Jubilee
GENERAL INSURANCE

Moving Beyond

ANNUAL REPORT
2011

Jubilee General Insurance Company Limited

(formerly New Jubilee Insurance Company Limited)

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Proxy Form

Jubilee General is the only top Pakistani insurer with the distinction of being assigned “AA” rating with “Positive Outlook” by both PACRA and JCR-VIS

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Corporate Information

Chairman of the Board of Directors	Towfiq H. Chinoy	(Non-Executive Director)
Directors	Akbarali Hashwani Sadruddin Hashwani Masood Noorani Akbarali Pesnani John Joseph Metcalf R. Zakir Mahmood Aly Noormahomed Rattansey	(Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director) (Non-Executive Director)
President & Managing Director (Chief Executive)	Tahir Ahmed	(Executive Director)
Company Secretary	Atiq Anwar Mahmudi	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder	
Legal Advisor	Surridge & Beecheno	
Bankers	Habib Bank Limited Standard Chartered Bank (Pakistan) Ltd. United Bank Limited Soneri Bank Limited Faysal Bank Limited Bank Alfalah Limited MCB Bank Limited	
Share Registrar	THK Associates (Pvt) Ltd Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi. Tel: 35689021, 35686658	
Head Office / Registered Office	2nd Floor, Jubilee Insurance House I.I. Chundrigar Road, Karachi, Pakistan UAN : (92-21) 111 - 654 - 111 Tel : (92-21) 32416022-26 Fax : (92-21) 32416728, 32438738 E-Mail : info@jubileegeneral.com.pk Website : www.jubileegeneral.com.pk	

Board of Directors

Towfiq H. Chinoy
Chairman

Director since: 27-08-1997

Other engagements:

Chairman
Pakistan Cables Limited
Packages Limited

Managing Director / Chief Executive
International Steels Limited

Director / Trustee
Linde Pakistan Ltd
Jubilee Life Insurance Company Ltd
IGI Investment Bank Ltd
HBL Asset Management Ltd
Pakistan Centre for Philanthropy
Mohatta Palace Gallery Trustee

Tahir Ahmed
Managing Director & Chief Executive

Director since: 09-07-2005

Other engagements:

Vice Chairman
Pakistan Insurance Institute

Akbarali Hashwani
Director

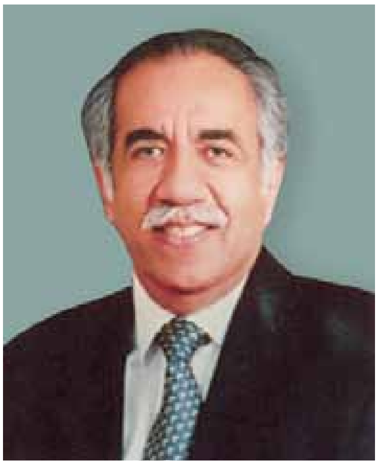
Director since: 17-11-1979

Other engagements:

Chief Executive / Proprietor
Landmark Spinning Industries Ltd
Syndicate Trading Company

Director
Regent Textile Industries Ltd
Ittehad Cement Industries Ltd
Hassan Ali & Co. Cotton (Pvt) Ltd
Coronet Enterprises (Pvt) Ltd
Hashwani Construction Company (Pvt) Ltd
Beaumont Enterprises (Pvt) Ltd
Marvel Enterprises (Pvt) Ltd
Stonyx (Pvt) Ltd
Periclase (Pvt) Limited

Board of Directors



Sadruddin Hashwani
Director

Director since: 17-11-1979

Other engagements:

Chairman & Chief Executive
Hashwani Hotels Ltd
Zaver Petroleum Corporation Ltd
Ocean Pakistan Ltd

Chairman/Director
Gelcaps (Pakistan) Ltd
Hassan Ali & Co. (Pvt) Ltd
Hassan Ali (Grains) (Pvt) Ltd
Hashoo Limited
Hashoo Holdings (Pvt) Ltd
Hashoo International (Pvt) Ltd
Noor Properties (Pvt) Ltd
Zaver Chemicals Ltd
Zaver Mining Company (Pvt) Ltd
Pakistan Services Ltd
Pearl Continental Hotels (Pvt) Ltd
Trans Air Travels (Pvt) Ltd
Pearl Tours & Travels (Pvt) Ltd
Zaver Power (Pvt) Ltd
O P I Gas (Pvt) Ltd
Zaver Oils Ltd
Pakistan Services (Azad Kashmir) Ltd

Masood Noorani
Director

Director since: 28-01-1982

Other engagements:

Chairman/Director
Jubilee Life Insurance Company Ltd

Sole Proprietor
Noorani Associates

Akbarali Pesnani
Director

Director since: 15-08-2002

Other engagements:

Chairman
Aga Khan Cultural Services Pakistan
Greentech Solution (Pakistan) Ltd
The First Micro Finance Bank Ltd

Director
Cherat Cement Co. Ltd
Cherat Packaging Ltd
Mirpurkhas Sugar Mills Ltd
Greaves Pakistan (Private) Ltd
Greaves CNG (Private) Ltd
Air Asia Ltd
Air Safira Ltd
Industrial Promotion Services (Pakistan) Ltd

John Joseph Metcalf
Director

Director since: 28-02-2007

Other engagements:

Director
Jubilee Life Insurance Company Ltd
Jubilee Holding, Kenya
Jubilee Insurance Company, Kenya
Jubilee Insurance, Tanzania
Jubilee Insurance, Uganda
Jubilee Insurance, Mauritius

R. Zakir Mahmood
Director

Director since: 25-06-2008

Other engagements:

President & Chief Executive
Habib Bank Limited

Chairman
Habib Bank Financial Services (Pvt) Ltd
Habib Allied International Bank Plc, UK
Habib Finance International Bank Limited, Hong Kong

Director
First Women Bank Limited
Khushhali Bank

Member
Pakistan Banks Association

Council Member
Institute of Banker's Pakistan

Aly Noormahomed Rattansey
Director

Director since: 25-06-2008

Other engagements:

Chairman
Aga Khan Rural Support Programme

Director
Rural Support Programme Network
Askari Bank Limited
Jubilee Life Insurance Company Ltd

Vision

To enable people overcome uncertainty

Mission

Provide solutions to protect the future

Values

Teamwork
Integrity
Excellence
Passion

Strategic Objectives

Jubilee General is a growth-oriented leading insurance company of Pakistan. Our strategic objective is to increase our market share without compromising on level of service to our customers and profitability. We aim to achieve our objective by diversifying our portfolios, relying on niche areas by developing new products, sustaining profitable growth through employee training and continuously improving service to our customers.

Company
Profile

Jubilee General Insurance Company Limited, established in 1953, is one of the most reputed and brightest names in the insurance sector. The Company has changed its corporate name from "New Jubilee Insurance Company Limited" to "Jubilee General Insurance Company Limited" from October 17, 2011 to create a strong brand identity. Sustained growth over half a century has secured Jubilee General a place among the "Big Three" Pakistani insurers in terms of gross direct premium and financial base. Jubilee General is listed on the Karachi and Lahore Stock Exchanges. Major shareholders include, Aga Khan Development Network, Aga Khan Fund for Economic Development and Hashoo Group. Jubilee General, with its Head Office in Karachi, has an extensive and dynamic branch network in all major cities and towns of Pakistan that guarantees prompt service at the customer's doorstep.

Jubilee General is the only company to secure and sustain an Insurer Financial Strength Rating of "AA" both with "Positive Outlook" by PACRA and JCR-VIS. During the last six years Jubilee General has grown at double the industry average growth rate.

In 2003, Jubilee General became the first Pakistani insurance company to acquire a foreign company when it took over the Pakistan operations of CGU International Insurance plc.

The company prides itself in its long-standing reinsurance arrangements and relationships with internationally renowned reinsurers such as Swiss Re, SCOR, Lloyds, Hannover Re and Mitsui Sumitomo Re. The company is also supported by internationally acclaimed reinsurance brokers including AON Group, Willis, Marsh and UIB.

With a broad spectrum of services available, Jubilee General's client-base comprises prominent national and multinational corporations operating in Pharmaceutical, Chemical, Textile, Cement, Services (Hospitals & Hotels), Oil & Energy, Manufacturing, FMCG, Engineering, Banking and Financial sectors.

At Jubilee General, diversity is maintained through underwriting all classes of general insurance including property, marine, motor, engineering, health and general accident. Jubilee General not only offers wide risk coverage, but also provides related risk management services delivered by highly qualified and experienced risk managers. Jubilee General has developed unique and innovative insurance solutions to meet the growing consumer financing trends of the economy. From auto financing to personal loans, mortgages to plastic cards, and trade finance to capital investment finance, Jubilee General has the customised solutions to secure entire operations, product range and transactions of all financial institutions. With the stream of upcoming power, engineering and infrastructure development projects on the national level, our Engineering & Bonds Department, comprising of the most experienced engineers in the industry, is geared to provide technical and financial security to this vital sector. Furthermore, we have also introduced many consumer insurance products in the areas of SME's and Personal Lines.
As pioneers in Group Health Insurance, Jubilee General continues to develop new, flexible and customised plans to suit the diverse needs of our many blue chip Pakistani companies and multinational clients. Jubilee General has recently modified its health insurance products with better coverage and scalable limits. Jubilee General continues to innovate in terms of product development and distribution channels, as well as customer service which is the corner stone of our business philosophy. In this regard, during the last couple of years we have introduced numerous value-added services, including:

- Comprehensive Free Tracker Package for Auto Insurance Customers
- SMSCare - Claims Alert Service
- Online Claim Intimation Services
- Online Complaint Handling and Feedback Service
- Online Premium Calculators
- Online Proposal Forms

The true test of the soundness of insurance coverage is the duration of client relationships. This is proven by the fact that many valued clients have been with us for over 40 years. Clients are satisfied knowing that Jubilee General is their best security.

Jubilee General's business philosophy can be summed up as Customer Protection, Customer Satisfaction and Customer Trust. This is acquired largely by the ability to handle claims effectively. The customer focus and pro-active management approach in all areas of business, allows Jubilee General to underwrite and handle claims in an expeditious and efficient manner.

Insurance Products

Property Insurance

- Fire & Allied Perils
- Burglary
- Business Interruption following Fire & Allied Perils
- Property All Risk
- Industrial All Risk

Marine Insurance

- Marine Cargo Import
- Marine Cargo Export
- Marine Cargo Inland Transit
- Marine Umbrella Liability
- Marine Advance Loss of Profit
- Seller's Contingency
- Marine Hull
- Pleasure Craft Policy
- Sports Craft Policy

Motor

- Private Car Comprehensive
- Commercial Vehicle Comprehensive
- Motorcycle Comprehensive
- Motor Third Party Liability

Engineering Insurance

- Contractor's All Risks
- Comprehensive Projects
- Advance Loss of Profit following CAR/EAR
- Comprehensive Machinery
- Erection All Risks
- Machinery Breakdown (MBD)
- Boiler & Pressure Vessel
- Business interruption following MBD
- Computer & Electronic Equipment
- Contractor's Plant & Machinery

Bonds

- Bid Bond
- Mobilisation Advance Bond
- Performance Bond
- Maintenance Bond
- Customs Bond
- Excise Bond
- Supply Bond
- Retention Money Bond
- Utility Bond

Group Health Insurance

- Comprehensive Dread Disease Expense Benefit
- Comprehensive Hospitalisation Expense Benefit
- Maternity Expenses Benefit
- Out-Patient Expenses Benefit

Specialised Insurance Policies

- Banker's Blanket Bond
- Computer Crime
- Plastic Card
- Safe Deposit Box
- Foreign Currency Exchange
- Comprehensive Security Guard Co.
- Kidnap & Ransom
- Terrorism
- Crop
- Hotel Owner's All Risks
- Professional Indemnity
- Directors' & Officers' Liability
- Residual Value
- Energy Risk
- Protection & Indemnity Insurance
- Prize Money
- Event Cancellation
- Network Operator's Policy
- Submarine Cable Policy
- Off Shore Construction Project
- Control of Well Policy
- Livestock Insurance

Miscellaneous Insurance

- Cash in Safe
- Cash in Transit
- Cash on Counter
- Neon Sign
- Plate Glass
- Workmen's Compensation
- General Public Liability
- Product Liability
- Employer's Residual Liability
- Fidelity Guarantee
- Golfer's Policy
- Aviation
- Travel
- All Risks
- Commercial General Liability

Personal Lines Insurance

- Self Care
- Self Care Plus
- HomeCare
- ShopCare
- ShopCare Plus
- EduCare
- AllCare
- ViaCare
- SehatCare
- CellCare

Management Team

Sitting Left to right

Muhammad Jamshaid Tahir	Assistant Vice President
Muhammad Razzak Chaudhary	Senior Vice President
Hashim M Shamim	Advisor
Muhammad Uzair Mirza	Executive Vice President
Atiq Anwar Mahmudi	Executive Director
Tahir Ahmed	Managing Director
Azfar Arshad	Executive Vice President
Mahboob Parvez	Joint Executive Vice President
Syed Imran Rabbani	Joint Executive Vice President
Muhammad Afzaluddin	Executive Vice President
Syed Sohail Ahmed	Executive Vice President
Mohammed Abdul Basit	Joint Senior Vice President

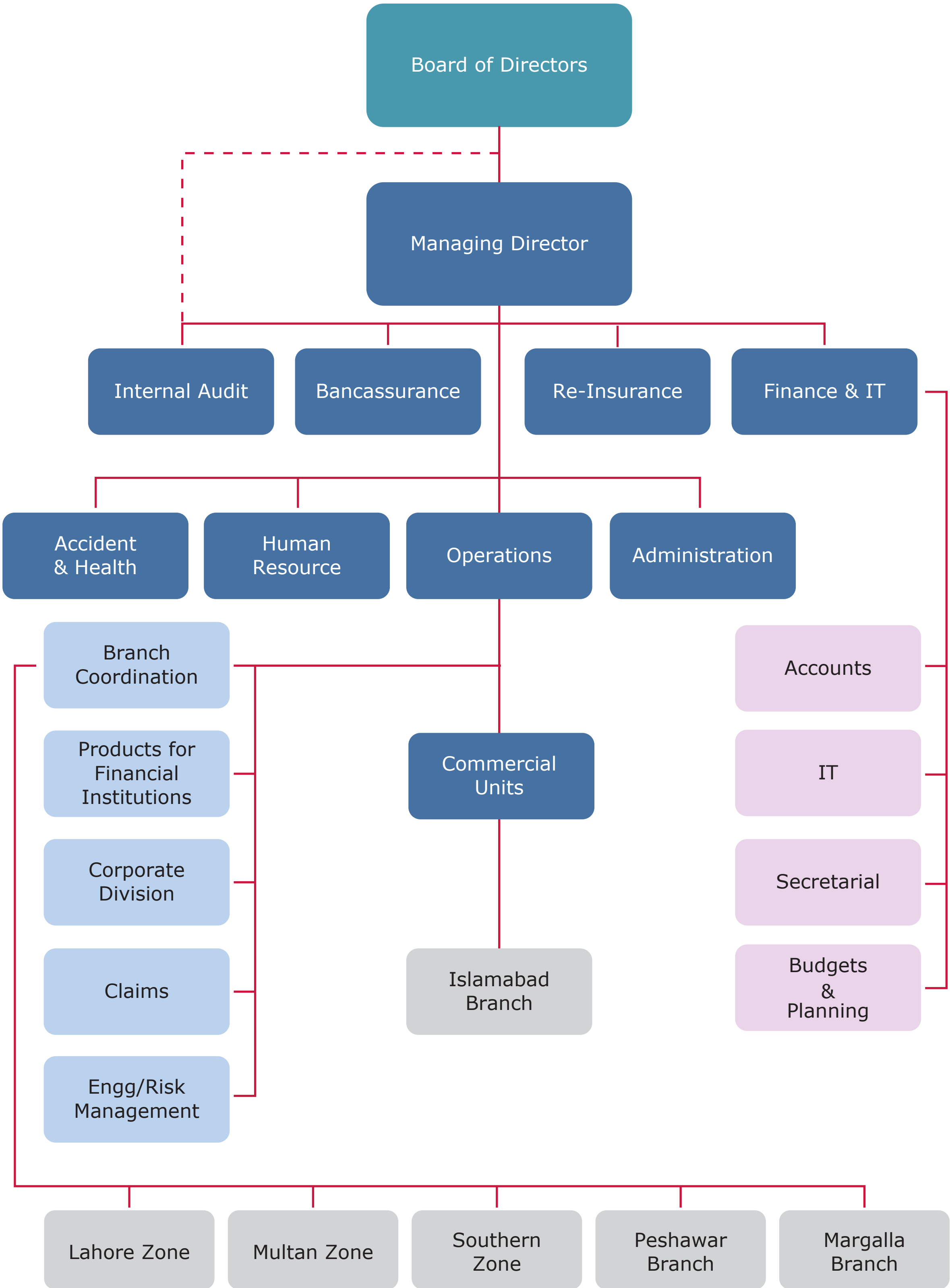
Standing left to right (1st row)

Muhammad Amin Haroon	Joint Senior Vice President
Akbar Habib Rajan	Joint Senior Vice President
Ghulam Qadir	Joint Senior Vice President
Syed Rafiq Ali	Vice President
Syed Wiqar Hyder Taqvi	Joint Senior Vice President
Bashir Ahmed Khan	Vice President
Munir ul Haq	Senior Vice President
Mohammed Safdar	Executive Vice President
Imran Mughal	Senior Vice President
Muhammad Siddique Memon	Branch Head
Ilyas Mohammed	Senior Vice President
Syed Hamid Hussain Zaidi	Joint Senior Vice President
Syed Zamin Zafar	Senior Vice President

Standing left to right (2nd row)

Nawaid Jamal	Joint Executive Vice President
Rizwan Ehsan Puri	Vice President
Usman Ali Sheikh	Vice President
Rai Zahoor Ali Khan	Assistant Vice President
Asif Ali	Senior Vice President
Syed Ather Abbas	Executive Vice President
Saeed Jan Awan	Advisor
Ejaz Mehmood	Senior Vice President
Syed Hasan Nadeem	Senior Vice President
Tariq Zia	Joint Senior Vice President
Captain Shahid Ahmed	Senior Vice President
Syed Abid Waseem	Senior Vice President
Khawaja Ahmed Fraz	Vice President
Karim Merchant	Joint Executive Vice President

Organisation Structure



Ethics
and Business Practices

- The Company's policy is to conduct its business with integrity and be ethical in all its dealings.

- The Company will conduct its business in accordance with all applicable laws and regulations. The Board and the Management should familiarise themselves with laws and regulations governing their areas of responsibility.

- The company is committed to the preservation of the environment.

- The company recognizes its social responsibility and will contribute to community activities as a good corporate citizen.

- The Company is committed to the reliability of financial reporting

- The company will recruit and promote employees on merit and shall provide safe and healthy working conditions for its employees.

- The Directors, executives and all other employees shall observe and maintain the confidentiality of Company's information, and not misuse such information and the Company's assets. Conflicts of interest should be avoided and disclosed where they exist.

- The Board shall to the best of their ability ensure compliance with the above practice.

Shareholders' and Investors' Information

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Notice of Annual General Meeting

Notice is hereby given that the 59th Annual General Meeting of Jubilee General Insurance Company Ltd (formerly New Jubilee Insurance Compnay Ltd.) will be held on Monday, April 09, 2012 at 10:30 a.m. at the Auditorium, Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Block 8, Clifton, Karachi to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2011 together with the Auditors' and Directors' Report thereon.

2. To consider and approve the payment of final cash dividend of 30% (Rs.3.00 per ordinary shares of Rs.10/- each) for the year ended December 31, 2011 as recommended by the Directors of the Company.

3. To appoint Auditors of the Company for the year ending December 31, 2012 and fix their remuneration. The present auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, being eligible, have offered themselves for reappointment.

SPECIAL BUSINESS

4. To approve an increase in the authorized share capital of the Company, and in this connection to pass the following resolution as and by way of a Special Resolution, namely:

   "RESOLVED THAT the authorized share capital of the Company be and is hereby increased to Rs.1,500,000,000 by the creation of 50,000,000 ordinary shares of Rs.10 each, such new shares to rank pari passu in all respects with the existing ordinary shares in the capital of the Company.

   RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting for the existing Article V by the following new Article V, namely:

   "V. The authorized share capital of the Company is Rs.1,500,000,000 divided into 150,000,000 ordinary shares of Rs.10 each."

5. To consider and if thought fit to capitalize a sum of Rs.197,744,270 out of the unappropriated profits/reserves of the Company for the issuance of 19,774,427 bonus shares in the proportion of 1 (One) ordinary share for every 5 (Five) ordinary shares held by the Members of the Company as at the close of business on March 29, 2012.

Attached to this notice of meeting being sent to the members is a statement under Section 160(1)(b) of the Companies Ordinance 1984 setting forth:

a) All material facts concerning the resolutions contained in item no. 4 and 5 of the notice.

b) Status of previous approval of investment in associated Companies.

By order of the Board

Atiq A. Mahmudi
Company Secretary

February 14, 2012
Karachi

NOTES:

1. The Individual Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) and the Corporate Mambers who have not yet submitted photocopy of their valid National Tax Number Certificate (NTN) to the Company are once again requested to send the same with the Folio Number at the earliest directly to Company's Share Registrar, THK Associates (Private) Limited, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi. Reference is also made to the Securities and Exchange Commission of Pakistan (SECP) notification dated August 18, 2011, SRO 779 (I) 2011, which mandates that the dividend warrants should bear CNIC number of the Individual Members or the authorized person, except in case of minor(s) and National Tax Number (NTN) of Corporate Members.

2. The Share Transfer Books of the Company will be closed for the purpose of determining the entitlement for the payment of final cash dividend and for the issuance of bonus shares from March 30, 2012 to April 09, 2012 (both days inclusive). Transfer received at THK Associates (Pvt) Ltd, Ground Floor, State Life Building No.3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on March 29, 2012 will be treated in time for the purpose of Cash Dividend and Bonus Shares entitlement to the transferees.

3. A member entitled to attend and vote at the Meeting may appoint another member as his/her proxy to attend, speak and vote at the Meeting on his/her behalf. The proxy forms must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.

4. For attending the Meeting and Appointing Proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5. Members are requested to immediately inform the Company of any change in their addresses.

Statement U/S 160(1)(b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning "Special Business" to be transacted at the 59th Annual General Meeting of the Company to be held on Monday, April 09, 2012.

a (i) Increase in the Authorized share capital of the Company - Item # 4

The Company presently has an authorized share capital of Rs.1,000,000,000 divided into 100,000,000 ordinary shares of Rs.10 each of which 98,872,134 ordinary shares are fully subscribed issued and paid up.

In order to facilitate further increase in the paid up capital, the Board of Directors of the Company has recommended that the authorized share capital of the Company should be raised from Rs.1,000,000,000 divided into 100,000,000 ordinary shares of Rs.10 each to Rs.1,500,000,000 divided into 150,000,000 ordinary shares of Rs.10 each by the creation of a further 50,000,000 ordinary shares of Rs.10 each. For this purpose the Board of Directors has also recommended that the resolution set forth at item No.4 under the heading of special business of the notice convening the Annual General Meeting of the Company should be passed as a Special Resolution.

(ii) Capitalization out of the company's unappropriated profit / reserves - Item # 5

The Directors of the Company are of the view that the Company's financial position justifies the capitalization of a sum of Rs.197,744,270 out of the Company's unappropriated profits/reserves enabling the issuance of 19,774,427 fully paid bonus shares of Rs.10 each. These shares shall be issued to Members whose names appear in the Register of Members at the close of business on March 29, 2012. The bonus shares shall be issued in the proportion of 1 (One) share for every 5 (Five) shares held by a Member. After the issuance of these bonus shares, the paid up capital of the Company would increase from Rs.988,721,340 to Rs.1,186,465,610. Accordingly, it is proposed to pass the following resolutions, namely:

RESOLVED THAT a sum of Rs.197,744,270 out of the unappropriated profits/reserves of the Company be capitalized and applied for the issue of 19,774,427 ordinary shares of Rs.10 each and that the said shares be allotted as fully paid bonus shares to those Members of the Company whose names appear in the Register of Members of the Company as at the close of business on March 29, 2012 in the proportion of 1 (One) bonus share for every 5 (Five) shares held by the entitled Members, and that such bonus shares shall rank pari passu as regards future dividends and in all other respects with the existing ordinary shares of the Company.

RESOLVED FURTHER THAT in the event of any Member becoming entitled to a fraction of a share, the Directors be and are hereby authorized to consolidate all such fractions and sell the shares so constituted on the Stock Market and to pay the net proceeds thereof to a charitable organization designated by the Directors.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Managing Director be and is hereby authorized to take all necessary actions and do all acts, deeds and things and to settle any question or difficulties that may arise in regard to the allotment and the distribution of the said bonus shares as he thinks fit.

The Directors of the Company are not directly or indirectly, personally interested in this business except to the extent of their respective shareholdings in the Company.

(b) Status of previous approvals for investments in associated companies

As required under the Clause 4(2) of the SRO No. 27(1)/2012 dated January 16, 2012, the status of the following investments in associated companies against approvals obtained by the Company in Extraordinary General Meeting of January 04, 2008 is as under:

(i) International Industries Limited

Approval was given by the shareholders for investment of Rs.200 million in the ordinary shares against which a sum of Rs.69.64 million was invested. The International Industries Limited ceases to be an associated company w.e.f. August 11, 2011 after resignation of the common Director from the Board of this company and as such we are not required to provide the status of investment in this company in future.

(ii) Habib Bank Limited

Approval was given by the shareholders in respect of investment of Rs.200 million in the ordinary shares against which a sum of Rs.180.86 million has been invested. The company will consider further investment at a suitable time on availability of shares at a favourable price and after taking into consideration the latest financial position of the investee Company.

Material changes in financial statements of this company since date of the resolution passed for approval in investment are as follows:

Break up value of shares on the basis of last published financial statements		Rs. 84.79
Yearly basic earning per share of investee company	2008	Rs. 13.20
	2009	Rs. 13.50
	2010	Rs. 16.78
	2011	Rs. 18.82

Financial Calendar

Results

First quarter ended 31 March 2011	Announced on	27 April 2011
Half year ended 30 June 2011	Announced on	25 August 2011
Third quarter ended 30 September 2011	Announced on	27 October 2011
Year ended 31 December 2011	Announced on	14 February 2012

Dividend

Final Cash (2011)	Announced on	14 February 2012
	Entitlement date	29 March 2012
	Statutory limit upto which payable	08 May 2012
Final Bonus Shares (2011)	Announced on	14 February 2012
	Entitlement date	29 March 2012
	Statutory limit upto issue	08 May 2012
Final Cash (2010)	Announced on	24 February 2011
	Entitlement date	15 April 2011
	Statutory limit upto which payable	22 May 2011
	Paid on	19 May 2011
Final Bonus Shares (2010)	Announced on	24 February 2011
	Entitlement date	15 April 2011
	Statutory limit upto issue	22 May 2011
	Issued on	19 May 2011

Issuance of Annual Report	**16 March 2012**
59th Annual General Meeting	**09 April 2012**

Access to Reports and Enquiries

Annual Report

Annual report 2011 may be downloaded from the Company's website:

www.jubileegeneral.com.pk or
Printed copies obtained by writing to:

The Company Secretary
Jubilee General Insurance Company Limited
2nd Floor, Jubilee Insurance House
I.I. Chundrigar Road
Karachi 74000
Pakistan

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2011 can be accessed at Jubilee General's website: www.jubileegeneral.com.pk or printed copies can be obtained by writing to the Company Secretary.

Shareholders' Enquiries

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

THK Associates (Pvt) Limited
Ground Floor, State Life Building No. 3
Dr. Ziauddin Ahmed Road, Karachi.

UAN: 111-000-322 Tel: 35686658 / 35689021

Stock Exchange Listing

Jubilee General Insurance Company Limited shares are listed on Karachi and Lahore stock exchanges. The symbol code for dealing in shares of the company is **JGICL**.

Financial Highlights

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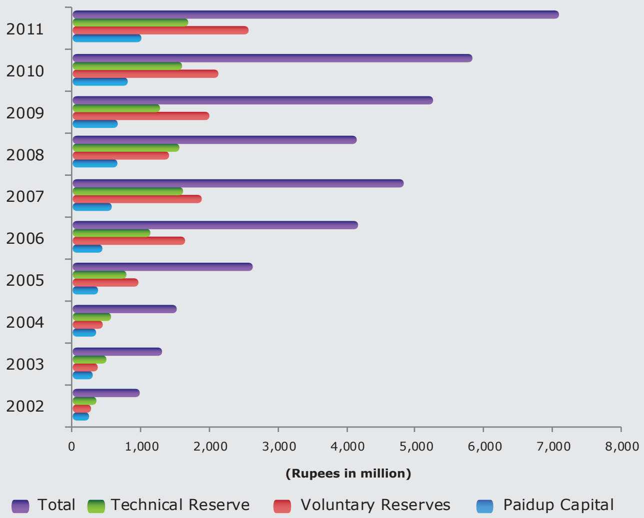
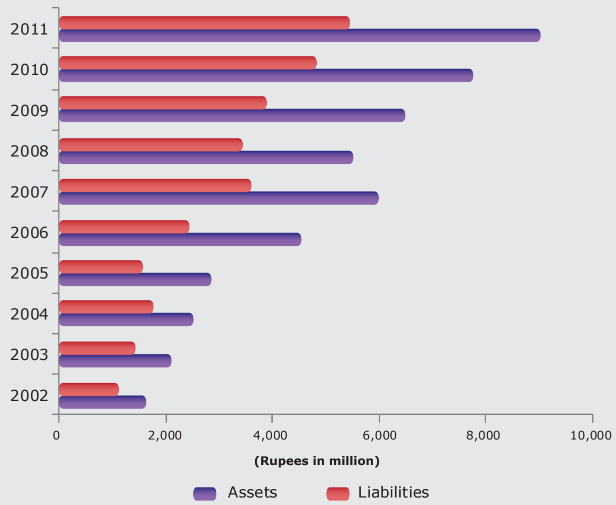
Performance
at a Glance

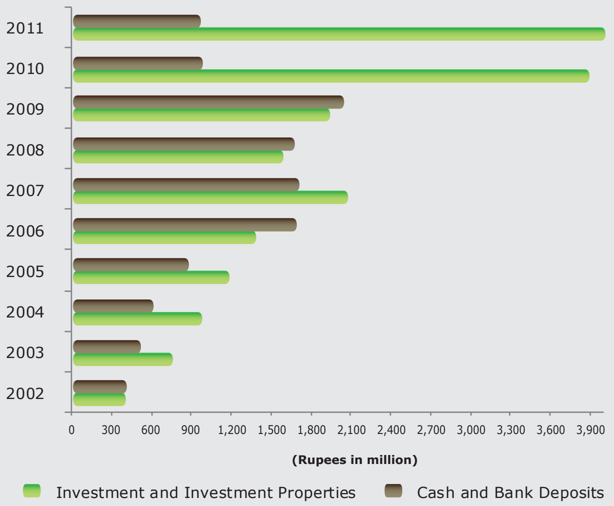
Capital & Reserves



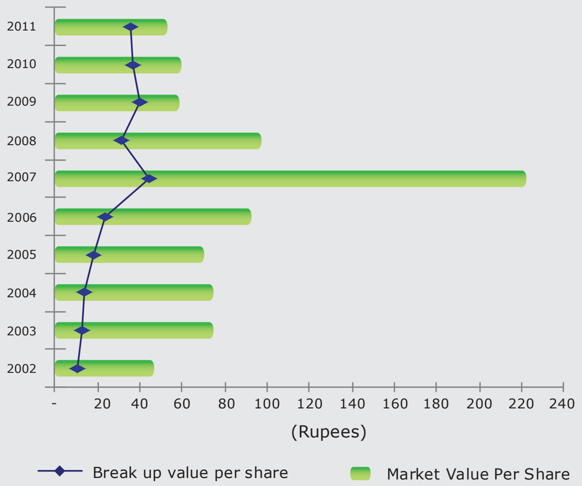
Assets & Liabilities



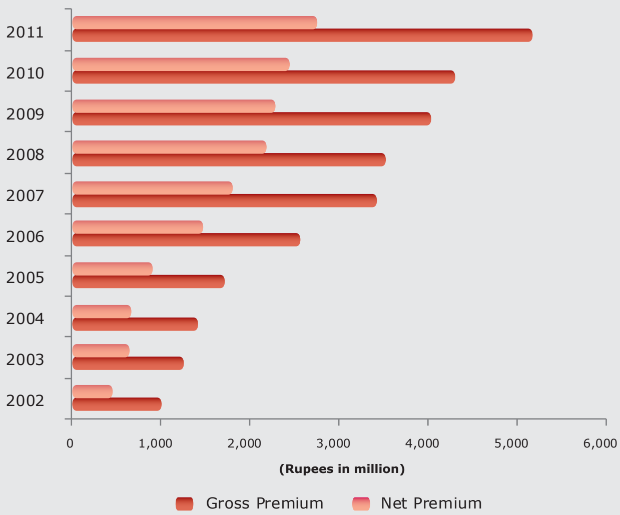
Investments and Cash & Bank deposits



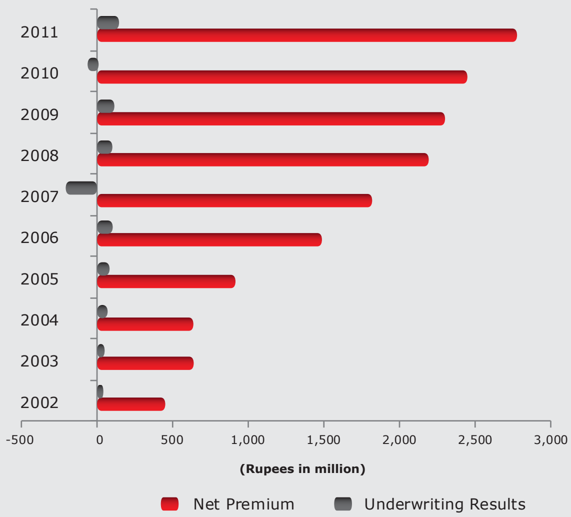
Market value vs Breakup value per share



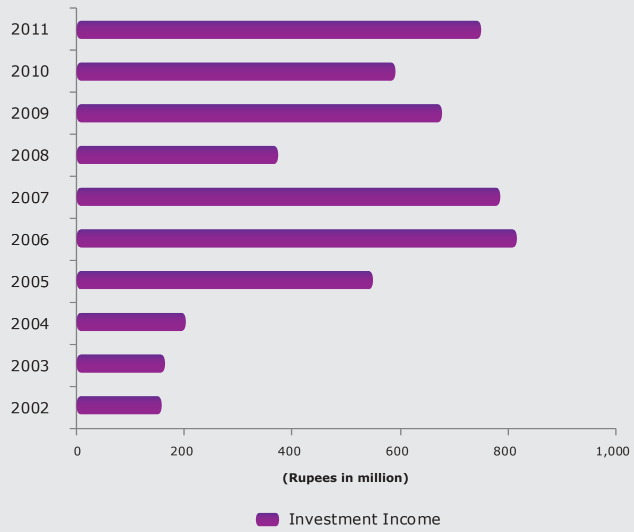
Gross Premium and Net Premium



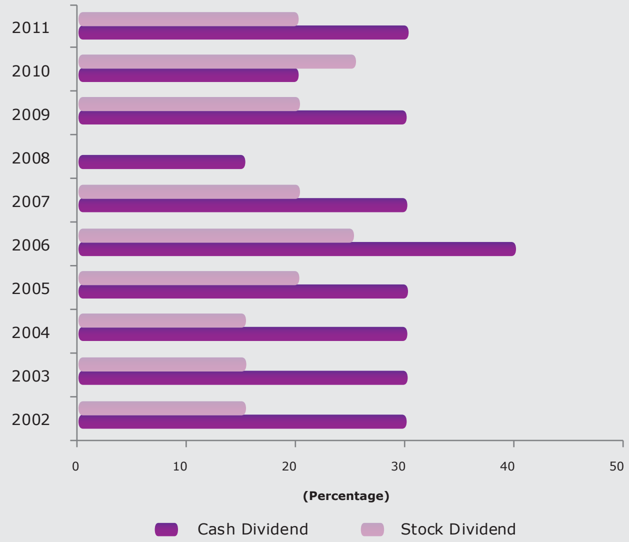
Net Premium and Underwriting Results



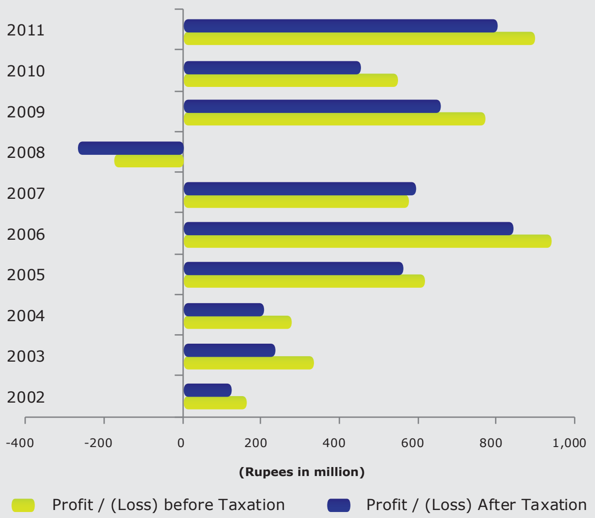
Investment Income



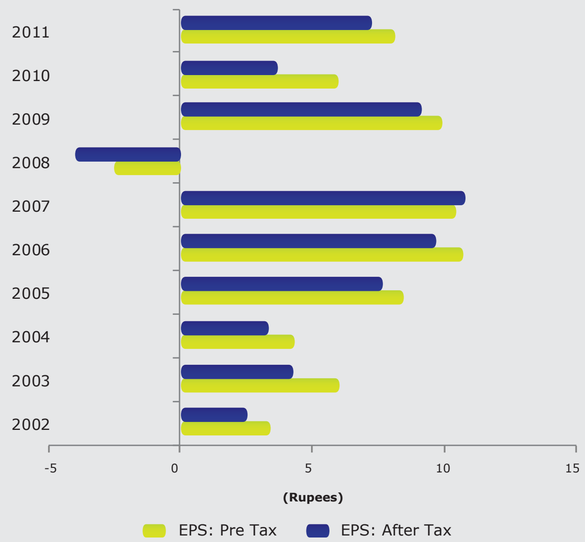
Dividend



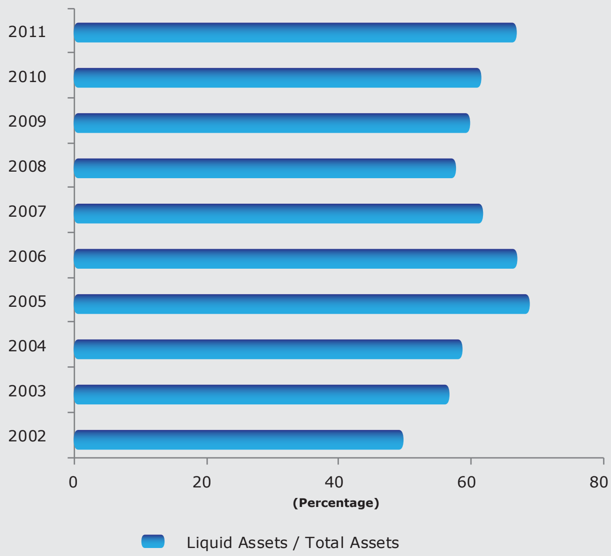
Profit / (Loss) before Tax and after Tax



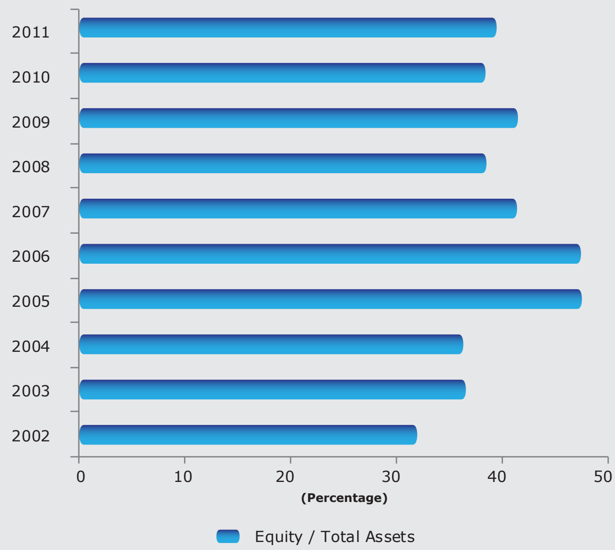
Earning/Loss per Share: are Tax and after Tax



Liquid Assets / Total Assets %



Equity / Total Assets %



Financial Statements
Analysis

Vertical

Balance Sheet	2011 Rupees in '000	2011 %	2010 (Restated) Rupees in '000	2010 (Restated) %
Cash and bank deposits	967,361	10.78	974,783	12.66
Loans to employees	849	0.01	791	0.01
Investments	4,937,313	55.01	3,709,155	48.16
Investment properties	144,765	1.61	146,446	1.90
Deferred taxation	36,233	0.40	36,383	0.47
Other assets	2,788,390	31.07	2,736,988	35.54
Fixed assets - Tangible and Intangible	99,924	1.11	97,512	1.27
Total Assets	**8,974,835**	**100.00**	**7,702,058**	**100.00**
Total Equity	3,542,869	39.48	2,903,875	37.70
Underwriting provisions	3,732,626	41.59	3,455,752	44.87
Staff retirement benefits	900	0.01	1,371	0.02
Creditors and accruals	1,102,684	12.29	921,558	11.97
Other Liabilities	595,756	6.64	419,502	5.45
Total Shareholders ' Equity & Liabilities	**8,974,835**	**100.00**	**7,702,058**	**100.00**
Profit & Loss Account				
Net premium revenue	**2,764,204**	**100.00**	**2,451,227**	**100.00**
Net claims	1,699,094	61.47	1,677,614	68.44
Expenses	652,483	23.60	632,961	25.82
Net commission	258,871	9.37	204,737	8.35
Investment income including rental & bank deposits returns	731,438	26.46	586,715	23.94
Other income including share of profit of an associates	21,584	0.78	43,189	1.76
General and administration expenses	30,747	1.11	19,137	0.78
Impairment in value of available for sale securities	16,880	0.61	-	-
Profit / (Loss) before tax	892,911	32.30	546,682	22.30
Taxation - net	(95,722)	(3.46)	(96,531)	(3.94)
Profit / (Loss) after tax	797,189	28.84	450,151	18.36

Horizontal

Balance Sheet	2011	2010 (Restated)	2009	2008	2007
	Rupees in '000				
Cash and bank deposits	967,361	974,783	2,028,132	1,670,155	1,680,625
Loans to employees	849	791	294	364	433
Investments	4,937,313	3,709,155	1,753,158	1,430,217	1,955,892
Investment properties	144,765	146,446	149,653	123,822	76,197
Deferred taxation	36,233	36,383	31,978	35,974	62,570
Other Assets	2,788,390	2,736,988	2,362,790	2,066,680	1,975,757
Fixed assets - Tangible and Intangible	99,924	97,512	106,549	97,960	181,232
Total Assets	**8,974,835**	**7,702,058**	**6,432,554**	**5,425,172**	**5,932,706**
Total Equity	3,542,869	2,903,875	2,621,006	2,061,314	2,411,663
Underwriting Provisions	3,732,626	3,455,752	2,830,414	2,583,876	2,672,194
Staff retirement benefits	900	1,371	1,936	2,501	3,066
Creditors and accruals	1,102,684	921,558	693,542	526,783	567,741
Other Liabilities	595,756	419,502	285,656	250,698	278,042
Total Shareholders ' Equity & Liabilities	**8,974,835**	**7,702,058**	**6,432,554**	**5,425,172**	**5,932,706**
Profit & Loss Account					
Net premium revenue	**2,764,204**	**2,451,227**	**2,297,720**	**2,186,443**	**1,818,775**
Net claims	1,699,094	1,677,614	1,420,977	1,332,461	1,413,733
Expenses	652,483	632,961	534,982	506,324	405,432
Net commission	258,871	204,737	227,640	239,543	206,643
Investment income including rental & bank deposits returns	731,438	586,715	673,537	366,030	780,314
Other income including share of profit of an associates	21,584	43,189	4,842	17,397	9,629
General and administration expenses	30,747	19,137	20,602	19,553	7,869
Impairment in value of available for sale securities	16,880	-	-	651,142	-
Profit / (Loss) before tax	892,911	546,682	771,898	(179,153)	575,041
Taxation - net	(95,722)	(96,531)	(115,434)	(88,096)	13,415
Profit / (Loss) after tax	797,189	450,151	656,464	(267,249)	588,456

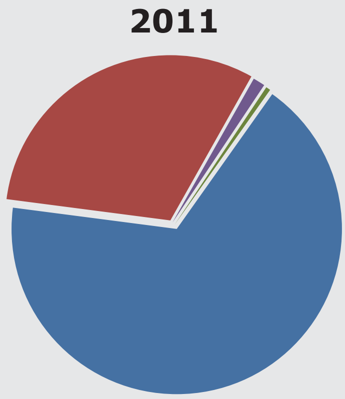
2009		2008		2007		2006	
Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
2,028,132	31.53	1,670,155	30.79	1,680,625	28.33	1,686,561	37.93
294	0.00	364	0.01	433	0.01	314	0.01
1,753,158	27.25	1,430,217	26.36	1,955,892	32.97	1,261,854	28.38
149,653	2.33	123,822	2.28	76,197	1.28	72,935	1.64
31,978	0.50	35,974	0.66	62,570	1.05	36,394	0.82
2,362,790	36.73	2,066,680	38.09	1,975,757	33.30	1,262,179	28.39
106,549	1.66	97,960	1.81	181,232	3.05	126,274	2.84
6,432,554	**100.00**	**5,425,172**	**100.00**	**5,932,706**	**100.00**	**4,446,511**	**100.00**
2,621,006	40.75	2,061,314	38.00	2,411,663	40.65	2,079,573	46.77
2,830,414	44.00	2,583,876	47.63	2,672,194	45.04	1,760,772	39.60
1,936	0.03	2,501	0.05	3,066	0.05	3,631	0.08
693,542	10.78	526,783	9.71	567,741	9.57	529,053	11.90
285,656	4.44	250,698	4.62	278,042	4.69	73,482	1.65
6,432,554	**100.00**	**5,425,172**	**100.00**	**5,932,706**	**100.00**	**4,446,511**	**100.00**
2,297,720	**100.00**	**2,186,443**	**100.00**	**1,818,775**	**100.00**	**1,486,429**	**100.00**
1,420,977	61.84	1,332,461	60.94	1,413,733	77.73	887,587	59.71
534,982	23.28	506,324	23.16	405,432	22.29	330,344	22.22
227,640	9.91	239,543	10.96	206,643	11.36	168,822	11.36
673,537	29.31	366,030	16.74	780,314	42.90	814,868	54.82
4,842	0.21	17,397	0.80	9,629	0.53	28,522	1.92
20,602	0.90	19,553	0.89	7,869	0.43	9,111	0.61
-	-	651,142	29.78	-	-	-	-
771,898	33.59	(179,153)	(8.19)	575,041	31.62	933,955	62.83
(115,434)	(5.02)	(88,096)	(4.03)	13,415	0.74	(94,067)	(6.33)
656,464	28.57	(267,249)	(12.22)	588,456	32.35	839,888	56.50

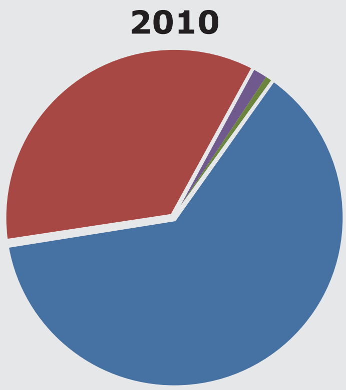
2006	2011	2010	2009	2008	2007	2006
	% increase / (decrease) over preceeding year					
1,686,561	(0.76)	(51.94)	21.43	(0.62)	(0.35)	95.63
314	7.33	169.05	(19.23)	(15.94)	37.90	(63.40)
1,261,854	33.11	111.57	22.58	(26.88)	55.00	17.73
72,935	(1.15)	(2.14)	20.86	62.50	4.47	(0.89)
36,394	(0.41)	13.78	(11.11)	(42.51)	71.92	5.05
1,262,179	1.88	15.84	14.33	4.60	56.54	72.87
126,274	2.47	(8.48)	8.77	(45.95)	43.52	-
4,446,511	**16.53**	**19.74**	**18.57**	**(8.55)**	**33.42**	**55.58**
2,079,573	22.00	10.79	27.15	(14.53)	15.97	54.02
1,760,772	8.01	22.09	9.54	(3.31)	51.76	63.77
3,631	(34.35)	(29.18)	(22.59)	(18.43)	(15.56)	(13.44)
529,053	19.65	32.88	31.66	(7.21)	7.31	78.66
73,482	42.02	46.86	13.94	(9.83)	278.38	(44.45)
4,446,511	**16.53**	**19.74**	**18.57**	**(8.55)**	**33.42**	**55.58**
1,486,429	**12.77**	**6.68**	**5.09**	**20.22**	**22.36**	**62.08**
887,587	1.28	18.06	6.64	(5.75)	59.28	60.14
330,344	3.08	18.31	5.66	24.89	22.73	37.12
168,822	26.44	(10.06)	(4.97)	15.92	22.40	(222.56)
814,868	24.67	(12.89)	84.01	(53.09)	(4.24)	49.62
28,522	(50.02)	791.97	(72.17)	80.67	(66.24)	308.04
9,111	60.67	(7.11)	5.36	148.48	(13.63)	34.08
-	-	-	-	-	-	-
933,955	63.33	(29.18)	(530.86)	(131.15)	(38.43)	52.01
(94,067)	(0.84)	(16.38)	31.03	(756.70)	(114.26)	61.61
839,888	77.09	(31.43)	(345.64)	(145.42)	(29.94)	51.00

Graphical Composiotion of Balance Sheet

Assets

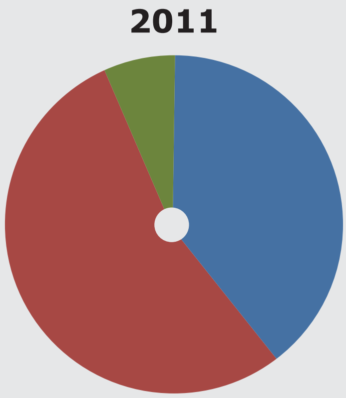
	2011	2010
Earning Assets	67%	63%
Current Assets - others	31%	35%
Fixed Assets	1%	1%
Others	1%	1%

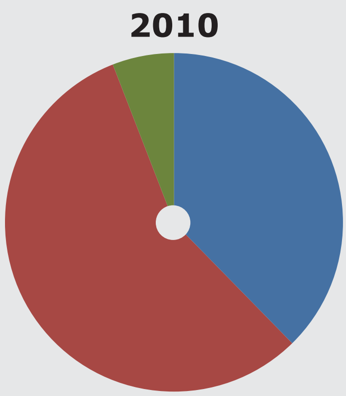




Shareholder’s Equity and Liabilities

	2011	2010
Share Capital & Reserves	39%	38%
Current Liabilities	54%	57%
Non Current Liabilities	7%	5%



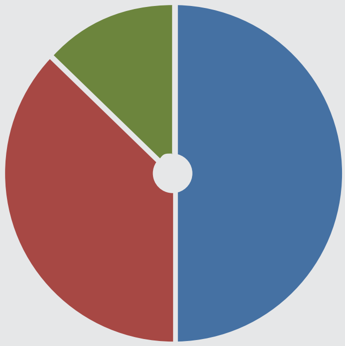


Graphical Analysis of Cash Flow Statement

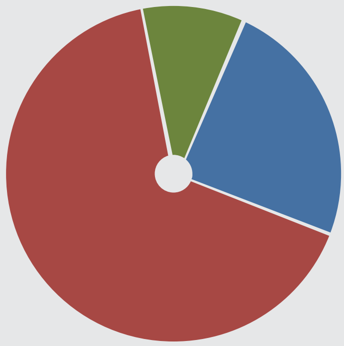
Cash generated / utilised

	2011	2010
Operating Activities	50%	24%
Investing Activities	37%	66%
Financing Activities	13%	10%

2011



2010

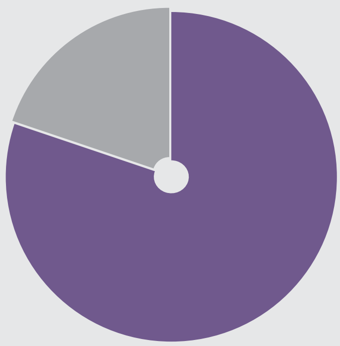


Operating Cash Flow

	2011	2010
Underwriting Activities	92%	80%
Other operating activities	8%	20%

2011

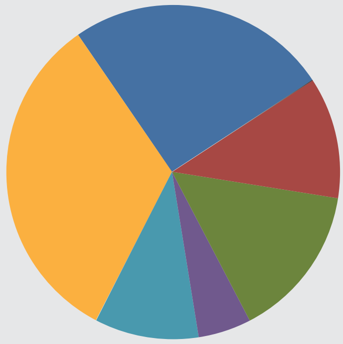
2010



Graphical Analysis of Profit and Loss Account

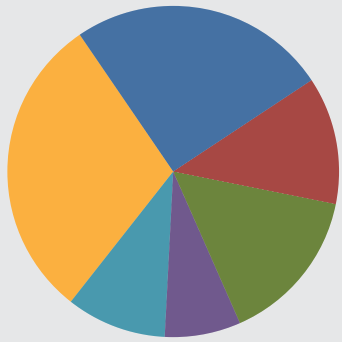
Gross Premium Business Wise

2011



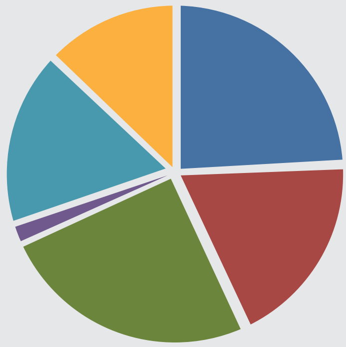
	2011	2010
Fire	26%	26%
Marine	12%	12%
Motor	15%	15%
Liability	5%	7%
Accident & Health	10%	10%
Miscellaneous	33%	30%

2010



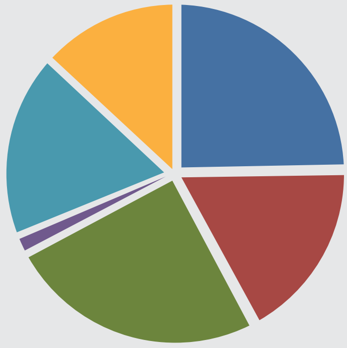
Net PremiumBusiness Wise

2011



	2011	2010
Fire	24%	25%
Marine	19%	17%
Motor	25%	25%
Liability	2%	1%
Accident & Health	17%	18%
Miscellaneous	13%	13%

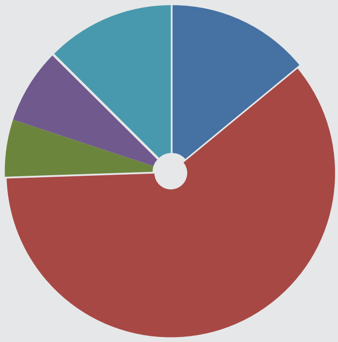
2010



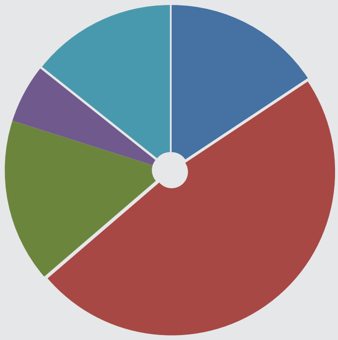
Investment Income

	2011	2010
Dividend Income	14%	16%
Capital Gains	60%	48%
Return on bank Deposits	6%	16%
Return on Govt. Securities	7%	6%
Rental Income	13%	14%

2011



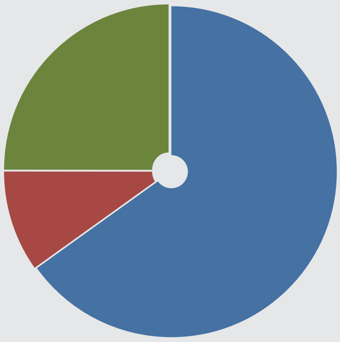
2010



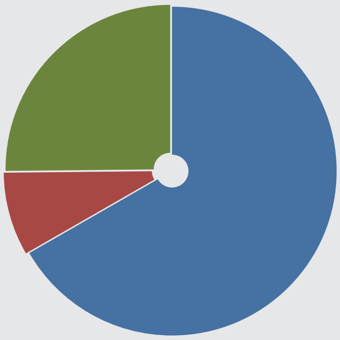
Combined Ratio

	2011	2010
Net Claims	65%	67%
Net Commission	10%	8%
Expenses	25%	25%

2011



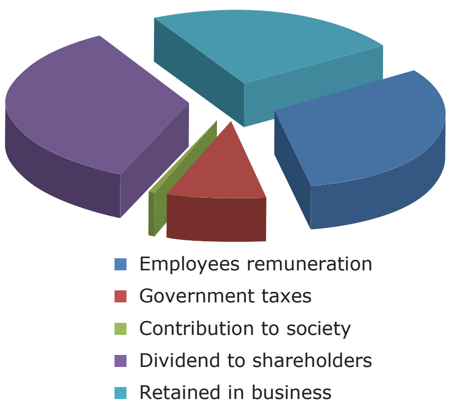
2010



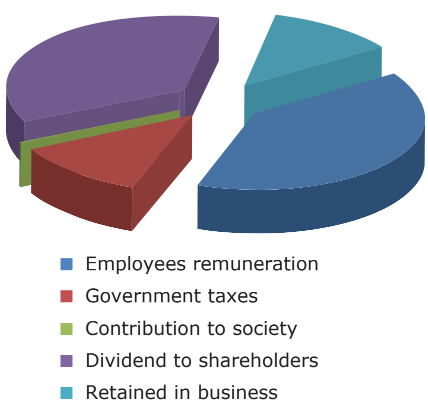
Statement of Value Added

WEALTH GENERATED	2011	2010
	(Rupees in 000)	
Net premium revenue	**2,764,204**	2,451,227
Commission from reinsurers	**190,361**	138,448
Investment income	**696,650**	517,537
Rental income	**112,780**	103,541
Other income	**2,668**	34,186
	3,766,663	3,244,939
Less:		
Claims, Commission and expenses (excluding employees remuneration, depreciation, and other taxes)	**2,370,144**	2,241,239
Net Wealth Generated	**1,396,519**	1,003,700
WEALTH DISTRIBUTION		
Employees remuneration	**438,468**	401,843
Government taxes (includes income tax, WWF, and others taxes)	**124,787**	119,037
Contribution to society	**6,850**	2,920
Dividend to shareholders		
- Cash	**296,617**	158,195
- Stock	**197,744**	197,744
	494,361	355,939
Retained in business		
- Depreciation and Amortisation	**29,225**	29,749
- Earnings	**302,828**	94,212
	332,053	123,961
	1,396,519	1,003,700

Distribution of wealth - 2011



Distribution of wealth - 2010



Corporate Governance

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The Directors' Report

for the year ended December 31, 2011

The Directors are pleased to present the annual report and the audited accounts for the year ended December 31 2011.

Industry Review

The global economic slowdown together with internal economic constraints and poor law and order situation have had negative impacts on Pakistan's economy, which has further deteriorated since the floods of summer 2011 in Sindh. The Government is not expected to achieve the planned GDP growth of 4.2% and this is now forecast to be as low as 3.5%, which coupled with inflation of over 12% presents a very challenging economic environment.

The non-life insurance market grew by 9.50% in 2010 to Rs.38 billion compared to 2.34% in 2009. In 2011 the growth in premium is expected to be around 10%, which means negative growth net of inflation for the 4th year running. The shrinking insurance market continues to render Marine and Motor portfolios subject to intense rate competition as companies fight to maintain market share. However, the Fire portfolio is enjoying somewhat stable rates mainly because the downward trend in rating was checked by the unprecedented floods, which resulted in huge losses in this portfolio in 2010 for the major Insurance Companies.

Performance Highlights

The Directors are pleased to report that despite the difficult economic and business conditions, the Company has achieved a healthy growth of 21% in written premium to reach Rs.5.2 billion (2010 : Rs.4.10 billion). The net premium revenue of the Company also increased by 13% to Rs.2.8 billion (2010 : Rs.2.4 billion). As evident from the key numbers summarized below, significant increases have been recorded in pretax and after tax profit due to robust gains in underwriting profit and investment income:

	2011	2010
	Rupees '000	
Gross Premium	**5,180,398**	4,285,248
Net premium Revenue	**2,764,204**	2,451,227
Underwriting Result	**153,756**	(64,085)
Investment Income including Capital gain and Rent	**748,318**	586,715
Profit before tax	**892,911**	546,682
Profit after tax	**797,189**	450,151
Earning per share of Rs.10 each	**8.06**	4.55

Fire & Property

The Fire & Property portfolio contributed 26% of total written premium and grew by 21% to Rs.1,327 million.

The underwriting profit of this class of business is Rs.43 million as compared to loss of Rs.20 million in 2010.

Marine, Aviation & Transport

This portfolio contributes 12% of our total written premium and grew by 13% to Rs.603 million.

The underwriting profit under this class of business has increased to Rs.45 million against Rs.20 million in 2010 due to measured underwriting.

Motor

Motor portfolio is 15% of our total written premium and posted 19% growth to reach Rs.766 million. The underwriting profit increased to Rs.46 million against Rs.7 million in 2010.

Liability

The liability portfolio constitutes 5% of our total written premium at Rs.270 million which is 15% less than 2010, mainly due to reduction in oil/gas exploration activity in the country. However, the underwriting profit increased to Rs.36 million against Rs.29 million in 2010.

Accident & Health

We are the pioneer of Group Health insurance in Pakistan. This portfolio has maintained its share of 10% in the business mix of the Company, and the written premium increased by 27% to Rs.522 million. Effective underwriting measures have substantially reduced the underwriting loss to Rs.24 million as against a loss of Rs.59 million in 2010.

Miscellaneous

The Miscellaneous class contributed 32% of our total written premium. It also grew by 32% to reach Rs.1,692 million. Significant improvement has also been achieved in this class resulting in an underwriting profit of Rs.8 million as against a loss of Rs.41 million recorded in 2010.

Investment Income

The investment income of the Company from all sources including returns on bank deposits, realized capital gain and income from real estate holdings generated Rs.748 million in 2011 as against Rs.587 million in 2010. The increase of over 27% is mainly owing to more capital gains realized on sale of securities.

Our investment portfolio as on December 31, 2011 shows an unrealized gain of Rs.1,925 million inclusive of appreciation of Rs.1,446 million in our real estate holdings.

Market Share
Jubilee General's market share has increased from 7.6% in 2005 to more than 11% in 2010. We anticipate further gain in 2011, which will be known when the statistics for all the companies are compiled by the Insurance Association of Pakistan.

Reinsurance
Reinsurers have been battered by natural disasters throughout the year. The markets directly affected by the natural catastrophes have seen steep increase in reinsurance rates. Due to the adverse law and order situation, frequent natural catastrophes and small volume of premium, the Pakistan market is also under continuous pressure of higher cost of reinsurance. Based on its strong financials and increased Capital base and Reserves, Jubilee General continues to enhance its reinsurance capacity at reasonable terms enabling it to write larger volume of business each year with an expectation of achieving an underwriting profit.

Rebranding
The name of the Company has been changed from "New Jubilee Insurance Company Limited" to "Jubilee General Insurance Company Limited" from October 17, 2011 with the approval of the shareholders at the Annual General Meeting held on April 23, 2011, and the permission of the SECP. The need for change was felt to draw upon the experience of three sister Insurance Companies namely; Jubilee Insurance – Kenya, New Jubilee Insurance Company Ltd and New Jubilee Life Insurance Company Ltd, under a uniform brand with common vision, mission and core values. We are confident that this change will create a stronger brand identity of the Company.

Product Development
To meet the challenges of the market and the changing needs of the customers, the Company is moving towards e-based products and distribution channels to improve productivity. The Company also invests in knowledge based products and continuous training of its man-power to make it more responsive to a competitive and fast changing environment.

Dividend and Appropriations of profit:
The amount available for appropriation is:

	(Rupees in '000)
Amount brought forward from previous years (Restated)	77,575
Profit after tax for the year	797,189
Amount available for appropriation	874,764

The Directors recommend that this amount be appropriated in the following manner:

Appropriation	
Transfer to Special Reserve	100,000
Transfer to General Reserve	230,000
Proposed final cash dividend @ 30% (2010: 20%)	296,617
Proposed issue of bonus shares @ 20% (2010:25%)	197,744
Carry forward to next year	50,403
	874,764

Election of Directors:
The tenure of the previous Board expired during the year, and a new Board comprising of Messrs Towfiq H. Chinoy, Akbarali Hashwani, Sadruddin Hashwani, Masood Noorani, Akbarali Pesnani, John Joseph Metcalf, R. Zakir Mahmood and Aly Noormohamed Rattansey, were elected on June 25, 2011.

Mr. Tahir Ahmed continues as Director of the Company pursuant to the provision of Section 200 (2) of the Companies Ordinance, 1984.

All the Directors of the Company, except the Chief Executive Officer Mr. Tahir Ahmed are non executive Directors.

Board Meetings
The Board of Directors held six (6) meetings in the year 2011. Attendance of Directors is indicated below:

Name of Director	Meetings attended
Towfiq H. Chinoy	05
Akbarali Hashwani	04
Masood Noorani	06
Akbarali Pesnani	05
John Joseph Metcalf	05
Aly Noormahomed Rattansey	05
R. Zakir Mahmood	03
M. Akhtar Bawany (Alternate Director to Sadruddin Hashwani)	03
Tahir Ahmed	06

Board Committees
During the year the Board Audit Committee, Finance & Investment Committee and Human Resource & Remuneration Committee held four (4), four (4) and three (3) meetings respectively. The names of the members of the Board Committees and their terms of reference are given in the annexure to this report. (Page 42). Except for the Managing Director and Chief Financial Officer, all others are non-executive Directors.

Management Committees
The Company has four management committees, which cover the core areas of business; these are Underwriting Committee, Claims Settlement Committee, Re-insurance & Co-insurance Committee and Risk Management Committee. During the year four meetings were held by each of the first three Committee, while two (2) meetings were held by the fourth committee. The names of members and the terms of reference of these committees are given in the annexure to this report. (Page 44)

Chief Executive Officer (CEO) Performance Review
The Board of Directors appoints the Chief Executive Officer for the tenure of three years. The Human Resource & Remuneration Committee of the Board sets operational, financial and strategic objectives to evaluate his performance. The same Committee reviews and monitors CEO performance on annual basis.

Statement of Directors Responsibilities
In compliance with the Corporate and Financial Reporting Framework of the Code of Governance the Directors confirm the following:

- the financial statements, prepared by the management of the Company, present fairly its state of affairs, the result 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 Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standard as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- the system of internal control is sound in design and has been effectively implemented and monitored.
- there are no significant doubts upon the Company's ability to continue as a going concern.
- there is no material departure from the best practices of corporate governance, as detailed in the listing regulations.

Insurer Financial Strength Rating
Jubilee General has maintained its unique distinction of being the only Pakistani insurer with "AA" rating from both rating agencies of Pakistan.

Pakistan Credit Rating Agency (PACRA) and JCR-VIS both have once again reaffirmed Company's financial strength of "AA" with "Positive Outlook". The "AA" rating denotes very strong capacity to meet policyholder and contract obligations.

Liquidity Management
During the year, an amount of Rs.599 million (2010: Rs.474 million) has been generated by the Company from operating activities which has been utilized for investment in various sectors and dividend payment of Rs.105 million to the shareholders. The company prudently manages liquidity to ensure its ability to meet its contractual obligations efficiently when they fall due.

Achievements
During the year, the company once again has secured the 1st position in the Best Corporate Report Award 2010, in the Non-Banking Financial Sector. The award was jointly organised by the Institute Chartered Accountants of Pakistan and Institute of Cost and Management Accountants of Pakistan to encourage and recognize excellence in annual corporate reporting as well as to promote corporate accountability and transparency through publication of timely information in a factual and reader friendly manner.

The South Asia Federation of Accountants (SAFA) has also for the second consecutive year conferred "Certificate of Merit" to the Company for the Best Presented Accounts and Corporate Governance Disclosure for the year 2010 in the category of Insurance sector. SAFA is the apex body of South Asian Association for Regional Co-operation and a Regional group of International Federation of Accountants.

The Company had earned ISO 9001:2008 Certificate in 2010. The scope of this certification has now been expanded to include all branches located in Karachi.

Contribution to the National Exchequer
The company has contributed Rs.1,013 million (2010: Rs.834 million) to the National Exchequer during the year in the form of direct and indirect taxes and other mandatory contributions.

Corporate Social Responsibility
Jubilee General as responsible corporate citizen has been involved in a wide range of CSR activities.

Thalessamia awareness camps were organised through Kashif Iqbal Thalessamia Centre, to inform our employees about the cause of the disease and prevention measures. Our employees also donated blood for the Centre.

The company is conscious of its social responsibility to provide employment to disabled persons to make them earning members of society. Accordingly we also have employees with disabilities.

Donations are made every year by the company in the health, education, poverty alleviation sectors and towards disaster relief. In the year 2011, the company donated a sum of Rs. 6.85 million (2010: Rs. 2.92 million).

Environment
The Company is committed for the energy conservation and healthy environment. The company replaced CRT (cathode ray terminals) with LCD (liquid crystal diode) monitors, as well as, installed energy savers to conserve energy. At the same time we minimise the use of lights during lunch hour and on leaving the office.

Our employees are encouraged to convert their cars to CNG to conserve oil and for better environment, and all waste paper in the company is given to waste paper recyclers and not dumped.

Human Resource Development
To be successful in the current rapidly-changing business world, we are committed to continuously upgrade the knowledge, skills and abilities of our workforce and thus gain competitive advantage that is critical to the growth and success of the Company.

At Jubilee General, training & development programmes both in-house and external are undertaken to meet the needs of employees working at various levels, thereby enabling them to perform their jobs more effectively.

The company also provides financial assistance to its employees for acquiring professional qualification through the Post-Graduate Diploma in Insurance of the Karachi University and the internationally recognized insurance qualification of the Chartered Insurance Institute, UK.

Sports Activities
The Company has adopted the game of Snooker for patronage by sponsoring National, National Junior and Ranking Tournaments in Pakistan, in collaboration with Pakistan Snooker & Billiards Association (PSBA). Jubilee General also encourages and promotes other sports and actively participates as well as organises tournaments.

Our in-house cricket team participates in various tournaments such as, the Insurance Association of Pakistan (IAP) cricket tournament, Karachi Premier League (KPL), Insurance Portal Cricket tournament, etc. Our employees have also participated in Table Tennis tournaments and recently won the trophy in 1st Alishaan inter-firm table tennis championship.

Information Technology
The Company is continuously strengthening its IT infrastructure and improving its services. During the year the Company has developed outstanding motor claims monitoring system to improve the settlement of motor claims and established a help desk for efficiently resolving the IT issues. It has conducted disaster recovery drills to ensure prompt availability of systems in case of a disaster situation at any of its branch.

The Company has redesigned its website due to rebranding and has made it more comprehensive to provide more information of the Company and its products to the stakeholders.

Business Risk
Details of business risk and mitigation factors are annexed to this report (Page 45)

Business Process Re-Engineering (BRP)
The Company believes in continuous business process re-engineering to improve operational efficiency and profitability. During the year under review, we undertook a detailed study to re-engineer and streamline claims process to embed international best practice standards, processes and procedures with the objective of reducing claims turn around time and bring in overall efficiencies. The Company plans to undertake similar study in underwriting process as well

Pattern of Shareholding and trading in the shares
The pattern of shareholding and the information regarding trading in the shares of the Company by its Directors, Chief Executive, Chief Financial Officer and Company Secretary are annexed to this report. (Page 47)

Key Financial Data
Key financial data for the last ten years is annexed to this report (Page 50)

Value of investments in Provident Fund and Gratuity Fund
The Values of investments in employees retirement funds based on audited accounts for the year ended December 31, 2010 are as follows:

	(Rupees in '000)
Staff Provident Fund	140,200
Employees' Gratuity Fund	68,670

Auditors
Messrs Ernst & Young Ford Rhodes Sidat Hyder have audited the accounts for the year 2011, and have offered themselves for re-appointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

Future Outlook
The global economic outlook for the current year is not very encouraging in terms of growth prospects. Our domestic economic prospects are also negatively impacted by serious energy shortages due to which the manufacturing sector is unable to operate efficiently to its full capacity. The situation is worsened by the political uncertainties and poor law and order situation in the country. Nevertheless, we as a company are determined to exert our efforts to overcome the negatives and achieve the best possible results. For this, the Company will leverage its international brand to draw upon synergies, bring in economies of scale and global best practices. The Company will continue the business process engineering of its core business operations to make them more efficient and cost effective. To help achieve its goal, the Company plans migration to centralized data base on Oracle platform for on-line processing of its operations including finance.

Acknowledgement
We thank our valued clients and shareholders of the Company for their support which has enabled us to achieve healthy growth over the years. We also thank our brokers and reinsurers for their valuable services and would like to record our appreciation for the cooperation of Securities & Exchange Commission of Pakistan. We also acknowledge the hard work and dedication of our development officers, staff members and executives without whom we could not have achieved our goals.

On behalf of the Board.

Towfiq H. Chinoy
Chairman

Karachi: 14 February 2012

BOARD COMMITTEES

The company has three committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework. The terms of reference and composition of these committees are given below:

Audit Committee

The terms of reference of this committee include the following:

- Determination of appropriate measures to safeguard the Company's assets.
- Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas.
  - significant adjustments resulting from the audit.
  - any changes in accounting policies and practices.
  - compliance with applicable accounting standards
  - compliance with listing regulations and other statutory or regulatory requirements.
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review of management letter issued by external auditors and management's response thereto.
- Ensuring coordination between the internal and external auditors of the company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
- Consideration of major findings of internal investigations and management's response thereto.
- Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- Review of the company's statement of internal control system prior to endorsement by the board of directors.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of any significant violations thereof and
- Consideration of any other issue or matter as may be assigned by the board of directors.

The Committee comprises of three members, including the Chairman of this committee, all of them are non-executive directors. During the year 2011 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members		Meetings attended
Aly Noormahomed Rattansey	– Chairman	04
Akbarali Pesnani	– Member	04
Akber Ali Hashwani (Ceased on 22-08-2011)	– Member	03
John Joseph Metcalf	– Member	04

Human Resource & Remuneration Committee

The terms of reference of this committee include the following:

- Review the HR policies and make appropriate amendments if needed.
- Review and approve manpower development plan and budget.
- Review and recommend annual appraisal and salary revision of senior executives of the Company.
- Review and approve any changes required in perquisites and benefits of senior executives and employees.
- Approve terminations and acceptance of resignations for senior executives.

The committee comprises of five members including the Chairman of this Committee, out of which four are non-executive directors and one executive director. During the year 2011 three meetings of this committee were held and the attendance of meeting is as follows:

Name of Members		Meetings attended
Towfiq H. Chinoy	– Chairman	03
Akbarali Hashwani	– Member	03
Masood Noorani	– Member	03
John Joseph Metcalf	– Member	03
Tahir Ahmed	– Member	03

Finance & Investment Committee
The terms of reference of this committee include the following:

Planning & Budgeting:
- Review the annual operating & capital expenditures budget and recommending the same to the Board.
- Review and approve the long term plan and recommend three years budget of the Company.
- Review and approve proposals for opening of Branch Offices inside and outside Pakistan.

Operating Review:
- Review and recommend the monthly, quarterly, half yearly and annual results of the Company for approval of the Board.
- Review and monitor the capital expenditures incurred in accordance with the budget.

Investments
- Define the strategic objectives of the Investment Policy.
- Allocate funds for investment in the different sectors and sub-sectors.
- Establish the basic parameters governing the investment in the various sectors.
- Review and approve the annual investment plan and budget.
- Review each quarter, the overall investment portfolio with particular reference to purchase and sale of investments made during the quarter, the income accruing from each sector vis-à-vis the budget, and to consider the reasons for variances.
- Review the economic, political and law & order outlook for the foreseeable future and to issue guidance for further investment / disinvestment activity, sectoral reallocation of investment portfolio etc.
- Establish the benchmarks against which the performance of the overall investment portfolio and its sectors are to be assessed.

Other Matters:
- Review and recommend the financial policies and controls of the Company, including the policies required under the Code of Corporate Governance to the board.

The Committee comprises of six members, including the Chairman of this Committee, out of which four are non-executive directors, one executive director and the Chief Financial Officer. The Committee held six meetings in the year 2011 and the attendance of meetings is as follows:

Name of Members		Meetings attended
Masood Noorani	– Chairman	06
John Joseph Metcalf	– Member	06
Akberali Pesnani (Appointed on 22-08-2011)	– Member	02
Akberali Hashwani (Appointed on 22-08-2011)	– Member	01
Towfiq H. Chinoy (Ceased on 22-08-2011)	– Member	03
Aly Noormahomed Rattansey (Ceased on 22-08-2011)	– Member	05
Tahir Ahmed	– Member	06
Atiq Anwar Mahmudi	– Member	06

MANAGEMENT COMMITTEES

The company has four management committees, which cover the core areas of business. These committees meet on quarterly basis and are headed by the Chief Executive Officer. The functions and composition of the committees are given below:

Underwriting Committee
The underwriting committee's function is to formulate the underwriting policy of the company and to set out the criteria for assessing various types of insurance risks and determines the premium of different insurance covers. The committee shall regularly review the underwriting and premium policies with due regard to relevant factors such as business portfolio and the market development.

The following are the members of this committee:

Tahir Ahmed	- Chairman
Mohammad Safdar	- Member
Mehboob Pervaiz	- Member
Azfar Arshad	- Member & Secretary

Claims Committee
The function of this committee is to devise the claim settling policy of the Company. The committee oversees the claim position of the company and ensures that adequate claims reserves are made. The committee pays a particular attention to significant claims cases or events, which will give rise to a series of claims. The Committee also determines the circumstances under which the claim disputes shall be brought to its attention, and decide how to deal with such claims disputes. It shall also oversee the implementation of the measures for combating fraudulent claims cases.

The following are the members of this committee:

Tahir Ahmed	- Chairman
Mohammad Safdar	- Member
Imran Rabbani	- Member & Secretary

Re-Insurance & Co-Insurance Committee
This committee ensures that adequate reinsurance arrangements are made for the company. The committee pursues the proposed reinsurance's arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsurers makes appropriate adjustments to those arrangements in the light of the market development. The committee will also assess the effectiveness of the reinsurance programme for the future reference.

The following are the members of this committee:

Tahir Ahmed	- Chairman
Karim Merchant	- Member
Brendan Thomas D' Lima	- Member & Secretary

Enterprise Risk Management Committee
This committee shall ensure the continuity of critical business functions, and commercial activity of the company and safe guard its assets. The committee shall assess, review, record, rank and rate the physical, financial and reputation risks. It will conduct the business impact analysis; assess effects of impact of any physical disruption; its financial implications and people to be affected. It will also evaluate mitigation in place; lay down proactive approach and reactive actions. It will also develop and implement business continuity plan for the company and review it from time to time.

The following are the members of this committee:

Tahir Ahmed	- Chairman
Atiq Anwar Mahmudi	- Member
Azfar Arshad	- Member
Brendan Thomas D' Lima	- Member
Uzair Mirza	- Member
Imran Mughal	- Member & Secretary

Business
Risks Management

Risk management ensures an integrated pre-emptive approach to mitigate current and emerging business risks. The Board is committed to effectively manage its risk through the formulation of risk management policy and system. The Company continuously monitors and controls risk to the business. The following are the major risks faced by the Company and their mitigating factors:

Risk	Mitigating factors
Economic and Political Risk Difficult business conditions resulting from economic and political instability may prove to be an impediment in the plans of the Company to achieve its business objectives.	The Company has cautious approach to deal with such risks and develops niche products to maintain and increase its market share without compromising its profitability.
Market Risk The Company faces increased competition from existing players and new entrants including Takaful companies in insurance market.	The Company relies on its personalized service and customized products to retain its customer base and increase its market share.
Insurance Risk The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for a period of one year.	The Company’s risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risks underwritten under the insurance contract. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events.
Reinsurance Risk Reinsurance ceded do not relieve the Company from its obligation to the insured and as a result the Company remains liable for the portion of claims reinsured in case of inability of the reinsurer to discharge its obligation.	To minimise its exposure of losses from reinsurer insolvencies, the Company obtains reinsurance from a number of reinsurers, representing first class security and spread over several geographical regions. The Company also ensures that 80% of all reinsurance treaties are backed by atleast “A” rated reinsurers including Pakistan Reinsurance Company Limited and remaining by “BBB” rated.

Risk	Mitigating factors
Credit Risk The possibility that the insured may fail to discharge its obligation for payment of premium and cause the Company to incur a financial loss.	The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.
Investment Risk The changes in stock market, and interest rate may affect future cash flows of financial instruments.	The Company limits investment risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs) markets. In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.
Liquidity Risk The Company may encounter difficulty in meeting obligations associated with insurance and reinsurance contracts.	The Company manages its liquidity by maintaining healthy cash and cash equivalent and other liquid assets balances. The maturity profiles of financial assets and liabilities are also closely monitored for this purpose.
IT Risk The development in information Technology may affect the company's operational process.	The Company continuously upgrades its IT system which are managed by able officers and regulated by formal policy with disaster management system.

PATTERN
OF SHAREHOLDING
as at 31 December 2011

No. of Shareholders	Shareholdings From	Shareholdings To	Shares Held
581	1	100	11,272
242	101	500	61,660
133	501	1,000	97,421
346	1,001	5,000	754,822
79	5,001	10,000	547,038
47	10,001	15,000	572,283
9	15,001	20,000	161,101
17	20,001	25,000	403,103
6	25,001	30,000	155,519
7	30,001	35,000	227,293
4	35,001	40,000	144,929
2	40,001	45,000	85,812
6	45,001	50,000	286,573
1	50,001	55,000	51,942
4	55,001	60,000	229,745
2	60,001	65,000	125,798
1	65,001	70,000	66,573
2	75,001	80,000	151,592
2	80,001	85,000	165,173
2	85,001	90,000	172,518
2	90,001	95,000	188,015
2	95,001	100,000	198,895
2	100,001	105,000	200,932
3	105,001	110,000	319,690
3	115,001	120,000	357,006
3	120,001	125,000	370,157
1	140,001	145,000	140,675
1	150,001	155,000	154,875
1	160,001	165,000	163,366
2	180,001	185,000	363,502
2	195,001	200,000	397,060
1	215,001	220,000	216,427
1	225,001	230,000	226,712
1	235,001	240,000	235,372
1	260,001	265,000	264,797
1	305,001	310,000	308,335
1	355,001	360,000	356,492
1	365,001	370,000	367,788
1	425,001	430,000	429,357
1	465,001	470,000	469,996
2	745,001	750,000	1,499,163
1	795,001	800,000	795,212
1	800,001	805,000	802,790
1	905,001	910,000	906,657
1	955,001	960,000	956,120
1	985,001	990,000	988,563
1	1,030,001	1,035,000	1,034,183
1	1,115,001	1,120,000	1,118,712
1	1,135,001	1,140,000	1,139,851
1	1,145,001	1,150,000	1,147,527
1	1,175,001	1,180,000	1,178,081
1	1,290,001	1,295,000	1,292,437
1	1,340,001	1,345,000	1,344,655
1	3,636,001	3,640,000	3,637,466
1	5,435,001	5,440,000	5,435,036
1	7,495,001	7,500,000	7,500,000
1	9,530,001	9,535,000	9,534,062
1	13,885,001	13,890,000	13,889,145
1	14,105,001	14,110,000	14,106,845
1	20,360,001	20,365,000	20,364,012
1,545			98,872,133

Pattern of Shareholding

Additional Information

as at 31 December 2011

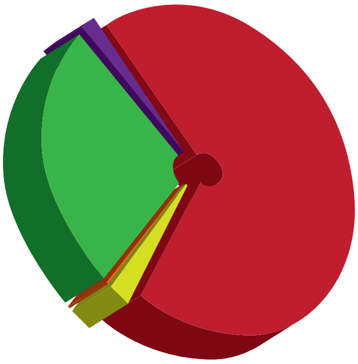
Categories of Shareholders	Number of Shareholders	No. of Shares held	Percentage
Associated Companies, Undertakings and Related Parties:	13	68,588,047	69.37
Pakistan Cables Limited		750,000	
Hassanali & Company (Pvt) Ltd		308,335	
Hashoo Limited		106,193	
Hashoo Holdings (Pvt) Ltd		183,021	
Hashwani Hotels Limited		5,435,036	
Habib Bank Limited		14,107,870	
Aga Khan Fund for Economic Development		13,889,145	
Aga Khan Hospital and Medical College Foundation		20,364,012	
Trustee Pakistan Services - Employees Provident Fund		1,034,183	
Trustee Hashwani Hotels - Employees Provident Fund		802,790	
Jubilee Life Insurance Company Limited		469,996	
Aga Khan University Foundation		3,637,466	
Pakistan Services Limited		7,500,000	
NIT and ICP			
Investment Corporation of Pakistan	1	24	-
Directors, CEO & their Spouse and Minor Children	9	2,098,623	2.12
Towfiq H. Chinoy		2,500	
Akbarali Hashwani		1,376,923	
Sadruddin Hashwani		429,357	
Masood Noorani		119,762	
Akbarali Pesnani		56,358	
R. Zakir Mahmood		150	
Aly Noormahomed Rattansey		150	
Tahir Ahmed		98,895	
Sakina Pesnani w/o Akbarali Pesnani		14,528	
Executives	4	107,724	0.11
Atiq Anwar Mahmudi		47,448	
Syed Sohail Ahmed		52,500	
Nasim ul Haq		4,776	
Karim Merchant		3,000	
Public Sector Companies and Corporations		-	
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas and ICP Mutual Funds	8	338,689	0.34
Individuals	1,476	26,502,647	26.81
Others	34	1,236,379	1.25
Total	1,545	98,872,133	100.00

Shareholders holding 10 percent or more share in the Company	No. of Shares held	Percentage
- Aga Khan Hospital and Medical College Foundation	20,364,012	20.60
- Habib Bank Limited	14,107,870	14.27
- Aga Khan Fund for Economic Development	13,889,145	14.05

Trading in shares by Directors, CEO, CFO, Company Secretary & their spouses and minor children during the year 2011

Name	Designation	Transaction	No. of Shares
Towfiq H. Chinoy	Chairman/Director	Sold	776,610
Masood Noorani	Director	Sold	800,000
Tahir Ahmed	Chief Executive Officer	Acquired	19,000

Categories of Shareholders	No. of Shareholders	Shares held	Percentage of Total
Individual	1477	18,993,804	19.21
Insurance Companies	3	776,214	0.79
Joint Stock Companies	35	14,987,493	15.16
Financial Institutions	6	14,134,049	14.29
Modarabas & Mutual Funds	2	6,292	0.01
Non Resident Shareholders	12	23,604,335	23.87
Others - see below	10	26,369,946	26.67
	1545	98,872,133	100.00



- Associated Companies, Undertakings and Related Parties
- Directors, CEO & their Spouse and Minor Children
- Executives
- Other Companies
- General Public

I. The Aga Khan Hospital & Medical College Foundation
II. Aga Khan Foundation
III. The Aga Khan University Foundation
IV. Trustees Pak Services Ltd, Employees Provident Fund
V. Trustees Hashwani Hotels Ltd, Employees Provident Fund
VI. Trustees Pakistan Cables Ltd, Employees Provident Fund
VII Trustees Cherat Cement Co. Ltd, Employees Provident Fund
VIII. Trustees Artal Restaurants Int`l, Employees Provident Fund
IX. The Aga Khan University - Employees Provident Fund
X. The Aga Khan University - Employees Gratuity Fund

KEY FINANCIAL DATA

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
	(Rupees in million)									
FINANCIAL DATA		(Restated)								
Paid-up Capital	989	791	659	659	549	439	366	318	277	241
General & Capital Reserves	2,554	2,113	1,962	1,402	1,862	1,640	937	429	362	249
Equity	3,543	2,904	2,621	2,061	2,411	2,079	1,350	893	721	490
Total Liabilities	5,432	4,798	3,799	3,364	3,522	2,368	1,508	1,619	1,290	1,047
Investment - at Cost	4,937	3,709	1,753	1,430	1,956	1,262	1,072	857	644	369
Investment Property- (at book value)	145	146	150	124	76	73	74	76	72	7
Cash and Bank Deposits	967	975	2,028	1,670	1,681	1,687	862	608	491	390
Other assets - Current	2,788	2,737	2,350	2,067	1,976	1,262	730	875	788	719
Other assets - Non-Current	138	135	139	134	244	163	120	96	15	52
Total assets (book value)	8,975	7,702	6,433	5,425	5,933	4,447	2,858	2,512	2,011	1,537
Total assets (Market value)	10,900	9,572	8,164	6,712	7,836	5,524	4,591	3,829	3,117	1,972
OPERATING DATA										
Gross Premium Revenue	5,180	4,285	4,031	3,526	3,430	2,572	1,737	1,404	1,263	1,012
Net Premium Revenue	2,764	2,451	2,298	2,186	1,819	1,486	917	640	639	451
Net Claims	1,699	1,678	1,421	1,332	1,414	888	554	393	409	286
Management Expenses	652	633	535	506	405	330	241	205	166	118
Underwriting Results	154	(64)	114	108	(207)	100	70	68	35	42
Investment Income	748	587	674	366	780	815	545	200	154	148
Profit / (Loss) before Taxation	893	547	772	(179)	575	934	614	272	329	162
Taxation - Net	(96)	(97)	(115)	(88)	13	(94)	(58)	(66)	(97)	(44)
Profit / (Loss) After Taxation	797	450	656	(267)	588	840	556	206	232	118
Cash flow Summary										
Operating Activities	599	474	217	(103)	58	427	106	214	228	8
Investing Activities	(451)	(1,308)	213	173	189	594	228	(28)	(61)	175
Financing Activities	(155)	(194)	(97)	(81)	(253)	(196)	(80)	(69)	(65)	(52)
Cash & Cash Equivalents at the year end	967	974	2,003	1,670	1,681	1,687	862	608	491	390

		2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
FINANCIAL RATIOS			(Restated)								
Profitability											
Profit / (Loss) Before Tax / Gross Premium	%	17.24	12.77	19.15	(5.08)	16.76	36.31	35.38	19.38	26.05	16.06
Profit / (Loss) Before Tax / Net Premium	%	32.31	22.32	33.59	(8.19)	31.62	62.83	66.99	42.51	51.53	36.04
Profit / (Loss) After Tax / Gross Premium	%	15.39	10.50	16.27	(7.58)	17.15	32.66	32.03	14.69	18.36	11.62
Profit / (Loss) After Tax / Net Premium	%	28.84	18.36	28.55	(12.22)	32.35	56.50	60.65	32.22	36.31	26.07
Underwriting Result / Gross Premium	%	2.97	(1.49)	2.83	3.07	(6.04)	3.88	4.01	4.81	2.80	4.18
Underwriting Result / Net Premium	%	5.57	(2.61)	4.96	4.94	(11.38)	6.71	7.59	10.56	5.53	9.38
Profit / (Loss) Before Tax / Total Income	%	25.43	18.01	25.98	(7.02)	22.12	40.58	42.03	32.38	41.51	27.13
Profit / (Loss) After Tax / Total Income	%	22.69	14.81	22.07	(10.47)	22.64	36.50	38.05	24.54	29.25	19.63
Combined ratio	%	94.43	102.61	95.04	95.06	111.38	93.29	92.41	89.44	94.47	90.62
Net Claims / Net Premium	%	61.46	68.44	62.00	60.94	77.73	59.71	60.44	61.38	64.06	63.47
Management Expense / Net Premium	%	23.60	25.82	23.00	23.16	22.29	22.22	26.27	32.08	30.36	26.27
Return to Share Holders											
Return on Equity - PAT	%	22.50	15.50	25.03	(12.96)	24.41	40.41	41.20	23.08	32.17	24.01
Earning / (Loss) Per Share (pre tax)	Rs.	9.03	5.52	11.71	(2.72)	10.47	10.63	8.39	4.27	5.94	3.37
Earning / (Loss) Per Share (after tax)	Rs.	8.06	4.55	9.96	(4.05)	10.71	9.56	7.59	3.24	4.19	2.46
Earning growth	%	77.14	(54.32)	(345.93)	(137.80)	12.10	25.84	134.61	(22.71)	70.10	15.05
Price Earning Ratio - PAT	Times	6.61	13.04	5.85	(24.24)	20.75	9.66	9.33	23.17	17.91	18.81
Breakup value per share	Rs.	35.82	36.71	39.77	31.27	43.89	23.65	18.43	14.02	13.02	10.17
Return on Assets (Book value)	%	8.88	5.84	10.20	(4.93)	9.92	18.89	19.46	8.21	11.54	7.65
Return on Assets (Market value)	%	7.31	4.70	8.04	(3.98)	7.51	15.20	12.12	5.38	7.44	5.96
Market Data											
Face Value (Per share)	Rs.	10.00	10.00	10.00	10.00	10.00	5.00	5.00	5.00	5.00	5.00
Market Price per share at the end of the year	Rs.	53.31	59.33	58.24	98.16	222.25	92.30	70.85	75.00	75.00	46.30
Market Price per share - Highest during the year	Rs.	74.90	87.75	114.00	234.90	239.90	99.75	91.00	105.00	79.00	46.60
Market Price per share - Lowest during the year	Rs.	51.00	52.21	46.00	98.16	165.60	65.00	60.00	66.00	46.30	37.00
Karachi Stock Exchange Index	Points	11,348	12,022	9,386	5,865	14,075	10,041	9,557	6,218	4,472	2,701
Market Capitalization	(Rs. M)	5,271	4,693	3,839	6,470	12,208	8,112	5,189	4,776	4,153	2,230
Cash Dividend Per Share	Rs.	3.00	2.00	3.00	1.50	3.00	2.00	1.50	1.50	1.50	1.50
Cash Dividend	%	30.00	20.00	30.00	15.00	30.00	40.00	30.00	30.00	30.00	30.00
Stock Dividend Per Share	Rs.	2.00	2.50	2.00	-	2.00	1.25	1.00	0.75	0.75	0.75
Stock Dividend	%	20.00	25.00	20.00	-	20.00	25.00	20.00	15.00	15.00	15.00
Dividend Yield	%	5.63	3.37	5.15	1.53	1.35	2.17	2.12	2.00	2.00	3.24
Dividend Pay out	%	37.22	43.96	30.12	(37.04)	28.00	20.93	19.75	46.34	35.82	60.93
Dividend Cover	Times	2.69	2.28	3.32	(2.70)	3.57	4.78	5.06	2.16	2.79	1.64
Performance / Liquidity											
Current Ratio	Times	1.60	1.55	1.61	1.54	1.60	1.78	1.77	1.45	1.50	1.41
Liquid Ratio	Times	1.67	1.64	1.65	1.58	1.60	2.08	2.32	1.27	1.23	1.23
Cash / Current Liabilities	%	17.80	20.31	52.57	49.69	47.76	71.35	58.32	36.10	35.96	37.22
Total Assets Turnover	Times	0.58	0.56	0.63	0.65	0.58	0.58	0.61	0.56	0.63	0.66
Fixed Assets Turnover	Times	21.20	17.13	16.86	14.72	15.02	14.39	12.07	10.97	14.89	23.09
Total Liabilities / Equity	Times	1.53	1.65	1.45	1.63	1.46	1.14	1.12	1.81	1.79	2.14
Return on capital employed	%	25.20	18.84	29.45	(8.69)	23.85	44.93	45.51	30.46	45.65	33.18
Liquid Assets / Total Assets	%	65.78	60.82	58.78	57.15	61.30	66.31	67.67	58.34	56.48	49.36
Paid-up Capital / Total Assets	%	11.02	10.27	10.25	12.15	9.26	9.88	12.81	12.68	13.77	15.67
Earning assets / Total Assets	%	67.40	62.71	61.11	59.43	62.58	67.95	70.24	61.36	60.08	49.84
Equity / Total Assets	%	39.48	37.70	40.75	38.00	40.63	46.75	47.24	35.55	35.86	31.86

Statement of Compliance
with the Code of Corporate Governance
for the year ended December 31, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the Regulation No. 35 of listing regulations of Karachi Stock Exchange and SRO 68(I)/2003 dated January 21, 2003 issued by Securities and Exchange Commission of Pakistan for the purpose of establishing a framework of good governance, whereby a listed insurance company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors on its board of directors including those representing minority interest. At present all the directors on the board are non-executive directors.

2. The directors have confirmed that none of them is serving as a director in ten or more listed companies.

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 Development Financial Institution or a Non-Banking Financial Institution and they are not a member of any stock exchange.

4. During the year, election of directors was held and new Board has been elected w.e.f. June 25, 2011 for a period of 3 years. No casual vacancies occurred in the Board during the year 2011.

5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.

6. The board has developed a vision / mission statement and overall corporate strategy. Significant policies of the Company have been developed and approved by the Board.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.

8. All the meetings of the Board except one were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

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

10. All the Directors have either attended the orientation course or have been provided appropriate materials / guidelines in this regard and as such they are fully aware of their duties and responsibilities. In 2010 six directors have attended the Directors' development program conducted by Insitutte of Directors, UK in Karachi.

11. The appointment, remuneration and terms and conditions of employment of the Chief Financial Officer, Company Secretary and Head of Internal Audit are approved by the Board of Directors. There was no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.

12. 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.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

14. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The underwriting, claims settlement and reinsurance and coinsurance committees have been formed.

17. The Board has formed an audit committee. It comprises of three members, all of whom are non-executive directors including the chairman of the committee.

18. The meetings of the audit committee were held at least once 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 have been formed and advised to the committee for compliance.

19. The Board has set-up an effective internal audit function. During the year this function has been outsourced to A.F. Ferguson & Co., Chartered Accountants, who are considered suitably qualified and experienced for the purpose.

20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

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

22. The actuary appointed by the company has confirmed that he or his spouse and minor children do not hold shares of the company.

23. The Board ensures that the appointed actuary complied with the requirements set out for him in this code.

24. We confirm that all other material principles contained in the Code have been complied.

By Order of the Board

TOWFIQ H. CHINOY
Chairman

Karachi: February 14, 2012

ERNST & YOUNG

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

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2011 prepared by the Board of Directors of **Jubilee General Insurance Company Limited** [formerly New Jubilee Insurance Company Limited] (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

Further, the Listing Regulations require the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2011.

Ernst & Young Ford Rhodes

Chartered Accountants
Date: 14 February 2012
Karachi

Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

of **Jubilee General Insurance Company Limited** (formerly New Jubilee Insurance Company Limited) (the Company) as at **31 December 2011** together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:-

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

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with the accounting policies consistently applied except for the changes as stated in note 5.1 with which we concur;

(c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at **31 December 2011** and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

Ernst & Young Ford Rhodes

Chartered Accountants
Audit Engagement Partner: Shabbir Yunus
Date: 14 February 2012
Karachi

Balance Sheet

as at December 31, 2011

	Note	2011	(Restated) 2010
		(Rupees in '000)	
Share capital and reserves			
Authorised share capital		**1,000,000**	1,000,000
[100,000,000 Ordinary shares of Rs.10 each (December 31, 2010: 100,000,000 Ordinary shares of Rs.10 each)]			
Paid-up share capital	6	**988,721**	790,977
Retained earnings		**874,764**	533,514
Reserves	7	**1,679,384**	1,579,384
		3,542,869	2,903,875
Underwriting provisions			
Provision for outstanding claims (including IBNR)		**1,832,124**	1,879,570
Provision for unearned premium		**1,832,586**	1,521,536
Commission income unearned		**67,916**	54,646
Total underwriting provisions		**3,732,626**	3,455,752
Deferred liabilities			
Staff retirement benefits		**900**	1,371
Creditors and accruals			
Premiums received in advance		**54,237**	65,859
Amounts due to other insurers / reinsurers		**506,764**	348,506
Accrued expenses		**32,379**	22,865
Taxation-provision less payments	8	**114,769**	113,679
Other creditors and accruals	9	**394,535**	370,649
		1,102,684	921,558
Other liabilities			
Deposits and other payables	10	**570,936**	397,480
Unclaimed dividend		**24,820**	22,022
		595,756	419,502
TOTAL LIABILITIES		**5,431,966**	4,798,183
TOTAL EQUITY AND LIABILITIES		**8,974,835**	7,702,058
CONTINGENCIES	11		

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	**Akbarali Hashwani**
Chairman	Director

	Note	2011	(Restated) 2010
		(Rupees in '000)	
Cash and bank deposits	12		
Cash and other equivalents		**4,348**	3,993
Current and other accounts		**849,765**	869,390
Deposits maturing within 12 months		**113,248**	101,400
		967,361	974,783
Loans to employees	13	**849**	791
Investments	14	**4,937,313**	3,709,155
Investment properties	15	**144,765**	146,446
Deferred taxation	16	**36,233**	36,383
Current assets - others			
Premiums due but unpaid	17	**821,123**	814,446
Amounts due from other insurers / reinsurers	18	**76,994**	144,218
Reinsurance recoveries due but unpaid		**50,504**	68,500
Salvage recoveries accrued		**33,835**	26,235
Accrued investment income		**10,460**	10,688
Reinsurance recoveries against outstanding claims	19	**746,168**	841,018
Deferred commission expense		**155,739**	136,160
Prepayments	20	**863,001**	643,036
Sundry receivables	21	**30,566**	52,687
		2,788,390	2,736,988
Fixed assets	22		
Tangible and intangible			
Buildings		**6,390**	6,625
Furniture, fixtures and Office Equipment		**86,541**	83,321
Vehicles		**4,266**	4,912
Computer software		**2,727**	2,654
		99,924	97,512
TOTAL ASSETS		**8,974,835**	7,702,058

Aly Noormahomed Rattansey
Director

Tahir Ahmed
Managing Director
(Chief Executive)

Profit and Loss Account
for the year ended December 31, 2011

	Note	Fire and property	Marine, aviation and transport	Motor	Liability	Accident and health	Others	Treaty	2011 Aggregate	2010 Aggregate
		(Rupees in '000)								
Revenue account										
Net premium revenue		672,873	515,597	695,982	47,345	478,649	353,759	(1)	**2,764,204**	2,451,227
Less:										
Net claims		351,161	261,609	423,637	1,212	375,271	286,203	1	**1,699,094**	1,677,614
Expenses	24	158,830	121,705	164,284	11,176	112,984	83,504	-	**652,483**	632,961
Net commission		120,092	87,502	61,616	(1,098)	14,464	(23,705)	-	**258,871**	204,737
Underwriting result		42,790	44,781	46,445	36,055	(24,070)	7,757	(2)	**153,756**	(64,085)
Investment income									**611,966**	407,598
Rental income	25								**94,275**	84,383
Return on bank deposits									**42,077**	94,734
Other income	26								**2,668**	34,186
General and administration expenses	27								**(30,747)**	(19,137)
Share in profit of an associate	14.1.2								**18,916**	9,003
Profit before tax									**892,911**	546,682
Taxation - net	28								**(95,722)**	(96,531)
Profit after tax									**797,189**	450,151
Profit and loss appropriation account:										
										(Restated)
Balance at commencement of the year									**533,514**	732,936
Profit after tax for the year									**797,189**	450,151
Transfer to general reserve									**(100,000)**	(320,000)
Issuance of bonus shares 2011: Rs.2.5 per share (25%) for the year 2010 [2010: Rs.2 per share (20%) for the year 2009]									**(197,744)**	(131,829)
Final cash dividend 2011: at Rs.2 per share (20%) for the year 2010 [2010: Rs.3 per share (30%) for the year 2009]									**(158,195)**	(197,744)
									341,250	(199,422)
Balance of unappropriated profit at end of the year									**874,764**	533,514
Earnings per share of Rs.10 each - basic and diluted (note 38)								Rupees	**8.06**	4.55

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	Akbarali Hashwani	Aly Noormahomed Rattansey	Tahir Ahmed
Chairman	Director	Director	Managing Director (Chief Executive)

Statement of Comprehensive Income

for the year ended December 31, 2011

	2011	2010
	(Rupees in '000)	
Net profit for the year	**797,189**	450,151
Other comprehensive income for the year	**-**	-
Total comprehensive income for the year	**797,189**	450,151

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy Chairman	**Akbarali Hashwani** Director	**Aly Noormahomed Rattansey** Director	**Tahir Ahmed** Managing Director (Chief Executive)

Statement of Cash Flows

for the year ended December 31, 2011

	2011	2010
	(Rupees in '000)	
Operating Cash Flows		
(a) Underwriting activities		
Premiums received	**5,162,099**	4,232,323
Reinsurance premiums paid	**(2,164,930)**	(1,634,280)
Claims paid	**(2,137,331)**	(1,728,204)
Reinsurance and other recoveries received	**563,261**	253,351
Commissions paid	**(436,836)**	(346,163)
Commissions received	**190,361**	138,448
Other underwriting payments (management expenses)	**(621,196)**	(535,775)
Net cash inflow from underwriting activities	**555,428**	379,700
(b) Other operating activities		
Income tax paid	**(114,015)**	(56,079)
General expenses paid	**(25,530)**	(8,203)
Other operating payments	**(747,492)**	(664,166)
Other operating receipts	**930,954**	823,480
Loans advanced	**(2,010)**	(2,413)
Loan repayments received	**1,703**	1,718
Net cash inflow from other operating activities	**43,610**	94,337
Total cash inflow from all operating activities	**599,038**	474,037
Investment activities		
Profit / return received	**99,040**	134,827
Dividends received	**105,362**	95,837
Rentals received - net of expenses	**100,831**	75,761
Payments for purchase of investments / investment property	**(8,207,864)**	(5,715,365)
Proceeds from disposal of investments	**7,477,580**	4,116,827
Fixed capital expenditure	**(30,747)**	(19,191)
Proceeds from sale of fixed assets	**4,735**	3,072
Total cash outflow from investing activities	**(451,063)**	(1,308,232)
Financing activities		
Dividends paid	**(155,397)**	(194,154)
Total cash outflow from financing activities	**(155,397)**	(194,154)
Net cash outflow from all activities	**(7,422)**	(1,028,349)
Cash at beginning of the year	**974,483**	2,002,832
Cash at end of the year	**967,061**	974,483

Statement of Cash Flows
for the year ended December 31, 2011

	2011	(Restated) 2010
	(Rupees in '000)	
Reconciliation to profit and loss account		
Operating cash flows	**599,038**	474,037
Depreciation / amortisation expense	**(23,694)**	(24,429)
Profit / (loss) on sale of fixed assets	**94**	(607)
Profit on disposal of investments	**468,982**	281,972
Dividend income	**105,362**	92,314
Rental income	**94,275**	84,383
Other investment income	**98,615**	137,049
Provision against doubtful balances	**-**	(67,687)
Increase in assets other than cash	**84,422**	469,938
Increase in liabilities other than running finance	**(629,905)**	(996,819)
Profit after taxation	**797,189**	450,151

Definition of cash

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

Cash for the purposes of the statement of cash flows consists of:

	2011	2010
Cash and bank deposits		
Cash and other equivalents		
Cash	**100**	266
Policy stamps and bond papers in hand	**4,248**	3,727
	4,348	3,993
Current and other accounts		
Current accounts	**204,120**	210,994
PLS savings accounts	**645,645**	658,396
	849,765	869,390
Deposits maturing within 3 months (encashable on demand)		
Term deposit certificates - Local Currency *	**26,100**	101,100
Term deposit certificates - Foreign Currency	**36,848**	-
	62,948	101,100
Deposit with State Bank of Pakistan	**50,000**	-
	967,061	974,483

* This does not include deposits placed under lien amounting to Rs.0.3 million (2010: Rs.0.3 million).

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	Akbarali Hashwani	Aly Noormahomed Rattansey	Tahir Ahmed
Chairman	Director	Director	Managing Director (Chief Executive)

Statement of Changes in Equity

for the year ended December 31, 2011

	Share capital	Reserves						Total
		Capital reserves	Revenue reserves			Company's share of capital contributed to statutory funds by an associate	Total reserves	
	Issued, subscribed and paid-up	Reserve for exceptional losses	General reserve	Retained earnings	Total			
	(Rupees in '000)							
Balance as at January 01, 2010 (as previously reported)	659,148	9,384	1,250,000	706,526	1,956,526	(4,052)	1,961,858	2,621,006
Net effect of change in accounting policy (refer note 5.1) - net of tax	-	-	-	26,410	26,410	4,052	30,462	30,462
Balance as at January 01, 2010 (restated)	659,148	9,384	1,250,000	732,936	1,982,936	-	1,992,320	2,651,468
Changes in equity for the year ended December 31, 2010								
Profit after tax for the year	-	-	-	450,151	450,151	-	450,151	450,151
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	450,151	450,151	-	450,151	450,151
Final cash dividend at Rs.3 per share (30%) for the year 2009	-	-	-	(197,744)	(197,744)	-	(197,744)	(197,744)
Issuance of bonus shares @ 1 share for every 5 shares held	131,829	-	-	(131,829)	(131,829)	-	(131,829)	-
Transfer to general reserve	-	-	320,000	(320,000)	-	-	-	-
Balance as at December 31, 2010	790,977	9,384	1,570,000	533,514	2,103,514	-	2,112,898	2,903,875
Balance as at December 31, 2010 (as previously reported)	790,977	9,384	1,570,000	507,104	2,077,104	(4,052)	2,082,436	2,873,413
Net effect of change in accounting policy (refer note 5.1) - net of tax	-	-	-	26,410	26,410	4,052	30,462	30,462
Balance as at January 01, 2011 (restated)	790,977	9,384	1,570,000	533,514	2,103,514	-	2,112,898	2,903,875
Changes in equity for the year ended December 31, 2011								
Profit after tax for the year	-	-	-	797,189	797,189	-	797,189	797,189
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	797,189	797,189	-	797,189	797,189
Final cash dividend at Rs.2 per share (20%) for the year 2010	-	-	-	(158,195)	(158,195)	-	(158,195)	(158,195)
Issuance of bonus shares @ 1 share for every 4 shares held	197,744	-	-	(197,744)	(197,744)	-	(197,744)	-
Transfer to general reserve	-	-	100,000	(100,000)	-	-	-	-
Balance as at December 31, 2011	**988,721**	**9,384**	**1,670,000**	**874,764**	**2,544,764**	**-**	**2,554,148**	**3,542,869**

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	**Akbarali Hashwani**	**Aly Noormahomed Rattansey**	**Tahir Ahmed**
Chairman	Director	Director	Managing Director (Chief Executive)

Statement of Premiums
for the year ended December 31, 2011

Business underwritten inside Pakistan

Class	Premiums written (note 23)	Unearned premium reserve		Premiums earned	Re-insurance ceded	Prepaid reinsurance premium		Re-insurance expenses	2011 Net premium revenue	2010 Net premium revenue
		Opening	Closing			Opening	Closing			
	(Rupees in '000)									
Direct and facultative										
1. Fire and property damage	1,327,214	446,433	541,229	1,232,418	657,474	197,662	295,591	559,545	**672,873**	605,134
2. Marine, aviation and transport	602,953	57,579	54,798	605,734	94,091	6,525	10,479	90,137	**515,597**	427,594
3. Motor	766,315	264,217	314,329	716,203	29,230	3,244	12,253	20,221	**695,982**	623,802
4. Liability	269,745	67,486	69,816	267,415	215,482	52,794	48,206	220,070	**47,345**	33,207
5. Accident and health	522,160	174,258	217,769	478,649	-	-	-	-	**478,649**	435,552
6. Miscellaneous	1,692,012	511,563	634,645	1,568,930	1,326,911	371,546	483,286	1,215,171	**353,759**	325,939
Total	5,180,399	1,521,536	1,832,586	4,869,349	2,323,188	631,771	849,815	2,105,144	**2,764,205**	2,451,228
Treaty										
7. Proportional / non-proportional	(1)	-	-	(1)	-	-	-	-	**(1)**	(1)
Grand total	5,180,398	1,521,536	1,832,586	4,869,348	2,323,188	631,771	849,815	2,105,144	**2,764,204**	2,451,227

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	**Akbarali Hashwani**	**Aly Noormahomed Rattansey**	**Tahir Ahmed**
Chairman	Director	Director	Managing Director (Chief Executive)

Statement of Claims
for the year ended December 31, 2011

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expenses	Re-insurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	2011 Net claims expense	2010 Net claims expense
		Opening	Closing			Opening	Closing			
	(Rupees in '000)									
Direct and facultative										
1. Fire and property damage	400,056	365,915	437,454	471,595	118,417	77,682	79,699	120,434	**351,161**	385,291
2. Marine, aviation and transport	277,409	280,495	293,415	290,329	31,480	101,588	98,828	28,720	**261,609**	226,453
3. Motor	435,473	247,868	248,230	435,835	2,051	29,379	39,526	12,198	**423,637**	397,311
4. Liability	1,917	11,635	9,782	64	1,359	8,968	6,461	(1,148)	**1,212**	1,530
5. Accident and health	374,473	60,612	61,410	375,271	-	-	-	-	**375,271**	366,944
6. Miscellaneous	648,002	913,045	781,833	516,790	324,734	649,636	555,489	230,587	**286,203**	300,080
Total	2,137,330	1,879,570	1,832,124	2,089,884	478,041	867,253	780,003	390,791	**1,699,093**	1,677,609
Treaty										
7. Proportional / non-proportional	1	-	-	1	-	-	-	-	**1**	5
Grand Total	2,137,331	1,879,570	1,832,124	2,089,885	478,041	867,253	780,003	390,791	**1,699,094**	1,677,614

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	**Akbarali Hashwani**	**Aly Noormahomed Rattansey**	**Tahir Ahmed**
Chairman	Director	Director	Managing Director (Chief Executive)

Statement of Expenses

for the year ended December 31, 2011

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses (note 24)	Under-writing expenses	Commission from reinsurers*	2011 Net under-writing expense	2010 Net under-writing expense
		Opening	Closing						
	(Rupees in '000)								
Direct and facultative									
1. Fire and property damage	169,422	60,907	65,688	164,641	158,830	323,471	44,549	**278,922**	240,312
2. Marine, aviation and transport	88,838	9,001	8,956	88,883	121,705	210,588	1,381	**209,207**	181,354
3. Motor	67,098	24,581	29,016	62,663	164,284	226,947	1,047	**225,900**	219,161
4. Liability	9,379	4,301	3,738	9,942	11,176	21,118	11,040	**10,078**	2,728
5. Accident and health	14,840	5,700	6,076	14,464	112,984	127,448	-	**127,448**	127,161
6. Miscellaneous	105,964	31,670	42,265	95,369	83,504	178,873	119,074	**59,799**	66,983
Total	455,541	136,160	155,739	435,962	652,483	1,088,445	177,091	**911,354**	837,699
Treaty									
7. Proportional / non-proportional	-	-	-	-	-	-	-	**-**	(1)
Grand total	455,541	136,160	155,739	435,962	652,483	1,088,445	177,091	**911,354**	837,698

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

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	**Akbarali Hashwani**	**Aly Noormahomed Rattansey**	**Tahir Ahmed**
Chairman	Director	Director	Managing Director (Chief Executive)

Statement of Investment Income

for the year ended December 31, 2011

	2011	2010
	(Rupees in '000)	
Income from non-trading investments		
Held to maturity		
Return on government securities	**51,222**	31,870
Return on other fixed income securities and Term finance certificates	**12,324**	10,746
Amortisation of premium	**(2,233)**	(3,102)
	61,313	39,514
Available for sale		
Dividend income		
Related parties	**11,314**	9,127
Others	**94,048**	83,187
	105,362	92,314
Gain on sale of non-trading investments	**468,982**	281,972
Impairment in value of available for sale securities	**(16,880)**	-
Investment related expenses	**(6,811)**	(6,202)
Net investment income	**611,966**	407,598

The annexed notes from 1 to 41 form an integral part of these financial statements.

Towfiq H. Chinoy	Akbarali Hashwani	Aly Noormahomed Rattansey	Tahir Ahmed
Chairman	Director	Director	Managing Director (Chief Executive)

Notes to the Financial Statements
for the year ended December 31, 2011

1. **STATUS AND NATURE OF BUSINESS**

1.1 Jubilee General Insurance Company Limited (Formerly: New Jubilee Insurance Company Limited) (the Company) is a public limited company incorporated in Pakistan on May 16, 1953. The Company is listed on the Karachi and Lahore Stock Exchanges and is engaged in general insurance business. The registered office of the Company is situated at 2nd Floor, Jubilee Insurance House, I.I. Chundrigar Road, Karachi.

1.2 The Company has changed its corporate name from "New Jubilee Insurance Company Limited" to "Jubilee General Insurance Company Limited" from October 17, 2011 to create a strong brand identity. The change of name has been approved by the shareholders in their meeting held on April 23, 2011 and the Certificate of Incorporation on Change of Name has been issued by the Securities and Exchange Commission of Pakistan on October 17, 2011.

2. **BASIS OF PREPARATION AND MEASUREMENT**

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

2.2 These financial statements have been prepared under the historical cost convention.

3. **STATEMENT OF COMPLIANCE**

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

The SECP has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

3.2 **Accounting standards not yet effective**

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

Standard	**Effective date (accounting periods beginning on or after)**
IFRS 7 – Financial Instruments : Disclosures – (Amendments)	
- Amendments enhancing disclosures about transfers of financial assets	July 01, 2011
- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013

Standard	Effective date (accounting periods beginning on or after)
IAS 1 – Presentation of Financial Statements – Presentation of items of comprehensive income	July 01, 2012
IAS 12 – Income Taxes (Amendment) - Recovery of Underlying Assets	January 01, 2012
IAS 19 – Employee Benefits – (Amendment)	January 01, 2013

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

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

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

The Company is currently assessing the impact of the above amendments which are effective from January 01, 2013 on the financial statements. However, it is expected that the adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses as referred to in note 5.9.1 to the financial statements.

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

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

4. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

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

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

(a) classification of insurance contracts (note 5.3);
(b) provision for premium due but unpaid (note 5.6 (iii));
(c) provision for outstanding claims (including IBNR) (note 5.7);
(d) premium deficiency reserve (note 5.8);
(e) accounting for staff retirement benefits (note 5.9);
(f) classification of investments (note 5.10);
(g determining the residual values and useful lives of fixed assets and investment properties (note 5.11 and 5.12);
(h) allocation of management expenses (note 5.18);
(i) recognition of taxation and deferred tax (note 5.19);
(j) segment reporting (note 5.20);
(k) impairment (note 5.23); and
(l) provision for obligations (note 5.24).

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except as stated in note 5.1 below:

5.1 Change in accounting policy relating to equity method

International Accounting Standard (IAS-28) "Investment in Associates" requires to account for the investment initially at cost and the carrying amount is increased or decreased with investor's share of the profit or loss, distribution received and the changes in comprehensive income of the investee.

Upto previous years, the Company was recording its share of associate's profit or loss, distribution received and all the changes in associate's shareholders equity. The Company has now changed its accounting policy in accordance with the requirement of IAS-28 and only the share of profit or loss, distribution received and changes in associate's other comprehensive income are recorded.

The change has been applied retrospectively in accordance with the requirements of International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and comparatives have been restated to conform to the changed policy.

Had there been no change in the accounting policy, "Company's share of capital contributed to statutory funds by an associate" would have been higher by Rs.29.344 million, retained earnings as at period end would have been lower by Rs.26.410 million and, correspondingly, deferred tax asset would have increased by Rs.2.934 million. There is no effect of this change on the profit for the year.

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

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

IAS 24 – Related Party Disclosures (Revised)
IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

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

IFRS 3 – Business Combinations
- Transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS
- Measurement of non-controlling interests (NCI)
- Un-replaced and voluntarily replaced share-based payment awards

IFRS 7 – Financial Instruments: Disclosures
- Clarification of disclosures

IAS 1 – Presentation of Financial Statements
- Clarification on statement of changes in equity

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

IAS 34 – Interim Financial Reporting
- Significant events and transactions

IFRIC 13 – Customer Loyalty Programmes
- Fair value of award credits

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

5.3 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

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

These contracts are normally one year insurance contracts except Marine and some contracts of Fire and property and miscellaneous class. Normally all marine insurance contracts and some fire and property contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

These contracts are provided to all types of customers based on assessment of insurance risk by the Company. Normally personal insurance contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, insurance contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine Insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Liability insurance contracts protects the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts except retrocession business with Pakistan Reinsurance Company Limited (PRCL).

5.4 Reinsurance contracts held

These are contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognizes the entitled benefits under the contracts as various reinsurance assets.

5.5 Provision for unearned premium

The provision for unearned portion of premiums is calculated by applying twenty fourths' method as prescribed by SEC (Insurance) Rules, 2002. The unearned portion of premium income is recognized as liability.

The deferred portion of reinsurance premium is recognized as a prepayment. The deferred portion of reinsurance premium ceded is calculated by using twenty fourths' method.

5.6 Receivables and payables related to insurance contracts

(i) Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premium received in advance, premiums due and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

(ii) If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

(iii) Provision for impairment in premium receivables is estimated on a systematic basis after analyzing the receivables as per their ageing.

5.7 Provision for outstanding claims including Incurred But Not Reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the balance sheet date which represents the estimates of the claims intimated or assessed before the end of the accounting year and measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation 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 made for the cost of settling claims incurred but not reported at the balance sheet date, on the basis of management's judgment and the Company's prior experience.

The Company takes advice from actuary for the determination of IBNR claims at the year end. The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic claim lag triangle method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

5.8 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other 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 in the profit and loss account.

No provision has been made as the unearned premium reserve for each class 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 force at balance sheet date.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods. For this purpose average loss ratio of last three years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

5.9 Staff retirement benefits

5.9.1 Defined benefit plan

The Company operates an approved defined gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The most recent actuarial valuation was carried out for the year ended December 31, 2011 using the Projected Unit Credit Method. Actuarial gains/losses in excess of corridor limit (10% of the higher of fair value of assets and present value of obligations) are recognized over the average remaining service life of the employees.

5.9.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 8.33 percent of basic salary.

5.9.3 Employees' compensated absences

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

5.10 Investments

5.10.1 Recognition

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

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

5.10.2 Measurement

5.10.2.1 Investment at fair value through profit or loss

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

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

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

5.10.2.2 Held to maturity

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

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

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

5.10.2.3 Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

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

Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain / loss on remeasurement of available-for-sale securities directly into equity, the investments of the Company would have been higher by Rs.325.38 million and the net equity would have increased by the same amount.

Unquoted

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

5.10.2.4 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost and the carrying amount with investor's share of the Profit and loss , distribution received and change in the comprehensive income of the investee at the end of each reporting period . After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss with respect to the Company's net investment in the associate.

5.10.2.5 Date of recognition

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

5.11 Investment property

Investment properties are accounted for under the 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.

- Leasehold land is stated at cost.

- Building on leasehold land is depreciated to its estimated salvage value on straight line basis over its useful life, which is estimated to be 40 - 80 years.

- Installations forming a part of building on leasehold land but having separate useful lives are depreciated at the rate of 10 percent under the straight line method.

Depreciation policy, subsequent capital expenditure on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

5.12 Fixed assets

5.12.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 22 to the financial statements. The assets' residual values, useful lives and method are reviewed and adjusted if appropriate at each financial year end.

Depreciation on additions is charged from the month the assets are available for use. While on disposal, depreciation is charged up to the month in which the assets are disposed off.

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

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

5.12.2 Intangibles

These are stated at cost less accumulated amortisation and impairment loss. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 22 to the financial statements.

Amortisation is calculated from the month the assets are available for use. While on disposal, amortisation is charged up to the month in which the assets are disposed off.

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

5.13 Premium income

Premiums including administrative surcharge under a policy are recognised as revenue at the time of issuance of insurance policy.

Revenue from premiums is determined after taking into account the unearned portion of premiums. The unearned portion of premium income is recognised as a liability.

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using twenty fourths method. The deferred portion of premium expense is recognised as a prepayment.

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

5.14 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue.

Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

5.15 Rental income

Rental income from investment properties is recognised on accrual basis.

5.16 Investment income

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

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

- Gain / loss on sale of available-for-sale investments is included in income currently.

- Return on fixed income securities classified as available-for-sale is recognised on a time proportion basis taking into account the effective yield on the investments.

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

5.17 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriation are recognized when approved.

5.18 Expenses of management

Expenses of management have been allocated to various classes of business as deemed equitable by management. Expenses not allocable to the underwriting business are charged under general and administration expenses.

5.19 Taxation

5.19.1 Current

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

5.19.2 Deferred

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

Deferred tax is provided on temporary differences arising on investments in associates stated under equity method of accounting.

5.20 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 as the primary reporting format.

Based on its classification of insurance contracts issued, the Company has six primary business segments for reporting purposes namely fire, marine, motor, accident and health, liability and miscellaneous. The nature and business activities of these segments are disclosed in note 5.3.

Assets and liabilities are allocated to particular segments on the basis of premium earned. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium earned.

5.21 Currency transactions

5.21.1 Functional and presentational currency

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

5.21.2 Foreign currency translations

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

5.22 Offsetting of financial assets and liabilities

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

5.23 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. In addition impairment on available-for-sale investments, associates and reinsurance assets are recognised as follows:

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.

Associates

The Company determines that a significant or prolonged decline in the fair value of its investments in associates 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.

Reinsurance assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition the Company also monitors the financial ratings of its reinsurers on each reporting date.

5.24 Provisions for obligation

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

5.25 Financial instruments

Financial instruments carried on the balance sheet include cash and bank, loans to employees, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.

6. SHARE CAPITAL

Issued, subscribed and paid-up

2011	2010		2011	2010
(Number of shares in '000)			(Rupees in '000)	
210	210	Ordinary shares of Rs.10 each issued as fully paid in cash	**2,100**	**2,100**
98,662	78,887	Ordinary shares of Rs.10 each issued as fully paid bonus shares	**986,621**	**788,877**
98,872	79,097		**988,721**	**790,977**

Shares of the Company held by associates amounted to Rs.685.88 million (68,588,047 shares of Rs.10 each) [2010: Rs.511.991 million (51,199,123 shares of Rs.10 each)].

7. RESERVES

	Note	2011	(Restated) 2010
		(Rupees in '000)	
Capital reserves			
Reserve for exceptional losses	7.1	**9,384**	9,384
Revenue reserves			
General reserve	7.2	**1,670,000**	1,570,000
		1,679,384	1,579,384

7.1 Under the Income Tax Act, 1922 applicable to insurance companies, the Company set aside in prior years amounts upto 10 percent of premium earnings, net of reinsurances of the year as a reserve for exceptional losses, which was treated as an allowable deduction in arriving at the taxable income. This option was withdrawn by the Income Tax Ordinance, 1979 with retrospective effect upto the accounting year ended December 31, 1978. Accordingly, the Company has ceased to set aside such amounts, but has retained the reserve created upto December 31, 1978.

7.2 General reserve

Balance at beginning of the year	**1,570,000**	1,250,000
Transfer from retained earnings	**100,000**	320,000
Balance at end of the year	**1,670,000**	1,570,000

8. TAXATION

8.1 The Company has filed returns upto tax year 2011. The income tax assessments of the Company have been finalised upto and including assessment year 2002-2003 and tax years 2004, 2008, 2009, 2010 and 2011. The returns filed for tax years 2005, 2006, 2007 and 2011 are deemed to be orders under the provisions of section 120 of the Income Tax Ordinance, 2001 unless any amendments have been made by the tax authorities.

8.2 In the assessment order for the assessment year 2002-2003, made in prior years, certain items have been disallowed and further additional tax has been levied. The appeal against the order filed before the Commissioner of Inland Revenue (Appeals) (CIRA) has been decided mostly in favour of the Company. The Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the disallowance of certain items amounting to Rs.31.7 million. The ATIR has set aside disallowances and referred to Taxation Officer for reassessment proceedings. The tax provision amounting to Rs.11.11 million in this respect has been made in these financial statements.

8.3 During prior years, the Taxation Officer had passed an assessment order in respect of tax year 2004 consequent to finalisation of tax audit proceedings wherein the disallowances have been made on account of bad debts written off, amortisation of negative goodwill and allocation of expenses against dividend income. Further, the claim of tax credits has also not been allowed in full. The Company filed an appeal before the CIRA who maintained the order passed by the Taxation Officer except allocation of expenses against dividend income. The ATIR also maintained the order of CIRA. The Company has filed petition with the Honorable High Court of Sindh against the said disallowances. Income tax charge amounting to Rs.54.4 million in this respect has been recorded by the Company in prior years.

8.4 For the assessment year 2008, the Company has filed an appeal before the CIRA for tax refund of additional tax paid amounting to Rs.5.09 million, which is pending adjudication.

8.5 During the year, the Taxation Officer has passed an assessment order in respect of tax year 2009 consequent to finalisation of tax audit proceedings in which disallowances have been made on account of bad debts, amortisation of premium, loss on disposal of assets and impairment in the value of investments. This resulted in aggregate tax liability after adjustment of brought forward loss of Rs.43.96 million which is already accounted for in prior years. The Company filed an appeal before the CIRA who maintained the disallowances made by the Taxation Officer. Subsequent to the year end, the Company has filed an appeal before the ATIR which is pending adjudication.

8.6 During the year, the Taxation Officer had passed an assessment order in respect of tax year 2010 in which additions / disallowances were made on account of management expenses, rental income, provision for IBNR, etc. This has resulted in aggregate tax liability of Rs.165.73 million. The Company had made provision amounting to Rs.111.44 million against the same in prior years. The Company had filed an appeal before the CIRA against additions / disallowances. The CIRA has issued the appeal order by deleting the additions/ disallowances made by the Taxation Officer in respect of management expenses and rental income. The CIRA has also set aside additions of provision of IBNR and contribution to provident fund for further verification of the Taxation Officer. This has resulted in a reduced tax liability of Rs.97.74 million. The tax department has filed an appeal with ATIR against the order issued by CIRA on certain allowances amounting to Rs.81.15 million which is pending adjudication.

In respect of the pending outcome of the appeal as referred above, the management, based on the advice of its tax consultants, is confident that the outcome of this matter will be favorable for the Company and, hence, no provision for the balance tax liability of Rs.14.7 million has been made in the current year's financial statements in this regard.

	Note	2011	2010
		(Rupees in '000)	
9. OTHER CREDITORS AND ACCRUALS			
Federal excise duty and sales tax		**21,177**	18,954
Federal insurance fee		**1,242**	841
Workers' Welfare Fund		**17,858**	32,173
Tax deducted at source		**571**	2,218
Premiums and commissions payable		**329,217**	292,720
Payable to Commercial General Union Insurance International (CGUII)	9.1	**7,428**	7,428
Claims payable		**4,237**	79
Miscellaneous		**12,805**	16,236
		394,535	370,649

9.1 This represents CGUII share under the acquisition agreement made in 2002, of the amount recovered against pre acquisition claim recoverable, after adjustment of certain receivables.

10. DEPOSITS AND OTHER PAYABLES

	Note	2011	2010
		(Rupees in '000)	
Advance rent		**29,734**	28,656
Security deposits against bond insurance		**541,110**	368,732
Other deposits		**92**	92
		570,936	397,480

11. CONTINGENCIES

Contingencies in respect of income tax amounted to Rs.14.7 million (2010: Rs.65.40 million) at the year end (refer note 8.6).

12. CASH AND BANK DEPOSITS

	Note	2011	2010
Cash and other equivalents			
Cash		**100**	266
Policy stamps and bond papers in hand		**4,248**	3,727
		4,348	3,993
Current and other accounts			
Current accounts		**204,120**	210,994
PLS savings accounts		**645,645**	658,396
		849,765	869,390
Deposits maturing within 12 months			
Term deposit certificates - local currency	12.1 & 12.2	**26,400**	101,400
Term deposit certificates - foreign currency	12.3	**36,848**	-
		63,248	101,400
Deposit with State Bank of Pakistan	12.4	**50,000**	-
		967,361	974,783

12.1 The rate of return on term deposit certificates issued by various banks range from 11.25% to 12.75% per annum (2010: 9.50% to 12.75% per annum) due on maturity. These term deposit certificates have maturities upto July 15, 2012.

12.2 Included herein is a sum of Rs.0.30 million (2010: Rs.0.30 million) placed under lien with a commercial bank.

12.3 The rate of return on these term deposit certificates is 1.25% (2010: Nil) per annum due on maturity. These term deposit certificates have maturities upto February 21, 2012.

12.4 This represents amount deposited with State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

13. LOANS TO EMPLOYEES

	Note	2011	2010
Considered good			
Secured	13.1	**1,390**	1,249
Unsecured	13.2	**426**	260
		1,816	1,509
Less: Current portion	21	**967**	718
		849	791

13.1 These represent loans provided to employees for the purchase of motor vehicles at the mark-up rate of 6% per annum (2010: 6% per annum) and are recoverable in four to five years. These are secured against motor vehicles.

13.2 These represents interest free loans to employees for general purposes in accordance with the terms of their employment and are recoverable within one year.

13.3 The maximum amount due from executives calculated with reference to month-end balances was Rs.Nil (2010: Rs.Nil).

14. INVESTMENTS

	Note	2011	(Restated) 2010
		(Rupees in '000)	
In related parties			
Investment in an associate - equity method accounting	14.1	**81,907**	69,041
Available for sale - quoted equity securities / mutual funds	14.4.1	**554,079**	404,079
		635,986	473,120
Others			
Held to maturity			
Government securities	14.2	**298,633**	375,654
Term finance certificates - quoted	14.3	**83,479**	73,233
Available-for-sale			
Quoted equity securities / mutual funds	14.4.2	**3,916,715**	2,784,648
Unquoted equity securities			
- Matiari Sugar Mills Limited [715,000 shares (2010: 715,000 shares)]		**2,500**	2,500
		4,301,327	3,236,035
		4,937,313	3,709,155

14.1 Investment in an associate under equity method

14.1.1 Particulars of investment in associate - listed

Number of shares 2011	Number of shares 2010	Face value per share (Rupees)	Name of associate	2011	2010
4,032,766	4,032,766	10	Jubilee Life Insurance Company Limited (Formerly New Jubilee Life Insurance Company Limited) incorporated in Pakistan (Chief Executive: Javed Ahmed)	**81,907**	69,041

Market value of investment and percentage of holding in associate are Rs.251.60 million and 6.43% respectively (2010: Rs.185.87 million and 6.43%).

14.1.2 Movement of investment in associate

	2011	2010
Beginning of the year	**69,041**	64,071
Share in profit upto September 30	**18,916**	9,003
Less: Dividend received	**(6,050)**	(4,033)
	12,866	4,970
Closing balance	**81,907**	69,041

14.1.3 Following information has been summarised based on financial statements as at September 30, 2011 (2010: September 30, 2010) of the associate:

	2011	2010
	(Rupees in '000)	
Total assets	**14,455,998**	9,986,776
Total liabilities	**13,182,256**	9,432,444
Net assets	**1,273,742**	554,332
Share of net assets	**81,907**	35,645
Revenue	**5,763,167**	4,101,728
Profit after tax	**217,937**	70,539

14.2 Government securities

Face value (Rupees)	Profit Rate %	Profit Payment	Particular	Maturity Date	2011	2010
					(Rupees in '000)	
50,000,000	10	Semi annually	Pakistan Investment Bond - 20 years	20-01-2024	**57,467**	57,824
50,000,000	11.5	Semi annually	Pakistan Investment Bond - 5 years	18-08-2016	**48,268**	-
50,000,000	12	Semi annually	Pakistan Investment Bond - 10 years	24-12-2011	**-**	51,728
22,500,000	14	Semi annually	Pakistan Investment Bond - 10 years	18-04-2011	**-**	22,938
40,000,000	11.83	On maturity	Treasury Bills	23-08-2012	**37,138**	-
160,000,000	11.82	On maturity	Treasury Bills	22-03-2012	**155,760**	-
150,000,000	12.81	On maturity	Treasury Bills	10-02-2011	**-**	145,605
35,000,000	13.21	On maturity	Treasury Bills	24-03-2011	**-**	33,968
35,000,000	13.42	On maturity	Treasury Bills	30-06-2011	**-**	32,805
35,000,000	13.73	On maturity	Treasury Bills	30-12-2011	**-**	30,786
					298,633	375,654

14.2.1 Market value of Pakistan Investment Bonds is Rs.88.41 million (2010: Rs.109.29 million) and of Treasury Bills is Rs.192.89 million (2010: Rs.243.91 million).

14.2.2 Pakistan Investment Bonds with face value to Rs.100.00 million (2010: Rs.80.00 million) are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

14.3 Term Finance Certificates - quoted

Number of certificates		Face value per certificate	Type of security	2011	2010
2011	2010	(Rupees)		(Rupees in '000)	
10,000	10,000	5,000	Bank Al Habib Limited	**49,910**	49,930
5,056	5,056	5,000	United Bank Limited	**23,569**	23,303
2,000	-	5,000	Orix Leasing Pakistan Limited	**10,000**	-
				83,479	73,233

14.3.1 Market value of quoted term finance certificates is Rs.86.96 million (2010: Rs.73.81 million). The market values are determined as per rates quoted by Mutual Funds Association of Pakistan as on December 31, 2011.

14.3.2 Details of term finance certificates are as follows:

Particulars	Profit rate per annum	Profit payment	Maturity date
Bank Al Habib Limited	6 months KIBOR plus 1.95% per annum	Semi-annually	06-02-2015
United Bank Limited	6 months KIBOR plus 0.85% per annum	Semi-annually	14-02-2018
Orix Leasing Pakistan Limited	3 months KIBOR plus 2.15% per annum	Quarterly	30-06-2014

14.4 Available-for-sale securities / mutual funds - quoted

14.4.1 In related parties

Number of shares / certificates / units		Face value per share/ certificate/unit	Name of entity	2011	2010
2011	2010	(Rupees)		(Rupees in '000)	
			Open-end mutual funds		
4,847,343	3,453,843	100	HBL Money Market Fund	**500,000**	350,000
			Banks		
1,048,924	953,568	10	Habib Bank Limited	**54,079**	54,079
				554,079	404,079

14.4.2 Others

Number of shares / certificates / units 2011	2010	Face value per share/ certificate/unit (Rupees)	Name of entity	2011 (Rupees in '000)	2010 (Rupees in '000)
			Open-end mutual funds		
166,742	100,000	100	JS Large Capital Fund	**2,300**	2,300
50,685,369	25,435,053	10	ABL Cash Fund	**500,000**	250,000
-	587,839	10	ABL Income Fund	**-**	5,419
419,991	238,603	500	Atlas Money Market Fund	**198,365**	119,446
4,994,661	2,039,798	100	Askari Sovereign Cash Fund	**500,000**	207,138
2,033,117	1,936,896	10	BMA Empress Cash Fund	**20,000**	20,000
-	49,480	100	First Habib Income Fund	**-**	4,717
998,001	451,062	100	Faysal Saving Growth Fund	**100,000**	44,748
3,777,718	2,832,326	100	IGI Money Market Fund	**370,000**	275,566
505,387	-	100	Lakson Income Fund	**50,000**	-
30,894	521,343	100	Lakson Money Market Fund	**2,613**	50,000
3,906,771	3,537,670	100	MCB Cash Management Optimizer	**400,000**	360,824
-	185,069	50	Meezan Cash Fund	**-**	8,476
1,997,881	1,492,650	50	Meezan Sovereign Fund	**100,000**	75,000
2,490,387	-	10	NAFA Financial Securities Income Fund	**25,000**	-
35,969,386	15,216,303	10	NAFA Government Securities Liquid Fund	**350,000**	155,009
-	2,866,287	10	NAFA Islamic Multi-Asset Fund	**-**	25,000
-	9,168,957	10	NAFA Multi-Asset Fund	**-**	100,000
-	624,825	10	NIT Government Bond Fund	**-**	6,104
2,223,882	5,100,708	50	Pakistan Cash Management Fund	**110,000**	253,955
421,035	-	100	PICIC Cash Fund	**40,000**	-
400,353	-	100	PICIC Income Fund	**40,000**	-
1,048,673	1,000,000	10	Pakistan Strategic Allocation Fund	**2,280**	2,280
5,055,057	3,189,828	100	UBL Liquidity Plus Fund	**500,000**	307,036
			Equity investment instruments		
500,000	500,000	10	PICIC Growth Fund	**2,797**	2,797
1,881,379	1,881,379	10	PICIC Investment Fund	**3,825**	3,825
1,297,972	1,297,972	10	Standard Chartered Modaraba	**8,839**	8,839
3,969,000	3,969,000	5	First Habib Modaraba	**22,515**	22,515
			Financial services		
362,323	362,323	10	Orix Leasing Pakistan Limited	**2,300**	6,219

Number of shares / certificates / units		Face value per share/ certificate/unit	Name of entity	2011	2010
2011	2010	(Rupees)		(Rupees in '000)	
			Banks		
212,700	196,350	10	Allied Bank Limited	**9,404**	5,083
402,134	-	10	Bank Al Habib Limited	**12,032**	-
-	224,630	10	The Bank of Punjab Limited	**-**	2,964
616,537	548,033	10	Faysal Bank Limited	**4,570**	4,570
692,187	553,750	10	National Bank of Pakistan Limited	**20,223**	20,223
2,290,486	2,290,486	10	NIB Bank Limited	**3,963**	10,680
329,400	292,800	10	Soneri Bank Limited	**1,285**	2,618
270,000	181,441	10	United Bank Limited	**13,073**	6,038
			Personal goods		
31,566	31,566	10	Dewan Khalid Textile Mills Limited	**124**	124
68,889	168,889	10	Nishat Mills Limited	**2,116**	5,187
199,420	199,420	10	Service Industries Textiles Limited	**100**	180
62,106	62,106	10	Crescent Jute Products Limited	**34**	34
			General industrials		
291,490	242,909	5	Thal Limited	**16,458**	16,458
			Tobacco		
234,909	234,909	10	Pakistan Tobacco Company Limited	**24,081**	24,081
			Electricity		
3,246,710	2,261,210	10	The Hub Power Company Limited	**106,165**	57,579
933,893	933,893	10	Kot Addu Power Company Limited	**33,454**	33,454
			Oil and gas		
225,000	180,000	10	Pakistan State Oil Company Limited	**66,942**	53,774
32,274	137,000	10	Pakistan Oil Fields Limited	**5,936**	20,465
165,602	255,093	10	Pakistan Petroleum Limited	**19,364**	31,444
			Industrial metal and mining		
2,312,706	1,312,706	10	International Industries Limited	**71,951**	19,346
			Industrial engineering		
42,160	42,160	10	Hinopak Motors Limited	**9,568**	9,568
300,000	300,000	10	Millat Tractors Limited	**15,452**	15,452
			Automobile and parts		
-	49,519	10	Indus Motor Company Limited	-	6,764
			Fixed line telecommunication		
2,322,400	1,332,400	10	Pakistan Telecommunication Company Limited (A)	**35,777**	24,028
			Chemicals		
924,820	1,026,125	10	Fauji Fertilizer Company Limited	**73,446**	88,525
72,596	-	10	Engro Corporation Limited	**10,399**	-
400,000	-	10	Lotte Pakistan PTA Limited	**6,000**	-
			Forestry and paper		
304,900	304,900	10	Century Paper & Board Mills Limited	**3,964**	8,796
				3,916,715	2,784,648

14.4.3 Market value of quoted available-for-sale investments is Rs.4,796.17 million (2010: Rs.3,701.95 million).

15. INVESTMENT PROPERTIES

	2011							
	Cost			Depreciation			Written down value as at December 31, 2011	Useful life
	As at January 01, 2011	Additions	As at December 31, 2011	As at January 01, 2011	For the year	As at December 31, 2011		
	(Rupees in '000)							
Leasehold land	**34,164**	**-**	**34,164**	**-**	**-**	**-**	**34,164**	**-**
Building on leasehold land	**107,202**	**3,849**	**111,051**	**10,344**	**3,019**	**13,363**	**97,688**	**40-80 years**
Lifts and other installations	**25,830**	**-**	**25,830**	**10,405**	**2,512**	**12,917**	**12,913**	**10 years**
	167,196	**3,849**	**171,045**	**20,749**	**5,531**	**26,280**	**144,765**	

	2010							
	Cost			Depreciation			Written down value as at December 31, 2010	Useful life
	As at January 01, 2010	Additions	As at December 31, 2010	As at January 01, 2010	For the year	As at December 31, 2010		
	(Rupees in '000)							
Leasehold land	34,164	-	34,164	-	-	-	34,164	-
Building on leasehold land	105,433	1,769	107,202	7,530	2,815	10,345	96,857	40-80 years
Lifts and other installations	25,486	344	25,830	7,900	2,505	10,405	15,425	10 years
	165,083	2,113	167,196	15,430	5,320	20,750	146,446	

15.1 The market value of the investment properties as per valuations carried out by professional valuers in 2011 is Rs.1,591.09 million (2010: Rs.1,408.14 million).

16. DEFERRED TAXATION

	2011	2010 (Restated)
	(Rupees in '000)	
Deferred tax debits / (credits) arising in respect of:		
Accelerated depreciation	**(10,313)**	(9,771)
Provision for doubtful debts	**49,907**	49,907
Share of profit from associate	**(3,361)**	(3,753)
	36,233	36,383

17. PREMIUMS DUE BUT UNPAID

	Note	2011	2010
		(Rupees in '000)	
Unsecured			
Considered good		**821,123**	814,446
Considered doubtful		**137,961**	137,961
		959,084	952,407
Less: Provision for doubtful balances	17.1	**137,961**	137,961
		821,123	814,446

17.1 Provision for doubtful balances

	Note	2011	2010
		(Rupees in '000)	
Opening balance		**137,961**	70,274
Provision made during the year	24	**-**	67,687
		137,961	137,961

18. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS

	Note	2011	2010
Unsecured			
Considered good		**76,994**	144,218
Considered doubtful		**4,631**	4,631
		81,625	148,849
Less: Provision for doubtful balances	18.1	**4,631**	4,631
		76,994	144,218

18.1 Provision for doubtful balances

	2011	2010
Opening balance	**4,631**	54,459
Less: Transferred to other income on receipt of cash	**-**	(8,545)
Less: Amount written off	**-**	(41,283)
	4,631	4,631

19. REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

20. PREPAYMENTS

	2011	2010
Prepaid reinsurance premium ceded	**849,815**	631,771
Rent	**10,450**	9,331
Miscellaneous expenses	**2,736**	1,934
	863,001	643,036

21. SUNDRY RECEIVABLES

	Note	2011	2010
Current portion of long-term loans	13	**967**	718
Advances to suppliers and contractors - considered good		**8,350**	1,874
Rent receivable		**1,658**	1,605
Security deposits		**7,342**	6,168
Sales tax recoverable		**2,183**	1,651
Medical claim recoverable		**5,365**	2,186
Other advances - considered good		**4,701**	5,549
Receivable against sale of shares		**-**	32,936
		30,566	52,687

22. FIXED ASSETS - Tangible and intangible

	Building	Furniture, fixtures and office equipment			Sub total	Motor vehicles	Computer software	Total
		Furniture and fixtures	Office equipment	Computer equipment				
	(Rupees in '000)							
As at January 01, 2011								
Cost	6,875	55,678	96,627	35,968	188,273	8,454	9,852	213,454
Accumulated depreciation	(250)	(29,444)	(47,690)	(27,818)	(104,952)	(3,542)	(7,198)	(115,942)
Net book value as at January 01, 2011	6,625	26,234	48,937	8,150	83,321	4,912	2,654	97,512
For the year ended December 31, 2011								
Opening net book value	6,625	26,234	48,937	8,150	83,321	4,912	2,654	97,512
Additions	-	7,720	16,329	3,936	27,985	1,563	1,199	30,747
Disposals								
- Cost	-	(2,982)	(10,335)	(32)	(13,349)	(1,722)	-	(15,071)
- Accumulated depreciation	-	2,578	7,578	9	10,165	265	-	10,430
	-	(404)	(2,757)	(23)	(3,184)	(1,457)	-	(4,641)
Depreciation charge	(235)	(6,617)	(11,972)	(2,992)	(21,581)	(752)	(1,126)	(23,694)
Net book value as at December 31, 2011	6,390	26,933	50,537	9,071	86,541	4,266	2,727	99,924
As at December 31, 2011								
Cost	6,875	60,416	102,621	39,872	202,909	8,295	11,051	229,130
Accumulated depreciation	(485)	(33,483)	(52,084)	(30,801)	(116,368)	(4,029)	(8,324)	(129,206)
Net book value as at December 31, 2011	6,390	26,933	50,537	9,071	86,541	4,266	2,727	99,924
Annual rate of depreciation	3%	17%	17% - 25%	25%		20%	20%	

	Building	Furniture, fixtures and office equipment			Sub total	Motor vehicles	Computer software	Total
		Furniture and fixtures	Office equipment	Computer equipment				
	(Rupees in '000)							
As at January 01, 2010								
Cost	5,308	54,877	90,164	34,148	179,189	9,097	8,896	202,490
Accumulated depreciation	(15)	(23,376)	(37,477)	(24,575)	(85,428)	(4,281)	(6,217)	(95,941)
Net book value as at January 01, 2010	5,293	31,501	52,687	9,573	93,761	4,816	2,679	106,549
For the year ended December 31, 2010								
Opening net book value	5,293	31,501	52,687	9,573	93,761	4,816	2,679	106,549
Addition	1,567	2,415	10,697	1,835	14,947	1,721	956	19,191
Disposals								
- Cost	-	(1,613)	(4,104)	(75)	(5,792)	(2,285)	-	(8,077)
- Accumulated depreciation	-	639	2,348	46	3,033	1,365	-	4,398
	-	(974)	(1,756)	(29)	(2,759)	(920)	-	(3,679)
Adjustment								
- Cost	-	(1)	(130)	60	(71)	(79)	-	(150)
- Accumulated depreciation	-	1	(4)	-	(3)	33	-	30
	-	-	(134)	60	(74)	(46)	-	(120)
Depreciation charge	(235)	(6,708)	(12,557)	(3,289)	(22,554)	(659)	(981)	(24,429)
Net book value as at December 31, 2010	6,625	26,234	48,937	8,150	83,321	4,912	2,654	97,512
As at December 31, 2010								
Cost	6,875	55,678	96,627	35,968	188,273	8,454	9,852	213,454
Accumulated depreciation	(250)	(29,444)	(47,690)	(27,818)	(104,952)	(3,542)	(7,198)	(115,942)
Net book value as at December 31, 2010	6,625	26,234	48,937	8,150	83,321	4,912	2,654	97,512
Annual rate of depreciation	3%	17%	17% - 25%	25%		20%	20%	

22.1 Disposal of tangible assets

	Cost	Accumulated depreciation	Net Book value	Sale proceeds	Profit / (loss)	Mode of disposal	Particulars of buyers
	(Rupees in '000)						
Disposal of tangible assets during the year having book value exceeding Rs. 50,000							
Motor vehicles	800	120	680	847	167	Negotiation	Muhammad Sabir, Karachi
	850	102	748	1,023	275	Negotiation	Mobin Ahmed Khan, Karachi
Disposal of tangible assets during the year having book value upto Rs. 50,000							
Furniture and fixtures	2,982	2,578	404	176	(228)	Negotiation	Various
Office equipment, electrical installations, trakker and computers	10,367	7,587	2,780	2,664	(116)	Negotiation	Various
Motor vehicles	72	43	29	25	(4)	Negotiation	Various
	15,071	**10,430**	**4,641**	**4,735**	**94**		

23. ADMINISTRATIVE SURCHARGE

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

	2011	2010
	(Rupees in '000)	
Fire and property damage	**9,712**	10,139
Marine, aviation and transport	**13,746**	11,681
Motor	**21,220**	18,850
Miscellaneous	**10,109**	14,220
	54,787	54,890

24. MANAGEMENT EXPENSES

	Note	2011	2010
		(Rupees in '000)	
Salaries, wages and benefits	24.1	**438,468**	401,843
Rent, taxes and electricity		**39,176**	39,900
Communications		**14,222**	13,693
Directors' fee and expenses		**1,360**	1,260
Printing and stationery		**14,824**	11,795
Travelling and entertainment		**22,474**	19,164
Auditors' remuneration	27.3	**260**	200
Legal and professional charges		**8,785**	4,462
Statutory levies		**9,463**	6,681
Annual monitoring fee for tracking devices		**13,660**	7,483
Inspection fee		**6,564**	3,686
Repairs and maintenance		**5,021**	5,446
Advertisement and sales promotion		**25,153**	5,810
Depreciation	22	**22,568**	23,448
Amortisation	22	**1,126**	981
Bad debts written off		**6,305**	538
Provision against doubtful balances	17.1	**-**	67,687
Insurance expense		**4,376**	4,409
Expenses on co-insurance policies		**5,852**	4,340
Motor vehicle running expenses		**2,290**	2,157
Other expenses		**10,536**	7,978
		652,483	632,961

24.1 These include Rs.10.47 million (2010: Rs.10.05 million) being contribution for employees' provident fund and Rs.11 million (2010: Rs.12.71 million) in respect of defined benefit plan.

25. RENTAL INCOME

	2011	2010
Rental revenue	**112,780**	103,541
Investment property related expenditure	**(18,505)**	(19,158)
	94,275	84,383

26. OTHER INCOME

	2011	2010
Income from financial assets / liabilities		
Exchange gain	**961**	490
Return on loans to employees	**89**	63
Creditors no longer considered payable written back	**1,407**	9,232
Receipt on account of acquisition	**-**	24,545
Others	**117**	463
Income from non-financial assets		
Gain / (loss) on sale of fixed assets	**94**	(607)
	2,668	34,186

27. GENERAL AND ADMINISTRATION EXPENSES

	Note	2011	2010
		(Rupees in '000)	
Legal and professional		**4,327**	1,928
Subscription		**493**	560
Registration fee		**276**	173
Insurance ombudsman		**392**	335
Workers' Welfare Fund	27.1	**16,149**	10,934
Charity and donations	27.2	**6,850**	2,920
Auditors' remuneration	27.3	**1,058**	1,323
Others		**1,202**	964
		30,747	19,137

27.1 Workers' Welfare Fund

- for the year	**17,858**	10,934
- for prior years	**(1,709)**	-
	16,149	10,934

27.2 Donations made include the following in which a Director or spouse of a Director is interested.

Name and address of donee	Interested Director	Interest in donee	Note	2011	2010
Pakistan Centre of Philanthropy ST-14, F8/3, Islamabad, Pakistan	Towfiq H. Chinoy	Director		**834**	-

27.3 Auditors' remuneration

	Note	2011	2010
Audit fee		**400**	250
Interim review		**100**	75
Income tax advisory services		-	435
Special reports and certificates for various government agencies and sundry advisory services		**455**	450
Out of pocket expenses		**103**	113
	27	**1,058**	1,323
Federal excise duty / sales tax advisory services	24	**260**	200
		1,318	1,523

28. TAXATION - NET

	2011	2010
Current		
- for the year	**107,556**	103,870
- for prior years	**(11,984)**	-
	95,572	103,870
Deferred	**150**	(7,339)
	95,722	96,531

	2011	2010	2011	2010
	(Executive tax rate) (Percentage		(Rupees in '000)	
28.1 Relationship between tax expense and accounting profit				
Profit before taxation			**892,911**	**546,682**
Tax at the applicable rate of 35% (2010: 35%)	**35.00**	35.00	312,519	191,339
Tax effect of income subject to lower rate	**(5.75)**	(6.26)	(51,358)	(34,213)
Tax effect of expenses that are not allowable in determining taxable income	**1.20**	1.81	10,689	9,898
Tax effect of income exempt from tax	**(18.38)**	(12.89)	(164,144)	(70,493)
Effect of change in prior years tax	**(1.34)**	-	(11,984)	-
	10.72	17.66	95,722	96,531

29. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise companies having common directorship, associates, directors, key management personnel and retirement benefit funds. Investment in related parties have been disclosed in the relevant notes. Directors fees and remuneration to the key management personnel are included in note 31 to these financial statements and are determined in accordance with the terms of their appointment.

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	2011	2010
	(Rupees in '000)	
Companies having common directorship		
Insurance premium:		
- Balance at beginning of the year	**244,085**	244,680
- Insurance premium written (including government levies administrative surcharge and policy stamps)	**354,594**	315,070
- Received / adjusted during the year	**(297,673)**	(315,665)
- Balance at end of the year	**301,006**	244,085
Insurance commission expense	**530**	692
Insurance claims expense	**260,384**	113,813
Outstanding claims	**222,348**	157,470
Purchases of goods and services	**5,705**	5,333
Dividend received	**11,314**	9,127
Dividend received from an associate	**6,050**	4,033
Dividend paid	**102,396**	127,996
Rent income	**28,209**	23,190
Investment in shares / mutual funds other than associate	**1,550,000**	366,834
Disposal of shares / mutual funds other than associate	**1,400,000**	-
Donations	**834**	-
Others		
Insurance premium:		
- Balance at beginning of the year	**73**	31
- Insurance premium written (including government levies administrative surcharge and policy stamps)	**198**	174
Received / adjusted during the year	**(149)**	(132)
Balance at end of the year	**122**	73
Insurance claims expense	**-**	(70)
Dividend paid	**5,927**	7,371
Contributions / provision for staff retirement benefit plans	**21,474**	22,767

30. EMPLOYEE BENEFITS

Defined benefit plan

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

- Discount rate 12.5% (2010: 13%) per annum.
- Expected rate of increase in the salaries of the employees 12.5% (2010: 13%) per annum.
- Expected interest rate on plan assets 13% (2010: 12%) per annum.
- Expected service length of the employees 14 years (2010: 15 years).

	Note	2011	2010
		(Rupees in '000)	
30.1 Asset / (liability) in balance sheet			
Present value of defined benefit obligation	30.3	**78,727**	71,169
Fair value of plan assets	30.4	**(88,688)**	(70,258)
Net actuarial gain / (losses) not recognised		**9,961**	(911)
		-	-
30.2 Movement in asset / (liability) during the year			
Opening balance		**-**	-
Charge to profit and loss account		**11,006**	12,714
Contributions to the Fund during the year		**(11,006)**	(12,714)
Closing balance		**-**	-
30.3 Reconciliation of the present value of the defined benefit obligations			
Present value of obligation as at January 01		**71,169**	60,817
Current service cost		**10,888**	12,069
Interest cost		**9,252**	7,298
Benefits paid		**(3,194)**	(4,108)
Actuarial gain		**(9,388)**	(4,907)
Present value of obligation as at December 31		**78,727**	71,169
30.4 Changes in fair value of plan assets			
Fair value of plan assets as at January 01		**70,258**	55,445
Expected return on plan assets		**9,134**	6,653
Contribution to the Fund		**11,006**	12,714
Benefits paid		**(3,194)**	(4,108)
Actuarial gain / (loss)		**1,484**	(446)
Fair value of plan assets as at December 31		**88,688**	70,258
30.5 Charge for the defined benefit plan			
Current service cost		**10,888**	12,069
Interest cost		**9,252**	7,298
Expected return on plan assets		**(9,134)**	(6,653)
		11,006	12,714
30.6 Actual return on plan assets			
Expected return on assets		**9,134**	6,653
Actuarial gain / (loss)		**1,484**	(446)
		10,618	6,207

30.7 Composition of fair value of plan assets

	2011		2010	
	Fair value (Rupees in '000)	Percentage	Fair value (Rupees in '000)	Percentage
Debt instruments	**75,659**	**85.31%**	55,473	78.96%
Equity instruments	**17**	**0.02%**	17	0.02%
Others	**13,012**	**14.67%**	14,768	21.02%
Fair value of plan net assets	**88,688**		70,258	

30.8 Historical data

	2011	2010	2009	2008	2007
	(Rupees in '000)				
Present value of defined benefit obligations	**78,727**	71,169	60,817	52,504	38,922
Fair value of plan assets	**(88,688)**	(70,258)	(55,445)	(43,503)	(35,427)
(Surplus) / deficit	**(9,961)**	911	5,372	9,001	3,495
Experience adjustments					
- Actuarial (gain) / loss on obligation	**(9,388)**	(4,908)	(9,290)	4,783	1,102
- Actuarial gain / (loss) on assets	**1,484**	(446)	5,910	(723)	748

30.9 The estimated contribution to the Fund for the year ending December 31, 2012 is Rs.10.06 million.

31. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND EXECUTIVES

	Managing Director		Directors		Executives		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in '000)							
Director fees	**-**	-	**1,360**	1,260	**-**	-	**1,360**	1,260
Managerial remuneration - including bonus	**10,454**	8,760	**-**	-	**64,654**	64,666	**75,108**	73,426
Staff retirement benefits	**710**	590	**-**	-	**2,962**	3,034	**3,672**	3,624
House rent allowance	**2,557**	2,124	**-**	-	**23,607**	20,943	**26,164**	23,067
Utilities allowance	**852**	708	**-**	-	**5,388**	5,327	**6,240**	6,035
Medical expenses	**37**	56	**-**	-	**2,096**	2,185	**2,133**	2,241
Leave passage / assistance	**-**	500	**-**	-	**308**	242	**308**	742
Vehicle allowance	**1,591**	1,591	**-**	-	**26,341**	25,669	**27,932**	27,260
Others	**618**	667	**-**	-	**12,941**	9,967	**13,559**	10,634
	16,819	14,996	**1,360**	1,260	**138,297**	132,033	**156,476**	148,289
Number of persons	**1**	1	**8**	8	**55**	53	**64**	62

In addition, the managing director and some of the executives are provided with certain items of household furniture, fixtures and equipment in accordance with their entitlements.

32. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at December 31, 2011 and December 31, 2010, unallocated capital expenditure and non-cash expenses during the year:

(Restated)

	Fire		Marine		Motor		Liability		Accident and health		Miscellaneous		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in '000)													
SEGMENT ASSETS														
Segment assets	**681,071**	593,819	**236,269**	245,257	**220,322**	212,262	**110,501**	141,890	**99,324**	111,624	**1,386,690**	1,357,496	**2,734,177**	2,662,348
Unallocated corporate assets													**6,240,658**	5,039,710
Consolidated total assets													**8,974,835**	7,702,058
SEGMENT LIABILITIES														
Segment liabilities	**1,249,994**	1,031,596	**472,795**	438,921	**710,126**	634,049	**137,734**	142,636	**377,364**	318,181	**1,783,460**	1,698,247	**4,731,473**	4,263,630
Unallocated corporate liabilities													**700,493**	534,553
Consolidated total liabilities													**5,431,966**	4,798,183
Depreciation / amortisation	**5,768**	6,031	**4,420**	4,261	**5,966**	6,217	**406**	331	**4,103**	4,341	**3,031**	3,248	**23,694**	24,429
Non-cash expenses other than depreciation / amortisation	**1,535**	16,843	**1,176**	11,901	**1,587**	17,362	**108**	924	**1,092**	12,123	**807**	9,072	**6,305**	68,225
Unallocated capital expenditure													**34,596**	21,304

33. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

33.1 Financial risk management objectives and policies

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. There are Board Committees and Management Committees for developing risk management policies and its monitoring.

33.1.1 Market risk

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

33.1.1.1 Interest rate risk exposure

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

The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

	Effective rate % per annum	2011					
		Interest / mark-up bearing financial instruments				Non-interest/ mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total		
		(Rupees in '000)					
Financial assets							
Cash and bank deposits	1.25 - 12.75	722,045	-	-	722,045	208,468	930,513
Loans to employees	6	-	849	-	849	-	849
Investments	10 - 15.64	192,898	108,178	81,036	382,112	4,555,201	4,937,313
Premiums due but unpaid		-	-	-	-	821,123	821,123
Amounts due from other insurers / reinsurers		-	-	-	-	76,994	76,994
Reinsurance recoveries due but unpaid		-	-	-	-	50,504	50,504
Accrued investment income		-	-	-	-	10,460	10,460
Reinsurance recoveries against outstanding claims		-	-	-	-	746,168	746,168
Sundry receivables	6	541	-	-	541	21,675	22,216
		915,484	109,027	81,036	1,105,547	6,490,593	7,596,140
Financial liabilities							
Provision for outstanding claims		-	-	-	-	1,832,124	1,832,124
Amounts due to other insurers / reinsurers		-	-	-	-	506,764	506,764
Accrued expenses		-	-	-	-	27,951	27,951
Other creditors and accruals		-	-	-	-	353,687	353,687
Deposits and other payables		-	-	-	-	541,202	541,202
Unclaimed dividend		-	-	-	-	24,820	24,820
		-	-	-	-	3,286,548	3,286,548
Interest risk sensitivity gap		915,484	109,027	81,036	1,105,547	3,204,045	4,309,592
Cumulative interest risk sensitivity gap		915,484	1,024,511	1,105,547			

	Effective rate % per annum	2010					
		Interest / mark-up bearing financial instruments				Non-interest/ mark-up bearing financial instruments	Total
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total		
Financial assets		(Rupees in '000)					
							(Restated)
Cash and bank deposits	4.88 to 11.50	759,796	-	-	759,796	214,987	974,783
Loans to employees	6	-	791	-	791	-	791
Investments	10 to 14.34	317,830	49,930	81,127	448,887	3,260,268	3,709,155
Premiums due but unpaid		-	-	-	-	814,446	814,446
Amounts due from other insurers / reinsurers		-	-	-	-	144,218	144,218
Reinsurance recoveries due but unpaid		-	-	-	-	68,500	68,500
Accrued investment income		-	-	-	-	10,688	10,688
Reinsurance recoveries against outstanding claims		-	-	-	-	841,018	841,018
Sundry receivables	6	458	-	-	458	50,355	50,813
		1,078,084	50,721	81,127	1,209,932	5,404,480	6,614,412
Financial Liabilities							
Provision for outstanding claims		-	-	-	-	1,879,570	1,879,570
Amounts due to other insurers / reinsurers		-	-	-	-	348,506	348,506
Accrued expenses		-	-	-	-	18,347	18,347
Other creditors and accruals		-	-	-	-	316,463	316,463
Deposits and other payables		-	-	-	-	368,824	368,824
Unclaimed dividend		-	-	-	-	22,022	22,022
		-	-	-	-	2,953,732	2,953,732
Interest risk sensitivity gap		1,078,084	50,721	81,127	1,209,932	2,450,748	3,660,680
Cumulative interest risk sensitivity gap		1,078,084	1,128,805	1,209,932			

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

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
		(Rupees in '000)	
December 31, 2011	**100** **(100)**	**12,488** **(12,488)**	**8,117** **(8,117)**
December 31, 2010	100 (100)	16,530 (16,530)	10,745 (10,745)

33.1.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

33.1.1.3 Other price risk

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

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity, money market fund and term finance certificates (TFCs). In addition, the Company actively monitors the key factors that affect stock, money market and TFCs market.

The following table summarizes the Company's other price risk as of December 31, 2011 and 2010. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Fair value (Rupees in '000)	Price change	Effect on fair value (Rupees in '000)
December 31, 2011	**4,883,136**	**+5%**	**244,157**
		-5%	**(244,157)**
December 31, 2010	3,775,760	+5%	188,788
		-5%	(188,788)

33.1.2 Liquidity risk

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

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

	2011			
	Within one year	Over one year to five years	Over five years	Total
	(Rupees in '000)			
FINANCIAL LIABILITIES				
Provision for outstanding claims	**1,832,124**	**-**	**-**	**1,832,124**
Amounts due to other insurers / reinsurers	**506,764**	**-**	**-**	**506,764**
Accrued expenses	**27,951**	**-**	**-**	**27,951**
Other creditors and accruals	**353,687**	**-**	**-**	**353,687**
Deposits and other payables	**541,202**	**-**	**-**	**541,202**
Unclaimed dividend	**24,820**	**-**	**-**	**24,820**
	3,286,548	**-**	**-**	**3,286,548**

	2010			
	Within one year	Over one year to five years	Over five years	Total
FINANCIAL LIABILITIES				
Provision for outstanding claims	1,879,570	-	-	1,879,570
Amounts due to other insurers / reinsurers	348,506	-	-	348,506
Accrued expenses	18,347	-	-	18,347
Other creditors and accruals	316,463	-	-	316,463
Deposits and other payables	368,824	-	-	368,824
Unclaimed dividend	22,022	-	-	22,022
	2,953,732	-	-	2,953,732

33.1.3 Credit Risk

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

33.1.3.1 Concentration of credit risk and credit exposure of the financial instruments

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The Company is exposed to major credit risk on bank balances and deposits, Term Finance Certificates, premiums receivable from customers and co-insurers; and on commission and claim recoveries from re-insurers.

The credit quality of Company's bank balances (excluding deposit of Rs.50 million held with the State Bank of Pakistan) can be assessed with reference to external credit ratings as follows:

Bank	Rating	Rating Agency	2011	2010
			(Rupees in '000)	
Habib Bank Limited	AA+	JCR-VIS	**242,718**	250,737
Soneri Bank Limited	AA-	PACRA	**254,316**	229,325
Faysal Bank Limited	AA	PACRA /JCR-VIS	**10,411**	13,483
Standard Chartered Bank (Pak) Limited	AAA	PACRA	**346,495**	336,972
Bank Al-Falah Limited	AA	PACRA	**756**	723
NIB Bank Limited	AA-	PACRA	**1,348**	102,307
Habib Metropolitan Bank Limited	AA+	PACRA	**74**	71
Silk Bank Limited	A-	JCR-VIS	**795**	-
The First Micro Finance Bank Limited	A+	JCR-VIS	**25,000**	-
United Bank Limited	AA+	JCR-VIS	**23,696**	28,620
MCB Bank Limited	AA+	PACRA	**2,625**	3,858
Dubai Islamic Bank Limited	A	JCR-VIS	**3,491**	3,594
Pak Oman MicroFinance Bank Limited	BBB+	JCR-VIS	**1,100**	1,100
Samba Bank Limited	A+	JCR-VIS	**188**	-
			913,013	970,790

The credit quality of Company's quoted equity securities and mutual funds can be assessed as follows:

Rating	2011	2010
A or above	**4,255,009**	2,865,097
others	**314,573**	392,671
	4,569,582	3,257,768

The credit quality of Company's exposure in TFCs can be assessed as follows:

			2011	2010
Bank Al-Habib Limited	AA	PACRA	**49,930**	49,930
United Bank Limited	AA	JCR-VIS	**23,303**	23,303
Orix Leasing Pakistan Limited	AA+	PACRA	**10,000**	-
			83,233	73,233

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provision for doubtful receivables as disclosed in note 17.

The credit quality of premium receivable from co-insurer, and for commission and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 35.

34. INSURANCE RISK

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty in the amount of compensation to the insured. Generally, most insurance contracts carry the insurance risk for a period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Frequency and severity of claims

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
Class	**2011**	**2010**
	(Rupees in '000)	
Fire and property	**33,717,650**	14,569,893
Marine, aviation and transport	**2,241,068**	1,735,493
Motor	**39,390**	45,000
Liability	**4,454,800**	4,441,900
Accident and health	**7,692,686**	6,726,328
Miscellaneous	**3,678,250**	3,672,150

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.

Uncertainty in the estimation of future claims payment

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims IBNR, the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim lag triangle method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of claims incurred but not reported.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated.

Key assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

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

	Assumed net loss ratio	Assumed net loss ratio
Class	**2011**	**2010**
Fire and property	**48%**	51%
Marine, aviation and transport	**47%**	43%
Motor	**61%**	63%
Liability	**3%**	35%
Accident and health	**80%**	77%
Miscellaneous	**76%**	70%

Sensitivities

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

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		(Rupees in '000)			
2011	**+ 10%**	**208,988**	**169,775**	**166,446**	**108,190**
2010	+ 10%	229,177	167,447	164,164	106,707

Claim development

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

35. REINSURANCE RISK

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

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

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

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2011	2010
	(Rupees in '000)				
A or above including Pakistan Reinsurance Company Limited	58,600	662,566	47,910	769,076	1,027,169
BBB	15,707	27,878	1,128	44,713	20,411
Others	2,687	55,724	1,466	59,877	6,156
	76,994	746,168	50,504	873,666	1,053,736

36. CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base for the confidence of stakeholders and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to Ordinary shareholders. The Company meets minimum paid up capital requirements as required by Securities and Exchange Commission of Pakistan.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of all the financial instruments are estimated to be not significantly different from their carrying values except for investments in associate, held to maturity and available-for-sale securities having fair value of Rs.5,416.03 million (December 31, 2010: Rs.4,314.83 million).

38. EARNINGS PER SHARE

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

	2011	2010
	(Rupees in '000)	
Profit after tax for the year	797,189	450,151
	(Number of shares in '000)	
Weighted average number of shares of Rs.10 each	98,872	98,872
	(Rupees)	
Earnings per share of Rs.10 each - basic and diluted	8.06	4.55

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

39. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on February 14, 2012 has announced a final cash dividend in respect of the year ended December 31, 2011 of Rs. 3.0 per share of Rs.10 each (30%) [December 31, 2010: Rs.2.0 per share of Rs.10 each (20%)] and bonus shares @ 20% (December 31, 2010: 25%). In addition, the Board of Directors has approved the transfer of Rs.100 million (December 31, 2010: Nil) to special reserve and Rs. 230 million (December 31, 2010: Rs.100 million) to general reserve from unappropriated profit. These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

40. AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 14 February 2012.

41. GENERAL

All figures have been rounded off to the nearest thousand of rupees.

Towfiq H. Chinoy	**Akbarali Hashwani**	**Aly Noormahomed Rattansey**	**Tahir Ahmed**
Chairman	Director	Director	Managing Director (Chief Executive)

Executives

President & Managing Director
Tahir Ahmed, BE (MET) , MBA, ACII, Chartered Insurer

Executive Directors
Atiq A Mahmudi, B Com, LLB, FCA

Executive Vice Presidents
Azfar Arshad, BE (Mech), MBA
Brendan Thomas D' Lima, B Com
Mohammad Afzaluddin, B Com
Mohammed Safdar, MBA, ACII
M Uzair Mirza, BE (Elec), MBA
Syed Ather Abbas, MBA
Syed Sohail Ahmed, MBA

Joint Executive Vice Presidents
Kamran Arif, B Com
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Email: info.su2@jubileegeneral.com.pk
Tel: (9242) 36283664-8
Fax: (9242) 36283660

Sales Unit – III
1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Email: info.su3@jubileegeneral.com.pk
Tel: (9242) 36283664-8
Fax: (9242) 36283669

Mall Mansions
(Sales Unit-IV)
4th Floor, Cricket House,
Canal Bank, 20 Jail Road,
Lahore.
Email: info.mall@jubileegeneral.com.pk
Tel: (9242) 37550370-3
Fax: (9242) 37550374

Sales Unit – V
1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Email: info.su5@jubileegeneral.com.pk
Tel: (9242) 36283664-8
Fax: (9242) 36283669

COMMERCIAL UNIT – II
1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Email: info.cu2@jubileegeneral.com.pk
Tel: (9242) 36283664-8
Fax: (9242) 36283669

ENGG/INFRASTRUCTURE
INSURANCES BRANCH
1st Floor, 1 Capt. Anwarul Haq
Shaheed Road, P.O. Box 368,
Lahore-54000.
Email: info.eiib@jubileegeneral.com.pk
Tel: (9242) 36283291
Fax: (9242) 36283292

BANK SQUARE
3rd Floor, H. M. House,
7 Bank Square, Lahore.
Email: info.bsq@jubileegeneral.com.pk
Tel: (9242) 37312325, 37312369
Fax: (9242) 37312369

FAISALABAD
P-68, Allama Iqbal Road,
Faisalabad.
Email: info.fsd@jubileegeneral.com.pk
Tel: (9241) 2643020, 2640782
Fax: (9241) 2638782

ISLAMABAD
1st Floor, Kashmir Plaza, Jinnah Avenue,
Blue Area, Islamabad.
Email: info.isb@jubileegeneral.com.pk
Tel: (9251) 2270365-7
Fax: (9251) 2275317, 2270277

MARGALLA
42, Aga Khan Road, Super Market,
Sector F-6/4,
Islamabad.
Email: info.mrg@jubileegeneral.com.pk
Tel: (9251) 2528512
Fax: (9251) 2828600

PESHAWAR
TF : 9 & 10, 3rd Floor
Deans Trade Centre
Peshawar
Email: info.pw@jubileegeneral.com.pk
Tel: (9291) 5253132-5
Fax: (9291) 5274698

Proxy Form

JUBILEE GENERAL INSURANCE COMPANY
(FORMERLY NEW JUBILEE INSURANCE COMPANY LIMITED)

JUBILEE INSURANCE HOUSE
I. I. CHUNDRIGAR ROAD,
KARACHI

I / We ____________________________________ of _______________________________________

being a member of Jubilee General Insurance Company Limited and a holder of _______________ ordinary shares, as per Share Register Folio No. ______________________________ and / or CDC Participant I.D. No. ___________________________ and Sub Account No.______________________

hereby appoint ____ of ___________________________
(Name)

failing him____ of __________________________
(Name)

who are also members of Jubilee General Insurance Company Limited, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on April 09, 2012 at 10:30 a.m. and at any adjournment thereof.

Signed this _________________ day of ________________ 2012.

WITNESS:

1. Signature: ___________________________
   Name: ___________________________
   Address: ___________________________
   ____
   CNIC No. ___________________________

Signature

Revenue Stamp

2. Signature: ___________________________
   Name: ___________________________
   Address: ___________________________
   ____
   CNIC No. ___________________________

Note:
1. Signature should agree with the specimen signature registered with the company.
2. The Proxy Form must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding the Meeting.
3. No person shall act as proxy unless he/she is a member of the Company.
4. CDC Shareholders and their proxies are each requested to attach an attested Photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.

WWW.JUBILEEGENERAL.COM.PK

2nd Floor, Jubilee Insurance House,
I.I. Chundrigar Road,
Karachi 74000, Pakistan

UAN: 111 654 111, Tel: 32416022-26
Fax: 32438738, 32416728
Email: info@jubileegeneral.com.pk