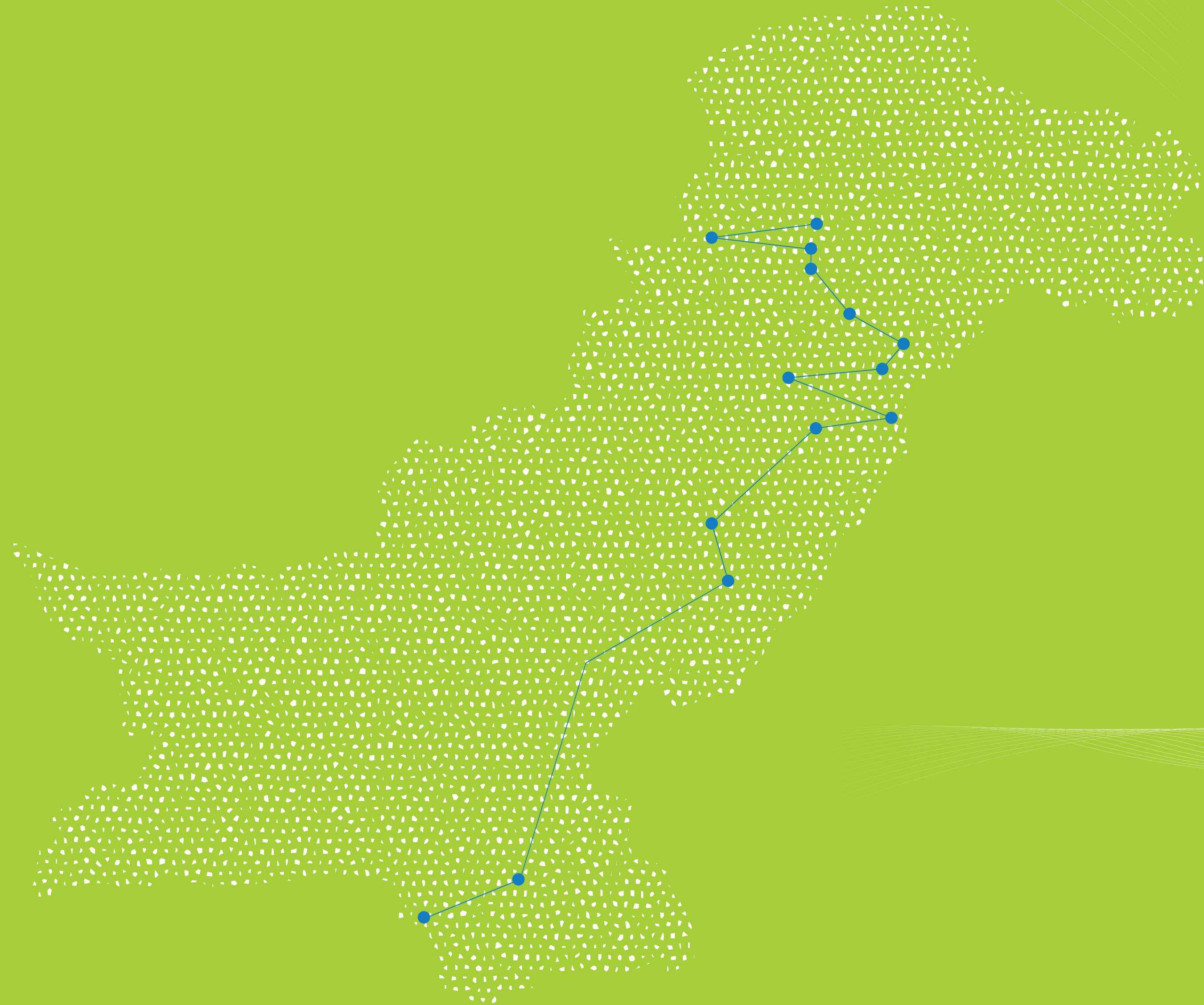
askari general insurance co. ltd. Annual Report 20TEN

SUSTAINABLE RELATIONSHIPS



AGICO ANNUAL REPORT 2010

askari general insurance co. ltd.

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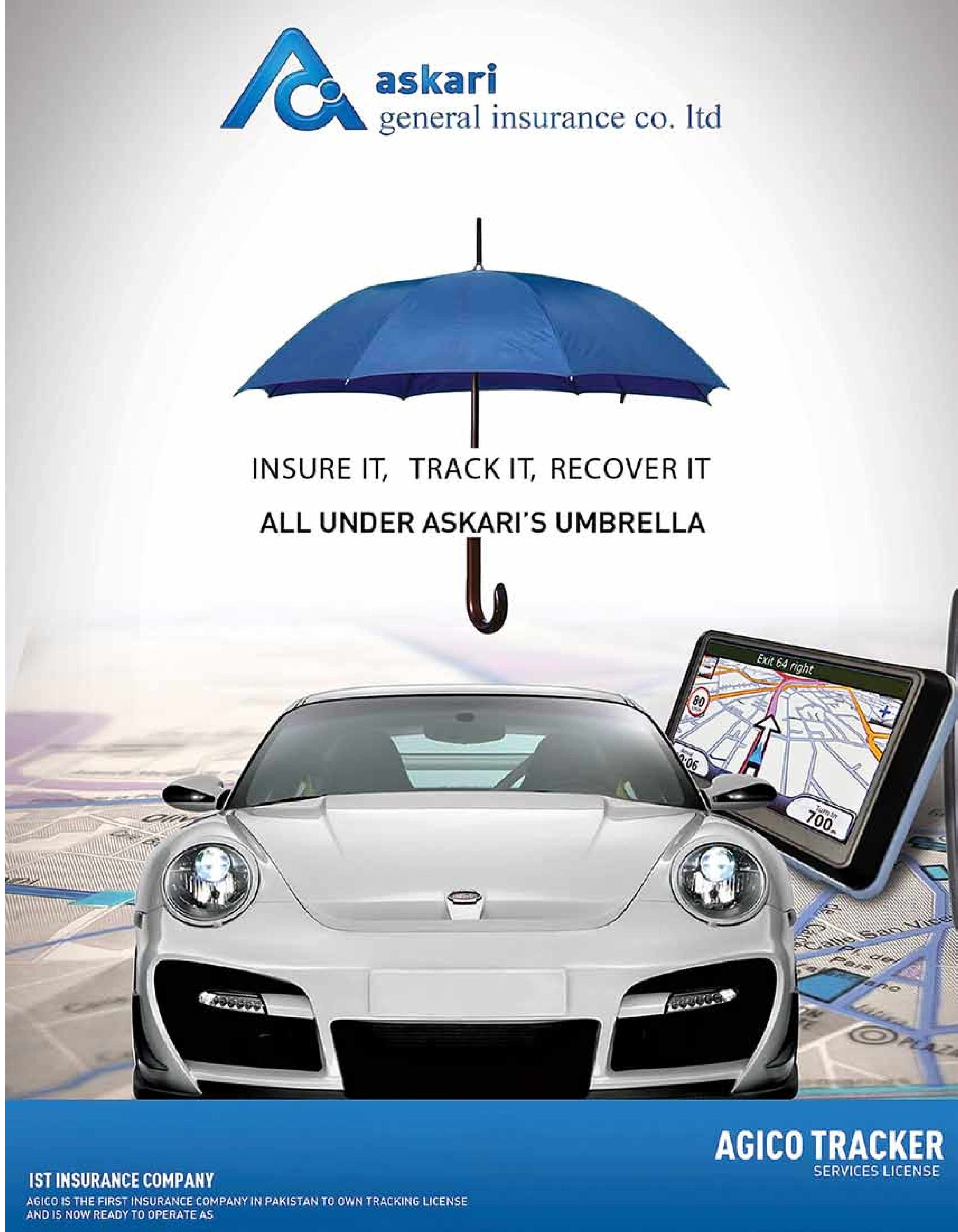
Produced by TOPNOTCH Communications
Islamabad, Pakistan: 051-2653375

UMBRELLA OF TRUST

Building sustainable relations with our customers has been the biggest hallmark of our Company. Being one of the front-runner companies of Pakistan, we aspire to reach the top through sustained efforts and by relying on the wealth of credibility & trust that we have been able to build. Above all, our respectable results, despite testing times, are a testament of our excellent performance. We are introducing new products by fueling the power of newer ideas. So it is this out-of-the box thinking which will be our biggest asset, to be among the leaders.



THE INSIDE 2010

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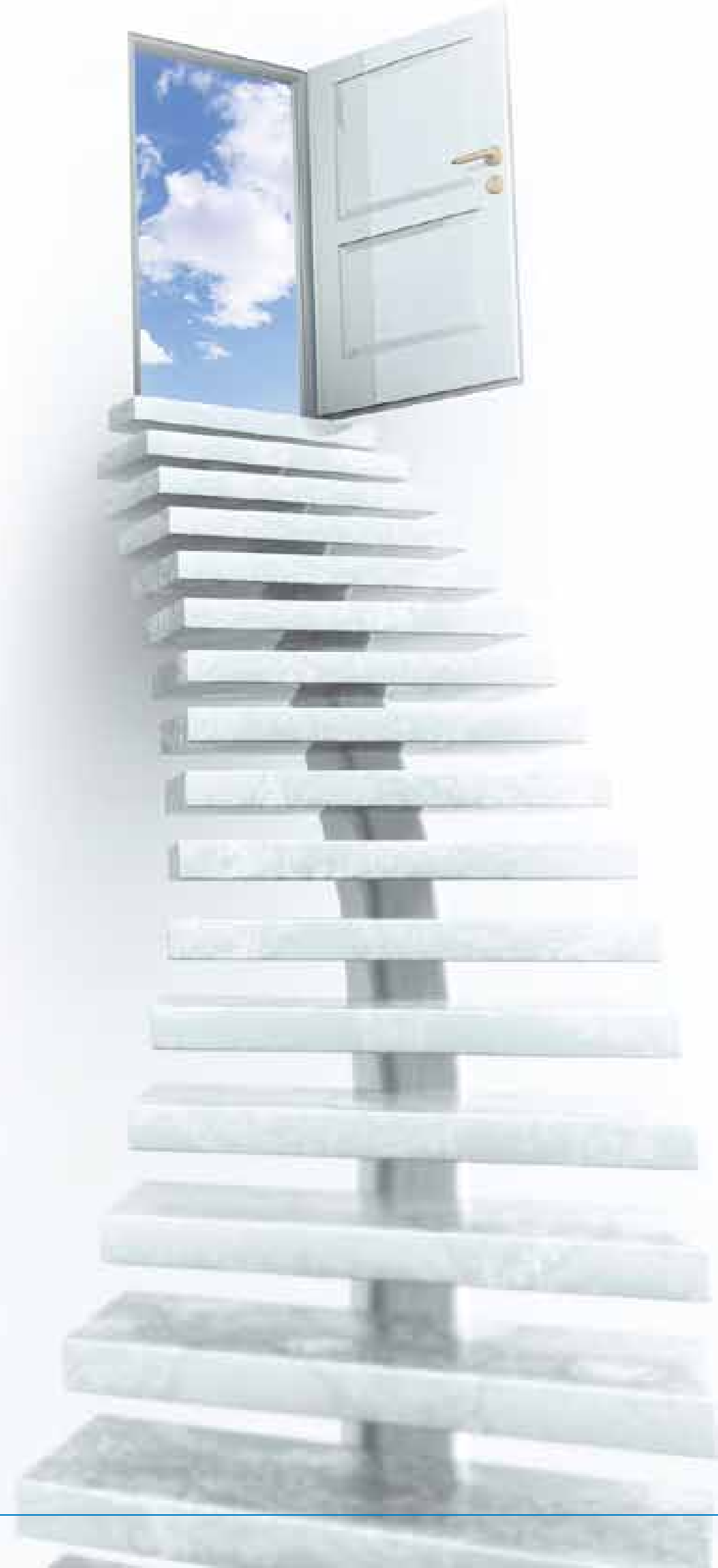
OUR VISION & MISSION



VISION

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

MISSION

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

OUR SMART PRODUCTS

TRACKER Services

MOTOR Insurance

FIRE Insurance

MARINE Insurance

ENGINEERING Insurance

HEALTH Insurance

BOND Insurance

AVIATION Insurance

TRAVEL Insurance

MISC Insurance

CORPORATE INFORMATION

Chairman
Lt. General Imtiaz Hussain (Retd.)

President & Chief Executive
Mr. Abdul Waheed

Board of Directors
Maj. Gen. Saeed Ahmed Khan (Retd.)
Brig. Javed Qayum (Retd.)
Brig. Tariq Sher (Retd.)
Syed Suhail Ahmad Rizvi
Mr. Abdul Hai Mehmood Bhaimia
Mr. Ejaz Ahmed Khan

Company Secretary
Mr. Waseemullah

Chief Financial Officer
Mr. Jamil Ahmed

Audit Committee
Mr. Ejaz Ahmed Khan
Chairman
Syed Suhail Ahmad Rizvi
Member
Brig. Tariq Sher (Retd.)
Member

Underwriting Committee
Mr. Ejaz Ahmed Khan
Chairman
Mr. Abdul Waheed
Member
Mrs. Rubina Rizvi
Member

Claim Committee
Syed Suhail Ahmad Rizvi
Chairman
Mr. Abdul Waheed
Member
Mrs. Samina Khan
Member
Syed Gulzar Hussain Shah
Member

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

Internal Auditor
Syed Imran Abid Bukhari

Auditors
M. Yousuf Adil Saleem & Company
Chartered Accountants

Legal Advisors
Hassan Kaunain Nafees

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

Registrar & Share Transfer Office
THK Associates (Private) Limited
Ground Floor, State Life Building
No. 3 Dr. Zia ud Din Ahmad Road,
Karachi 75530, P.O Box 8533
P +92-21-111 000 322
F +92-21-3565 5595

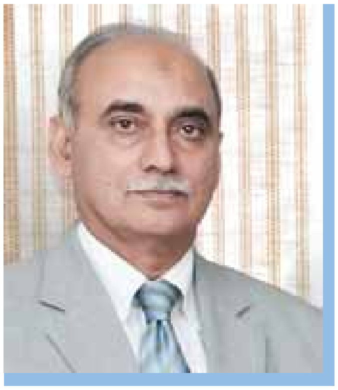
Registered Office / Head Office
4th Floor, AWT Plaza,
The Mall, Rawalpindi, Pakistan
P +92-51-927 2425-7
F +92-51-927 2424
E info@agico.com.pk

OUR BOARD

Lt. General Imtiaz Hussain (Retd.)
Chairman

Mr. Abdul Waheed
President & Chief Executive

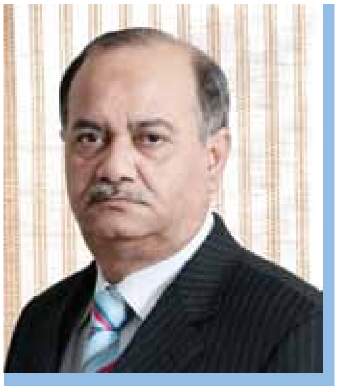
Maj. Gen. Saeed Ahmed Khan (Retd.)
Director



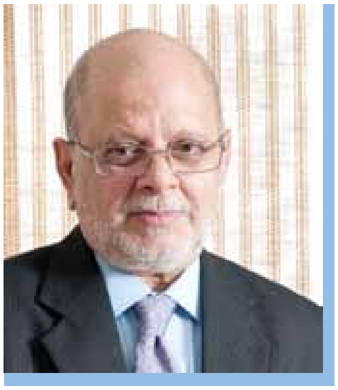
Brig. Javed Qayum (Retd.)
Director

Brig. Tariq Sher (Retd.)
Director

Mr. Ejaz Ahmed
Director



Syed Suhail Ahmad Rizvi
Director



Mr. Abdul Hai Mahmood Bhaimia
Director

OUR MANAGEMENT


Mr. Suleman Khalid (ACA)
Country Head (Corporate Finance)
Dr. Syed Shahbaz Sultan
Manager (Health Claims)
M. Ashraf Malik
Country Head (Legal)
Col. Ayub Aezad (Retd.)
Country Head (Administration)
Dr. Muhammad Abbas Zaidi
Chief Health Officer
Mustafa Salman Pasha
Business Head (Defence Institutions)
Mr. Sohail Khalid
Country Head (Reinsurance)
Mr. Waseemullah
Company Secretary

PRESIDENT'S MESSAGE

By the grace of Almighty Allah, it is of immense pleasure to state that the year under review was witnessed eventful but promising for your Company. Despite all the odds and intricacies, the financial performance of the year showed a positive growth and reported a net profit after tax of Rs. 47 million, an explicit turnaround in profitability from red to green.

The achievement is due to the concerted and painstaking efforts that helped in controlling the divergences and monitoring of financial targets. The better financial position and performance of the Company has also been endorsed by both the Credit Rating Agencies in the form of upgrading the entity rating from A- to A. The other landmark initiative, during the year, includes the launching of customer's claim service centre which is operational 24/7. This shall augment the efforts being made to build a soft image of the Company among the customers and provide reasonable assurance that the needs and concerns of the customer are timely heard and addressed. The Company was also able to successfully launch an in-house vehicle tracking system. The advantages expected to emanate from this service are manifold and shall help in hedging the risk to which the assets are normally exposed.

I take this opportunity to attribute the achievements and performance of the Company to the Human Resource which demonstrated immense sense of ownership and professionalism. I would also like to thank the Board of Directors which endorsed vision and strategies of the management throughout the period.

I am honored to lead the AGICO's team which makes me stand tall.

Abdul Waheed
President & Chief Executive

NOTICE OF 16th ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of askari general insurance company limited ("the Company") will be held on Wednesday, 20 April 2011 at 10:00 am at Blue Lagoon Complex, Masood Akhtar Road (off the Mall) Rawalpindi to transact the following business:

Ordinary Business

1. To confirm the Minutes of the 15th Annual General Meeting held on 30 April 2010.
2. To receive consider and adopt the Financial Statements of the Company for the year ended December 31,2010 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company for the year ending 31 December 2011 and to fix their remuneration. The Present Auditors M/s M.Yousaf Adil Saleem & Co. Chartered Accountants, Islamabad, being eligible have offered themselves for re-appointment.
4. To elect eight (8) Directors of the Company as fixed by the Board of Directors in accordance with the provision of Section 178 of the Companies Ordinance 1984 for a period of next three years.

RETIRING DIRECTORS
• Lt. Gen. Imtiaz Hussain (Retd.)
• Maj. Gen. Saeed Ahmed Khan (Retd.)
• Brig. Javed Qayum (Retd.)
• Brig. Tariq Sher (Retd.)
• Syed Suhail Ahmad Rizvi
• Mr. Ejaz Ahmed Khan
• Mr. Abdul Hai Mahmood Bhaimia

Special Business

5. To approve issue of Bonus Shares @ 10% (Ten new shares on every hundred Shares held) by passing following resolutions:

   a. **"Resolved** that a sum of Rs 25,471,860/- out of the profit be capitalized and applied for issue of 2,547,186 ordinary shares of Rs.10/-each and allotted as fully paid bonus shares to those members whose names appear in the members register of the Company at the close of business on 13 April 2011 in the ratio of ten shares for every hundred shares held and that such new shares shall rank pari passu in all respect with the existing shares of the Company".

   b. **"Further Resolved** that fractional entitlement of the members shall be consolidated into whole shares and sold on the Karachi Stock Exchange and to pay the proceeds of sale when realized to any recognized Charitable institution."

   c. For the purpose of the giving effect to the above resolution, the Directors of the Company be and are hereby authorized to give such directions as may be necessary and to settle any question or difficulties that may arise in regard to the distribution of Bonus Shares or in the payment of the sale proceeds of the fractions as the Directors in their discretions shall deem fit.

   "Further Resolved that the President & Chief Executive and/or the Company Secretary of the Company be and are hereby authorized to complete the necessary corporate and legal formalities in respect of the above."

6. To consider and if deemed fit, pass the following special resolution to authorize the Company to invest in associated company with or without modification(s):

   "RESOLVED THAT in terms of Section 208 of the Companies Ordinance, 1984, the Company be and is hereby authorized to invest an aggregate sum of upto Rupees. 100 Million in cash in Askari Asset Management Co. Ltd. in Mutual funds

(Long and short term) and that such investment may either be made in one or more tranches as may be deemed fit by the Chief Executive and as and when the cash flow situation of the Company permits."

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

By order of the Board
Waseemullah
Company Secretary

Dated
30 March 2011

Notes:

1. Closure of Share Transfer book

The Share Transfer Book of the Company will remain closed from 14 April 2011 to 20 April 2011 (both days inclusive). Transfers received at our Registrars, Messrs THK Associates (Pvt) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on 13 April 2010 will be treated in time.

2. Change in Address

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

3. Participation in General Meeting

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

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

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

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on 20 April 2011.

Item No 4 of the Notice-Election of Directors.

Term of office of the present Directors of the Company will expire on 26 April 2011. The Board of Directors in terms of Section 178 of the Companies Ordinance, 1984 have fixed eight Directors to be elected for a fresh period of three years. The present Directors are interested to the extent that they are eligible for re-election as Directors of the Company.

Compliance with relevant provisions of "Code of Corporate Governance"

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

1) Consent to Act as Director on Form-28.
   A declaration with consent to act as director in the prescribed form under Clause (ii) of Code of Corporate Governance to the effect that he/she is aware of duties and powers of directors under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Memorandum and Articles of Association of the Company and the Listing Regulations of the Stock Exchanges in Pakistan and have read the provisions contained therein.
2) A declaration in terms of Clause (iii), (iv) and (v) of the Code of Corporate Governance to the effect that:
   a. I am aware of my duties and powers to act as director under the relevant law(s), the Memorandum and Article of Association of the Company and listing regulations of the Stock Exchanges.
   b. I am not serving as Director on the Board of more than 10 listed companies, including the Company.
   c. My name is borne in the register of national tax payers (except where he is a non-resident)
   d. I have not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a Banking Company a Development Financial Institution or a non Banking Financial Institution or, I, being a member of a Stock Exchange(s) have not been declared as a defaulter by such Stock Exchange(s).
   e. Neither I nor my spouse is engaged in the business of Stock Brokerage.

Item No. 5 of the notice-Issue of Bonus Shares

The Directors are of the view that the unappropriated profits/reserves of the Company are adequate for capitalization of Rupees 25,471,860/- issue of proposed 10% Bonus shares. The Directors have no interest directly or indirectly except that they are members of the Company.

Item No. 6 of the notice-Investment in Associated Company

Following information is provided pursuant to SECP Notification S.R.O 865(1)/2000 dated 06 December 2000:

(i)	Name of Investee Company:	Askari Asset Management Co. Ltd.
(ii)	Nature, amount and extent of investment:	Rupees up to 100 Million in Mutual Funds.
(iii)	Source of Funds from which investments will be made:	Investment will be made out of surplus funds
(iv)	Purpose of investment:	To minimize risk and earn better returns
(v)	Interest of the Directors and their Relatives in the investee company:	None

DIRECTORS' REPORT

The directors are pleased to present the 16th Annual report of Askari General Insurance Company Limited (AGICO) along with the audited Financial Statements and Auditors' Report thereon for the year ended 31 December 2010.

INDUSTRY REVIEW

Pakistan's insurance sector faces major challenges arising from economic downturn, security issues, consistently widening fiscal/trade negative gaps and stressed global reinsurance market. These factors affect all industrial sectors and resultantly affect the growth prospects of the insurance sector.

Overall, 2010 was a tough year for the general insurance industry. The political situation of the country affected the growth rate of the overall written premium in the industry. Other factors that affected insurance business included substantial slowdown in motor business, shifting of business from Pakistan to other countries in the region, declining foreign direct investment in the country specifically in development projects. However, due to comparatively better health of the financial market, the investment income of the Industry showed positive trend.

2010 FOR AGICO

The Company is now making more use of the benefits of improved control environment. The real time General Insurance and Accounting System (GIAS) coupled with advanced IT infrastructure has enabled close monitoring of the business operations. The branch network is being restructured whereby the Company opened a new corporate branch at Islamabad. Opening of new corporate branches at Lahore and Karachi is also on the cards. Increase in Gross Premium Written during the year enabled the Company to be ranked at 4th position (5th position in 2009) in the industry.

KEY EVENTS DURING THE YEAR

Insurer Financial Strength Rating

Year 2010 has been historic for AGICO; as the Company has been awarded IFS Rating 'A' by both credit rating agencies operating in Pakistan i.e. Pakistan Credit Rating Agency (PACRA) and JCR-VIS, since its inception. The rating reflects Company's sustainable growth potential despite volatile economic fundamentals of the country.

Improvements Through IT

IT's benefits have been much utilized in last quarter of the current year to enhance quality and provide standard services to our valued clients.

During 2010, GIAS has been fully implemented, which is now operational at all departments, except health. The new system has greater ability of monitoring and decision making facilitated by advanced efficiency of the record keeping process, and supports management with various reports on a timely basis.

Very recently, the claims processing and settlement other than health has been automated. This is expected to reduce the processing time. Now customer can lodge the claims through the Company's Claims Services Center (CSC) round the clock as this CSC operates 24/7. All concerned i.e, customers, CSC Officer, branches, Departmental Heads and Management are linked together in real time through online system.

The Company has come up with a value added service offered to its health card family members. This is an online first aid, health support, and advisory service, provided during working hours, through Company's in-house experienced and qualified doctors. In future, this facility is planned to be available 24/7.

The Company also operates a vehicle tracking system, licensed by Pakistan Telecommunication Authority for tracking services. This setup, besides adding value to its motor insurance product, would bring efficiency to the business operations in the segment.

Reinsurance Capacity Enhancement

Despite challenging environment and lukewarm attitude of international reinsurers, the Company managed to enhance its reinsurance capacity substantially during the year thereby increasing it from Rs. 500.00 Million to Rs. 1.125 Billion in the current year.

The Company has secured reinsurance arrangements with international reinsurers of sound repute including SCOR Re (rated 'A' by Fitch), Best Re (rated 'A-' by AM BEST), Malaysian Re (rated 'A-' by Fitch), LABUAN Re (rated A+ by Standard & Poor) and Pakistan Reinsurance Company Limited (PRCL).

Human Resource Development

The Company focused on this dimension by making a dedicated department for it and refining its internal policies and procedures for effective and efficient management of its human resource.

The Company conducts training sessions for underwriting staff to update them with developments of topical importance in the industry, accompanied with a sponsorship program for its employees to achieve professional diploma in insurance from CII London, which enhances their capabilities.

Corporate Social Responsibility Fulfillment

The Company is committed to act ethically towards the society at large and aims to contribute to the social development in the country.

During the year, the Company donated Rs. 5.00 Million for the flood affectees of Pakistan.

PERFORMANCE REVIEW

The Company's business grew in Other (engineering, travel etc.) segments by 3.7 times in the current year. Meanwhile, the level of premium ceded to reinsurers significantly increased, mainly in health (2010: 72%, 2009: 15%), due to re-insurance arrangements with PRCL. This though lowered net premium revenue (NPR) but resulted in improved loss ratio. Improved investment income supported the bottom line of the Company.

The Company achieved a steady growth in the Gross Premium Underwritten by over 21 % with a refined portfolio mix. As evident from the key numbers summarized below, considerable increases have also been observed in underwriting profit, investment income, pre-tax and after-tax profits.

	2010	2009
	Rupees (unless stated otherwise)	
Gross Premium Written	**1,350,017,360**	1,107,661,861
Net premium revenue	**639,901,275**	805,176,472
Underwriting results	**109,137,211**	78,757,116
Investment income	**51,095,806**	(28,173,734)
Profit/(loss) before tax	**53,346,745**	(15,075,483)
Profit/(loss) after tax	**47,418,169**	(27,544,929)
Return on Paid up Capital	**23.27%**	(13.52%)
Return on Equity	**17.67%**	(9.31%)
Return on Total Assets	**3.97%**	(2.26%)

All the above indicators represent the Company's recovery from last years through better management.

SEGMENT WISE PERFORMANCE ANALYSIS

Fire and Property Damage

This segment contributed gross premium of Rs. 291.32 Million (2009: Rs. 247.75 Million) which makes its contribution of about 21.58% to the total gross premium written by the Company.

The underwriting profit of this segment is Rs. 19.76 Million as compared with Rs. 19.21 Million in the previous year. It displays the Company's steady approach towards this class of business.

Marine, Aviation and Transport

This segment constituted 5.69 % of our portfolio in the current year as compared to 5.63 % in total portfolio last year. Company maintained a steady approach towards this segment as well.

The underwriting profit from this segment in the current year is Rs. 8.58 Million as compared to a profit of Rs. 22.64 Million. Total premium underwritten in Year 2010 is Rs. 76.78 Million against Rs. 62.33 Million in the previous year but much of it was ceded to the Re-insurance in the current year (2010: 68%, 2009: 53%).

Motor

This segment constituted 30.53% of our total portfolio as against 38.58% in the previous year. The premium underwritten also declined by Rs. 15.26 million which is mainly due to drop in car financing business. This segment contributed Rs. 47 million underwriting profit in the current year as compared to Rs. 63.38 million in the previous year.

Accident and Health

Accident & Health portfolio contributed 19.95 % to the total portfolio in the current year as compared to 26.15% of the total portfolio in previous year. In the current year, due to refinement of clientele portfolio and acquiring re-insurance coverage for certain part of portfolio, results posted a profit of Rs. 15.33 Million (2009: loss of Rs. 41.58 Million).

Miscellaneous

This segment comprises of miscellaneous classes of business including engineering, bond insurance, crop insurance, travel insurance etc. The written premium in this class rose substantially by Rs. 219.89 Million which is 273% higher than the written premium in year 2009.

This segment resulted in an underwriting profit of Rs. 18.47 Million (2009: Rs. 15.35 Million) despite substantial increase in written premium, mainly due to the reason that much of the written premium was ceded to the Re-insurer in the current year.

Investment Income

The investment income of the Company recorded strong growth during the year, rising to Rs. 51.09 Million from investment loss of Rs. 28.17 Million in the previous year.
The investment yield significantly improved during the year mainly due to less reliance on volatile equity instruments.

The company intends to keep a major proportion of the portfolio invested in money market mutual funds, which would reduce Company's exposure to credit and interest rate risk.

Proposed Subsequent Event		
	Bonus Shares	
	Amount	Number
	(Rupees in Millions)	
Issue of bonus shares @ 10 % of the enhanced paid up capital after issuance of 5,094,373 right shares (2009: Nil)	25.47	2,547,186

Company's enhanced capital breakup is as follows:	
	Rupees
Existing Paid up Capital	203,774,920
Issuance of Right Shares in February 2011	50,943,730
Enhanced Paid up Capital	254,718,650

Dividend

The Directors are pleased to recommend stock dividend at the rate of 10 % of the enhanced capital, after issuance of right shares in February 2011, (10 shares per hundred shares held) to all the shareholders.

Auditors

Messers M. Yousaf Adil Saleem & Co. Chartered Accountants have audited the financial statements for the current year and have offered themselves for re-appointment. The Board on the recommendation of the Audit Committee has recommended their re-appointment.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The financial statements together with the notes forming an integral part of these statements have been prepared by the management of the Company in conformity with the Companies Ordinance 1984 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.

- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored. Internal controls and their implementation are reviewed continuously by the Internal Audit department and any weakness in controls, removed.
- There are no significant doubts upon the Company's ability to continue as going concern.

- There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
- Key operational and financial data for the last 10 years is annexed at page 19.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2010, except as disclosed in the financial statements.
- The value of investment of provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2010 was:

	2010	2009
	Rupees in Millions	
Employees' Provident Fund	**31**	27
Employees' Gratuity Fund	**21**	16

During the year, 5 meetings of the Board of Directors were held. Attendance by each of the directors was as follows:

BOARD MEETINGS ATTENDED	
Lt. Gen. Imtiaz Hussain (Retd.)	5
Maj. Gen. Saeed Ahmed Khan (Retd.)	5
Brig. Javed Qayum (Retd.)	5
Brig. Mushtaq Ahmad Malik (Retd.)	5
Mr. Abdul Waheed	2
Syed Suhail Ahmad Rizvi	4
Mr. Abdul Hai Mahmood Bhaimia	5
Mr. Ejaz Ahmed Khan	2

The board granted leave of absence to those directors who could not attend the Board Meeting.

Two casual vacancies occurred during the year 2010. With effect from December 13, 2010 Brig Tariq Sher (Retd) replaced Brig. Mushtaq Ahmad Malik (Retd) and from August 17, 2010 Mr. Ejaz Ahmed Khan replaced Mr. Abdul Waheed for the remaining of the term.
The Board welcomes the new directors and records its appreciation for the valuable services rendered by the outgoing directors.

- The pattern of shareholding and additional information regarding pattern of shareholding is given at page 72-73.
- The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any trade in the shares of the Company.
- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

FUTURE PROSPECTS

The global economic situation is expected to improve in year 2011. However, the domestic economic scenario is uncertain as GDP growth rate expected is around 2.5%. The private business sector continues to face certain constraints such as energy shortages, high interest rates and all around inflationary pressures. The company looks forward to expand the business avenues to Micro-insurance, crop insurance and business synergies within the Askari group. Because of the strategic steps taken by the Company, it is expected that positive business growth will flow in in the year 2011.

ACKNOWLEDGMENTS

Reviving performance was made possible with the commitment of Company's dedicated officers and staff. We thank our valued clients for their consistent support which enabled us to achieve decent growth. We thank our shareholders for their valued investment and trust in the Company. We also thank our business partners for their excellent services and support. We are grateful to Securities and Exchange Commission of Pakistan for its continued guidance and support.

For and on behalf of the Board

Lt. Gen. Imtiaz Hussain (Retd.)
Chairman

Rawalpindi
15 March 2011

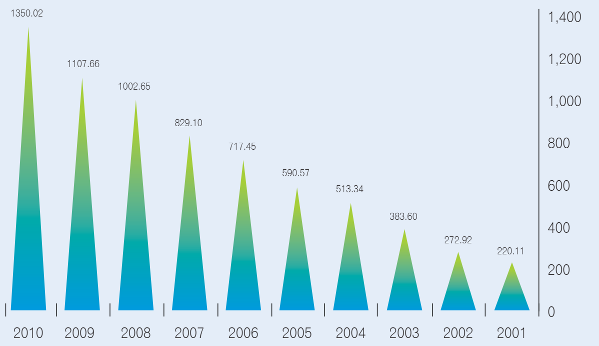
A GLIMPSE OF TEN YEARS PERFORMANCE

(Rupees in Millions)

31 December	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Profit Before Tax	**53.35**	(15.08)	17.39	69.99	84.51	60.45	40.91	22.41	19.52	23.48
Profit After Tax	**47.42**	(27.54)	6.66	51.73	57.09	45.02	26.91	15.91	12.69	13.59
Investment and Other Income	**63.06**	(2.40)	24.50	59.67	35.79	33.18	23.71	25.80	26.73	17.41
Underwriting Income	**109.14**	78.76	73.00	79.80	108.81	69.38	48.55	27.54	13.97	22.38
Gross Premium	**1350.02**	1,107.66	1,002.65	829.10	717.45	590.57	513.34	383.60	272.92	220.11
Net Premium Revenue	**639.90**	805.18	650.43	583.32	507.24	432.39	325.31	221.83	155.99	131.08
Net Claims	**385.89**	522.43	423.39	378.58	300.06	276.10	205.61	145.36	112.31	79.78
Paid-Up Capital	**203.77**	203.77	203.77	156.75	120.58	102.18	102.18	81.75	81.75	76.04
General Reserve	**70.00**	70.00	70.00	65.00	50.00	22.50	15.00	15.00	12.00	10.00
Underwriting Rreserve	**491.77**	485.79	467.78	353.18	310.47	273.54	238.57	174.23	135.59	103.50
Investments	**457.77**	413.61	512.84	423.23	380.12	329.07	251.82	147.38	144.59	116.87
Fixed Assets - tangible and intangible	**47.65**	130.64	126.99	103.97	71.16	43.99	27.67	23.65	19.20	19.73
Retained Profit	**37.40**	(10.02)	17.52	62.89	62.33	51.14	31.50	4.59	3.94	5.51
Dividend (Restated)	**10% (B)**	-	30% (B)	30% (B)	18% (B)	17.5% (C)	15% (C)	15% (C)	15% (C)	15% (B)
Total Assets	**1453.93**	1,195.75	1,217.25	1,117.59	882.80	732.49	641.24	423.77	301.03	245.21

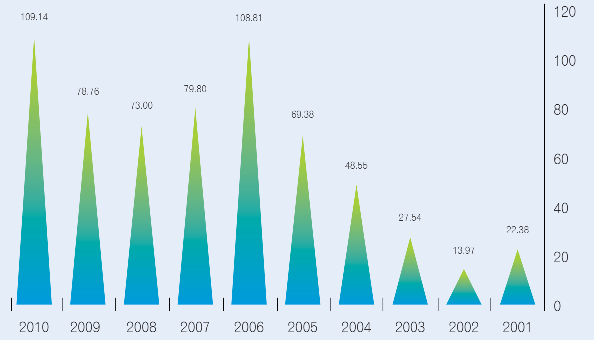
Gross Premium Written

(Rupees in Millions)

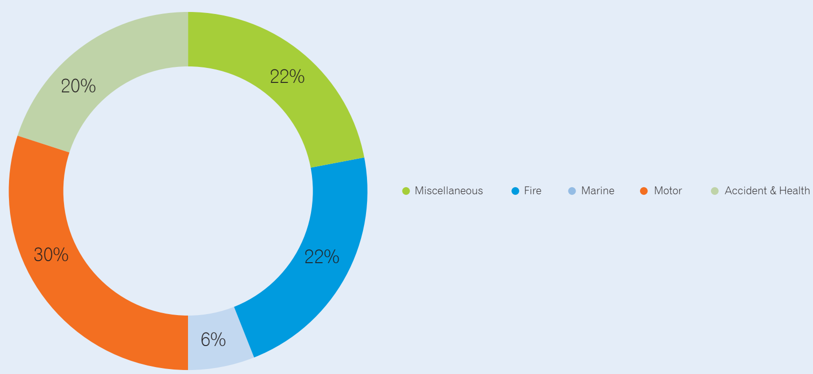


Underwriting Results

(Rupees in Millions)

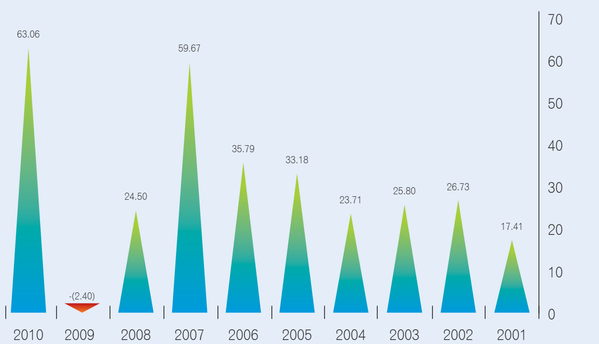


Gross Premium - Portfolio Mix (2010)



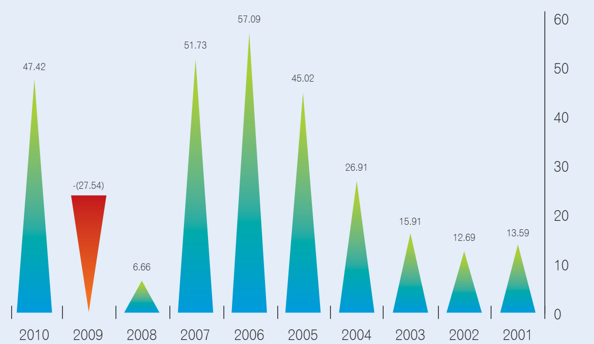
Investment and Other Income

(Rupees in Millions)



Profit / (Loss) After Tax

(Rupees in Millions)



FINANCIAL STATEMENTS

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Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Listing Regulations of Stock Exchanges where the Company's shares are listed, 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 principals contained in the Code in the following manners:

1. The Company encourages representation of independent non-Executive Directors and Directors representing minority interests on its Board of Directors. At present all the seven directors are non Executive Directors.
2. The directors have confirmed that none of them is serving as director in more than ten listed companies, including ***askari general insurance company limited***.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or being a member of the stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year two casual vacancy occurred in the Board which were filled up by the Directors within thirty days thereof.
5. The Company has prepared a "Code of Conduct and Ethics" which has been signed by all the directors and employees of the Company.
6. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board of Directors have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of the employment of the Chief Executive have been taken by the Board.
8. The meetings of the Board of Directors were presided over by the Chairman and the Board met once in every quarter. Written notices of the Board meeting, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meetings were appropriately recorded and circulated.
9. Directors of the Company have participated in an orientation course at group level to apprise them of their duties and responsibilities. Directors, who have not participated in these, have been apprised and adequately briefed.
10. The Board has approved appointment of Company Secretary, Chief Financial Officer and Head of Internal Audit, including their remuneration and term and conditions of employment, as determined by the Chief Executive.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The CEO and the CFO duly endorsed the Financial Statements of the Company before approval of the Board.
13. The Directors, CEO and the Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-Executive Directors including the Chairman of the Committee.
16. The Meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee were fully complied with.
17. The Board has set-up an effective internal audit function who are considered suitably qualified and

experienced for the purpose and are conversant with the polices and procedures of the Company and they are involved in internal audit function on a full time basis.

18. 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 partner of the firm, their spouse and the minor children do not hold shares of the Company and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The Statuary Auditors or the person 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.
20. We confirm that all the material principles contained in the Code have been complied with.
21. All related party transactions entered during the year were on arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by the Audit Committee and Board of Directors alongwith pricing method.

For and on behalf of the Board

15 March 2011
Rawalpindi

Lt. Gen. (Retd.) Imtiaz Hussain
Chairman

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
24-D, Ist Floor, Rashid Plaza
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Web: www.deloitte.com

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

We have reviewed the Directors' Statement of Compliance with the best practices ("the Statement") contained in the Code of Corporate Governance, prepared by the Board of Directors of Askari General Insurance Company Limited, ("the Company") to comply with the Listing Regulation No. 35 of Karachi Stock Exchange (Guarantee) Limited, Listing Regulation No. 35 of Lahore Stock Exchange (Guarantee) Limited and Chapter XI of the Listing Regulations of Islamabad Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to the 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 covers all risks or controls, or to form an opinion on the effectiveness of such internal control, the Company's corporate governance procedures and risks.

Further, Sub – Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/ N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternative 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 procedure 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 does not appropriately reflect the Company's compliance, in all material respects, with best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2010.

Yousuf Adil Saleem & Co

Chartered Accountants
Engagement Partner: Mohammad Saleem

15 March 2011
Islamabad

Member of
Deloitte Touche Tohmatsu

Deloitte.

M. Yousuf Adil Saleem & Co
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AUDITORS' REPORT TO THE MEMBERS OF ASKARI GENERAL INSURANCE COMPANY LIMITED

We have audited the annexed financial statements comprising of:

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

of askari general insurance company limited ("the Company") as at 31 December 2010 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

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

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

(c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company affairs as at 31 December 2010 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

The financial statements for the year ended 31 December 2009 were audited by another firm of Chartered Accountants whose report dated 02 April 2010 expressed an unqualified opinion thereon.

M. Yousuf Adil Saleem & Co

Chartered Accountants
Engagement Partner: Mohammad Saleem

15 March 2011
Islamabad

Member of
Deloitte Touche Tohmatsu

Balance Sheet
As at 31 December 2010

	Note	2010	2009
		------------Rupees------------	
Share Capital and Reserves			
Authorized share capital			
50,000,000 (2009:50,000,000) ordinary shares of Rs. 10 each		**500,000,000**	500,000,000
Paid up share capital	6	**203,774,920**	203,774,920
Retained earnings		**37,396,866**	(10,021,303)
Reserves		**74,657,681**	74,657,681
		315,829,467	268,411,298
Deposit against issue of shares		**3,380**	-
		315,832,847	268,411,298
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		**290,047,171**	261,489,677
Provision for unearned premium		**491,774,350**	485,793,190
Commission income unearned		**51,197,107**	29,304,827
Total underwriting provisions		**833,018,628**	776,587,694
Deferred Liability-Staff Compensated Absences	7	**6,950,909**	12,294,231
Creditors and Accruals			
Premium received in advance		**7,858,779**	6,947,085
Amounts due to other insurers/reinsures		**181,930,127**	56,211,135
Accrued expenses		**5,386,633**	2,073,890
Taxation - provision less payments		**1,951,780**	-
Other creditors and accruals	8	**92,930,965**	68,890,854
		290,058,284	134,122,964
Borrowing			
Liabilities against assets subject to finance lease	9	**-**	722,297
Other Liabilities			
Unclaimed dividend		**830,102**	834,251
Others		**7,242,791**	2,778,349
		8,072,893	3,612,600
TOTAL LIABILITIES		**1,138,100,714**	927,339,786
TOTAL EQUITY AND LIABILITIES		**1,453,933,561**	1,195,751,084
CONTINGENCIES AND COMMITMENTS	10		

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

Abdul Waheed
President & Chief Executive

Ejaz Ahmed Khan
Director

	Note	2010	2009
		----------Rupees------------	
Cash and Bank Deposits			
Cash and other equivalents	11	**445,754**	306,475
Current and other accounts	12	**90,305,675**	112,470,799
Deposits maturing within 12 months	13	**500,000**	1,500,000
		91,251,429	114,277,274
Advances to Employees	14	**2,158,634**	4,197,435
Investments	15	**457,771,860**	413,606,523
Investment Property	16	**52,290,833**	-
Deferred Taxation	17	**877,003**	-
Current Assets - Others			
Premium due but unpaid - unsecured, considered good	18	**220,880,356**	144,129,463
Amounts due from other insurers/ reinsurers - unsecured, considered good		**84,449,817**	28,707,468
Salvage recoveries accrued		**9,244,425**	17,063,285
Accrued investment income		**3,656,399**	4,988,832
Reinsurance recoveries against outstanding claims - unsecured, considered good		**144,981,912**	76,151,749
Taxation - Payments less provision		-	2,689,458
Deferred commission expense		**43,459,633**	41,598,471
Prepayments			
- prepaid reinsurance premium ceded		**259,609,763**	172,988,982
- others		**7,964,538**	8,173,889
Sundry receivables	19	**27,689,156**	36,534,584
		801,935,999	533,026,181
Fixed Assets			
Tangible and Intangible	20		
Leasehold improvements		**6,907,555**	8,929,887
Furniture and fixtures		**8,288,277**	8,758,870
Computer and office equipment		**15,323,057**	11,920,550
Motor vehicles		**7,801,256**	41,639,836
Capital work in progress		**6,281,797**	55,571,000
Software license		**3,045,861**	3,823,528
		47,647,803	130,643,671
TOTAL ASSETS		**1,453,933,561**	1,195,751,084

Maj. Gen. Saeed Ahmed Khan (Retd.)
Director

Lt. Gen. Imtiaz Hussain (Retd.)
Chairman

Profit and Loss Account
For the year ended 31 December 2010

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	2010 Aggregate	2009 Aggregate
		----	----	----	Rupees	----	----	----
Revenue Account								
Net premium revenue	21	43,322,885	25,036,085	407,625,619	146,118,104	17,798,582	**639,901,275**	805,176,472
Net claims		(22,386,731)	(12,812,451)	(232,713,709)	(112,790,777)	(5,185,929)	**(385,889,597)**	(522,426,357)
Expenses	22	(10,422,268)	(6,022,978)	(98,063,258)	(35,151,906)	(4,281,838)	**(153,942,248)**	(155,001,481)
Net commission		9,243,944	2,378,155	(29,848,450)	17,154,465	10,139,667	**9,067,781**	(48,991,518)
Underwriting Results		**19,757,830**	**8,578,811**	**47,000,202**	**15,329,886**	**18,470,482**	**109,137,211**	78,757,116
Investment income/(loss)							**51,095,806**	(28,173,734)
Other income	23						**6,233,873**	21,728,570
Profit on bank deposits							**5,150,369**	3,393,185
Share of profit in associated company							**575,880**	650,003
Finance cost							**(35,585)**	(235,497)
General and administration expenses	24						**(117,722,100)**	(90,482,542)
							(54,701,757)	(93,120,015)
Profit/(loss) before workers' welfare fund							**54,435,454**	(14,362,899)
Workers' welfare fund							**(1,088,709)**	(712,584)
Profit/(loss) before tax							**53,346,745**	(15,075,483)
Provision for taxation	25						**(5,928,576)**	(12,469,446)
Profit/(loss) after tax							**47,418,169**	(27,544,929)
Other comprehensive income/(loss) for the year							-	-
Total comprehensive income/(loss) for the year							**47,418,169**	(27,544,929)
Profit and loss appropriation account								
Balance at commencement of the year							**(10,021,303)**	17,523,626
Profit/(loss) after tax for the year							**47,418,169**	(27,544,929)
Balance of unappropriated profit/(loss) at end of the year							**37,396,866**	(10,021,303)
Earning/(loss) per share - basic and diluted	26						**2.33**	(1.35)

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

Abdul Waheed
President & Chief Executive

Ejaz Ahmed Khan
Director

Maj. Gen. Saeed Ahmed Khan (Retd.)
Director

Lt. Gen. Imtiaz Hussain (Retd.)
Chairman

Statement of Changes in Equity

For the year ended 31 December 2010

	Share Capital Issued, and paid up	Reserves Share premium	Reserves General reserve	Total reserves	Retained earnings	Deposit against issue of shares	Total equity
	-------	-------	-------	Rupees	-------	-------	-------
Balance as at 01 January 2009	203,774,920	4,657,681	70,000,000	74,657,681	17,523,626	-	295,956,227
Total comprehensive loss for the year							
Loss for the year	-	-	-	-	(27,544,929)	-	(27,544,929)
Other comrehensive income for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	-	(27,544,929)	-	(27,544,929)
Balance as at 31 December 2009	203,774,920	4,657,681	70,000,000	74,657,681	(10,021,303)	-	268,411,298
Balance as at 01 January 2010	203,774,920	4,657,681	70,000,000	74,657,681	(10,021,303)	-	268,411,298
Total comprehensive income for the year							
Profit for the year	-	-	-	-	47,418,169	-	47,418,169
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	47,418,169	-	47,418,169
Owners' equity							
Share deposit money received during the year	-	-	-	-	-	3,380	3,380
Balance as at 31 December 2010	**203,774,920**	**4,657,681**	**70,000,000**	**74,657,681**	**37,396,866**	**3,380**	**315,832,847**

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

Abdul Waheed
President & Chief Executive

Ejaz Ahmed Khan
Director

Maj. Gen. Saeed Ahmed Khan (Retd.)
Director

Lt. Gen. Imtiaz Hussain (Retd.)
Chairman

Statement of Cash Flows

For the year ended 31 December 2010

	2010	2009
	------------Rupees------------	
Operating Cash Flows		
a) Underwriting activities:		
Premium received	1,241,645,653	1,116,290,106
Reinsurance premium paid	(691,288,287)	(292,970,420)
Claims paid	(588,258,761)	(591,541,598)
Reinsurance and other recoveries received	181,077,023	67,697,181
Commission paid	(94,679,876)	(113,600,990)
Commission received	124,743,796	44,696,956
Other underwriting payments (management expenses)	(141,860,351)	(142,600,702)
Net cash flow from underwriting activities	31,379,197	87,970,533
b) Other operating activities:		
Income tax paid	(2,164,341)	(1,987,057)
General management expenses paid	(107,658,160)	(87,428,683)
Other operating receipts	18,512,103	14,565,125
Advances to employees	2,038,801	(1,241,763)
Other receipts on operating assets	4,307,603	(7,022,172)
Net cash used in other operating activities	(84,963,994)	(83,114,550)
Total cash flow (used in) / from all operating activities	(53,584,797)	4,855,983
Investment activities:		
Profit/return received	22,405,695	24,456,541
Dividends received	1,216,588	2,486,345
Payments for investments	(1,424,216,887)	(180,150,599)
Proceeds from disposal of investments	1,403,841,517	180,640,089
Redemption of term finance certificates	10,742,240	21,407,320
Fixed capital expenditure	(15,501,918)	(25,226,330)
Proceeds from disposal of fixed assets	32,830,368	2,158,926
Total cash flow used in investing activities	31,317,603	25,772,292
Financing activities:		
Dividend paid	(4,149)	-
Deposit against issue of shares	3,380	-
Financial charges paid	(35,585)	(235,497)
Payment of lease rentals	(722,297)	(1,223,396)
Total cash used in financing activities	(758,651)	(1,458,893)
Net cash (used in)/from all activities	(23,025,845)	29,169,382
Cash at beginning of the year	114,277,274	85,107,892
Cash at end of the year	91,251,429	114,277,274

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

Abdul Waheed	**Ejaz Ahmed Khan**	**Maj. Gen. Saeed Ahmed Khan (Retd.)**	**Lt. Gen. Imtiaz Hussain (Retd.)**
President & Chief Executive	Director	Director	Chairman

Statement of Cash Flows

For the year ended 31 December 2010

	2010	2009
	----------Rupees------------	
Reconciliation to Profit and Loss Account:		
Operating cash flows	**(53,584,797)**	4,855,983
Depreciation expense	**(18,833,093)**	(19,503,531)
Financial charges	**(35,585)**	(235,497)
Profit on disposal of fixed assets	**5,456,508**	93,270
Increase in assets other than cash	**270,892,908**	41,268,086
Increase in liabilities other than running finance	**(209,535,592)**	(7,269,280)
Doubtful premium written off	**-**	(12,141,025)
Un-realized gain on investments, held for trading	**3,844,098**	6,878,224
Provision for diminution in value of investment	**(2,505,723)**	(66,762,828)
Dividend income	**16,066,762**	11,110,295
Investment income	**37,246,814**	21,818,353
Profit on bank deposits	**5,150,369**	3,393,185
Share of profit in associated company	**575,880**	650,003
Income tax provision	**(5,928,576)**	(12,469,446)
Loss on trading	**(3,556,145)**	(1,217,778)
Tax paid	**2,164,341**	1,987,057
Profit / (loss) after taxation	**47,418,169**	(27,544,929)

Definition of cash :

Cash comprises of cash in hand, bank balances, stamps in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

Cash for the purpose of the statement of cash flows consist of:

	2010	2009
	------------Rupees-------------	
Cash and other equivalents		
Cash in hand	**384,760**	146,370
Stamps in hand	**60,994**	160,105
	445,754	306,475
Current and other accounts		
On current accounts	**15,224,128**	22,435,423
On deposit accounts	**75,081,547**	90,035,376
	90,305,675	112,470,799
Deposit maturing within 12 months		
Fixed and term deposit accounts	**500,000**	1,500,000
	91,251,429	114,277,274

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

Abdul Waheed	**Ejaz Ahmed Khan**	**Maj. Gen. Saeed Ahmed Khan (Retd.)**	**Lt. Gen. Imtiaz Hussain (Retd.)**
President & Chief Executive	Director	Director	Chairman

Statement of Premiums
For the year ended 31 December 2010

Business underwritten inside Pakistan

Class of Business	Premiums written	Unearned premium reserve Opening	Unearned premium reserve Closing	Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded Opening	Prepaid reinsurance premium ceded Closing	Reinsurance expense	**2010 Net premium revenue**	2009 Net premium revenue
	Rupees									
Direct and facultative										
Fire and property damage	291,318,967	116,279,525	96,395,947	**311,202,545**	251,441,127	95,877,541	79,439,008	**267,879,660**	**43,322,885**	49,373,651
Marine, aviation and transport	76,778,016	12,132,578	10,571,876	**78,338,718**	52,985,747	9,193,837	8,876,951	**53,302,633**	**25,036,085**	38,506,395
Motor	412,109,553	186,836,389	180,200,619	**418,745,323**	7,764,306	7,126,586	3,771,188	**11,119,704**	**407,625,619**	420,143,153
Accident and health	269,341,237	132,091,832	104,627,556	**296,805,513**	195,338,801	30,946,055	75,597,447	**150,687,409**	**146,118,104**	274,724,159
Miscellaneous	300,469,587	38,452,866	99,978,352	**238,944,101**	283,225,725	29,844,963	91,925,169	**221,145,519**	**17,798,582**	22,429,604
Total	1,350,017,360	485,793,190	491,774,350	**1,344,036,200**	790,755,706	172,988,982	259,609,763	**704,134,925**	**639,901,275**	805,176,962
Treaty - non-proportional	-	-	-	-	-	-	-	**-**	**-**	(490)
Grand total	1,350,017,360	485,793,190	491,774,350	**1,344,036,200**	790,755,706	172,988,982	259,609,763	**704,134,925**	**639,901,275**	805,176,472

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

Abdul Waheed
President & Chief Executive

Ejaz Ahmed Khan
Director

Maj. Gen. Saeed Ahmed Khan (Retd.)
Director

Lt. Gen. Imtiaz Hussain (Retd.)
Chairman

Statement of Claims
For the year ended 31 December 2010

Business underwritten inside Pakistan

Class of business	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	2010 Net claims expense	2009 Net claims expense
		Opening	Closing			Opening	Closing			
	Rupees									
Direct and facultative										
Fire and property damage	44,466,786	45,681,208	64,758,914	**63,544,492**	32,368,328	38,269,418	47,058,851	**41,157,761**	**22,386,731**	18,250,625
Marine, aviation and transport	22,477,467	21,796,176	49,739,177	**50,420,468**	18,879,103	14,933,466	33,662,380	**37,608,017**	**12,812,451**	8,103,663
Motor	267,064,583	120,988,885	95,786,047	**241,861,745**	9,842,030	3,449,569	2,755,575	**9,148,036**	**232,713,709**	242,388,254
Accident and health	245,257,346	66,551,836	67,764,872	**246,470,382**	95,490,166	14,220,409	52,409,848	**133,679,605**	**112,790,777**	248,848,423
Miscellaneous	8,992,579	6,471,572	11,998,161	**14,519,168**	5,516,868	5,278,887	9,095,258	**9,333,239**	**5,185,929**	4,597,490
Total	588,258,761	261,489,677	290,047,171	**616,816,255**	162,096,495	76,151,749	144,981,912	**230,926,658**	**385,889,597**	522,188,455
Treaty - Non-proportional	-	-	-	-	-	-	-	-	-	237,902
Grand total	588,258,761	261,489,677	290,047,171	**616,816,255**	162,096,495	76,151,749	144,981,912	**230,926,658**	**385,889,597**	522,426,357

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

Abdul Waheed
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Director

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Chairman

Statement of Expenses
For the year ended 31 December 2010

Business underwritten inside Pakistan

Class of Business	Commission Paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurer*	2010 Net underwriting	2009 Net underwriting
	Rupees								
Direct and facultative									
Fire and property damage	32,093,747	13,902,793	12,756,469	**33,240,071**	10,422,268	43,662,339	42,484,015	**1,178,324**	11,915,554
Marine, aviation and transport	14,579,754	1,005,320	2,000,533	**13,584,541**	6,022,978	19,607,519	15,962,696	**3,644,823**	7,765,060
Motor	29,976,553	14,830,429	14,030,005	**30,776,977**	98,063,258	128,840,235	928,527	**127,911,708**	114,379,396
Accident and health	15,911,860	8,307,561	6,048,235	**18,171,186**	35,151,906	53,323,092	35,325,651	**17,997,441**	67,454,136
Miscellaneous	21,254,989	3,552,368	8,624,391	**16,182,966**	4,281,838	20,464,804	26,322,633	**(5,857,829)**	2,479,215
Total	113,816,903	41,598,471	43,459,633	**111,955,741**	153,942,248	265,897,989	121,023,522	**144,874,467**	203,993,361
Treaty - Non-proportional	-	-	-	**-**	-	-	-	**-**	(362)
Grand total	113,816,903	41,598,471	43,459,633	**111,955,741**	153,942,248	265,897,989	121,023,522	**144,874,467**	203,992,999

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

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

Abdul Waheed	**Ejaz Ahmed Khan**	**Maj. Gen. Saeed Ahmed Khan (Retd.)**	**Lt. Gen. Imtiaz Hussain (Retd.)**
President & Chief Executive	Director	Director	Chairman

Statement of Investment Income

For the year ended 31 December 2010

	2010	2009
	----------Rupees------------	
Income from trading investments		
Loss on trading	**(3,556,145)**	(1,217,778)
Dividend income	**849,177**	722,502
	(2,706,968)	(495,276)
Income from non-trading investments		
Return on government securities	**2,000,003**	2,141,876
Return on other fixed income securities	**13,925,081**	17,795,428
	15,925,084	19,937,304
Available for sale investments		
Dividend income	**15,217,585**	10,387,793
(Loss)/Gain on sale of investments	**(43,413,678)**	2,048,209
	(28,196,093)	12,436,002
Unrealized profit on re-measurement of investments at fair value through profit and loss	**3,844,098**	6,878,224
Reversal of /(provision) for impairment in available for sale investments	**64,737,599**	(66,762,828)
Provision for impairment in held to maturity investments	**(2,505,723)**	-
Investment related expenses	**(2,191)**	(167,160)
Net investment Income/(loss)	**51,095,806**	(28,173,734)

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

Abdul Waheed	**Ejaz Ahmed Khan**	**Maj. Gen. Saeed Ahmed Khan (Retd.)**	**Lt. Gen. Imtiaz Hussain (Retd.)**
President & Chief Executive	Director	Director	Chairman

Notes to the Financial Statements
For the year ended 31 December 2010

1 STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Company is engaged in general insurance business. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 17 branches in Pakistan. Army Welfare Trust (AWT) directly and indirectly holds a significant portion of the Company's equity.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format prescribed under the Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

3 STATEMENT OF COMPLIANCE

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

4 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds which are measured at their present values.

4.1 Use of estimates and judgments

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

Actual results may differ from their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

4.1.1 Income tax

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

4.1.2 Fixed assets and depreciation

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

4.1.3 Outstanding claims including incurred but not reported (IBNR)

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

4.1.4 Premium deficiency reserves

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

4.1.5 Defined benefits plan

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method.

4.1.6 Impairment of investment

Available for sale

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

Associate

The Company determines that a significant or prolonged decline in the fair value of its investments in associate below their cost is an objective evidence of impairment. The impairment loss is recognized when the carrying value exceeds higher of fair value less cost to sell or value in use.

Held to maturity

Investments held to maturity are reviewed for impairment at year end and any losses arising from impairment is recognized if the management assesses that the carrying amount of the investment is not recoverable.

4.1.7 Provision against premiums due but unpaid

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

4.1.8 Classification of investment

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

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

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

4.2 Functional and presentation currency

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

4.3 Initial application of a standard, amendment or an interpretation to an existing standard and forthcoming requirements

4.3.1 Initial application of a standard or an interpretation

Company has applied International Accounting Standard (IAS) 40 Investment property on property classified from owner: occupied property to investment property (Refer note 16).

Further, amendments to IFRS 7-Financial instruments : Disclosure become effective resulting in increased disclosure.

Following standards, interpretations and amendments become effective during the year. However these amendments to IFRS and interpretations did not have any material effect on the Company's financial statements.

Improvements to IFRSs 2009

- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- Amendments to IFRS 8 Operating Segments
- Amendments to IAS 1 Presentation of Financial Statements
- Amendments to IAS 7 Statement of Cash Flows
- Amendments to IAS 17 Leases
- Amendments to IAS 36 Impairment of Assets
- Amendments to IAS 39 Financial Instruments: Recognition and Measurement
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

  Additional Executions for First-time Adopter
- Amendment to IFRS 2 Sharebased Payment- Group Cash settled Share-based payment Transactions
- Amendments to IAS 32 Financial Instruments: Presentation- Classification of Right Issues IFRIC 19 Extinguishing Financial Liabilities with Equity Instrument
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters
- Improvements to IFRSs 2010-Amendments to IFRS 3 Business Combinations

- Improvements to IFRSs 2010-Amendments to IAS 27 Consolidated and separate Financial Statements
- IAS 24 Related Party Disclosures (revised 2009)

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

The following standards, amendments and interpretations of accounting standards are effective for accounting periods beginning on or after January 1, 2011:

- Amendments to IAS 32 Financial Instruments: Presentation-Classification of rights issues (effective February 01, 2010)
- IFRIC 19 Extinguishing Financial Liabilities with equity instruments (effective July 01, 2010)
- IAS 24 Related Parties Disclosures (revised 2009) (effective January 01, 2011)
- Amendments to IFRIC 14 IAS 19 - The limit on a Defined Benefit assets, Minimum Funding Requirements and their Interaction (effective January 01, 2011)
- Amendments to IAS 12 - Deferred tax on investment property (effective January 01, 2012)
- Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets (effective July 01, 2011)
- Improvements to IFRSs 2010 - In May 2010, the IASB issued improvements to IFRSs 2010, which comprise of 11 amendments to 7 standards. Effective dates, early application and transitional requirements are addressed on a standard by standard basis. The majority of amendments are effective for annual periods beginning on or after January 01, 2011. The amendments include list of events or transactions that required disclosures in the interim financial statements and fair value of award credits under the customer loyalty programmers to take into account the amount of discounts or incentives that otherwise would be offered to customers that have not earned the award credits. Certain of these amendments may result in increased disclosures in the financial statements.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

5.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from policy holders by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders. The Company enters into the insurance contract for following class of business:

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

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

5.1.1 Premium

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

Premium income included administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued.

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

5.1.2 Reinsurance ceded

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

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

Reinsurance assets are not offset against related insurance liabilities, income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets. Reinsurance liabilities or assets are derecognized when the contractual rights are extinguished or expire.

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

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

5.1.3 Claims expense

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

The Company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims,

claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimates and the claims actually reported subsequent to the balance sheet date.

5.1.4 Reinsurance recoveries against claims

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

5.1.5 Commission

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

5.1.6 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense / income in profit and loss account for the year.

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

- Fire and property damage	35%
- Marine, aviation and transport	25%
- Motor	60%
- Health	75%
- Miscellaneous	20%

Based on an analysis of combined operating ratio for the expired year of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

5.2 Provision for unearned premium

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

5.3 Dividend income and gain/loss on trading

Dividend income is recognized when right to receive the dividend is established. Gain/loss on sale of investments which represents the difference between the carrying value of investments and the actual sale proceeds are included in the profit and loss account in the year in which these are sold.

5.4 Return on investment- held to maturity and bank deposits

Return on investments- held to maturity and bank deposits is recognized on a time proportion basis.

5.5 Receivables

Receivables are stated at cost less provision for impairment. Known bad debts are written off while provision is made for debts considered doubtful of recovery.

5.6 Fixed assets

Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress, which is stated at cost less impairment. Depreciation is charged on depreciable amount over the useful life of the asset by applying reducing balance method at the following rates:

Furniture and fixtures	10%
Computer and office equipment	35%
Vehicles	20%
Leasehold improvements	33%

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work in progress is stated at cost less any impairment in value. It consists of advances made to supplier in respect of tangible and intangible fixed assets.

The Company was charging full year depreciation on the assets purchased in the first half of the year and no depreciation in the second half of the year. Similarly, on the assets sold during the first half of the year, no depreciation was charged during that year and on the assets sold in the second half of the year, full year depreciation was charged. This policy has been revised in the current year whereby the Company now charges depreciation on monthly basis where full month depreciation is charged in the month of purchase and no depreciation is charged in the month of disposal.

This change in estimate has been accounted for in these financial statements as per the requirements of International Accounting Standard 8 'Accounting Policies, Change in Accounting Estimates and Errors'. Had this change in accounting estimate not been carried out, depreciation charge would have been higher by Rs. 1.908 million, the profit would have been reduced by this amount and the written down value of the fixed assets of the Company would have been reduced accordingly.

Owned- Intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

Leased

The Company has leased certain vehicles. Leases where the Company has substantially all the risks and rewards are classified as finance lease. Assets and liabilities under finance leases are accounted for by recording the assets and related liabilities at the amounts determined on the basis of lower of the fair value of assets and present value of minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any. Finance charges are allocated over the year of lease term so as to provide constant yearly rate of financial charge on the outstanding liability. Depreciation is charged on the leased assets on the basis similar to that of the owned assets.

5.7 Investments

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

- Investments held to maturity
- Investments at fair value through profit and loss-Held for trading
- Investments available for sale
- Investment in associates

All 'regular way' purchases and sales of financial assets are accounted for at settlement date.

5.7.1 Held to maturity

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

5.7.2 Investments at fair value through profit and loss

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the year in which it arises.

5.7.3 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. Investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity are classified as available for sale. It also includes investments in associated undertakings where the Company does not have significant influence. The Company follows settlement date accounting for regular way purchase and sales' of investments. Subsequent to initial recognition at cost, quoted investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan on 12 December 2002. Had the Company adopted IAS 39 "Financial Instruments: Recognition and Measurement " the investments available for sale as of 31 December 2010 would have been higher by Rs. 917,742 (2009: higher by Rs. 189,525) with the corresponding increase in equity by the same amount. The Company's available for sale investments represent investment in mutual funds. Investment in the units of these funds is valued at their respective redemption/ repurchase price.

5.7.4 Investment in associates

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

5.8 Investment Property

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

5.9 Taxation

Current

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

Deferred taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences. unused tax losses and tax credits can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

5.10 Employees’ retirement benefits

5.10.1 Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2010.

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

Discount rate	13% per annum
Expected return on plan assets	12% per annum
Expected rate of increase in salary	13% per annum
Average expected remaining working life time of the employee	7 years
Mortality rate	EFU (61-66)

The Company recognizes the actuarial gains or losses over the expected remaining working life of the employees when it exceeds the corridor limit as required in IAS-19

During the year, the Company has charged Rs. 5,485,404 (2009: Rs. 4,923,566) on account of gratuity expense.

5.10.2 Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year. During the year, the Company contributed Rs. 4,276,884 (2009: Rs. 3,966,399) to the employees provident fund.

5.11 Compensated absences

Provisions for compensation absences, determined by actuary, are made annually to cover the obligation for compensated absences and charged to profit and loss account. The latest actuarial valuation was carried out as at 31 December 2010.

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

Discount rate	13% per annum
Expected rate of increase in salary	13% per annum
Average number of leaves accumulated per annum	9 days
Mortality rate	EFU (61-66)

During the year, the Company has charged Rs. 5,450,010 (2009: Rs. 4,084,874) on account of staff compensated absences.

5.12 Management expenses

Expenses of management have been allocated to various revenue accounts on equitable basis.

5.13 Earnings per share

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

5.14 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules. 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. The Company has following business segments.

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

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

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

Accident and health provides inpatient and outpatient medical coverage.

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

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

5.15 Foreign currency transactions

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

5.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of statement of cash flows, cash and cash equivalents comprise of cash in hand, deposit accounts with banks and stamps in hand.

5.17 Creditors, accruals and provisions

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

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

5.18 Impairment

A financial asset is assessed at each balance sheet date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. All impairment losses are recognized in the profit and loss account. 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.

5.19 Financial instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

5.20 Off setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.21 Distribution and appropriations

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

6 PAID UP SHARE CAPITAL

2010	2009		2010	2009
Number of Shares			---------Rupees---------	
7,614,005	7,614,005	Ordinary Shares of Rs. 10 each issued as fully paid in Cash	**76,140,050**	76,140,050
12,763,487	12,763,487	Ordinary Shares of Rs. 10 each issued as fully paid bonus shares	**127,634,870**	127,634,870
20,377,492	20,377,492		**203,774,920**	203,774,920

Army Welfare Trust (AWT) and Askari Bank Limited held 5,739,041 (2009: 5,739,041) and 5,094,348 (2009: 5,094,348) ordinary shares of the Company respectively at the year end.

	Note	2010	2009
		---------Rupees---------	
7 DEFERRED LIABILITY- STAFF COMPENSATED ABSENCES	7.1	**6,950,909**	12,294,231

7.1 Movement in liability

	Note	2010	2009
Balance at beginning of the year		**12,294,231**	11,496,305
Charge for compensated absences	7.1.1	**5,450,010**	4,084,874
Benefits paid/adjusted during the year		**(10,793,332)**	(3,286,948)
Balance at end of the year		**6,950,909**	12,294,231

7.1.1 Charge for compensated absences

	2010	2009
Current service cost	**1,881,606**	2,636,943
Interest cost	**1,465,725**	1,724,446
Loss due to settlements during the year	**1,842,117**	-
Actuarial loss	**260,562**	(276,515)
	5,450,010	4,084,874

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

	2010	2009	2008	2007	2006
	---------Rupees---------				
Present value of obligation	**6,950,909**	12,294,231	11,496,305	9,894,411	7,558,701

8 OTHER CREDITORS AND ACCRUALS

	Note	2010	2009
		---------Rupees---------	
Agents' commission payable	8.1	**37,175,661**	23,001,948
Security deposit against bond insurance		**42,919,831**	35,162,260
Staff gratuity fund	8.2	**30,005**	661,028
Staff provident fund payable		**16,782**	-
Tax deducted at source		**1,741,235**	1,253,667
Federal excise duty/ Federal insurance fee		**9,246,158**	8,099,367
Workers' welfare fund		**1,801,293**	712,584
		92,930,965	68,890,854

8.1 This includes an amount of Rs. 1,183,415 (2009: Rs. 314,034) representing the unsecured balance on account of commission payable to an associated undertaking.

8.2 Staff gratuity fund

8.2.1 The amount recognized in the balance sheet is determined as follows:

	Note	2010	2009
		---------Rupees---------	
Present value of defined benefit obligation	8.2.3	**23,431,253**	20,452,975
Benefits due but not paid during the year		**1,684,249**	-
Fair value of plan assets	8.2.4	**(18,465,704)**	(12,057,734)
Net actuarial losses not recognized		**(6,619,793)**	(7,734,213)
		30,005	661,028

8.2.2 Movement in liability recognized in balance sheet

	Note	2010	2009
Balance at beginning of the year		**661,028**	413,124
Expense for the year	8.2.6	**5,485,404**	4,923,566
Contributions to the fund		**(6,116,427)**	(4,675,662)
Balance at end of the year		**30,005**	661,028

8.2.3 Reconciliation of the present value of defined benefits obligations

	2010	2009
Present value of obligations as at 01 January	**20,452,975**	19,770,196
Current service cost	**3,665,273**	3,108,870
Interest cost	**2,454,357**	2,965,529
Benefits paid	**(2,027,459)**	(4,948,605)
Benefits due but not paid	**(1,684,249)**	-
Actuarial loss / (gain)	**570,356**	(443,015)
Present value of obligations as at 31 December	**23,431,253**	20,452,975

8.2.4 Movement in fair value of plan assets

	2010	2009
Fair value of plan assets as at 01 January	**12,057,734**	11,335,550
Expected return on plan assets	**1,446,928**	1,700,333
Contribution to the fund	**6,116,427**	4,675,662
Benefits paid	**(2,027,459)**	(4,948,605)
Actuarial gain/(loss)	**872,074**	(705,206)
Fair value of plan assets as at 31 December	**18,465,704**	12,057,734

8.2.5 Actual return on plan assets

	2010	2009
Expected return on assets	**1,446,928**	1,700,333
Actuarial gain/(loss)	**872,074**	(705,206)
	2,319,002	995,127

8.2.6 Charge for the year

	2010	2009
Current service cost	**3,665,273**	3,108,870
Interest cost	**2,454,357**	2,965,529
Expected return on plan assets	**(1,446,928)**	(1,700,333)
Actuarial losses recognized	**812,702**	549,500
Expense for the year	**5,485,404**	4,923,566

8.2.7 Composition of fair value of plan assets

	2010		2009	
	Fair value Rupees	**Percentage**	Fair value Rupees	Percentage
Debt instruments	**2,955,889**	**16%**	2,881,563	24%
Cash and bank balances	**1,284,965**	**7%**	309,207	3%
Others	**14,224,850**	**77%**	8,866,964	74%
Fair value of plan net assets	**18,465,704**		12,057,734	

8.2.8 Historical data of the fund

	2010	2009	2008	2007	2006
	---------Rupees---------				
Present value of defined benefit obligation	**(23,431,253)**	(20,452,975)	(19,770,196)	(14,894,122)	(12,481,435)
Fair value of plan assets	**18,465,704**	12,057,734	11,335,550	11,860,383	8,359,134
Deficit	**(4,965,549)**	(8,395,241)	(8,434,646)	(3,033,739)	(4,122,301)
Experience adjustments					
- Actuarial loss on obligation	**(6,619,793)**	(7,734,213)	(8,021,522)	(3,215,591)	(3,295,165)
- Actuarial gain/(loss) on assets	**872,074**	(705,206)	(4,331,231)	272,433	20,310

8.2.9 The estimated contribution to the fund for the year ending 31 December 2011 is Rs.5.17 million.

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2010		
	Minimum lease payments	**Finance charges allocable to future years**	**Principal outstanding**
	--------------------Rupees--------------------		
Not later than one year	-	-	-
Later than one year but not later than five years	-	-	-
Total	-	-	-

	2009		
	Minimum lease payments	Finance charges allocable to future years	Principal outstanding
	--------------------Rupees--------------------		
Not later than one year	757,882	35,585	722,297
Later than one year but not later than five years	-	-	-
Total	757,882	35,585	722,297

9.1 The Company entered into various lease agreements for vehicles that were fully paid during the year. The Company exercised that option to purchase assets at completion of leased term.

10 CONTINGENCIES AND COMMITMENTS

Contigencies

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

Certain cases against the Company are pending before various courts of law. However, management is confident of a favourable outcome.

Commitments

No commitments exist at the balance sheet date.

	Note	**2010**	2009
11 CASH AND OTHER EQUIVALENTS		--------Rupees-------	
Cash in hand		**384,760**	146,370
Stamps in hand		**60,994**	160,105
		445,754	306,475
12 CURRENT AND OTHER ACCOUNTS			
Cash at bank:			
- on current accounts		**15,224,128**	22,435,423
- on deposit accounts	12.1	**75,081,547**	90,035,376
	12.2	**90,305,675**	112,470,799

12.1 These carry effective markup rate ranging from 5% to 11.5% per annum (2009 : 9% per annum).

12.2 These include balance amounting to Rs. 43,279,780 (2009: Rs.43,315,637) held with associated company.

13 DEPOSITS MATURING WITHIN 12 MONTHS

	Note	2010	2009
Term deposit	13.1	**500,000**	1,500,000

13.1 These carry effective markup rate of 6% per annum (2009 : 12.14% per annum).

14 ADVANCES TO EMPLOYEES

	Note	2010	2009
Secured, considered good;			
Employees			
- Executives	14.1	**52,210**	44,508
- Others		**2,106,424**	4,152,927
		2,158,634	4,197,435

14.1 These represents short term interest free advances given in accordance with term of employment. The maximum amount due from executives at the end of any month during the year was Rs. 414,014 (2009: Rs. 300,000).

		Note	2010	2009
15	**INVESTMENTS**		---------Rupees----------	
	These are made up as follows:			
	Held to maturity	15.1	**136,295,066**	155,038,029
	Fair value through profit and loss - held for trading	15.2	**18,500,929**	19,483,473
	Available for sale	15.3	**287,399,985**	224,421,097
	Investment in associated company	15.4	**15,575,880**	14,663,924
			457,771,860	413,606,523
15.1	**Held to maturity**			
	Government securities	15.1.1	**25,000,000**	25,000,000
	Certificates of investment	15.1.2	**16,218,441**	21,713,441
	Term finance certificates - Quoted	15.1.3	**106,205,040**	116,947,280
			147,423,481	163,660,721
	Less: Provision for impairment	15.1.2	**(11,128,415)**	(8,622,692)
			136,295,066	155,038,029
15.1.1	Government securities			
	Pakistan investment bonds (PIBs)	15.1.1.1	**25,000,000**	25,000,000

15.1.1.1 PIBs are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub section 2 of section 29 of Insurance Ordinance, 2000. The rate of return on PIBs is 8% per annum and having maturity of 10 years with remaining maturity period of 3 years and 4 months. Profit is payable bi-annually. Market value of PIBs at the year end was Rs. 21.22 million (2009: Rs. 26.02 million).

15.1.2 This carries interest rate ranging from 5% to 9% per annum having maturity for a period 3 months to 1.5 years (2009: 3 months to 2.5 years). Investment in COIs issued by the associated company amounts to Rs. Nil (2009: Rs.5,495,000). The Company has created a provision against certificates of investment. The movement in provision is given as under:

	2010	2009
	---------Rupees----------	
Opening balance	**8,622,692**	8,622,692
Charge during the year	**2,505,723**	-
Closing balance	**11,128,415**	8,622,692

15.1.3 **Term finance certificates - Quoted**

Number of certificates 2010	Number of certificates 2009	Face Value per certificate Rupees	Redemption value per certificate Rupees	Company's Name	2010	2009
60	60	100,000	25,000	Standard Chartered Bank (Pakistan) Limited	**1,500,000**	4,195,200
1500	1500	5,000	4,742	Standard Chartered Bank (Pakistan) Limited	**7,113,000**	7,489,500
1	1	10,000,000	9,976,000	Bank Al-Habib Limited	**9,976,000**	9,980,000
2000	2000	5,000	4,988	United Bank Limited	**9,976,940**	9,980,800
4000	4000	5,000	4,999	United Bank Limited	**19,995,600**	19,996,400
2500	2500	5,000	4,988	Bank Alfalah Limited	**12,471,200**	12,476,000
1500	1500	5,000	4,990	Bank Alfalah Limited	**7,485,600**	7,488,480
1500	1500	5,000	4,989	Soneri Bank Limited	**7,483,500**	7,486,500
-	2000	5,000	-	Al-Zamin Leasing Modaraba	**-**	3,400,000
3000	3000	5,000	4,160	Pakistan Mobile Communications Limited	**12,480,000**	14,979,000
1400	1400	5,000	3,743	Faysal Bank Limited	**5,240,200**	6,987,400
1500	1500	5,000	4,994	Faysal Bank Limited	**7,491,000**	7,494,000
1000	1000	5,000	4,992	Allied Bank Limited	**4,992,000**	4,994,000
				Book value	**106,205,040**	116,947,280
				Market value	**101,770,024**	110,711,601

The market values is determined as per rates quoted by Mutual Funds Association of Pakistan on 31 December 2010.

Maturity year, effective yield and profit payment on these investments is as follows:

Company's Name	Rating	Maturity Year	Effective Yield %	Profit Payment	Market Value Rupees
Standard Chartered Bank (Pakistan) Limited	AAA	2011	10.75%	Half yearly	**1,497,866**
Standard Chartered Bank (Pakistan) Limited	AAA	2013	14.26%	Half yearly	**7,180,566**
Bank Al-Habib Limited	AA	2012	10.00%	Half yearly	**9,460,131**
United Bank Limited	AA	2012	8.45%	Half yearly	**9,220,917**
United Bank Limited	AA	2013	9.49%	Half yearly	**17,520,605**
Bank Alfalah Limited	AA-	2012	13.72%	Half yearly	**12,326,497**
Bank Alfalah Limited	AA-	2013	13.70%	Half yearly	**7,350,926**
Soneri Bank Limited	A+	2013	13.98%	Half yearly	**7,354,058**
Pakistan Mobile Communications Limited	A+	2013	15.37%	Half yearly	**12,477,766**
Faysal Bank Limited	AA-	2013	14.16%	Half yearly	**5,212,453**
Faysal Bank Limited	AA-	2013	13.62%	Half yearly	**7,264,607**
Allied Bank Limited	AA-	2014	14.31%	Half yearly	**4,903,632**
					101,770,024

15.2 Fair value through profit and loss- held for trading

Investment in shares/ units - Quoted

No. of shares/ units 2010	No. of shares/ units 2009	Face value (Rupees)	Company's Name	Market value 2010 (Rupees)	2010 (Rupees)	2009 (Rupees)
10,000	-	10	Adamjee Insurance Company Limited	**875,000**	**882,033**	-
-	22,446	10	Summit Bank Limited	**-**	**-**	538,908
10,025	10,025	10	Arif Habib Securities Limited	**249,522**	**1,340,160**	1,340,160
50,000	50,000	10	Atlas Bank Limited	**81,500**	**851,420**	851,420
17,120	12,120	10	Attock Cement Limited	**1,080,443**	**1,450,145**	1,164,245
6,500	2,900	10	Attock Refinery Limited	**810,420**	**807,142**	456,133
-	368	10	Azgard Nine Limited	**-**	**-**	9,598
3,007	-	10	Fatima Fertilizer Company Limited	**33,918**	**-**	-
38,000	38,000	10	Byco Petroleum Pakistan Limited	**428,260**	**851,467**	851,467
14,550	4,550	10	Century Insurance Company Limited	**163,979**	**470,632**	310,732
22,998	33,000	10	Chenab Limited	**71,754**	**438,742**	629,554
20,400	20,400	10	D.G.Khan Cement	**615,468**	**1,095,396**	1,314,475
10,000	10,000	10	Dost Steels Limited	**27,000**	**337,509**	337,509
10,000	-	10	EFU General Insurance Company Limited	**440,400**	**431,948**	-
40,000	40,000	10	Fauji Cement Company Limited	**200,800**	**780,334**	780,334
-	39,000	10	Fauji Fertilizer Bin Qasim Limited	**-**	**-**	1,193,790
55,200	46,000	10	Faysal Bank Limited	**860,568**	**2,149,954**	2,149,954
16,500	16,500	10	Flying Cement Company Limited	**29,700**	**246,649**	246,649
-	92,000	10	IGI Investment Bank Limited	**-**	**-**	1,136,923
10,000	-	10	International Industries Limited	**598,500**	**577,800**	-
27,000	27,000	10	Invest and Finance Securities Limited	**194,130**	**1,135,757**	1,135,757
19,032	19,032	10	Jahangir Siddiqui & Company Limited	**207,449**	**2,196,883**	2,196,883
2,518	2,518	10	Javed Omer Vohra & Co Limited	**10,072**	**124,825**	124,825
13,300	10,000	10	JS Bank Limited	**34,314**	**196,134**	196,134
3,219	3,219	10	JS Global Capital Limited	**90,808**	**890,258**	890,258
17,000	1,000	10	JS Investment Limited	**113,560**	**197,727**	21,632
70,000	70,000	10	Lafarge Pakistan Cement	**224,700**	**914,933**	914,933
59,000	59,000	10	Maple Leaf Cement Factory Limited	**169,330**	**906,612**	906,612
8,470	7,700	10	MCB Bank Limited	**1,935,734**	**2,257,290**	2,257,290
49,000	49,000	10	Mukhtar Textile Mills Limited	**38,220**	**230,323**	230,323
7,300	9,840	10	National Bank of Pakistan	**560,786**	**708,271**	1,493,322

No. of shares/ units 2010	2009	Face value (Rupees)	Company's Name	Market value 2010	2010	2009
					---Rupees---	
5,000	14,000	10	National Refinery Limited	**1,368,950**	**1,593,621**	4,462,140
34,320	34,320	10	Netsol Technologies INC.	**656,542**	**2,986,262**	2,986,262
28,241	28,241	10	NIB Bank Limited	**83,311**	**545,856**	545,856
71,975	51,975	10	Nishat Chunnian Limited	**1,635,272**	**2,080,644**	1,706,743
-	1,000	10	Nishat Mills Limited	**-**	**-**	66,259
14,000	9,000	10	Pak Suzuki Motor Company Limited	**977,480**	**3,279,355**	2,898,707
-	60	10	Pakistan Oilfield Company Limited	**-**	**-**	19,386
23,718	38,718	10	Pakistan Premier Fund	**213,699**	**223,099**	364,194
-	4,666	10	Pakistan Refinery Limited	**-**	**-**	1,166,585
44,800	16,500	10	Pakistan Reinsurance Company Limited	**728,000**	**1,583,233**	909,197
38,322	49,000	10	Pakistan Telecommunication Company Limited	**744,213**	**1,529,645**	2,341,698
27,625	27,625	10	Pervez Ahmed Securities Limited	**59,118**	**1,381,656**	1,381,656
36,775	36,775	10	PICIC Growth Fund	**487,269**	**1,361,395**	1,361,395
9,000	4,000	10	Sitara Peroxide Limited	**119,250**	**173,686**	101,586
23,180	23,180	10	Soneri Bank Limited	**192,626**	**822,324**	822,324
22,446	-	10	Summit Bank Limited	**85,519**	**538,908**	-
15,000	15,000	10	Tariq Glass Industries Limited	**307,800**	**433,652**	433,652
-	6,720	5	Thal Limited	**-**	**-**	937,768
40,250	30,250	10	The Bank of Punjab	**394,853**	**2,337,437**	2,232,137
4,200		10	Treet Corporation Limited	**252,210**	**249,606**	-
16,718	16,718	10	WorldCALL Telecom Limited	**48,482**	**297,484**	297,484
				18,500,929	**43,888,207**	48,714,849
			Un-realized loss on re-measurement of investments to fair value		**(25,387,278)**	(29,231,376)
			Carrying value		**18,500,929**	19,483,473

15.3 Available for sale

Investment in mutual funds

No. of units 2010	2009	Face value (Rupees)	Investee Name	Market value 2010	2010	2009
					---Rupees---	
2,740,812	-	10	ABL Cash Fund	**27,424,292**	**27,565,079**	-
5,111,718	899,164	10	ABL Income Fund	**51,166,254**	**51,081,372**	9,000,000
-	539,731	50	AKD Opportunity Fund	**-**	**-**	35,306,555
20,949	-	500	Alfalah GHP Cash Fund	**10,498,314**	**10,605,187**	-
210,000	210,000	10	Atlas Fund of Funds	**1,833,300**	**2,000,000**	2,000,000
-	6,393	500	Atlas Islamic Fund	**-**	**-**	3,586,519
-	12,363	500	Atlas Stock Market Fund	**-**	**-**	7,932,300
14,433	14,433	100	Dawood Money Market Fund	**1,244,284**	**1,491,925**	1,491,925
25,000	-	100	Faysal Money Market Fund	**2,513,250**	**2,500,000**	-
116,150	101,000	10	First Dawood Mutual Fund	**1,138,270**	**1,000,000**	1,000,000
-	84,690	100	First Habib Income Fund	**-**	**-**	8,877,319
-	112,241	100	JS Capital Protected Fund	**-**	**-**	11,568,457
50,000	500,000	100	JS Large Capital Fund	**4,072,000**	**5,000,000**	5,000,000
182,378	-	100	KASB Cash Fund	**18,421,475**	**18,281,043**	-
-	22,042	100	KASB Islamic Income Fund	**-**	**-**	2,250,193
-	60,627	100	KASB Liquid Fund	**-**	**-**	6,249,248
205,966	-	100	MCB Cash Management Optimizer Fund	**21,051,296**	**21,038,258**	-
-	180,529	50	Meezan Islamic Fund	**-**	**-**	11,504,662
-	1,834,254	10	NAFA Cash Fund	**-**	**-**	19,167,758
-	519,579	10	NAFA Govt. Securities Liquid Fund	**-**	**-**	5,196,961
-	2,520,933	10	NAFA Multi Asset Fund	**-**	**-**	32,132,472
-	935,976	10	NAFA Stock Fund	**-**	**-**	12,938,537
-	542,721	10	National Investment Trust (NIT)	**-**	**-**	33,078,908

No. of units 2010	No. of units 2009	Face value (Rupees)	Investee Name	Market value 2010	2010	2009
					--------Rupees-------	
1,049,402	179,023	50	Pakistan Cash Management Fund	**52,810,109**	**52,498,078**	9,000,065
25,000	-	100	PICIC Cash Fund	**2,513,547**	**2,500,000**	-
-	306,827	50	Reliance Income Fund	**-**	**-**	16,112,439
-	394,041	100	UBL Composite Islamic Fund	**-**	**-**	44,702,271
883,375	-	100	UBL Liquidity Plus Fund	**88,511,315**	**88,864,272**	-
50,000	-	100	UBL Saving Income Fund	**5,120,025**	**5,000,000**	-
-	106,646	100	UBL Stock Advantage Fund	-	**-**	13,087,336
				288,317,731	**289,425,214**	291,183,925
			Provision for impairment in available for sale investments (Note 15.3.1)		**(2,025,229)**	(66,762,828)
			Carrying value		**287,399,985**	224,421,097
			Market Value		**288,317,731**	224,610,622

15.3.1 The provision for impairment in available for sale investment amounting to Rs. 64.737 million was reversed during the year.

15.4 Investment in associated company

No. of units 2010	No. of units 2009	Face value (Rupees)	Investee name	2010	2009
				--------Rupees-------	
-	53,323	100	Askari Income Fund	-	5,663,924
149,111	87,389	100	Askari Sovereign Cash Fund	**15,575,880**	9,000,000
			Carrying value	**15,575,880**	14,663,924
			Market Value	**15,575,880**	14,663,924

15.4.1 The summarized financial information of associated companies on the basis of un-audited financial statements for the half year ended 31 December 2010 are as follows:

	Askari Sovereign Cash Fund 2010	Askari Sovereign Cash Fund 2009	Askari Income Fund 2010	Askari Income Fund 2009
	------------Rupees------------			
Total assets	**2,363,107,201**	1,098,266,607	**1,291,579,136**	2,487,252,547
Total liabilities	**9,059,390**	2,911,930	**8,302,167**	391,371,657
Net assets	**2,354,047,811**	1,095,354,677	**1,283,276,969**	2,095,880,890
Revenue for the period	**108,025,090**	35,653,664	**25,047,876**	88,535,279
Net income for the period	**128,317,438**	33,771,693	**20,245,327**	58,981,972

16 INVESTMENT PROPERTY

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

	2010	2009
	--------Rupees-------	
Cost		
Balance at beginning of the year	**-**	-
Addition during the year	**52,400,000**	-
Balance at end of the year	**52,400,000**	-
Depreciation		
Balance at beginning of the year	**-**	-
Charge for the year	**109,167**	-
Balance at end of the year	**109,167**	-
Carrying value	**52,290,833**	-

16.1 The market value of the investment property is Rs. 65.500 million as on 31 December 2010 as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years. The amount of Depriciation has been allocated to general and administration expenses.

17 DEFERRED TAXATION

	Note	2010	2009
		--------Rupees-------	
Deferred tax asset arising in respect of:			
Provision for impairment in held to maturity investments		**877,003**	-

18 PREMIUMS DUE BUT UNPAID - UNSECURED, CONSIDERED GOOD

	Note	2010	2009
Premiums due but unpaid- unsecured, considered good	18.1	**220,880,356**	144,129,463

18.1 This includes premium amounting of Rs. 10.08 million (2009: Rs. 8.74 million) receivable from the associated undertakings, the movement of which is as under:

	Note	2010	2009
		--------Rupees-------	
Balance at beginning of the year		**8,739,383**	5,901,898
Insurance premium written (including government levies administrative surcharge and policies stamps)		**64,819,434**	51,504,502
Premium received during the year		**(63,473,530)**	(48,667,017)
Balance at end of the year		**10,085,287**	8,739,383

19 SUNDRY RECEIVABLES

	Note	2010	2009
Security deposits		**858,521**	832,541
Advances to suppliers - unsecured, considered good		**259,996**	109,101
Receivable from staff provident fund		**-**	1,636,665
Receivable against sale of vehicles		**24,158,353**	-
Other receivables- unsecured, considered good	19.1	**2,412,286**	33,956,277
		27,689,156	36,534,584

19.1 This includes Rs. Nil (2009: Rs. 27.702 million) receivable from mutual funds against encashment of investments which was received during the year 2010. This also includes Rs. 1,260,348 (2009: Rs. 6,455) receivable from Askari Securities Limited maintained as revolving fund for trading of shares.

20 FIXED ASSETS-TANGIBLES AND INTANGIBLES

	Tangible					Intangible		
	Owned Assets			Leased Assets				
	Furniture & Fixtures	Computers and Office Equipment	Motor Vehicles	Leasehold Improvements	Motor Vehicles	Software License	Capital Work in Progress	TOTAL
	Rupees							
COST								
Balance as at 01 January 2009	16,402,985	28,019,124	74,022,034	10,537,484	5,870,149	-	51,541,995	186,393,771
Additions during the year	336,900	5,580,768	6,720,046	2,701,282	-	3,888,334	5,999,000	25,226,330
Disposals	-	(808,926)	(5,781,800)	-	(360,000)	-	-	(6,950,726)
Transfers/adjustments	-	300,000	920,000	1,669,995	(920,000)	-	(1,969,995)	-
Balance as at 31 December 2009	16,739,885	33,090,966	75,880,280	14,908,761	4,590,149	3,888,334	55,571,000	204,669,375
Balance as at 01 January 2010	**16,739,885**	**33,090,966**	**75,880,280**	**14,908,761**	**4,590,149**	**3,888,334**	**55,571,000**	**204,669,375**
Additions during the year	**312,711**	**10,149,320**	**70,000**	**1,128,180**	**-**	**-**	**3,841,707**	**15,501,918**
Disposals	**-**	**(459,064)**	**(62,804,229)**	**-**	**-**	**-**	**-**	**(63,263,293)**
Transfers/adjustments	**107,825**	**583,085**	**4,590,149**	**40,000**	**(4,590,149)**	**-**	**(53,130,910)**	**(52,400,000)**
Balance as at 31 December 2010	**17,160,421**	**43,364,307**	**17,736,200**	**16,076,941**	**-**	**3,888,334**	**6,281,797**	**104,508,000**
DEPRECIATION AND AMORTIZATION								
Balance as at 01 January 2009	7,014,898	17,446,002	30,792,050	1,872,700	2,281,594	-	-	59,407,244
Charge for the year	966,117	4,459,123	9,320,672	4,106,174	586,639	64,806	-	19,503,531
Depreciation on disposals	-	(734,709)	(3,974,682)	-	(175,680)	-	-	(4,885,071)
Transfers/adjustments	-	-	448,960	-	(448,960)	-	-	-
Balance as at 31 December 2009	7,981,015	21,170,416	36,587,000	5,978,874	2,243,593	64,806	-	74,025,704
Balance as at 01 January 2010	**7,981,015**	**21,170,416**	**36,587,000**	**5,978,874**	**2,243,593**	**64,806**	**-**	**74,025,704**
Charge for the year	**891,129**	**7,223,538**	**6,641,080**	**3,190,512**	**-**	**777,667**	**-**	**18,723,926**
Depreciation on disposals	**-**	**(352,704)**	**(35,536,729)**	-	**-**	**-**	**-**	**(35,889,433)**
Transfers/adjustments	**-**	**-**	**2,243,593**	**-**	**(2,243,593)**	**-**	**-**	-
Balance as at 31 December 2010	**8,872,144**	**28,041,250**	**9,934,944**	**9,169,386**	**-**	**842,473**	**-**	**56,860,197**
Carrying value as at 31 December 2009	8,758,870	11,920,550	39,293,280	8,929,887	2,346,556	3,823,528	55,571,000	130,643,671
Carrying value as at 31 December 2010	**8,288,277**	**15,323,057**	**7,801,256**	**6,907,555**	**-**	**3,045,861**	**6,281,797**	**47,647,803**
Annual rate of depreciation	**10%**	**35%**	**20%**	**33%**	**20%**	**20%**		

20.1 Depreciation and amortization is allocated as follows

	Note	2010	2009
		Rupees	
Management expenses	22	**10,094,251**	14,830,116
General and administration expenses	24	**8,629,675**	4,673,415
		18,723,926	19,503,531

20.2 Capital work in progress includes Rs. 5,457,500 (2009: Rs. 2,920,000) relating to intangibles. Building amounting to Rs. 52,400,000 is also transferred from capital work in progress to investment property (refer note 16).

20.3 Detail of disposals of fixed assets during the year

Description of assets/ particulars of buyer	Cost	Accumulated Depreciation	Book Value	Sale proceeds	Gain on sale
		------Rupees------			
Vehicles					
To ex-employees, under the buy back option, as per company policy.					
Muhammad Fayyiaz Khan	884,500	552,400	332,100	500,000	167,900
Ikhtesas Ahmed Qazi	739,000	554,962	184,038	220,000	35,962
Muhammad Ajmal Khan	884,500	552,400	332,100	362,291	30,191
Sub Total	2,508,000	1,659,762	848,238	1,082,291	234,053
To current employees as per company policy.					
Sarfraz Ahmed Tarrar	969,000	547,291	421,709	491,167	69,458
Ch Imran Shahzad	383,900	324,410	59,490	100,000	40,510
Muhammad Shafi	600,000	273,600	326,400	380,160	53,760
Waseem Ahmed	355,000	314,500	40,500	100,000	59,500
Mian Asif Majeed	843,200	476,239	366,961	427,401	60,440
Shahjahan Fareed	370,000	208,976	161,024	187,546	26,522
M. Shahbaz Khan	590,368	269,208	321,160	374,057	52,897
Mohammad Asif	380,761	173,627	207,134	241,250	34,116
Naeem Ahmed	385,640	175,852	209,788	244,342	34,554
Kamran Khan	555,000	400,417	154,583	180,044	25,461
Anwar ur Rehman	783,500	643,835	139,665	162,669	23,004
Munawar Iqbal	560,000	460,175	99,825	116,268	16,443
Hassan Zaheer	883,200	575,705	307,495	358,141	50,646
Aslam Ikram Zai	883,200	575,705	307,495	358,141	50,646
Shah Rukh	969,000	631,633	337,367	392,933	55,566
Syed Qaisar Shah	806,400	709,724	96,676	112,599	15,923
Abdul Rauf Qadri	359,000	295,005	63,995	100,000	36,005
Muhammad Tariq	413,900	362,294	51,606	100,000	48,394
Mian Tahir Ahmed Tayyab	933,708	527,359	406,349	473,277	66,928
Azher Murad	560,451	316,543	243,908	284,082	40,174
Sohail Lodhi	555,000	456,067	98,933	115,228	16,295
M. Shahzad Malik	270,000	175,997	94,003	109,486	15,483
Abdul Rehman	844,500	476,974	367,526	428,060	60,534
Ehsanullah Warraich	925,000	421,800	503,200	586,080	82,880
Qamar Ikram Sheikh	560,000	316,288	243,712	283,853	40,141
Tahir ul Haq	1,488,230	453,834	1,034,396	1,193,238	158,842
Asif Bajwa	555,000	400,417	154,583	405,000	250,417
Syed Qamber Ali	383,900	324,410	59,490	100,000	40,510
Zameer Haider Mirza	740,000	533,892	206,108	240,055	33,947
Mubashir ul Hassan	884,500	576,553	307,947	358,668	50,721
Shahzad Munawar	844,500	476,974	367,526	428,060	60,534
Nouman Muhammad	851,500	388,284	463,216	539,511	76,295
Qaseemullah	876,084	399,494	476,590	555,088	78,498
Naeem Gul	855,500	390,108	465,392	542,045	76,653
Muhammad Kashif	75,287	11,293	63,994	100,000	36,006
Nasir Ehsan	908,000	414,048	493,952	575,309	81,357
Syed Hadi Hussain	845,180	477,358	367,822	428,405	60,583
Asif Sultan	560,451	319,603	240,848	280,518	39,670
Mian Arif Tanveer	944,500	419,064	525,436	611,978	86,542
Asim Zia Alam	969,000	631,633	337,367	392,933	55,566
Nafees Ahmed	585,489	266,983	318,506	370,966	52,460
Zahid Ali Sheikh	377,000	120,640	256,360	298,584	42,224
Bashir Ahmed	849,000	659,824	189,176	220,334	31,158
Younas Bashir	849,000	659,824	189,176	220,334	31,158

	Cost	Accumulated Depreciation	Book Value	Sale proceeds	Gain on sale	Mode of Disposal
Yasir Arafat	560,000	255,360	304,640	354,816	50,176	
Abid Hussain	372,100	169,678	202,422	235,763	33,341	
Haroon Anwar Khawaja	833,500	543,309	290,191	337,987	47,796	
Mustafa Kamal	355,000	256,123	98,877	115,163	16,286	
Hanif Zafri	1,042,000	679,217	362,783	422,536	59,753	
Shaikh Abdul Wahab	1,042,000	679,217	362,783	422,535	59,752	
Noor Afsar	272,384	87,163	185,221	215,728	30,507	
Jamil Ahmed	855,302	390,017	465,285	541,920	76,635	
Syed Imran Abid	600,000	273,600	326,400	380,160	53,760	
Mrs. Rubina Rizvi	1,396,400	209,460	1,186,940	1,233,175	46,235	
Mirza Nazim Baig	884,500	576,553	307,947	358,669	50,722	
Atta ur Rehman	377,300	172,045	205,255	239,062	33,807	
Sohail Khaliq	610,500	534,816	75,684	100,000	24,316	
Ikram ul Haq	309,600	99,072	210,528	245,203	34,675	
Irfanullah Siddiqui	260,000	187,583	72,417	100,000	27,583	
Waseemullah	849,000	612,530	236,470	275,418	38,948	
Taqi ud Din	616,000	280,896	335,104	390,298	55,194	
Ch Muhammad Iqbal	884,500	576,552	307,948	358,669	50,721	
Malik Muhammad Ashraf	560,000	316,288	243,712	283,853	40,141	
M. Riaz Khan	555,000	313,464	241,536	281,317	39,781	
Sohail Khalid	851,500	388,284	463,216	539,510	76,294	
Mrs Samina Khan	560,000	460,175	99,825	116,266	16,441	
Syed Tazeem Hussain	568,000	370,245	197,755	230,326	32,571	
Asim Raza	355,000	314,500	40,500	100,000	59,500	
Muhammad Ali Somroo	555,000	361,771	193,229	225,055	31,826	
Iftikhar Durrani	855,500	390,108	465,392	542,045	76,653	
Ahmed Bilal Anwar	856,900	724,112	132,788	154,659	21,871	
Ch. Ramzan	616,000	280,896	335,104	390,298	55,194	
Ch Shams ul Haq	1,624,367	519,798	1,104,569	1,150,861	46,292	
Mrs Talat Raza	647,000	295,032	351,968	409,939	57,971	
Arslan Pasha	844,500	476,974	367,526	428,060	60,534	
Farmanullah	616,000	280,896	335,104	390,298	55,194	
Gul Dad Shah	833,500	601,347	232,153	675,000	442,847	
Arshad Tarrar	397,000	181,032	215,968	276,693	60,725	
Afsar Ali Zubairi	1,009,000	322,880	686,120	799,120	113,000	
Naeem Ahmed Bajwa	1,016,222	325,192	691,030	690,179	(851)	
Azhar Iqbal Bajwa	1,452,305	464,738	987,567	1,055,219	67,652	
Rana Shehbaz	1,426,500	650,484	776,016	903,830	127,814	
Rehman ul Haq	391,000	178,295	212,705	247,738	35,033	
Sub Total	58,892,229	32,833,162	26,059,067	30,785,178	4,726,111	
	Cost	**Accumulated Depreciation**	**Book Value**	**Sale proceeds**	**Gain on sale**	**Mode of Disposal**
	-----------------------------Rupees-----------------------------					
Other vehicles						
Claim adjustment	849,000	603,257	245,743	800,000	554,257	Theft
Claim adjustment	555,000	440,548	114,452	116,392	1,940	Theft
Sub Total	1,404,000	1,043,805	360,195	916,392	556,197	
Office Equipment						
Black Berry Mobile	49,900	7,277	42,623	-	(42,623)	Theft
Claim adjustment	11,900	4,393	7,507	7,507	-	Theft
Old Ac's (H.O)	130,530	126,348	4,182	22,000	17,818	Sold
Old Ac's (Khi)	266,734	214,686	52,048	17,000	(35,048)	Sold
Sub Total	459,064	352,704	106,360	46,507	(59,853)	
Total Disposals	**63,263,293**	**35,889,433**	**27,373,860**	**32,830,368**	**5,456,508**	

21 NET PREMIUM REVENUE

	Note	2010	2009
		--------Rupees--------	
Premium revenue (net of reinsurance)		**618,261,291**	780,744,823
Administrative surcharge	21.1	**21,639,984**	24,431,649
		639,901,275	805,176,472

21.1 Administrative Surcharge

	2010	2009
Fire and property damage	**2,864,004**	2,796,982
Marine, aviation and transport	**2,488,835**	2,242,612
Motor	**13,296,358**	16,063,758
Accident and Health	**1,822,975**	2,455,072
Miscellaneous	**1,167,812**	873,225
	21,639,984	24,431,649

22 MANAGEMENT EXPENSES

	Note	2010	2009
Salaries and other benefits	22.1	**98,486,418**	92,666,903
Rent expense		**16,022,897**	16,503,019
Communication		**9,683,786**	11,136,642
Printing and stationery		**1,666,938**	2,693,556
Traveling and entertainment		**2,662,462**	2,860,682
Depreciation and amortization	20.1	**10,094,251**	14,830,116
Repair and maintenance		**6,844,364**	5,946,328
Utilities		**5,594,921**	5,082,816
Advertisement		**230,264**	411,549
Legal and professional		**1,101,477**	836,615
Bank charges		**521,158**	698,870
Miscellaneous		**1,033,312**	1,334,385
		153,942,248	155,001,481

22.1 This includes charges for defined benefit plans and defined contribution plans amounting to Rs. 6,291,248 (2009: Rs. 5,405,064) and Rs. 2,306,218 (2009: Rs. 2,351,444) respectively.

23 OTHER INCOME

	Note	2010	2009
		--------Rupees--------	
Income from non-financial assets			
Gain on disposal of fixed assets	20.3	**5,456,508**	93,270
Liabilities written back		**-**	20,757,372
Miscellaneous		**777,365**	877,928
		6,233,873	21,728,570

24 GENERAL AND ADMINISTRATION EXPENSES

	Note	2010	2009
Salaries and other benefits	24.1	**65,103,351**	45,149,663
Rent expenses		**10,752,436**	6,593,296
Communication		**3,476,186**	3,068,222
Printing and stationery		**3,272,434**	2,336,748
Traveling and entertainment		**3,169,404**	3,335,264
Depreciation and amortization	16 & 20.1	**8,738,842**	4,673,415
Repair and maintenance		**3,096,429**	2,081,694
Legal and professional		**2,338,252**	2,601,292
Donation	24.2	**5,000,000**	-
Subscription		**3,554,879**	1,475,305
Utilities		**3,255,546**	1,602,119
Advertisement		**2,883,247**	2,926,791
Auditors' remuneration	24.3	**550,000**	660,000
Bank charges		**161,680**	447,706
Premium written off		**-**	12,141,025
Miscellaneous		**2,369,414**	1,390,002
		117,722,100	90,482,542

24.1 This includes charges for defined benefit plans and defined contribution plans amounting to Rs. 4,644,166 (2009: Rs.3,603,376) and Rs. 1,970,666 (2009: Rs.1,614,955) respectively.

24.2 This represents the donation given to Army Flood Relief Fund for flood victims. None of the directors and their spouse have any interest in donee institution.

		Note	2010	2009
24.3	**Auditors' remuneration**	**Note**	**--------Rupees--------**	
	Audit fee		**325,000**	325,000
	Half yearly review		**125,000**	125,000
	Other Certifications		**50,000**	60,000
	Tax advisory services		**-**	100,000
	Out of pocket expenses		**50,000**	50,000
			550,000	660,000
25	**PROVISION FOR TAXATION**			
	Current		**6,805,579**	(12,469,446)
	Deferred		**(877,003)**	-
		25.1	**5,928,576**	12,469,446
25.1	**Relationship between tax expense and accounting profit**			
	Profit / (Loss) for the year before taxation		**53,346,745**	(15,075,483)
	Tax at the applicable rate of 35% (2009: 35%)		**18,671,361**	(5,276,419)
	Tax effect of expenses that are not allowable in determining taxable income-net		**(11,096,285)**	21,385,834
	Tax effect of amounts chargeable to tax at reduced rate		**(1,646,500)**	(3,639,969)
			5,928,576	12,469,446

26 EARNING / (LOSS) PER SHARE - BASIC AND DILUTED

		2010	2009
Profit/(loss) after taxation	Rupees	**47,418,169**	(27,544,929)
Weighted average number of shares	Numbers	**20,377,492**	20,377,492
Earnings/(loss) per share	Rupees	**2.33**	(1.35)

26.1 There is no diluted effect on the basic earning per share of the Company.

27 TRANSACTIONS WITH RELATED PARTIES

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

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

Transactions with related parties during the year are given below:	2010	2009
	--------Rupees--------	
Insurance premium written (including government levies administrative surcharge and policies stamps)	**64,819,434**	51,504,502
Premium received during the year	**(63,473,530)**	(48,667,017)
Profit on deposit accounts	**3,229,254**	1,505,821
Bank charges	**550,718**	813,983
Interest income	**6,397**	865,020
Insurance commission expense	**1,183,415**	314,034
Insurance claims paid	**53,994,842**	19,010,514
Purchase of listed securities through broker, ASL including brokerage fee	**16,592,494**	7,257,148
Sale of listed securities through broker, ASL including brokerage fee	**17,871,101**	7,268,534
Investments made - held to maturity (included in note 15)	**-**	5,495,000
Investments made - available for sale (included in note 15)	**15,575,880**	14,663,924
Services acquired	**6,187,103**	5,984,605
Other :		
Contribution to staff retirement benefit funds	**9,762,288**	8,542,961

28 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2010			2009		
	Chief Executive	**Directors**	**Executives**	Chief Executive	Directors	Executives
	Rupees			Rupees		
Remuneration and bonus	3,294,269	-	5,360,541	2,243,883	-	2,286,974
Housing and utilities	1,563,090	-	2,369,859	1,441,682	-	1,845,872
Provision for leave encashment	368,634	-	574,452	20,856	-	305,826
Provident fund	237,829	-	359,064	13,247	-	176,666
Meeting fee	-	385,000	-	-	360,000	-
	5,463,822	**385,000**	**8,663,916**	3,719,668	360,000	4,615,338
No of person(s)	**1**	**7**	**7**	1	7	4

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

29 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

29.1 Financial risk

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

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

29.1.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintain conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2010	2009
	Rupees	
Bank	**90,805,675**	113,970,799
Investment	**457,771,860**	413,606,523
Premium due but unpaid	**220,880,356**	144,129,463
Amounts due from other insurers/reinsurers	**84,449,817**	28,707,468
Accrued investment income	**3,656,399**	4,988,832
Reinsurance recoveries against outstanding claims	**144,981,912**	76,151,749
Sundry receivables	**27,429,160**	36,425,483
	1,029,975,179	817,980,317

The Company did not hold any collateral against the above.

The age analysis of receivables is as follows

Up to 1 year	**284,257,487**	195,602,908
1-2 years	**43,007,254**	9,310,239
2-3 years	**5,754,587**	1,872,709
Over 3 years	**-**	2,476,554
	333,019,328	209,262,410

No provision exists against the receivables, as the Company based on the past experience concludes that provision is not required against receivables which are outstanding for more than one year.

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

	Rating		Rating Agency	2010	2009
	Short term	Long term		-------Rupees-------	
Askari Bank Ltd	A1+	AA	PACRA	**43,279,780**	43,315,637
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**485,872**	9,926,291
Summit Bank (Formerly 'Arif Habib Bank Limited')	A-2	A	JCR-VIS	**32,398,242**	55,098,758
Habib Bank Limited	A1+	AA+	JCR-VIS	**5,095,906**	4,015,556
Faysal Bank (Formerly 'Royal Bank of Scotland Limited')	A1+	AA	PACRA	**8,932,063**	42,164
MCB Bank Limited	A1+	AA+	PACRA	**124**	565
Meezan Bank Limited	A1	AA-	JCR-VIS	**465**	1,535
JS Bank Limited	A1	A	PACRA	**18,670**	17,850
Soneri Bank Limited	A1+	AA-	PACRA	**55,077**	52,443
Bank Alfalah Limited	A1+	AA	PACRA	**-**	1,000,000
First Women Bank Limited	A2	BBB+	PACRA	**500,000**	500,000
Silk Bank	A2	A-	JCR- VIS	**498**	-
Faysal Bank Ltd {Formerly RBS (formerly Prime Bank) Bank}	A1+	AA	PACRA	**38,978**	-
				90,805,675	113,970,799

Sector wise analysis of premiums due but unpaid

	2010	2009
Financial Services	**23,826,948**	12,983,216
Textile and composites	**12,620,019**	7,680,279
Pharmaceuticals	**3,251,822**	527,116
Engineering	**2,515,023**	3,645,420
Other manufacturing	**56,151,799**	24,329,959
Construction companies	**3,001,461**	1,047,384
Education	**22,756,275**	7,766,709
Development	**19,360,492**	19,210,659
Telecommunication	**1,867,774**	1,207,598
Other Services	**14,394,144**	9,920,854
Miscellaneous	**61,134,599**	55,810,269
	220,880,356	144,129,463

The credit quality of amount due from other insurers and reinsurers can be assessed with reference to external credit rating as follows:

	2010			2009
Rating	**Amount due from other insurer/ reinsurers**	**Reinsurance recoveries against outstanding claims**	**Aggregate**	Aggregate
	------------------------------	**Rupees**	------------------------------	
A or above (including PRCL)	78,671,182	144,981,912	**223,653,094**	100,541,062
Others	5,778,635	-	**5,778,635**	4,318,155
	84,449,817	144,981,912	**229,431,729**	104,859,217

Liquidity risk

29.1.2 Liquidity risk is the risk that the Company will not be able to meet its commitments associated with financial instruments when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any commitment as it arise. As at the balance sheet date the Company has cash and bank deposits of Rs. 91.2 million (2009: Rs. 114.2 million) and marketablesecurities of Rs. 305.9 million (2009: Rs. 243.9 million).

The following is the maturity analysis of financial liabilities:

	2010			
	Carrying amount	**Contractual cash flows**	**Up to one year**	**More than one year**
	Rupees			
Financial Liabilities				
Provision for outstanding claims (including IBNR)	**290,047,171**	**290,047,171**	**290,047,171**	**-**
Amounts due to other insurers/reinsurers	**181,930,127**	**181,930,127**	**181,930,127**	**-**
Accrued expenses	**5,386,633**	**5,386,633**	**5,386,633**	**-**
Other creditors and accruals	**92,930,965**	**92,930,965**	**92,930,965**	**-**
Unclaimed dividend	**830,102**	**830,102**	**830,102**	**-**
Other liabilities	**7,242,791**	**7,242,791**	**7,242,791**	**-**
	578,367,789	**578,367,789**	**578,367,789**	**-**

	2009			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees			
Financial Liabilities				
Provision for outstanding claims (including IBNR)	261,489,677	261,489,677	261,489,677	-
Amounts due to other insurers/reinsurers	56,211,135	56,211,135	56,211,135	-
Accrued expenses	2,073,890	2,073,890	2,073,890	-
Unclaimed dividend	834,251	834,251	834,251	-
Other creditors and accruals	68,890,854	68,890,854	68,890,854	-
Liabilities against assets subject to finance lease	722,297	757,882	757,882	-
Other liabilities	2,778,349	2,778,349	2,778,349	-
	393,000,453	393,036,038	393,036,038	-

29.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as interest/mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk. The Company is not exposed to material currency risk.

a) Interest/mark up rate risk

Interest/mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest/mark up rates. At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

	2010	2009	**2010**	2009
	Effective interest rate (%)		**Carrying amounts**	
			Rupees	
Saving accounts	**5% to 11.50%**	9%	**75,081,547**	90,035,376
Bank deposits	**6%**	8% to 12.14%	**500,000**	1,500,000
Investments	**5% to 15.43%**	5% to 18.51%	**136,295,066**	155,038,029
			211,876,613	246,573,405

The Company's financial liabilities are not exposed to interest/ mark up rate risk as at 31 December 2010.

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, Therefore, a change in interest rate will not effect the fair value of any financial instrument. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / increased profit/(loss) for the year by the amounts shown below:

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

	Changes in basis points	Profit before tax for the year Rupees
31 December 2010		
Variable rate financial assets	+ 100	**647,565**
	- 100	**(647,565)**
31 December 2009		
Variable rate financial liabilities	+ 100	**2,131**
	- 100	**(2,131)**
Variable rate financial assets	+ 100	**693,963**
	- 100	**(693,963)**

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to price risk since it has investments in quoted securities amounting to Rs. 305.9 million (2009: Rs. 243.9 million) at the balance sheet date. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments subject to price risk are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost, investment in associates which are carried under equity method and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The table below summarizes the Company's price risk as of 31 December 2010 and 2009 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results may be worst in Company's quoted investment portfolio because of the nature of equity markets.

Had all the quoted investments, other than held to maturity and associated investments, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase/ (decrease) in shareholders' equity	Hypothetical increase/ (decrease) in profit/ (loss) before tax
	Rupees		--------------------Rupees--------------------		
31 December 2010	**306,818,660**	**10 % increase**	**337,500,526**	**28,831,773**	**1,850,093**
		10 % decrease	**276,136,794**	**(28,831,773)**	**(1,850,093)**
31 December 2009	244,094,095	10 % increase	268,503,505	22,461,062	1,948,347
		10 % decrease	219,684,686	(22,461,062)	(1,948,347)

29.1.4 Fair value of financial instruments

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

The basis for determining the fair values is as follows

Fair value hierarchy

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

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

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

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

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs.18,500,929 (2009: 19,483,473) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1.

Determination of fair values

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

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

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

Available for sale investment

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

Held to maturity investment

Fair value for held to maturity investment except for Term Finance Certificates (TFC) is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. Fair values for TFC is estimated as per rates quoted by Mutual Funds Association of Pakistan for 31 December 2010. The fair values are determined for disclosure purposes.

Non-derivatives financial assets and liabilities

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

29.1.5 Capital Management

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

	2010	2011
	-------Rupees-------	
Minimum paid up capital requirement at each year end	**250,000,000**	**300,000,000**

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

Further, the Company has subsequently issued right shares of Rs. 50.943 million for which the process was started in year 2010. Share deposit money received till year end is disclosed on as 'Deposit against issue of shares'. Company received the complete amounts of Rs. 50.943 million subsequent to the year end and the funds were injected in Company's operations on 22 February 2011.

29.2 Insurance risk

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

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

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

(a) Frequency and severity of claims

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

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

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

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

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

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

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

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

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

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

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

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

(c) Sensitivity analysis

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

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

	Decrease in profit / Increase in loss before tax		(Decrease) / Increase in shareholders' equity	
	2010	2009	**2010**	2009
10% increase in loss	Rupees			
Net				
Fire & property damage	**(2,238,673)**	(1,825,063)	**(1,455,138)**	(1,186,291)
Marine Aviation & transport	**(1,281,245)**	(810,366)	**(832,809)**	(526,738)
Motor	**(23,271,371)**	(24,238,825)	**(15,126,391)**	(15,755,236)
Accident & Health	**(11,279,078)**	(24,884,842)	**(7,331,400)**	(16,175,147)
Miscellaneous	**(518,593)**	(459,749)	**(337,085)**	(298,837)
Treaty Non Proportional	**-**	(23,790)	**-**	(15,464)
	(38,588,960)	(52,242,635)	**(25,082,823)**	(33,957,713)
10% decrease in loss				
Net				
Fire & property damage	**2,238,673**	1,825,063	**1,455,138**	1,186,291
Marine Aviation & transport	**1,281,245**	810,366	**832,809**	526,738
Motor	**23,271,371**	24,238,825	**15,126,391**	15,755,236
Accident & Health	**11,279,078**	24,884,842	**7,331,400**	16,175,147
Miscellaneous	**518,593**	459,749	**337,085**	298,837
Treaty Non Proportional	**-**	23,790	**-**	15,464
	38,588,960	52,242,635	**25,082,823**	33,957,713

Concentration of insurance risk

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

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

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

	Gross sum insured		Reinsurance		Net	
	2010	2009	**2010**	2009	**2010**	2009
	Rupees in '000					
Fire & property damage	**129,512,114**	104,410,887	**112,893,378**	84,656,346	**16,618,736**	19,754,540
Marine, aviation & transport	**69,432,343**	61,114,893	**49,519,147**	28,243,228	**19,913,196**	32,871,665
Motor	**16,539,282**	15,752,323	**322,516**	315,046	**16,216,766**	15,437,277
Miscellaneous	**49,641,726**	22,720,347	**45,883,491**	16,558,355	**3,758,235**	6,161,992
	265,125,465	203,998,450	**208,618,532**	129,772,976	**56,506,933**	74,225,474

Claims development table

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

Analysis on gross basis

Accident year	2007	2008	2009	2010	**Total**
	---Rupees---				
Estimate of ultimate claims cost:					
At end of accident year	94,420,141	123,448,238	72,270,018	59,097,670	**349,236,067**
One year later	65,144,512	115,949,641	76,355,592		**257,449,745**
Two years later	65,367,395	116,567,575	-	-	**181,934,970**
Three years later	65,369,709	-	-	-	**65,369,709**
Estimate of cumulative claims	65,369,709	116,567,575	76,355,592	59,097,670	**317,390,546**
Cumulative payments to date	65,334,709	99,085,073	71,390,017	16,821,833	**252,631,632**
Liability recognized in the balance sheet	35,000	17,482,502	4,965,575	42,275,837	**64,758,914**

Notes to the Financial Statements
For the year ended 31 December 2010

30 SEGMENT REPORTING

(Amounts in Rupees)

The following table presents revenue and profit information regarding segments for the years ended 31 December 2010 and 2009 and estimated information regarding certain assets and liabilities of the segments as at 31December 2010 and 2009.

	Fire and property damage		Marine, aviation and transport		Motor		Accident and Health		Miscellaneous		Treaty - Non-proportional		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
REVENUE														
Net premium revenue	**43,322,885**	49,373,651	**25,036,085**	38,506,395	**407,625,619**	420,143,153	**146,118,104**	274,724,159	**17,798,582**	22,429,604	-	(490)	**639,901,275**	805,176,472
Segment result	**19,757,830**	19,207,472	**8,578,811**	22,637,672	**47,000,202**	63,375,503	**15,329,886**	(41,578,400)	**18,470,482**	15,352,899	-	(238,030)	**109,137,211**	78,757,116
Investment income													**51,095,806**	(28,173,734)
Other income													**6,233,873**	21,728,570
Profit on bank deposits													**5,150,369**	3,393,185
Share of profit in associated company													**575,880**	650,003
Finance cost													**(35,585)**	(235,497)
Unallocated general and administration expenses													**(117,722,100)**	(90,482,542)
													(54,701,757)	(93,120,015)
Profit before Workers Welfare Fund													**54,435,454**	**(14,362,899)**
Workers Welfare Fund													**(1,088,709)**	(712,584)
Profit before tax													**53,346,745**	(15,075,483)
Provision for taxation													**(5,928,576)**	(12,469,446)
Profit after tax													**47,418,169**	(27,544,929)
OTHER INFORMATION														
Segment assets	**36,655,429**	33,030,098	**21,182,994**	25,760,096	**344,891,432**	281,068,331	**123,630,311**	183,785,598	**15,059,354**	15,005,008	-	(328)	**541,419,520**	538,648,803
Unallocated corporate assets													**912,514,041**	657,102,281
Consolidated total assets													**1,453,933,561**	1,195,751,084
Segment liabilities	**72,389,448**	53,400,601	**41,833,511**	41,647,004	**681,113,312**	454,410,323	**244,152,922**	297,130,854	**29,740,160**	24,258,978	-	(530)	**1,069,229,353**	870,847,230
Unallocated corporate liabilities													**68,871,361**	56,492,556
Consolidated total liabilities													**1,138,100,714**	927,339,786
Capital expenditure	**789,425**	1,179,025	**456,205**	919,519	**7,427,709**	10,032,870	**2,662,548**	6,560,316	**324,324**	535,611	-	(12)	**11,660,211**	19,227,330
Unallocated capital expenditure													**6,281,797**	55,571,000
Depreciation and amortization	**1,275,047**	1,195,962	**736,843**	932,728	**11,996,931**	10,176,993	**4,300,438**	6,654,555	**523,834**	543,305	-	(12)	**18,833,093**	19,503,531

31 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 15 March 2011.

32 GENERAL

32.1 Corresponding figure, wherever necessary, have been rearranged and reclassified to reflect more appropriate presentation of events and transactions. Significant re-classification made is as follows:

Other liabilities amounting to Rs. 68,890,854 has been reclassified to other creditors and accruals for better presentation and disclosure.

Figures have been rounded off to the nearest Pak Rupee unless otherwise stated.

32.2 The Board of Directors in their meeting held on 15 March 2011 have announced issuance of bonus shares at the rate of 10 percent (2009: Nil).

Abdul Waheed President & Chief Executive	**Ejaz Ahmed Khan** Director	**Maj. Gen. Saeed Ahmed Khan (Retd.)** Director	**Lt. Gen. Imtiaz Hussain (Retd.)** Chairman

Pattern of Shareholding

As at 31 December 2010

No. of Shareholders	From	To	Total Share Held
345	1	100	13,602
724	101	500	164,253
197	501	1,000	139,830
276	1,001	5,000	578,024
56	5,001	10,000	413,383
15	10,001	15,000	180,477
13	15,001	20,000	236,226
10	20,001	25,000	230,930
6	25,001	30,000	169,665
6	30,001	35,000	195,374
2	35,001	40,000	76,290
3	40,001	45,000	128,577
2	45,001	50,000	96,841
1	50,001	55,000	51,410
4	60,001	70,000	268,214
2	70,001	80,000	155,818
1	80,001	105,000	83,119
1	105,001	110,000	106,770
1	110,001	115,000	113,642
2	135,001	140,000	138,398
1	165,001	170,000	338,000
1	170,001	175,000	170,482
1	180,001	185,000	180,723
1	195,001	200,000	200,000
1	455,001	460,000	457,730
1	705,001	710,000	708,985
1	1,900,001	1,910,000	1,907,157
1	2,045,001	2,050,000	2,048,252
1	5,090,001	5,095,000	5,090,280
1	5,735,001	5,740,000	5,735,040
1677			**20,377,492**

Category of Shareholders

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,646	5,161,183	25.33
Insurance Companies	-	-	-
Financial Institutions	6	5,306,593	26.04
Charitable Trust	1	5,735,040	28.14
Others	24	4,174,676	20.49
Total	**1,677**	**20,377,492**	**100.00**

Note 1: Individuals include 7 Directors holding 7,834 Shares out of which 6 Directors holding 6,534 shares in their capacity as nominee of Army Welfare Trust and Askari Bank Limited. The ultimate ownership remains with respective Company/Trust.

Pattern of Shareholding

Information required under Code of Corporate Governance
Categories of Shareholders

Particulars	No. of Shareholders	Shares Held	Percentage
Associated undertakings			
Army Welfare Trust	1	5,735,040	28.144
Askari Bank Limited	1	5,090,280	24.980
Askari Securties Limited	1	79	0.000
NIT/ICP	-	-	-
Directors & Chief Executive			
Lt. Gen. Imtiaz Hussain (Retd.)	1	1,000	0.005
Maj. Gen. Saeed Ahmed Khan (Retd.)	1	1,000	0.005
Brig. Javed Qayum (Retd.)	1	1,000	0.005
Brig. Tariq Sher (Retd.)	1	1,000	0.005
Mr. Ejaz Ahmad Khan	1	500	0.002
Syed Suhail Ahmad Rizvi	1	2,034	0.010
Mr. Abdul Hai Mahmood Bhaimia	1	1,300	0.006
Executives	1	2,034	0.010
Public Sector Companies and Corporations (other than specified above)	-	-	-
Banks, Development Finincial Institutions, Non Banking Finincial Institutions, Insurance Companies, Modarbas & Mutual Funds (other than specified above)	4	216,234	1.061
Individuals	1,638	5,151,315	25.279
Others	24	4,174,676	20.488
Paid up Capital	**1,677**	**20,377,492**	**100.000**

Note 2: There have been no trade in the shares of the Company, carried out by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouse and minor children.

Branch Network

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(Underwriting /Claims Deptt.,
askari health)
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Chowk one unit, Bahawalpur.
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Hyderabad (022)
1st Floor, Gul Centre,
Thandi Sarak, Hyderabad.
Ph: 2729689 Fax: 2783976
e-mail: agicohyd@agico.com.pk

Form of Proxy

I/We ______________________________ of ______________________________ being Member(s) of askari general insurance co.ltd, holding __________ ordinary shares, hereby appoint Mr./Mrs./Miss ______________________________ of ______________________________ or failing him/her ______________________________ of ______________________________ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 16th Annual General Meeting of the Company to be held on Wednesday April 20, 2011 at 10:00 a.m and at any adjournment thereof.

Folio No.	CDC Account No.		Signature on Rs. 5.00 Revenue Stamp
	Participant ID	Account No.	
			(Signature should agree with the specimen signature registered with the Company)

As we witness my/our hand this ________________ day of ______________________________ 2011

Signed by the said ______________________________

Witness : 1.2,   1.   2.

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

Notes:

1. A Member is entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
2. The instrument appointing a proxy duly completed, together with Power of Attorney, if any, under which it is signed or a notarially certificate copy thereof, should be deposited with the Company Secretary, askari general insurance company limited, 4th Floor, AWT Plaza, The Mall, Rawalpindi, not later than 48 hours before the time of holding the meeting.
3. CDC account holders will further have to comply with the guidelines as laid down by the Circular No.1 dated 26 January 2000 issued by Securities and Exchange Commission of Pakistan.
4. If a member appoints more than one proxy, and more than one instruments of proxy, are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

AFFIX
CORRECT
POSTAGE

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

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