Principles	4
Company's Profile	7
Organisation Chart	14
Company Information	15
Notice of Annual General Meeting	17
Shareholders' Information	20
Depicting Growth	22
Ten Years at a Glance	23
Analysis of Financial Statements	29
Statement of Value Addition	35
Chairman's Review	36
Directors' Report	41
Statement of Compliance with the Code of Corporate Governance	45
Statement of Compliance with the Best Practices on Transfer Pricing	47
Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance	48
Auditors' Report to the Members	49
Balance Sheet	50
Profit and Loss Account	52
Statement of Comprehensive Income	53
Statement of Changes in Equity	54
Cash Flow Statement	55
Statement of Premiums	57
Statement of Claims	58
Statement of Expenses	59
Statement of Investment Income	60
Notes to the Financial Statements	61
Pattern of Shareholding	93
Company Offices	95
Atlas Group Companies	97
Form of Proxy	



## **Vision**

A first class insurance Company that provides the highest level of quality service to its policyholders.

## **Mission**

To stay in the forefront of innovation and technological developments, continue to achieve corporate success, provide its policyholders quality products and service to their satisfaction, promote interest of all the stakeholders – employees, shareholders, reinsurers and business associates equitably fulfilling demand of overall social responsibility.

## Corporate Strategy

Enhance customer satisfaction by adding value over the long run

Create value for the shareholders, maintaining and improving our competitive position in the market

Build and preserve an innovation-adept culture, a culture that promotes transparency and accountability through honesty, integrity and diligence in our dealing with employees, clients, financial institutions, government, regulatory authorities and all the other stakeholders

Focused training and development of the employees for enhancing their technical and managerial expertise, monitoring employees' satisfaction and implementing measures for its continuous enhancement

Competence and knowledge management to focus on human excellence using professional methodologies with strategic planning following the concept of "Management by Objectives"

Monitoring performances of processes and taking timely action for their standardization and optimization

## **Core Values**

### **Integrity and Ethics**

High value is placed on the integrity of employees and ethical practices in our business dealings. Adopting the path of highest level of integrity remains our intent and we endeavor to establish the best professional and personal standards

### **Value of Time**

We believe that time is the scarcest resource and performance excellence means managing time to deliver the most in the shortest period

### **Respect, Recognition and Reward**

The human resource policy is based on 3R's i.e. Respect, Recognition and Reward to employees of all levels

### **Organization Development through Self Development**

Every member is encouraged and motivated with a vision and purpose to continuously strive for excellence, taking pride in the Atlas Motto 'Organization Development through Self Development'

### **Team Work**

We believe that long term sustainability of performance is based on strong team work only and all members are committed to work as a team to get the best out of it

### **Fairness**

Fairness to all employees, stakeholders, business partners and clients through adherence to ethical value, applicable laws, regulations and policies and a high standard of moral behavior is the foremost

# Code of Business Principles

## Standard of Conduct

We conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of all stake holders including employees.

## Obeying the Law

Company is committed to comply with all the legal requirements, laws and regulations of Pakistan.

## Employees

- Company is committed to create the working environment where there is mutual trust and respect and everyone feels the responsibility for the improved performance and reputation of the Company.
- It recruits, employs and rewards employees purely on merit and on the basis of the qualification, experience and abilities needed for the work to be performed.
- It is committed to provide safe, healthy and pleasant working environment to all employees. Company will not use any form of forced, compulsory or child labor.
- It is committed to work with employees to develop and enhance each individual's skills and capabilities, provide training to groom them on the basis of their Training Needs Assessment analysis.
- It respects the dignity of employees and the right of individual to express freely.
- Company maintains good communication link with employees through Company based information and consultation procedures.

## Insured

It is committed to provide prompt and efficient services to its clients by properly insuring their risk, doing risk assessment and by issuing insurance policies to meet various requirements of clients. It endeavors to provide peace of mind and security to its clients pursuing ethical and professional practices.

## Shareholders

Company will conduct its operations in accordance with principles of good corporate governance. It will provide timely, regular and reliable information on its activities, structure, financial situation and performance to all the shareholders.

## Business Partners

- Company is committed to establish mutually beneficial relations with its insured, reinsurers and business partners.
- In the business dealings, the Company expects its partners to adhere to business principles and ethical practices consistent with its own.

## Community Involvement

Company strives to be a trusted corporate citizen and, as integral part of society, to fulfill its responsibilities to society and communities where it operates.

**Public Activities**

- Company is encouraged to promote and defend its legitimate business interests.
- It will co-operate with the Government and other organizations, both directly and through bodies such as Insurance Association of Pakistan, in the development of proposed legislation and other regulations that may affect legitimate business interests.
- Company neither supports any political group or party nor contributes to the funds of any group whose activities are aimed at, directly or indirectly, to promote party interests.

**The Environment**

- Company is committed to making continuous improvement in the management of environmental impact and to the long term goal of developing a sustainable business.
- Company will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice.

**Competition**

Company and its employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations without compromising on ethical practices.

**Business Integrity**

- Company does not give or receive, whether directly or indirectly, bribe or other improper advantages for business or financial gains. No employee may offer, give or receive any gift or payment, which is, or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to the management.
- Its accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions transparently. No undisclosed or unrecorded account, fund or asset will be established or maintained.

**Conflict of Interests**

- Company's employees are expected to avoid personal activities and financial interests that could conflict with their responsibilities to the Company. They must not seek gain for themselves or for others through misuse of their positions.

**Compliance-Monitoring-Reporting**

- Compliance with these principles is an essential element in our business success. The Company's Board of Directors (the Board) is responsible for ensuring that these principles are communicated to, and understood and observed by, all employees.
- Responsibilities are properly delegated to the senior management. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs.
- Assurance of compliance is given and monitored each year. Compliance with the Code is subject to review by the Board and supported by the Audit Committee of the Board.
- Any breaches of the Code must be reported in accordance with the procedure specified by the management.
- The Board of the Company expects employees to bring to their attention, or to that of senior management, any breach or suspected breach of these principles.
- Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.



## Risk Management Policy

- Company shall continue to identify key risk areas and take effective measures to avoid, mitigate and ensure appropriate protection against risk.
- The management of risk is a central issue in the planning and management of any venture and objective is not to foster risk management as an identifiable and separate specialty.
- The primary function for the risk management is to assist in the assessment of risk and to ensure that a risk assessment is effectively programmed.
- Once the risks have been evaluated in terms of likelihood of occurrence and consequences and when options of risk management have been reviewed, it is then meaningful to rank the risks and to assign priorities.

## Safety, Health and Environment

In Atlas Insurance Limited, health and safety are core corporate values, driven by the goal of "no accident and no harm to people". The Company is totally committed to continuously improving the safety and well being of all the people who work with it, or come into contact with the operations or products. The aim is to ensure a healthy and productive environment, free from incident, injury or illness.

The Company maintains the programs that provide reasonable assurance of the following:

- Compliance has been made of all Government and internal health, safety and environmental requirements.
- Design facilities and conduct operations in a way that avoids risk to human health, safety and the environment.
- To examine and communicate the known hazards of operations with relevant health, safety and environmental protection information to potentially affected persons.
- Actively seeks to minimize the environmental impact of the activities.
- Systematically manages environmental performance in all phases of activities.
- Continuously improves the Company's overall environmental performance.
- Foster open communication, internally and externally about the Company's environmental performance.

## Company's Profile - History of Success

### ***Performance follows Commitments***

The Company was founded in 1934 by Dr. Sir Muhammad Iqbal, the founder thinker of Pakistan, and is one of the oldest insurance companies of Pakistan.

The Company was taken over by the Atlas Group in 1980. From making loss in 1979, the Company has made steady progress and had since been making profits each year. The equity of the Company has grown from Rs. 1.6 million in 1979 to over Rs. 1.010 billion in 2011, total assets having grown to over Rs. 2.078 billion and investments from Rs. 4.594 million to over Rs. 1.089 billion.

Atlas Insurance Limited has very sound reinsurance arrangements with the leading reinsurers of the world including Swiss Re from Switzerland, Hannover Re from Germany, Tokio Fire & Nichido Marine and Sompo from Japan among others.

Acknowledging the financial strength of the Company, The Pakistan Credit Rating Agency Limited (PACRA) has maintained Insurer Financial Strength (IFS) rating of the Company at "A+" and has also assigned "Positive Outlook" to the rating. The rating denotes strong capacity to meet policyholder and contract obligations and risk factors are moderate.

Atlas Insurance Limited is a financially sound and professional managed Company, has been six times awarded the Top Five Companies "Best Corporate Report Award" 2003, 2006, 2007, 2008, 2009 and 2010 by the joint committee of The Institute of Chartered Accountants of Pakistan (ICAP) and The Institute of Cost and Management Accountants of Pakistan (ICMAP). Atlas Insurance Limited has been awarded South Asian Federation of Accountants - SAFA "Best Presented Accounts Awards" in 2006, 2007, 2008, 2009 and 2010". Atlas Insurance Limited is also recipient of "KSE Top 25 Companies Award - 2005".

The Company's results have consistently been improving yielding handsome profit earnings. These were only made possible by excellent operating performance through professional and efficient service to clients, good management practices and cost controls, scaling new heights. In 2010 the Company has achieved another milestone by crossing Rs. 1 billion mark in gross premium. Consistency, hard work, dedication, adherence to Company policies and procedures and code of ethics has contributed significantly towards the growth of the Company.

The Company has always sought to offer unique solutions to its clients and has the ability to offer creative alternatives to meet the challenges associated with the ever changing needs of its clients by offering specially designed policies. The Company follows sound underwriting policies and provides highest quality services to its valued clients. Atlas Insurance has the privilege of having many blue chip companies and large groups amongst its valued customers whom it serves through a strong branch network throughout the country backed by advanced computerized information and control system. Wide range of products is offered by Atlas, which includes:

- |                            |                        |                                 |
|----------------------------|------------------------|---------------------------------|
| ● Fire & Allied Perils     | ● Product Liability    | ● Fidelity Guarantee            |
| ● Marine                   | ● Computer All Risk    | ● Cash in Transit/ Cash in Safe |
| ● Motor                    | ● Travel Insurance     | ● Bankers' Blanket Bond         |
| ● Personal Accident        | ● Contractors All Risk | ● Loss of Profit                |
| ● Boiler & Pressure Vessel | ● Erection All Risk    | ● Credit Insurance              |
| ● Crop Insurance           | ● Machinery Breakdown  | ● Health Insurance              |

#### **Fire & Allied Perils**

This covers property and assets; it provides coverage against Fire and Lightning and can be extended to provide coverage for perils including Impact damage, Earthquake, Fire & Shock, Atmospheric Damage, Malicious Damage, Riot & Strike Damage and Burglary etc.



---

### Marine

Marine Cargo insurance covers risk of transportation of goods for imports and exports including inland transportation.



### Motor

Motor insurance provides comprehensive coverage i.e. accidental damage to vehicle, Theft and Third Party Liability etc. to our corporate and individual customers.

---

### Personal Accident

Personal accident insurance provides cover against death and disability of a person due to an accident.



### Boiler & Pressure Vessel

Covers damage to boilers and pressure vessels due to explosion or collapse caused by internal pressure and vacuum.



### Crop Insurance

Covers financial loss due to damage to crop caused by natural calamities.



### Product Liability

This policy covers liability to third parties arising out of faulty products supplied by the manufacturers.

### Computer All Risk

This insurance is specially geared to cover delicate and high value equipment on all risk basis.



### Travel Insurance

This policy provides protection like Personal Accident, Medical, Loss of Luggage and Money while insured is traveling out of home country.

### Contractors' All Risk (CAR)

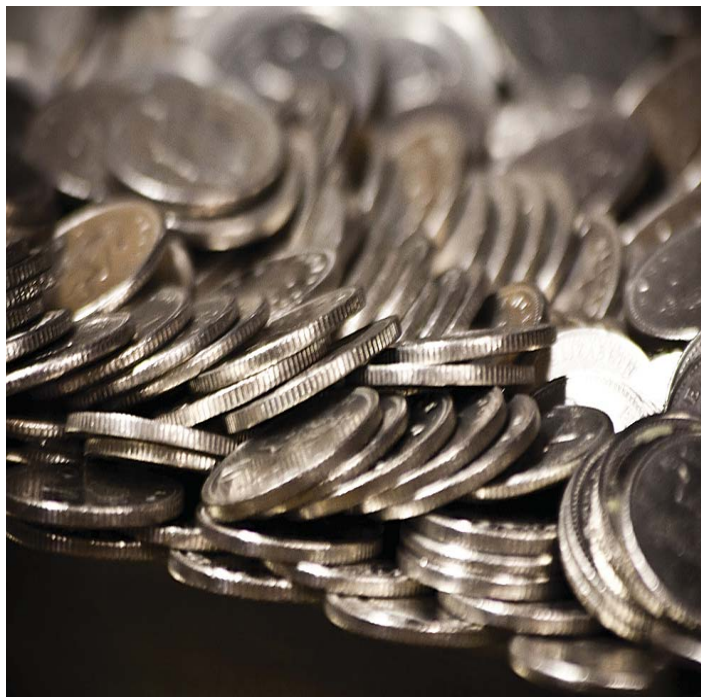
Covers accidental damage to civil works and contractor plant and equipments in the course of construction carried out by contractors and can be extended to include third party liability cover.

### Erection All Risk (EAR)

Similar cover to Contractors' All Risk insurance, but while CAR cover refers mainly to building and civil engineering work, EAR is used for coverage of loss or damage to machinery in the course of erection etc.

### Machinery Breakdown

Machinery insurance is to grant cover for plant and machinery against mechanical / electrical breakdown.



### Fidelity Guarantee

Fidelity Guarantee insurance protects employers against direct pecuniary loss which they may suffer due to fraud or any other act of dishonesty committed by their employee against them.

### Cash in Transit / Cash in Safe

Covers cash against snatching or robbery while in the transit from one premise to another in a given location or lying in the safe at assured premises.

### Bankers' Blanket Bond

Covers Banks and provide protection which includes loss due to Theft and Fidelity Guarantee risks etc.

### Loss of Profit

Provides protection against business interruptions and its consequential losses followed by incident of fire etc.

### Health Insurance

Atlas Insurance health plan - 'Atlas Care' provides coverage against Hospitalization, Maternity, Critical Illness, OPD and Specialized Investigations etc.

Health Insurance relieves insured from the worries of unexpected diseases Ailments, Surgery, Operations and Out Patients Care. The Group Medical Insurance curtails the administrative burden and financial pressures.



## Board of Directors

The Board of Company acknowledges the significance of efficient discharge of duties imposed by corporate law and stands firmly committed in its objectives to add value through effective participation and contribution towards achievement of Company's business objectives.

The Board further recognizes its responsibilities for protection and efficient utilization of Company assets for business objectives and compliance with laws and regulations at all Company levels with the ultimate objective of safeguarding the interests of the shareholders so as to increase shareholders wealth and promoting market confidence.

The Board has approved all the significant policies of the Company including but not limited to policies relating to human resource, risk management, business operations, investments, donations and signature mandate etc.

The Board is conscious to the need of maintaining balance between the interests of the equity holders and sustenance of growth in net earnings. Recognized for best governance practices, financial reporting and disclosure excellence, Atlas Insurance believes in timeliness and accuracy to enable informed decision making by our investors and their confidence in the Board.

All the Directors represent rich exposure of diverse fields of business and professions and possess all the necessary skills and understanding to deal with the various business and corporate issues and have the ability to review, analyze and challenge the management performance.

During the year, four meetings of the Board were held to review and approve all issues and matters referred to it by the audit and other committees of the Board including periodical and financial statements, corporate and financial reporting framework, and forecasts including their analysis with actual, cash flow projections, management letter issued by the external auditors, compliance with relevant laws and regulations including amendments during the year, acquisition and disposal of assets, review of risks identified and their mitigation, accounting and internal control systems and such other matters considered to be significant enough for the Board's attention by the Audit Committee or the management.

For all the Board meetings the agenda and details of each item of agenda were circulated to all the members of the Board at least seven days before the meeting was scheduled. The minutes of all the Board meetings duly signed by the Chairman, have been circulated. An actions item list was also prepared after finalization and circulation of minutes of the meetings and status of each action item was provided to the Board in next meeting.

## The Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are segregated and they have distinct responsibilities. Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned by the Board. In particular, the Chairman coordinates the activities of the Directors and various Committees of the Board, and presides over the meetings of the Board and shareholders.

Chief Executive Officer is responsible for the operations of the Company and conduct of its business, in accordance with the powers vested in him by law, the Articles of Association of the Company and authorities delegated to him through a General Power of Attorney and Board resolutions from time to time. Chief Executive Officer recommends policies and strategic directions, financial statements, annual business plans and budget for the Board approval and is responsible for exercising the overall control, direction, administration and supervision for sound and efficient management and conduct of the business of the Company.

## Chief Executive Officer Performance Review

The Board assumes the monitoring role, giving full authority to the Chief Executive Officer to manage the Company, implement strategic decisions and policies of the Board and align the Company's direction with vision and objectives set by the Board for continuous development and progress. The Chief Executive Officer is present in every meeting of the Board and provides detailed explanation on each item of the agenda and addresses any specific questions by the Board members. The performance of Chief Executive Officer is assessed through the evaluation system which takes into account various parameters including financial performance, organisation building, human resource and succession planning.



## Board Committees

### Audit Committee

The Board of Directors, in line with the best practices, established the Audit Committee. The terms of reference of the Audit Committee have been determined by the Board in accordance with the Code of Corporate Governance consisting on the following:

- Review of quarterly, half yearly and annual financial statements before their consideration by the Board.
- Detailed review of the management letters issued by the external auditors and the management's response thereto.
- Review of compliance with all relevant laws and regulations and other statutory requirements.
- Compliance with the best practices of Corporate Governance.
- Determination of appropriate measures to safeguard Company's assets.
- Review of status of action items from the previous meetings.
- Review of Company's statement on internal control systems prior to endorsement by the Board of Directors.
- Review scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- Consider major findings of internal investigations and management's response thereto.
- Facilitate the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight.
- Institute special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body.

### Underwriting Committee

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

The Committee consists of three members including the Chairman of the Committee. The Underwriting Committee held four meetings during the year, which were attended by all the members.

### Claims Settlement Committee

Claims Settlement Committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays attention to significant claims cases, which may give rise to a series of claims. The Committee determines the circumstances under which the claims disputes shall be brought to its attention and decide how to deal with such claims disputes.

The Committee consists of three members including the Chairman of the Committee. During the year four Claims Settlement Committee meetings were held and attended by all the members.

### Reinsurance & Co-Insurance Committee

Reinsurance & Co-Insurance Committee ensures that adequate reinsurance arrangements are made for the Company business. It pursues the proposed reinsurance arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers, suggests appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance program for future reference.

The Committee consists of three members including the Chairman of the Committee. During the year four Reinsurance & Co-Insurance Committee meetings were held and attended by all the members.

**Investment Committee**

It provides necessary guidelines and approval for commitment and assignment of investments in equities, mutual funds, fixed income securities, Government Bonds and securities.

The Committee consists of four members including the Chairman of the Committee. During the year four Investment Committee meetings were held and attended by all the members.

**Management Committee**

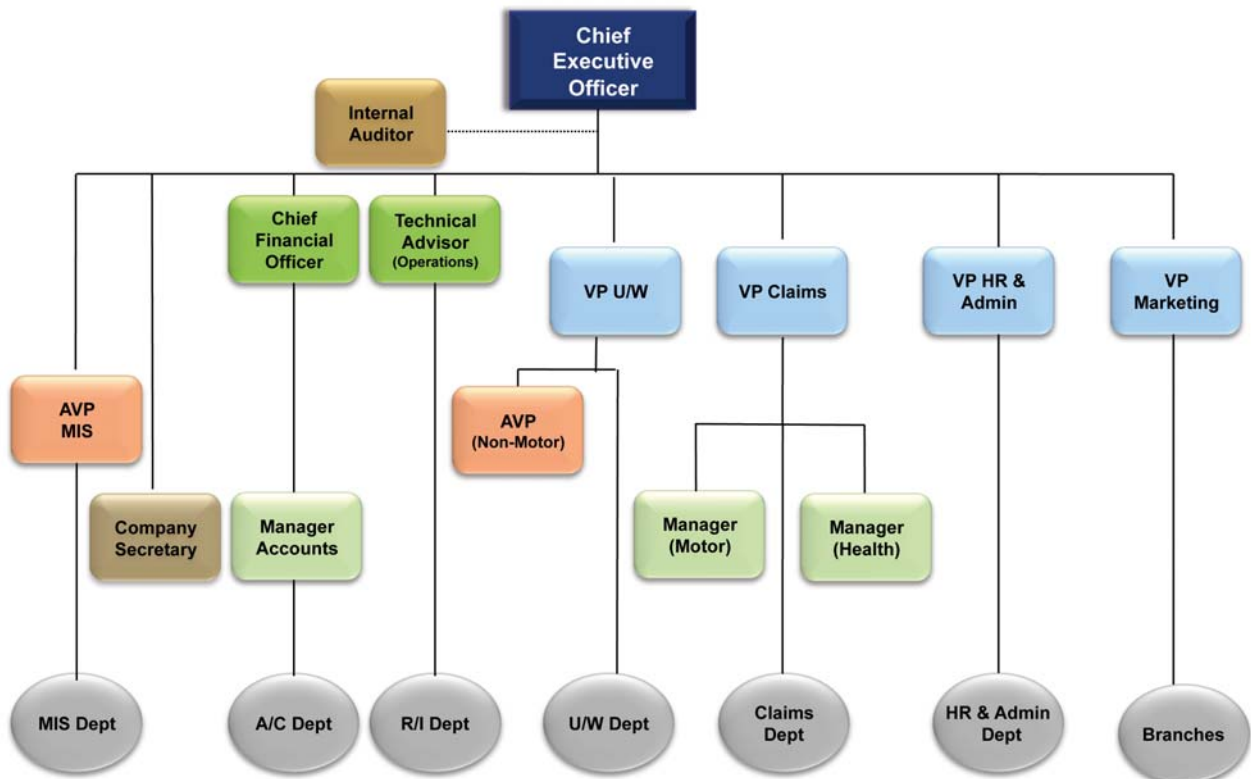
The Management Committee acts at the operating level in an advisory capacity to the Chief Executive Officer, providing recommendations relating to the business and other corporate affairs. The Committee is responsible for reviewing and forwarding short / long term plans, capital and expense budget development and stewardship of business plans. The Committee is also responsible for maintaining a healthy environment within the Company as well as outside the Company through channeling its financing and investment to projects, producing environment friendly products. It contributes to further strengthen the team work to achieve Company's objectives, effectively & efficiently.

The foundation upon which our team is created is based upon the premise that motivates people and long standing relationships are the ultimate tools of success and creativity, energy perseverance and loyalty and are just as important as a platinum resume.

We have a team of highly qualified and experienced professionals with proven problem solving ability, consulting and analytical skills. Our team consists of insurance experts and technical specialists to provide the best services to our clients.



## Organisation Chart



## Company Information



### Board of Directors

Yusuf H. Shirazi  
Chairman

Aitzaz Shahbaz  
Director

Azam Faruque  
Director

Ali H. Shirazi  
Director

Frahim Ali Khan  
Director

Jawaid Iqbal Ahmed  
Director

Arshad P. Rana  
Chief Executive Officer

Muhammad Afzal  
Company Secretary

### Audit Committee

Azam Faruque  
Chairman

Ali H. Shirazi  
Member

Frahim Ali Khan  
Member

Muhammad Afzal  
Secretary

Saleem Mahmood Akhtar  
Chief Internal Auditor

## Investment Committee

---

Ali H. Shirazi  
Chairman

Frahim Ali Khan  
Member

Arshad P. Rana  
Member

Aamer Waqar Chaudhry  
Member

Muhammad Afzal  
Secretary

## Underwriting Committee

---

Frahim Ali Khan  
Chairman

Arshad P. Rana  
Member

Muhammad Munir  
Member

Muhammad Ashraf Bhatti  
Secretary

## Claims Settlement Committee

---

Frahim Ali Khan  
Chairman

Arshad P. Rana  
Member

Muhammad Munir  
Member

Muhammad Saeed  
Secretary

## Reinsurance & Co-insurance Committee

---

Frahim Ali Khan  
Chairman

Arshad P. Rana  
Member

Muhammad Munir  
Member

Syed Nasir Hussain  
Secretary

## Auditors

---

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Legal Advisors

---

Mohsin Tayebaly & Co.  
Ch. Maqsood Hassan Advocate  
Agha Faisal Barrister at Law

## Management Committee

---

Arshad P. Rana  
Chief Executive

Aamer Waqar Chaudhry  
Chief Financial Officer

Muhammad Munir  
Technical Advisor (Operations)

Qudsia Naheed  
Vice President (Admin & HR)

Muhammad Iqbal  
Vice President (Marketing)

Muhammad Ashraf Bhatti  
Vice President (Underwriting)

Muhammad Saeed  
Vice President (Claims)

## Tax Advisor

---

Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Registrar and Share Transfer Office

---

Hammed Majeed Associates (Pvt) Limited  
H. M. House, 7 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

## Bankers

---

Al Baraka Bank (Pakistan) Limited  
Allied Bank Limited  
Bank Alfalah Limited  
Faysal Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
Soneri Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Summit Bank Limited  
United Bank Limited

## Registered & Head Office

---

3 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore  
Tel: (92-42) 37320542-43,  
37322271, 73, 37310658  
Fax: (92-42) 37234742  
Email: info@atlasinsurance.com.pk  
Website: www.atlasinsurance.com.pk

## Notice of Annual General Meeting

Notice is hereby given that the 77th Annual General Meeting of the members of Atlas Insurance Limited will be held on Tuesday, April 10, 2012 at 03:00 p.m. at 3-Bank Square Shahrah-e-Quaid-e-Azam, Lahore to transact the following business:

### Ordinary Business

1. To confirm the minutes of the last Annual General Meeting held on March 31, 2011.
2. To receive consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2011, together with the Directors' and Auditors' Reports thereon.
3. To consider and approve cash dividend of Rs. 4 per share i.e. 40% for the year ended December 31, 2011, as recommended by the Board of Directors.
4. To elect Directors of the Company for a period of three years, in accordance with the provisions of Section 178 of the Companies Ordinance, 1984 (the Ordinance). The Board of Directors has fixed the number of Directors to be elected as seven (7). The retiring Directors are:
  1. Mr. Yusuf H. Shirazi
  2. Mr. Aitzaz Shahbaz
  3. Mr. Azam Faruque
  4. Mr. Ali H. Shirazi
  5. Mr. Frahim Ali Khan
  6. Mr. Jawaaid Iqbal Ahmed
  7. Mr. Arshad P. Rana

All the retiring Directors are eligible to offer themselves for re-election. In terms of Section 178 (3) of the Ordinance, any person who seeks to contest an election to the office of Director, whether he is a retiring Director or otherwise, shall file with the Company, not later than fourteen days before the date of the meeting, a notice of his intention to offer himself for election as a Director.

5. To appoint auditors and fix their remuneration for the year ending December 31, 2012. The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment.

### Special Business

6. To consider and approve the bonus shares issue @ 20% (two bonus shares for every ten shares held) for the year ended December 31, 2011 as recommended by the Board of Directors.

To consider and, if though fit, to pass with or without modification the following resolutions as Ordinary Resolutions:

#### Resolved:

- a) "that a sum of Rs. 88,587,600 of Company's profit be capitalized for issuing 8,858,760 fully paid ordinary shares of Rs. 10 each as bonus shares to be allotted to those shareholders whose names stand in the register of members at the close of the business on April 3, 2012 in the proportion of two bonus shares for every ten shares held by a member. The said shares shall rank *pari passu* with the existing shares of the Company as regards future dividend and in all other respects."

#### Further Resolved:

- b) "that all the fractional bonus shares shall be combined and the Directors be and are hereby authorized to combine and sell the fractional shares in the stock market and pay the proceeds of sales thereof when realized to a charitable institution approved under the Income Tax Ordinance, 2001."

7. To consider and, if though fit, to pass with or without modification the following resolutions as Special Resolutions:

**Resolved:**

- a) "the authorized share capital of the Company be and is hereby increased to Rs. 800,000,000 (Rupees eight hundred million only) divided into 80,000,000 (Eighty million) shares of Rs.10 (Rupees ten only) each.

**Further Resolved:**

- b) That Clause V of the Memorandum of the Association of the Company be and is hereby amended to be read as follows:

"The share capital of the Company is Rs. 800,000,000 (Rupees eight hundred million only) divided into 80,000,000 (Eighty million) ordinary shares of Rs. 10 (Rupees ten only) each, with powers to increase or reduce the capital, to divide the shares of the capital into several classes and to attach thereto respectively such ordinary or preferential rights and privileges, conditions or restrictions in such manner as may from time to time, be provided by the regulations of the Company."

**Further Resolved:**

- c) That the Article 4 of the Articles of Association of the Company be and is hereby amended to be read as follows:

"The share capital of the Company is Rs. 800,000,000 (Rupees eight hundred million only) divided into 80,000,000 (Eighty million) ordinary shares of Rs. 10 (Rupees ten only) each, with powers to increase or reduce the capital, to divide the shares of the capital into several classes and to attach thereto respectively such ordinary or preferential rights and privileges, conditions or restrictions in such manner as may from time to time, be provided by the regulations of the Company."

**Further Resolved:**

- d) "that the Chief Executive Officer of the Company be and is hereby authorized to complete all such legal formalities to give effect to the aforesaid Resolution(s) on behalf of the Company. In case of any change / alternation is pointed out by the Securities and Exchange Commission of Pakistan and any other competent authority in the aforesaid Resolution(s), the Chief Executive Officer be and is hereby authorized to make necessary modifications / corrections."

**Further Resolved:**

- e) "that the remuneration of the Chief Executive Officer of the Company, as fixed by the Board, for the financial year ending December 31, 2012 be and is hereby approved."

**Other Business**

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

**The Statement under Section 160(1) (b) of the Ordinance, pertaining to the special business referred to above is being circulated to the members along with the Notice of the Meeting.**

By Order of the Board



Muhammad Afzal  
Company Secretary

Lahore: March 19, 2012

**Notes:**

1. The share transfer books of the Company will remain closed from April 4, 2012 to April 10, 2012 (both days inclusive).
2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend and vote on his / her behalf. The proxy forms must be received at the registered office of the Company at 3 - Bank Square, Sharah-e-Quaid-e-Azam, Lahore duly stamped signed and witnessed not later than forty-eight (48) hours before the meeting.

3. Any individual Beneficial Owner of Central Depository Company of Pakistan Limited (CDC) entitled to attend and vote at this meeting must bring CNIC or passport along with CDC account number to prove his / her identity and in case of proxy must enclose attested copy of his / her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
4. Members are requested to immediately inform the Company's share registrar of any change in their address.
5. Members are requested to provide by mail or fax photocopy of their CNIC or passport (in case of foreigner) unless it has been provided earlier enabling the Company to comply with relevant laws.

#### **Statement Under Section 160(1) (b) of the Companies Ordinance, 1984**

This Statement is annexed to the Notice of the 77th Annual General Meeting of Atlas Insurance Limited to be held on April 10, 2012, at which special business is to be transacted. The purpose of this statement is to set forth the material facts concerning such special business.

#### **Item No. 6 of the Agenda**

The Board of Directors (the Board) has recommended to the members of the Company to declare dividend by way of issue of fully paid bonus shares @ 20% for the year ended December 31, 2011 and thereby capitalize a sum of Rs. 88,587,600. The Directors have also recommended that all the fractional bonus shares shall be combined and the Directors be authorized to combine and sell the fractional shares so combined in the stock market and pay proceeds of sales thereof when realized to a charitable institution approved under the Income Tax Ordinance, 2001.

Directors are interested in the business only to the extent of their entitlement of bonus shares as shareholders.

#### **Item No. 7 of the Agenda**

The present Authorized Capital of the Company needs to be increased to facilitate the issuance of the proposed bonus shares. Accordingly, the Board in its meeting held on March 8, 2012 has recommended to increase the Authorized Capital from Rs. 500,000,000 (Rupees five hundred million only) to Rs. 800,000,000 (Rupees eight hundred million only) by creation of 80,000,000 (Eighty million) new ordinary shares of Rs. 10 (Rupees ten only) each. Increase in Authorized Capital will also necessitate amendments in Clause V of the Memorandum and Article 4 of the Articles of Association of the Company. The Directors are not interested in the business except as shareholders of the Company.

#### **Item No. 7 (e) of the Agenda**

Approval is being sought for the annual increase in the remuneration of the Chief Executive Officer, as fixed by the Board, working whole time with the Company. The Chief Executive Officer is interested only in the remuneration payable to him.

#### **Status of Approvals for investments in Associated Companies**

As required by the SRO No. 865(I)/2000 dated December 6, 2000, the position of investments in associated companies against approvals held by the Company is as under:

Investment in Atlas Battery Limited - Against approval of Rs. 100 million, the Company has not yet made any investments due to non-availability of shares at a reasonable price. Atlas Battery Limited had posted profit after tax of Rs. 210.282 million, translating into Earnings Per Share of Rs. 17.40 for the half year ended December 31, 2011. The break-up value of the share was Rs. 88.08 as at December 31, 2011. Your Company will make investment at an appropriate time for the benefit of the shareholders and the Company.

# Shareholders' Information

## Registered Office

3 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore.  
Tel: (92-42) 37320542-43  
373222271, 73, 37310658  
Fax: (92-42) 37234742

---

## Listing on Stock Exchanges

Atlas Insurance Limited is listed on Karachi and Lahore stock exchanges

---

## Listing Fees

The annual listing fees for the financial year 2011-12 was paid to the Karachi Stock Exchange, Lahore Stock Exchange and Central Depository Company within the prescribed period.

---

## Stock Symbol

The stock symbol for Atlas Insurance at the stock exchanges is 'ATIL'.

---

## Statutory Compliance

During the year your Company complied with all applicable provisions of the Companies Ordinance, 1984, the Code of Corporate Governance, Listing Regulations and SECP Regulations, filed all returns, forms and furnished all relevant particulars in time.

---

## 77th Annual General Meeting

Date: April 10, 2012  
Time: 3:00 p.m.  
Venue: 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.

---

## Financial Calendar

Audited annual results for year ended December 31, 2011  
- First half of March

Mailing of annual reports  
- Second half of March

Annual General Meeting

- First half of April

Unaudited first quarter financial results

- Second half of April

Unaudited half year financial results

- Second half of August

Unaudited third quarter financial results

- Second half of October

---

## Dividend Announcement

The Board of Directors of the Company has proposed a cash dividend of Rs. 4 per share (40%) and bonus shares @ 20% (two shares for every ten shares held) for the financial year ended December 31, 2011, subject to approval by the shareholders of the Company at the Annual General Meeting.

Your Company paid 40% cash dividend and issued 20% bonus shares for the year ended December 31, 2010.

Cash dividend bonus shares for the year ended December 31, 2011, subject to the approval of the share holders of the Company at the Annual General Meeting, will be disbursed on or before May 10, 2012.

Last year your Company dispatched the cash dividend and bonus shares within 30 days from the date of approval.

---

## Dates of Book Closure

The members' register and share transfer books of the Company will remain closed from April 4, 2012 to April 10, 2012 (both days inclusive).

---

## Share Transfer System

Transfer of physical shares is executed / completed within 30 days and CDC transfers within 5 working days from the date of receipt, provided that documents received along with transfer requests are complete in all respects.



## Annual General Meetings

Pursuant to Section 158 of the Companies Ordinance, 1984, Annual General Meetings of the shareholders are held at least once every year. Every shareholder has a right to attend these meetings. The notice of such meetings is sent to all shareholders at least 21 days before the meetings and also published in at least one English and one Urdu newspaper having circulation both in Karachi and Lahore.

---

## Proxies

Pursuant to Section 161 of the Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at general meetings of the Company can appoint another person as his / her proxy to attend and vote on his / her behalf. Procedure for appointment of proxies is stated in every notice of such meetings. The instrument appointing a proxy (duly signed by the shareholder) must be received at the registered office of the Company not later than forty eight hours before the meeting.

---

## Website of the Company

A website of your Company has been developed which allows the users to get the Company related information about its financials, history, types of insurance available with the Company and list of reinsurers etc.

An online complaint system is also available to improve the efficiency. **Website [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk)**

Annual, half yearly and quarterly financial statements of the Company are available at:

**<http://www.atlasinsurance.com.pk/financials1.php>**

---

## Correspondence

Address of the Share Registrar for correspondence and other relevant matters is as follows:

M/s. Hameed Majeed Associates (Pvt.) Limited  
H. M. House, 7 - Bank Square,  
Shahrah-e-Quaid-e-Azam, Lahore.  
Tel: (92-42) 37235081-82  
Fax: (92-42) 37358817

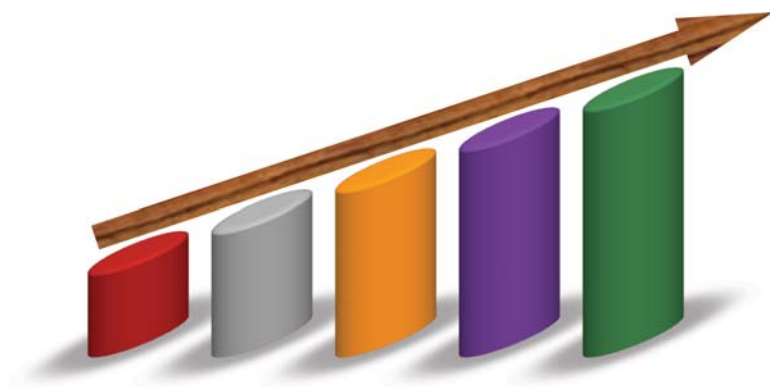
## Share Market Price Data

Month-wise share price movement of your Company, at the Karachi Stock Exchange, during the year 2011 was as follows:

Months	High	Low	Volume
January	40.00	36.31	196,220
February	38.85	35.47	74,777
March	42.90	26.60	425,036
April	29.25	27.20	89,888
May	28.57	26.00	211,207
June	28.50	27.02	83,846
July	29.68	27.53	80,893
August	29.68	27.30	110,817
September	37.00	28.00	162,970
October	37.00	33.35	73,264
November	37.00	35.00	18,107
December	37.80	35.00	134,798



# DEPICTING GROWTH



	<u>2011</u>	<u>2010</u>
<b>Gross Premium</b>		
<b>Rs. Million</b>	<b>1,120.3</b>	<b>1,024.9</b>
<b>Net Premium</b>		
<b>Rs. Million</b>	<b>591.3</b>	<b>530.3</b>
<b>Underwriting Profit</b>		
<b>Rs. Million</b>	<b>253.6</b>	<b>199.9</b>
<b>Profit Before Tax</b>		
<b>Rs. Million</b>	<b>400.1</b>	<b>327.1</b>
<b>Profit After Tax</b>		
<b>Rs. Million</b>	<b>301.2</b>	<b>242.7</b>
<b>Paid-up Capital</b>		
<b>Rs. Million</b>	<b>442.9</b>	<b>369.1</b>
<b>Reserves &amp; Retained Earnings</b>		
<b>Rs. Million</b>	<b>567.0</b>	<b>487.3</b>
<b>Equity</b>		
<b>Rs. Million</b>	<b>1,009.9</b>	<b>856.4</b>

	<u>2011</u>	<u>2010</u>
<b>Investments - at Cost</b>		
<b>Rs. Million</b>	<b>1,089.3</b>	<b>772.0</b>
<b>Total Assets - at Book Value</b>		
<b>Rs. Million</b>	<b>2,078.1</b>	<b>2,034.7</b>
<b>Dividend - Cash</b>		
<b>Rs.</b>	<b>177.2</b>	<b>147.6</b>
<b>Dividend - Bonus</b>		
<b>Rs.</b>	<b>88.6</b>	<b>73.8</b>
<b>Earnings Per Share - Basic &amp; Diluted</b>		
<b>Rs.</b>	<b>6.8</b>	<b>5.5</b>
<b>Return on Equity</b>		
<b>%</b>	<b>29.8</b>	<b>28.3</b>
<b>Net Assets Per Share</b>		
<b>Times</b>	<b>43.9</b>	<b>43.1</b>
<b>Return on Capital Employed</b>		
<b>%</b>	<b>20.1</b>	<b>18.4</b>

## Ten Years at a Glance

(Rupees in million)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Financial Data</b>										
Paid-up capital	442.9	369.1	335.6	268.4	206.5	158.8	122.2	101.8	88.5	88.5
General & capital reserves	567.0	487.3	412.4	357.6	763.7	512.7	334.1	100.4	51.3	23.5
Equity	1,010.0	856.4	748.0	626.0	970.2	671.5	456.3	202.2	139.9	112.0
Underwriting premium reserves	749.0	759.6	685.6	540.7	535.0	375.8	221.2	194.7	33.5	36.4
Investments - at cost	1,089.3	772.0	558.3	494.2	1,010.7	674.8	338.8	219.5	172.1	138.5
Total assets - at book value	2,078.1	2,034.7	1,905.1	1,340.0	1,733.4	1,191.5	902.0	509.8	406.0	337.1
Fixed assets - net	46.9	43.9	47.4	49.3	42.8	21.9	19.0	14.0	12.1	14.2
Cash and bank deposits	54.6	492.6	660.2	195.9	200.8	75.6	185.9	17.7	15.9	13.2
Advances, deposits and prepayments	268.6	237.1	242.6	208.4	179.2	182.2	208.6	63.8	3.7	3.0
<b>Operating Data</b>										
Gross premium	1,120.3	1,024.9	910.7	861.4	784.5	668.8	523.6	315.6	212.7	215.6
Net premium	591.3	530.3	443.5	507.9	447.0	348.7	264.1	145.0	93.2	97.4
Net claims paid	153.3	176.5	192.4	231.4	215.1	133.2	64.4	40.2	18.2	17.5
Underwriting profit	253.6	199.9	104.5	158.4	144.6	155.0	152.2	59.0	30.7	8.6
Investment income	133.6	102.6	118.2	(305.2)	314.7	190.2	159.8	54.6	57.7	25.4
Profit / (loss) before tax	400.1	327.1	237.2	(141.0)	467.4	358.7	304.7	104.9	90.1	30.2
Income tax	98.9	84.5	48.1	58.6	57.5	58.0	50.6	22.2	48.9	16.8
Profit / (loss) after tax	301.2	242.7	189.1	(199.6)	409.9	300.7	254.1	82.7	41.2	13.4
<b>Cash Flow Summary</b>										
Operating activities	(139.2)	30.2	357.8	2.1	175.4	26.5	209.4	50.5	(7.9)	13.2
Investing activities	(153.8)	(66.2)	172.6	137.9	56.4	(54.5)	(18.7)	(32.6)	26.0	(7.0)
Financing activities	(145.0)	(131.6)	(66.1)	(144.8)	(106.6)	(82.3)	(22.6)	(16.1)	(15.5)	(9.3)
Cash & cash equivalents at the year end	54.6	492.6	660.2	195.9	200.8	75.6	185.9	17.7	15.9	13.2
<b>Financial Ratios</b>										
<b>Profitability</b>										
Profit / (loss) before tax / gross premium (%)	35.7	31.9	26.0	(16.4)	59.6	53.6	58.2	33.2	42.4	14.0
Profit / (loss) before tax / net premium (%)	67.7	61.7	53.5	(27.8)	104.6	102.9	115.4	72.3	96.7	31.0
Profit / (loss) after tax / gross premium (%)	26.9	23.7	20.8	(23.2)	52.2	45.0	48.5	26.2	19.4	6.2
Profit / (loss) after tax / net premium (%)	50.9	45.8	42.6	(39.3)	91.7	86.2	96.2	57.0	44.2	13.8
Underwriting profit / net premium (%)	42.9	37.7	23.6	31.2	32.3	44.4	57.6	40.7	32.9	8.8
Management expenses / gross premium (%)	20.3	19.3	19.9	17.9	15.5	15.2	17.4	26.1	37.5	35.8
Management expenses / net premium (%)	38.5	37.3	40.8	30.3	27.1	29.2	34.4	56.8	85.6	79.3
Net claims / net premium (%)	25.9	33.3	43.4	45.6	48.1	38.2	24.4	27.7	19.5	18.0
Combined ratio (%)	64.4	70.6	84.2	75.9	75.3	67.4	58.8	84.6	105.1	97.2

## Ten Years at a Glance

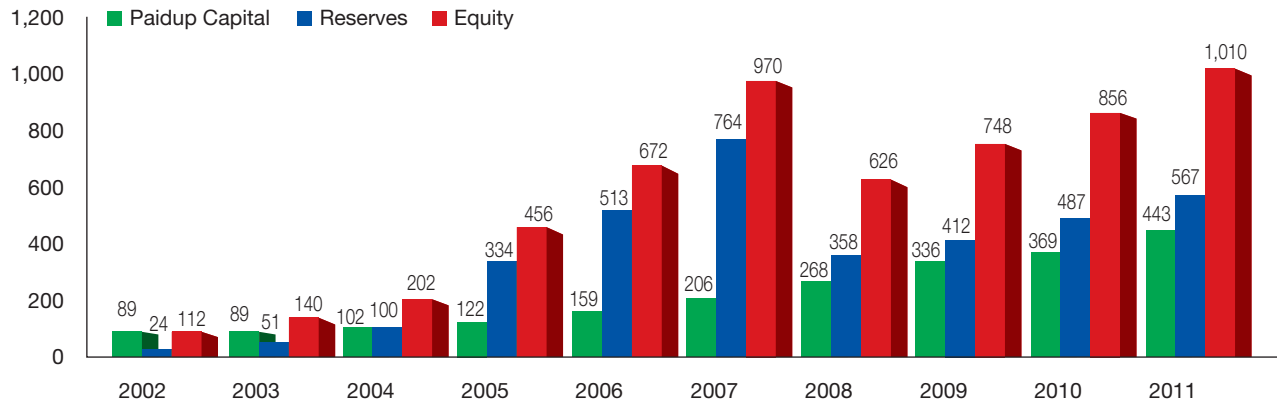
(Rupees in million)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Return to Shareholders</b>										
Return on equity - PBT (%)	39.6	38.2	31.7	(22.5)	48.2	53.4	66.8	51.9	64.4	27.0
Return on equity - PAT (%)	29.8	28.3	25.3	(31.9)	42.3	44.8	55.7	40.9	29.5	12.0
Earnings growth (%)	24.1	28.4	194.7	(148.7)	36.3	18.4	207.2	100.7	207.5	(27.6)
Earning per share (Rs.)	6.8	6.6	5.6	(7.4)	19.9	18.9	16.0	6.8	4.7	1.5
Price earning ratio (Times)	5.3	5.9	7.5	(5.9)	7.0	6.2	7.3	5.4	6.0	12.6
Market value per share (Rs.)										
Market value at the end of the year	36.1	38.5	42.3	43.9	138.0	117.9	116.6	37.0	28.0	19.1
Highest value during the year	42.9	47.8	57.9	169.0	143.9	162.1	116.6	42.5	36.5	20.0
Lowest value during the year	26.0	25.8	23.3	43.9	77.5	78.0	37.5	28.1	17.5	14.8
Cash dividend per share (Rs.)	4.0	4.0	4.0	2.5	7.0	7.0	7.0	2.0	1.5	1.5
Stock dividend per share (Rs.)	2.0	2.0	1.0	2.5	3.0	3.0	3.0	2.0	1.5	-
Dividend yield (%)	11.1	10.4	9.5	5.7	5.1	5.9	6.0	5.4	5.4	7.9
Dividend pay out (%)	88.2	91.3	88.7	(67.3)	50.4	52.8	48.1	49.2	64.6	99.3
Net assets per share (Times)	22.8	23.2	22.3	23.3	47.0	42.3	37.3	19.9	15.8	12.7
Return on assets (%)	14.6	12.3	11.7	(13.0)	28.0	28.7	36.0	18.1	11.1	4.3
Breakup value per share (Rs.)	22.8	23.2	22.3	23.3	47.0	42.3	37.3	19.9	15.8	12.7
<b>Liquidity / Leverage</b>										
Current ratio (Times)	1.6	1.7	1.8	1.9	1.6	1.9	1.8	1.4	1.3	1.8
Cash / current liabilities (Times)	0.1	0.7	0.9	0.5	0.5	0.3	0.6	0.1	0.1	0.2
Total assets turnover (Times)	0.5	0.5	0.6	0.6	0.5	0.6	0.7	0.7	0.6	0.7
Earnings assets / total assets (%)	55.0	62.2	64.0	51.5	69.9	63.0	58.2	46.5	46.3	45.0
Fixed assets turnover (Times)	24.7	22.4	18.8	18.7	24.2	32.7	31.7	24.2	16.2	15.2
Total liabilities / equity (Times)	1.1	1.4	1.5	1.1	0.8	0.8	1.0	1.5	1.9	2.0
Return on capital employed (%)	20.1	18.4	16.0	(21.4)	31.2	32.2	42.1	26.6	13.9	5.1
Paid-up capital / total assets (%)	21.3	18.1	17.6	20.0	11.9	13.3	13.5	20.0	21.8	26.3
Equity / total assets (%)	48.6	42.1	39.3	46.7	56.0	56.4	50.6	39.7	34.5	33.2
Price to book ratio (Rs.)	1.6	1.7	1.9	1.9	2.9	2.8	3.1	1.9	1.8	1.5
<b>Distribution</b>										
Cash dividend (Rs.)	117.2	147.6	134.2	67.1	144.5	111.2	85.5	20.4	13.3	13.3
Cash dividend (%)	40%	40%	40%	25%	70%	70%	70%	20%	15%	15%
Bonus shares (Rs.)	88.6	73.8	33.6	67.1	61.9	47.7	36.7	20.4	13.3	-
Bonus shares (%)	20%	20%	10%	25%	30%	30%	30%	20%	15%	0%
Total distribution (%)	60%	60%	50%	50%	100%	100%	100%	40%	30%	15%

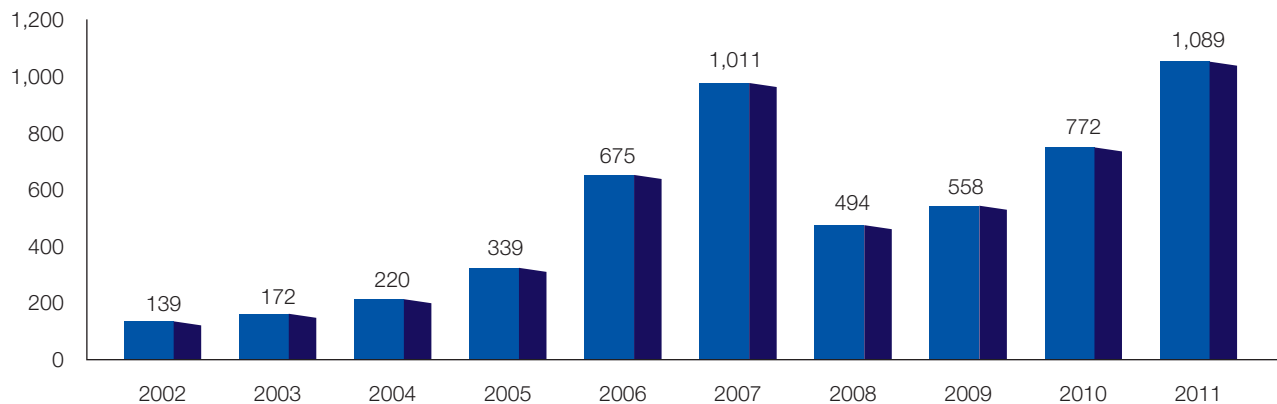
## Performance at a Glance (Graphical Presentation)

(Rupees in million)

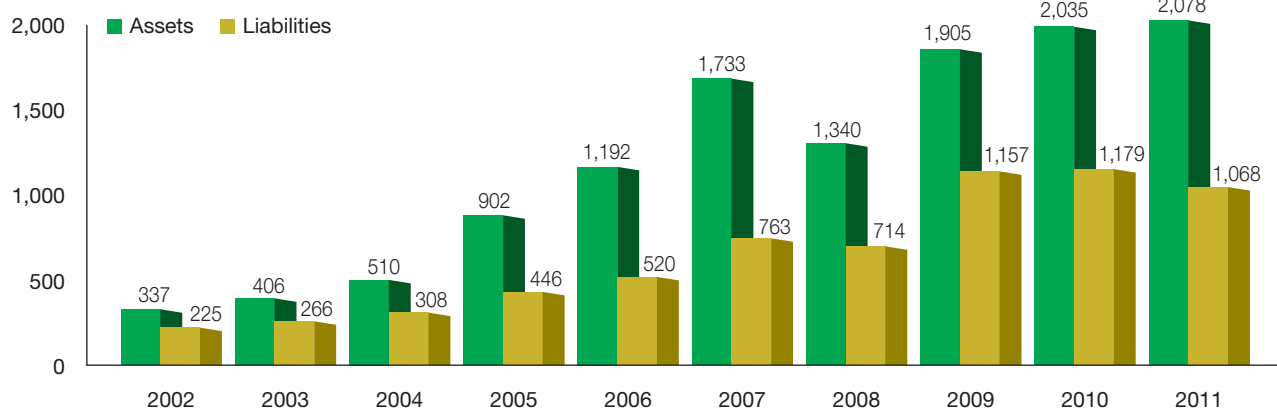
### Equity



### Investments at Cost



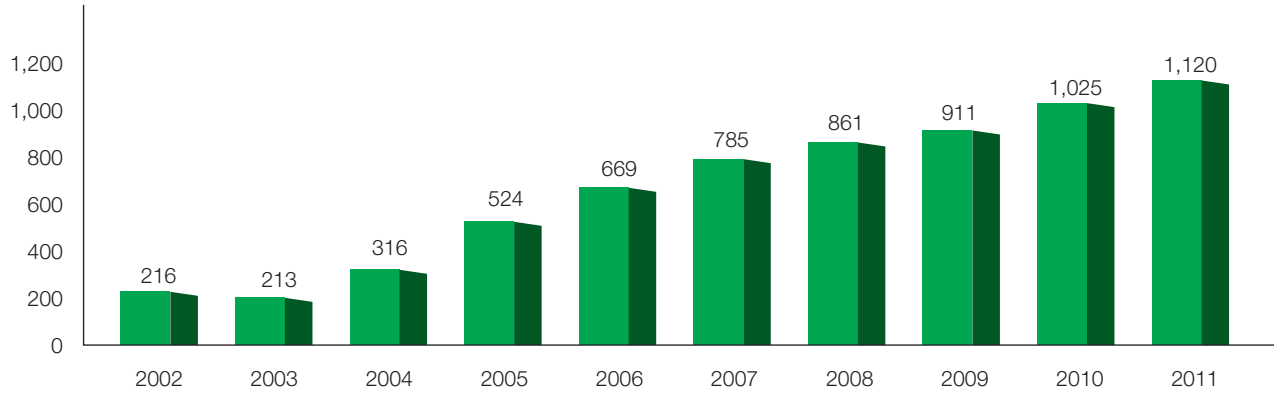
### Assets & Liabilities



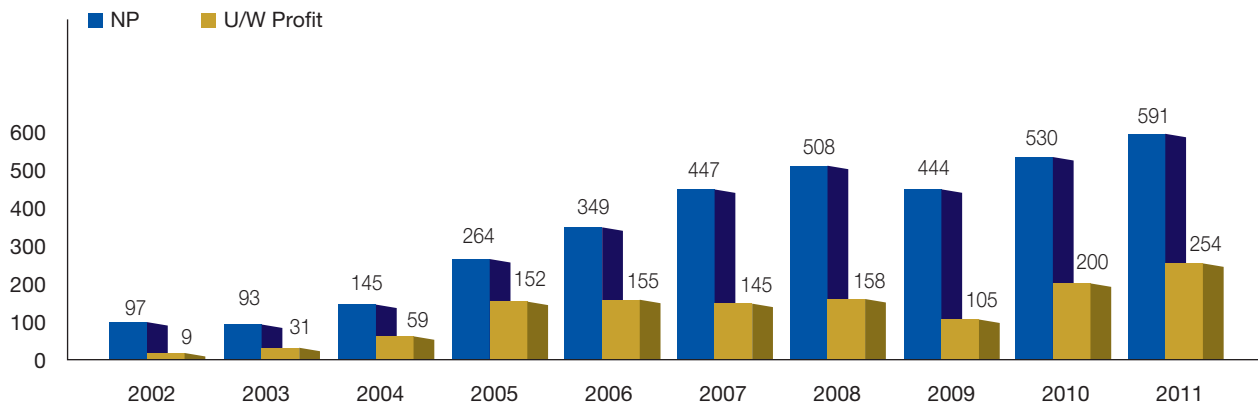
## Performance at a Glance (Graphical Presentation)

(Rupees in million)

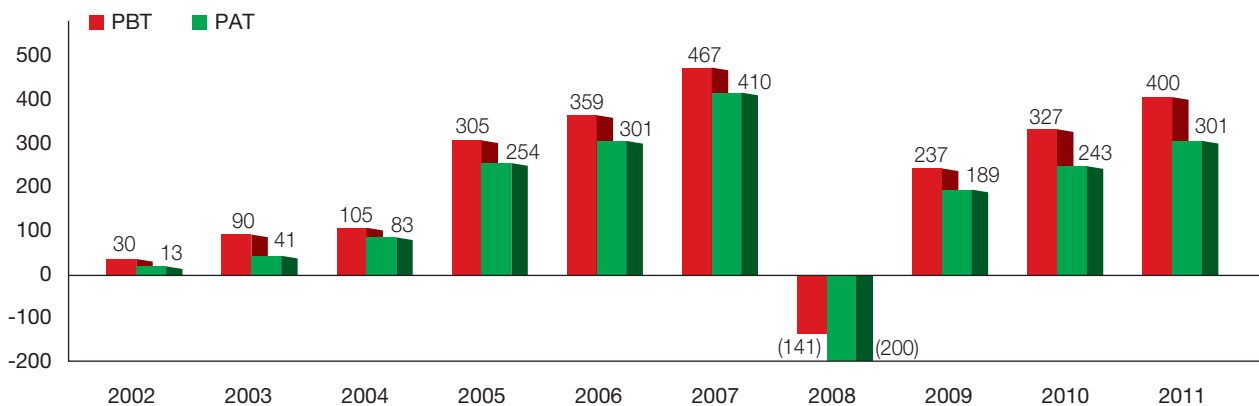
### Gross Premium



### Net Premium & Underwriting Profit



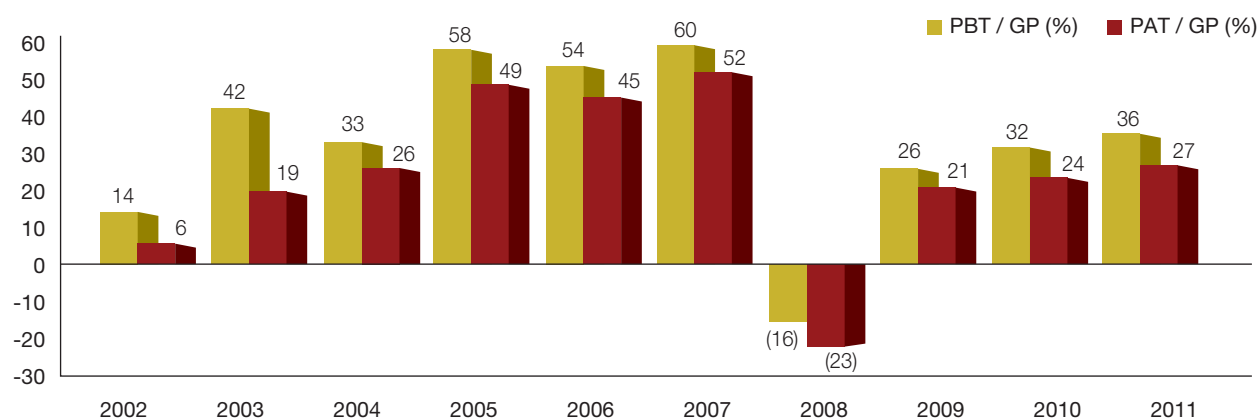
### Profitability



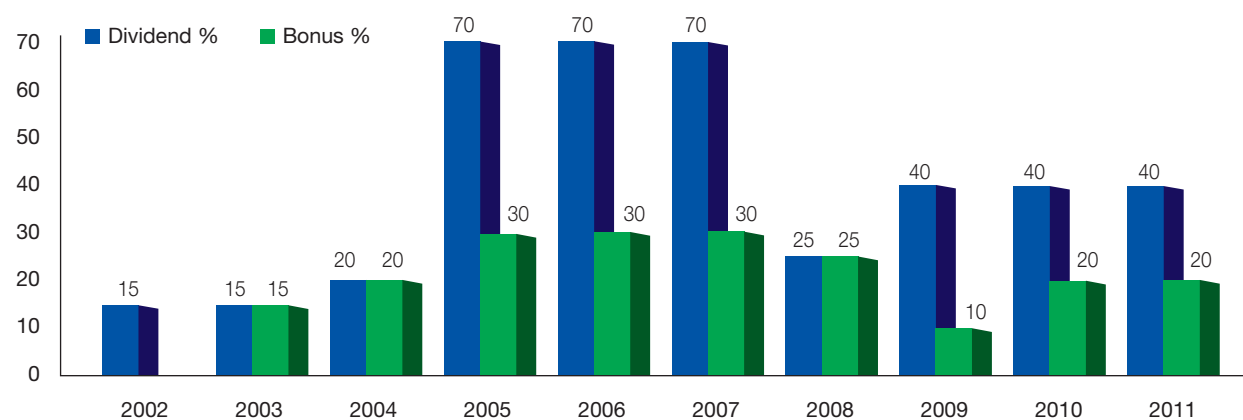
# Performance at a Glance (Graphical Presentation)

(Rupees in million)

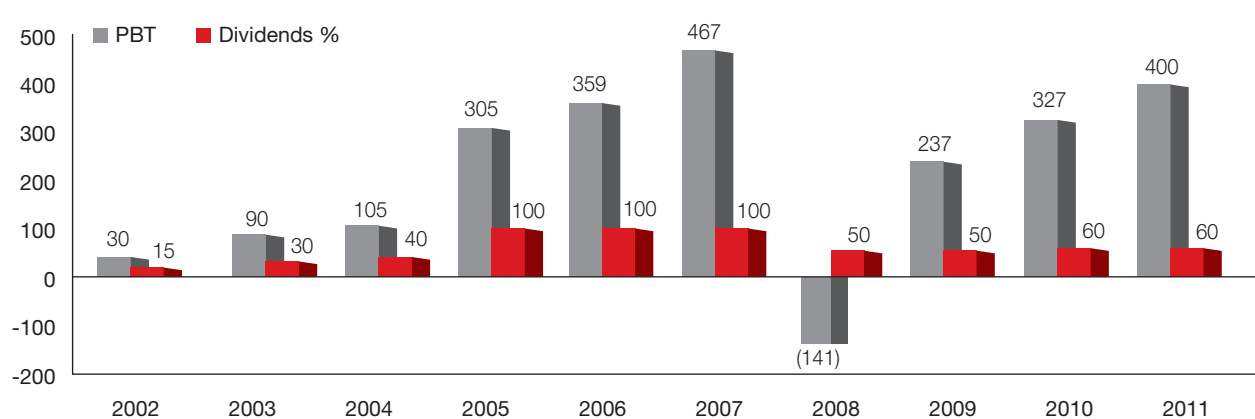
## PBT & PAT to Gross Premium



## Payouts



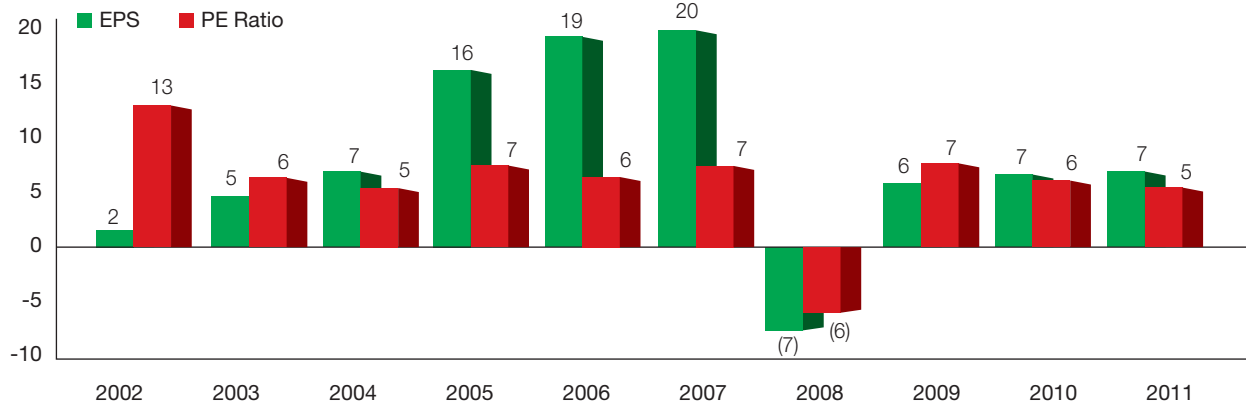
## Profit (loss) Before Tax & Dividends



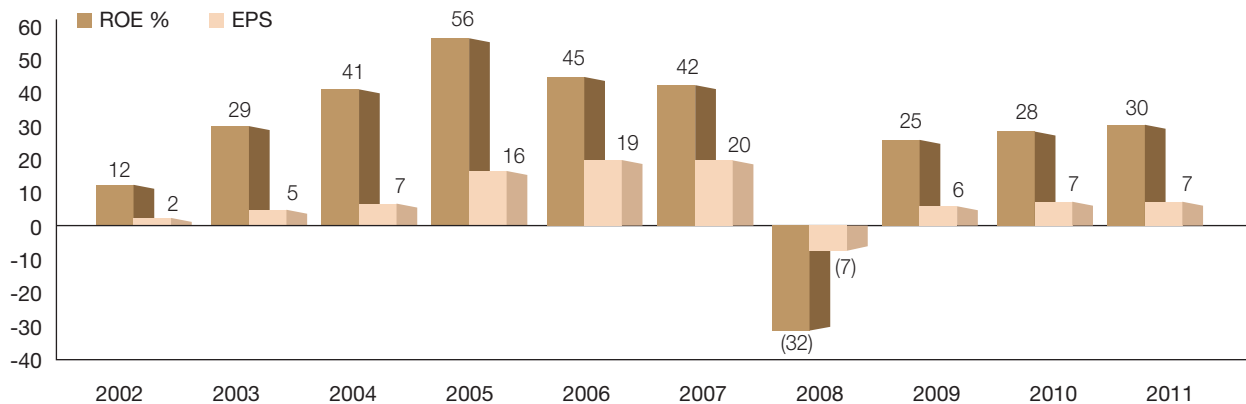
# Performance at a Glance (Graphical Presentation)

(Rupees in million)

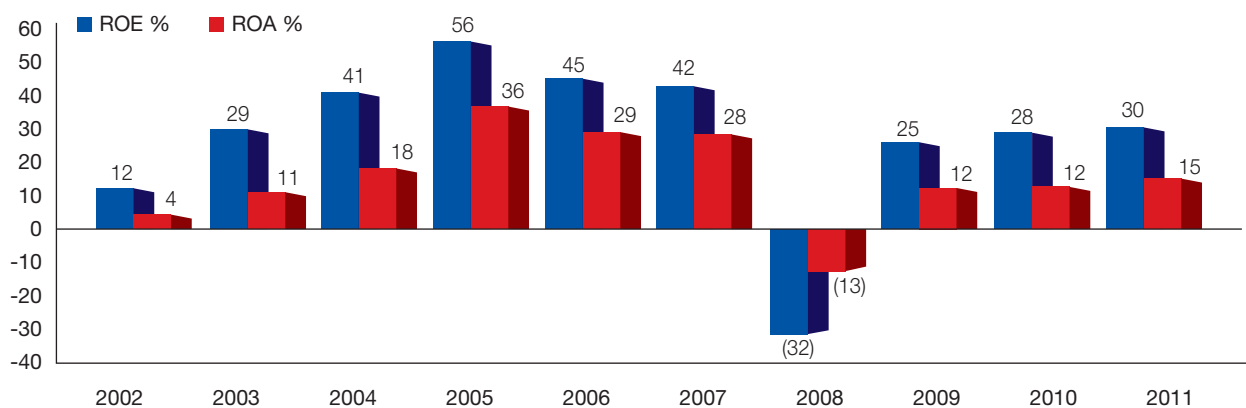
## Earnings Per Share & Price Earning Ratio



## Return on Equity & Earnings Per Share



## Return on Equity & Return on Assets



# Analysis of Financial Statements

## Balance Sheet

Particulars	2011 2010 2009 2008 2007 2006						Vertical Analysis Composition of Balance Sheet						Horizontal Analysis % Change Year to Year					
	(Rupees in thousand)						2011	2010	2009	2008	2007	2006	2011 Vs 2010	2010 Vs 2009	2009 Vs 2008	2008 Vs 2007	2007 Vs 2006	2006 Vs 2005
							%	%	%	%	%	%	%	%	%	%	%	%
<b>Current Assets</b>																		
Cash and bank balances	54,591	492,581	660,191	195,929	200,780	75,573	5.9	40.6	50.9	24.6	29.6	15.3	(88.9)	(25.4)	237.0	(2.4)	165.7	(59.3)
Premiums due but unpaid	313,944	142,059	102,119	108,620	85,620	94,405	33.7	11.7	7.9	13.6	12.6	19.1	121.0	39.1	(6.0)	26.9	(9.3)	102.9
Amounts due from other insurers/reinsurers	113,388	118,121	97,812	93,286	59,830	42,814	12.2	9.7	7.5	11.7	8.8	8.7	(4.0)	20.8	4.9	55.9	39.7	(2.7)
Salvage recoveries accrued	3,370	9,985	13,391	12,578	10,412	6,300	0.4	0.8	1.0	1.6	1.5	1.3	(66.2)	(25.4)	6.5	20.8	65.3	-
Accrued investment income	1,328	3,254	4,297	1,232	3,136	2,542	0.1	0.3	0.3	0.2	0.5	0.5	(59.2)	(24.3)	248.8	(60.7)	23.4	105.8
Reinsurance recoveries against outstanding claims	153,484	192,769	160,368	155,410	121,881	77,535	16.5	15.9	12.4	19.5	17.9	15.7	(20.4)	20.2	3.2	27.5	57.2	60.4
Deferred commission expense	22,896	16,318	15,143	20,569	18,236	12,366	2.5	1.3	1.2	2.6	2.7	2.5	40.3	7.8	(26.4)	12.8	47.5	48.6
Prepayments	253,308	223,233	233,289	105,616	162,242	86,986	27.2	18.4	18.0	13.3	23.9	17.6	13.5	(4.3)	120.9	(34.9)	86.5	44.1
Sundry receivables	15,256	13,881	9,338	102,761	17,001	95,246	1.6	1.1	0.7	12.9	2.5	19.3	9.9	48.7	(90.9)	504.4	(82.2)	(35.8)
<b>Total Current Assets</b>	<b>931,565</b>	<b>1,212,201</b>	<b>1,295,948</b>	<b>796,001</b>	<b>679,138</b>	<b>493,767</b>	<b>44.8</b>	<b>59.6</b>	<b>68.0</b>	<b>59.4</b>	<b>39.2</b>	<b>41.4</b>	<b>(23.2)</b>	<b>(6.5)</b>	<b>62.8</b>	<b>17.2</b>	<b>37.5</b>	<b>(9.1)</b>
<b>Non Current Assets</b>																		
Fixed assets	45,492	43,916	47,421	49,296	32,264	18,177	4.0	5.3	7.8	9.1	3.1	2.6	3.6	(7.4)	(3.8)	52.8	77.5	16.3
Capital work in progress	-	-	-	-	9,415	1,471	-	-	-	-	0.9	0.2	-	-	-	(100.0)	540.0	(56.4)
Intangible assets	1,417	-	-	-	1,146	2,286	0.1	-	-	-	0.1	0.3	-	-	-	(100.0)	(49.9)	-
Long term loans	117	177	201	465	724	969	0.0	0.0	0.0	0.1	0.1	0.1	(33.9)	(11.9)	(56.8)	(35.8)	(25.3)	(22.0)
Investments	1,089,256	772,048	558,250	494,201	1,010,747	674,805	95.0	93.9	91.6	90.9	95.9	96.7	41.1	38.3	13.0	(51.1)	49.8	99.2
Deferred taxation	10,238	6,392	3,273	-	-	-	0.9	0.8	0.5	-	-	-	60.2	95.3	-	-	-	-
<b>Total Non Current Assets</b>	<b>1,146,520</b>	<b>822,533</b>	<b>609,145</b>	<b>543,962</b>	<b>1,054,296</b>	<b>697,708</b>	<b>55.2</b>	<b>40.4</b>	<b>32.0</b>	<b>40.6</b>	<b>60.8</b>	<b>58.6</b>	<b>39.4</b>	<b>35.0</b>	<b>12.0</b>	<b>(48.4)</b>	<b>51.1</b>	<b>94.3</b>
<b>Total Assets</b>	<b>2,078,085</b>	<b>2,034,734</b>	<b>1,905,093</b>	<b>1,339,963</b>	<b>1,733,434</b>	<b>1,191,475</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>2.1</b>	<b>6.8</b>	<b>42.2</b>	<b>(22.7)</b>	<b>45.5</b>	<b>32.1</b>
<b>Equity &amp; Liabilities</b>																		
<b>Share Capital &amp; Reserves</b>																		
Share capital	442,938	369,115	335,559	268,447	206,497	158,844	43.9	43.1	44.9	42.9	21.3	23.7	20.0	10.0	25.0	30.0	30.0	30.0
Reserves	265,064	244,064	222,064	557,064	353,064	211,064	26.2	28.5	29.7	89.0	36.4	31.4	8.6	9.9	(60.1)	57.8	67.3	167.0
Retained earnings	301,917	243,218	190,340	(199,492)	410,592	301,590	29.9	28.4	25.4	(31.9)	42.3	44.9	24.1	27.8	(195.4)	(148.6)	36.1	18.2
<b>Total Share Capital and Reserves</b>	<b>1,009,919</b>	<b>856,397</b>	<b>747,963</b>	<b>626,019</b>	<b>970,153</b>	<b>671,498</b>	<b>48.6</b>	<b>42.1</b>	<b>39.3</b>	<b>46.7</b>	<b>56.0</b>	<b>56.4</b>	<b>17.9</b>	<b>14.5</b>	<b>19.5</b>	<b>(35.5)</b>	<b>44.5</b>	<b>47.2</b>
<b>Underwriting Provisions</b>	<b>749,033</b>	<b>759,565</b>	<b>685,624</b>	<b>540,711</b>	<b>535,049</b>	<b>375,753</b>	<b>36.0</b>	<b>37.3</b>	<b>36.0</b>	<b>40.4</b>	<b>30.9</b>	<b>31.5</b>	<b>(1.4)</b>	<b>10.8</b>	<b>26.8</b>	<b>1.1</b>	<b>42.4</b>	<b>69.8</b>
<b>Long Term Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,873</b>	<b>2,474</b>	<b>2,061</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>(100.0)</b>	<b>(24.3)</b>	<b>20.0</b>	<b>12.3</b>
<b>Current and Other Liabilities</b>																		
Premium received in advance	2,758	47,004	48,757	4,845	67,111	552	0.9	11.2	10.3	2.8	29.7	0.4	(94.1)	(3.6)	906.3	(92.8)	12,057.8	(94.7)
Amounts due to other insurers/reinsurers	169,757	223,694	266,387	91,353	95,362	84,486	53.2	53.4	56.5	53.3	42.2	59.4	(24.1)	(16.0)	191.6	(4.2)	12.9	(14.6)
Accrued expenses	51,581	49,238	39,385	19,729	21,235	16,780	16.2	11.8	8.4	11.5	9.4	11.8	4.8	25.0	99.6	(7.1)	26.5	8.1
Taxation-provision less payments	11,193	152	13,396	6,067	6,792	19,304	3.5	0.0	2.8	3.5	3.0	13.6	7,263.8	(98.9)	120.8	(10.7)	(64.8)	(25.7)
Other creditors and accruals	61,199	79,511	87,587	34,926	21,074	11,991	19.2	19.0	18.6	20.4	9.3	8.4	(23.0)	(9.2)	150.8	65.7	75.7	(82.0)
Other liabilities	22,645	19,173	15,994	14,440	14,184	9,050	7.1	4.6	3.4	8.4	6.3	6.4	18.1	19.9	10.8	1.8	56.7	77.6
<b>Total Current and Other Liabilities</b>	<b>319,133</b>	<b>418,772</b>	<b>471,506</b>	<b>171,360</b>	<b>225,758</b>	<b>142,163</b>	<b>15.4</b>	<b>20.6</b>	<b>24.8</b>	<b>12.8</b>	<b>13.0</b>	<b>11.9</b>	<b>(23.8)</b>	<b>(11.2)</b>	<b>175.2</b>	<b>(24.1)</b>	<b>58.8</b>	<b>(36.1)</b>
<b>Total Liabilities</b>	<b>2,078,085</b>	<b>2,034,734</b>	<b>1,905,093</b>	<b>1,339,963</b>	<b>1,733,434</b>	<b>1,191,475</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>2.1</b>	<b>6.8</b>	<b>42.2</b>	<b>(22.7)</b>	<b>45.5</b>	<b>32.1</b>



## Analysis of Financial Statements

### Profit and Loss Account

Particulars	Vertical Analysis Composition of Profit & Loss Account						Horizontal Analysis % Change Year to Year												
	2011	2010	2009	2008	2007	2006	2011	2010	2009	2008	2007	2006	2011 Vs 2010	2010 Vs 2009	2009 Vs 2008	2008 Vs 2007	2007 Vs 2006	2006 Vs 2005	
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	%	
<b>Gross Premium</b>	1,120,290	1,024,868	910,738	861,379	784,525	668,832	100.0	100.0	100.0	100.0	100.0	100.0	9.3	12.5	5.7	9.8	17.3	27.7	
<b>Revenue Account</b>																			
Net premium revenue	591,289	530,269	443,534	507,946	447,000	348,725	52.8	51.7	48.7	59.0	57.0	52.1	11.5	19.6	(12.7)	13.6	28.2	32.1	
Net claims	(153,294)	(176,504)	(192,355)	(231,434)	(215,104)	(133,190)	(25.9)	(33.3)	(43.4)	(45.6)	(48.1)	(38.2)	(13.1)	(8.2)	(16.9)	7.6	61.5	106.7	
Expenses	(227,494)	(197,839)	(181,178)	(153,932)	(121,358)	(101,779)	(38.5)	(37.3)	(40.8)	(30.3)	(27.1)	(29.2)	15.0	9.2	17.7	26.8	19.2	12.0	
Net commission	43,084	43,998	34,466	35,806	34,055	41,239	7.3	8.3	7.8	7.0	7.6	11.8	(2.1)	27.7	(3.7)	5.1	(17.4)	(5.0)	
<b>Underwriting Results</b>	253,585	199,924	104,467	158,386	144,593	154,995	42.9	37.7	23.6	31.2	32.3	44.4	26.8	91.4	(34.0)	9.5	(6.7)	1.8	
Investment income	133,572	102,634	118,230	(305,174)	314,703	190,198	33.4	31.4	49.8	216.4	67.3	53.0	30.1	(13.2)	(138.7)	(197.0)	65.5	19.0	
Rental and other income	38,306	47,519	33,853	20,417	26,325	28,604	9.6	14.5	14.3	(14.5)	5.6	8.0	(19.4)	40.4	65.8	(22.4)	(8.0)	328.2	
Financial charges	(424)	(411)	(550)	(507)	(540)	(686)	(0.1)	(0.1)	(0.2)	0.4	(0.1)	(0.2)	3.2	(25.3)	8.5	(6.1)	(21.3)	63.7	
General and administration exp.	(24,955)	(22,536)	(18,806)	(14,116)	(17,675)	(14,405)	(6.2)	(6.9)	(7.9)	10.0	(3.8)	(4.0)	10.7	19.8	33.2	(20.1)	22.7	6.5	
	146,499	127,206	132,727	(299,380)	322,813	203,711	36.6	38.9	56.0	212.3	69.1	56.8	15.2	(4.2)	(144.3)	(192.7)	58.5	33.6	
<b>Profit Before Taxation</b>	400,084	327,130	237,194	(140,994)	467,406	358,706	35.7	31.9	26.0	(16.4)	59.6	53.6	22.3	37.9	(268.2)	(130.2)	30.3	17.7	
Taxation	(98,916)	(84,472)	(48,138)	(58,591)	(57,560)	(57,987)	(24.7)	(25.8)	(20.3)	41.6	(12.3)	(16.2)	17.1	75.5	(17.8)	1.8	(0.7)	14.6	
<b>Profit After Taxation</b>	301,168	242,658	189,056	(199,585)	409,846	300,719	26.9	23.7	20.8	(23.2)	52.2	45.0	24.1	28.4	(194.7)	(148.7)	36.3	18.4	

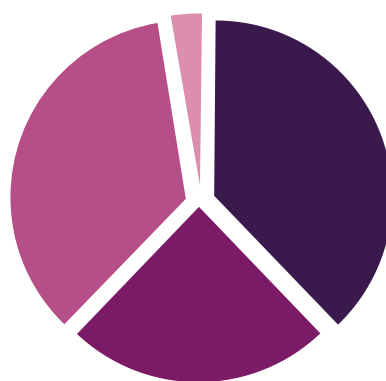
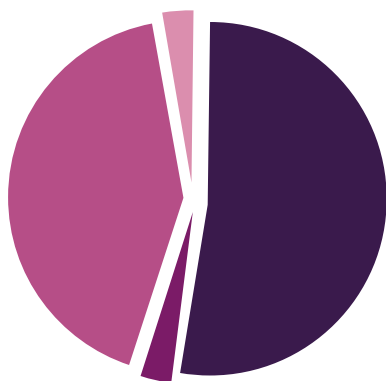
## Cash Flow Statement

Particulars	Vertical Analysis Composition of Cash Flow						Horizontal Analysis % Change Year to Year											
	2011	2010	2009	2008	2007	2006	2011	2010	2009	2008	2007	2006	2011 Vs 2010	2010 Vs 2009	2009 Vs 2008	2008 Vs 2007	2007 Vs 2006	2006 Vs 2005
	(Rupees in thousand)						%	%	%	%	%	%	%	%	%	%	%	
Cash flow from operating activities	(139,230)	30,156	357,795	2,067	175,398	41,122	31.8	(18.0)	77.1	(42.6)	140.1	(37.3)	(561.7)	(91.6)	17,209.9	(98.8)	326.5	(80.4)
Cash flow from investing activities	(153,766)	(66,210)	172,576	137,882	56,406	(69,160)	35.1	39.5	37.2	(2,842.3)	45.1	62.7	132.2	(138.4)	(25.2)	(144.4)	181.6	270.8
Cash flow from financing activities	(144,994)	(131,556)	(66,108)	(144,800)	(106,597)	(82,265)	33.1	78.5	(14.2)	2,985.0	(85.1)	74.6	10.2	99.0	54.3	(35.8)	(29.6)	264.2
(Decrease) / increase in cash & cash equivalent	(437,990)	(167,610)	464,263	(4,851)	125,207	(110,303)	100.0	100.0	100.0	100.0	100.0	100.0	161.3	(136.1)	9,670.5	103.9	213.5	(165.6)

# Analysis of Financial Statements

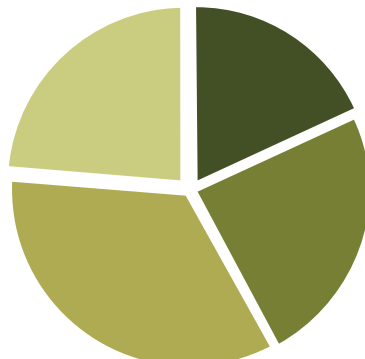
## Graphical Presentation (Balance Sheet)

### Assets



	<u>2011</u>	<u>2010</u>
Investment	52%	38%
Cash and bank balance	3%	24%
Current assets	42%	36%
Fixed assets & other assets	3%	2%

### Share Capital & Reserves and Liabilities

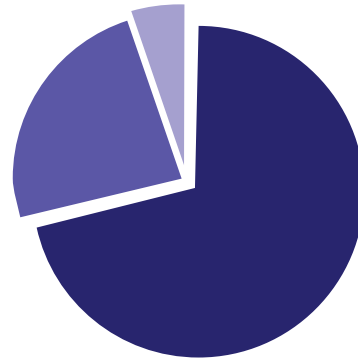
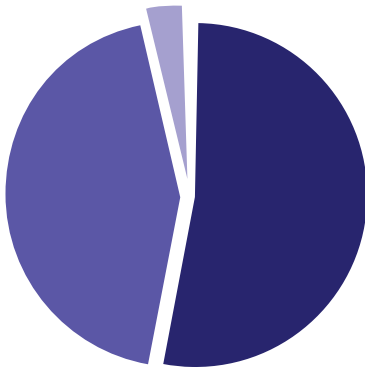


	<u>2011</u>	<u>2010</u>
Share capital	21%	18%
Reserves	27%	24%
Current liabilities	27%	34%
Non current & other liabilities	25%	24%

# Analysis of Financial Statements

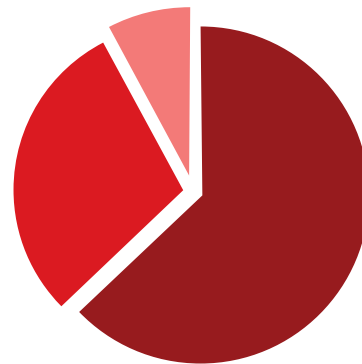
## Graphical Presentation (Cash Flow)

### Cash Generated



	<u>2011</u>	<u>2010</u>
<span style="color: #1a2b5a;">■</span> Operating activities	53%	71%
<span style="color: #4b4b9b;">■</span> Proceeds from disposal of investments	43%	24%
<span style="color: #8b8bd9;">■</span> Dividends, rental & other income	4%	5%

### Cash Utilised

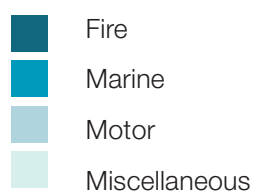


	<u>2011</u>	<u>2010</u>
<span style="color: #8b1a1a;">■</span> Operating activities	49%	63%
<span style="color: #d91a1a;">■</span> Payments for purchase of investments	45%	29%
<span style="color: #f08b8b;">■</span> Dividends and other payments	6%	8%

## Analysis of Financial Statements

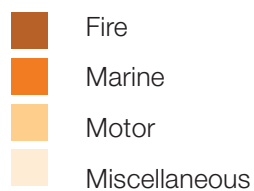
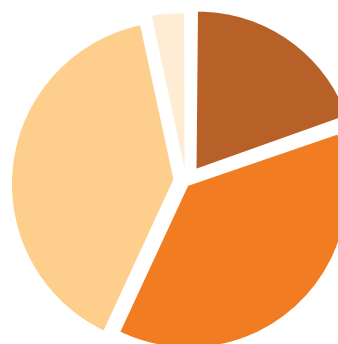
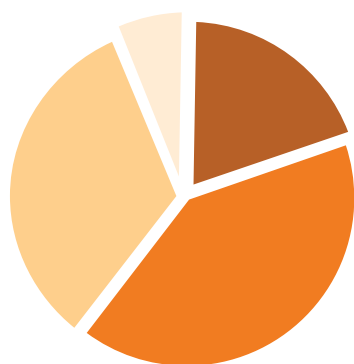
### Graphical Presentation (Profit and Loss Account)

#### Gross Premium



<u>2011</u>	<u>2010</u>
35%	38%
30%	29%
20%	22%
15%	11%

#### Net Premium

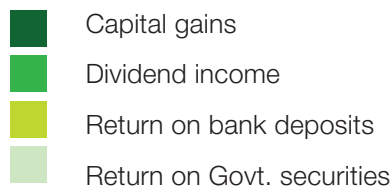
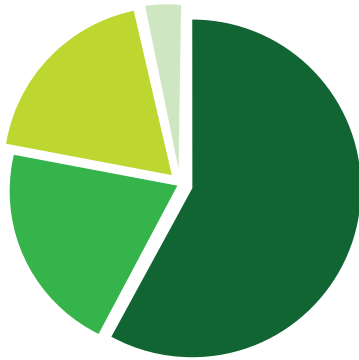


<u>2011</u>	<u>2010</u>
20%	20%
40%	37%
34%	40%
6%	3%

## Analysis of Financial Statements

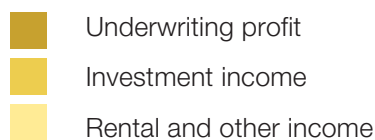
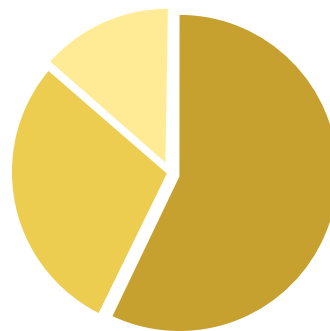
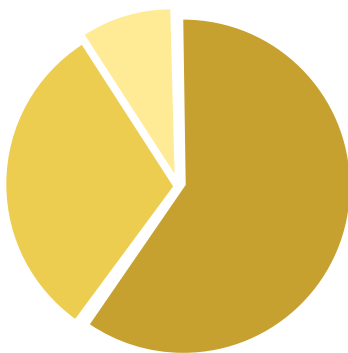
### Graphical Presentation (Profit and Loss Account)

#### Investment Income



<u>2011</u>	<u>2010</u>
58%	50%
20%	19%
19%	28%
3%	3%

#### Underwriting Profit, Investment & Other Income



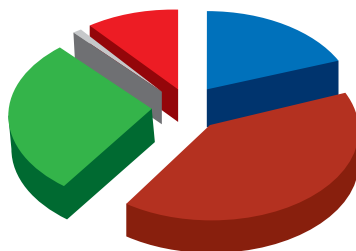
<u>2011</u>	<u>2010</u>
60%	57%
31%	29%
9%	14%

## Statement of Value Addition

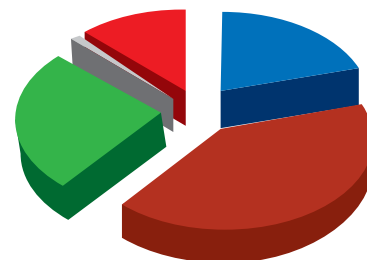
	2011		2010	
	(Rupees in thousand)	%	(Rupees in thousand)	%
<b>Wealth Generated</b>				
Gross premium (including FED and FIF)	1,329,146		1,197,201	
Commission income	43,084		43,998	
Income from investment	133,572		102,634	
Other income	38,306		47,519	
	1,544,108		1,391,352	
Management and other expenses	776,628		750,246	
	<u>767,480</u>	<u>100.00%</u>	<u>641,106</u>	<u>100.00%</u>
<b>Wealth Distributed</b>				
<b>To Employees</b>				
Salaries, wages and other benefits	147,766	19.25%	131,162	20.46%
<b>To Government</b>				
Company taxation	98,916	12.89%	84,472	13.18%
Levies (including FED and FIF)	208,856	27.21%	172,343	26.88%
	307,772	40.10%	256,815	40.06%
<b>To Shareholders</b>				
Cash dividend	147,646	19.24%	134,224	20.94%
Stock dividend	73,823	9.62%	33,556	5.23%
	221,469	28.86%	167,780	26.17%
<b>Financial Charges</b>				
To providers of finance	NIL		NIL	
<b>To Society</b>				
Endowment, donation etc.	4,002	0.52%	3,270	0.51%
<b>Retained in Business</b>				
Depreciation and amortization	6,772	0.88%	7,201	1.12%
Statutory reserves	21,000	2.74%	22,000	3.43%
Retained profit	58,699	7.65%	52,878	8.25%
	86,471	11.27%	82,079	12.80%
	<u>767,480</u>	<u>100.00%</u>	<u>641,106</u>	<u>100.00%</u>

### Wealth Distribution

2011



2010



■ Employees	19%	20%
■ Government	40%	40%
■ Shareholders	29%	26%
■ Society	1%	1%
■ Retained in business	11%	13%

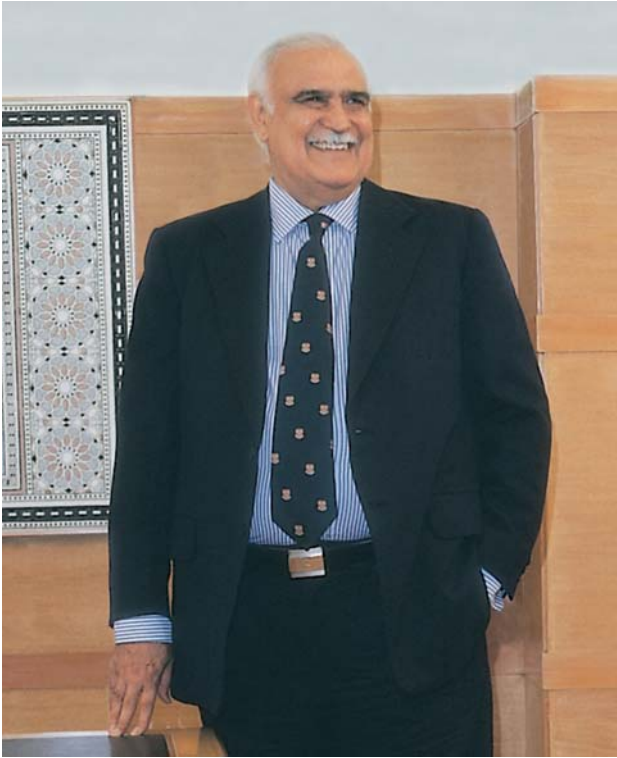
2011

19%
40%
29%
1%
11%

2010

20%
40%
26%
1%
13%

## Chairman's Review



It is my pleasure to present to you the 77th Annual Report and review of performance of your Company for the year ended December 31, 2011.

### The Economy

Despite internal and external challenges, Pakistan economy is gradually picking up and moving towards sustainable growth. The GDP growth rate for FY12 is expected to remain between 3-4%. During the period July-Dec'11, the total exports stood at US\$ 11.24 billion, as compared to US\$ 10.89 billion in the same period last year. Imports for the same period also rose to US\$ 22.73 billion against US\$ 19.10 billion in the corresponding period last year. During this period, foreign remittances reached the record level of US\$ 6.32 billion, 19.35% higher than the corresponding period last year. The foreign currency reserves remained around US\$ 16 billion. CPI inflation during Jul-Dec'11, averaged 10.87% as compared to 14.32% during Jul-Dec'10. The SBP maintained the discount rate at 12% in its latest monetary policy statement announced on February 11, 2012. Tax collection during July-Dec'11, increased to Rs.840.7 billion, up 27%. These are positive economic indicators and depict optimism.

On the other hand, surging fiscal deficit, expanding Government borrowing, constant energy shortage, current account deficit and recovery from flood devastation remain challenges ahead. Improving tax to GDP ratio by widening tax net, plugging leakages in tax collection, removing Government subsidies, re-structuring and re-organising public sector enterprises like PIA, Steel Mill, Railways and OGDC etc are gigantic tasks, which are imperative for the Government to meet successfully.

### The Insurance Industry

The insurance sector plays an important role in indemnification of losses to assets and properties emanating from various unforeseeable events.

Despite a slow pace of economic recovery, the non-life insurance expanded by 9.5 percent last year. Fortunately the insurance sector depicted resilience against the effects of the second round of global financial slowdown mainly due to enhanced capital base. Moreover, due to diversified business lines even the fall in demand for consumer finance related products did not hamper the growth of non-life insurance business. In the non-life sector there are 37 insurance companies offering non-life and health insurance coverage, including 5 Takaful operators offering shariah compliant insurance products and one state owned Company providing reinsurance to the non-life insurance market.

Most of the growth in the insurance industry has been on account of increase in capital base of the companies mostly in the non-life sector in compliance with regulatory requirements coupled with improvement in profitability leading to increase in reserves.

The capital structure of the non-life insurance sector has improved considerably over the past four years in response to the regulatory requirements set forth by the SECP to increase the minimum paid up capital requirements to Rs. 300 million by 2011.

Unfortunately, the increased competition in the local insurance sector is exerting pressure on premium rates which unless checked may harm the industry in the long run. It is therefore essential that short term benefit be sacrificed for long term sustainability.

Ever increasing competition within the insurance industry demand improved efficiency and control systems which will also help consolidation in the sector. Smaller players will face bigger challenges to sustain their market position both premium wise as well as the financial strength. In insurance, processing systems and administrative controls are complex, therefore efficient use of technology to facilitate transaction processing and data analysis offers significant potential to reduce cost, enhance service levels adding to profitability and improved management.

The rate of inflation normally adjusts premiums around the world. In case of Pakistan, the persistently high rate of inflation in recent years has substantially reduced the real premium growth. In nominal terms, total insurance premium in Pakistan grew by 14 percent while premiums for life and non-life insurance grew by 26 percent and 9.5 percent respectively.

Like many other developing countries, the size of our insurance industry is relatively small in proportion to its GDP, having insurance coverage of a mere US\$ 6.5 per capita. Despite slow economic recovery in the country and the reduced purchasing power of the consumer, if focused selling approach is adopted by the insurance companies and small size products are developed which meet the demand in the retail market, the

insurance density and penetration in the country can increase dramatically, thus providing impetus to the economy. Presently the sector is under stress with rising expense and is focusing mainly on the agency model of distribution which is an expensive way of selling insurance.

Your Company has been continuously advocating to allow window operation to the conventional insurance companies to do Takaful (Islamic Insurance) business. It is very encouraging to know that SECP has in principle decided to allow the conventional insurance companies to open Takaful windows and Draft Takaful rules 2012 in this regard have been issued. Hopefully by March 2012 all formalities to allow window operation will be completed which will create a good opportunity for the insurance sector to increase its penetration in a market currently suffering from the lowest insurance penetration in the region. Micro insurance and bancassurance are other areas of potential for expansion of insurance business in the country.

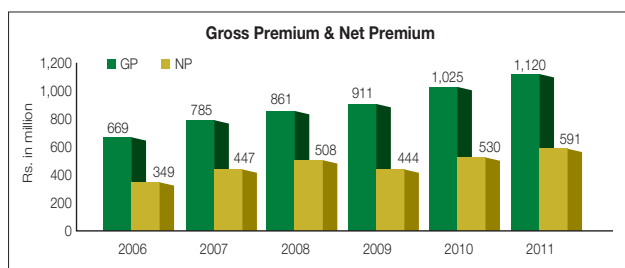
Geo political and law and order situation in the country and unprecedented huge losses in the Asian Pacific region including repeated floods in Pakistan, Tsunami in Japan, catastrophic events in Australia and New Zealand followed by floods in Thailand have severely affected the international insurance market. The reinsurance market worldwide is expected to tighten in coming times. With the squeezing underwriting profit margins and devaluation of Pakistan currency the domestic insurance market may face difficulty in getting favorable terms from the reinsurers.

National as well as industry interest demands all stake holders attention towards domestic capacity building which is possible only through improved financial strength of companies particularly with better underwriting results. This would also ensure continuity of stronger reinsurance support.

## The Company Results

### Premium

The gross premium for the year reached Rs. 1.12 billion as compared to Rs. 1.02 billion of last year, showing growth of 9.3%. The net premium also rose to Rs. 591 million against Rs. 530 million of the last year. The underwriting profit was Rs. 254 million as compared to Rs. 200 million of the last year, up 27%. It is pertinent to mention that these results were achieved in a challenging environment of the country and reflect the fundamental strength of the Company and its prudent underwriting policies.



## Segments at a Glance

### Fire & Property

This portfolio contributed gross underwriting premium of Rs. 390 million which is almost the same as of last year. Net premium increased by 10% from Rs. 105 million to Rs. 115 million. The net claims increased to Rs.10 million as compared to Rs. 7 million of last year. The underwriting profit increased to Rs. 49 million as compared to Rs. 45 million of last year.

### Marine Aviation & Transport

The marine business registered 13% growth as compared to last year. The premium underwritten rose to Rs. 343 million against Rs. 305 million of last year. The net premium also increased to Rs. 241 million from Rs. 196 million. The claim ratio at 7% remained the same as of last year. The segment's underwriting profit increased to Rs. 170 million from Rs. 139 million of last year.

### Motor

Motor business share in the total gross premium decreased to 20% against 22% in last year. This segment has generated gross underwritten premium of Rs. 222 million almost same as of last year. The net claim ratio decreased from 71% to 54% of last year, mainly due to better underwriting policies. Consequently, the underwriting profit improves to Rs. 36 million as compared to Rs. 11 million of last year.

### Miscellaneous

The Gross premium rose significantly to Rs. 164 million from 108 million of the last year, up 52%. This increase was due to successful launching of a new product "Health Insurance" which contributed significantly to the gross premium. Consequently, net premium under this segment also rose to Rs. 36 million from Rs. 15 million of last year. The claim ratio increased to 54% from 24% of last year. The segment incurred underwriting loss of Rs. 1 million as compared to profit of Rs. 5 million of last year.

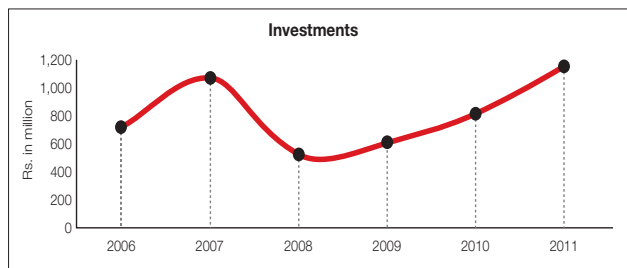
## Investments

The management under the guidance and advice of the Investment Committee kept on monitoring the portfolio closely. Emphasis was laid on investing in fundamentally sound stocks with strong growth and earning prospects. The investment was diversified into a blend of growth stocks and mutual fund portfolio yielding a good return.

The investment income from all sources including realized capital gain on equities stood at Rs. 134 million as compared to Rs.103 million of last year.



The book value of investment as at December 31, 2011 was Rs. 1.09 billion against Rs. 772 million of last year. This reflects the strong financial base of your Company.



### Capital Management

Your Company is committed to maintain a strong financial profile, which gives financial flexibility to achieve growth and portfolio optimization goals. The Company's capital base is structured keeping in view the future expansion and growth of the Company. The paid up capital of the Company during the year under review rose to Rs. 443 million from Rs. 369 million of last year through capitalization of profits of the Company.

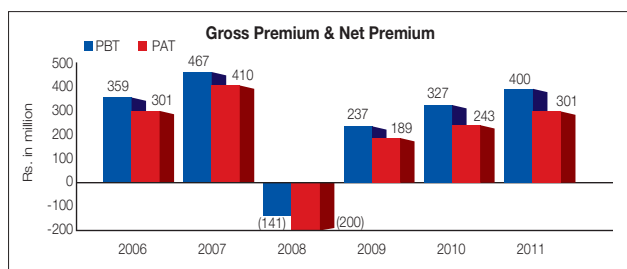
### Treasury Management

The treasury activities are controlled and carried out in accordance with the policies approved by the Board. The purpose of the treasury policies is to ensure that cost-effective funding is available at all times and that exposure to financial risk including liquidity risk is minimized. The Company manages its liquidity risk by maintaining healthy cash and cash equivalents and other liquid assets balances. Your Company gives utmost importance to its positive cash flows and controls its financing and investment activities accordingly.

The cash and cash equivalents at the end of the year were Rs. 55 million as compared with Rs. 493 million at the end of last year. This was due to diversion of funds from bank deposits to better return yielding investments.

### Profitability

The underwriting profit rose to Rs. 254 million from Rs. 200 million of last year. Higher investment income of Rs. 134 million helped in enhancement of profit before tax, which rose to Rs. 400 million against Rs. 327 million of last year. After providing Rs. 99 million for tax the net profit after tax stood at Rs. 301 million as compared to Rs. 243 million of last year.



### Reinsurance

Your Company has reinsurance arrangements with the most prestigious and world-renowned reinsurers holding strong financial strength ratings. These include Swiss Re, Hanover Re, Best Re, Tokio Marine & Nichido Fire Insurance, Sompo Japan and Malaysian Re.

Your Company was successful in managing and negotiating generally improved terms and conditions in almost all the segments despite recent catastrophic losses in the region affecting international reinsurance market severely.

The reinsurance program of your Company has been structured to protect the value at risk by ensuring appropriate protection for individual risks. This also aims to secure the best possible protection at economical cost. Your Company keeps increasing capacities for underwriting traditional insurances as well as arranging reinsurance for new products to expand its portfolio in non-conventional lines of insurance business as well.

### Risk Management

Insurance business is all about risk management, but only those who successfully foresee these risks and adopt appropriate strategies for their mitigation are successful. Economic, political and environmental instabilities of a business environment and inherent risks within the nature of a business expose even the strongest of companies to a certain level of external risks.

Risk management is an ongoing process involving assessing and identifying individual risk posed to the Company and evaluating the potential impact. These risks need to be managed by developing appropriate responses and measuring the effectiveness of mitigating techniques used. Your Company has appropriate framework of methods, system and processes used to manage risks and seize opportunities related to the achievement of the business objectives.

### Information Technology

Your Company's management focus on technology use for better efficiency and service continued in 2011. All countrywide offices of the Company are now using the online web based software through WAN connectivity for all operational activities. All information is now available on web along with appropriate security. Effective and efficient underwriting control has been achieved through availability of data and taking print outs of all underwriting documents issued by the branches from Online Software at head office on real time basis. This enables the management to get the right information at right time in order to take immediate decisions.

The Company policies can be implemented and controlled by Online software more effectively and quickly. Due to integrated Online software all modules provide more authentic and accurate information of business activities to the management. The branches are also able to get all clients and branch based activities / information as and when required.

During the year, numerous actions were taken by the management to improve its information technology set up. These included VPN / Data connectivity deployment, re-vamping of Company's web site, identical Database servers at Live Data Center, up gradation and enhancement in branches and head office IT infrastructure, deployment of ISA server at head office for secure internet browsing.

### Corporate Social Responsibility

Your Company is committed to act ethically towards society and aims to contribute to the social development in the country. For Atlas Insurance sustainability means acting with responsibility to achieve economic and social progress. This responsibility can be achieved only if everyone involved owns and follows Atlas culture and value system and complies with Company rules and regulations. The decisions and actions taken by all the stakeholders must be based on moral principles and core values. The Company views Corporate Social Responsibility as a strategic tool that combines business and citizenship activities by using ethically sound means that consequently create tangible and intangible value for the Company and all the stakeholders.

This year your Company made a contribution of Rs. 4.002 million to its associated concern, Atlas Foundation. Atlas Foundation utilised the proceeds to create an endowment for Forman Christian College and fund the upgradation of their girls dormitory, which has subsequently been named "Shirazi Hall".

Your Company is committed to work across all barriers of race, religion, color and background and the only yardstick is merit based.

### Contribution to the National Exchequer

Your Company contributed a sum of Rs. 276 million during the year towards Government exchequer on account of Income Tax, Federal Excise Duty and other levies. Together with Atlas Group of which your Company is a constitute member, the total taxes paid are about Rs.15 billion - not a small amount! The management of your Company strongly believes in the development of the economy through discharging the obligations by timely and accurate payment of all Government levies and taxes etc.

### Human Resource

Atlas Insurance is a progressive organization with focused approach towards development of human resource for increasing organizational and self-productivity in order to compete with the increasing competition of the industry. As a financial service organization human resource is the most valuable asset of your Company. As said by Jack Welch, former CEO of General Electric, "If I had to run a Company on three measures, those measures would be customer satisfaction, employees' satisfaction and cash flow". This would only be achieved with dedication, team work and people who are efficient, experienced, trained professionals. In your Company greater emphasis is laid on human capital development.

Your Company has a framework of human resource development, educating and training of employees, which consists of three steps process: First, assessing employees' competencies, training them for the job and then encouraging development of the employees through self and continued education. This leads to fulfillment of organization's long term needs and augments individuals' career goals by enhancing employees' value. In order to enhance performance, individuals continuous training and grooming plays a significant role. Employees are sent on training programs conducted by reputable institutions like LUMS, PIMS and MAP, besides encouraging to appear in ACII (London) examinations, attend various diploma courses & seminars and Executive MBAs to improve their education and skills. This is also in line with the group's philosophy of "Organization development through self-development".

The Company demonstrates engagement in diversity, proactive inclusion and equal opportunity as an investment in our people and Company's future growth. The core strategy of your Company diversity management is based on seven 'S' system; Strategy, Structure, System, Shared Values, Style, Staff and Skill.

The knowledge, skills and attitudes of the employees are the secrets behind the continuous and sustained growth of the Company. Human Resource department is strongly committed towards constantly adding value to its most precious assets; "the employees". A thorough process of training need analysis based on individual performance and future business needs is in place.

Being strong believer of Management by Objectives, your Company management sets objectives of individual team member at the beginning of the year with defined success criteria, review these objectives periodically and at the year end evaluate it against individual performance to reward accordingly.

### Rating by PACRA

This year again, The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of your Company at "A+" with positive outlook. The rating incorporates Company's sustained underwriting performance, augmented by its prudent underwriting practices, effective controls and continuous improvement in IT infrastructure. The rating also denotes strong capacity to meet policyholder and contract obligations. Risk factors are considered moderate and the impact of any adverse business and economic factors is expected to be small. The rating also takes into account the strong financial profile of the Company emanating from robust liquidity and healthy solvency position. PACRA also acknowledges that Atlas Insurance continues to have a sound panel of reinsurers with relatively high capacity and prudent risk retention policies. The rating carries positive outlook capturing improving trend in performance and financial strength parameters.

## Corporate Governance

The Company is committed to and strives for best practices in Corporate Governance. The Company strictly adheres to the principles of Corporate Governance mandated by the Securities and Exchange Commission of Pakistan and have implemented all the prescribed stipulations. The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings, to ensure efficient conduct of affairs of the Company to achieve its goal of maximization of value for its stakeholders.

In your Company Corporate Governance framework involves the Board in the strategic planning process, defines clear Board and management power sharing arrangements, and establishes processes for the timely reporting and review of information and most importantly to allow effective and responsive actions to be made thereon.

## Accolades

### SAFA Best Presented Accounts Awards

For the fifth consecutive year the Company' Annual Report 2010 has been awarded by the South Asian Federation of Accountants (SAFA). This year it has secured "Joint 2nd Runner-up" position in Insurance category. This award show your management's focus on transparency, accountability and good governance.



This award by SAFA also reflects the strong commitment of your Company for promotion of best business practices and good governance while maintaining the financial discipline.

### ICAP-ICMAP Best Corporate Report Award

The Company's Annual Report 2010 is also the recipient of "Best Corporate Award 2010" adjudged by the joint committee of the Institute of Chartered Accountants and Institute of Cost and Management Accountants. The Company was selected among the top five companies in the NBF sector. The Company has received this award for the sixth time since 2004 and fifth time consecutively. This award is the recognition of the efforts of the management for the promotion of corporate accountability and transparency through the publication of timely, informative, factual and reader friendly annual reports.



Chief Executive Officer of the Company, Mr. Arshad P. Rana, receiving Best Corporate Report Award 2010 from SAFA President, Mr. A.N. Raman

It merits a mention here that, the Company is also recipient of one of the most prestigious awards of the Corporate sector - "KSE Top 25 Companies Award - 2005".

## Future Outlook

Pakistan is a country of creative, innovative and hard working people and despite all odds it has displayed the strength to overcome difficulties. The economic conditions are likely to improve as marked growth has been witnessed in the agriculture sector. Agriculture and foreign remittances will continue to play their positive roles and FY12 is expected to achieve a GDP growth of 3-4%.

The insurance industry has always played a significant role in the development of the economy and will keep contributing towards economic revival. The changing situation shall however demand greater professionalism for better performance at all levels of management. I am confident that the management of your Company is fully aware of this situation and is also well prepared and equipped to meet the challenges ahead.

عے ہے جستجو کر خوب سے ہے خوب تر کہاں  
(Good, better, best; never let it rest, till your  
good is better; and your better is best)

## Acknowledgement

I wish to express my sincere appreciation to our valued shareholders, clients, reinsurers, SECP and financial institutions whose faith, cooperation and support over the years strengthened our relationship which plays a vital role in improving our products and services and contribution to the society and national economy.

I also appreciate the valuable contribution and active role of the Board of Directors in supporting and guiding the management on all matters of importance. I would also like to express my gratitude to the Chief Executive Officer Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose.

Yusuf H. Shirazi  
Chairman

## Directors' Report

The Directors of your Company take pleasure in presenting their report together with the Audited Financial Statements and Auditors' Report thereon for the year ended December 31, 2011. The Director's report, prepared under section 236 of the Companies Ordinance, 1984 and clause (xix) of the Code of Corporate Governance, will be put forward to the members at the seventy seventh Annual General Meeting of the Company to be held on April 10, 2012.

### Financial Results

Following is the overall performance of the Company for the year ended December 31, 2011:

	<u>2011</u>	<u>2010</u>
	<b>(Rupees in thousand)</b>	
Gross premium	1,120,290	1,024,858
Profit for the year before tax	400,084	327,130
Taxation		
Current	103,088	87,590
Deferred	(3,846)	(3,110)
Prior year - current / deferred	(326)	(8)
	98,916	84,472
Profit for the year after tax	301,168	242,658
Un-appropriated profit brought forward	749	560
Profit available for appropriation	301,917	243,218
<b>*Appropriations</b>		
Transferred to general reserve	(36,000)	(21,000)
Proposed bonus shares @ 20% (2010: @ 20%)	(88,588)	(73,823)
Proposed cash dividend @ 40% (2010: @ 40%)	(177,175)	(147,646)
	(301,763)	(242,469)
Unappropriated balance carried forward	154	749

\* The Board of Directors has recommended bonus shares 20% i.e. 2 ordinary shares for every 10 ordinary shares held and cash dividend of Rs. 4 per share i.e. 40% for the year ended December 31, 2011. The financial statements do not reflect these appropriations in compliance with the Fourth Schedule of the Companies Ordinance, 1984.

### Earnings per share

Earnings per share after tax is Rs. 6.80 as against Rs. 5.48 (Restated) in 2010.

### Chairman's Review

The Chairman's Review included in the Annual Report deals inter alia with the performance of the Company for the year ended December 31, 2011 and future prospects. The Directors endorse the contents of the review.

### Board of Directors

The Board was actively involved during the year in performing its duties including those required to be performed under various relevant laws and the Memorandum and Articles of Association of the Company, with the ultimate objective of safe guarding the interests of the shareholders, increasing profitability of the Company with an ultimate goal to increase shareholders wealth and promoting market confidence.

The Board has an optimum combination of executive and non-executive Directors in which five out of seven are non-executive. None of the Directors on the Board is a Director of more than 10 listed companies. All the Directors represent diverse fields / professions and possess all the necessary skills and understanding to deal with various business issues and have the ability to review management performance.

The Board had four (4) meetings during the year. Attendance by each Director was as follows:

<u>Name of Directors</u>	<u>Attendance</u>
<b>Non-Executive</b>	
Mr. Yusuf H. Shirazi (Chairman)	4
Mr. Aitzaz Shahbaz	4
Mr. Azam Faruque	3
Mr. Ali H. Shirazi	4
Mr. Jawaid Iqbal Ahmed	4
<b>Executive</b>	
Mr. Frahim Ali Khan	4
Mr. Arshad P. Rana	4

No transaction in the Company's shares has been reported by the Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary and their spouses and minor children during the year except disclosed in the pattern of shareholding.

### External Auditors

A notice under Section 253 of the Companies Ordinance, 1984 was received from a member of the Company, wherein it was recommended and proposed to change the retiring auditors, M/s. A. F. Ferguson & Co., Chartered Accountants, and to appoint M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, for the year ending December 31, 2011. The notice was considered by the members in the annual general meeting of the Company held on March 31, 2011 and after approval, M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, were appointed as the statutory auditors of the Company for the year ending December 31, 2011.

The present Auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Audit Committee recommends and the Board endorses that they be appointed as Auditors for the year ending December 31, 2012.

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 external auditors attended those Audit Committee meetings in which the financial statements of the Company were considered by the Audit Committee. The auditors have confirmed that they have no issue of independence and they have already reported all their concerns in the Board and management letters.

### Audit Committee

As required under the Code of Corporate Governance, the Audit Committee continued to perform as per its terms of reference duly approved by the Board which is attached with this report. Audit Committee was established to assist the Directors in discharging their responsibilities towards the Company. During the year following significant matters were recommended / discussed by the Audit Committee with the Board of Directors:

- Reviewed the quarterly, half yearly and annual financial statements of the Company prior to their approval by the Board of Directors.
- Recommended to the Board the appointment of external auditors by the Company's shareholders and consider any questions of audit fee.
- Reviewed the Management and Board letters issued by the external auditors of the Company.
- Monitored and discussed with the Board the compliance of statutory / regulatory requirements of the relevant statutes.
- Discussed the major findings of internal audit reports and management's response there to.
- Complied with the best practices of corporate governance.
- Determination of appropriate measures to safeguard Company's assets
- Reviewed status of action items from the previous meetings.



The Committee consists of the three members. During the year four (4) Audit Committee meetings were held and attended as follows:

#### **Non-Executive**

Mr. Azam Faruque (Chairman)	3
Mr. Ali H. Shirazi	4

#### **Executive**

Mr. Frahim Ali Khan	4
---------------------	---

#### **Employees Benefit Plans**

The Company operates a contributory provident fund scheme for all the employees and defined benefit gratuity funds schemes of its management and non-management employees. The value of investments based on their respective accounts is as follows:

**Provident Fund** Rs. 97.124 million (as at December 31, 2011)

#### **Gratuity Fund**

Management Staff Rs. 21.882 million (as at June 30, 2011)

Non-Management Staff Rs. 5.983 million (as at December 31, 2011)

#### **Compliance with the Code of Corporate Governance and Transfer Pricing as contained in the Listing Regulations of Stock Exchanges**

The Directors confirm the compliance of the requirements of the Code of Corporate Governance and Transfer Pricing as set out by the Karachi and Lahore stock exchanges in their Listing Regulations, relevant for the year ended December 31, 2011. Separate statements to these effects are annexed.

#### **Statement of Directors' Responsibilities**

The Board regularly reviews the Company's strategic direction. Annual plans and performance targets for business are set by the Chief Executive Officer and are reviewed in total by the Board in light of the Company's overall objectives. The Board is committed to maintain the high standards of good corporate governance. The Company has been in compliance with the provisions set out by the Securities and Exchange Commission of Pakistan and the listing rules of the stock exchanges. There has been no material departure from the best practices of the corporate governance, as detailed in the listing regulations.

##### **Financial Statements**

The financial statements, prepared by the management of the Company, fairly present its state of affairs, the results of its operations, cash flows and changes in equity.

##### **Books of Account**

The Company has maintained proper books of account.

##### **Accounting Policies**

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**

International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.

##### **Internal Control System**

The system of internal control is sound in design and has been effectively implemented and monitored.

##### **Going Concern**

There is no doubt about the Company's ability to continue as a going concern.

##### **Operating and Financial Data**

Operating and financial data and key ratios of the Company for the last ten years are annexed.

##### **Best Practices of Corporate Governance**

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

##### **Taxes and Levies**

Information about taxes and levies is given in notes to the financial statements.

## Related Party Transactions

In order to comply with the requirements of Listing Regulations, the Company presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board of Directors in their respective meetings. The details of all related party transactions have been provided in the note 28 of the financial statements.

## Pattern of Shareholding

The pattern of shareholding of the Company is annexed

## Code of Business Principles

As a leading general insurance Company, reputation for high ethical standards is central to business success. Code of Business Principles has been developed and communicated. Each Director and employee of the Company has acknowledged the same.

## Compliance with Secretarial Practices

The Company Secretary furnished a Secretarial Compliance Certificate, in the prescribed form, as required under the listing regulation No. 37 (XXV) of the Karachi Stock Exchange, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984 and Listing Regulations have been complied with.

## Market Share Information

As per statistics compiled by the Insurance Association of Pakistan for the year ended December 31, 2010, the market share of the Company was 2.7%, which is expected to increase in 2011.

## Communication

Communication with the shareholders is given a high priority. Annual reports are distributed to the members and half yearly and quarterly reports are placed on Company's website within the time specified by the Companies Ordinance, 1984 and the Code of Corporate Governance. The Company also has a web site ([www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk)), which contains up-to-date information of the Company.

## Outstanding Statutory Payments

All outstanding payments are of normal and routine nature.

## Safety and Environment

The Company follows the safety and environment rules and regulations.

For and on behalf of the  
Board of Directors



**Arshad P. Rana**  
Chief Executive

Lahore: March 8, 2012

## Statement of Compliance with the Code of Corporate Governance For the financial year ended December 31, 2011

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the Listing Regulation No. 37 and Chapter XIII, of the Karachi Stock Exchange (Guarantee) Limited and the Lahore Stock Exchange (Guarantee) Limited, respectively, for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of non-executive Directors on its Board of Directors. At present the Board includes five non-executive Directors out of seven Directors.
2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this Company.
3. All the Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking Company, a DFI or an NBFIs. No Director in the Board is a member of any of the stock exchanges in Pakistan.
4. No causal vacancy occurred in the Board of Directors during the year.
5. Executive Directors of the Company are not in excess of 75% of the total number of Directors.
6. The Company has prepared a 'Statement of Ethics and Business Practices' which has been signed by all the Directors and employees of the Company.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other Executive Director, have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board has established a system of sound internal control, which includes all necessary aspects of internal control given in the Code and is effectively implemented at all levels within the Company.
11. The Board had previously arranged an orientation course for its members to apprise them of their duties and responsibilities.
12. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
13. The Directors' Report has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.



15. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
16. The Company has complied with the corporate and financial reporting requirements of the Code.
17. The Board has formed Underwriting, Claims Settlement and Reinsurance & Co-insurance committees. The meetings of the committees were held once in every quarter.
18. The Board has formed an Audit Committee. It comprises of three members, out of which two members are non-executive Directors including the Chairman of the Committee.
19. The meetings of the Audit Committee were held at least once in every quarter prior to the approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
20. The Board has set-up an effective internal audit function which is manned by experienced and qualified personnel. The audit team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on a full time basis.
21. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouse 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 the Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
22. 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.
23. We confirm that all other material principles contained in the Code have been complied with.

For and on behalf of the  
Board of Directors



**Arshad P. Rana**  
Chief Executive

Lahore: March 8, 2012

## Statement of Compliance with the Best Practices on Transfer Pricing For the financial year ended December 31, 2011

The Company has fully complied with the best practices of Transfer Pricing as contained in the Listing Regulation No. 38 of the Karachi Stock Exchange (Guarantee) Limited and chapter XIV of the Listing Regulations of the Lahore Stock Exchange (Guarantee) Limited.

For and on behalf of the  
Board of Directors



**Arshad P. Rana**  
Chief Executive

Lahore: March 8, 2012

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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended December 31, 2011 prepared by the Board of Directors of Atlas Insurance Limited (the Company) to comply with the Listing Regulation No. 35 (Chapter XI) of the Karachi Stock Exchange (Guarantee) Limited and Lahore Stock Exchange (Guarantee) Limited, where the Company is listed.

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

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

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval of 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, for the year ended December 31, 2011.



**Ernst & Young Ford Rhodes Sidat Hyder**  
Chartered Accountants

Audit Engagement Partner: Mohammed Junaid

Date: March 8, 2012

Lahore

## Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

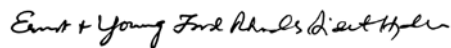
of Atlas Insurance Limited as at December 31, 2011, together with the notes forming part thereof, for the year then ended.

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. The financial statements of the Company as of December 31, 2010 were audited by another auditor whose report dated March 2, 2011 expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the 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 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, 2011 and of the profit, its cash flow and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.



**Ernst & Young Ford Rhodes Sidat Hyder**

Chartered Accountants

Audit Engagement Partner: Mohammed Junaid

Date: March 8, 2012

Lahore

## Balance Sheet

	<u>Note</u>	<u>2011</u> (Rupees in thousand)	<u>2010</u>
<b>Share capital and reserves</b>			
Authorised share capital 50,000,000 (2010: 50,000,000) ordinary shares of Rs. 10 each		500,000	500,000
Issued, subscribed and paid up capital 44,293,800 (2010: 36,911,502) ordinary shares of Rs. 10 each	6	442,938	369,115
Reserves	7	265,064	244,064
Retained earnings		301,917	243,218
		1,009,919	856,397
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		259,514	298,398
Provision for unearned premium		443,264	425,948
Commission income unearned		46,255	35,219
Total underwriting provisions		749,033	759,565
<b>Creditors and accruals</b>			
Premium received in advance		2,758	47,004
Amounts due to other insurers / reinsurers	8	169,757	223,694
Accrued expenses	9	51,581	49,238
Taxation - provision less payments		11,193	152
Other creditors and accruals	10	61,199	79,511
		296,488	399,599
<b>Other liabilities</b>			
Deposits against performance bonds		1,887	1,491
Unclaimed dividends		20,758	17,682
		22,645	19,173
<b>TOTAL LIABILITIES</b>		1,068,166	1,178,337
<b>TOTAL EQUITY AND LIABILITIES</b>		2,078,085	2,034,734
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

## As at December 31, 2011

	<u>Note</u>	<u>2011</u> (Rupees in thousand)	<u>2010</u>
<b>Cash and bank deposits</b>	12		
Cash and other equivalents		10	7
Current and other accounts		54,581	375,074
Deposits maturing within twelve months		-	117,500
		54,591	492,581
<b>Loans to employees - secured considered good</b>	13	117	177
<b>Investments</b>	14	1,089,256	772,048
<b>Deferred taxation</b>	15	10,238	6,392
<b>Current assets - others</b>			
Premium due but unpaid	16	313,944	142,059
Amounts due from other insurers / reinsurers	17	113,388	118,121
Salvage recoveries accrued		3,370	9,985
Accrued investment income	18	1,328	3,254
Reinsurance recoveries against outstanding claims		153,484	192,769
Deferred commission expense		22,896	16,318
Prepayments	19	253,308	223,233
Sundry receivables	20	15,256	13,881
		876,974	719,620
<b>Fixed assets</b>			
<b>Tangible</b>	21.1		
Freehold land		1,168	1,168
Buildings on freehold land		13,085	13,774
Furniture and fixtures		2,479	2,575
Office equipments		5,365	5,556
Computers - owned		4,524	3,894
Motor vehicles - owned		18,871	16,949
		45,492	43,916
<b>Intangible</b>			
Computer software	21.2	1,417	-
<b>TOTAL ASSETS</b>		<u>2,078,085</u>	<u>2,034,734</u>



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

# Profit and Loss Account

## For the financial year ended December 31, 2011

Note	Fire & property	Marine, aviation & transport	Motor	Miscellaneous	Treaty	Total 2011	Total 2010
<b>( Rupees in thousand )</b>							
<b>Revenue account</b>							
Net premium revenue	115,457	240,959	198,482	36,391	-	591,289	530,269
Net claims	(10,173)	(16,895)	(106,609)	(19,617)	-	(153,294)	(176,504)
Expenses	22 (80,657)	(70,729)	(43,199)	(32,909)	-	(227,494)	(197,839)
Net commission	24,523	16,235	(12,474)	14,800	-	43,084	43,998
<b>Underwriting result</b>	<u>49,150</u>	<u>169,570</u>	<u>36,200</u>	<u>(1,335)</u>	<u>-</u>	<u>253,585</u>	<u>199,924</u>
Investment income						133,572	102,634
Rental income						5,320	4,936
Other income	23					32,986	42,583
Financial charges						(424)	(411)
General and administration expenses	24					(24,955)	(22,536)
						<u>146,499</u>	<u>127,206</u>
Profit before taxation						400,084	327,130
Provision for taxation	25					(98,916)	(84,472)
Profit after taxation						<u>301,168</u>	<u>242,658</u>
<b>Profit and loss appropriation account</b>							
<b>Balance at commencement of the year</b>						243,218	190,340
Profit after taxation for the year						301,168	242,658
Final dividend for 2010 @ Rs. 4 per share (2009: Rs. 4 per share)						(147,646)	(134,224)
Transfer to general reserve						(21,000)	(22,000)
Transfer to reserve for issue of bonus shares						(73,823)	(33,556)
<b>Balance unappropriated profit at the end of the year</b>						<u>301,917</u>	<u>243,218</u>
							Restated
<b>Basic and diluted earnings per share - Rupees</b>	26					<u>6.80</u>	<u>5.48</u>

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

## Statement of Comprehensive Income

### For the financial year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)	
Profit for the year ended December 31	301,168	242,658
Other comprehensive income for the year	-	-
Total comprehensive income for the year	<u>301,168</u>	<u>242,658</u>

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman



## Statement of Changes in Equity

### Financial year ended December 31, 2011

	Issued, subscribed and paid-up capital	Reserves				Investment fluctuation reserve	Retained earnings	Total
		Capital reserve	Reserve for exceptional losses	Reserve for issue of bonus shares	General reserve			
( R u p e e s i n t h o u s a n d )								
<b>Balance as at December 31, 2009</b>	335,559	2,251	2,164	-	214,649	3,000	190,340	747,963
Final dividend for the year ended December 31, 2009 @ 40% (Rs. 4 per share)	-	-	-	-	-	-	(134,224)	(134,224)
Transfer to general reserve	-	-	-	-	22,000	-	(22,000)	-
Transfer to reserve for issue of bonus shares	-	-	-	33,556	-	-	(33,556)	-
Issue of bonus shares @ 10%	33,556	-	-	(33,556)	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	242,658	242,658
<b>Balance as at December 31, 2010</b>	<u>369,115</u>	<u>2,251</u>	<u>2,164</u>	<u>-</u>	<u>236,649</u>	<u>3,000</u>	<u>243,218</u>	<u>856,397</u>
Final dividend for the year ended December 31, 2010 @ 40% (Rs. 4 per share)	-	-	-	-	-	-	(147,646)	(147,646)
Transfer to general reserve	-	-	-	-	21,000	-	(21,000)	-
Transfer to reserve for issue of bonus shares	-	-	-	73,823	-	-	(73,823)	-
Issue of bonus shares @ 20%	73,823	-	-	(73,823)	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	301,168	301,168
<b>Balance as at December 31, 2011</b>	<u><u>442,938</u></u>	<u><u>2,251</u></u>	<u><u>2,164</u></u>	<u><u>-</u></u>	<u><u>257,649</u></u>	<u><u>3,000</u></u>	<u><u>301,917</u></u>	<u><u>1,009,919</u></u>

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

# Cash Flow Statement

## For the financial year ended December 31, 2011

<b>Note</b>	<b>2011</b>	<b>2010</b>
	(Rupees in thousand)	
<b>Operating cash flows</b>		
<b>Underwriting activities</b>		
Premiums received	895,113	937,834
Reinsurance premiums paid	(608,242)	(503,799)
Claims paid	(322,373)	(260,590)
Reinsurance and other recoveries received	183,750	99,096
Commissions paid	(64,131)	(38,286)
Commissions received	107,789	91,141
Other underwriting payments	(3,929)	(1,400)
Other underwriting receipts	13,364	15,065
<b>Net cash flow from underwriting activities</b>	<b>201,341</b>	<b>339,061</b>
<b>Other operating activities</b>		
Income tax paid	(91,721)	(100,834)
General management expenses paid	(249,306)	(208,195)
Loan repayments received	60	24
Other deposits	396	100
<b>Net cash flow from other operating activities</b>	<b>(340,571)</b>	<b>(308,905)</b>
<b>Total cash (used in) / generated from all operating activities</b>	<b>(139,230)</b>	<b>30,156</b>
<b>Investment activities</b>		
Profit / return received	39,577	44,774
Dividends received	32,877	28,039
Rental income received	5,405	5,009
Payments for purchase of investments	(1,211,552)	(518,157)
Proceeds from disposal of investments	988,832	376,158
Payments against purchase of assets	(11,460)	(6,180)
Proceeds from disposal of fixed assets	2,555	4,148
<b>Total cash flow used in investing activities</b>	<b>(153,766)</b>	<b>(66,210)</b>
<b>Financing activities</b>		
Dividends paid	(144,570)	(131,145)
Financial charges paid	(424)	(411)
<b>Total cash flow used in financing activities</b>	<b>(144,994)</b>	<b>(131,556)</b>
<b>Net cash outflow from all activities</b>	<b>(437,990)</b>	<b>(167,610)</b>
<b>Cash at the beginning of the year</b>	<b>492,581</b>	<b>660,191</b>
<b>Cash at the end of the year</b>	<b>54,591</b>	<b>492,581</b>

12

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

**Reconciliation to Profit and Loss Account**

	<u>Note</u>	<u>2011</u> (Rupees in thousand)	<u>2010</u>
Operating cash flows		(139,230)	30,156
Depreciation		(6,772)	(7,201)
Amortization		(283)	-
Financial charges		(424)	(411)
Gain on disposal of fixed assets		1,143	1,664
Provision for doubtful debts		(4,500)	(4,112)
Increase in assets other than cash		130,860	101,513
Decrease in liabilities other than borrowings		141,285	11,403
Other adjustments			
- Decrease / (increase) in provision for unearned premium		12,812	(31,053)
- Increase in commission income unearned		(11,036)	(8,965)
- Income on investments and current and other deposits		133,572	102,634
- Rental income		5,320	4,936
- Other income		31,843	40,919
- Increase in provision for deferred commission expense		6,578	1,175
<b>Profit after taxation</b>		<u>301,168</u>	<u>242,658</u>

**Definition of cash**

Cash comprises cash in hand, 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.

**Cash for the purpose of the statement of cash flows consists of:**

Cash and other equivalents	12	10	7
Current and other accounts	12	54,581	375,074
Deposits maturing within twelve months		-	117,500
		<u>54,591</u>	<u>492,581</u>

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

# Statement of Premiums

## For the financial year ended December 31, 2011

### 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		December 31, 2011	December 31, 2010
( R u p e e s i n t h o u s a n d )										
<b>Direct and facultative</b>										
Fire and property damage	390,290	261,534	252,682	399,142	302,866	175,289	194,470	283,685	115,457	104,802
Marine, aviation and transport	343,284	24,758	19,114	348,928	102,870	11,229	6,130	107,969	240,959	195,895
Motor	222,237	103,763	108,529	217,471	22,917	3,529	7,457	18,989	198,482	214,637
Miscellaneous	164,479	35,893	62,939	137,433	113,160	31,365	43,483	101,042	36,391	14,937
<b>Total</b>	<u>1,120,290</u>	<u>425,948</u>	<u>443,264</u>	<u>1,102,974</u>	<u>541,813</u>	<u>221,412</u>	<u>251,540</u>	<u>511,685</u>	<u>591,289</u>	<u>530,271</u>
<b>Treaty</b>										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	(2)
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2)</u>
<b>Grand Total</b>	<u>1,120,290</u>	<u>425,948</u>	<u>443,264</u>	<u>1,102,974</u>	<u>541,813</u>	<u>221,412</u>	<u>251,540</u>	<u>511,685</u>	<u>591,289</u>	<u>530,269</u>

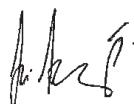
#### Note:

Premiums written include administration surcharge amounting to Rs.13,364 thousand (2010: Rs. 15,065 thousand)

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

# Statement of Claims

## For the financial year ended December 31, 2011

### Business underwritten inside Pakistan

Class	Claims paid	Outstanding Claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		December 31, 2011	December 31, 2010
( R u p e e s i n t h o u s a n d )										
<b>Direct and facultative</b>										
Fire and property damage	108,178	69,873	55,903	94,208	95,639	63,216	51,612	84,035	10,173	6,797
Marine, aviation and transport	42,068	67,715	70,569	44,922	26,392	52,963	54,598	28,027	16,895	13,504
Motor	117,442	79,530	79,122	117,034	9,307	6,583	7,701	10,425	106,609	153,036
Miscellaneous	60,548	77,500	50,140	33,188	44,005	70,007	39,573	13,571	19,617	3,611
<b>Total</b>	<u>328,236</u>	<u>294,618</u>	<u>255,734</u>	<u>289,352</u>	<u>175,343</u>	<u>192,769</u>	<u>153,484</u>	<u>136,058</u>	<u>153,294</u>	<u>176,948</u>
<b>Treaty</b>										
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	3
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	(446)
Miscellaneous	-	86	86	-	-	-	-	-	-	(1)
<b>Total</b>	<u>-</u>	<u>3,780</u>	<u>3,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(444)</u>
<b>Grand Total</b>	<u>328,236</u>	<u>298,398</u>	<u>259,514</u>	<u>289,352</u>	<u>175,343</u>	<u>192,769</u>	<u>153,484</u>	<u>136,058</u>	<u>153,294</u>	<u>176,504</u>

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

# Statement of Expenses

## For the financial year ended December 31, 2011

### Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense	
		Opening	Closing					December 31, 2011	December 31, 2010
( R u p e e s i n t h o u s a n d )									
<b>Direct and facultative</b>									
Fire and property damage	20,105	9,458	10,032	19,531	80,657	100,188	44,054	56,134	53,262
Marine, aviation and transport	13,364	737	1,160	12,941	70,729	83,670	29,176	54,494	43,202
Motor	18,915	3,938	8,120	14,733	43,199	57,932	2,259	55,673	50,955
Others including miscellaneous	7,863	2,185	3,584	6,464	32,909	39,373	21,264	18,109	6,422
<b>Total</b>	<u>60,247</u>	<u>16,318</u>	<u>22,896</u>	<u>53,669</u>	<u>227,494</u>	<u>281,163</u>	<u>96,753</u>	<u>184,410</u>	<u>153,841</u>
<b>Treaty</b>									
Fire and property damage	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-
Others including miscellaneous	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Grand Total</b>	<u>60,247</u>	<u>16,318</u>	<u>22,896</u>	<u>53,669</u>	<u>227,494</u>	<u>281,163</u>	<u>96,753</u>	<u>184,410</u>	<u>153,841</u>

#### Note:

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

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

## Statement of Investment Income

### For the financial year ended December 31, 2011

	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)	
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on fixed income securities and deposits	5,386	4,155
<b>Available for sale</b>		
Return on N.I.T. and U.T.P.	163	86
Dividend income		
- from related parties	17,081	13,234
- from others	16,055	13,376
	33,136	26,610
Gain on sale of available for sale investments	95,873	73,834
Less: Investment related expenses	(986)	(2,051)
<b>Net investment income</b>	<u>133,572</u>	<u>102,634</u>

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



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

# Notes to the Financial Statements

## For the financial year ended December 31, 2011

### 1. The Company and its operations

Atlas Insurance Limited was incorporated as a public limited Company on September 6, 1934 and is listed on Lahore and Karachi stock exchanges. The Company is engaged in general insurance business. The registered office of the Company is situated at 3-Bank Square, Lahore.

### 2. Statement of compliance

#### 2.1 Basis of presentation and statement of compliance

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

#### 2.2 Standards, interpretations and amendments to published approved accounting standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

##### 2.2.1 Standards, amendments to published standards and interpretations effective in current year

IAS 24 - Related Party Disclosures (Revised)

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)

IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In May 2010, International Accounting Standards Board (IASB) issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

IFRS 3 - Business Combinations

- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS
- Measurement of non-controlling interests (NCI)
- Un-replaced and voluntarily replaced share-based payment awards

IFRS 7 - Financial Instruments: Disclosures

- Clarification of disclosures

IAS 1 - Presentation of Financial Statements

- Clarification of statement of changes in equity

IAS 27 - Consolidated and Separate Financial Statements

- Transition requirements for amendments made as a result of IAS 27 Consolidated and Separate Financial Statements

IAS 34 - Interim Financial Reporting

- Significant events and transactions

IFRIC 13 - Customer Loyalty Programmes

- Fair value of award credits

The adoption of the above standards, amendments, interpretations and improvements did not have any material effect on the financial statements except for improvement in certain disclosures.



### 3. Basis of measurement

These financial statements have been prepared under the historical cost convention, except for recognition of certain employee retirement benefits at present value. The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on the historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both periods. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

- a) Provision for outstanding claims including incurred but not reported (IBNR)
- b) Defined benefit plans
- c) Provision for taxation
- d) Useful life and residual values of property, plant and equipment

### 4. Significant accounting policies

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

#### 4.1 Insurance contracts

Insurance contracts are those contracts where the Company has accepted significant insurance risks from the policy holders by agreeing to compensate the policy holders on the occurrence of a specified uncertain future event (the insured event) that adversely affects the policy holders under the terms and conditions of the contract.

Insurance contracts issued by the Company are generally classified in four basic categories i.e. Fire and Property, Marine, aviation and transport, Motor and Miscellaneous and are issued to multiple type of clients with business in engineering, automobiles, cement, power, textile, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riot and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact and burglary etc. and loss of profit followed by the incident of fire.
- Marine, aviation and transport insurance contracts generally provide cover for loss of or damage to cargo while in transit to and from foreign lands and inland transit due to various insured perils including loss of or damage to carrying vessel etc.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Miscellaneous insurance contracts provide wide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workman compensation, contractors all risk, erection all risk, machinery breakdown, boiler damage, travel, crop and health etc.

In addition to direct insurance, at times the Company also participates in risks under coinsurance from other companies and also accepts risks through reinsurance inward by way of facultative acceptances on case to case basis provided such risks are within the underwriting policies of the Company. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

The accounting policy for revenue recognition is given in note 4.18.1. Accounting policies for recording of amounts due to / from other insurers / reinsurers / agents and for recognition of claims incurred (both reported and not reported) are stated in note 4.9 and 4.2.1, respectively.

## 4.2 Underwriting provisions

### 4.2.1 Provision for outstanding claims including IBNR

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

Outstanding claims comprise the estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. Provisions for IBNR are based on the best estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually reported subsequent to the balance sheet date.

The Company accounts for IBNR based on an analysis of past claims reporting pattern by tracking movement in claims incurred in an accounting period.

Reinsurance recoveries against outstanding claims are recognised on occurrence of the related claim liability. These are recorded as an asset and measured at the amount expected to be received.

### 4.2.2 Unexpired insurance risk

The Company determines its liability for unexpired risk, according to the requirements of the Insurance Ordinance, 2000, at a value not less than the sum of provision for unearned premium and premium deficiency reserve.

#### 4.2.2.1 Provision for unearned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage at the reporting date. The Company maintains its provision for unearned premium net of reinsurances by applying the 1/24th method on fire and property, motor and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non life insurance companies. However, in case of marine, aviation & transport premium written net of reinsurances during last month is taken to the provision for unearned premium.

#### 4.2.2.2 Premium deficiency reserve

In order to comply with the requirements of section 34(2)(d) of the Insurance Ordinance, 2000, a premium deficiency reserve is maintained for each class of business, where the unearned premium liability for any class of business is not adequate to meet the expected future liability, after reinsurance, for claims and other expenses, including reinsurance expense, commissions, and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the policies in force at the balance sheet date, in that class of business. The movement in the premium deficiency reserve is recorded as an expense / income as part of the underwriting results for the year.

An analysis of loss ratios for the expired period are carried out, at each class of business level, keeping in view the historical claim development. Where ratios are adverse an assessment is made if this is due to one off claim and if not, a deficiency in premium is recognised in the current period. The loss ratios for the current and prior year are as follows:

	<u>2011</u>	<u>2010</u>
Fire and property damage	9%	6%
Marine, aviation and transport	7%	7%
Motor	54%	71%
Miscellaneous	54%	24%

Keeping in view the adequacy of the reserves on December 31, 2011, in line with the provisions of the Insurance Ordinance, 2000 and SEC (Insurance Rules) 2002, a premium deficiency reserve is not required, and accordingly no provision for the same has been made in financial statements of the current year.

### 4.2.3 Commission

#### 4.2.3.1 Commission income

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

#### **4.2.3.2 Commission income unearned**

Unearned commission income from the reinsurers represents the portion of income relating to the unexpired period of coverage and is recognised as a liability.

### **4.3 Staff retirement benefits**

#### **4.3.1 Defined contribution plan**

The Company operates a funded contributory provident fund (defined contribution plan) for all employees. Equal monthly contributions are made, both by the Company and the employees, to the fund, under the terms of the scheme.

#### **4.3.2 Defined benefit plan**

The Company operates two separate funded gratuity schemes (defined benefit plans) in respect of all the permanent employees (management and non - management) to which the Company makes contribution on the basis of recommendations made by the actuary. The latest actuarial valuation was carried out as at December 31, 2011, using the "Projected Unit Credit Actuarial Cost Method".

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses.

Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceed 10% of the present value of the Company's gratuity obligations are amortized over the expected average remaining working lives of the employees.

The Company is expected to contribute Rs. 2,635 thousand for management staff gratuity fund in the next financial year.

#### **4.3.3 Compensated absences**

The Company provides for liability in respect of employees' compensated absences in the year in which these are earned.

### **4.4 Taxation**

#### **4.4.1 Current**

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

#### **4.4.2 Deferred**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

### **4.5 Cash and cash equivalents**

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

### **4.6 Loans to employees**

These are recognized at cost, which is the fair value of the consideration given.

## **4.7 Investments**

### **4.7.1 Recognition**

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are classified into the following categories:

- Held to maturity
- Available for sale

### **4.7.2 Measurement**

#### **4.7.2.1 Held to maturity**

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity and are initially measured at the cost being the fair value of consideration paid.

Subsequently these are measured at amortized cost using the effective yield method. Any premium paid or discount availed on acquisition of held to maturity investments is deferred and included in the income for the period on a straight line basis over the term of investment.

#### **4.7.2.2 Available for sale**

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale and are stated at cost being the fair value of consideration paid.

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

If these investments had been measured at fair value as required by IAS 39, the Company's net investments would have been higher by Rs. 36,142 thousand.

All "regular way" purchases and sales of investments are recognized on the trade date which is the date that the Company commits to purchase or sell the investment.

#### **4.7.2.3 Sale and repurchase agreements**

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

## **4.8 Reinsurance contracts**

The Company enters into reinsurance contracts with reinsurance companies by arranging treaty reinsurance, whereby certain agreed proportion of risks are shared with the participating companies, hence higher underwriting capacity with larger spread becomes available. Depending upon the nature and / or size of the risk at times reinsurance of excess of capacity is also placed on case to case basis under facultative reinsurance arrangement. The Company also accepts facultative reinsurance from other local insurance companies provided the risk meets the underwriting requirements of the Company.

The risks undertaken by the Company under these contracts for each class of business are stated in note 4.1.

The benefits to which the Company is entitled under reinsurance contracts held are recognised as reinsurance assets. These assets include amount due from reinsurers as well as receivables that are dependent on the expected claims and benefits arising under the related reinsured insurance contracts. Reinsurance liabilities primarily include premium payable and commission payable (incase of facultative acceptance). Reinsurance assets and liabilities are measured consistently with the terms of the underlying reinsurance contracts.

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

The movement in reinsurance assets for the year ending December 31, 2011 is given in statement of premiums and statement of claims. Reinsurance assets are not offset against related insurance liabilities.

Recognition criteria of reinsurance assets and liabilities is stated in note 4.9, and recognition criteria for reinsurance income and expenses is stated in note 4.2.3.1 and note 4.21, respectively.

An analysis of reinsurance assets based on credit rating of the entity, from whom it is due is as follows:

#### Reinsurers

	Amounts due from reinsurers		Reinsurance recoveries against outstanding claims		Other reinsurance assets	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
A or above (including PRCL)	22,621	12,836	116,186	166,394	250,027	220,626
BBB	-	-	532	6,884	-	-
Others	3,276	4,975	36,766	19,491	1,511	786
Total	25,897	17,811	153,484	192,769	251,538	221,412

#### 4.9 Amounts due to / from other insurers / reinsurers / agents

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

#### 4.10 Impairment of assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized, in the profit and loss account, for the difference between the recoverable amount and the carrying amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Changes in the provisions are recognized as income or expense. During the year, there being no impairment of financial assets, therefore, no provision has been made in the accounts.

#### 4.11 Prepaid reinsurance premium ceded

Prepaid reinsurance premium ceded is recognised as liability as follows:

- a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured; and
- b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

#### 4.12 Deferred commission expense

Deferred commission expense represents the portion of commission expense relating to the unexpired period of coverage. The Company maintains its provision for deferred commission by applying the 1/24th method on fire, motor and miscellaneous as stipulated in Accounting Regulation 8(4)(b) of the SEC (Insurance) Rules, 2002 for non life insurance companies. In case of marine, aviation and transport commission expense relating to last month is taken as deferred commission expense.

#### 4.13 Fixed assets

##### 4.13.1 Tangible - owned

Fixed assets except freehold land are stated at cost less accumulated depreciation. Cost of tangible fixed assets consists of historical cost and directly attributable cost of bringing the assets to their present location and condition. Depreciation is charged to income applying the reducing balance method at the rates given in fixed assets schedule to write off the cost of operating fixed assets over their expected useful life. Depreciation on addition to fixed assets is charged from the month in which an asset is acquired or capitalized, whereas no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred whereas major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gain and loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

The assets' residual value and useful lives are reviewed, at each financial year end, and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its fixed assets as at December 31, 2011 has not required any adjustment as its impact is considered insignificant.

#### **4.13.2 Tangible - leased**

Assets held under finance leases are initially recorded at the lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets is charged by applying the reducing balance method at the rates used for similar owned assets, so as to depreciate the assets over their estimated useful lives in view of certainty of ownership of the assets at the end of the lease term.

#### **4.13.3 Intangible**

The intangible asset is stated at cost less accumulated amortization and impairment, if any. Amortization is calculated on a straight-line basis over the estimated useful life of the asset.

#### **4.13.4 Capital work-in-progress**

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

#### **4.14 Creditors, accruals and provisions**

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

Provisions are recognized when the Company has a present obligation (legal or constructive) 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 can be made of the amount of obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **4.15 Foreign currency translation**

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. Exchange differences on foreign currency translations are included in profit and loss account.

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

#### **4.16 Financial instruments**

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. All the financial assets are derecognized at the time when the Company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognized at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

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

#### **4.17 Offsetting of financial assets and financial liabilities**

Financial 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 amounts and there is an intention to settle on a net basis, or to realize the assets and to settle the liabilities simultaneously.

#### **4.18 Revenue recognition**

##### **4.18.1 Premium income earned**

Premium income under a policy is recognised over the period of insurance from the date of the issue of the policy to which it relates to its expiry as follows:

- a) for direct business, evenly over the period of the policy; and
- b) for proportional reinsurance business, evenly over the period of underlying insurance policies.

Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk.

Premiums for policies receivable in installments are recognised as receivable at the inception of the policy and is recognised as income over the period of the policy.

##### **4.18.2 Dividend income and bonus shares**

Dividend income and entitlement of bonus shares are recognised when the right to receive such dividends and bonus shares is established.

Gain / loss on sale of investments is taken to the profit and loss account in the year of sale as per settlement date.

##### **4.18.3 Income on held to maturity investments**

Income on held to maturity investments is recognised on a time proportion basis taking into account the effective yield on investments.

##### **4.18.4 Administration surcharge**

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

##### **4.18.5 Rent and other income**

Rental and other income is recognized on accrual basis.

#### **4.19 Zakat**

Zakat deductible compulsorily under the Zakat and Ushr Ordinance, 1980 is accounted for in the year of deduction.

#### **4.20 Expenses**

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

##### **4.21 Reinsurance expenses**

Premium ceded to reinsurers is recognised as expense as follows:

- a) for reinsurance contracts operating on a proportional basis, on attachment of the underlying policies reinsured.
- b) for reinsurance contracts operating on a non-proportional basis, on inception of the reinsurance contract.

##### **4.22 Pakistan Reinsurance Company Limited (PRCL) - Retrocession**

PRCL retrocession business is accounted for on the basis of the statements received relating to the first three quarters of the current year and last one quarter of the previous year.

##### **4.23 Critical 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 continuously evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The management has exercised its judgment in the process of applying accounting policies.

The significant estimates made by the management in the current year are referred to in note 3.



## 4.24 Segment reporting

### 4.24.1 Primary segments

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format based on the Company's practice of internal reporting to the management on the same basis. The Company has determined its primary segments based on insurance risks covered under four types of insurance contracts as stated in note 4.1.

As the operations of the Company are predominantly carried out in Pakistan, information relating to geographical segment is not considered relevant.

The Company usually accounts for the inter segment sales and transfers, if any, as if the sale and or transfers were made to third parties at fair market price.

## 5. Standards issued but not yet effective

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments: Disclosures - (Amendments)	July 1, 2011
- Amendments enhancing disclosures about transfers of financial assets	July 1, 2011
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 1, 2013
IAS 1 - Presentation of Financial Statements - Presentation of items of comprehensive income	July 1, 2012
IAS 12 - Income Taxes (Amendment) - Recovery of Underlying Assets	January 1, 2012
IAS 19 - Employee Benefits -(Amendment)	January 1, 2013

The Company expects that the adoption of the above revisions and amendments of the standards will not materially affect the Company's financial statements in the period of initial application other than the amendments to IAS-19 'Employee Benefits'. Such amendments range from fundamental changes to simple clarifications and re-wording. The significant changes include the following:

- For defined benefit plans, the ability to defer recognition of actuarial gains and losses (i.e. the corridor approach) has been removed. As revised, actuarial gains and losses are recognized in other comprehensive income when they occur. Amounts recorded in profit and loss are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit asset (liability) are recognized in other comprehensive income with no subsequent recycling to profit and loss.
- Objectives for disclosures of defined benefit plans are explicitly stated in the revised standard, along with new or revised disclosure requirements. These new disclosures include quantitative information of the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The Company is currently assessing the impact of the above amendments which are effective from January 1, 2013 on the financial statements. However, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses as referred to in note 4.3.2 to the financial statements.

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

Standards or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 9 - Financial Instruments: Classification and Measurement	January 1, 2015
IFRS 10 - Consolidated Financial Statements	January 1, 2013
IFRS 11 - Joint Arrangements	January 1, 2013
IFRS 12 - Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 - Fair Value Measurement	January 1, 2013

## 6. Issued, subscribed and paid up capital

<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
<u>(Number of shares)</u>			<u>(Rupees in thousand)</u>	
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
44,043,800	36,661,502	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	440,438	366,615
<u>44,293,800</u>	<u>36,911,502</u>		<u>442,938</u>	<u>369,115</u>

15,063,727 (2010: 12,553,106) ordinary shares and 13,931,827 (2010: 11,609,856) ordinary shares of the Company are held by Shirazi Investments (Pvt) Limited and Shirazi Capital (Pvt) Limited, respectively, associated undertakings, as at December 31, 2011.

### Movement in paid up capital

	<u>Number of shares</u>	<u>Rupees in thousand</u>
As at December 31, 2009	33,555,911	335,559
Issued as fully paid bonus shares	3,355,591	33,556
As at December 31, 2010	36,911,502	369,115
Issued as fully paid bonus shares	7,382,298	73,823
As at December 31, 2011	<u>44,293,800</u>	<u>442,938</u>

<u>Note</u>	<u>2011</u>	<u>2010</u>
	<u>(Rupees in thousand)</u>	

## 7. Reserves

### Capital reserves

Capital reserve		2,251	2,251
Reserve for exceptional losses	7.1	2,164	2,164
		<u>4,415</u>	<u>4,415</u>

### Revenue reserves

General reserve			
- At the beginning of the year		236,649	214,649
- Transfer from the profit and loss account		21,000	22,000
Investment fluctuation reserve	7.2	257,649	236,649
		3,000	3,000
		<u>260,649</u>	<u>239,649</u>
		<u>265,064</u>	<u>244,064</u>

**7.1** This represents a specific purpose reserve for possible losses on exceptional insurance claims. The reserve was created to avail the deduction thereof in computing taxable income, as allowed previously under the Income Tax Act of 1922. After the introduction of Income Tax Ordinance, 2001 under which the said deductions are not permitted, the Company discontinued the setting aside of amounts thereafter as reserve for exceptional losses.

**7.2** This has been set aside in prior years to utilize the same against diminution in the value of investments.

	<u>Note</u>	<u>2011</u> <u>(Rupees in thousand)</u>	<u>2010</u> <u>(Rupees in thousand)</u>
<b>8. Amounts due to other insurers / reinsurers</b>			
Amounts due to co-insurers		21,765	9,273
Amounts due to reinsurers		147,992	214,421
		<u>169,757</u>	<u>223,694</u>
<b>9. Accrued expenses</b>			
Commission payable		5,699	9,583
Bonus to staff payable		23,346	23,574
Profit commission payable		2,404	1,196
Leave encashment payable		8,881	7,627
Other accrued expenses		11,251	7,258
		<u>51,581</u>	<u>49,238</u>
<b>10. Other creditors and accruals</b>			
Federal insurance fee		2,163	2,239
Federal excise duty		29,838	58,693
Donation payable	24.1	4,002	1,722
Gratuity payable - Management staff	10.1	4,928	5,898
Workers' welfare fund		14,616	6,673
Others		5,652	4,286
		<u>61,199</u>	<u>79,511</u>

**10.1** The latest valuation of scheme was carried out as at December 31, 2011 using the Projected Unit Credit Actuarial Cost Method. Provision has been made in the financial statements to cover the related obligation in accordance with the actuarial recommendations.

Following significant assumptions were used for the actuarial valuation:

- Discount rate	13.00% per annum
- Expected rate of increase in salaries	12.00% per annum
- Expected return on plan assets	13.00% per annum

The amounts recognized in balance sheet are as follows :

	<u>Management staff</u>		<u>Non-management staff</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<b>(Rupees in thousand)</b>			
Present value of defined benefit obligation	33,287	30,546	2,066	1,730
Fair value of plan assets	(22,925)	(10,950)	(6,146)	(5,963)
	<u>10,362</u>	<u>19,596</u>	<u>(4,080)</u>	<u>(4,233)</u>
Unrecognised actuarial (loss) / gain	(5,434)	(7,848)	2,753	1,204
Experience adjustment on obligation	-	(5,850)	-	-
Amount not recognized as an asset under paragraph 58(b)	-	-	1,327	3,029
	<u>4,928</u>	<u>5,898</u>	<u>-</u>	<u>-</u>
Liability as at December 31	<u>4,928</u>	<u>5,898</u>	<u>-</u>	<u>-</u>
Net liability / (asset) as at January 1	5,899	3,261	-	-
Charge to profit and loss account	4,641	3,412	(509)	(395)
Contribution made by the Company	(4,967)	-	(176)	-
Liability recognized in respect of non-management staff promoted to management staff	20	44	(20)	(44)
Unrecognized asset as per IAS 19 requirement	-	-	624	703
Benefits paid by the Company	(665)	(818)	(360)	(264)
Net receivable from Management Gratuity Fund adjusted	-	-	441	-
	<u>4,928</u>	<u>5,899</u>	<u>-</u>	<u>-</u>
Liability as at December 31	<u>4,928</u>	<u>5,899</u>	<u>-</u>	<u>-</u>

	<b>Management staff</b>		<b>Non-management staff</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>

(Rupees in thousand)

**10.1.1 The movement in the present value of defined benefit obligation is as follows:**

Present value of defined benefit obligation	30,546	25,484	1,730	1,768
Service cost	1,243	1,066	137	132
Interest cost	4,422	3,239	247	221
Benefits paid	(664)	(818)	(360)	(264)
Liabilities in respect of promotees	20	44	(20)	(44)
Actuarial loss / (gain) on defined benefit obligation	(2,280)	1,531	332	(83)
	<u>33,287</u>	<u>30,546</u>	<u>2,066</u>	<u>1,730</u>

**10.1.2 The movement in fair value of plan assets is as follows:**

Fair value as at January 1	10,950	9,808	5,963	5,490
Expected return on plan assets	1,709	1,339	850	688
Company contributions	4,967	-	176	-
Benefits paid	-	-	-	-
Transferred to other group Company	5,850	-	-	-
Net receivable from Management Gratuity Fund	-	-	(441)	-
Experience (loss)	(551)	(197)	(402)	(215)
	<u>22,925</u>	<u>10,950</u>	<u>6,146</u>	<u>5,963</u>

**10.1.3 Plan assets are comprised as follows:**

Debt	3,862	8,161	-	-
Mutual funds	18,948	2,818	5,983	5,560
Cash and bank balances	115	174	163	22
Receivables	-	(203)	-	381
	<u>22,925</u>	<u>10,950</u>	<u>6,146</u>	<u>5,963</u>

**10.1.4 Charge for the year**

Current service cost	1,243	1,066	137	132
Interest cost	4,422	3,239	247	221
Expected return on investments	(1,709)	(1,339)	(850)	(688)
Recognition of actuarial loss / (gain)	685	446	(43)	(60)
	<u>4,641</u>	<u>3,412</u>	<u>(509)</u>	<u>(395)</u>
Expense for the year				
Actual return on plan assets	<u>1,158</u>	<u>1,142</u>	<u>449</u>	<u>544</u>

The present value of defined benefit obligation, fair value of plan assets and surplus or deficit of gratuity funds is as follows:

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
--	-------------	-------------	-------------	-------------	-------------

**Management staff**  
(Rupees in thousand)

**As at December 31**

Present value of defined benefit obligation	33,287	30,546	25,484	11,726	8,725
Fair value of plan assets	(22,925)	(10,950)	(9,808)	(8,279)	(10,437)
	<u>10,362</u>	<u>19,596</u>	<u>15,676</u>	<u>3,447</u>	<u>(1,712)</u>
Experience adjustment on obligation	7%	6%	44%	16%	11%
Experience adjustment on plan assets	2%	-2%	-1%	-22%	17%

	2011	2010	2009	2008	2007
	<b>Non-Management staff</b>				
	<b>(Rupees in thousand)</b>				
<b>As at December 31</b>					
Present value of defined benefit obligation	2,066	1,730	1,768	1,605	1,640
Fair value of plan assets	(6,146)	(5,963)	(5,490)	(4,991)	(5,259)
	(4,080)	(4,233)	(3,722)	(3,386)	(3,619)
Experience adjustment on obligation	16%	-5%	-13%	-14%	-3%
Experience adjustment on plan assets	7%	-3%	-6%	-12%	18%

## 11. Contingencies and commitments

### 11.1 Contingencies

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2003 by allocating certain expenditures to dividend income resulting in an additional tax liability of Rs. 945 thousand. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) which was decided against the Company. Consequently the Company filed an appeal before the Income Tax Appellate Tribunal (ITAT) which is currently pending for adjudication.

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2004 by allocating certain expenditures to dividend income resulting in an additional tax liability of Rs. 2,243 thousand. The Company filed an appeal before the Commissioner Inland Revenue of Income Tax (Appeals) which was decided against the Company, however on direction of the Commissioner Inland Revenue (Appeals) the Taxation Officer issued an appeal effect order and created a refund of Rs. 794 thousand to give effect of Zakat, donation and tax deducted on dividend income. Consequently the Company filed an appeal before the ITAT which is currently pending for adjudication.

The Additional Commissioner / Taxation Officer has amended the deemed assessment for the tax year 2005 and created a demand of Rs. 70,697 thousand disallowing provision for outstanding claims of Rs. 91,993 thousand, provision for unearned income Rs. 90,246 thousand, expenses of Rs. 9,563 thousand by allocating to dividend income, expenses of Rs. 9,378 thousand paid under voluntary retirement scheme and 50% depreciation on vehicles Rs. 811 thousand. The Company filed an appeal before the Commissioner Inland Revenue (Appeals) and also applied for grant to stay against the aforementioned vide Writ Petition number 26179 of 2010 to the Honourable Lahore High Court. The Writ Petition was heard by the Honourable Judge of Lahore High Court on December 14, 2010 and restrained the Commissioner from recovering the said demand. Moreover, the Commissioner Inland Revenue (Appeals) has given the decision in favor of the Company. However, the department has filed an appeal against the order of the Commissioner Inland Revenue (Appeals) before the ITAT, which is pending for adjudication.

The Deputy Commissioner Inland Revenue issued an order under section 161/205 for the tax year 2007 creating a demand of Rs. 2,091 thousand. Against the said order the Company has filed rectification application before the Deputy Commissioner Inland Revenue. The Company also filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending for adjudication. The management is confident that the said appeal will be decided in favour of the Company.

Pending resolution of the above mentioned appeals filed by the Company, no provision has been made in these financial statements of Rs. 75,182 thousand (2010: Rs. 79,709 thousand) as the management is confident that the eventual outcome of the above matter will be in favor of the Company.

### 11.2 Commitments

Rs. Nil (2010: Rs. Nil)

## 12. Cash and bank deposits

### Cash and other equivalents

Cash in hand

10

7

### Current and other accounts

Current accounts

18,532

25,057

Saving accounts

12.1

36,049

350,017

54,581

375,074

Deposits maturing within twelve months

-

117,500

54,591

492,581

12.1 The balances in saving accounts bear mark-up which ranges from 5% to 12% (2010: 5% to 12.8%) per annum.

	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)	
<b>13. Loans to employees - secured considered good</b>		
Executives	-	-
Others	117	177
	<u>117</u>	<u>177</u>

These represent the interest free loans to employees, for the purchase of motor vehicles, in accordance with the policy of the Company. These loans are secured against the registration of the vehicles and are repayable in monthly installments over a period of five years.

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		(Rupees in thousand)	
<b>14. Investments</b>			
The investments comprise:			
Held to maturity	14.1	45,979	37,468
Available for sale	14.2	1,043,277	734,580
		<u>1,089,256</u>	<u>772,048</u>
Aggregate market value as at December 31,		<u>1,125,398</u>	<u>918,069</u>
<b>14.1 Held to maturity</b>			
Statutory deposits	14.1.1	45,979	37,000
Unamortized premium on investment bonds		-	468
		<u>45,979</u>	<u>37,468</u>

	<u>Maturity</u>	<u>Effective Yield %</u>	<u>2011</u>	<u>2010</u>
			(Rupees in thousand)	
Pakistan Investment Bonds (PIBs)	August, 2011	11.27%	-	35,000
Pakistan Investment Bonds (PIBs)	September, 2012	12.35%	2,000	2,000
Pakistan Investment Bonds (PIBs)	July, 2013	12.90%	8,000	-
Market Treasury Bill	August, 2012	13.28%	35,979	-
			<u>45,979</u>	<u>37,000</u>

This represents carrying amount of Government Securities placed as statutory deposit with The State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of The Insurance Ordinance, 2000. Market value as at December 31, 2011 amounts to Rs. 44,480 thousand (2010: Rs. 38,172). Profit on PIBs is received bi-annually.

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		(Rupees in thousand)	
<b>14.2 Available for sale</b>			
<b>Related parties</b>			
- Mutual funds - Quoted	14.2.1	496,823	266,189
- Ordinary shares - Quoted	14.2.2	256,312	267,164
- Ordinary shares - Unquoted	14.2.3	-	-
		<u>753,135</u>	<u>533,353</u>
<b>Others</b>			
- Mutual funds - Quoted	14.2.4	52,889	46,026
- Ordinary shares - Quoted	14.2.5	237,253	155,201
		<u>290,142</u>	<u>201,227</u>
		<u>1,043,277</u>	<u>734,580</u>

Number of units/shares		Face value Rupees	Fund's / Company's name	Note	2011	2010
2011	2010				(Rupees in thousand)	
<b>14.2.1 Mutual funds - Quoted</b>						
288,886	152,193	500	Atlas Islamic Stock Fund Market value Rs. 86,700 thousand (2010: Rs. 54,847 thousand)		83,448	46,920
169,974	10,157	500	Atlas Stock Market Fund Market value Rs.52,544 thousand (2010: Rs. 4,113 thousand)		54,600	2,795
213,251	65,807	500	Atlas Income Fund Market value Rs.107,035 thousand (2010: Rs. 34,100 thousand)		106,700	33,260
504,375	362,781	500	Atlas Money Market Fund Market value Rs. 253,993 thousand (2010: Rs. 187,013 thousand)		252,075	183,214
					<u>496,823</u>	<u>266,189</u>
<b>14.2.2 Ordinary shares - Quoted</b>						
2,039,464	1,773,447	10	Atlas Honda Limited Equity held: 2.84% (2010: 2.84%) Market value Rs. 249,182 thousand (2010: Rs. 221,645 thousand)		215,296	215,296
-	708,840	10	Atlas Engineering Limited Equity held: Nil (2010: 2.87%) Market value Nil (2010: Rs. 12,192 thousand )		-	10,852
210,709	175,591	10	Atlas Battery Limited Equity held: 1.74% (2010: 1.74%) Market value Rs. 34,074 thousand (2010: Rs. 33,445 thousand)		11,376	11,376
850,000	850,000	10	Honda Atlas Cars (Pakistan) Limited Equity held: 0.60% (2010: 0.60%) Market value Rs. 7,344 thousand (2010: Rs. 9,860 thousand)		9,795	9,795
1,739,267	1,739,267	10	Cherat Cement Company Limited Equity held: 1.82% (2010: 1.82%) Market value Rs. 12,540 thousand (2010: Rs. 18,697 thousand)		19,845	19,845
					<u>256,312</u>	<u>267,164</u>
<b>14.2.3 Ordinary shares - Unquoted</b>						
50,000	50,000	10	Arabian Sea Country Club	14.2.3.1	-	-
					<u>753,135</u>	<u>533,353</u>

**14.2.3.1** The name of Chief Executive is Mr. Arif Ali Khan Abbasi. The break-up value is Rs. 7.9 per share (2010: Rs. 11.14 per share) based on audited accounts for the year ended June 30, 2011.



	Number of units/shares		Face value Rupees	Fund's / Company's name	Note	2011	2010
	2011	2010				(Rupees in thousand)	
<b>14.2.4 Mutual funds - Quoted</b>							
	45,678	40,836	10	National Investment Trust units Market value Rs. 1,183 thousand (2010: Rs. 1,283 thousand)	14.2.4.1	1,163	1,026
	268,362	260,165	100	Lakson Money Market Fund Market value Rs. 27,091 thousand (2010: Rs. 26,744 thousand )		26,800	25,000
	2,042,351	2,070,043	10	NIT Income Fund Market value Rs. 22,019 thousand (2010: Rs. 21,856 thousand)		22,000	20,000
	275,512	-		Al-Meezan Mutual Fund Market Value Rs. 2,816 thousand		2,926	-
						<u>52,889</u>	<u>46,026</u>

**14.2.4.1** This includes 28,000 (2010: 28,000) units held as statutory deposit with the State Bank of Pakistan under section 29(2)(a) of the Insurance Ordinance, 2000.

	Number of units/shares		Face value Rupees	Fund's / Company's name	2011	2010
	2011	2010			(Rupees in thousand)	
<b>14.2.5 Ordinary shares - Quoted</b>						
				<b>Banks</b>		
	105,687	105,687	10	Bank Alfalah Limited Market value Rs. 1,189 thousand (2010: Rs. 1,185 thousand)	1,535	1,535
	62,062	33,693	10	MCB Bank Limited Market value Rs. 8,354 thousand (2010: Rs. 7,700 thousand)	10,613	6,195
	140,210	73,152	10	United Bank Limited Market value Rs. 7,346 thousand (2010: Rs. 4,991 thousand)	7,569	3,409
	64,793	-	10	Allied Bank Limited Market Value Rs. 3,490 thousand	3,992	-
	67,200	-	10	National Bank of Pakistan Market Value Rs. 2,759 thousand	3,158	-
				<b>Personal Goods</b>		
	118,150	68,150	10	Nishat Mills Limited Market value Rs. 4,779 thousand (2010: Rs. 4,373 thousand)	6,722	3,775
	-	13,721	10	<b>Non Life Insurance</b> Adamjee Insurance Company Limited Market value Nil (2010: Rs. 1,201 thousand)	-	1,206
	17,463	11,250	10	IGI Insurance Limited Market value Rs. 772 thousand (2010: Rs. 1,090 thousand)	1,081	1,081
				<b>Carried forward</b>	<u>34,670</u>	<u>17,201</u>

Number of units/shares		Face value Rupees	Fund's / Company's name	2011	2010
2011	2010			(Rupees in thousand)	
			<b>Brought forward</b>	34,670	17,201
			<b>Construction and Material</b>		
28,000	20,500	10	Lucky Cement Limited Market value Rs. 2,101 thousand (2010: Rs. 1,554 thousand)	2,116	1,502
			<b>Electricity</b>		
577,000	503,500	10	The HUB Power Company Limited Market value Rs. 19,733 thousand (2010: Rs. 18,836 thousand)	19,344	15,550
64,278	64,278	10	Kot Addu Power Company Limited Market value Rs. 2,656 thousand (2010: Rs. 2,615 thousand)	2,777	2,777
200,000	400,000	10	Nishat Power Market value Rs. 2,590 thousand (2010: Rs. 6,492 thousand)	2,515	5,031
			<b>Oil and Gas</b>		
-	46,798	10	National Refinery Limited Market value Rs. Nil (2010: Rs. 12,813 thousand)	-	10,298
88,011	77,711	10	Pakistan Oilfields Limited Market value Rs. 30,491 thousand (2010: Rs. 22,999 thousand)	29,451	18,103
89,955	58,141	10	Pakistan Petroleum Limited Market value Rs. 15,141 thousand (2010: Rs. 12,625 thousand)	14,920	9,000
8,488	6,791	10	Mari Gas Company Limited Market value Rs. 688 thousand (2010: Rs. 849 thousand)	1,010	1,010
26,750	56,750	10	Pakistan State Oil Company Limited Market value Rs. 6,078 thousand (2010: Rs. 16,751 thousand)	7,021	14,895
			<b>Fixed Line Telecommunication</b>		
121,500	121,500	10	Pakistan Telecommunication Company Limited Market value Rs. 1,262 thousand (2010: Rs. 2,360 thousand)	2,480	2,480
			<b>Chemicals</b>		
154,333	95,778	10	Engro Corporation Limited Market value Rs. 14,307 thousand (2010: Rs. 18,563 thousand)	23,194	14,402
289,247	195,158	10	Fauji Fertilizer Company Limited Market value Rs. 43,254 thousand (2010: Rs. 24,563 thousand)	42,311	16,384
14,578	-	10	ICI Pakistan Market value Rs. 1,753 thousand	1,936	-
			<b>Carried forward</b>	<b>183,745</b>	<b>128,633</b>

Number of units/shares		Face value Rupees	Fund's / Company's name	2011	2010
2011	2010			(Rupees in thousand)	
			<b>Brought forward</b>	183,745	128,633
			<b>Pharma and Bio Tech</b>		
10,361	10,361	10	Abbott Laboratories (Pakistan) Limited Market value Rs. 1,034 thousand (2010: Rs. 1,137 thousand)	685	685
			<b>Paper and Board</b>		
1,584,165	1,056,110	10	Cherat Packaging Limited (formerly Cherat Papersack Limited) Market value Rs. 43,327 thousand (2010: Rs. 81,753 thousand)	39,203	17,025
			<b>Industrial Transportation</b>		
18,000	18,000	10	Pakistan International Container Terminal Limited Market value Rs. 1,188 thousand (2010: Rs. 1,310 thousand)	1,274	1,274
			<b>Industrial Metals and Mining</b>		
55,000	55,000	10	Crescent Steel and Allied Products Limited Market value Rs. 998 thousand (2010: Rs. 1,513 thousand)	937	937
			<b>Tobacco</b>		
24,999	25,000	10	Pakistan Tobacco Company Limited Market value Rs. 1,387 thousand (2010: Rs. 2,756 thousand)	2,658	2,658
			<b>General Industries</b>		
1,300	1,300	10	Siemens (Pakistan) Engineering Market value Rs. 1,374 thousand (2010: Rs. 1,630 thousand)	1,496	1,496
-	20,000	10	Tri-Pack Films Limited Market value Nil (2010: Rs. 2,443 thousand)	-	2,493
			<b>Equity Investment Instrument</b>		
68,324	-	10	JS Value Fund Market Value Rs. 294 thousand	344	-
388,764	-	10	PICIC Energy Fund Market Value Rs. 2,768 thousand	2,964	-
196,000	-	10	PICIC Growth Fund Market Value Rs. 2,442 thousand	2,950	-
154,500	-	10	PICIC Investment Fund Market Value Rs. 842 thousand	997	-
				<u>237,253</u>	<u>155,201</u>

	<u>Note</u>	<u>2011</u> <u>(Rupees in thousand)</u>	<u>2010</u>
<b>15. Deferred taxation</b>			
The asset for deferred taxation comprises temporary differences relating to:			
Accelerated tax depreciation		(4,109)	(3,922)
Provision for employee benefits and others		14,347	10,314
		<u>10,238</u>	<u>6,392</u>
<b>16. Premiums due but unpaid</b>			
- Considered good		313,944	142,059
- Considered doubtful		13,633	9,133
Less: Provision for doubtful receivables	16.1	327,577 (13,633)	151,192 (9,133)
		<u>313,944</u>	<u>142,059</u>
<b>16.1 Provision for doubtful receivables</b>			
Balance as at January 1		9,133	5,021
Provision made during the year		4,500	4,112
		13,633	9,133
Bad debts written off		-	-
Balance as at December 31		<u>13,633</u>	<u>9,133</u>
<b>17. Amounts due from other insurers / reinsurers</b>			
Unsecured			
- Considered good	17.1	113,388	118,121
- Considered doubtful		1,959	1,959
Less: Provision for doubtful receivables	17.2	115,347 (1,959)	120,080 (1,959)
		<u>113,388</u>	<u>118,121</u>
<b>17.1 Considered good</b>			
Amounts due from co-insurers		103,984	100,310
Amounts due from reinsurers		9,404	17,811
		<u>113,388</u>	<u>118,121</u>
<b>17.2 Provision for doubtful receivables</b>			
Balance as at January 1		1,959	1,959
Provision made during the year		-	-
		1,959	1,959
Bad debts written off		-	-
Balance as at December 31		<u>1,959</u>	<u>1,959</u>
<b>18. Accrued investment income</b>			
Dividend receivable		500	78
Profit receivable on PIBs		828	1,422
Profit receivable on term deposit receipts		-	1,754
		<u>1,328</u>	<u>3,254</u>

	<u>Note</u>	<u>2011</u>	<u>2010</u>
		(Rupees in thousand)	
<b>19. Prepayments</b>			
Prepaid reinsurance premium ceded		251,540	221,412
Others		1,768	1,821
		<u>253,308</u>	<u>223,233</u>
<b>20. Sundry receivables</b>			
Advances to employees - unsecured, considered good	20.1	850	956
Deposits and prepaid rent		3,925	3,196
Claims receivable		10,481	9,729
		<u>15,256</u>	<u>13,881</u>
<b>20.1</b>	Included in advances to employees are amounts due from executives is Nil (2010: Rs. Nil).		

**21. Fixed assets****21.1 Tangible**

	Freehold land	Buildings on freehold land	Furniture & fixtures	Office equipments	Computers owned	Vehicles owned	Total
	(Rupees in thousand)						
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2011</b>							
Opening net book value	1,168	13,774	2,575	5,556	3,894	16,949	43,916
Additions (at cost)	-	-	181	560	2,236	6,783	9,760
Disposals at net book value	-	-	(14)	(166)	(154)	(1,078)	(1,412)
Depreciation charge	-	(689)	(263)	(585)	(1,452)	(3,783)	(6,772)
Closing net book value	<u>1,168</u>	<u>13,085</u>	<u>2,479</u>	<u>5,365</u>	<u>4,524</u>	<u>18,871</u>	<u>45,492</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2011</b>							
Cost	1,168	20,910	3,773	8,680	13,267	36,942	84,740
Accumulated depreciation	-	(7,825)	(1,294)	(3,315)	(8,743)	(18,071)	(39,248)
Net book value	<u>1,168</u>	<u>13,085</u>	<u>2,479</u>	<u>5,365</u>	<u>4,524</u>	<u>18,871</u>	<u>45,492</u>
<b>Depreciation rate % per annum</b>	<b>-</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>30</b>	<b>20</b>	
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2010</b>							
Opening net book value	1,168	14,499	2,826	6,330	4,080	18,518	47,421
Additions (at cost)	-	-	73	95	1,299	4,713	6,180
Disposals at net book value	-	-	(41)	(246)	(25)	(2,172)	(2,484)
Depreciation charge	-	(725)	(283)	(623)	(1,460)	(4,110)	(7,201)
Closing net book value	<u>1,168</u>	<u>13,774</u>	<u>2,575</u>	<u>5,556</u>	<u>3,894</u>	<u>16,949</u>	<u>43,916</u>
<b>Gross carrying value basis</b>							
<b>As at December 31, 2010</b>							
Cost	1,168	20,910	3,618	8,505	12,778	32,154	79,133
Accumulated depreciation	-	(7,136)	(1,043)	(2,949)	(8,884)	(15,205)	(35,217)
Net book value	<u>1,168</u>	<u>13,774</u>	<u>2,575</u>	<u>5,556</u>	<u>3,894</u>	<u>16,949</u>	<u>43,916</u>
<b>Depreciation rate % per annum</b>	<b>-</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>30</b>	<b>20</b>	

	<u>Note</u>	<u>2011</u> <u>(Rupees in thousand)</u>	<u>2010</u> <u>(Rupees in thousand)</u>
<b>21.1.1</b>			
The depreciation charge for the year has been allocated as follows:			
General and administration expenses	24	6,772	7,201
		<b>Computer software</b> <b>(Rupees in thousand)</b>	<b>Total</b> <b>(Rupees in thousand)</b>
<b>21.2 Intangible</b>			
<b>Net carrying value basis</b>			
<b>Year ended December 31, 2011</b>			
Opening net book value		-	-
Additions (at cost)		1,700	1,700
Disposals at net book value		-	-
Amortization charge		(283)	(283)
Closing net book value		1,417	1,417
<b>Gross carrying value basis</b>			
<b>As at December 31, 2011</b>			
Cost		5,129	5,129
Accumulated amortization		(3,712)	(3,712)
Net book value		1,417	1,417
<b>Amortization rate % per annum</b>		33	
<b>Net carrying value basis</b>			
<b>Year ended December 31, 2010</b>			
Opening net book value		-	-
Additions (at cost)		-	-
Disposals at net book value		-	-
Amortization charge		-	-
Closing net book value		-	-
<b>Gross carrying value basis</b>			
<b>As at December 31, 2010</b>			
Cost		3,429	3,429
Accumulated amortization		(3,429)	(3,429)
Net book value		-	-
<b>Amortization rate % per annum</b>		33	
	<u>Note</u>	<u>2011</u> <u>(Rupees in thousand)</u>	<u>2010</u> <u>(Rupees in thousand)</u>
<b>21.2.1</b>			
The amortization charge for the year has been allocated as follows:			
General and administration expenses	24	283	-

**21.3 Disposal of operating fixed assets**

<u>Particulars of the assets</u>	<u>Sold to</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Book value</u>	<u>Sale proceeds</u>	<u>Mode of disposal</u>
<b>(Rupees in thousand)</b>						
<b>Vehicles</b>						
Hyundai Santro LZW-0204	Mr. Babar Raza	325	180	145	400	Tender
Suzuki Cultus FSP-815	Mr. Zaheer-u-Din	300	66	234	400	Tender
Daihatsu Cuore AMV-105	Mrs. Sadia Moosa - Employee	283	93	190	190	Company's Policy
Honda City AGH-136	Rana Mumtaz Hussain	267	213	54	661	Tender
Suzuki Mehran LZZ-662	Mr. Saleem Ahmed	250	129	121	235	Tender
Suzuki Mehran LZQ-5700	Mr. M. Farooq Ehsan	250	44	206	215	Tender
Nissan Sunny Z-0148	Ms. Sadia Tariq	59	56	3	150	Tender
Honda CD-70 LEX-08-5323	Mr. Abdul Qayyum	53	23	30	36	Tender
Honda CD-70 LEX-08-5299	Mr. Abdul Qayyum	54	23	31	36	Tender
Honda CD-70 LEP-4028	Mr. Waseem Ahmed - Employee	51	31	20	21	Company's Policy
Honda CD-70 LEW-08-3551	Mr. Abdul Qayyum	51	22	29	36	Tender
Honda CD-70 LZT-2917	Mr. Abdul Qayyum	51	38	13	29	Tender
<b>Computer accessories</b>						
Computer	Printer Tech	224	208	16	-	Tender
Laptop	Power Pack computers	64	49	15	15	Tender
Laptop	Power Pack Computers	64	49	15	15	Tender
Computer	Habile House of Preripheral	53	52	1	1	Tender
Computer	Habile House of Preripheral	53	51	2	1	Tender
Computer	Habile House of Preripheral	53	51	2	1	Tender
Computer	Habile House of Preripheral	53	51	2	1	Tender
Computerr	Habile House of Preripheral	53	51	2	1	Tender
Computer	Habile House of Preripheral	53	51	2	1	Tender
Computer	Habile House of Preripheral	53	51	2	1	Tender
Computer	Habile House of Preripheral	51	45	6	3	Tender
Other assets with book value less than Rs. 50,000		1,389	1,118	271	106	
		<u>4,157</u>	<u>2,745</u>	<u>1,412</u>	<u>2,555</u>	

**Note**                      **2011**                      **2010**  
**(Rupees in thousand)**

**22. Expenses**

Salaries, wages and other benefits	22.2	147,766	131,162
Utilities		2,378	2,740
Rent, rates and taxes		5,407	4,829
Telephone and communication		3,482	3,468
Vehicle running and maintenance		9,617	8,196
Repairs and maintenance		1,630	2,156
Travelling and conveyance		4,691	3,479
Printing, stationery and computer expenses		4,182	3,604
Education and training		580	560
Fee and subscriptions		6,045	4,780
Service charges		3,929	1,400
Entertainment		444	504
Advertisement expenses		1,347	922
Trackers		27,302	22,525
Others		8,694	7,514
		<u>227,494</u>	<u>197,839</u>

The above expenses of management allocated to the underwriting business represent directly attributable expenses and indirect expenses allocated to the various classes of business on the basis of gross premium revenue.

**22.1** Included in salaries, wages and benefits are Rs. 5,572 thousand (2010: Rs. 5,049 thousand) in respect of provident fund contribution by the Company.



	<u>Note</u>	<u>2011</u> <b>(Rupees in thousand)</b>	<u>2010</u>
<b>23. Other income</b>			
<b>Income from financial assets</b>			
Return on bank deposits		30,819	40,869
<b>Income from non-financial assets</b>			
Gain on sale of fixed assets		1,143	1,664
Miscellaneous		1,024	50
		2,167	1,714
		<u>32,986</u>	<u>42,583</u>
<b>24. General and administration expenses</b>			
Legal and professional charges		717	355
Donations	24.1	4,002	3,270
Directors' fee		70	100
Auditors' remuneration	24.2	658	710
Depreciation	21.1.1	6,772	7,201
Provision for doubtful debts	16.1	4,500	4,112
Workers' welfare fund		7,940	6,673
Amortization of intangible asset	21.2.1	283	-
Others		13	115
		<u>24,955</u>	<u>22,536</u>
<b>24.1 Donations</b>			

This amount represents Rs. 4,002 thousand (2010: Rs. 3,270 thousand) donation to Atlas Foundation situated at 2nd Floor, Federation House, Clifton, Karachi - 74000, in which the following Directors of the Company are members of its Board of Directors:

Name of Directors  
Mr. Yusuf H. Shirazi  
Mr. Frahim Ali Khan  
Mr. Jawaid Iqbal Ahmed

With the exception of their directorship, the Directors and their spouses have no interest in the donation.

	<u>2011</u> <b>(Rupees in thousand)</b>	<u>2010</u>
<b>24.2 Auditors' remuneration</b>		
	<b>Ernst and Young</b>	<b>A.F.Ferguson &amp; Co.</b>
	<b>Ford Rhodes</b>	
	<b>Sidat Hyder</b>	
Audit fee	300	300
Half yearly review	200	130
Audit of Provident Fund, Gratuity Funds and other certifications	60	190
Out of pocket expenses	98	90
	<u>658</u>	<u>710</u>

	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)	
<b>25. Provision for taxation</b>		
For the year		
- Current year	103,088	87,590
- Deferred	(3,846)	(3,110)
	99,242	84,480
Prior year		
- Current	(326)	-
- Deferred	-	(8)
	98,916	84,472
	<u>2011</u>	<u>2010</u>
	%	%

**25.1 Tax charge reconciliation**

Numerical reconciliation between the average effective tax rate and the applicable tax rate

Applicable tax rate	35.00	35.00
Tax effect of amounts that are:		
- Chargeable to tax at a lower rate	(10.30)	(9.05)
- Exempt for tax purposes	-	-
- Not admissible for tax purposes	0.11	(0.12)
Effect of change in prior year's tax	(0.08)	-
Effective tax rate	<u>24.73</u>	<u>25.83</u>

**26. Earnings per share**

There is no dilutive effect on basic earnings per share which is based on:

	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)	
Net profit after tax	301,168	242,658
	(Number of shares)	
		Restated
Weighted average number of ordinary shares	44,293,800	44,293,800
	(Rupees per share)	
		Restated
Earnings per share (basic / diluted)	<u>6.80</u>	<u>5.48</u>

**27. Remuneration of chief executive officer, directors and executives**

Aggregate amounts charged in the accounts for the year for remuneration, including all benefits to Chief Executive Officer, directors and executives of the Company are as follows:

	<u>Chief Executive Officer</u>		<u>Director</u>		<u>Executives</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)					
Managerial remuneration	10,391	8,887	10,269	9,599	16,616	11,351
Bonus	5,036	3,427	5,581	4,114	5,549	3,549
Medical reimbursement	136	48	134	303	712	561
House rent and utility expenses	4,969	4,250	4,911	4,591	8,203	5,557
Retirement benefits						
a) Provident fund	994	850	982	918	1,432	996
b) Service gratuity	376	322	372	348	452	309
Other reimbursable expenses	<u>710</u>	<u>468</u>	<u>591</u>	<u>501</u>	<u>3,800</u>	<u>2,098</u>
Total	<u>22,612</u>	<u>18,252</u>	<u>22,840</u>	<u>20,374</u>	<u>36,764</u>	<u>24,421</u>
Number of persons	1	1	1	1	19	15

Fees paid to 2 (2010: 4) non-executive Directors for attending meetings during the year amounts to Rs. 70 thousand (2010: Rs. 100 thousand). In addition, the chief executive and some of the executives are also provided with free use of Company cars, in accordance with the policy of the Company.

## 28. Transactions with associated undertakings

Related parties comprise associated undertakings, other related group companies, Directors of the Company and post employment benefit plans. The Company in the normal course of business carries out transactions with various related parties. Remuneration of Directors and key management personnel is disclosed in note 27. Particulars of transactions with the Company's staff retirement benefit scheme are disclosed in note 10 to the financial statements. Period end balances and transactions with related parties are as follows:

Related parties	Period end balances	2011	2010
		(Rupees in thousand)	
	Provision for outstanding claims (including IBNR)	14,221	38,409
	Premium received in advance	-	45,720
	Premiums due but unpaid	238,181	75,978
	<b>Transactions during the year</b>		
	Premium underwritten	628,508	602,742
	Premium collected	564,404	673,019
	Claims paid	79,611	34,752
	Vehicles purchased	2,282	1,728
	Office equipment purchased	35	24
	Office equipment sold	4	237
	Rent received	4,074	3,799
	Rent paid	541	492
	Profit received on bank accounts	-	21,287
	Expenses paid	300	-
	Brokerage charged	-	1,393
	Dividends received	13,283	13,234
	Dividends paid	100,726	91,569
	Donations	4,002	3,270
	Investments purchased	870,800	339,500
	Investments sold	703,293	176,291
<b>Post employment benefit plans</b>	<b>Transactions during the year</b>		
	Expense charged in respect of retirement benefit plans	7,458	8,768

## 29. Segment reporting

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

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

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)									
<b>Revenue</b>										
Premiums earned	399,142	360,419	348,928	302,475	217,471	225,321	137,433	116,166	1,102,974	1,004,381
<b>Segment Results</b>	49,150	44,740	169,570	139,633	36,200	10,646	(1,335)	4,905	253,585	199,924
Investment income									133,572	102,634
Rental income									5,320	4,936
Other income									32,986	42,583
Financial charges									(424)	(411)
General and administration expenses									(24,955)	(22,536)
									146,499	127,206
Profit before taxation									400,084	327,130
Provision for taxation									(98,916)	(84,472)
Net Profit									301,168	242,658
<b>Other information</b>										
Segment assets	310,716	341,328	271,626	143,284	169,292	82,403	106,985	133,649	858,619	700,664
Unallocated assets									1,219,466	1,334,070
Consolidated total assets									2,078,085	2,034,734
Segment liabilities	325,718	454,854	284,741	179,277	177,466	245,090	112,151	152,533	900,076	1,031,754
Unallocated liabilities									168,090	146,583
<b>Consolidated total liabilities</b>									1,068,166	1,178,337

Capital expenditure and depreciation / amortisation have not been allocated as fixed assets to which they relate, form part of unallocated assets.

29.1 Revenue in fire and property damage, marine, aviation and transport, motor and miscellaneous segments includes revenue from customers in excess of 10% of total revenue of the Company.

### 30. Insurance risk management

#### 30.1 Insurance risk

The risk under any one insurance contract is the probability that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, the risk is random and therefore unpredictable. For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits are greater than estimated. Insurance events are random, and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that larger the portfolio of similar insurance contracts, the smaller the relative variability about expected outcome will be. In addition, a more diversified portfolio is less likely to be effected by a change in any subset of the portfolio.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. Three level retention authority is practiced for analysis of each risk. For larger risks Major Risk Advice ( MRA ) is prepared to study placement of risk before finalization and Risk Card System is implemented to check any geographic accumulation of risks.

#### Concentration of insurance risk

One of the most important elements of effective risk management in fire and property insurance is monitoring of risk accumulation both at a given premises and in a certain geographical spread of location. Risk segregation in a particular location is done through risk inspection prior to underwriting. Wide variety of factors associated with risk are evaluated while conducting such risk surveys. These include risk location, physical hazards associated with nature of business being conducted or occupation of the premises, manufacturing process, storage of raw material, furnished goods and utilities etc. type of construction and the layout plan of the manufacturing facility for segregation of risk to study the possibility of spread of fire from one risk to another adjacent or closely located facility and the values exposed at each risk e.t.c are studied in such risk inspections. While studying such aspects reference is made to standard construction specifications and criteria of segregation of risk as laid down by Insurance Association of Pakistan and those specified by the participating reinsurers in the respective reinsurance arrangements. This include, though not limited to, presence of perfect walls, double fire proof iron doors and distance between the risks. This helps avoid spread of uncontrolled fire and explosion in one area and limit the damage.

To monitor accumulation of various risks in a particular geographical location, a system generated location card is developed which is available with the underwriters and reinsurance personnel's in order to check high accumulation of values exposed to insurance in a given location. In order to further safeguard large financial commitments Company's retention in various risks exposed to an unexpected catastrophic event, an excess of loss reinsurance coverage besides proportional treaty has been arranged which provides protection to numerous net retentions exposes on various risks and possibly getting affected due to an unforeseen catastrophic event like earthquake and flood etc.

Individual risk location factor and risk amounts are essential fields of the policy data interphase of system. It provides instant and risk factor amount which is dependent on data collection provided under the policy schedule.

In marine cargo insurance complete underwriting details, besides sum insured and premium, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the system. The reinsurance module of the system is designed to satisfy the requirements to monitor accumulation of various consignments over one vessel or carrier. Despite such controls the respective reinsurance, beyond normal coverage also addresses to cover unknown accumulation which may otherwise could not be identified in time for one reason or the other.

	Maximum insured loss		Loss ceded		Net retention	
	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)					
Fire and property damage	153,099,632	119,409,433	117,963,266	80,816,304	35,136,366	38,593,129
Marine, aviation and transport	8,095,071	8,686,616	2,415,569	2,888,300	5,679,502	5,798,316
Motor	10,118,849	10,320,650	891,470	469,589	9,227,379	9,851,061
Miscellaneous	83,188,598	59,042,039	68,830,246	48,272,771	14,358,352	10,769,268
	<u>254,502,150</u>	<u>197,458,738</u>	<u>190,100,551</u>	<u>132,446,964</u>	<u>64,401,599</u>	<u>65,011,774</u>

## Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. However, the Company uses assumption of mixture of total claims based on past experience, survey reports and market data to measure its claims liabilities. Data for the contract held is derived mostly from the Company's quarterly claims reports and screening of the actual insurance contracts carried out at year-end. The Company has reviewed the individual contracts and in particular the types of customers to whom Company issues contract and the actual reporting years of claims. Change in mark-up rates of the banks, law and order situation and geo-political situation of South Asia could possibly have impact on the unexpired risk. Though no major impact is foreseen given the current portfolio of the Company. However, this information is used to develop scenarios related to claims that are used for the projection.

	Net impact of increase / decrease in average claims by 10% on			
	underwriting result		shareholders equity	
	2011	2010	2011	2010
	(Rupees in thousand)			
Fire and property damage	1,017	680	661	442
Marine, aviation and transport	1,690	1,306	1,098	849
Motor	10,661	15,304	6,930	9,948
Miscellaneous	1,962	361	1,275	235
Total	15,330	17,651	9,964	11,474

## Claim development

Accident Year	2007	2008	2009	2010	2011	Total
	(Rupees in thousand)					
Estimate of ultimate claims costs:						
At end of accident year	166,193	215,052	112,376	175,250	110,624	
One year later	140,134	207,008	114,847	171,255	-	
Two years later	136,044	185,111	120,082	-	-	
Three years later	138,834	177,532	-	-	-	
Four years later	139,386	-	-	-	-	
Current estimate of cumulative claims	139,386	177,532	120,082	171,255	110,624	718,879
Cumulative payments to date	(136,778)	(158,555)	(93,686)	(109,090)	-	(498,109)
Liability recognized in the statement of financial position	2,608	18,977	26,396	62,165	110,624	220,770

## 30.2 Reinsurance risk

As per general practice of the insurance industry, in order to minimize financial exposure arising from large claims, the Company, in the normal course of business, enters into agreements with other companies for reinsurance purposes. Such reinsurance arrangements provide for greater diversification of business, allow management to control exposure to potential losses arising from sizeable risks, and provide additional underwriting capacity which also constitutes towards the growth of premium. A significant portion of the reinsurance is affected under treaty, facultative and also under excess-of-loss reinsurance contracts to protect Company's exposure towards catastrophic losses.

To minimize its exposure to any possible losses from reinsurers' insolvencies, the Company evaluates the financial condition of the reinsurers, their rating and monitors concentrations of credit risk arising from the respective geographic regions, activities or economic characteristics of the reinsurers.

## 31. Financial risk management

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies.

### (a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices. The Company has invested its funds in ordinary shares, Term Deposit Receipts and National Investment Trust units, resulting in exposure due to the fluctuation in the rate of interest and dividend earned thereon and the possibility of capital gains or losses arising from the sale of these investments.

The Company minimizes such risk by having a diversified investments portfolio. In addition, the Company's Investment Committee actively monitors the key factors that affect investment market and all investment related decisions are taken after due consultation with the Investment Committee.

**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Company is not exposed to currency risk as none of the financial assets and liabilities are payable in foreign currency, at the end of the year.

**(ii) Other price risk**

Available for sale investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and market value of these investments have been disclosed in note 14.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

**(iii) Interest rate risk**

Interest / yield rate risk arises from the possibility that changes in interest rate will affect the value of financial instruments. Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. The Company is exposed to interest / yield rate risk for certain deposits with the banks.

	<u>2011</u>	<u>2010</u>
	(Rupees in thousand)	
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Deposits maturing within 12 months	-	117,500
Statutory deposits	45,979	37,000
<b>Variable rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	36,049	350,017
<b>Total exposure</b>	<u>82,028</u>	<u>504,517</u>

**Fair value sensitivity analysis for fixed rate instruments**

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the balance sheet date would not affect profit or loss of the Company.

**Cash flow sensitivity analysis for variable rate instruments**

If the Karachi Inter Bank Offer Rate (KIBOR), had fluctuated by 10% with all other variables held constant, the impact on profit before taxation for the year would have been higher / lower by Rs. 3,082 thousand and impact on shareholder's equity would have been higher / lower by Rs. 2,003 thousand.

**(b) Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of the total financial assets of Rs. 1,744,734 thousand (2010: Rs. 1,741,793 thousand) the financial assets which are subject to credit risk amounted to Rs. 1,744,724 thousand (2010: Rs. 1,741,787 thousand). The Company believes that it is not exposed to major concentration of credit risk.

**(i) Concentration of credit risk**

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

**(ii) Exposure to credit risk**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	<u>2011</u>	<u>2010</u>
	<b>(Rupees in thousand)</b>	
Current and other accounts	54,581	375,074
Deposits maturing within twelve months	-	117,500
Loans to employees	117	177
Investments	1,089,256	771,580
Premiums due but unpaid	313,944	142,059
Amounts due from other insurers / reinsurers	113,388	118,121
Salvage recoveries accrued	3,370	9,985
Accrued investment income	1,328	3,254
Reinsurance recoveries against outstanding claims	153,484	192,769
Sundry receivables	15,256	11,268
	<u>1,744,724</u>	<u>1,741,787</u>

The Company maintains a general provision against doubtful receivables. The related movement is disclosed in note 16.1 and 17.2. The Company has assessed that remaining past due balances are not impaired since these relate to a number of insurers / reinsurers with no recent history of default.

	<u>2011</u>	<u>2010</u>
	<b>(Rupees in thousand)</b>	
Age analysis of receivables is as follows:		
- Up to one year	310,071	128,742
- Past one but less than three years	8,362	17,010
- Over three but less than five years	7,697	3,527
- More than five years	1,447	1,913
	<u>327,577</u>	<u>151,192</u>

**(iii) Credit quality of major financial assets**

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

<b>Banks</b>	<b>Rating</b>		<b>Rating Agency</b>	<b>2011</b>	<b>2010</b>
	<b>Short term</b>	<b>Long term</b>			
				<b>(Rupees in thousand)</b>	
Al Baraka Bank (Pakistan) Limited	A2	A	JCR-VIS	-	15
Allied Bank Limited	A1+	AA	PACRA	4,915	8,896
Bank Alfalah Limited	A1+	AA	PACRA	5,169	4,946
Faysal Bank Limited	A1+	AA	JCR-VIS	6,474	330,044
Habib Bank Limited	A1+	AA+	JCR-VIS	2,754	1,869
MCB Bank Limited	A1+	AA+	PACRA	2,401	5,946
National Bank of Pakistan	A1+	AAA	JCR-VIS	348	173
Soneri Bank Limited	A1+	AA -	PACRA	80	758
Standard Chartered Bank (Pakistan) Limited	A1+	AA+	JCR-VIS	279	86
Summit Bank	A2	A -	JCR-VIS	29,792	20,329
United Bank Limited	A1+	AA+	JCR-VIS	2,369	2,012
				<u>54,581</u>	<u>375,074</u>
<b>Term deposit certificates</b>					
Al Baraka Bank (Pakistan) Limited	A2	A	JCR-VIS	-	15,000
Faysal Bank Limited	A1+	AA	JCR-VIS	-	97,500
Soneri Bank Limited	A1+	AA -	PACRA	-	5,000
				<u>-</u>	<u>117,500</u>

**(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial liabilities when they fall due. Liquidity requirements are monitored regularly and management ensures that sufficient liquid funds are available to meet any commitments as they arise.

### 31.1 Financial instruments by categories

	Held to maturity		Available for sale		Loans and receivables		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in thousand)							
<b>Financial assets as per balance sheet</b>								
Cash and other equivalents	-	-	-	-	10	7	10	7
Current and other accounts	-	-	-	-	54,581	375,074	54,581	375,074
Deposits maturing within twelve months	-	117,500	-	-	-	-	-	117,500
Loans to employees	-	-	-	-	117	177	117	177
Investments	45,979	37,000	1,043,277	734,580	-	-	1,089,256	771,580
Premiums due but unpaid	-	-	-	-	313,944	142,059	313,944	142,059
Amounts due from other insurers / reinsurers	-	-	-	-	113,388	118,121	113,388	118,121
Salvage recoveries accrued	-	-	-	-	3,370	9,985	3,370	9,985
Accrued investment income	-	-	-	-	1,328	3,254	1,328	3,254
Reinsurance recoveries against outstanding claims	-	-	-	-	153,484	192,769	153,484	192,769
Sundry receivables	-	-	-	-	15,256	11,268	15,256	11,268
	45,979	154,500	1,043,277	734,580	655,478	852,714	1,744,734	1,741,794

#### Other financial liabilities (Rupees in thousand)

#### Financial liabilities as per balance sheet

Provision for outstanding claims (including IBNR)	259,514	298,398
Amounts due to other insurers / reinsurers	169,757	223,694
Accrued expenses	51,581	49,238
Creditors and accrued expenses	27,940	17,745
Deposits against performance bonds	1,887	1,491
Dividends payable	20,758	17,682
	531,437	608,248

#### Maturity analysis of financial assets and liabilities

	2011						Total 2011
	Interest / mark-up bearing			Non interest / mark-up bearing			
	Maturity upto one year	Maturity after one year	Sub total	Maturity upto one year	Maturity after one year	Sub total	
	(Rupees in thousand)						
<b>Financial assets</b>							
<b>On balance sheet</b>							
Cash and other equivalents	-	-	-	10	-	10	10
Current and other accounts	36,049	-	36,049	18,532	-	18,532	54,581
Loans to employees	-	-	-	60	57	117	117
Investments	37,979	8,000	45,979	1,043,277	-	1,043,277	1,089,256
Premiums due but unpaid	-	-	-	313,944	-	313,944	313,944
Amounts due from other insurers / reinsurers	-	-	-	113,388	-	113,388	113,388
Salvage recoveries accrued	-	-	-	3,370	-	3,370	3,370
Accrued investment income	828	-	828	500	-	500	1,328
Reinsurance recoveries against outstanding claims	-	-	-	153,484	-	153,484	153,484
Sundry receivables	-	-	-	15,256	-	15,256	15,256
	74,856	8,000	82,856	1,661,821	57	1,661,878	1,744,734
<b>Off balance sheet</b>							
	-	-	-	-	-	-	-
<b>Total</b>	<b>74,856</b>	<b>8,000</b>	<b>82,856</b>	<b>1,661,821</b>	<b>57</b>	<b>1,661,878</b>	<b>1,744,734</b>



2011						
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	2011
(Rupees in thousand)						
<b>Financial liabilities</b>						
<b>On balance sheet</b>						
Insurance contracts - short term	-	-	-	443,264	-	443,264
Less: reinsurance assets held to cover insurance contracts	-	-	-	(251,540)	-	(251,540)
	-	-	-	191,724	-	191,724
Provision for outstanding claims (including IBNR)	-	-	-	259,514	-	259,514
Amounts due to other insurers / reinsurers	-	-	-	169,757	-	169,757
Accrued expenses	-	-	-	51,581	-	51,581
Creditors and accrued expenses	-	-	-	27,940	-	27,940
Deposits against performance bonds	-	-	-	1,887	-	1,887
Dividends payable	-	-	-	20,758	-	20,758
	-	-	-	723,161	-	723,161
<b>Off balance sheet</b>						
	-	-	-	-	-	-
<b>Total</b>	-	-	-	723,161	-	723,161
<b>On balance sheet gap</b>	74,856	8,000	82,856	938,660	57	938,717
<b>Off balance sheet gap</b>	-	-	-	-	-	-

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

#### Maturity analysis of financial assets and liabilities

2010						
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	2010
(Rupees in thousand)						
<b>Financial assets</b>						
<b>On balance sheet</b>						
Cash and other equivalents	-	-	-	7	-	7
Current and other accounts	350,017	-	350,017	25,057	-	375,074
Deposits maturing within twelve months	117,500	-	117,500	-	-	117,500
Loans to employees	-	-	-	70	107	177
Investments	35,000	2,000	37,000	734,580	-	771,580
Premiums due but unpaid	-	-	-	142,059	-	142,059
Amounts due from other insurers / reinsurers	-	-	-	118,121	-	118,121
Salvage recoveries accrued	-	-	-	9,985	-	9,985
Accrued investment income	3,176	-	3,176	78	-	3,254
Reinsurance recoveries against outstanding claims	-	-	-	192,769	-	192,769
Sundry receivables	-	-	-	11,268	-	11,268
	505,693	2,000	507,693	1,233,994	107	1,741,794
<b>Off balance sheet</b>						
	-	-	-	-	-	-
<b>Total</b>	505,693	2,000	507,693	1,233,994	107	1,741,794
<b>Financial liabilities</b>						
<b>On balance sheet</b>						
Insurance contracts - short term	-	-	-	425,948	-	425,948
Less: reinsurance assets held to cover insurance contracts	-	-	-	(221,412)	-	(221,412)
	-	-	-	204,536	-	204,536
Provision for outstanding claims (including IBNR)	-	-	-	298,398	-	298,398
Amounts due to other insurers / reinsurers	-	-	-	223,694	-	223,694
Accrued expenses	-	-	-	49,238	-	49,238
Creditors and accrued expenses	-	-	-	17,745	-	17,745
Deposits against performance bonds	-	-	-	1,491	-	1,491
Dividend payable	-	-	-	17,682	-	17,682
	-	-	-	812,784	-	812,784
<b>Off balance sheet</b>						
	-	-	-	-	-	-
<b>Total</b>	-	-	-	812,784	-	812,784
<b>On balance sheet gap</b>	505,693	2,000	507,693	421,210	107	421,317
<b>Off balance sheet gap</b>	-	-	-	-	-	-

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

### 31.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's objectives when managing capital are:

- (i) to be in compliance with the paid-up capital requirement set by the SECP. The Company's current paid-up capital is in excess of the limit prescribed by the SECP;
- (ii) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (iii) to provide an adequate return to shareholders.

The Company manages the capital structure in context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debts.

### 32. Fair value of financial instruments

The carrying value of all financial instruments reported in the financial statements approximate their fair value except for available for sale investments which are stated at lower of cost or market value in accordance with the requirements of the SEC (Insurance) Rules, 2002. The carrying and fair value of these investments have been disclosed in note 14.2 to the financial statements. Fair value is determined on the basis of objective evidence at each reporting date.

### 33. Date of authorization for issue

These financial statements were authorized for issue on March 8, 2012, by the Board of Directors of the Company.

### 34. Non - adjusting events after the balance sheet date

The Board of Directors has proposed a final dividend for the year ended December 31, 2011 of Rs. 4 (2010: Rs. 4) per share, amounting to Rs. 177,175 thousand (2010: Rs. 147,646 thousand) at their meeting held on March 8, 2012 for the approval of the members at the Annual General Meeting to be held on April 10, 2012. The Board has also recommended to transfer Rs. 36,000 thousand (2010: Rs. 21,000 thousand) to general reserves and stock dividend of Rs. 2 (2010: Rs. 2) per share, amounting to Rs. 88,588 thousand (2010: Rs. 73,823 thousand) to reserves for issue of bonus shares from accumulated reserves.

### 35. General

Figures in these financial statements have been rounded off to the nearest thousand of rupees.

### 36. Corresponding figures

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant rearrangements have been made.



**Arshad P. Rana**  
Chief Executive



**Ali H. Shirazi**  
Director



**Azam Faruque**  
Director



**Yusuf H. Shirazi**  
Chairman

## Distribution of Shareholding in Central Depository Company of Pakistan Limited As at December 31, 2011

## Pattern of Shareholding As at December 31, 2011

Number of Shareholders	Shareholding		Total Shares held	Number of Shareholders	Shareholding		Total Shares held
	From	To			From	To	
164	1	100	5,636	222	1	100	7,232
168	101	500	45,100	212	101	500	54,740
89	501	1,000	65,424	104	501	1,000	75,756
245	1,001	5,000	606,933	330	1,001	5,000	811,050
67	5,001	10,000	483,104	98	5,001	10,000	721,528
26	10,001	15,000	305,833	39	10,001	15,000	455,802
20	15,001	20,000	345,600	33	15,001	20,000	582,069
16	20,001	25,000	348,820	22	20,001	25,000	477,500
6	25,001	30,000	168,860	12	25,001	30,000	333,433
3	30,001	35,000	93,002	4	30,001	35,000	125,724
6	35,001	40,000	225,859	10	35,001	40,000	375,388
6	40,001	45,000	254,489	8	40,001	45,000	342,935
4	45,001	50,000	191,623	4	45,001	50,000	191,623
3	50,001	55,000	162,470	5	50,001	55,000	264,145
3	55,001	60,000	174,957	3	55,001	60,000	174,957
3	65,001	70,000	197,002	3	65,001	70,000	197,002
1	85,001	90,000	89,048	1	70,001	75,000	73,788
1	90,001	95,000	94,544	1	80,001	85,000	82,413
1	95,001	100,000	100,000	3	85,001	90,000	266,140
1	115,001	120,000	120,000	2	90,001	95,000	189,035
1	125,001	130,000	128,742	1	95,001	100,000	100,000
1	135,001	140,000	135,572	1	110,001	115,000	111,619
1	165,001	170,000	165,399	1	115,001	120,000	120,000
1	215,001	220,000	215,246	1	120,001	125,000	124,545
1	285,001	290,000	285,450	1	125,001	130,000	128,742
4	1,090,001	1,095,000	4,366,556	1	135,001	140,000	135,572
1	1,245,001	1,250,000	1,249,316	1	165,001	170,000	165,399
1	13,930,001	13,935,000	13,931,827	1	175,001	180,000	177,134
1	15,060,001	15,065,000	15,063,727	1	215,001	220,000	215,246
845			39,620,139	1	285,001	290,000	285,450
				4	1,090,001	1,095,000	4,366,556
				1	1,095,001	1,100,000	1,098,393
				1	1,215,001	1,220,000	1,218,016
				1	1,245,001	1,250,000	1,249,316
				1	13,930,001	13,935,000	13,931,827
				1	15,060,001	15,065,000	15,063,727
				1,135			44,293,802

The slabs representing nil holding have been omitted.

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage of Shares held
Directors, CEO their spouse and minor children	7	2,242,213	5.06%
Associated Companies, undertakings & related parties	4	30,217,694	68.22%
NIT and ICP	2	591	0.00%
Banks, DFIs & NEFCs - Local	2	47,851	0.11%
Insurance Companies	1	120,000	0.27%
Modaraba and Mutual Funds	2	27,287	0.06%
Public Sector Companies & Corporations	1	1,249,316	2.82%
* Shareholders holding 10% or more voting interest in the Company	2	28,995,554	65.46%
Individuals:			
- Resident Pakistani	1,082	9,119,509	20.59%
- Non - Resident Pakistan	11	55,992	0.13%
Others:			
- Joints Stock Companies	17	51,658	0.12%
- Others	6	1,161,691	2.62%
<b>Total</b>	<b>1,135</b>	<b>44,293,802</b>	<b>100.00%</b>

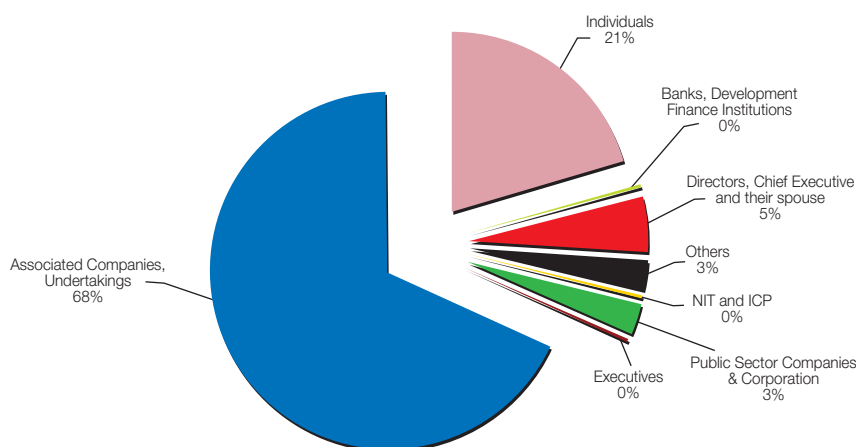
\* Shareholders having 10% or more voting interest in the Company exist in Associated Companies, therefore, not included in the total.

## Pattern of Shareholding as at December 31, 2011

### Information required under the Code of Corporate Governance

Categories of shareholders	Number of shareholders	Number of shares held	Percentage of shares held
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail)</b>			
Shirazi Investments (Pvt) Limited	1	15,063,727	34.01%
Shirazi Capital (Pvt) Limited	1	13,931,827	31.45%
Atlas Foundation	1	1,218,016	2.75%
Iftikhar Shirazi Family Trust	1	4,124	0.01%
<b>NIT and ICP</b>			
IDBP - (ICP Unit)	2	591	0.00%
<b>Director, Chief Executive and their spouse and minor children</b>			
Mr. Yusuf H. Shirazi & Mrs. Khawar S. Shirazi	1	1,091,639	2.46%
Mr. Aitzaz Ahahbaz	1	1	0.00%
Mr. Azam Faruque	1	1	0.00%
Mr. Ali H. Shirazi	1	1,091,639	2.46%
Mr. Frahim Ali Khan	1	1	0.00%
Mr. Jawaid Iqbal Ahmed	1	430	0.00%
Mr. Arshad P. Rana	1	58,502	0.13%
<b>Executives</b>	5	79,450	0.18%
<b>Public Sector Companies &amp; Corporation</b>			
State Life Insurance Corporation of Pakistan	1	1,249,316	2.82%
<b>Banks, Development Finance Institutions Non-Banking Financial Institutions Insurance Companies, Modarabas and Mutual Funds</b>			
	5	195,138	0.44%
<b>Shareholders holding 10% or more voting interest</b>			
<b>Individuals</b>	1,087	9,096,001	20.54%
<b>Others</b>	24	1,213,399	2.74%
<b>Total</b>	<u>1,135</u>	<u>44,293,802</u>	<u>100.00%</u>

### Pattern of Shareholding



Details of transactions in the shares by the Directors during the year:

Name	Number of Shares Purchased	Date of Transaction	Price Per Share
Mr. Yusuf H. Shirazi	1,087,515	July 7	28.31
Mr. Ali H. Shirazi	1,087,515	July 7	28.31
Mr. Aitzaz Shahbaz	1	October 11	36.00

## Company Offices

### HEAD OFFICE

3 Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX:	(042) 37320542, 37320543, 37310658 37322271, 37322273
	Fax:	(042) 37234742
ARSHAD P. RANA Chief Executive Officer	Direct:	(042) 37234812
AAMER WAQAR CHAUDHRY Chief Financial Officer	Direct:	(042) 37234757
	Extension:	403
MUHAMMAD MUNIR Technical Adviser (Operations)	Direct:	(042) 37314241
	Extension:	404
QUDSIA NAHEED Vice President (Admin/HR)	Direct:	(042) 37245348
	Extension:	303
MUHAMMAD ASHRAF BHATTI Vice President (Underwriting)	Direct:	(042) 37323270
	Extension:	304
MUHAMMAD IQBAL Vice President (Marketing)	Direct:	(042) 37353633
	Extension:	301
MUHAMMAD SAEED Vice President (Claims)	Direct:	(042) 37323229
	Extension:	302
SALEEM MEHMOOD Chief Internal Auditor	Extension:	428

### NORTH ZONE OFFICES & BRANCHES LAHORE

MUHAMMAD MUNIR QAZI Chief Manager	Fatima Jinnah Road Branch 1st Floor, Nawa-i-Waqat Building, Fatima Jinnah Road, Lahore.	(042) 36271320, 36364906 Fax: (042) 36371186
MUHAMMAD IJAZ Deputy Chief Manager	Al-Noor Branch Al-Noor Building, 43-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37237343 Fax: (042) 37358805
CH. TAYYAB HUSSAIN Branch Manager	City Branch 2nd Floor, 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37212365-6, 37312858, 37312868, 37230558-9 Fax: (042) 37212367
KH. MUHAMMAD NADEEM Branch Manager	Napier Road Branch Nairobi Mansion Napier Road, Lahore.	(042) 37358190 Fax: (042) 37352560
MUHAMMAD WASIM PURI Branch Manager	Gulberg Branch - 1 Office No. 335, 3rd Floor, Land Mark Plaza, Jail Road, Lahore	(042) 35775733-4 Fax: (042) 35714514

### RAWALPINDI

MAHMOOD AHMED  
Chief Manager

MANZAR ALI NAQVI  
Manager

101/13, Bank Road,  
Grand Hotel Building,  
P.O. Box 119, Rawalpindi.

(051) 5563413, 5516546  
Fax: (051) 5798083

### FAISALABAD BRANCH

MUHAMMAD ASIF AKRAM  
Branch Manager

RANA SAGHIR AHMAD  
Manager

123-B, People's Colony No. 1,  
D - Ground, Faisalabad.

(041) 8721256, 8734176  
Fax: (041) 8732499

### SIALKOT

REHAN NAZIR GHUMAN  
Branch Manager

Kutchery Road, Sialkot.

(052) 4264195, 4594520  
Fax: (052) 4290095

### ISLAMABAD

AASIM MAJEED  
Branch Manager

Office No. 4, 4th Floor, Sector F-7/G-7  
Channab Center, Jinnah Avenue,  
Blue Area, Islamabad.

(051) 2270629-30  
Fax: (051) 2804115

**MULTAN**GHULAM ALI  
Office InchargeAtlas Honda Building  
Azmat Wasti Road, Multan.

(061) 4544494

**GUJRANWALA**MUHAMMAD IKRAM  
Branch ManagerGTR Branch  
2nd Floor, Crescent Star Plaza,  
G. T. Road, Gujranwala.(055) 3841725-6  
Fax: (055) 8020719**SOUTH ZONE OFFICE**Ground Floor, Federation House,  
Abdullah Shah Ghazi Road,  
Main Clifton, Karachi.

PABX:

(021) 35378806-7  
35369394-6  
Fax: (021) 35378515ARSHAD P. RANA  
Chief Executive Officer

Direct:

(021) 35378757

MUHAMMAD IMRAN  
Asst. Vice President (Non Motor)

Extension:

217

JAWAID IRSHAD  
Manager Motor

Extension:

215

MUHAMMAD AFZAL  
Company Secretary

Extension:

202

**SOUTH ZONE BRANCHES  
KARACHI**M. FAROOQ KANDLAWALA  
Circle Chief, Karachi Circle - ITower Branch  
State Life Building No. 7  
Room No. 101, 1st Floor  
G. Allana Road, Karachi.(021) 32316503, 32201471  
Fax: (021) 32315248ABDUL AZIZ  
Chief ManagerCorporate Branch  
Arkey Square, Room No. 10, 1st Floor,  
Shahrah-e-Liaquat, Karachi(021) 32421030, 32422911  
Fax: (021) 32421387IMRAN SATTAR  
Chief ManagerPlaza Branch  
3/3 Rimpa Plaza  
M.A. Jinah Road,  
Karachi.(021) 32729339, 32720852  
Fax: (021) 32749004TARIQ NASIM  
Branch ManagerNew Challi Branch  
1st Floor, Room No. 106-107, Rehmani  
Chamber, Altaf Hussain Road,  
Karachi.(021) 32218286, 32218288  
Fax: (021) 32218264INAYAT ULLAH  
Branch ManagerZamzama Branch  
Kanta Bai Building, Plot No. 18 - C,  
Zamzama Commercial Lane No. 1,  
Phase - V, DHA, Karachi.(021) 35835902, 35830131  
Fax: (021) 35835733**HYDERABAD**ZAFAR AHMAD GHOURI  
Circle Chief, Hyderabad CirclePlot No. 466, Mezzanine Floor,  
Al-Abbas Plaza, Saddar,  
Hyderabad.(022) 2782659, 2782660  
Fax: (022) 2786410**SUKKUR**ABDUL MAJEED QURESHI  
Chief ManagerNear Public School,  
Military Road,  
Sukkur.(071) 5631056  
Fax: (071) 5631057

Atlas Group Companies	<i>Year of Establishment / Acquisition*</i>
 Shirazi Investments	1962
 Atlas Honda	1963
 Atlas Battery	1966
 Shirazi Trading	1975
 Atlas Insurance	1980*
 Atlas Engineering	1981*
<b>HONDA</b> Honda Atlas Cars	1992
<b>HONDA</b> Honda Atlas Power Product	1997
 Atlas Asset Management	2002
 Shirazi Capital	2005
 Atlas Power	2007
 Atlas World Wide	2007
 Atlas Venture	2008

# Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Atlas Insurance Limited and holder(s) of \_\_\_\_\_ ordinary shares as per Registered Folio No. \_\_\_\_\_ hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my / our proxy to attend, act and vote for me / us and on my / our behalf at the 77th Annual General Meeting of the Company to be held at Registered Office on April 10, 2012 at 3:00 p.m. at 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore and at every adjournment thereof.

As witness my /our hand this \_\_\_\_ day of \_\_\_\_\_ 2012.

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Witness:

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

Affix Revenue Stamp  Signature
--

## Notes:

1. A member entitled to attend and vote at the General Meeting of the Company is entitled to appoint proxy to attend and vote instead of him/her. No person shall act, as a proxy who is not a member of the Company except that a corporation may appoint a person who is not a member.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her constituted attorney or if such appointer is a corporation or Company, under the common seal of such corporation or Company.
3. The Form of proxy, duly completed, must be deposited at the Company's registered Office, 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.





The Secretary  
Atlas Insurance Limited  
3 - Bank Square,  
Shahrah-e-Quaid-e-Azam,  
Lahore.

AFFIX  
POSTAGE

Fold Here

Fold Here

Fold Here

Fold Here

COMMITTED TO  
**DELIVER**



## Atlas Insurance Limited

3-Bank Square, Shahrah-e-Quaid-e-Azam,  
Lahore-54000

Ph: +92 42 373 20542-3, 373 22271,  
373 22273, 373 10658

Fax: +92 42 372 34742

Email: [info@atlasinsurance.com.pk](mailto:info@atlasinsurance.com.pk)

Website: [www.atlasinsurance.com.pk](http://www.atlasinsurance.com.pk)