



Emerging
Trends
in Insurance

52 *Years of Excellence*

Annual Report

For the financial year ended December 31

2011

In the Name of

ALLAH

The Most Gracious, The Most Merciful

Annual Report 2011

For the Financial Year ended December 31, 2011

52
years of excellence

CONTENTS

Business Review

Rating	2
Financial Performance at a Glance	3
The United Group	4
Corporate Calendar	5
Our Network	6
Core Beliefs	8
Vision / Mission Statement	9
Board of Directors	10
Corporate Information	11
Management Information	12
Company Information	13
United Insurance at a Glance	22
Six Years at a Glance	23
Vertical Analysis	24
Horizontal Analysis	26
Segment wise Outline	28
52 Years of Excellence	38
Group Head's Message	39
Chairman's Message	40
Chief Executive's Message	42

Governance

Directors Report to the members	44
Report on Corporate Governance	53
Statement of Ethics & Business Practices	56
Statement of Compliance with the Code of Corporate Governance	57
Review Report to the members on Statement of Compliance with the Code of Corporate Governance	59
Pattern of Shareholding	60

Financial Statements

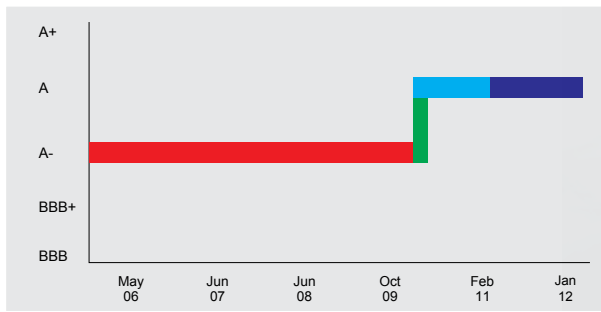
Auditors' Report to the Members	68
Financial Statements	70
Notes to the Financial Statements	81

Annual General Meeting

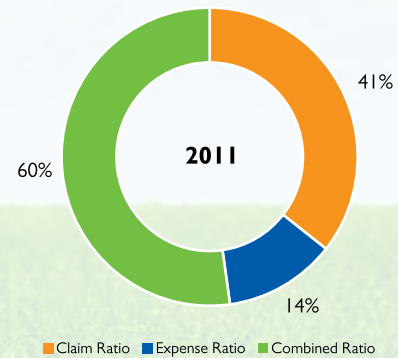
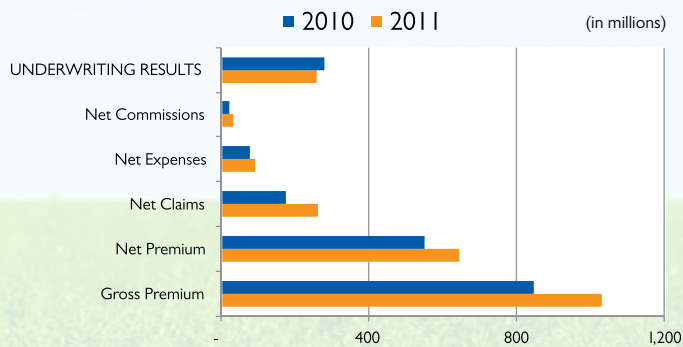
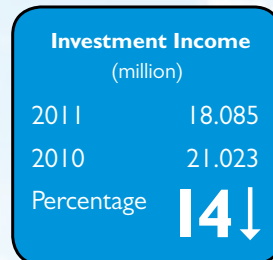
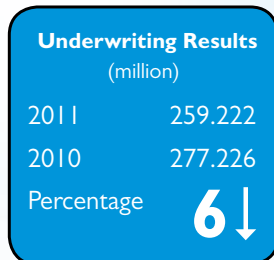
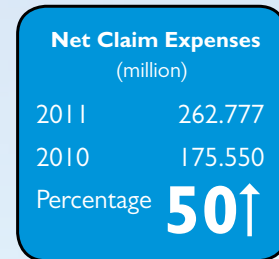
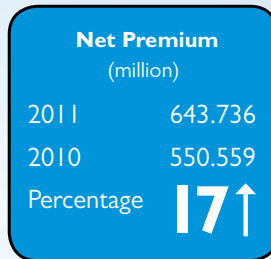
Notice of Annual General Meeting	127
Form of Proxy	133



Rating by: PACRA



Financial Performance at a Glance





United International Group

1. The United Insurance Company of Pakistan Ltd. (UIC)
2. United Track System (Pvt.) Ltd. (UTS)
3. United International Farms (UIF)
4. United Software & Technologies International (Pvt.) Ltd. (UTI)
5. Tawasul Insurance Services LLC, Abu Dhabi. (Tawasul)
6. Tawasul Risk Management Services Ltd. (TRS)
7. UIG Global Services Ltd. UK. (UGS)



31st March 2011
Audit Committee and Board of Directors meetings to consider annual accounts of the Company for the year ended December 31, 2010

30th April 2011
Annual General Meeting of shareholders to consider annual accounts of the Company for the year ended December 31, 2010 and dividend announcement

Corporate
Calendar
2011

28th April 2011
Audit Committee and Board of Directors meetings to consider quarterly accounts of the Company for the quarter ended March 31, 2011

25th October 2011
Audit Committee and Board of Directors meetings to consider quarterly accounts of the Company for the quarter ended September 30, 2011

25th August 2011
Audit Committee and Board of Directors meetings to consider quarterly accounts of the Company for the quarter ended June 30, 2011

Our Network

North Region
Islamabad
Rawalpindi
Peshawar
Azad Kashmir

Central Region

Lahore
Sahiwal
Faisalabad
Gujranwala
Multan

South Region

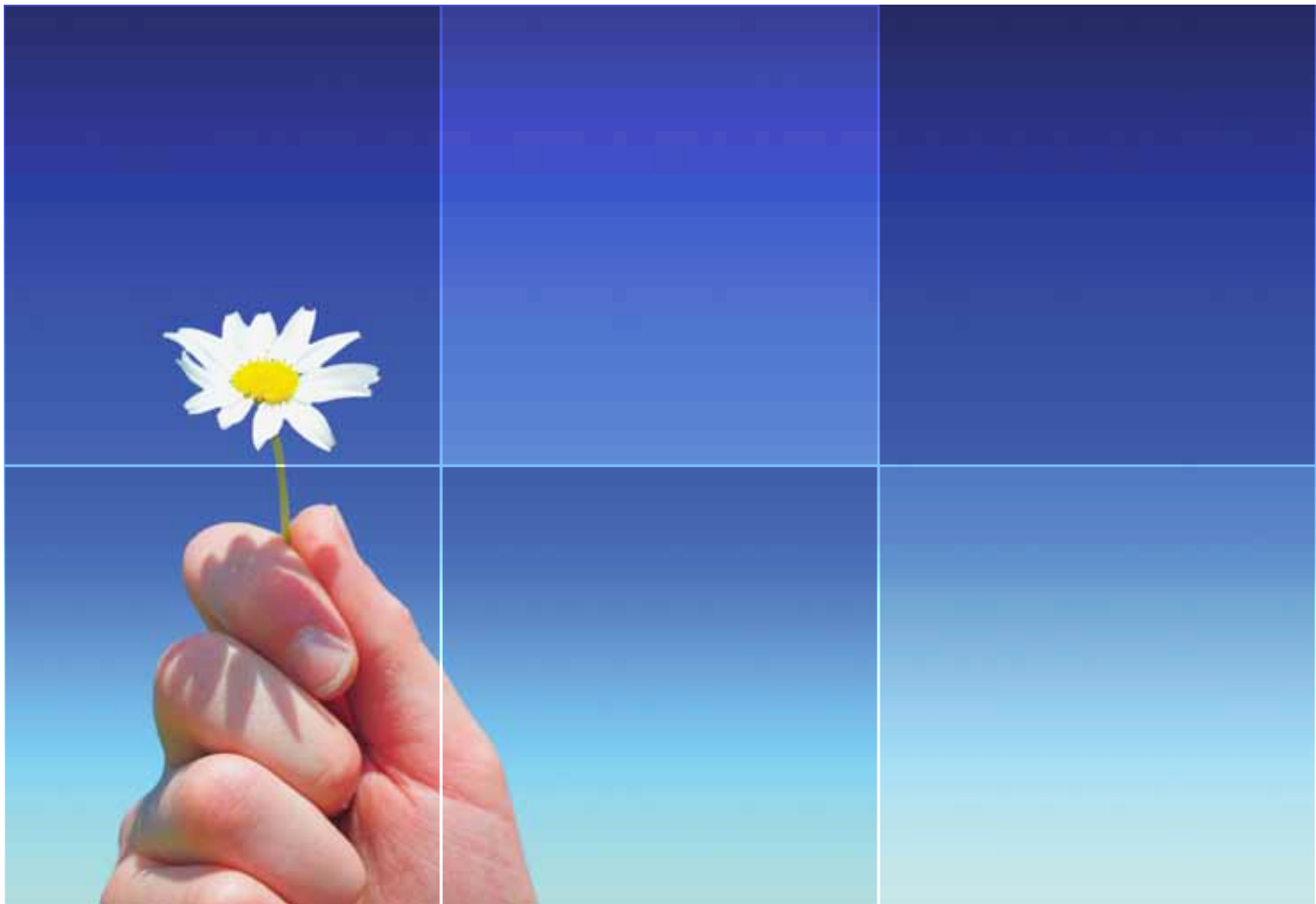
Karachi
Hyderabad
Quetta



Core Beliefs

UICL believes in providing high quality solutions to risk exposures to the fulfillment of its customers through:

- Surpassing the values throughout the entire organization. These principles will guide us to succeed in our business, and will serve us well ahead into the future from day-to-day business operation to product development and customer services.
- Building the team that takes responsibility for the delivery of our services. By developing our technical & marketing staff, who may deliver services competently. Also give them a sense of pride in the Company.
- Believing that by being pro-active and meeting the changing needs of our clients through value – added products and services, meeting the aspirations of all our stakeholders.
- Also believing that quality of work is the key factor in an organization. So, continuous quality improvements shall be the key drivers in our management processes.



Vision & Mission

Vision Statement

A first class Insurance Company to provide cost effective risk management solutions to its policyholders through highest level of quality.

Mission Statement

For our customers

- To provide superior services through high quality business solutions and health protection, based on expert advice and financial management and adding value to all the corporate and non corporate customers.

For our Members

- To maximize the members' value by optimum utilization of resources.

For our Employees

- To provide opportunities for self development in a highly challenging performance oriented work environment.

For the Society

- To ensure good governance by maintaining high ethical standards and risk coverage.

For the Government

- Prompt and timely liquidation of liabilities and adherence to the policies established.



Board of Directors



Khawas Khan Niazi
Chairman



Ch. Habib-ur-Rehman
Director/President



Mohammed Rahat Sadiq
Chief Executive Officer



Ch. Najeeb-ur-Rehman
Director



Ch. Aziz-ur-Rehman
Director



Huma Waheed
Director



Ch. Maqsood Ahmed
Director

Advisor to BOD



Mian M.A. Shahid

Corporate Information

CHAIRMAN

Khawas Khan Niazi

CHIEF EXECUTIVE OFFICER

Mohammed Rahat Sadiq

DIRECTOR/PRESIDENT

Chaudhary Habib-Ur-Rehman

DIRECTORS

Huma Waheed

Chaudhary Najeeb-ur-Rehman

Chaudhary Aziz-ur Rehman

Chaudhary Maqsood Ahmed

ADVISOR TO BOARD

Mian M.A. Shahid

(Chairman UIG)

DEPUTY MANAGING DIRECTOR/ COMPANY SECRETARY

Zia Hassan Zuberi

CHIEF FINANCIAL OFFICER

Maqbool Ahmad

CHIEF INTERNAL AUDITOR

Wakeel Ahmad Mirza

AUDITORS

M/S. Ilyas Saeed & Co.

Chartered Accountants

M/S. Sarwars

Chartered Accountants

LEGAL ADVISORS

M. A. Hamdani (Advocate)

Muhammad Farooq Sheikh (Advocate)

INCOME TAX ADVISOR

M/S. Sarwars

Chartered Accountants

RATING AGENCY PACRA

Insurer Financial Strength: A

COMPANY'S SHARE REGISTRAR

M/S. Shares Corporate Services (Pvt.) Ltd.

Mehersons Estate, Block-E,

Talpur Road-Karachi

WEB PRESENCE

www.theunitedinsurance.com

REGISTERED OFFICE

204, 2nd Floor, Madina City Mall,

Abdullah Haroon Road, Saddar Karachi.

Tel: 021-35621460-2, 021-35221803-4

Fax: 021-35621459

Telegram: UNITINSURE

Email: info@theunitedinsurance.com

HEAD OFFICE

Nizam Chambers

7-Shahrah-e-Fatima Jinnah, Lahore.

Tel: 042-36361471, 36315091

UAN: 042-111-000-014

Fax: 042-36375036, 36304350

Email: uicp@theunitedinsurance.com

Key Management Personnel

CHIEF EXECUTIVE OFFICER

Mohammed Rahat Sadiq

ADVISORS

Naseer Ahmed

(Former Member Revenue CBR)
(Former Additional Secretary Military Finance)
(Former Additional Secretary Finance)

Sardar Khan

(Former Managing Director)
Universal Insurance Co. Ltd.

DEPUTY MANAGING DIRECTOR

Aziz Ullah Memon

(Former President Bolan Bank & UBL)

SENIOR EXECUTIVE DIRECTORS

Maj. General (R) Asif Duraiz Akhter

Muhammad Saleem Sheikh

(Former President & Chief Executive Allied Bank Ltd.)
(Former Director & Vice Chairman Allied Bank Ltd.)

EXECUTIVE DIRECTOR UNDERWRITING

S.M. Qaiser Imam

GENERAL MANAGER FINANCE

Tajammal Iqbal

GENERAL MANAGER REINSURANCE

Amir Hameed

GENERAL MANAGER ADMINISTRATION

Jamil Ahmad

DEPUTY GENERAL MANAGER UNDERWRITING

Manzoor Mirza

DEPUTY GENERAL MANAGER (IT)

Ch. Khalid Mehmood

DEPUTY GENERAL MANAGER CLAIMS

Muhammad Yasin Khan

CHIEF MANAGER CLAIMS

Fayyaz-ud-Din Mirza

MANAGER RE-INSURANCE

Naeem Babar

MANAGER HEALTH/TRAVEL

Kashif Shafique

MANAGER CO-ORDINATION

Tahira Feroz

MANAGER AGRICULTURAL

Zulfiqar Ahmad

EXECUTIVE DIRECTORS

Qamar-uz-Zaman

Mian M.A. Zahid

Dr. Murtaza Mughal

Zarar Ahmad Butt

Mian Kashif Rasheed

Ch. Aslam Feroze

Shakeel Ahmad

Muhammad Siddique Sheikh

Rizwan-ul-Haq

JOINT DIRECTORS

Muhammad Naseem Butt

Salman-ul-Haq

Khurram Mansoor

Malik Zafar Yousaf

Mian Muhammad Rafi

Muhammad Mazhar Shah

Riaz Shah

Company Information

BANKERS

State Bank of Pakistan	Askari Bank Limited
Habib Bank Limited	Samba Bank Limited
National Bank of Pakistan	First Fidelity Leasing Modaraba
Bank Al-Habib Limited	Silk Bank Limited
Soneri Bank Limited	Allied Bank Limited
Bank Al-Falah Limited	Khushhali Bank Limited
KASB Bank Limited	Atlas Investment Bank Limited
Meezan Bank Limited	First International Investment Bank Limited
NIB Bank Limited	Orix Investment Bank Pakistan Limited
SME Bank Limited	Summit Bank Limited
The Bank of Khyber	The Punjab Provincial Cooperative Bank Ltd.
Escorts Investment Bank Limited	National Investment Trust Limited
The First Micro Finance Bank Limited	Habib Metropolitan Bank Limited
Jahangir Siddiqui Investment Bank Limited	Citibank N.A.
Security Investment Bank Limited	Oman International Bank S.A.O.G
Industrial Development Bank of Pakistan	Standard Chartered Bank Limited
Zarai Taraqtiati Bank Limited	The Hong Kong & Shanghai Banking Corp. Ltd.
Albaraka Islamic Bank B.S.C. (E.C)	Trust Investment Bank Limited
American Express Bank Limited	APNA Microfinance Bank Ltd.
SME Leasing Limited	
The Bank of Tokoyo Mitsubishi Limited	
Orix Leasing Company Limited	
Dubai Islamic Bank Limited	
First Women Bank Limited	
MCB Bank Limited	
United Bank Limited	
Faysal Bank Limited	
The Bank of Punjab	

Company Information

AUDIT COMMITTEE

Ch. Aziz-ur-Rehman	Chairman
Ch. Najeeb-ur-Rehman	Member
Huma Waheed	Member

MANAGEMENT COMMITTEE

Khawas Khan Niazi	Chairman
Ch. Habib-ur-Rehman	Member
Mohammed Rahat Sadiq	Member
Zia Hassan Zuberi	Member
S. M. Qaiser Imam	Member
Aziz Ullah Memon	Member

INVESTMENT COMMITTEE

Khawas Khan Niazi	Chairman
Mohammed Rahat Sadiq	Member
Mian M.A Shahid	Member
Zia Hassan Zuberi	Member
Huma Waheed	Member
Maqbool Ahmad	Member

RE-INSURANCE COMMITTEE

Mohammed Rahat Sadiq	Chairman
Mian M.A Shahid	Member
S.M. Qaiser Imam	Member
Amir Hameed	Member

UNDER-WRITING COMMITTEE

Mohammed Rahat Sadiq	Chairman
Ch. Maqsood Ahmed	Member
S.M. Qaiser Imam	Member

CLAIMS SETTLEMENT COMMITTEE

Huma Waheed	Chairperson
Mohammed Rahat Sadiq	Member
Ch. Najeeb-ur-Rehman	Member
Muhammad Yasin Khan	Member

Challenges Overcome

Everything we have planned to do is now under way. We have gone from concepts and planning to execution. All this has happened in a difficult environment that has forced us to be prudent and rigorous. Hence, we have had to adapt to a constantly changing reality.



Amir Hameed

Mian M.A. Shahid

Rahat Sadiq

Khawas Khan Niazi

S.M Qaiser Imam

Maqbool Ahmad



(Left to Right) Ch. Khalid Mehmood | Amir Hameed | Tajammal Iqbal | S.M. Qaiser Imam

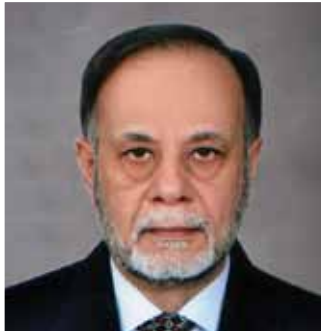


Mian M.A Shahid | Khawas Khan Niazi | Muhammad Yasin Khan | Maqbool Ahmad

Talented and Motivated Personnel Our Identity, Our Prospect!



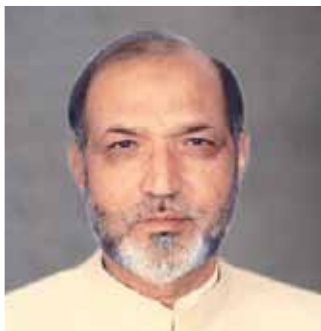
Zia Hassan Zuberi
Deputy Managing Director / Company Secretary



Azizullah Memon
Deputy Managing Director



Maj. Gen. (R) Asif Duraiz Akhter
Senior Executive Director



Naseer Ahmed
Advisor to Chairman/Chief Executive



Muhammad Saleem Sheikh
Senior Executive Director



Tajammal Iqbal
General Manager Finance



Mohammed Rahat Sadiq
Chief Executive Officer



Maqbool Ahmad
Chief Financial Officer



Amir Hameed
General Manager Re-insurance



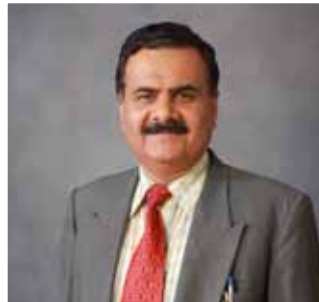
S.M. Qaiser Imam
Executive Director Underwriting



Muhammad Yasin Khan
Deputy General Manager Claims



Jamil Ahmed
General Manager Administration

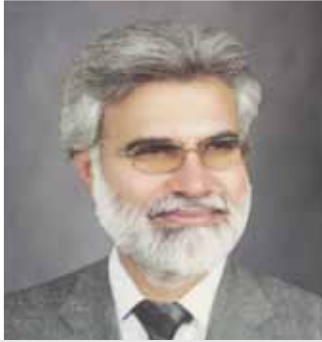


Ch. Khalid Mehmood
Deputy General Manager (IT)



Wakeel Ahmad Mirza
Chief Internal Auditor

Executive Directors



Qamar-uz-Zaman



Mian M.A Zahid



Dr. Murtaza Mughal



Zarar Ahmad Butt



Mian Kashif Rasheed



Ch. Aslam Feroze



Shakeel Ahmad



Siddique Sheikh



Rizwan-ul-Haq



United Insurance at a Glance



- United Insurance is a member Company of “United International Group”.
- Operating Since 1959, dealing in all classes of General Insurance business.
- UICL is one of the premier general insurance companies of Pakistan.
- Rated “A” by PACRA which acknowledges our High Financial Capacity to meet Policy holders' interest and our contractual obligations.
- Very strong Reinsurance treaty arrangements with world's renowned reinsurers.
- Focused on prompt settlement of claims
- Extending success into new challenges

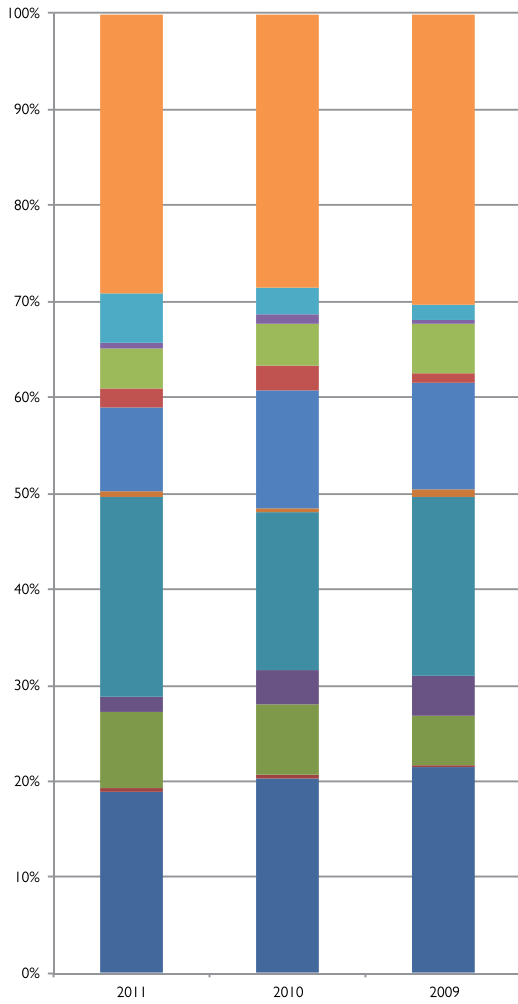
Six Years at a Glance

SIX YEARS AT A GLANCE	(RUPEES IN MILLION)					
	2011	2010	2009	2008	2007	2006
FINANCIAL DATA						
Paid up Capital	496.248	400.200	345.000	302.407	252.006	229.096
General & Capital Reserves	269.896	268.011	204.824	181.439	175.845	98.321
Equity	764.809	666.805	548.344	485.402	429.489	329.143
Underwriting Provisions	502.906	383.991	301.262	220.888	211.289	172.867
* Investment at Cost	115.398	93.945	52.491	40.380	13.263	13.352
Total Assets book value	1,444.772	1,238.126	1,018.322	844.653	782.261	584.112
Fixed Assets net	444.335	394.930	351.490	267.602	260.748	193.969
Cash & Bank Deposits	271.519	251.676	218.843	205.902	191.199	149.028
* Advance, Deposits & Prepayments	613.521	497.575	395.498	329.901	110.369	110.369
OPERATING DATA						
Gross Premium	1,030.438	845.547	715.031	571.285	501.348	341.000
Net Premium	643.736	550.559	423.731	356.523	312.658	258.296
Net Claims expenses	262.777	175.550	121.560	102.975	83.271	50.669
Underwriting Profit	259.222	277.226	205.472	168.587	178.532	156.850
Investment Income	18.085	21.023	10.824	1.662	4.137	2.581
Profit Before Tax	114.473	133.537	72.792	58.223	108.080	105.638
Income Tax	16.540	15.150	8.370	2.310	7.733	10.556
Profit After Tax	97.933	118.387	64.421	55.913	100.346	95.081
Management Expenses	89.323	75.826	59.936	58.412	28.667	24.075
FINANCIAL RATIOS						
Profit Before Tax / Gross Premium (%)	11.109	15.793	10.180	10.192	21.558	30.979
Profit Before Tax / Net Premium (%)	17.783	24.255	17.179	16.331	34.568	40.898
Profit After Tax / Gross Premium (%)	9.504	14.001	9.010	9.787	20.015	27.883
Profit After Tax / Net Premium (%)	15.213	21.503	15.203	15.683	32.094	36.811
Management Exp. / Gross Premium (%)	8.668	8.968	8.382	10.225	5.718	7.060
Management Exp. / Net Premium (%)	13.876	13.773	14.145	16.384	90.169	9.321
* Underwriting Profit / Net Premium (%)	40.268	50.354	48.491	47.286	57.101	60.725
Net Claims / Net Premium (%)	40.821	31.886	28.688	28.883	26.633	19.617
Return on Assets (%)	6.778	9.562	6.326	6.620	13.816	16.278
RETURN TO MEMBERS						
Return on Equity - PBT (%)	14.968	20.033	13.275	11.995	25.165	32.264
Return on Equity - PAT (%)	12.805	17.760	11.748	11.519	23.364	29.040
* Earning Per Share (Rs.)	1.973	2.390	1.610	1.850	3.982	3.770
* Price Earning Ratio (times)	2.407	2.845	5.902	8.649	7.534	5.337
Market Value at end of Year (Rs.)	4.750	6.800	9.500	16.000	30.000	22.150
Highest Value during the Year (Rs.)	8.490	11.890	15.930	26.000	38.000	25.600
Lowest Value during the year (Rs.)	3.600	4.020	5.360	11.000	29.000	18.450
Stock Dividend Per Share (Rs.)	1.500	2.400	1.600	1.400	2.000	2.500
Net Assets Per Share (times)	29.114	30.938	29.517	27.931	17.051	14.360
LIQUIDITY / LEVERAGE RATIO						
Current Ratio (times)	1.515	1.622	1.638	1.586	1.481	1.915
Total Assets Turnover (times)	1.402	1.464	1.424	0.676	0.128	0.442
Fixed Assets Turnover (times)	0.431	0.467	0.492	2.135	0.385	1.332
Total Liability / Equity (times)	0.887	0.855	0.460	0.740	0.815	0.800
Return on Capital Employed (%)	14.968	20.033	13.275	18.489	39.819	28.888
Paid up Capital / Total Assets (%)	34.348	32.323	33.879	35.802	32.215	39.221
Equity / Total Assets (%)	52.936	53.839	53.848	57.468	54.904	56.054
DISTRIBUTION						
Bonus Share (Rs.)	1.500	2.400	1.600	1.400	2.000	3.500
Bonus Share (%)	15%	24%	16%	14%	20%	35%
Total Distributions (%)	15%	24%	16%	14%	20%	35%

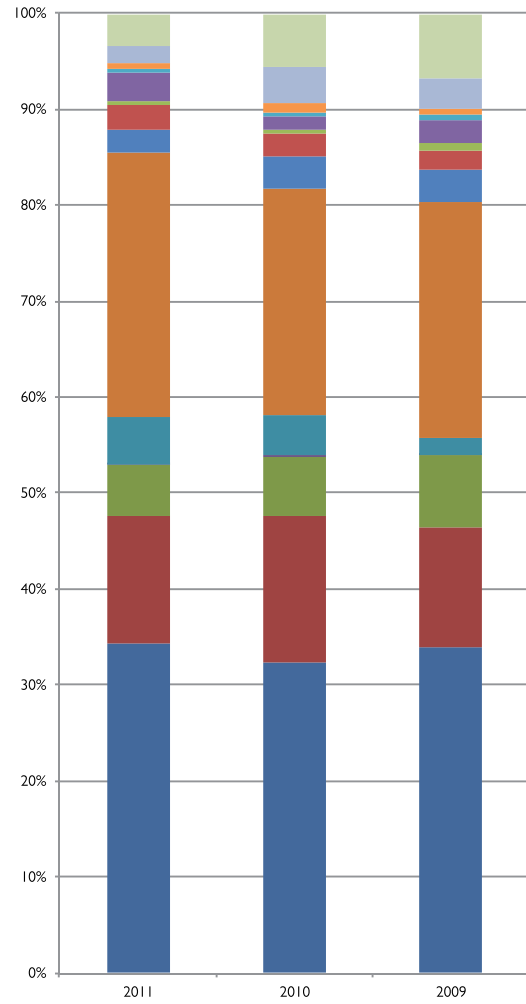
* Comparative Rearrange for better presentation.

Vertical Analysis

	YEARS		
	2011	2010	2009
BALANCE SHEET ITEMS			
Cash & bank deposits	18.8%	20.3%	21.5%
Loans	0.4%	0.3%	0.2%
Investments	8.0%	7.5%	5.2%
Investment property	1.5%	3.4%	4.2%
Premiums due but unpaid	20.9%	16.6%	18.5%
Amounts due from other insurers/reinsurers	0.6%	0.4%	0.8%
Prepaid reinsurance premium ceded	8.6%	12.2%	11.2%
Reinsurance recoveries against outstanding claims	2.1%	2.6%	0.9%
Deferred commission expense	4.1%	4.3%	5.3%
Accrued investment income	0.7%	1.0%	0.4%
Sundry receivables	5.0%	2.9%	1.6%
Fixed assets	29.2%	28.5%	30.3%
TOTAL ASSETS	100.0%	100.0%	100.0%
Paid-up share capital	34.3%	32.3%	33.9%
Retained earnings	13.4%	15.4%	12.6%
Reserves	5.2%	6.1%	7.4%
Surplus on revaluation of fixed assets	0.1%	0.1%	0.1%
Provision for outstanding claims (including IBNR)	4.9%	4.3%	1.7%
Provision for unearned premium	27.5%	23.5%	24.7%
Commission income unearned	2.4%	3.3%	3.2%
Staff retirement benefits	2.7%	2.5%	2.1%
Deferred tax liabilities	0.3%	0.4%	0.7%
Amounts due to other insurers/reinsurers	2.9%	1.3%	2.5%
Accrued expenses	0.5%	0.5%	0.5%
Provision for taxation - net	0.5%	0.9%	0.6%
Other creditors and accruals	1.8%	3.7%	3.2%
Short-term finance	0.0%	0.0%	0.0%
Liabilities against assets subject to finance lease	3.5%	5.7%	6.8%
TOTAL EQUITY AND LIABILITIES	100.0%	100.0%	100.0%
PROFIT AND LOSS ACCOUNT			
Net premium revenue	100%	100%	100%
Net claims	-40.8%	-31.9%	-28.7%
Management expenses	-13.9%	-13.8%	-14.1%
Net commission	-5.0%	-4.0%	-8.7%
Investment income	2.8%	3.8%	2.6%
Rental income	0.1%	0.1%	0.2%
Other income	0.83%	0.34%	0.02%
General & admin expenses	-25.1%	-28.6%	-32.2%
Finance charge on lease rentals	-1.1%	-1.8%	-1.9%
Provision for taxation	-2.6%	-2.8%	-2.0%
(Profit)/ loss after Tax	-15.2%	-21.5%	-15.2%
	100.0%	100.0%	100.0%



- Cash & bank deposits
- Loans
- Investments
- Investment property
- Premiums due but unpaid
- Amounts due from other insurers/reinsurers
- Prepaid reinsurance premium ceded
- Reinsurance recoveries against outstanding claims
- Deferred commission expense
- Accrued investment income
- Sundry receivables
- Fixed assets

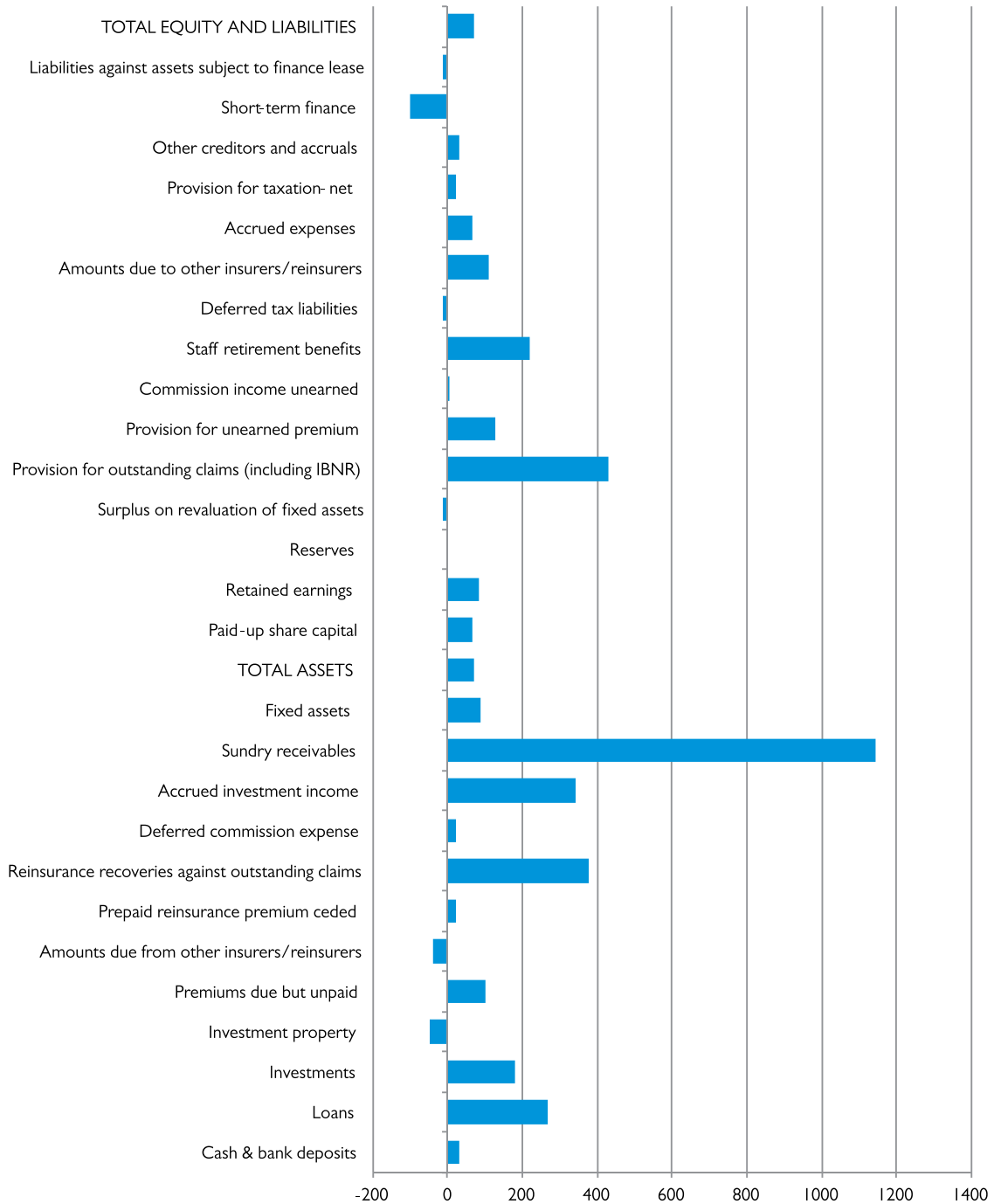


- Paid-up share capital
- Retained earnings
- Reserves
- Surplus on revaluation of fixed assets
- Provision for outstanding claims (including IBNR)
- Provision for unearned premium
- Commission income unearned
- Staff retirement benefits
- Deferred tax liabilities
- Amounts due to other insurers/reinsurers
- Accrued expenses
- Provision for taxation- net
- Other creditors and accruals
- Short-term finance
- Liabilities against assets subject to finance lease

Horizontal Analysis

	YEARS			
	2008	2009	2010	2011
BALANCE SHEET ITEMS				
Cash & bank deposits	100	6.29	22.23	31.87
Loans	100	2.00	122.02	266.36
Investments	100	27.26	127.75	179.76
Investment property	100	(2.38)	(4.64)	(49.56)
Premiums due but unpaid	100	26.27	38.23	102.13
Amounts due from other insurers/reinsurers	100	(45.49)	(65.39)	(37.10)
Prepaid reinsurance premium ceded	100	12.10	48.90	21.88
Reinsurance recoveries against outstanding claims	100	44.87	386.54	375.90
Deferred commission expense	100	10.34	10.64	22.89
Accrued investment income	100	83.83	332.71	342.88
Sundry receivables	100	183.63	518.73	1142.17
Fixed assets	100	38.00	57.88	88.85
TOTAL ASSETS	100	20.56	46.58	71.05
Paid-up share capital	100	14.08	32.34	64.10
Retained earnings	100	20.60	80.10	81.94
Reserves	100	0.00	0.00	0.00
Surplus on revaluation of fixed assets	100	(5.00)	(9.75)	(14.26)
Provision for outstanding claims (including IBNR)	100	30.37	293.16	429.82
Provision for unearned premium	100	43.92	66.40	127.41
Commission income unearned	100	(1.46)	23.31	4.54
Staff retirement benefits	100	71.61	155.16	220.46
Deferred tax liabilities	100	27.28	(15.81)	(14.19)
Amounts due to other insurers/reinsurers	100	29.83	(20.89)	108.07
Accrued expenses	100	29.51	51.38	65.05
Provision for taxation - net	100	(0.03)	75.16	22.42
Other creditors and accruals	100	63.65	133.55	31.06
Short-term finance	100	(100.00)	(100.00)	(100.00)
Liabilities against assets subject to finance lease	100	22.71	25.77	(11.18)
TOTAL EQUITY AND LIABILITIES	100	20.56	46.58	71.05
PROFIT AND LOSS ACCOUNT				
Net premium revenue	100	18.85	54.42	80.56
Net claims	100	18.05	70.48	155.19
Management expenses	100	2.61	29.81	52.92
Net commission	100	38.47	(17.30)	22.09
Investment income	100	551.35	1165.06	988.31
Rental income	100	51.22	(12.50)	7.50
Other income	100	49.74	1547.88	4612.18
General & admin expenses	100	29.25	49.73	53.64
Finance charges on lease rentals	100	13.84	28.10	(4.12)
Provision for taxation	100	262.39	555.89	616.08

2011





Segmentwise Outline

FIRE

Riot and Strike Damage

This policy provides coverage against loss or damage caused due to riot & strike or civil commotion or malicious damage due to any persons who are members of an organization whose aim is to overthrow any legal or defacto Government by terrorism or violence.

Fire and Allied Perils

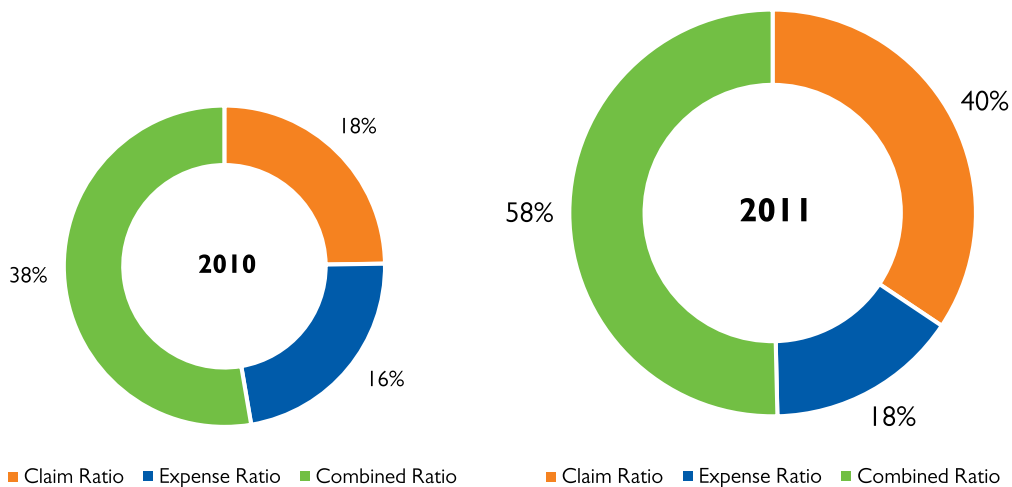
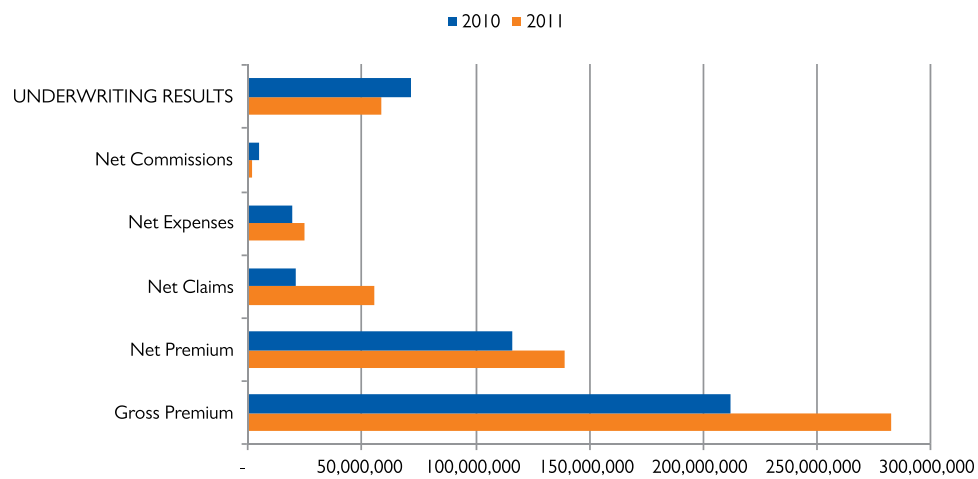
This is the most important and basic form of insurance and is essential for all types of business concerns. Fire and Allied Perils Insurance provides comprehensive cover in respect of loss of or damage to your property against fire and lightning. To further safeguard the interest of our valued clients the policy can be extended to cover riot and strike damage, malicious damage, atmospheric disturbance, earthquake (fire and shock), explosion, impact damage, aircraft damage etc.

Home Insurance Plan

To live in one's own home is cherished by every one of us. In these tough times, it is very hard to retain a house, which is exposed to several risks such as riot and strike damage, malicious damage, atmospheric disturbance, earthquake (fire and shock), explosion, impact damage and aircraft damage. The United Insurance provides a policy to cover the interest of homeowners. The plan provides coverage on building as well as contents against the risks the property may be exposed to. The coverage for buildings includes the risks of fire and all dry/wet perils. Contents (including jewellery and cash) are similarly covered including the risks of burglary and dacoity.

Besides material damage, UIC's Home Insurance also provides for loss or rent, legal liability to public and domestic servants.

	2011	2010	Change %
	Rupees		
Gross Premium	282,939,821	212,379,085	33
Net Premium	139,284,159	115,714,937	20
Net Claims	55,226,073	20,851,690	165
Net Expenses	24,526,457	19,045,571	29
Net Commissions	1,223,184	4,494,512	(127)
UNDERWRITING RESULTS	58,308,445	71,323,164	(18)
Claim Ratio	40%	18%	
Expense Ratio	18%	16%	
Combined Ratio	58%	38%	





Segmentwise Outline

MARINE

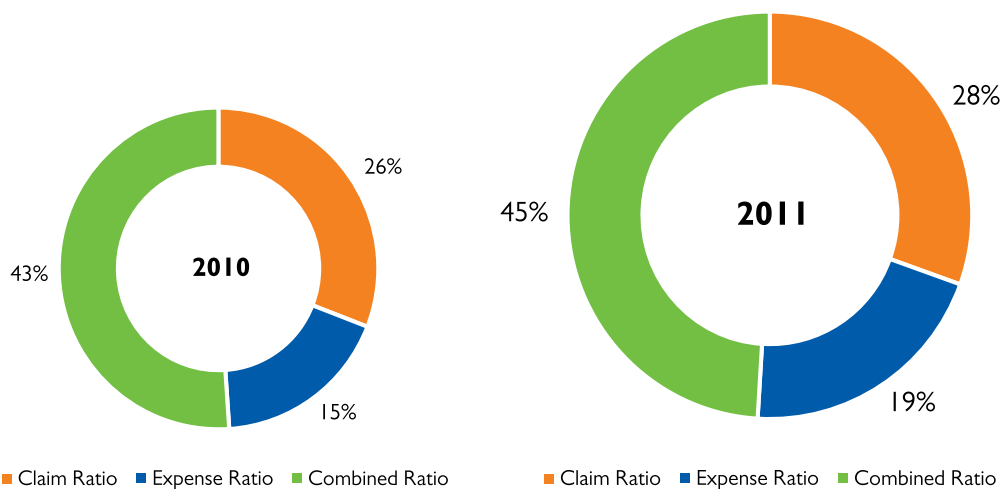
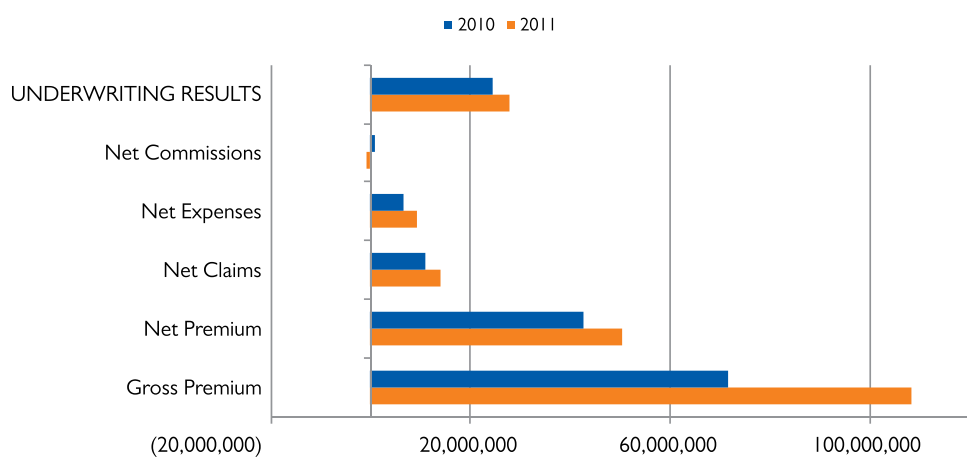
Marine Cargo

Marine Cargo insurance protects all goods while in transit depending upon the needs of client. Three broad types of cover are available i.e. Institute Cargo Clauses “A”, “B” & “C”. The cover takes care of risks associated with different modes of transportation.

Marine Hull Insurance

This cover is available for ocean going vessels, barges, tugs, dredgers, fishing trawlers, yachts, wooden dhows, pleasure/speed boats etc., under Institute Time Clauses Hulls. Cover is also provided for last breakup voyages from Karachi anchorage to Gadani.

	2011	2010	Change %
	Rupees		
Gross Premium	108,398,510	71,451,410	52
Net Premium	50,294,588	42,507,319	18
Net Claims	14,046,509	11,005,896	28
Net Expenses	9,396,455	6,407,565	47
Net Commissions	(887,479)	755,352	(217)
UNDERWRITING RESULTS	27,739,103	24,338,506	14
Claim Ratio	28%	26%	
Expense Ratio	19%	15%	
Combined Ratio	45%	43%	





Segmentwise Outline

MOTOR

Auto Sure Plan - Auto Insurance with free Tracker

Risks Covered:

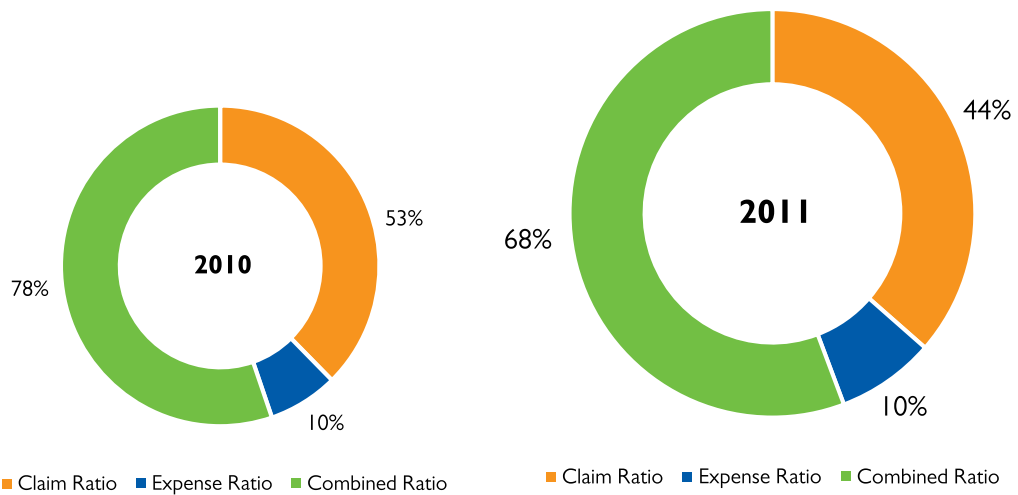
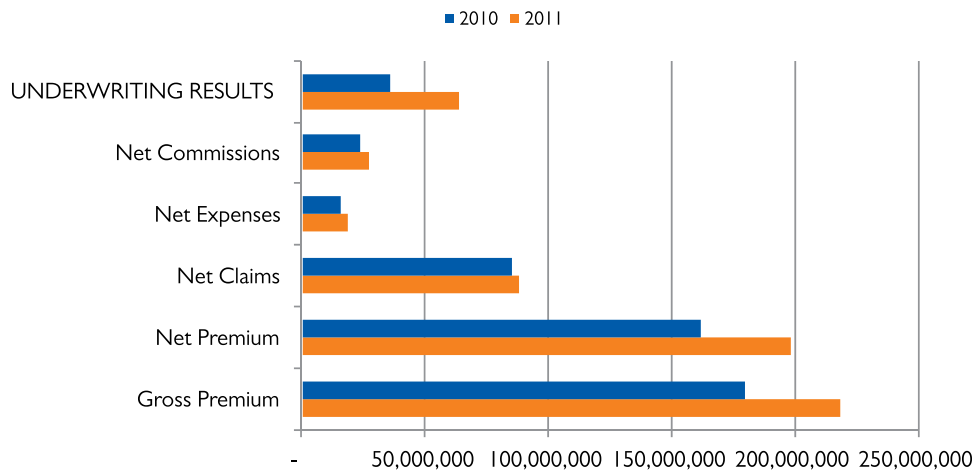
- Accidental External means.
- Riots, Strikes & Malicious Damages
- Theft.
- Fire, External explosion, self-ignition or lightning or frost.
- Third Party Liability.

Value Added Features:

- Free towing to the nearest workshop.

- Get your car repaired from the workshop of your own choice.
- UIC claims experts will help in getting the final police Investigation Report.
- Free death repatriation of the driver within Pakistan.
- Funeral expenses & arrangements for the said person will be borne by UIC.
- No hidden taxes & charges.
- We commit to settle all theft and total loss Claims within 30 days after reporting/submission of requisite documents.

	2011	2010	Change %
	Rupees		
Gross Premium	217,783,924	179,274,772	21
Net Premium	198,174,978	161,254,194	23
Net Claims	88,006,322	85,436,144	3
Net Expenses	18,878,459	16,076,867	17
Net Commissions	27,480,679	23,759,228	16
UNDERWRITING RESULTS	63,809,518	35,981,955	77
Claim Ratio	44%	53%	
Expense Ratio	10%	10%	
Combined Ratio	68%	78%	





Segmentwise Outline

MISC.

Workmen's Compensation

Employees are the most precious assets and result in the growth and prosperity for any organization. To protect the rights of this invaluable asset Workmen Compensation/ Employer Liability Insurance provides coverage for any legal liabilities of the employers arising out of and in the course of employment as per Workmen Compensation Act, Fatal Accident Act, or at Common Law.

Accident Coverage

This cover operates 24 hours and on worldwide basis. It Provides for payment of specified capital benefits following accidental death, bodily injury, permanent total disablement, permanent partial

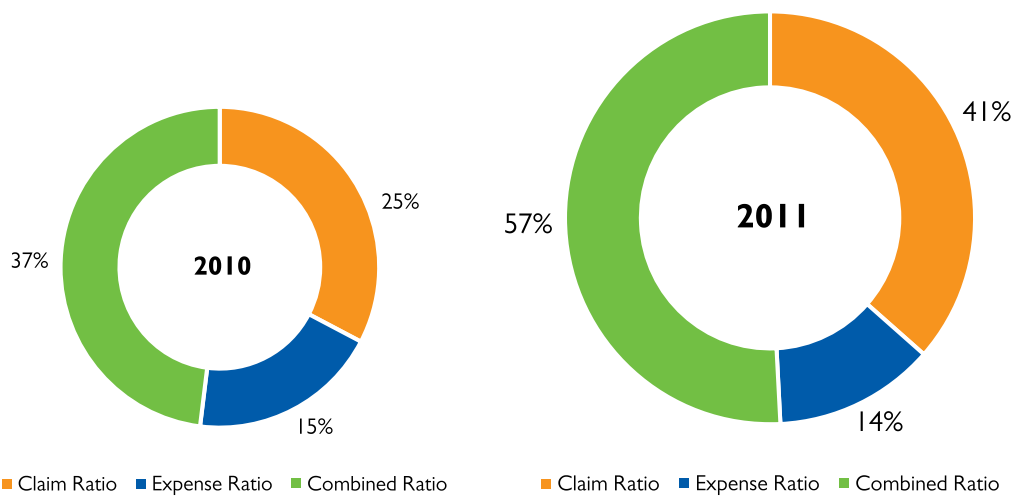
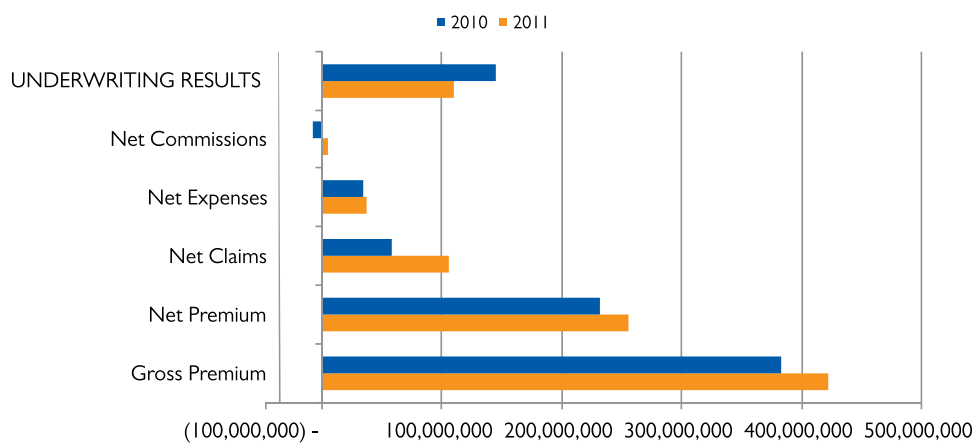
disablement, temporary total and temporary partial disablement caused by an accident.

In addition the cover also provides reimbursement of emergency transportation to the nearest Hospital and also expenses incurred for preparation and transportation of the mortal remains of the insured person from the place of death to home and can also be extended to cover medical expenses.

Cash in Transit Insurance

This policy provides coverage against loss of money whilst in transit due to forcible, violent, external and visible means.

	2011	2010	Change %
	Rupees		
Gross Premium	421,316,077	382,442,117	10
Net Premium	255,982,686	231,082,107	11
Net Claims	105,498,492	58,256,690	81
Net Expenses	36,521,513	34,296,354	6
Net Commissions	4,597,575	(7,053,466)	(165)
UNDERWRITING RESULTS	109,365,106	145,582,529	(25)
Claim Ratio	41%	25%	
Expense Ratio	14%	15%	
Combined Ratio	57%	37%	

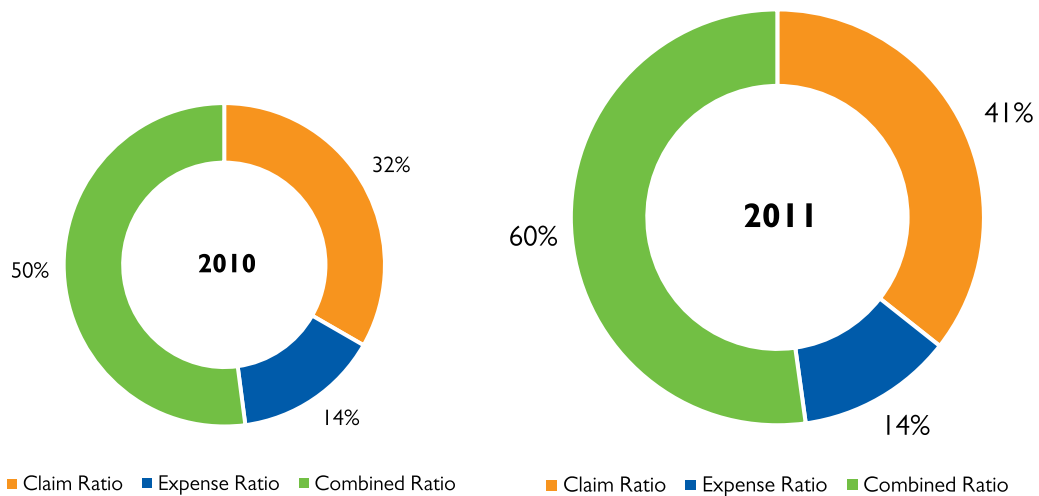
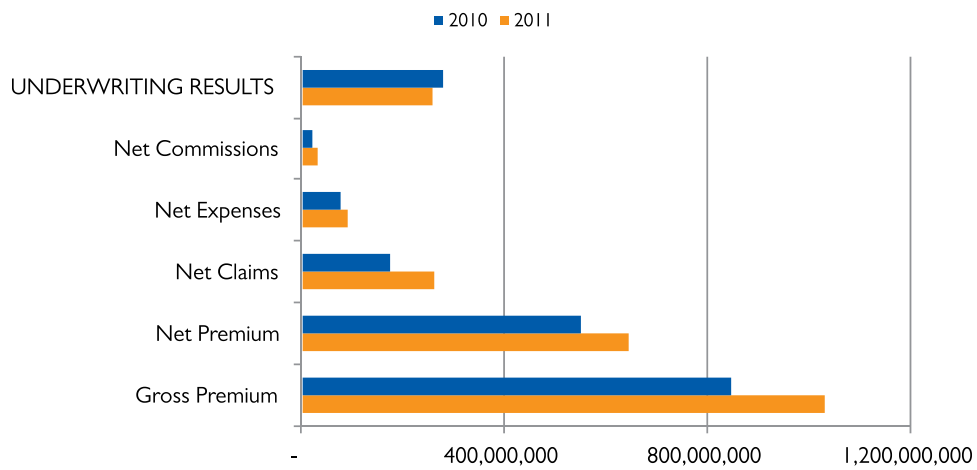




Segmentwise Outline

OVERALL

	2011	2010	Change %
	Rupees		
Gross Premium	1,030,438,332	845,547,384	22
Net Premium	643,736,411	550,558,557	17
Net Claims	262,777,396	175,550,421	50
Net Expenses	89,322,884	75,826,358	18
Net Commissions	32,413,959	21,955,625	48
UNDERWRITING RESULTS	259,222,172	277,226,153	(6)
Claim Ratio	41%	32%	
Expense Ratio	14%	14%	
Combined Ratio	60%	50%	



You Construct, We Secure



Company was established in the year 1959 and commenced General Insurance business from December, 1959.

United Insurance is the First Insurance Company of Pakistan doing Crop Insurance and Livestock Insurance with reinsurance arrangement made with top class reinsurers.

UICL is a public limited company duly listed in Karachi Stock Exchange (Guarantee) Limited. Its directors hail from various vocations & professions.

Treaty

Treaty arrangement are tailored to assume large risks up to the value of Pak Rs.710.000 Million. Our treaties are certified by the Securities & Exchange Commission of Pakistan.

Credit Rating by PACRA

The Pakistan Credit Rating Agency (PACRA) has maintained the IFS rating of The United Insurance Company (UICL) of Pakistan Limited at "A" (Single A).



United Group 's activity throughout 2011 was full of events that signalled the fulfilment of our growth strategy. We feel proud of what we achieved in 2011.

“Nothing would have been possible without the hard work and dedication of every employee.”

Mian M. A Shahid
Chairman (UIG)

Chairman's Message



Remarkable Performance

2011 was another excellent operating and financial year, with new services, new sales records (**Crossing One Billion Gross Premium**) and all employees' commitment. The results we have achieved during 2011 lead me to envision United Insurance's future with optimism.

Welcome to

***The* United Insurance Company Of Pakistan Limited [UICL]**

We provide a wide range of highly balance service products and operations to grow in Insurance Sector and markets around the Pakistan. Our team of talented personnel is dedicated for doing an outstanding job for valued customers.

With a high-performance operational model and strong balance sheet, we have the resources to drive this rapid growth by investing in new product development, acquiring technologies and enhancing our capabilities.

The business System of UICL is a key differentiator for us and the engine that converts our efforts to transform the company and create value. It is a unique management approach that combines national talent, network and customer relationship development and product innovation to drive growth.

In addition to leveraging our business system, we are capturing market share through better product performance. These efforts would yield a sustainable competitive advantage and improved financial results for the long-term.

We believe that 2012 will bring new optimism and an improved podium for business.

We thank you for your interest in our Company.

Regards



Khawas Khan Niazi

Chairman

Chief Executive's Message



The UICL strives to fulfill its commitment to a leadership position in sustainability understanding that stakeholder interests are best served by integrated and coordinated value creation activities addressing economic, environmental and social aspects.

Our value based management approach entrenches long-term value creation, highlights the interdependent nature of stakeholder interests and requires inclusive management and reporting.

We are a specialty products company, delivering innovative and stable services. Underwriting competency and discipline is key to our success and the entire organization works to help strengthen this capability . We work to create a community environment where our people know they are our asset and work diligently towards achieving the community goals.

This business strategy, coupled with our community goals, has assisted us greatly with our efforts to have our people understand clearly who we are and what we are trying to do. This clarity of purpose enables each person to focus on how their contribution works toward our ultimate goal to be the best insurance company in providing services.

Another way we can support social and economic development is through transparency. It is the best way to give all our stakeholders confidence in our reputation and in how we run our business. Transparency around presentation of information is important contributing factor in our commitment to a high standards & work ethics.

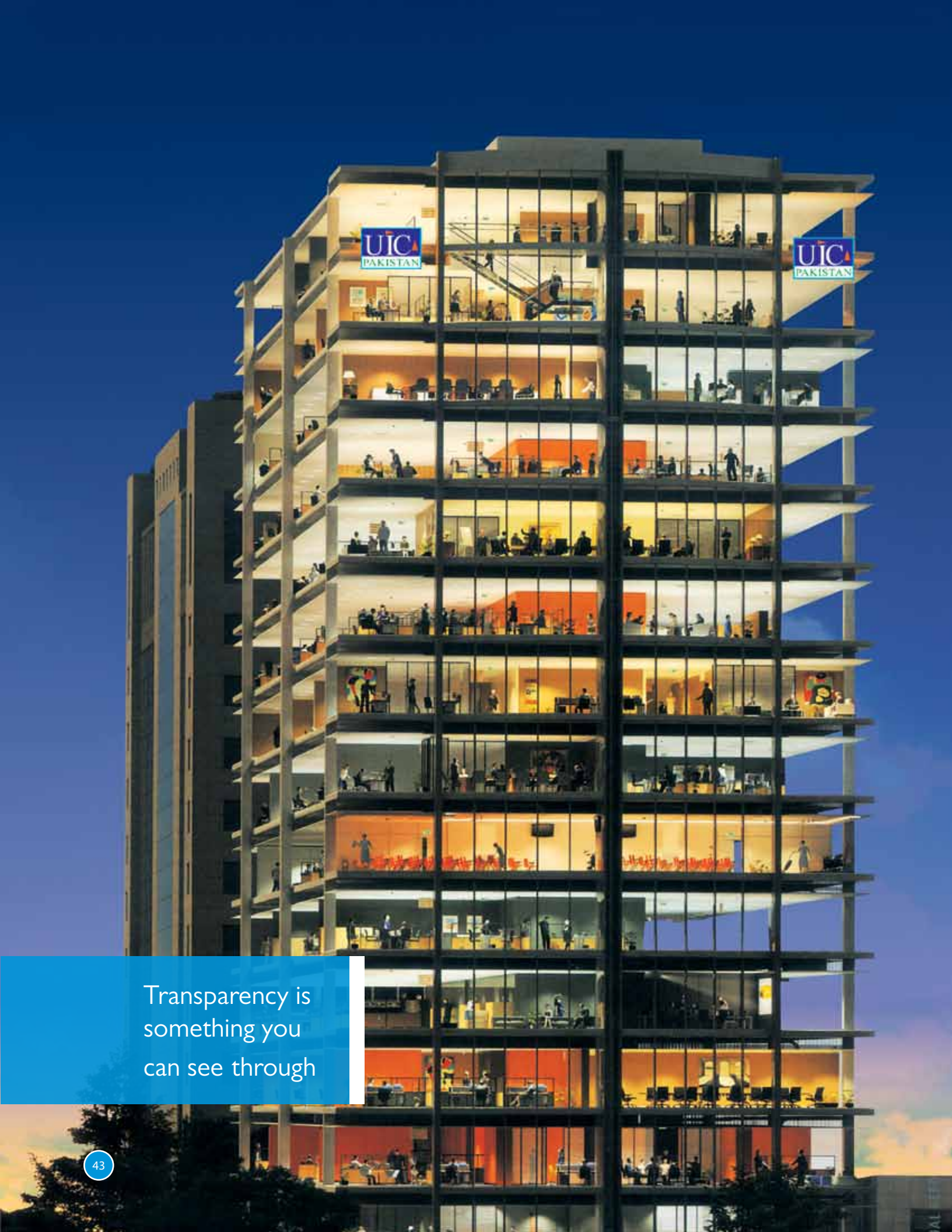
The year 2011 remained a challenging year for the financial sector due to slow economic growth and devastating floods and political instability.

We are pleased to appraise our staff members and clients for their continue support & patronage.

Regards

Mohammed Rahat Sadiq

Chief Executive Officer



Transparency is
something you
can see through

Directors Report To The Members

Dear Fellow Members!

The Directors of “**The United Insurance Company of Pakistan Limited**” take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2011.

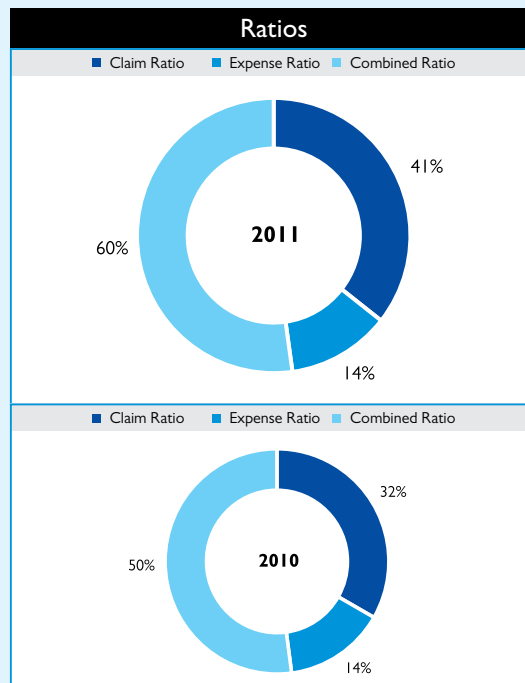
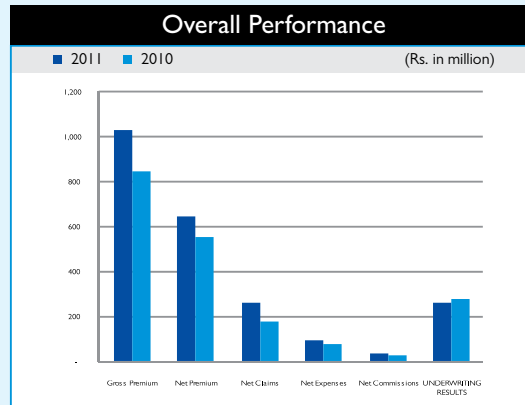
Changes In Composition Of Board Of Directors

Mr. Khawas Khan Niazi replaced outgoing BOD member Mian M.A Shahid as the Chairman and the newly appointed director Mr. Mohammed Rahat Saqid took over as the new Chief Executive Officer of the company w.e.f. 01-03-2012.

The Economy Review - General

Pakistan’s economy managed to grow by 2.4 percent in Financial Year 2011, despite devastating floods in the early part of the fiscal year. One-fifth of the country’s agricultural heartland was inundated, Pakistan’s economy has never experienced such dire straits as the one it finds itself today. Pakistan’s economic fundamentals have been weakened down to the core. Investment is at 13.4% of the GDP is the lowest since 1973-74. The business environment is deteriorating, day by day, power shortages are further aggravating, with large fiscal deficit, averaging 6.5% of GDP and with the sharp depreciation of exchange rate, attendant rise in interest payment badly effecting the industrial and commercial activities. The country is facing macroeconomic instability. The economy is not showing clear signs of revival. The overall growth in services was 4.1 percent in Financial Year 2011, which was lower than the target 4.7 percent. This is still accounted for 90 percent of real GDP growth.

The coming year 2012, we see it as a challenging one not only because the economic recovery remains



fragile but also because the implementation of the 7th NFC Award and 18th Constitutional Amendment. It will require the federal and provincial governments to work in close harmony in order to ensure the “growth dividend”. As a result of above changes is fully utilized. Other major challenge is to ensure a smooth introduction and enforcement of RGST to ensure that our resources to meet security and development needs. Another important point in this dark and gloomy scenario will be Pakistan’s textile exports because EU and USA pledge to give special access to Pakistani exports in their markets.

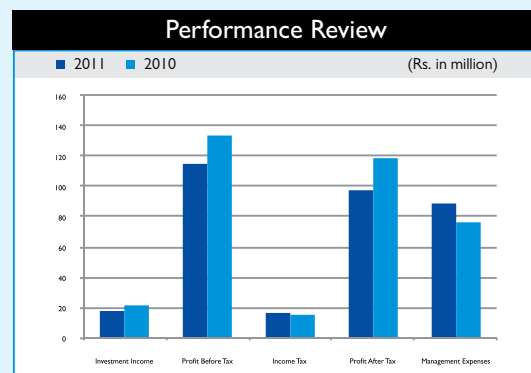
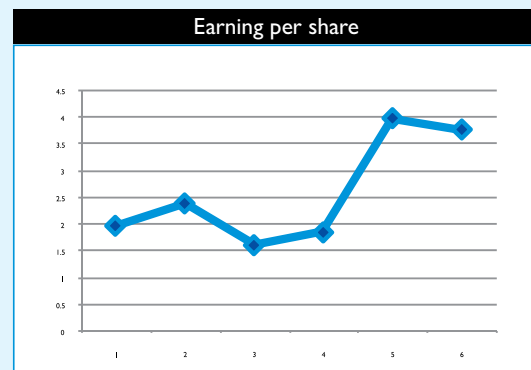
THE ECONOMY REVIEW – INSURANCE INDUSTRY

Insurance sector plays a vital role in the service-based economy and its services are now integrated into wider financial industry grows substantially in the past year and we expect this to continue in 2012 as more and more people in the country begin to understand and recognize the importance of personal financial planning in their day to day lives.

The global negative loss position resulting due to atmospheric disturbance claim is adversely affecting the profitability of re-insurers due to which they are tightening the screws on the direct insurers. Pakistan has been a profitable market but due to adverse loss incurred by the re-insurers globally, we have to pay high price for our treaty arrangements. We have renewed our treaties but re-insurers have given us very harsh and stringent renewal terms.

PERFORMANCE REVIEW - 2011

Gross Written Premium (GWP) increased by 21.87%, from Rs. 845.547 mn in 2010 to Rs. 1,030.438 mn in 2011. Premium growth has been achieved mainly due to new businesses and focus on crop, health, bond, live



stock & travel insurances. The Company's net premium income stands at 62.47% of GWP. The underwriting result decreased by (06.49%) from Rs. 277.226 mn in 2010 to Rs. 259.222 mn in 2011, due to higher claims payments. General & administrative expenses were increased by 2.61 %, from Rs. 157.335mn in 2010 to Rs. 161.443 mn in 2011. The Company's investment income stands at Rs. 18.085 mn in 2011 against Rs. 21.023 mn in 2010. Accordingly the Company held Rs. 114.473 mn Profit before tax in 2011 against Rs. 133.537 mn Profit before tax in 2010. Profit after tax of Rs. 97.933 mn for 2011 as against Rs. 118.387mn in 2010. Earnings per share of the Company calculate to Rs.1.97 for 2011 as against Rs. 2.39 in 2010.

SEGMENTS AT A GLANCE

Fire And Property Damage

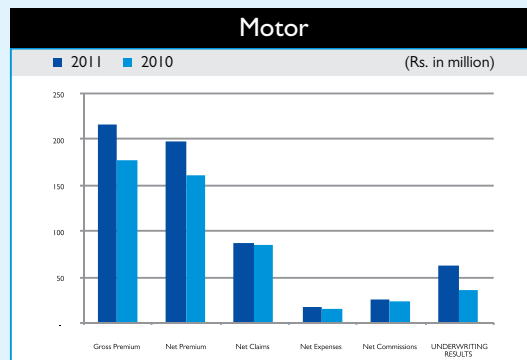
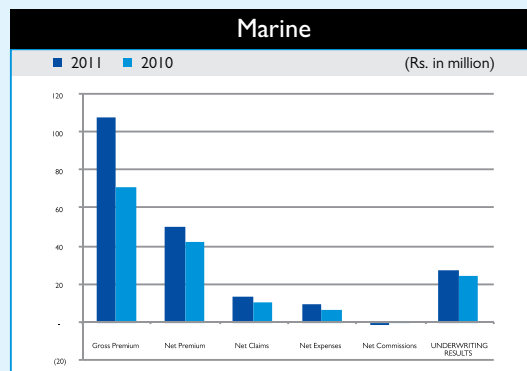
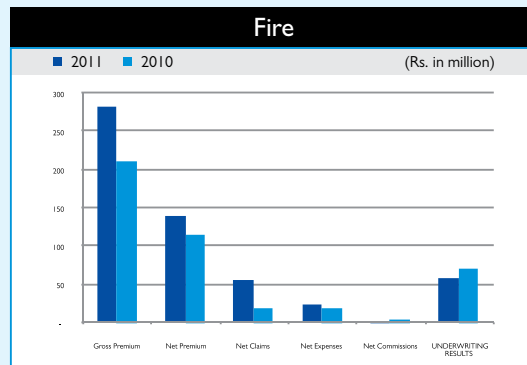
Net Premium Revenue increased by 20.37 % from Rs. 115.715 mn in 2010 to Rs. 139.284 mn in 2011. Paid losses increased by 33.17 % from Rs. 91.334 mn in 2010 to Rs. 121.628 mn in 2011, underwriting result decreased by 18.25% from Rs. 71.323mn in 2010 to Rs. 58.308 mn in 2011.

Marine, Aviation and Transport

Marine gross premium grew by 51.72 % from Rs. 71.451 mn in 2010 to Rs. 108.399 mn in 2011. Net premium revenue went up by 18.32 %. Further the net losses increased by 27.63 % in this segment, during 2011 resulting in 13.97 % increase in underwriting result, from Rs. 24.339mn in 2010 to Rs. 27.739 mn in 2011.

Motor

GWP grew by 21.48 % from Rs. 179.275 mn in 2010 to Rs. 217.784 mn in 2011. This line resulted in 22.90% rise in premium revenue, from Rs. 161.254 mn in 2010 to Rs. 198.175 mn in 2011. Although the net losses



increased by 3.01 %. However, the underwriting results placed by Rs. 63.810 mn in 2011.

Miscellaneous

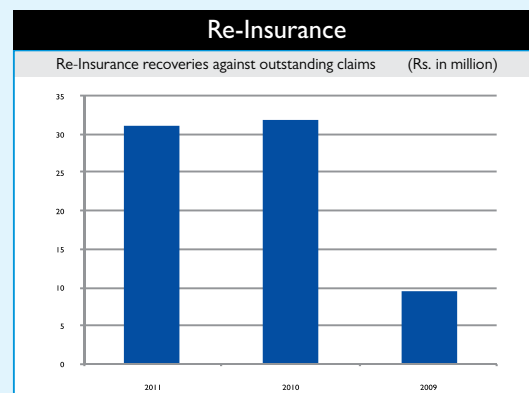
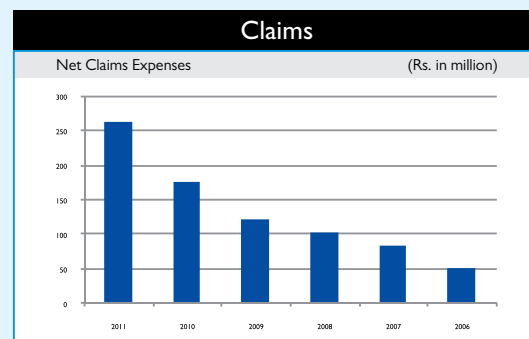
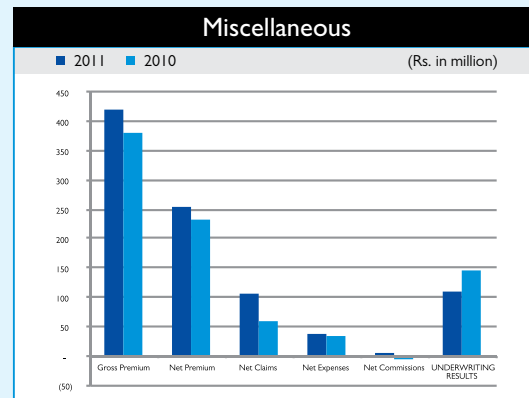
Miscellaneous insurances, which includes crop, live stock, mobile, bond, engineering, contract, travel, health, cash in transit and others businesses, GWP increased by 10.16 % from Rs. 382.442 mn in 2010 to Rs. 421.316 mn in 2011. Net Premium revenue increased by 10.78 % from Rs. 231.082 mn in 2010 to Rs. 255.983 mn in 2011. Paid losses increased by 52.41 % for this line. Thus resulting in 24.88 % decrease in underwriting result from Rs. 145.583mn in 2010 to Rs. 109.365 mn in 2011.

CLAIMS

Our motto is prompt settlement of claims. If any delays are experienced, they are due to non-availability of records with the calamity, mainly in case of natural catastrophic losses. Motor “own damage”, crop and Health claims, which accounted for majority of the claims, these are promptly settled. During the year, the Company has settled most of the claims pertaining to 2011 & earlier.

RE-INSURANCE

UICL follows a policy of optimizing retention of risk through a carefully designed program of re-insurance of high quality. We have structured our re-insurance program to protect the value at risk by ensuring timely and quality protection for individual risks. Strong re-insurance cover and strategic disaster planning based tools are used for monitoring Company’s exposure due to accumulation and concentration of risk at any one location. Your Company has also increased capacities for traditional re-insurance arrangements as well as obtained capacity for specialized lines.



Our re-insurance programme aims at:

- (a) Optimum retention within the country consistent with prudent risk retentions to reduce foreign exchange outgo;
- (b) Develop adequate automatic reinsurance capacity within the Pakistan Insurance market to maximize the market retention;
- (c) To secure the best possible protection at economical cost.

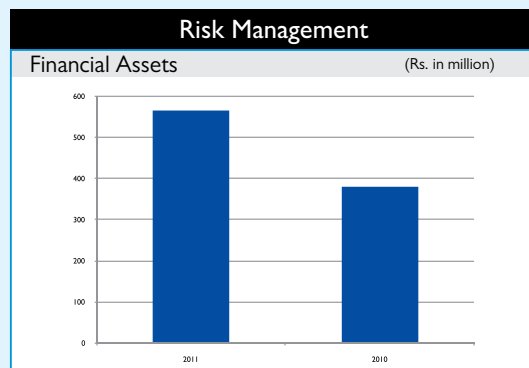
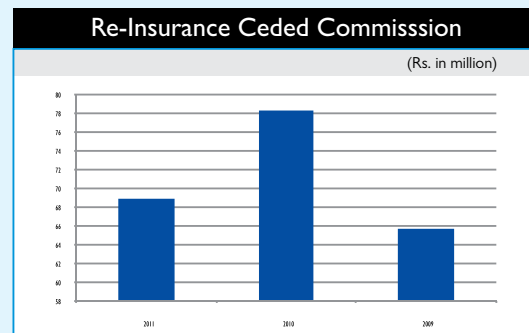
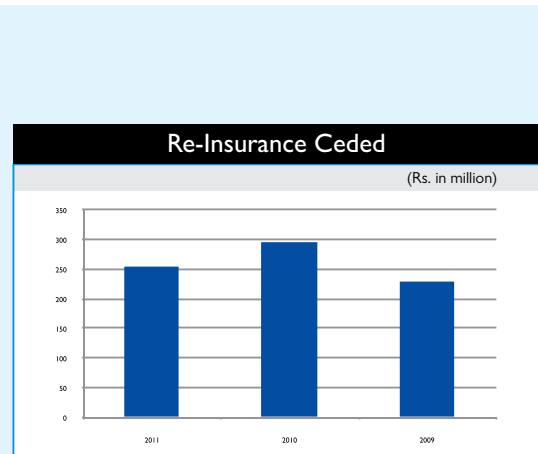
Furthermore in order to alleviate the risk arising out of single large loss and affecting Company's net retentions, your Company has also taken Proportional & Excess of Loss covers.

The recent global negative loss ratio position resulting due to atmospheric disturbance. Claims are adversely affecting the profitability of re-insurers due to which they are tightening the screws on the direct insurers. Pakistan has been a profitable market but unfortunately due to adverse losses incurred by the re-insurers globally, we have to pay high price for our treaty arrangements. We have renewed our treaties for 2012 but the re-insurers have given us very harsh and stringent renewal terms.

RISK MANAGEMENT

Insurance being the business of transfer of risks from client to insurer is viable only if underwriters ability to precisely assess the risk. Your Company's Risk Management approach is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk alleviation to our clients.

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.

Your Company is striving to develop expertise in areas of risk identification, risk quantification, risk control and risk retention analysis which will help us in offering value added services to our clients.

INVESTMENTS

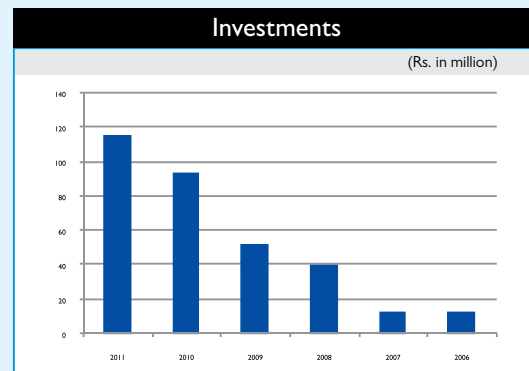
Our investment objective is to achieve a superior return on the investment portfolio, adhering to our investment philosophy and the regulations as applicable from time to time. The investment committee implements and monitors investment strategies, guidelines and policies for Board to guide the asset allocation strategy to ensure financial liquidity, security and diversification.

Your Company's investment portfolio is invested prudently with reputable concerns, seeking a reasonable yield, in line with market conditions. The year 2011 established it as your Company benefited from high spreads available.

The fair value of your Company's investments increased from Rs. 93.945mn in 2010 to Rs. 115.398 mn, i.e., by Rs. 22.84 mn during the year 2011.

The Company will continue to place special emphasis in generating a significant portion of its investment income from sustainable sources such as dividends and interest income.

	2011 Rupees	2010 Rupees
Dividend	168,744	355,982
Interest	21,601,682	21,805,357



INFORMATION TECHNOLOGY

Your Directors recognize the importance of Technology in the conduct of business and the need for investing in new technology. These days adapting new technology has become absolute necessity in Insurance Industry in order to achieve the desired effect. With ever increasing numbers of policies and claims, our communication infrastructure has been strengthened by upgrading of Re-insurance Management System [RMS]. The system will be fully integrated with our existing MIS i.e. underwriting, claims and Accounts.

We are sure to achieve a high degree of efficiency in managing our Re-insurance operations. We will be going a step ahead with our forward thinking in improving overall management information system.

HUMAN RESOURCE

At UICL, a greater emphasis is being made on enhancing the productivity of the employees with good business resulting in increased operational profitability. The Company believes in the positive relationship between the talent of its human resources and the creation of innovative processes.

The Company continues to provide challenging opportunities for growth to its employees and pushing for superior performance. The Company has created a culture that promotes teamwork, collaboration, openness and transparency of all processes and builds trust by being just and transparent in granting rewards and recognition.

CORPORATE SOCIAL RESPONSIBILITY

The Company's goal is to achieve zero accidents effecting people, property and the environment. At UICL risk prevention is one of our main responsibility. The year 2011 marked a significant advance of the company's safety culture with induction of new set of procedures, evaluating, the performance of its management systems for environment, quality and safety is one of the requirements of the Company's established standards.

The UICL, as per its core commitments to creating shared value for the communities, continued its CSR activities. The Company extended significant contributions in terms of employees' training, health & sports activities and also providing internship opportunities to the fresh graduates and postgraduate's candidates. We assure our stakeholders of our continued commitment to creating shared value and will continue to do more in the future as well.

MAJOR INITIATIVES DURING THE YEAR

Your Company wishes to be continually recognized as a pioneering insurer and with this objective the following initiatives were undertaken during the year under review:

- Link up the branches through online networking.
- Encouraging the employees' participation in social activities.
- Up gradation of Re-insurance Management System [RMS]

- On and off the job training seminars / programs were attended / conducted for specific training on client servicing.
- Formal orientation programs for new entrants ensure quick integration into the business.

APPROPRIATIONS

Your Directors' are pleased to make the following recommendations for the year ended December 31, 2011.

Net Profit after Taxation / Provision	Rs. 97,933,202
Add: Incremental Depreciation	Rs. 70,261
Add: Last Year Unappropriated profit	Rs. 95,441,570
Profit available for appropriations	Rs. 193,445,033
Appropriated / appropriations:-	
15% Final Stock Dividend	Rs. 74,437,200
Transfer for General Reserve	Rs. -----
Un-appropriated Profit	Rs. 119,007,833
	Rs. 193,445,033

INSURER'S FINANCIAL STRENGTH RATING

The Pakistan Credit Rating Agency (PACRA) has maintained the Insurer Financial Strength (IFS) rating of your Company to "A" (Single A). The rating denotes strong capacity to meet policyholder and contract obligations. Risk factors are considered moderate and the impact of adverse business and economic factors is expected to be limited.

FUTURE OUTLOOK

In Pakistan insurance penetration is mere 0.7% of GDP. Therefore there are many venues/ markets to be tapped for the fulfillment of further penetration of insurance in the market. The future of insurance sector in Pakistan is bright in spite of the current turmoil, particularly in the country and around us.

The cost of maintaining re-insurance arrangements and management cost is on the up hill whereas; economic indicators are not only negative but very bleak. Despite these negative factors, we try our best to keep insurance and cost for our clients at an acceptable level.

If the business conditions improve, there will be more Exports/Imports, this will help in rehabilitation of existing industry and addition will definitely have a positive impact on our economy and the Company.

ACKNOWLEDGEMENT

The above would have not been possible without the support of our regulatory bodies, United International Group and the dedication of its employees. We extend our thanks to everyone mainly SECP, PRCL, Banks, Valued Clients for the support given to us.

For and on behalf of the Board



Chairman

April 04, 2012

Report on Corporate Governance

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of your Company in conformity with the Companies Ordinance, 1984 and the Insurance Ordinance, 2000 and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weaknesses will be removed and its effective implementation shall be ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is enclosed with the annual report.
9. Outstanding taxes and duties are given in the financial statements.
10. The related party transactions are approved or ratified by the audit committee and the Board of Directors;
11. During the year 2011 the trade carried out by the Directors, CEO, CFO, Company Secretary, Executives and their spouses and minor children, if any, in the shares of the Company is mentioned below:

Directors & Their Spouses	No. of Shares Purchased/ Acquired	No. of Shares Sold
Mian M.A. Shahid	1,260,000	-
Mrs. Shagufta Perveen-Spouse	8,736	-
Khawas Khan Niazi	950	-
Ch. Habib ur Rehman	3,359	3,359
Mrs. Mejabeen Habib-Spouse	418	418
Ch. Najeeb ur Rehman	3,144	3,144
Mrs. Rehana Najeeb-Spouse	1,916	1,916
Ch. Aziz ur Rehman	3,254	3,254
Miss Huma Waheed	808	-
Ch. Maqsood Ahmad	16,558	11,038

12. All the major decisions relating to change in the policy of underwriting, if any, appointment, remuneration and terms & conditions of CEO are taken to the Board.

Board Meetings and Attendance

During the year, Seven (7) meetings of the Board of Directors were held and attendance by each Director is given below:

Name of Directors	Number of Meetings Attended
Mian M.A. Shahid	07
Ch. Habib-ur-Rehman	05
Khawas Khan Niazi	07
Ch. Najeeb ur Rehman	07
Miss Huma Waheed	07
Ch. Aziz-ur-Rehman	07
Ch. Maqsood Ahmed	06

The board granted leave of absence to the Directors who could not attend the board meetings.

Interest of directors and their relatives in company's shareholding as at December 31, 2011.

S.NO.	Name	Holdings
1	Mian M.A. Shahid	1,798,953
2	Mrs. Shagufta Perveen-Spouse	45,140
3	Ch. Habib-ur-Rehman	13,998
4	Mrs. Mejabeen Habib-Spouse	1,743
5	Ch. Najeeb-ur-Rehman	13,102
6	Mrs. Rehana Najeeb-Spouse	7,984
7	Miss Huma Waheed	4,176
8	Ch. Azizur Rehman	13,560
9	Ch. Maqsood Ahmed	85,550
10	Khawas Khan Niazi	4,909

Audit Committee

As required under the Code of Corporate Governance, the audit committee continued to perform as per its terms of reference duly approved by the Board. The Audit Committee review and recommend on related party matters. The committee composition is also attached with this report.

Auditors

The Company's Auditors M/s. Ilyas Saeed & Co. Chartered Accountants Lahore & M/s. Sarwars

Chartered Accountants Lahore retire and being eligible offered themselves for appointment for the year 2012 till next AGM.

Material Changes

There have been no material changes and commitments affecting the financial position of your Company since December 31, 2011.

Pattern of Shareholding

A statement showing the pattern of shareholding is attached with this report.

Insurance Ordinance, 2000

As required under the Insurance Ordinance and rules framed there under, the Directors confirm that:

- in their opinion and to the best of their belief the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;
- the Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid-up capital, solvency and re-insurance arrangements; and
- as at the date of the statement, the Company continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

For and on behalf of the Board



KHAWAS KHAN NIAZI
CHAIRMAN
April 04, 2012

Statement of Ethics and Business Practices

The directors and employees at all levels of The United Insurance Company of Pakistan Limited hereinafter called UICL shall adopt this statement of ethics and business practices:

RELATIONSHIP WITH EMPLOYEES

The entity is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias, and is merit, and excellence oriented. It believes in providing its employees safe and healthy working conditions, and maintaining good channels of communications. The UICL expects its employees to abide by certain personal ethics, whereby UICL information and assets are not used for any personal advantage or gain. Any conflict of interests should be avoided, where it exists it should be disclosed, and guidance sought.

RELATIONSHIP WITH THE COMPANY

The UICL's policy is to conduct business with honesty and integrity and be ethical in all its dealings, showing respect for the interest of those with whom it has relationship. The advancement in the business procedures and practices and upgrading of electronic technology shall be adopted for the well being of the company. The UICL does not support any political party nor contributes to the funds of groups whose activities promote party interests.

RELATIONSHIP WITH THE CLIENTS

The UICL believes in fair competition, and supports appropriate competition laws. The UICL is committed to provide services, which consistently offer value in terms of price and quality and satisfy customer needs and expectations.

RELATIONSHIP WITH SOCIOECONOMIC ENVIRONMENT

The UICL is committed to run its business in an environment that is sound and sustainable. As a good corporate citizen, the UICL recognizes its social responsibilities, and will endeavor to contribute to community activities, for betterment of society as a whole.

RELATIONSHIP WITH MEMBERS

We are fully supported by our members to serve in the best interest of the company by achieving consistent growth and reputation of the company.

COMPLIANCE OF APPLICABLE LAWS AND REGULATIONS

The UICL complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. If in doubt, employees are expected to seek advice. The UICL believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions. The rules and regulations formulated and practiced shall not super cede any Government or legislative body laws and regulations applicable to the company.

The Board to ensure that the above principles of Code of conduct are complied with, for which the Board has constituted the audit committee, to be supportive of compliance.

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and SRO 68 (I) / 2003 issued by Securities & Exchange Commission of Pakistan or the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board has two independent non-executive directors and two non-executive directors representing minority shareholding out of seven directors.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the current year.
5. Executive directors of the company are not in excess of 75% of the total number of directors.
6. The Company has prepared a "Statement of Ethics and Business Practices" which has been signed by all the directors and employees of the company.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors, have been taken by the Board.
9. All the meetings of the Board were presided over by the Chairman in his absence, by a director elected by the Board for this purpose, and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board also arranged various orientation courses for its directors during the year 2011 to appraise them of their duties and responsibilities and to keep them informed of the enforcement of new laws, rules and regulation and amendments thereof.
11. The board has established system of sound internal control which is effectively implemented at all levels within the company
12. All material information as required under the relevant rules has been provided to the stock exchange and to the Securities and Exchange Commission of Pakistan within prescribed time limit.
13. The directors' report for this year has been prepared in compliance with the requirements of Code and fully describes the salient matters required to be disclosed.

14. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
15. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.
17. The Board has formed investment, reinsurance, claims settlement, underwriting and Audit committee. The Audit committee comprises three members, of whom two 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 and 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 are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they (or their representatives) are involved in the internal audit function on a full time basis.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme 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 related party transactions have been placed before the Audit Committee and approved by the Board of Directors with necessary justification for non arm's length transactions and pricing methods for transactions that were made on terms equivalent to those prevail in the arm's length transactions only if such terms can be substantiated.
23. We confirm that all other material principles contained in the Code have been complied with



KHAWAS KHAN NIAZI
CHAIRMAN
April 04, 2012

Review Report to the Members

Ilyas Saeed & Co.

(Chartered Accountants)
A-4 Sea Breeze Homes, Shershah Block,
New Garden Town,
Lahore – Pakistan.
Telephone: (92-42) 35861852 – 35868849
Telefax: (92-42) 35856145
E-mail: iscoca@wol.net.pk

Sarwars

(Chartered Accountants)
Office # 12, II-Floor Lahore Centre,
77-D Main Boulevard, Gulberg-III,
Lahore – Pakistan.
Telephone: (92-42) 35782920-22
Telefax: (92-42) 35773825
E-mail: sarwars@wol.net.pk

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

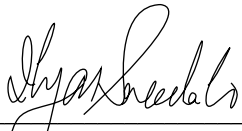
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended 31 December 2011, prepared by the Board of Directors of The United Insurance Company of Pakistan Limited (“the Company”) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed, and the Code of Corporate Governance applicable to listed Insurance Companies issued under S.R.O. 68(I)/2003 by the Securities and Exchange Commission of Pakistan.

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

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

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm’s length transactions and transactions which are not executed at arm’s length price, recording proper justification for using such 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 under taken at arm’s length price or not.

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



ILYAS SAEED & CO.
Chartered Accountants
Audit Engagement Partner: Irfan Ilyas

Date: 04-04-2012

Lahore



SARWARS
Chartered Accountants
Rashid Sarwar

Date: 04-04-2012

Lahore

Pattern of Shareholding

As at December 31, 2011

No. of Share Holders	Shareholdings From	To	Total Shares Held
188	1	100	5,586
146	101	500	32,314
111	501	1000	82,139
181	1001	5000	407,681
62	5001	10000	447,465
44	10001	15000	552,086
7	15001	20000	122,057
11	20001	25000	240,912
5	25001	30000	137,577
8	30001	35000	256,266
2	35001	40000	77,835
6	40001	45000	259,220
3	45001	50000	141,900
2	55001	60000	115,300
3	60001	65000	191,985
1	70001	75000	148,025
2	75001	80000	79,500
5	80001	85000	412,857
4	85001	90000	347,526
5	95001	100000	491,768
2	100001	105000	205,725
1	105001	110000	109,120
4	110001	115000	450,363
2	125001	130000	252,885
8	130001	135000	1,058,965
1	135001	140000	138,954
2	140001	145000	287,491
2	145001	150000	295,374
6	150001	155000	913,670
3	155001	160000	472,355

Pattern of Shareholding

As at December 31, 2011

No. of Share Holders	Shareholdings From	To	Total Shares Held
2	160001	165000	323,373
2	165001	170000	333,805
3	170001	175000	516,547
8	175001	180000	1,429,585
1	180001	185000	183,021
2	185001	190000	377,741
4	190001	195000	776,470
2	200001	205000	404,972
13	210001	215000	2,766,170
2	215001	220000	435,698
1	220001	225000	221,823
8	225001	230000	1,823,450
2	230001	235000	463,081
1	235001	240000	235,694
4	240001	245000	973,848
1	245001	250000	245,548
1	250001	255000	250,511
3	255001	260000	772,599
1	260001	265000	260,645
2	265001	270000	533,536
1	270001	275000	270,868
3	275001	280000	831,626
2	285001	290000	576,642
3	290001	295000	874,331
3	295001	300000	890,079
1	300001	305000	304,265
2	305001	310000	617,001
1	310001	315000	311,227
1	320001	325000	324,191
2	335001	340000	677,819

Pattern of Shareholding

As at December 31, 2011

No. of Share Holders	Shareholdings From	To	Total Shares Held
1	340001	345000	342,220
1	345001	350000	349,294
4	350001	355000	1,407,708
2	355001	360000	716,386
1	360001	365000	360,295
2	365001	370000	733,482
1	375001	380000	376,842
3	385001	390000	1,164,036
1	390001	395000	394,434
1	400001	405000	402,997
2	405001	410000	818,975
3	415001	420000	1,253,568
2	435001	440000	874,854
2	440001	445000	886,365
1	450001	455000	453,074
1	465001	470000	466,721
1	470001	475000	471,945
1	490001	495000	492,563
1	495001	500000	498,356
1	520001	525000	524,890
1	540001	545000	541,582
1	655001	660000	658,147
1	670001	675000	673,205
1	985001	990000	985,373
1	1795001	1800000	1,798,953
1	4235001	4240000	4,237,468
947			49,624,800

Categories of Shareholders

As per Code of Corporate Governance As at December 31, 2011

Sr. No.	Categories of Shareholders	Number of Shareholders	Share held	Percentage
1	Associated Undertaking and Related Parties (List "A" Attached)	8	4,933,602	09.94
2	NIT AND ICP (List "B" Attached)	1	3,348	00.01
3	Director, CEO & SPOUSE (List "C" Attached)	10	1,989,115	04.01
4	Executives	NIL	NIL	NIL
5	Public Sector Corporation (List "D" Attached)	2	216,531	00.44
6	Banks, Insurance and Modaraba Companies (List "E" Attached)	4	6,096	00.01
7	Shareholding Ten Percent or More Voting Interest in the Listed Companies	NIL	NIL	NIL
8	Individuals	904	38,206,194	76.99
9	Other Corporate Shareholders	18	4,269,914	08.60
	Total	947	49,624,800	100.00

Pattern of Shareholding

List A Associated Companies, Undertaking & Related Parties		
Sr. No.	Name	No. of Shares
1	Aziz Coal Mines (pvt) Ltd	14,829
2	Indus Coal Mines (pvt) Ltd	212,267
3	Shahab Coal Mines (Pvt.) Ltd.	11,661
4	Zahid Steel (Pvt.) Ltd.	6,300
5	Zahid Chemical (Pvt.) Ltd.	6,300
6	Margala News International	438,267
7	UIG Global Services Limited	4,237,468
8	Mehr Dastgir Textile Mills Limited	6,510
		4,933,602

List B NIT AND ICP		
Sr. No.	Name	No. of Shares
1	National Bank of Pakistan Investor Account	3,348

List C Directors, C.E.O & Their Spouse and Minor Children		
Sr. No.	Name	No. of Shares
1	Ch. Habib ur Rehman	13,998
2	Ch. Najeeb ur Rehman	13,102
3	Ch. Maqsood Ahmed	85,550
4	Ch. Aziz ur Rehman	13,560
5	Huma Waheed	4,176
6	Khawas Khan Niazi	4,909
7	Mian M.A Shahid	1,798,953
Spouse		
8	Mrs. Shagufta Perveen	45,140
9	Mrs. Mejabeen Habib	1,743
10	Mrs. Rehana Najeeb	7,984
		1,989,115

List D Public Sector Companies & Corporations		
Sr. No.	Name	No. of Shares
1	Pakistan Re-Insurance Co. Limited.	214,495
2	Eastern Federal Union Ins. Co. Limited	2,036
		216,531

List E Banks, Insurance and Modaraba Companies		
Sr. No.	Name	No. of Shares
1	Habib Bank Limited	128
2	IDBP	31
3	Habib Bank Trustee Department	30
4	Escort Investment Bank Limited	5,907
		6,096

This page intentionally left blank.



Financial Statements

The United Insurance Company of Pakistan Limited

For the financial year ended December 31,

2011

Auditors' Report to the Members

Ilyas Saeed & Co.

(Chartered Accountants)
A-4 Sea Breeze Homes, Shershah Block,
New Garden Town,
Lahore – Pakistan.
Telephone: (92-42) 35861852 – 35868849
Telefax: (92-42) 35856145
E-mail: iscoco@wol.net.pk

Sarwars

(Chartered Accountants)
Office # 12, II-Floor Lahore Centre,
77-D Main Boulevard, Gulberg-III,
Lahore – Pakistan.
Telephone: (92-42) 35782920-22
Telefax: (92-42) 35773825
E-mail: sarwars@wol.net.pk

AUDITORS' REPORT TO THE MEMBERS OF THE UNITED INSURANCE COMPANY OF PAKISTAN LIMITED

We have audited the annexed financial statements comprising of:

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

of The United Insurance Company of Pakistan Limited (“the Company”) as at 31 December 2011 together with the notes forming part thereof, for the year then ended.

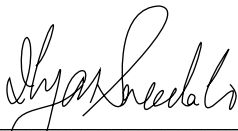
It is the responsibility of the Company’s Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved Accounting Standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX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

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

In our opinion:

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

- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2011 and of the profits, its cash flows and changes in equity for the year then ended in accordance with approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



ILYAS SAEED & CO.
Chartered Accountants
Audit Engagement Partner: Irfan Ilyas

Date: 04-04-2012

Lahore



SARWARS
Chartered Accountants
Rashid Sarwar

Date: 04-04-2012

Lahore

Balance Sheet

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
Share capital and reserves			
Authorized share capital	5	1,000,000,000	1,000,000,000
Paid-up share capital	5	496,248,000	400,200,000
Retained earnings		193,445,033	191,489,570
Reserves	6	75,115,917	75,115,917
		764,808,950	666,805,487
Surplus on revaluation of fixed assets	7	1,334,955	1,405,216
Underwriting provisions			
Provision for outstanding claims (including IBNR)		71,273,865	52,889,049
Provision for unearned premium		397,511,150	290,858,040
Commission income unearned		34,120,586	40,244,179
Total underwriting provisions		502,905,601	383,991,268
Deferred liabilities			
Staff retirement benefits	8	39,085,647	31,121,319
Deferred tax liabilities	9	5,005,161	4,910,436
		44,090,808	36,031,755
Creditors and accruals			
Amounts due to other insurers/reinsurers	10	41,184,254	15,659,592
Accrued expenses	11	6,836,387	6,270,344
Provision for taxation - net		7,542,602	10,792,036
Other creditors and accruals	12	25,847,004	46,058,593
		81,410,247	78,780,565
Borrowings			
Short-term finance	13	-	-
Other liabilities			
Liabilities against assets subject to finance lease	14	50,221,795	71,111,623
Total liabilities		678,628,451	569,915,211
TOTAL EQUITY AND LIABILITIES		1,444,772,356	1,238,125,913
Contingencies & Commitments			
	15		

The annexed notes 1 to 40 form an integral part of these financial statements.

	Note	2011 Rupees	2010 Rupees
Cash & bank deposits			
Cash and other equivalents	16	78,068	10,404
Current and other accounts	17	115,945,896	74,494,367
Deposits maturing within 12 months	18	120,171,468	126,700,433
Deposits maturing after 12 months	19	35,323,600	50,470,570
		271,519,032	251,675,774
Loans			
To employees & agents	20	5,975,240	3,621,000
Investments			
	21	115,397,608	93,945,089
Investment property			
	22	22,240,348	42,050,348
Other assets			
Premiums due but unpaid	23	301,310,650	206,047,715
Amounts due from other insurers/reinsurers	24	8,986,564	4,944,693
Prepaid reinsurance premium ceded		123,823,869	151,276,141
Reinsurance recoveries against outstanding claims		31,028,625	31,722,721
Deferred commission expense		59,761,638	53,801,650
Accrued investment income		10,441,173	10,201,376
Sundry receivables	25	72,193,391	35,960,126
		607,545,910	493,954,422
Fixed assets - Tangible			
Owned			
Land freehold		79,028,210	55,900,000
Buildings		57,305,162	63,391,008
Furniture, fixtures, office & computer equipments		91,111,879	68,174,759
Motor vehicles		115,234,436	84,757,094
Capital work in progress		20,077,288	1,750,650
		362,756,975	273,973,512
Leased			
Motor vehicles		59,337,243	78,905,768
TOTAL ASSETS		1,444,772,356	1,238,125,913



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Profit and Loss Account

FINANCIAL YEAR ENDED DECEMBER 31, 2011

Note	Fire & Property Damage	Marine, Aviation & Transport	Motor	Miscellaneous	2011 Aggregate	2010 Aggregate
Rupees						
Revenue account						
Net premium revenue	139,284,159	50,294,588	198,174,978	255,982,686	643,736,411	550,558,557
Net claims	(55,226,073)	(14,046,509)	(88,006,322)	(105,498,492)	(262,777,396)	(175,550,421)
Management expenses	28 (24,526,457)	(9,396,455)	(18,878,459)	(36,521,513)	(89,322,884)	(75,826,358)
Net commission	(1,223,184)	887,479	(27,480,679)	(4,597,575)	(32,413,959)	(21,955,625)
Underwriting results	58,308,445	27,739,103	63,809,518	109,365,106	259,222,172	277,226,153
Investment income					18,085,377	21,022,522
Rental income					516,000	420,000
Other income	29				5,320,193	1,860,511
General & admin expenses	30				(161,442,654)	(157,335,272)
Finance charge on lease rentals					(7,227,725)	(9,657,005)
					(144,748,809)	(143,689,244)
Profit before tax					114,473,363	133,536,909
Provision for taxation	31				(16,540,161)	(15,149,737)
Profit after tax					97,933,202	118,387,172
Profit & loss appropriation account						
Balance at commencement of the year					191,489,570	128,228,439
Incremental depreciation net of deferred tax					70,261	73,959
Profit after tax for the year					97,933,202	118,387,172
Profit available for appropriation					289,493,033	246,689,570
Issuance of bonus shares for the year ended 2010 : 24% (2009: 16% per share of Rs. 10/- each)					(96,048,000)	(55,200,000)
Balance un-appropriated profit at end of year					193,445,033	191,489,570
Earnings per share of Rs. 10/- each - basic and diluted				(Note 32)	1.97	2.39

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawar Khan Niazi
Chairman

Statement of Comprehensive Income

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	2011 Rupees	2010 Rupees
Profit for the year	97,933,202	118,387,172
Other comprehensive income for the year	-	-
Total comprehensive income for the year	97,933,202	118,387,172

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Statement of Changes in Equity

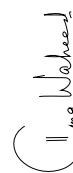
FINANCIAL YEAR ENDED DECEMBER 31, 2011

DESCRIPTION	Note	SHARE CAPITAL	RESERVE FOR ISSUE OF BONUS SHARES	GENERAL RESERVE	RETAINED EARNINGS	TOTAL
Balance as at January 01, 2010		345,000,000	-	75,115,917	128,228,439	548,344,356
Transfer to reserve for issue of bonus shares		-	55,200,000	-	(55,200,000)	-
Bonus share reserve capitalized		55,200,000	(55,200,000)	-	-	-
Incremental depreciation net of deferred tax		-	-	-	73,959	73,959
Net profit for the year		-	-	-	118,387,172	118,387,172
Balance as at December 31, 2010		400,200,000	-	75,115,917	191,489,570	666,805,487
Balance as at January 01, 2011		400,200,000	-	75,115,917	191,489,570	666,805,487
Transfer to reserve for issue of bonus shares		-	96,048,000	-	(96,048,000)	-
Bonus share reserve capitalized		96,048,000	(96,048,000)	-	-	-
Incremental depreciation net of deferred tax		-	-	-	70,261	70,261
Net profit for the year		-	-	-	97,933,202	97,933,202
Balance as at December 31, 2011		496,248,000	-	75,115,917	193,445,033	764,808,950

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Statement of Cash Flows

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	2011 Rupees	2010 Rupees
Operating cash flows:		
a) Underwriting activities:		
Premium received	935,175,397	827,730,807
Reinsurance premium paid	(227,071,877)	(303,114,062)
Claims paid	(394,884,012)	(313,815,979)
Reinsurance and other recoveries received	147,143,657	154,183,403
Commission paid	(113,314,811)	(92,210,865)
Commission received	68,817,271	78,193,351
Net cash flow from underwriting activities	415,865,625	350,966,655
b) Other operating activities:		
Income tax paid	(19,694,870)	(13,030,978)
General management expenses paid	(183,609,529)	(164,648,594)
Other operating receipts/(payments)	(36,233,263)	(19,475,752)
Loan to employees and agents	(2,354,240)	(1,957,500)
Net cash flow from other operating activities	(241,891,902)	(199,112,824)
Total cash flow from all operating activities	173,973,723	151,853,831
Investment activities:		
Investment income received	18,081,315	15,155,109
Rental income received	516,000	420,000
Sale/(Purchase) of investment	(22,904,794)	(104,845,116)
Fixed capital expenditure	(94,023,998)	(52,474,296)
Proceeds from disposal of fixed assets	3,562,500	2,195,500
Net cash flow from investing activities	(94,768,977)	(139,548,803)
Financing activities:		
Lease liability paid	(37,685,553)	(42,863,025)
Net cash flow from financing activities	(37,685,553)	(42,863,025)
Net cash inflow/(outflow) from all activities	41,519,193	(30,557,997)
Cash and cash equivalents at the beginning of the year	74,504,771	105,062,768
Cash and cash equivalents at the end of the year	116,023,964	74,504,771

	2011 Rupees	2010 Rupees
Reconciliation of profit and loss account		
Net cash flow from operating activities	173,973,723	151,853,823
Depreciation	(52,067,370)	(42,999,661)
Lease finance charges	(7,227,725)	(9,657,005)
Gain on disposal of fixed assets	1,442,810	1,228,355
Increase/(Decrease) in Assets other than cash	96,484,166	96,209,757
(Increase)/Decrease in Liabilities	(132,757,779)	(99,270,619)
Provision for impairment in value of investments	(3,752,040)	(674,746)
Others		
- Dividend income / (loss)	235,735	(108,089)
- Dividend and other investment income	21,601,682	21,805,357
Profit after Taxation	97,933,202	118,387,172

Definition of cash

Cash for the purpose of the statement of cash flows comprises of cash in hand, bank balances and other assets which are readily convertible to cash and used for cash management for day to day business operations.

Cash for the purpose of cash flows comprises of:

Cash and other equivalents		
- cash in hand	78,068	10,404
Current and other accounts		
- bank balances	115,945,896	74,494,367
	116,023,964	74,504,771

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawar Khan Niazi
Chairman

Statement of Premiums

FINANCIAL YEAR ENDED DECEMBER 31, 2011

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Premiums written (Note 27)		Unearned premium reserve		Premiums earned		Reinsurance ceded		Prepaid reinsurance premium ceded		Reinsurance expenses		Net premium revenue	
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	2011	2010	2011	2010
Rupees														
Direct & facultative														
1. Fire and property damage	282,939,821	52,630,985	70,651,356	264,919,450	138,729,564	54,795,985	67,890,258	125,635,291	139,284,159	115,714,937				
2. Marine, aviation and transport	108,398,510	19,031,333	37,575,136	89,854,707	33,095,463	21,429,923	14,965,267	39,560,119	50,294,588	42,507,319				
3. Motor	217,783,924	85,544,123	92,937,464	210,390,583	12,544,967	5,656,799	5,986,161	12,215,605	198,174,978	161,254,194				
4. Miscellaneous	421,316,077	133,651,599	196,347,194	358,620,482	68,226,545	69,393,434	34,982,183	102,637,796	255,982,686	231,082,107				
GRAND TOTAL	1,030,438,332	290,858,040	397,511,150	923,785,222	252,596,539	151,276,141	123,823,869	280,048,811	643,736,411	550,558,557				

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Statement of Claims

FINANCIAL YEAR ENDED DECEMBER 31, 2011

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries	Net claims expenses	
		Opening	Closing			Opening	Closing		2011	2010
Rupees										
Direct & facultative										
1. Fire and property damage	121,627,803	8,484,102	15,185,770	128,329,471	73,836,561	6,189,831	5,456,668	73,103,398	55,226,073	20,851,690
2. Marine, aviation and transport	32,218,359	4,078,626	4,625,366	32,765,099	17,420,356	2,673,656	3,971,890	18,718,590	14,046,509	11,005,897
3. Motor	91,139,177	4,238,000	15,437,413	102,338,590	10,532,855	1,238,000	5,037,413	14,332,268	88,006,322	85,436,144
4. Miscellaneous	149,898,673	36,088,321	36,025,316	149,835,668	49,395,756	21,621,234	16,562,654	44,337,176	105,498,492	58,256,690
GRAND TOTAL	394,884,012	52,889,049	71,273,865	413,268,828	151,185,528	31,722,721	31,028,625	150,491,432	262,777,396	175,550,421

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Statement of Expenses

FINANCIAL YEAR ENDED DECEMBER 31, 2011

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Commissions paid or payable		Deferred commission		Net commission expense	Other management expenses (Note 28)	Underwriting expenses		Commission on reinsurance		Unearned commission		Net commission on reinsurance	Net underwriting expenses	
	Opening	Closing	Opening	Closing			Opening	Closing	Opening	Closing	Opening	Closing		2011	2010
Rupees															
Direct & facultative															
1. Fire and property damage	47,481,765	19,267,397	26,883,958	39,865,204	24,526,457	64,391,661	42,109,197	17,208,285	20,675,462	38,642,020	25,749,641	23,540,083			
2. Marine, aviation and transport	12,472,804	4,865,696	6,537,285	10,801,215	9,396,455	20,197,670	9,712,582	6,370,003	4,393,891	11,688,694	8,508,976	7,162,916			
3. Motor	25,010,585	14,020,319	11,550,225	27,480,679	18,878,459	46,359,138	-	-	-	-	46,359,138	39,836,095			
4. Miscellaneous	28,349,657	15,648,238	14,790,170	29,207,725	36,521,513	65,729,238	16,995,492	16,665,891	9,051,233	24,610,150	41,119,088	27,242,888			
GRAND TOTAL	113,314,811	53,801,650	59,761,638	107,354,823	89,322,884	196,677,707	68,817,271	40,244,179	34,120,586	74,940,864	121,736,843	97,781,983			

The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Statement of Investment Income

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
Income from non-trading investments:			
Available for sale			
Dividend income		168,744	355,982
Gain / (loss) on sale of 'available for sale' investments		66,991	(464,071)
		235,735	(108,089)
Held to maturity			
Return on Government securities		11,121,194	9,712,638
Return on F.D.R		10,480,488	12,092,719
		21,837,417	21,697,268
Provision for impairment in value of investment			
Provision for the year	21.2	(3,752,040)	(674,746)
Net Investment Income		18,085,377	21,022,522

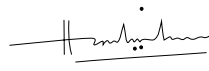
The annexed notes 1 to 40 form an integral part of these financial statements.



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

I STATUS AND NATURE OF BUSINESS

The United Insurance Company of Pakistan Limited (hereinafter called “the Company”) was incorporated on October 20, 1959, as a Public Limited Company under Defunct Companies Act 1913 now Companies Ordinance 1984 and its shares are quoted on Karachi Stock Exchange (Guarantee) Limited. The Registered Office of the Company is situated at 204, 2nd floor, Madina City Mall, Abdullah Haroon Road, Saddar, Karachi and its Head Office is in Lahore. The principal activity of the Company is General Insurance Business and qualifies as a domestic insurance company under Insurance Ordinance, 2000 and undertakes Fire, Marine, Motor and Miscellaneous General insurance. It has not transacted any business outside Pakistan.

2 BASIS OF PREPARATION

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

2.1 Statement of compliance

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

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

2.2.1 Initial application of standards or interpretations

The International Accounting standards Board made certain amendments to existing standards as part of its annual improvements project 2010. The effective dates for these amendments vary by standard and most became applicable during the year. These amendments however did not have an impact on the Company’s financial statements. The implementation / changes / amendments have not necessitated change in accounting policies. Following standards / interpretations were amended under IASB’s annual improvements project 2010.

- IFRS 3 - Business Combinations.
- IFRS 7 - Financial Instruments.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

- IAS 1 - Presentation of Financial Statements.
- IAS 27 - Consolidated and Separate Financial Statements.
- IAS 34 - Interim Financial Reporting.
- IFRIC 13- Customer Loyalty Programmes

The following standards, amendments and interpretations of approved accounting standards became effective during the year:

- IAS 24 – Related Party Disclosures (revised 2009) (effective for annual periods beginning on or after 1 January 2011) modifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.
- Amendments to IAS 32 - Financial Instruments: Presentation - (effective for annual periods beginning on or after 1 February 2010 with retrospective application). The amendments address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability.
- Amendment to IFRIC 14, IAS 19 – The Limit on Defined Benefit Assets, Minimum Funding Requirements and their interaction (effective for annual periods beginning on or after 1 January 2011 with retrospective application). The amendment clarifies that pre-payments made to a defined benefit pension plan by companies which are subject to minimum funding requirement should be recognized as an asset.
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods, beginning on or after 1 July 2010) provides guidance on accounting for “debt for equity swaps”. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case this cannot be reliably measured, they are measured at the fair value of the liability extinguished. Any gain or loss is recognised immediately in profit or loss.
- IFRS 8 - Operating segments introduced the “management approach” to segment reporting. IFRS 8 requires a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company’s chief operating decision maker in order to assess each segment’s performance and to allocate resources to them. However, these have been aggregated in line with the disclosures required by the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

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

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards are either not relevant to the company's operations or not expected to have significant impact on the company's financial statements other than increase in disclosures in certain cases, unless stated otherwise.

- Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards (effective for annual periods beginning on or after 1 July 2011) providing exemption to an entity that has been subject to severe hyperinflation which resumes presenting, or presents for the first time, financial statements in accordance with IFRSs and removal of fixed dates for de-recognition and valuation of financial assets and financial liabilities.
- IFRS 7 Financial Instruments: Disclosures - Transfers of Financial Assets (effective for annual periods beginning on or after 1 July 2011). The amendments introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety, and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.
- IFRS 9 Financial Instruments was issued by the International Accounting Standards Board in November 2009 (effective date for annual periods beginning on or after 1 January 2013) as part of its project to replace IAS 39 Financial Instruments: Recognition and measurement. The IASB amended IFRS 9 to require application for annual period beginning on or after 1 January 2015 and do not require the restatement of comparative period financial statement upon initial application.
- IAS 12 – Income Taxes: (effective for annual periods beginning on or after January 1, 2012) provide an exception to measurement principle in respect of investment property measured at fair value in accordance with fair value model as envisaged in IAS 40 Investment Property.
- IAS 19 - Employee Benefits : (effective for annual periods beginning on or after 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'.
- International Accounting Standard-1 (IAS-1) (Revised) "Presentation of Financial Statement" was effective for financial years beginning on or after January 01, 2009. However, since the Company has followed the format of financial statements as prescribed by the Securities and Exchange Commission of Pakistan through SEC (Insurance) Rules, 2002 vide its Circular No. 7

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

of 2003 dated August 27, 2003, therefore changes introduced through IAS-1 (Revised) have not been taken into consideration in preparation of these 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 Period beginning 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

3 BASIS OF MEASUREMENT

These financial statements have been prepared on the basis of historical cost convention, except for certain investments, which are stated at fair value, and certain obligation under employee retirement benefits which are measured at present value.

3.1 Use of estimates and judgments

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 assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the revision has been made.

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

- Provision for outstanding claims including IBNR (Note no. 4.1.3)

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

- Provision for taxation and deferred tax (Note no. 4.3)
- Defined benefit plan (Note no. 4.10)
- Useful lives and residual values of fixed assets (Note no. 4.7)
- Premium deficiency reserve (Note no. 4.1.6)

3.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Company's functional currency. All financial information presented in Pak Rupees has been rounded to the nearest rupee, unless otherwise stated.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Insurance contracts

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

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities 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
- Miscellaneous

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost.

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

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

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.

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

The Company does not issue any insurance contracts with discretionary participation features (DPF) or any investment contracts.

4.1.1 Premium

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

Premium income includes administrative surcharge that represents documentation and other charges recovered by the company from policy holders in respect of policies issued, at the rate of 5% of the premium written subject to a maximum of Rs. 2,000 per policy.

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

4.1.2 Reinsurance ceded

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

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

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

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

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

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

4.1.3 Claims expense

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

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

Provisions for liability in respect of unpaid reported claims are made on the basis of individual case estimates. Provisions for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

4.1.4 Reinsurance recoveries against outstanding claims

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

4.1.5 Commission expenses and other acquisition costs

Commission expenses and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

premium to which it relates, profit commission, if any, which the company may be entitled to under the terms of reinsurance is recognized on accrual basis.

4.1.6 Premium Deficiency Reserve

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

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

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

4.2 Creditors, accruals and provisions

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

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.3 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

Deferred

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 to the income statement, except in the case of items credited or charged to equity in which case it is included in equity.

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

4.5 Investments

4.5.1 All investments are initially recognized at cost, being the fair value of the consideration given and include transaction cost, except for held for trading investments in which case transaction costs are charged to the profit and loss account. These are classified into the following categories:

- Held to maturity
- Available for sale

4.5.1.1 Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost. At subsequent reporting dates, these are measured at amortized cost using the effective yield method.

Any premium paid or discount availed on acquisition of held to maturity investments is deferred and amortized over the term of the investment using the effective yield unless the impact of amortization is immaterial to the financial statements.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

Income from held to maturity investments is recognized 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 amortized and taken to the profit and loss account over the term of investment.

4.5.1.2 Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity are classified as available for sale .

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002. The Company uses latest stock exchange quotation to determine the market value of its quoted investments.

Dividend income and entitlement of bonus shares are recognized when the Company's right to receive such dividend and bonus shares is established.

Gain / (loss) on sale of available for sale investments is recognized in profit and loss account.

Return on fixed income securities classified as available-for-sale is recognized on a time proportion basis.

4.6 Rental and Other incomes

Rental and other incomes are recognized as and when accrued.

4.7 Fixed assets

Owned

These are stated at cost less accumulated depreciation except for freehold land, which is stated at cost, and certain buildings which are stated at revalued amount so as to keep the carrying value equal to the fair market value of the asset.

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note 26. Depreciation on additions to fixed assets is charged on "number of day's basis".

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indication

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount. The Company's estimate of the residual value of its fixed assets as at 31 December 2011 did not require any adjustment as its impact is considered insignificant.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Leased

- Finance Lease

Assets held under finance lease are stated at lower of present value of minimum lease payments under the lease agreements and their fair value. Aggregate amount of obligations relating to assets subject to finance lease are accounted for at net present value of liabilities.

Assets acquired are depreciated over their expected useful life on reducing balance method on the basis of number of days, at the rates mentioned in the relevant note.

- Operating lease

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In case lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis.

4.8 Surplus on Revaluation of Fixed Assets

In accordance with the provisions of section 235 of the Companies Ordinance, 1984 and SRO 45(1) 2003, the Company has the policy to charge surplus account for incremental depreciation of related revalued assets by transferring the amounts to retained earnings.

4.9 Investment property

Investment properties are accounted for under the cost where building is depreciated at 5% using the reducing balance method.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

4.10 Staff retirement benefits

Defined Benefit Plan

The Company's retirement benefits plan comprises of gratuity scheme for all the eligible employees, who have completed the minimum qualified period of service.

The actuarial valuation of gratuity scheme is carried out by an independent valuer as at December 31, 2011 using the projected unit credit method. The basic assumptions used for actuarial valuation are disclosed in note 8.

The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains or losses and unrecognized transitional liability. Actuarial gains and losses are recognized on the basis of "minimum 10% corridor" approach.

4.11 Financial instruments

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

Financial instruments carried on the balance sheet include cash and bank deposits, investments, premium due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves detained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, liabilities against assets subject to finance lease.

The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.11.1 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

4.12 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 four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Assets and liabilities are allocated to particular segments on the basis of premium written. 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 amortization are allocated to a particular segment on the basis of premium written.

4.13 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 recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account. In addition impairment on available for sale investments and reinsurance assets are recognized as follows:

4.13.1 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 required 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.

4.13.2 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,

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

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.

4.14 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the date of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.15 Management and Administrative Expenses

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

4.16 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

4.17 Related party transactions

Party is said to be related if they are able to influence the operating and financial decisions of the company and vice versa. The company in the normal course of business carries out transactions with such party.

All transactions between company and related party are accounted for at arm's length price as an independent business in accordance with "Comparable uncontrolled market price method". The company has complied with sub-regulation (xiii) of listing regulations 37 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 which requires the company to place before the board of directors for their consideration and of approval, related party transaction distinguishing between transactions carried out on terms equivalent to those that prevail in "arm's length transactions" in accordance with normal business price recording and require proper justification for using if any, alternate pricing mechanism.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

		Note	2011 Rupees	2010 Rupees
5	SHARE CAPITAL			
5.1	Authorized share capital			
	2011	2010		
	Number of shares			
	<u>100,000,000</u>	<u>100,000,000</u>	Ordinary shares of Rs. 10/- each	<u>1,000,000,000</u>
				<u>1,000,000,000</u>
	Reconciliation of authorized share capital			
	2011	2010		
	Number of shares			
	100,000,000	75,000,000	At the beginning of the year	1,000,000,000
	-	25,000,000	Increase during the year	-
	<u>100,000,000</u>	<u>100,000,000</u>	At the end of the year	<u>1,000,000,000</u>
				<u>1,000,000,000</u>
5.2	Paid-up share capital			
	Issued subscribed and paid up share capital			
	2011	2010		
	Number of shares			
	10,963,475	10,963,475	Ordinary shares of Rs. 10/- each fully paid in cash	109,634,750
	38,661,325	29,056,525	Ordinary shares of Rs. 10/- each issued as fully paid bonus shares	386,613,250
	<u>49,624,800</u>	<u>40,020,000</u>		<u>496,248,000</u>
				<u>400,200,000</u>
	Reconciliation of issued subscribed and paid up share capital			
	2011	2010		
	Number of shares			
	40,020,000	34,500,000	At the beginning of the year	400,200,000
	9,604,800	5,520,000	Bonus shares issued during the year	96,048,000
	<u>49,624,800</u>	<u>40,020,000</u>	At the end of the year	<u>496,248,000</u>
				<u>400,200,000</u>

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
5.3	Ordinary shares of the company held by associated undertakings are as follows:		
		Number of shares	
	Aziz Coal Mines Ltd.	14,829	14,829
	Indus Coal Mines Ltd.	212,267	212,267
	Shahab Coal Mines (Pvt.) Ltd.	11,661	11,661
	Zahid Steel (Pvt.) Ltd.	6,300	6,300
	Zahid Chemical (Pvt.) Ltd.	6,300	6,300
	Margala News International	438,267	258,205
	Mehr Dastgir Textile Mills Limited	6,510	-
	UIG Global Services Limited	4,237,468	-
		4,933,602	509,562
6	RESERVES		
	Reserve for bonus shares	6.1 -	-
	Revenue reserve	6.2 75,115,917	75,115,917
		75,115,917	75,115,917
6.1	Reserve for bonus shares		
	Balance at the beginning of the year	-	-
	Transfer from unappropriated profit	96,048,000	55,200,000
	Transfer from general reserve	-	-
	Bonus share issued	(96,048,000)	(55,200,000)
	Balance at the end of the year	-	-
6.2	Revenue reserve		
	General reserve		
	Balance at the beginning of the year	75,115,917	75,115,917
	Transfer from profit and loss appropriation account	-	-
	Transferred to reserve for issue of bonus shares	-	-
	Balance at the end of the year	75,115,917	75,115,917
7	SURPLUS ON REVALUATION OF FIXED ASSETS		
7.1	The building of the company was revalued by the independent valuer as on December 31, 2006 resulting in surplus of Rs. 2,654,211 which was charged to Surplus on Revaluation of Fixed Assets as per requirements of Section 235 of Companies Ordinance 1984. Revaluation surplus is carried at the amount after adjustments of deferred taxation.		

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
7.2 Movement in revaluation surplus			
Surplus on building		2,654,211	2,654,211
Less:			
Incremental depreciation charged in previous years		(492,340)	(378,557)
Incremental depreciation charged in current year		(108,094)	(113,783)
		(600,434)	(492,340)
		2,053,777	2,161,871
Related deferred tax liability		(756,655)	(796,479)
Less: Related deferred tax liability on incremental depreciation transferred to retained earnings		37,833	39,824
		(718,822)	(756,655)
Closing balance		1,334,955	1,405,216
7.3	Incremental depreciation is the difference between the actual depreciation expense and depreciation at the historical cost values.		
8 STAFF RETIREMENT BENEFITS			
	The actuarial valuation is carried out annually and contributions are made accordingly. Following were significant assumptions used for valuation of the scheme.		
	- Discount rate : 12.5 % (2010: 13%) per annum		
	- Expected rate of increase in the salaries of the employees: 11.5% (2010: 12 %) per annum		
	- Expected service length of employees: 6 years (2010: 6 years)		
8.1 Balance sheet liability			
Present value of defined benefits obligations as at the end of the year		48,152,180	36,006,397
Unrecognized actuarial gains /(loss)		(6,770,390)	(4,885,078)
Fair value of Plan Assets		(2,296,143)	-
Total liability at the end of the year		39,085,647	31,121,319
8.2 Reconciliation of present value of defined benefits obligations			
Present value of defined benefits obligations as at the beginning of the year		36,006,397	24,591,632
Current service cost		8,417,421	7,814,524
Interest cost		4,680,832	2,950,996
Benefits paid		(2,933,925)	(1,858,843)
Actuarial (gain)/ loss on present value of defined benefits obligations		1,981,455	2,508,088
Present value of defined benefits obligations as at the end of the year		48,152,180	36,006,397

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
8.3 Reconciliation of actuarial gain/(loss)			
Unrecognized actuarial gains /(loss) as at the beginning of the year		(4,885,078)	(2,376,990)
Actuarial gains /(loss) arising during the year		(1,885,312)	(2,508,088)
Unrecognized actuarial gains /(loss) as at the end of the year		<u>(6,770,390)</u>	<u>(4,885,078)</u>
8.4 Changes in Fair value of Plan Assets			
Contributions during the year		5,133,925	-
Benefits paid during the year		(2,933,925)	-
Actuarial gain / (loss) on plan assets		96,143	-
Fair value of plan assets as at December 31, 2011		<u>2,296,143</u>	<u>-</u>
8.5 Charged to profit and loss account			
Expenses include retirement benefits in respect of gratuity, amounting to Rs. 13,098,253 (2010: Rs.12,049,488)			
Current service cost		8,417,421	7,814,524
Interest cost		4,680,832	2,950,996
Liability/(assets) charged due to the application of IAS-19		-	1,283,968
Total amount charged to profit and loss account		<u>13,098,253</u>	<u>12,049,488</u>
8.6 Transitional liability due to adoption of IAS 19			
Unrecognized transitional liability at the beginning of the year		-	1,283,968
Less: Transitional liability recognized during the year		-	(1,283,968)
Unrecognized transitional liability at the end of the year		<u>-</u>	<u>-</u>
9 DEFERRED TAXATION			
Deferred tax liabilities/(assets) arising in respect of:			
Accelerated depreciation on property, plant and equipment		22,286,788	21,370,544
Liability against assets subject to finance lease		3,190,405	2,727,951
Premium due but unpaid		(7,510,878)	(9,052,252)
Provision for gratuity		(13,679,976)	(10,892,462)
Liability relating to revaluation surplus on building		718,822	756,655
		<u>5,005,161</u>	<u>4,910,436</u>
10 AMOUNT DUE TO OTHER INSURERS / REINSURERS			
Foreign reinsurers		11,268,532	12,909,855
Local reinsurers		8,435,382	1,687,085
Coinsurers		21,480,340	1,062,652
		<u>41,184,254</u>	<u>15,659,592</u>

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
11 ACCRUED EXPENSES			
Utilities		116,603	122,400
Salaries/ wages		5,386,576	4,549,380
Finance charge payable		-	10,214
Auditors remuneration		1,170,000	865,000
General expenses		163,208	723,350
		6,836,387	6,270,344
12 OTHER CREDITORS AND ACCRUALS			
Provision for Government levies		8,524,640	3,567,162
Miscellaneous		17,322,364	42,491,431
		25,847,004	46,058,593
13 SHORT TERM FINANCE - SECURED			
Bank borrowings		-	-
		-	-

13.1 The renewable finances are, at times during the year, obtained from Habib Bank Limited against sanctioned limit of Rs. 4.50 million (2010: 4.50 million from Habib Bank Limited). These finances were secured against MPD's with minimum 25% margin. The markup rate on above facility is 15% (2010: 15%). The mark up was payable on various dates during the currency of the bank borrowings.

14 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE-SECURED

Future minimum lease payments under finance lease together with the present value of the minimum lease payments are as follows:

	2011		2010	
	Minimum lease payments (MLP)	Present value of MLP	Minimum lease payments (MLP)	Present value of MLP
	----- Rupees -----			
Due within one year	26,110,700	22,101,939	28,634,717	21,648,948
Due after one year but not later than five year	29,550,161	28,119,856	53,539,098	49,462,675
Total minimum lease payments	55,660,861	50,221,795	82,173,815	71,111,623
Less: Lease finance charges allocable to future periods	(5,439,066)	-	(11,062,192)	-
Present value of MLP	50,221,795	50,221,795	71,111,623	71,111,623
Less : Current maturity under finance lease	(22,101,939)	(22,101,939)	(21,648,948)	(21,648,948)
Long term liability	28,119,856	28,119,856	49,462,675	49,462,675

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

The company intends to exercise its option to acquire leased vehicles upon completion of lease period. The average rate of interest implicit in the lease ranges from 20% to 25% per annum (2010 :10% to 25%). These are secured against personal guarantees of directors and chief executive of the company, demand promissory note for full lease rental plus residual value, security deposit and title of ownership of leased vehicles. These rentals are payable in equal monthly installments and there is no financial restriction in the lease agreements.

15 CONTINGENCIES & COMMITMENTS

15.1 Contingencies

The provisions and estimates in arriving at the financial statements are adequate. There are no known unreported contingencies (2010: Nil).

15.2 Commitments

Commitments for rentals of assets under operating lease agreements as at **December 31, 2011 amounting to Rs. 2,445,248/-** (2010: Rs.4,736,844/-).

	2011 Rupees	2010 Rupees
Due within one year	1,833,936	2,030,076
Due after one year but not later than five year	611,312	2,706,768
	2,445,248	4,736,844
16 CASH AND OTHER EQUIVALENTS		
Cash in hand	78,068	10,404
	78,068	10,404
17 CURRENT AND OTHER ACCOUNTS		
Current & other accounts	115,945,896	74,494,367
	115,945,896	74,494,367
18 DEPOSITS MATURING WITHIN 12 MONTHS		
Fixed and term deposits	105,950,000	119,950,000
Lease security deposits	11,561,570	4,763,580
Miscellaneous Security Deposits	2,659,898	1,986,853
	120,171,468	126,700,433

18.1 The rate of return on Term Deposit Certificates issued by various banking companies ranging from 7.45% to 14.50%(2010: 7.00% to 14.50%) per annum. These Term Deposit Certificates have maturity up to year 2012.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
19 DEPOSITS MATURING AFTER 12 MONTHS			
Fixed and term deposits	19.1	23,300,000	29,300,000
Lease security deposits		12,023,600	21,170,570
		35,323,600	50,470,570
19.1	The rate of return on Term Deposit Certificates issued by various banking companies ranging from 12.25% to 17.00%(2010: 10.75% to 17.00%) per annum. These Term Deposit Certificates have maturity up to year 2015.		
20 LOAN TO EMPLOYEES AND AGENTS-UNSECURED			
Employees and agents		5,975,240	3,621,000
		5,975,240	3,621,000
20.1	These are considered good, further these are unsecured and interest free loans.		
21 INVESTMENTS			
Available for sale investments			
Marketable securities - cost	21.1	17,591,113	5,555,915
Less: Provision for impairment in value in investment	21.2	(4,611,799)	(859,759)
		12,979,314	4,696,156
Held to maturity	21.3	102,418,294	89,248,933
		115,397,608	93,945,089
21.1 Marketable securities available for sale			
- Listed shares	21.1.1	17,084,980	5,049,782
- Unlisted / delisted shares	21.1.3	6,133	6,133
- Mutual fund certificates	21.1.5	500,000	500,000
		17,591,113	5,555,915

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

21.1.1 Shares in quoted companies

2011	2010	Percentage equity held	Face Value (Rs)	Quoted companies / Listed companies	2011	2010
---No. of Shares---						
				Commercial Banks		
10,000	2,700	0.0006%	10	National Bank Of Pakistan	641,226	195,723
-	2,900	---	10	United Bank Limited.	-	191,980
-	1,700	---	10	Habib Bank Limited	-	199,750
-	4,653	---	10	Meezan Bank Limited	-	76,191
-	8,000	---	10	Bank Alhabib Limited	-	286,150
-	20,450	---	10	Bank of Punjab Limited	-	201,977
-	5,000	---	10	Faysal Bank Limited	-	73,584
-	800	---	10	MCB Ltd	-	181,990
-	20,000	---	10	Royal Bank of Scotland	-	96,623
-	20,000	---	10	Samba Bank Ltd	-	40,955
-	50,000	---	10	Silk Bank Ltd	-	134,320
1,777,912	-	5.9264%	10	Network Micro Finance Bank Limited	12,000,000	-
				Textile Spinning		
232	232	0.0030%	10	Sunshine Cotton Mills Limited	1,834	1,834
				Woolen		
530	530	0.0530%	10	Valika Woolen Mills Limited	1,980	1,980
				Oil and Gas Exploration Companies		
603	-	0.0008%		National Refinery	224,919	-
				Engineering		
1,008	1,008	0.0569%	10	Quality Steel Mills Limited	5,530	5,530
2,400	2,400	0.0725%	10	Climax Engineering	88,896	88,896
				Technology and Communication		
120,000	120,000	0.0194%	10	Wateen Telecom	1,200,000	1,200,000
				Chemicals		
50	50	0.0000%	10	ICI Pakistan	1,377	1,377
				Insurance		
25,000	-	0.0083%	10	Pakistan Reinsurance	455,049	-
18,873	7,500	0.0151%	10	E.F.U General Insurance	759,169	331,953
94	600	0.0003%	10	Silver Star Insurance Company Limited	-	4,223
-	5,000	0.0000%	10	Universal Insurance Company Limited	-	29,746
				Leasing		
155,000	155,000	0.4844%	10	SME Leasing Company limited	1,705,000	1,705,000
2,111,702	428,523				17,084,980	5,049,782

21.1.2 Market value of available for sale investments is Rs. 12,780,490/- (December 31, 2010 : Rs. 4,830,373)

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

				Note	2011 Rupees	2010 Rupees
21.1.3 Shares in Unlisted Companies						
2011 No. of Shares	2010	Face Value	Unlisted Companies			
206	206	10	Kakakhail Pakistan Limited		3,380	3,380
172	172	10	Adamjee Industries Limited		1,818	1,818
640	640	10	Pakistan Paper Sack Limited		206	206
33	33	10	Valika Usman Textile Mills Limited		729	729
1,051	1,051				6,133	6,133

21.1.4 Due to non-availability of break up value of investment in unquoted shares of the companies, the cost and break up value of unquoted shares are considered to be same.

21.1.5 Mutual fund certificates (Open Ended)

2011 ---No. of Units---	2010	Mutual fund certificates	2011 Rupees	2010 Rupees
597	539	Atlas Income Fund	250,000	250,000
894	690	Atlas Stock Market Fund	250,000	250,000
1,491	1,229		500,000	500,000

21.1.6 Market value of mutual funds certificates is 576,288/- (December 31, 2010 : Rs. 558,869/-)

21.2 Provision for impairment in value of investment

Balance at the beginning of the year	859,759	185,013
Add: Provision for the year	3,752,040	674,746
	4,611,799	859,759

21.3 Held to maturity

Government securities	21.3.1	98,339,803	84,881,021
Term finance certificates	21.3.2	578,491	867,912
Investment in Musharika	21.3.3	3,500,000	3,500,000
		102,418,294	89,248,933

21.3.1 Government securities

Particulars	Maturity year	Effective yield %	Profit payment	2011 Rupees	2010 Rupees
Pakistan investment bonds	2018-2021	12.29 - 14.86	Half yearly	98,339,803	84,881,021

Market value of Pakistan Investment Bonds as at December 31, 2011 is Rs. 96,729,816/- (2010 : Rs. 83,026,309/-)

The Pakistan Investment Bonds amounting to Rs. 83,026,309/- are placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of clause (a) of the sub-section 2 of section 29 of the Insurance Ordinance, 2000.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

21.3.2	Term finance certificates	Rating	Maturity year	Effective yield %	Profit payment	2011 Rupees	2010 Rupees
	Name of the investee company						
	Bank Al-Habib Limited	AA	2012	9.95%	Half yearly	578,491	867,912
						578,491	867,912
21.3.3	Investments in Musharika		Maturity year	Effective yield %	Profit payment	2011 Rupees	2010 Rupees
	Name of the investee company						
	First Punjab Mudaraba		2012	12.20%	Quarterly	1,000,000	1,000,000
	B,R,R Guardian Modaraba		2012	9.50%	Maturity	2,500,000	2,500,000
						3,500,000	3,500,000

22 INVESTMENT PROPERTY

	2011								
	Cost				Depreciation			Written Down Value	
	As at 01 January 2011	Transfer	As at 31 December 2011	Rate %	As at 01 January 2011	Transfer	For the year	As at 31 December 2011	As at 31 December 2011
	----- Rupees -----				----- Rupees -----				
Free Hold Land	23,128,210	(23,128,210)	-	-	-	-	-	-	-
Buildings	24,336,460	5,250,000	29,586,460	5	5,414,322	876,341	1,055,449	7,346,112	22,240,348
Total 2011	47,464,670	(17,878,210)	29,586,460		5,414,322	876,341	1,055,449	7,346,112	22,240,348

	2010								
	Cost				Depreciation			Written Down Value	
	As at 01 January 2010	Transfer	As at 31 December 2010	Rate %	As at 01 January 2010	Transfer	For the year	As at 31 December 2010	As at 31 December 2010
	----- Rupees -----				----- Rupees -----				
Free Hold Land	23,128,210	-	23,128,210	-	-	-	-	-	23,128,210
Buildings	24,336,460	-	24,336,460	5	4,418,420	-	995,902	5,414,322	18,922,138
Total 2010	47,464,670	-	47,464,670		4,418,420	-	995,902	5,414,322	42,050,348

22.1 Market value of land and building as at December 31, 2011 is Rs. 30,250,000/- (2010 Rs.47,006,000/-).

22.2 The Company has transferred free hold land amounting to Rs. 23,128,210/- from investment property to owned free hold land.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
23 PREMIUM DUE BUT UNPAID			
Unsecured			
- Considered good		301,310,650	206,047,715
- Considered doubtful		21,459,652	21,459,652
		322,770,302	227,507,367
Less : Provision for doubtful receivables	23.1	(21,459,652)	(21,459,652)
		301,310,650	206,047,715
23.1 Provision for doubtful receivables			
Balance at the beginning of the year		21,459,652	21,459,652
Provision made during the year		-	-
		21,459,652	21,459,652
24 AMOUNT DUE FROM OTHER INSURERS/ REINSURERS			
Unsecured			
- Considered good		8,986,564	4,944,693
- Considered doubtful		-	4,403,925
		8,986,564	9,348,618
Less : Provision for doubtful receivables	24.1	-	(4,403,925)
		8,986,564	4,944,693
24.1 Provision for doubtful receivables			
Balance at the beginning of the year		4,403,925	4,403,925
Provision made / (Reversed) during the year		(4,403,925)	-
		-	4,403,925

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
25 SUNDRY RECEIVABLES			
Rent deposits		7,256,300	6,272,900
Advance against auctioned property		12,400,000	1,705,000
Others		16,584,986	15,105,782
Branch Balances		35,952,105	12,876,444
		<u>72,193,391</u>	<u>35,960,126</u>

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

26 SCHEDULE OF FIXED ASSETS TANGIBLE

	Owned Assets					Leased Assets			Grand Total	
	Freehold Land	Building	Furniture and fixture	Office equipment	Computer equipment	Vehicles	Cycles	Total		Vehicles
COST										
Balance as at January 01, 2010	55,900,000	72,312,773	72,541,603	11,672,917	5,782,775	123,834,805	92,638	342,137,511	105,759,800	105,759,800
Additions during the year	-	4,417,116	5,873,264	4,698,744	1,569,080	35,245,982	5,400	51,809,586	34,932,000	34,932,000
Disposals	-	-	-	(105,000)	-	(3,515,191)	-	(3,620,191)	-	(3,620,191)
Transfers/Adjustments	-	-	-	-	-	33,318,000	-	33,318,000	(33,318,000)	-
Balance as at December 31, 2010	55,900,000	76,729,889	78,414,867	16,266,661	7,351,855	188,883,596	98,038	423,644,906	107,373,800	107,373,800
Balance as at January 01, 2011	55,900,000	76,729,889	78,414,867	16,266,661	7,351,855	188,883,596	98,038	423,644,906	107,373,800	107,373,800
Additions during the year	-	1,250,000	24,258,743	6,770,931	2,243,126	41,162,058	12,500	75,697,360	9,568,000	9,568,000
Disposals	-	-	(3,783,602)	(1,606,033)	(41,404)	(4,124,896)	(31,763)	(9,587,698)	-	(9,587,698)
Transfers/Adjustments	23,128,210	(5,250,000)	-	-	-	25,833,300	-	43,711,510	(25,833,300)	(25,833,300)
Balance as at December 31, 2011	79,028,210	72,729,889	98,890,008	21,431,559	9,553,577	251,754,058	78,775	533,466,078	91,108,500	91,108,500
DEPRECIATION										
Balance as at January 01, 2010	-	10,159,327	19,694,855	3,572,963	3,049,072	78,931,046	47,321	115,454,584	25,084,779	25,084,779
Charge for the year	-	3,179,554	5,415,645	1,075,299	1,104,744	12,156,201	9,962	22,941,404	19,062,354	19,062,354
Disposals	-	-	-	(53,954)	-	(2,599,092)	-	(2,653,046)	-	-
Transfers/Adjustments	-	-	-	-	-	15,679,102	-	15,679,102	(15,679,102)	(15,679,102)
Balance as at December 31, 2010	-	13,338,881	25,110,500	4,594,308	4,153,816	104,167,256	57,283	151,422,044	28,468,032	28,468,032
Balance as at January 01, 2011	-	13,338,881	25,110,500	4,594,308	4,153,816	104,167,256	57,283	151,422,044	28,468,032	28,468,032
Charge for the year	-	2,962,188	6,012,516	1,437,553	1,455,985	23,497,180	9,994	35,375,416	15,636,506	15,636,506
Disposals	-	-	(2,741,385)	(1,221,018)	(39,009)	(3,439,006)	(27,591)	(7,468,009)	-	-
Transfers/Adjustments	-	(876,341)	-	-	-	12,333,280	-	11,456,939	(12,333,280)	(12,333,280)
Balance as at December 31, 2011	-	15,424,727	28,381,630	4,810,843	5,570,793	136,558,711	39,687	190,786,390	31,771,257	31,771,257
Written down values as at December 31, 2010	55,900,000	63,391,008	53,304,367	11,672,353	3,198,039	84,716,340	40,755	272,222,862	78,905,768	78,905,768
Written down values as at December 31, 2011	79,028,210	57,305,162	70,508,378	16,620,717	3,982,785	115,195,347	39,088	342,679,687	59,337,243	59,337,243
Rate of depreciation in %	-	5	10	10	33	20	20	20	20	20

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

26.1 The revaluation of fixed assets was carried out by an independent valuer M/S FRANK OBSERVERS (PRIVATE) LIMITED, 16-Carvan Building, 8-Link McLeod Road Lahore, on December 31, 2006 resulting in surplus of Rs. 2,654,211/- which was credited to surplus on revaluation of fixed assets in order to comply with the requirements of section 235 of the Companies Ordinance, 1984.

26.2 Had there been no revaluation, the cost, accumulated depreciation and book value of revalued assets as at December 31, 2011 would have been as follows:

DESCRIPTION	COST				DEPRECIATION			Written Down Value	
	January 01, 2011	Additions	Deletions	December 31, 2011	Rate %	For the Year	Adjustment		December 31, 2011
Building	1,517,673	-	-	1,517,673	5	58,717	-	402,043	1,115,630
2011	1,517,673	-	-	1,517,673		58,717	-	402,043	1,115,630
2010	1,517,673	-	-	1,517,673		61,808	-	343,326	1,174,347

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

26.3 Disposal of Fixed Assets

Particulars	Cost	Accumulated Depreciation	Written Down Value	Sales Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
Vehicles							
LZL-5435	774,000	570,610	203,390	535,000	331,610	Negotiation	Muhammad Akbar Shahzad
LRO-0452	774,000	631,270	142,730	506,000	363,270	Negotiation	Syed Mujahed Hussain
LZL-5431	774,000	577,677	196,323	505,000	308,677	Negotiation	Mr. Akmal Ahmad
LRE-7699	1,035,457	961,136	74,321	395,000	320,679	Negotiation	Muhammad Akram Chaudhary
Sub-Total	3,357,457	2,740,693	616,764	1,941,000	1,324,236		
Furniture & Fixtures							
	240,000	177,678	62,322	43,075	(19,247)	Negotiation	Allied Office Decorator
	308,424	217,940	90,484	47,290	(43,194)	Negotiation	Allied Office Decorator
	527,622	399,727	127,895	50,241	(77,654)	Negotiation	Allied Office Decorator
	201,865	146,112	55,753	43,434	(12,319)	Negotiation	National Furniture & Office Interior Decorators
	270,000	152,220	117,780	60,888	(56,892)	Negotiation	National Furniture & Office Interior Decorators
	965,360	764,022	201,338	56,732	(144,607)	Negotiation	National Furniture & Office Interior Decorators
Sub-Total	2,513,271	1,857,699	655,572	301,660	(353,913)		
The following assets with book value below Rs. 50,000/- were disposed off during the year.							
Vehicles							
	799,202	725,904	73,298	205,000	131,702		
Computers							
	41,404	39,009	2,395	-	(2,395)		
Equipments							
	1,606,033	1,221,018	385,015	528,390	143,375		
Furniture & Fixtures							
	1,270,331	883,686	386,645	586,450	199,805		
Sub-Total	3,716,970	2,869,617	847,353	1,319,840	472,487		
TOTAL	9,587,698	7,468,009	2,119,689	3,562,500	1,442,810		

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
27 ADMINISTRATIVE SURCHARGE			
Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:			
Fire and property damage		8,111,049	6,958,084
Marine, aviation and transport		3,733,990	2,564,192
Motor		10,473,476	7,428,451
Miscellaneous		4,996,586	2,028,616
		27,315,101	18,979,343
28 MANAGEMENT EXPENSES			
Vehicle expense & workshop bills		7,626,882	7,002,287
Advertisement & selling expenses		9,819,316	7,594,912
Fire service charges		76,187	-
Provision for doubtful debts	23.1 & 24.1	-	-
Marine service charges		1,023	45
Staff salaries		71,034,058	61,229,114
Miscellaneous expenses		765,418	-
		89,322,884	75,826,358
29 OTHER INCOME			
Income / (Loss) from financial assets / liabilities			
Bad debts recovered		4,403,925	-
Creditors no longer considered payable written back		19,279	-
Others income / (Loss)		(620,950)	579,316
		3,802,254	579,316
Income from non financial assets			
Gain on sale of fixed assets		1,442,810	1,228,355
Discount income		75,129	52,840
		1,517,939	1,281,195
		5,320,193	1,860,511

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
30 GENERAL AND ADMINISTRATION EXPENSES			
Salaries, allowances and benefits		41,835,104	42,348,045
Travelling, conveyance and vehicle charges		10,387,436	12,952,138
Printing & stationery		2,498,889	3,967,641
Repair & renewal		1,827,398	1,858,077
Electricity charges		4,678,563	4,792,775
Telephone charges		4,822,112	5,123,011
Office rent		19,326,430	14,989,618
Charity & donation		183,888	705,000
Bank Charges		2,438,191	1,904,775
Levy charges		926,211	892,364
Interest charges		24,540	58,409
General expenses		126,249	4,808,281
Legal & professional fee	30.1	7,103,609	7,881,976
Depreciation	30.2	52,067,370	42,999,661
Zakat		98,411	4,013
Gratuity		13,098,253	12,049,488
		161,442,654	157,335,272

30.1 AUDITORS' REMUNERATION

Legal and professional fee includes following in respect of Auditors' Remuneration

	ILYAS SAEED & COMPANY	SARWARS	Total 2011 Rupees	Total 2010 Rupees
Annual audit fee	375,000	375,000	750,000	700,000
Half yearly review	105,000	105,000	210,000	210,000
Other certifications	115,000	115,000	230,000	230,000
Out of pocket expenses	30,000	30,000	60,000	60,000
Taxation Services	-	130,000	130,000	120,000
	625,000	755,000	1,380,000	1,320,000

30.2 Depreciation

Investment property	22	1,055,449	995,902
Fixed assets	26	51,011,921	42,003,759
		52,067,370	42,999,661

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Note	2011 Rupees	2010 Rupees
31 PROVISION FOR TAXATION			
Current		15,101,014	14,731,483
Prior		1,344,422	2,931,984
Deferred		94,725	(2,513,730)
		16,540,161	15,149,737
31.1 Reconciliation between effective and applicable tax rate			
		Percentage %	Percentage %
Applicable tax rate		35.00	35.00
- Effect of income charged at different rates		(5.69)	(5.74)
- Effect of tax on amounts deductible for tax purposes		(13.36)	(15.99)
- Effect of opening deferred tax		(1.50)	(1.93)
Effective tax rate		14.45	11.34
32 BASIC EARNINGS PER SHARE			
Basic earnings per share is calculated by dividing the net profit for the year by the weighted average no of shares as at the year end as follows:			
Profit after tax for the year		97,933,202	118,387,172
Weighted average number of shares of Rs 10/- each		49,624,800	49,624,800
Earnings per share of Rs 10/- each - basic and diluted		1.97	2.39

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.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

33 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

	Chief Executive	Directors	Executives	TOTAL 2011	TOTAL 2010
Managerial remuneration	1,608,000	7,680,000	30,223,435	39,511,435	26,732,604
Housing	643,200	3,072,000	12,297,240	16,012,440	10,869,180
Medical allowance	160,800	866,400	3,018,385	4,045,585	2,691,276
	<u>2,412,000</u>	<u>11,618,400</u>	<u>45,539,060</u>	<u>59,569,460</u>	<u>40,293,060</u>
Number of persons	1	2	40	43	42

The Chief Executive is also provided with free use of the Company's maintained car.

34 RELATED PARTY TRANSACTIONS

Related parties comprise associated undertakings and the company in the normal course of business carries out transactions with these related parties. All transactions with related parties have been carried out on commercial terms and conditions.

Relation with undertaking due to common directorship	Nature and transaction	2011 Rupees	2010 Rupees
United Track System (Pvt.) Ltd. (Associate)	Purchase of track systems	69,279,311	53,432,823
	Rental Income	420,000	-
Saudi Pak Insurance Company Ltd. (Associate)	Premium accepted	16,580,729	-
	Premium paid	10,137,074	-
	Premium ceded	45,705,277	-
	Rental income	96,000	-

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

35 SEGMENT REPORTING

The company has four primary business segments for reporting purposes namely Fire, Marine, Motor, and Miscellaneous.

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

	FIRE		MARINE		MOTOR		MISCELLANEOUS		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
OTHER INFORMATION										
Segment assets	185,432,914	133,248,913	58,116,624	46,798,796	88,155,351	65,650,181	193,206,457	202,095,030	524,911,346	447,792,920
Unallocated assets									919,861,010	790,332,993
CONSOLIDATED TOTAL ASSETS									1,444,772,356	1,238,125,913
Segment liabilities	117,821,043	82,256,646	50,926,833	30,803,247	117,079,200	93,102,303	258,262,779	193,488,664	544,089,855	399,650,861
Unallocated liabilities									134,538,596	170,264,350
CONSOLIDATED TOTAL LIABILITIES									678,628,451	569,915,211
Capital expenditure	23,412,334	21,787,187	8,969,618	7,329,936	18,020,898	18,391,137	34,862,510	39,233,326	85,265,360	86,741,586
Depreciation	14,296,763	10,800,375	5,477,305	3,633,606	11,004,478	9,116,880	21,288,824	19,448,799	52,067,370	42,999,661

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

36 FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company's activities expose it to a variety of financial risks, credit risks, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management programmed focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

36.1 Credit risk and concentration of credit risk

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

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

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

	2011	2010
	Rupees	Rupees
Bank deposits	115,945,896	74,494,367
Investments	578,491	867,912
Premium due but unpaid	301,310,650	206,047,715
Amounts due from other insurers / reinsurers	8,986,564	4,944,693
Accrued investment income	10,441,173	10,201,376
Reinsurance recoveries against outstanding claims	31,028,625	31,722,721
Sundry receivables	72,193,391	35,960,126
	<u>540,484,790</u>	<u>364,238,909</u>

The Company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. During the year no receivables were provided as the same are considered good. The movement in the provision for doubtful debt account is shown in notes 23.1 and 24.1. The remaining past due balances were not impaired as they relate to a number of policy holders and other insurers/reinsurers for whom there is no recent history of default.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

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

	Rating Short Term	Rating Long Term	Rating Agency	2011 Rupees	2010 Rupees
Bank Alfalah Limited	A1+	AA	PACRA	6,084,684	2,964,513
Allied Bank Limited	A1+	AA	PACRA	19,830,322	10,587,638
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	1,240,475	116,609
Habib Bank Limited	A-1+	AA+	JCR-VIS	11,009,599	3,276,379
Arif Habib Bank Limited	-	A	JCR-VIS	-	1,723,858
Bank Al-Habib Limited	A1+	AA+	PACRA	16,910,791	2,401,817
KASB Bank Limited	A3	A	PACRA	3,872,166	401,307
Soneri Bank Limited	A1+	AA-	PACRA	3,203,142	8,097,911
Atlas Bank Limited	withdrawn	A-	PACRA	-	651,631
Albaraka Islamic Bank Limited	A2	A	JCR-VIS	368,266	144,491
Askari Bank Limited	A1+	AA	PACRA	4,151,887	4,400,998
Zarai Tarqiati Bank	A-1+	AAA	JCR-VIS	-	66,459
I.D.B.P	Rating not available			109,518	38,573
Bank of Khyber	A2	BBB	PACRA	149,756	118,032
Bank of Punjab	A1+	AA-	PACRA	4,597,112	3,289,550
Bank Islami	A1	AA-	PACRA	-	34,109
Dawood Islamic Bank Limited	0	A-	JCR-VIS	-	1,505,985
Faysal Bank Limited	A1+	AA-	PACRA	6,972,416	5,640,525
First Women Bank	A2	BBB+	PACRA	453,947	708,781
Barclays Bank Limited	AA-	AA-	STANDARD & POOR	9,862,043	8,143,287
MCB Bank Limited	A1+	A	PACRA	965,979	1,332,671
My Bank Limited	withdrawn	A	PACRA	420,404	90,693
National Bank of Pakistan Limited	A-1+	A-	JCR-VIS	5,386,375	4,263,904
NIB Bank Limited	A1+	AA-	PACRA	4,022,987	4,749,513
Punjab Provincial Co-operative Bank Limited	CCC	CCC	JCR-VIS	534,343	790,105
Royal Bank of Scotland	withdrawn	AA-	PACRA	10,751	-
Silk Bank Limited	A-2	A-	JCR-VIS	2,981,033	581,203
SME Bank Limited	A-3	BBB	JCR-VIS	619,678	193,676
Standard Chartered Bank Limited	A1+	AAA	PACRA	1,751,029	1,346,312
United Bank Limited	A-1	AA+	JCR-VIS	7,865,012	6,833,837
Summit Bank	A-2	A	JCR-VIS	1,101,873	-
Burj/Dawood Islamic Bank Limited	A-2	A	JCR-VIS	937,821	-
Dubai Islamic Bank Limited	A-1	A	JCR-VIS	532,488	-
				115,945,896	74,494,367

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

Bank Al-Habib Limited	A1+	AA+	PACRA	578,491	867,912
-----------------------	-----	-----	-------	---------	---------

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

36.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management aims to maintain flexibility in funding by keeping regular committed credit lines.

On the balance sheet date the company has cash and bank balance and unutilized credit lines of Rs. 116.024 million and Rs. 4.5 million respectively. (2010 :Rs. 74.505 million & Rs. 4.5 million).

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

	2011			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Provision for outstanding claims	71,273,865	71,273,865	71,273,865	-
Amount due to other insurers / reinsurers	41,184,254	41,184,254	41,184,254	-
Accrued expenses	6,836,387	6,836,387	6,836,387	-
Sundry creditors	25,847,004	25,847,004	25,847,004	-
Finance lease	50,221,795	55,660,861	26,110,700	29,550,161
	195,363,305	200,802,371	171,252,210	29,550,161
	2010			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	-----Rupees-----			
Financial liabilities				
Provision for outstanding claims	52,889,049	52,889,049	52,889,049	-
Amount due to other insurers / reinsurers	15,659,592	15,659,592	15,659,592	-
Accrued expenses	6,270,344	6,270,344	6,270,344	-
Sundry creditors	46,058,593	46,058,593	46,058,593	-
Finance lease	71,111,623	82,173,815	28,634,717	53,539,098
	191,989,201	203,051,393	149,512,295	53,539,098

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

36.3 Market risk

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

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

a) Interest / mark up rate risk

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in respective notes.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

Financial Assets and Liabilities

FINANCIAL ASSETS AND LIABILITIES	Effective Yield/ Mark-up rate	Interest/mark-up bearing			Non interest/mark-up bearing			Total
		Maturity within year	Maturity more than 1 year but less than 5 year	Sub Total	Maturity within year	Maturity more than 1 year but less than 5 year	Sub Total	
		Rs						
FINANCIAL ASSETS								
Loan to employees and agents		-	-	-	5,975,240	-	5,975,240	5,975,240
Investments	12.29 - 14.86	4,078,491	98,339,803	102,418,294	12,979,314	-	12,979,314	115,397,608
Premium due but unpaid		-	-	-	301,310,650	-	301,310,650	301,310,650
Interest outstanding		10,441,173	-	10,441,173	-	-	-	10,441,173
Amount due from other insurers/reinsurers		-	-	-	8,986,564	-	8,986,564	8,986,564
Reinsurance recoveries against O/S claims		-	-	-	31,028,625	-	31,028,625	31,028,625
Sundry receivables		-	-	-	72,193,391	-	72,193,391	72,193,391
Cash & bank balances	7.45 - 17	105,950,000	23,300,000	129,250,000	130,245,431	12,023,600	142,269,031	271,519,031
		120,469,664	121,639,803	242,109,467	562,719,215	12,023,600	574,742,815	816,852,282
FINANCIAL LIABILITIES								
Claims outstanding		-	-	-	71,273,865	-	71,273,865	71,273,865
Amount due to other insurers/reinsurer		-	-	-	41,184,254	-	41,184,254	41,184,254
Other creditors & accruals		-	-	-	32,683,390	-	32,683,390	32,683,390
Short term bank borrowings		-	-	-	-	-	-	-
Liabilities against asset subject to finance lease	20 - 25	22,101,939	28,119,856	50,221,795	-	-	-	50,221,795
		22,101,939	28,119,856	50,221,795	145,141,509	-	145,141,509	195,363,304

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

FINANCIAL ASSETS AND LIABILITIES	Effective Yield/ Mark-up rate	Interest/mark-up bearing			Non interest/mark-up bearing			Total
		Maturity within year	Maturity more than 1 year but less than 5 year	Sub Total	Maturity within year	Maturity more than 1 year but less than 5 year	Sub Total	
	%	Rs						
FINANCIAL ASSETS								
Loan to employees and agents		-	-	-	3,621,000	-	3,621,000	3,621,000
Investments	11.09-14.52	-	87,563,032	87,563,032	4,696,156	-	4,696,156	92,259,188
Premium due but unpaid		-	-	-	206,047,715	-	206,047,715	206,047,715
Interest outstanding		-	-	-	10,201,376	-	-	10,201,376
Amount due from other insurers/reinsurers		-	-	-	4,944,693	-	4,944,693	4,944,693
Reinsurance recoveries against O/S claims		-	-	-	31,722,721	-	31,722,721	31,722,721
Sundry receivables		-	-	-	35,960,126	-	35,960,126	35,960,126
Cash & bank balances	8 - 15	119,950,000	29,300,000	149,250,000	81,244,800	21,170,570	102,415,370	251,665,370
		131,837,277	116,863,032	248,700,309	368,237,211	21,170,570	389,407,781	638,108,090
FINANCIAL LIABILITIES								
Claims outstanding		-	-	-	52,889,049	-	52,889,049	52,889,049
Amount due to other insurers/reinsurer		-	-	-	15,659,592	-	15,659,592	15,659,592
Other creditors & accruals		-	-	-	52,328,937	-	52,328,937	52,328,937
Short term bank borrowings		-	-	-	-	-	-	-
Liabilities against asset subject to finance lease	13 - 25	21,648,948	49,462,675	71,111,623	-	-	-	71,111,623
		21,648,948	49,462,675	71,111,623	120,877,578	-	120,877,578	191,989,201

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

Sensitivity analysis

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

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

	Increase / (decrease) in basis points	Effect on profit before tax	Effect on equity
As at December 31, 2011			
Cash flow sensitivity - Variable rate financial liabilities	100	<u>(502,218)</u>	<u>(326,442)</u>
	(100)	<u>502,218</u>	<u>326,442</u>
Cash flow sensitivity - Variable rate financial assets	100	<u>2,421,095</u>	<u>1,573,712</u>
	(100)	<u>(2,421,095)</u>	<u>(1,573,712)</u>
As at December 31, 2010			
Cash flow sensitivity - Variable rate financial liabilities	100	<u>(711,116)</u>	<u>(462,226)</u>
	(100)	<u>711,116</u>	<u>462,226</u>
Cash flow sensitivity - Variable rate financial assets	100	<u>2,368,130</u>	<u>1,539,285</u>
	(100)	<u>(2,368,130)</u>	<u>(1,539,285)</u>

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 12.780 million (2010: Rs. 4.830 million) at the balance sheet date.

Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

Available for sale equity instruments are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

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

Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2011 and 2010 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, indeed results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Had all equity investments been measured at fair values as required by IAS 39 "Financial Instruments Recognition and Measurement", the impact of hypothetical change would be as follows;

	Fair Value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (Decrease) in shareholder's equity	Hypothetical increase / (Decrease) in profit/ (loss) before tax
December 31, 2011	12,780,490	10 % increase	14,058,539	1,278,049	-
		10 % decrease	(11,502,441)	(1,278,049)	-
December 31, 2010	4,830,373	10 % increase	5,313,410	483,037	-
		10 % decrease	(4,347,336)	(483,037)	-

36.4 Fair value of financial instruments

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

36.5 Reinsurance risk

Reinsurance ceded does not relieve the Company from its obligation towards policy holder 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 agreement.

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

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

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2011	2010
A or above (including PRCL)	8,959,719	31,028,625	123,823,869	163,812,213	187,653,417
BBB	26,845	-	-	26,845	290,138
Total	8,986,564	31,028,625	123,823,869	163,839,058	187,943,555

36.6 Insurance risk

The Company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limit and criteria. Reinsurance is purchased to mitigate the risk of potential loss to the Company. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

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

Geographical concentration of insurance risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial residential occupation of the insurers. Details regarding the fire separation/ segregation with respect to the manufacturing processes, storage, utilities, etc are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

Reinsurance arrangements

Reinsurance arrangements are key components in the global economy as a means of supporting acceptance of risk by insurance organizations. Arrangements are the most effective ways of getting risks of all types, underwritten of the company. The company has prestigious reinsurance arrangements with the world wide acclaimed reinsurers.

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

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

	Gross sum insured		Reinsurance		Net	
	2011	2010	2011	2010	2011	2010
	----- Rupees in '000' -----					
Fire	157,646,220	120,760,220	96,658,648	79,039,128	60,987,572	41,721,092
Marine	97,917,329	49,627,589	42,429,331	27,939,695	55,487,998	21,687,894
Motor	11,610,709	9,472,838	-	-	11,610,709	9,472,838
Miscellaneous	49,856,802	55,885,720	19,092,549	26,966,784	30,764,253	28,918,936
	317,031,060	235,746,367	158,180,528	133,945,607	158,850,532	101,800,761

Sensitivity analysis

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

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

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

	Profit before tax		Share holders' equity	
	2011	2010	2011	2010
10% increase in loss				
	----- Rupees -----			
Net				
Fire	(5,522,607)	(2,085,169)	(3,589,695)	(1,355,360)
Marine	(1,404,651)	(1,100,590)	(913,023)	(715,383)
Motor	(8,800,633)	(8,543,614)	(5,720,411)	(5,553,349)
Miscellaneous	(10,549,850)	(5,825,669)	(6,857,402)	(3,786,685)
	(26,277,741)	(17,555,042)	(17,080,531)	(11,410,777)
10% decrease in loss				
	----- Rupees -----			
Net				
Fire	5,522,607	2,085,169	3,589,695	1,355,360
Marine	1,404,651	1,100,590	913,023	715,383
Motor	8,800,633	8,543,614	5,720,411	5,553,349
Miscellaneous	10,549,850	5,825,669	6,857,402	3,786,685
	26,277,741	17,555,042	17,080,531	11,410,777

Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at 31 December 2011.

	2008	2009	2010	2011	Total
	----- Rupees -----				
Estimate of ultimate claims cost					
At the end of accident year	53,864,348	50,692,363	55,708,274	55,076,743	215,341,728
One year later	49,937,336	32,818,043	68,762,649	-	151,518,028
Two years later	8,181,105	6,646,360	-	-	14,827,465
Three years later	1,400,250	-	-	-	1,400,250
Estimate of cumulative claims	113,383,039	90,156,766	124,470,923	55,076,743	383,087,471
Cumulative payments to date	(113,383,039)	(88,655,816)	(121,029,146)	(50,771,271)	(373,839,272)
Liability recognized in the balance sheet date	-	1,500,950	3,441,777	4,305,472	9,248,199

Notes to the Financial Statements

FINANCIAL YEAR ENDED DECEMBER 31, 2011

37 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 distribution to ordinary shareholders. The Company meets minimum paid up capital requirements as required by Securities and Exchange Commission of Pakistan.

38 EVENTS AFTER BALANCE SHEET DATE

The board of directors have proposed bonus shares for the year ended December 31, 2011 of Rs. 1.5 per share (2010 : 2.4 per share), amounting to Rs. 74,437,200 (2010 : Rs. 96,048,000) at their meeting held on April 04, 2012 for the approval of the members at the annual general meeting to be held on April 28, 2012 .

39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 04, 2012 by the Board of Directors of the company.

40 RECLASSIFICATION

Corresponding figures have been reclassified / re arranged, wherever necessary for better presentation. The impact of reclassification is not material

Balance Sheet	Note	From	To	Amount (Rs.)
Investments	21 & Cash flow statement	Accrued investment income	Investment held to maturity	1,685,901



Mohammed Rahat Sadiq
Chief Executive Officer



Huma Waheed
Director



Ch. Habib-ur-Rehman
Director/President



Khawas Khan Niazi
Chairman

Notice of Annual General Meeting

Notice is hereby given that 52nd Annual General Meeting of the Company will be held in Executive Board Room – A of Royal Palm Golf & Country Club, 52, Canal Bank Road, Lahore on Saturday the April 28, 2012 at 11.00 a.m to transact the following business:

ORDINARY BUSINESS:

- 1) To confirm the minutes of 51st Annual General Meeting held on April 30, 2011.
- 2) To receive, consider and adopt Company's Audited Accounts for the year ended December 31, 2011 together with Directors' Report and Auditors Report thereon.
- 3) To consider and approve issue of bonus shares as recommended by the Board of Directors and the same shall be treated for all purposes as an increase in Company's Paid Up Capital.
- 4) To appoint External Auditors for Financial Year 2012 till the next AGM and authorize Directors to fix remuneration. Audit committee has recommended appointment of two Auditors jointly namely M/s. Ilyas Saeed & Co, Chartered Accountants, Lahore and Sarwars Chartered Accountants, Lahore. Both firms of Auditors have offered themselves for appointment as Company's External Auditors for the year 2012.
- 5) To elect Seven (7) Directors as fixed by the Board U/s.178 (1) of the Companies Ordinance 1984 for the term of three (3) years commencing May 01, 2012.

The retiring Directors are 1) Khawas Khan Niazi, 2) M.Rahat Sadiq, 3) Ch.Habib-ur-Rehman, 4) Huma Waheed, 5) Najeeb-ur-Rehman, 6) Aziz-ur-Rehman, 7) Ch.Maqsood Ahmed.

All retiring Directors are eligible to offer themselves for re-election.

- 6) Any other business with the permission of the Chair.

SPECIAL BUSINESS:

- 7) Remuneration of Company's Working Directors
To consider and approve the remuneration of the Board payable to working Directors including Chairman, Chief Executive and a Director.
- 8) To approve capitalization of Rs.74,437,200/= for the issue of Bonus Shares (B-17) and to pass with or without modification the following resolutions as Ordinary Resolutions:-

Notice of Annual General Meeting

Resolved that;

- a) the sum of Rs.74,437,200/= out of the profits available for appropriation as at December 31, 2011 be capitalized and adopted to the issue of 7,443,720 ordinary shares of Rs.10 each allotted as fully paid Bonus Shares (B-17) @ 15% in the proportion of 3 share for every 20 shares held to Company's members whose names appear on the register of members as at close of business on 21.04.2012.
- b) the Bonus shares shall rank pari passu in all respects with the existing shares.
- c) the members entitled to fraction of their share(s) shall be given sale proceeds of their fractional entitlement, for which purpose the fraction(s) shall be consolidated into whole share and sold in the stock market.
- d) the Company Secretary be and is hereby authorized and empowered to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue , allotment and distribution of Bonus Shares.

By Order of the Board

SD/-

(Z.H.Zuberi)

Company Secretary

Karachi : April 05, 2012

Notice of Annual General Meeting

NOTES:

- 1) Any person who seeks to contest the election of Director shall file with the Company at its Registered Office not later than Fourteen (14) days before the date of the meeting of his/her intention to offer him/herself for the election of Directors in terms of Section 178 (3) of the Companies Ordinance 1984.
- 2) a) The Share Transfer Books of the Company will remain closed from 22-04-2012 to 28-04-2012 (both days inclusive). Transfers received at Company's Registered Office at Karachi by the close of business on 21-04-2012 will be treated as being in time for the purpose to determine entitlement to Bonus Shares and to attend the meeting.
- b) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a Proxy to attend and vote instead of him/her. A Corporation or a Company being a member of the Company may appoint any of its officers, though not a member of the Company.
- c) The instrument appointing a Proxy must be received at the Registered Office of the Company not less than Forty Eight (48) hours before the time for the meeting. A member shall not be entitled to appoint more than one (1) Proxy.
- d) CDC shareholders are requested to bring with them their National Identity Card or original Passport along with the Participant's ID number and their Account number at the time of attending the Annual General Meeting in order to facilitate identification of respective account holders.
- e) Attention to physical shareholders: to comply with the SECP directives all shareholders are requested to provide a copy of their CNIC or NTN within Fifteen days (15) of publication of this Notice.

STATEMENT U/S 160(I) (B) & (C) OF THE COMPANIES ORDINANCE 1984

The Directors being satisfied with the reserves and profits of the Company as at December 31, 2011 have recommended issue of Bonus Shares. The Directors have no interest directly or indirectly except that they are members of the Company.

Form of Proxy

The United Insurance Company of Pakistan Limited

I/We.....

Of.....

Being member of *The United Insurance Company of Pakistan Limited*

Hereby appoint.....

Our failing him.....

Of

As my/our proxy in my/our absence to attend and vote for me;/ us and on my/our behalf at the fifty second annual general meeting of the company to be held on April 28, 2012 at any adjournment thereof.

Witness

.....

Place Signature

Date

Affix correct
postage

Important:

A member intitle to attend and vote at the general meeting in entitled to appointing a proxy must be received at the registered office of the company not later then forty eight hourse before the time appointed for the meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more then one proxy and more then one instrument of proxy are deposited by a member. All such instrument of proxy shall be rendered invalid.

Second Fold

Affix Revenue
Stamp

The Company Secretary
**The United Insurance Company
of Pakistan Limited**
204, 2nd Floor, Madina City Mall,
Abdullah Haroon Road, Sadar Karachi.

First Fold

Third Fold and Tuck In





The UNITED INSURANCE
COMPANY OF PAKISTAN LTD.
A Member Company of United International Group

Head Office: Nizam Chambers, 7-Shahrah-e-Fatima Jinnah, Lahore.
Tel: (042) 36361471, 36315091, 36371420, 36311078 UAN: (042) 111-000-014
Fax: (042) 36375036, 36304350 Email: uicp@theunitedinsurance.com