



Quarterly Report
March 31, 2012



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Company Information

Board of Directors

Yusuf H. Shirazi
Chairman

Azam Faruque
Director

Isphanyar M. Bhandara
Director

Ali H. Shirazi
Director

Frahim Ali Khan
Director

Jawaid Iqbal Ahmed
Director

Arshad P. Rana
Chief Executive

Muhammad Afzal
Company Secretary

Audit Committee

Azam Faruque
Chairman

Ali H. Shirazi
Member

Frahim Ali Khan
Member

Muhammad Afzal
Secretary

Saleem Mahmood Akhtar
Chief Internal Auditor

Investment Committee

Ali H. Shirazi
Chairman

Frahim Ali Khan
Member

Arshad P. Rana
Member

Aamer Waqar Chaudhry
Member

Muhammad Afzal
Secretary

Underwriting Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Munir
Member

Muhammad Ashraf Bhatti
Secretary

Claims Settlement Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Munir
Member

Muhammad Saeed
Secretary

Company Information

Reinsurance & Co-Insurance Committee

Frahim Ali Khan
Chairman

Arshad P. Rana
Member

Muhammad Munir
Member

Syed Nasir Hussain
Secretary

Management Committee

Arshad P. Rana
Chief Executive

Aamer Waqar Chaudhry
Chief Financial Officer

Muhammad Munir
Technical Adviser (Operations)

Qudsia Naheed
Vice President (Admin & HR)

Muhammad Iqbal
Vice President (Marketing)

Muhammad Ashraf Bhatti
Vice President (Underwriting)

Muhammad Saeed
Vice President (Claims)

Abdul Razzaq Ghauri
Vice President (IT)

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Legal Advisors

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

Tax Advisor

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Share Registrar

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

Bankers

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

Registered & Head Office

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

Chairman's Review

It is my pleasure to present the un-audited accounts of your company for the 1st Quarter ended March 31, 2012.

The Economy

Macroeconomic indicators are showing signs of consolidation and recovery of our economy. During the period July-Feb FY12 the exports stood at \$16.25 billion and imports rose to \$26.76 billion. Workers remittances also improved to \$9.73 billion during the period July-March FY12 compared to \$8.01 billion in the corresponding period last year. Inflation dropped to average 10.8% compared to 14% during the same period last year. Tax collection for the period July - Jan FY12 stood at Rs. 976.74 million against the target of Rs. 1.9 trillion for the full FY12. Foreign exchange reserves stood at \$16.51 billion as on March 31, 2012. The State Bank of Pakistan lowered its policy rate by cumulative 200 basis points (bps) during the current financial year to help revive the private investment in the country.

Whereas the economy has good potential to take off, the bulging deficit financing, energy shortage and worsening law and order conditions remain the challenges for the Government to cope with.

Company Results

For the quarter under review, the gross premium was recorded at Rs. 243 million as against Rs. 269 million for the same period last year, down 10%. This was due to difficult economic conditions prevailing in the country and the prudently cautious underwriting approach of your management to maintain quality of premium. This strategy helps mitigate losses in the prevailing uncertain economic conditions. Resultantly, the net premium also decreased to Rs. 127 million against Rs. 134 million for the same period last year. The underwriting profit also decreased but only by 4% and stood at Rs. 50 million compared to Rs. 52 million for the same period last year. This was due to better quality of underwritten premium. The company was also able to realize capital gain to the tune of Rs. 20 million. The income from investment however decreased to Rs. 29 million as compared to Rs. 39 million for the same period last year. The cash and bank deposits increased from Rs. 55 million to Rs. 93 million. Investment of Rs. 234 million was made in stock market and mutual funds as against Rs. 142 million during the same period last year. Thus profit after tax reduced to Rs. 58 million as against Rs. 74 million for the same period last year.

Future Outlook

The growth of the insurance industry is linked directly with the growth of the economy particularly in the manufacturing and service sector. The economy is passing through a challenging phase. Deficit financing, trade imbalances, inflation, energy shortage and worsening law and order conditions are great challenges ahead. The next quarter is expected to be another challenging period as slowing down of economic activities internationally may have some implications on our economy as well. Despite these challenges, the management of your company is fully committed and well equipped to manage the growth of the business prudently and keep building the financial strength of your Company.

ع ہے جستجو کر خوب سے ہے خوب تر کہاں

(Good, better, best; never let it rest,
till your good is better; and your better is best)

Acknowledgement

I would like to thank the Board of Directors, the Group Executive Committee and the Chief Executive Officer Mr. Arshad P. Rana and his team for their efforts, dedication and sincerity of purpose. I also express my gratitude to all Reinsurers, our valued clients, Banks and SECP for their continued help, support and guidance. I am also thankful to the shareholders for their trust and confidence reposed in your company.



Yusuf H. Shirazi

Directors' Report

The directors have pleasure in submitting the quarterly report of the company together with the un-audited financial statements for the period ended March 31, 2012.

<u>March 31,</u> <u>2012</u>	<u>March 31,</u> <u>2011</u>
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(Rupees in thousand)

The overall business figures are:

Net premium	126,904	133,999
Net claims	(34,375)	(51,445)
Investment and other income	34,374	53,242
Net commission	9,893	16,006
Expenses of management	(51,921)	(46,298)

Financial results are as follows:

Profit before tax	78,680	99,187
Less: Provision for taxation	20,307	25,129
Profit after tax	58,373	74,058
Un-appropriated profit brought forward	301,917	243,218
* Appropriation:		
Final dividend Rs. 4 per share (2010: Rs. 4 per share)	(177,175)	(147,646)
Transfer to general reserve	(36,000)	(21,000)
Transfer to reserve for issue of bonus shares	(88,588)	(73,823)
Un-appropriated profit carried forward	58,527	74,807

* The Board of Directors has recommended and members in the Annual General Meeting of the company held on April 10, 2012 approved the bonus shares 20% i.e. 2 ordinary shares for every 10 ordinary shares held and cash dividend of Rs. 4 per share i.e. 40% for the year ended December 31, 2011. The financial statements do not reflect these appropriations in compliance with the Fourth Schedule of the Companies Ordinance, 1984.

Chairman's Review

The accompanying Chairman's Review deals with the performance of the company during the period and future outlook. The directors of the company endorse the contents of the review.

We express our deep appreciation and thanks to our valued clients, bankers, reinsurers and SECP for the cooperation extended to us.

We also commend the dedicated services rendered by the company's officers, staff and field force.

For the Board of Directors



Arshad P. Rana
Chief Executive

Lahore: April 20, 2012

Condensed Interim

As at

Note	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
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(Rupees in thousand)

Share capital and reserves

Authorized share capital 50,000,000 (2010: 50,000,000) ordinary shares of Rs.10 each	500,000	500,000
Issued, subscribed and paid up capital 44,293,800 (2011: 44,293,800) ordinary shares of Rs.10 each	442,938	442,938
Reserves	265,064	265,064
Retained earnings	360,290	301,917
	1,068,292	1,009,919

Underwriting Provisions

Provision for outstanding claims (including IBNR)	240,335	259,514
Provision for unearned premium	428,001	443,264
Commission income unearned	52,693	46,255
Total underwriting provisions	721,029	749,033

Creditors and Accruals

Premiums received in advance	3,452	2,758
Amounts due to other insurers / reinsurers	103,780	169,757
Accrued expenses	36,352	51,581
Taxation - provision less payments	1,310	11,193
Other creditors and accruals	45,724	61,199
	190,618	296,488

Other Liabilities

Deposits against performance bonds	1,887	1,887
Unclaimed dividends	20,757	20,758
	22,644	22,645

TOTAL LIABILITIES	934,291	1,068,166
TOTAL EQUITY AND LIABILITIES	2,002,583	2,078,085

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

Balance Sheet

March 31, 2012

	Note	March 31, 2012 (Unaudited) (Rupees in thousand)	December 31, 2011 (Audited)
Cash and bank deposits			
Cash and other equivalents		370	10
Current and other accounts		92,209	54,581
		92,579	54,591
Loans to employees - secured considered good		56	117
Investments	6	1,137,008	1,089,256
Deferred taxation		10,238	10,238
Current assets - other			
Premiums due but unpaid		147,821	313,944
Amounts due from other insurers / reinsurers		126,085	113,388
Salvage recoveries accrued		3,370	3,370
Accrued investment income		7,851	1,328
Reinsurance recoveries against outstanding claims		134,644	153,484
Deferred commission expense		21,660	22,896
Prepayments		247,866	253,308
Sundry receivables		23,697	15,256
		712,994	876,974
Fixed assets			
Tangible			
Freehold land		1,168	1,168
Buildings on freehold land		12,922	13,085
Furniture and fixtures		2,420	2,479
Office equipments		9,300	5,365
Computers - owned		4,768	4,524
Motor vehicle - owned		17,854	18,871
		48,432	45,492
Intangible			
Computer software		1,276	1,417
TOTAL ASSETS		2,002,583	2,078,085



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Azam Faruque
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Profit and Loss Account (Unaudited)

For the financial period ended March 31, 2012

	Quarter ended March 31					Quarter ended	
	Note	Fire and property	Marine, aviation and transport	Motor	Misc.	March 31, 2012 Aggregate	March 31, 2011 Aggregate
(Rupees in thousand)							
Revenue account							
Net premium revenue		22,713	42,528	50,399	11,264	126,904	133,999
Net claims		(1,341)	(5,696)	(21,293)	(6,045)	(34,375)	(51,445)
Expenses		(16,226)	(14,074)	(9,896)	(11,725)	(51,921)	(46,298)
Net commission		9,161	1,084	(3,812)	3,460	9,893	16,006
Underwriting result		<u>14,307</u>	<u>23,842</u>	<u>15,398</u>	<u>(3,047)</u>	<u>50,501</u>	<u>52,262</u>
Investment income						29,205	39,338
Rental income						1,350	1,321
Other income						3,819	12,583
Financial charges						(26)	(65)
General and administration expenses						(6,169)	(6,252)
						28,179	46,925
Profit before tax						78,680	99,187
Provision for taxation	7					(20,307)	(25,129)
Profit after tax						<u>58,373</u>	<u>74,058</u>
Profit and loss appropriation account							
Balance at commencement of the year						301,917	243,218
Profit after tax for the period						58,373	74,058
Final dividend (2010: Rs. 4 per share)						-	(147,646)
Transfer to general reserve						-	(21,000)
Transfer to reserve for issue of bonus shares						-	(73,823)
Balance unappropriated profit at the end of the period						<u>360,290</u>	<u>74,807</u>
Basic earnings per share - Rupees						1.32	1.67

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Azam Faruque
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the financial period ended March 31, 2012

	Quarter Ended	
	March 31, 2012	March 31, 2011
Profit for the period ended March 31	58,373	74,058
Other comprehensive income for the period	-	-
Total comprehensive income for the period	58,373	74,058

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Azam Faruque
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Changes In Equity (Unaudited)

For the financial period ended March 31, 2012

	Issued, subscribed and paid-up capital	Reserves					Retained earnings	Total
		Capital reserve	Reserve for exceptional losses	Reserve for issue of bonus shares	General reserve	Investment fluctuation reserve		
(Rupees in thousand)								
Balance as at December 31, 2010	369,115	2,251	2,164	-	236,649	3,000	243,218	856,397
Final dividend for the year ended December 31, 2010 @ 40% (Rs.4 per share)	-	-	-	-	-	-	(147,646)	(147,646)
Transfer from general reserve	-	-	-	-	21,000	-	(21,000)	-
Transfer to reserve for bonus shares	-	-	-	73,823	-	-	(73,823)	-
Issue of bonus shares @ 20%	73,823	-	-	(73,823)	-	-	-	-
Net profit for the period	-	-	-	-	-	-	301,168	301,168
Balance as at December 31, 2011	442,938	2,251	2,164	-	257,649	3,000	301,917	1,009,919
Net profit for the period	-	-	-	-	-	-	58,373	58,373
Balance as at March 31, 2012	442,938	2,251	2,164	-	257,649	3,000	360,290	1,068,292

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Azam Faruque
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Cash Flow Statement (Unaudited)

For the financial period ended March 31, 2012

	<u>March 31,</u> 2012	<u>March 31,</u> 2011
	(Rupees in thousand)	
Operating Cash Flows		
Underwriting activities		
Premiums received	384,222	143,520
Reinsurance premiums paid	(185,509)	(184,397)
Claims paid	(74,566)	(85,440)
Reinsurance and other recoveries received	38,859	36,210
Commissions paid	(14,212)	(11,910)
Commissions received	31,565	35,881
Other underwriting payments	(724)	1,053
Other underwriting receipts	3,415	3,235
Net cash inflow / (outflow) from underwriting activities	183,050	(61,848)
Other operating activities		
Income tax paid	(19,951)	(14,775)
General management expenses paid	(103,996)	(108,175)
Loans repayments received	61	72
Net cash outflow from other operating activities	(123,886)	(122,878)
Total cash generated from / (used in) all operating activities	59,164	(184,726)
Investment activities		
Profit / return received	3,852	11,291
Dividends received	2,032	1,164
Rentals income received	678	642
Payments for purchase of investments	(198,996)	(150,759)
Proceeds from disposal of investments	176,462	191,121
Payments against purchase of assets	(6,485)	(111)
Proceeds from disposal of fixed assets	1,307	947
Total cash (used in) / generated from investing activities	(21,150)	54,295
Financing activities		
Dividends paid	-	(20)
Financial charges paid	(26)	(65)
Total cash used in financing activities	(26)	(85)
Net cash generated from / (used in) all activities	37,988	(130,516)
Cash at the beginning of the year	54,591	492,581
Cash at the end of the period	92,579	362,065

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Azam Faruque
Director



Yusuf H. Shirazi
Chairman

Condensed Interim Statement of Premiums (Unaudited)

For the financial period ended March 31, 2012

Business underwritten inside Pakistan	Q u a r t e r e n d e d M a r c h 3 1 , 2 0 1 2								Quarter ended March 31, 2011 Net premium revenue	
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense		Net premium revenue
Class		Opening	Closing			Opening	Closing			
	(R u p e e s i n				t h o u s a n d)					
Direct and facultive										
Fire and property damage	74,879	252,681	227,932	99,628	60,678	194,468	178,231	76,915	22,713	27,800
Marine, aviation and transport	65,957	19,115	22,965	62,107	20,667	6,130	7,218	19,579	42,528	50,107
Motor	47,531	108,529	100,789	55,271	2,881	7,457	5,466	4,872	50,399	51,195
Miscellaneous	54,937	62,939	76,315	41,561	43,765	43,483	56,951	30,297	11,264	4,897
Total	<u>243,304</u>	<u>443,264</u>	<u>428,001</u>	<u>258,567</u>	<u>127,991</u>	<u>251,538</u>	<u>247,866</u>	<u>131,663</u>	<u>126,904</u>	<u>133,999</u>
Treaty										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total	<u>243,304</u>	<u>443,264</u>	<u>428,001</u>	<u>258,567</u>	<u>127,991</u>	<u>251,538</u>	<u>247,866</u>	<u>131,663</u>	<u>126,904</u>	<u>133,999</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Arshad P. Rana
 Chief Executive


Ali H. Shirazi
 Director


Azam Faruque
 Director


Yusuf H. Shirazi
 Chairman

Condensed Interim Statement of Claims (Unaudited)

For the financial period ended March 31, 2012


Business underwritten inside Pakistan	Q u a r t e r e n d e d				M a r c h 3 1 , 2 0 1 2				Reinsurance and other recoveries revenue	Net claims expense	Quarter ended March 31, 2011 Net claims expense
	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims					
Class		Opening	Closing			Opening	Closing				
		(R u p e e s i n				t h o u s a n d)					
Direct and facultive											
Fire and property damage	29,067	55,903	32,814	5,978	27,118	51,612	29,131	4,637	1,341	5,786	
Marine, aviation and transport	12,059	70,569	76,819	18,309	7,793	54,598	59,418	12,613	5,696	2,725	
Motor	21,174	79,122	80,916	22,968	412	7,701	8,964	1,675	21,293	35,140	
Miscellaneous	12,327	50,140	46,005	8,192	4,589	39,573	37,131	2,147	6,045	7,794	
Total	74,627	255,734	236,554	55,447	39,912	153,484	134,644	21,072	34,375	51,445	
Treaty											
Fire and property damage	-	1,755	1,755	-	-	-	-	-	-	-	
Marine, aviation and transport	-	1,939	1,939	-	-	-	-	-	-	-	
Miscellaneous	-	86	86	-	-	-	-	-	-	-	
Total	-	3,780	3,780	-	-	-	-	-	-	-	
Grand Total	74,627	259,514	240,334	55,447	39,912	153,484	134,644	21,072	34,375	51,445	

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Arshad P. Rana
 Chief Executive


Ali H. Shirazi
 Director


Azam Faruque
 Director


Yusuf H. Shirazi
 Chairman

Condensed Interim Statement of Expenses (Unaudited)

For the financial period ended March 31, 2012

Business underwritten inside Pakistan	Q u a r t e r e n d e d M a r c h 3 1 , 2 0 1 2								Quarter ended March 31, 2011 net underwriting expense
	Commission paid or payable	Deffered commission		Net commission expense	Other management expense	Underwriting expense	Commission from reinsurers	Net underwriting expense	
Class		Opening	Closing						
		(R u p e e s i n			t h o u s a n d)				
Direct and facultive									
Fire and property damage	5,489	10,032	10,499	5,022	16,226	21,248	14,183	7,065	2,596
Marine, aviation and transport	4,045	1,160	1,516	3,689	14,074	17,763	4,773	12,990	10,365
Motor	3,152	8,119	6,759	4,512	9,896	14,408	699	13,709	11,471
Miscellaneous	1,316	3,584	2,886	2,014	11,725	13,739	5,474	8,265	5,860
Total	<u>14,002</u>	<u>22,895</u>	<u>21,660</u>	<u>15,237</u>	<u>51,921</u>	<u>67,158</u>	<u>25,129</u>	<u>42,029</u>	<u>30,292</u>
Treaty									
Fire and property damage	-	-	-	-	-	-	-	-	-
Marine, aviation and transport	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grand Total	<u>14,002</u>	<u>22,895</u>	<u>21,660</u>	<u>15,237</u>	<u>51,921</u>	<u>67,158</u>	<u>25,129</u>	<u>42,029</u>	<u>30,292</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.


Arshad P. Rana
 Chief Executive


Ali H. Shirazi
 Director


Azam Faruque
 Director


Yusuf H. Shirazi
 Chairman

Condensed Interim Statement of Investment Income (Unaudited)


For the financial period ended March 31, 2012

	Quarter Ended	
	March 31, 2012	March 31, 2011
	(Rupees in thousand)	
Income from non-trading investments		
Held to Maturity		
Return on fixed Income securities and deposits	280	993
Available for sale		
Dividend income		
- from others	8,840	3,838
Gain on sale of available for sale investments	20,213	34,640
Less: investment related expenses	128	133
Net investment income	29,205	39,338

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Azam Faruque
Director



Yusuf H. Shirazi
Chairman

Notes to the Condensed Interim Financial Information (Unaudited)

For the financial period ended March 31, 2012

1. The company and its operations

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

2. Basis of preparation

These financial statements are un-audited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore stock exchanges. These financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 07 of 2003.

These financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's annual financial statements for the year ended December 31, 2011.

3. Significant accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the financial statements of the company for the year ended December 31, 2011.

4. Contingencies and commitments

4.1 Contingencies

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

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

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

The Deputy Commissioner Inland Revenue issued an order under section 161/205 of the Income Tax Ordinance, 2001 for the tax year 2007 creating a demand of Rs. 2,091 thousand. Against the said order the company has filed rectification application before the Deputy Commissioner Inland Revenue. The company has also filed an appeal before the Commissioner Inland Revenue (Appeals) which is pending for adjudication. The management is confident that the said appeal will be decided in favor of the company.

Pending resolution of the above mentioned appeals filed by the company, no provision has been made in these financial statements of Rs. 75,182 thousand (2011: Rs. 75,182 thousand) as the management is confident that the eventual outcome of the above matter will be in favor of the company.

4.2 Commitments

The company, at the period end, has no commitments. (2011: Nil)

5. Addition / deletions

Following additions and deletions have been made in the fixed assets during the period ended March 31, 2012:

	<u>Additions</u> <u>(Rupees in thousand)</u>	<u>Deletions</u> <u>(Rupees in thousand)</u>
Vehicles	-	720
Furniture fixtures and office equipments	4,187	-
Computers	598	55
	<u>4,785</u>	<u>775</u>
Note	March 31,	December 31,
	2012	2011
	(Rupees in thousand)	

6. Investments

Held to maturity

Statutory deposits	6.1	45,979	45,979
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Available for sale

Mutual funds	6.2	583,255	549,712
Ordinary shares - quoted		507,774	493,565
Ordinary shares - unquoted		-	-
		<u>1,091,029</u>	<u>1,043,277</u>

Investments at cost

Aggregated market value of investments

	<u>1,137,008</u>	<u>1,089,256</u>
	<u>1,314,538</u>	<u>1,125,398</u>

6.1 This represents carrying amount of Government Securities placed as statutory deposit with the State Bank of Pakistan in accordance with the requirements of Section 29(2)(a) of the Insurance Ordinance, 2000. Market value as at March 31, 2012 amounts to Rs. 44,480 thousand (2011: Rs. 44,480 thousand).

6.2 This includes 28,000 (2011: 28,000) units held as statutory deposit with the State Bank of Pakistan under section 29 of the Insurance Ordinance, 2000.

7. Taxation

Provision for taxation has been calculated on estimated basis and is subject to adjustments at year end.

8. Cash and cash equivalents at the end of the period

March 31, 2012	March 31, 2011
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(Rupees in thousand)

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

Cash and other equivalents	370	252
Current and other accounts	92,209	156,813
Deposits maturing within 12 months	-	205,000
	92,579	362,065

8.1 Reconciliation to profit and loss account

Operating cash flows	59,164	(184,726)
Depreciation	(1,762)	(1,574)
Financial charges	(26)	(65)
Profit on disposal of fixed assets	532	786
Provision for doubtful debts	(2,381)	(2,581)
(Decrease) / increase in assets other than cash	(172,460)	209,835
Increase / (Decrease) in liabilities other than borrowings	133,875	(15,104)
Other adjustments		
- Decrease in provision for unearned premium	15,263	19,826
- Increase in commission income	(6,438)	(9,556)
- (Increase) / decrease in provision for deferred commission expenses	(1,236)	4,761
- Income on investments and current and other deposits	29,205	39,338
- Rental income	4,637	13,118
Profit after taxation	58,373	74,058

9. Transactions with related parties

Related parties comprise associated entities, entities under common control, entities with common directors, major shareholders, directors and key management personal. The transactions with related parties, other than remuneration under the terms of employment are as follows:

March 31, 2012	March 31, 2011
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(Rupees in thousand)

Related parties	Transactions during the period		
	Premium underwritten	120,503	144,723
	Premium collected	304,515	133,123
	Claims paid	23,290	10,474
	Vehicles purchased	3,134	-
	Rent received	1,019	1,019
	Rent paid	142	129
	Investments purchased	173,600	130,500
	Investments sold	153,600	132,133
	Expenses paid	127	-
	Donation	750	1,000
Post employment benefit plans	Transactions during the period		
	Expenses charged in respect of retirement benefit plans	2,646	2,355

The transactions were carried out at the arm's length in accordance with the policy of the company.

Contribution to and accruals in respect of staff retirement plans are made in accordance with actuarial valuation / terms of the contribution plan.

Remuneration to Director, Chief Executive and certain executives were paid in accordance with the terms of their employment.

10. Segment reporting

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

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

	Fire & property damage		Marine, aviation & transport		Motor		Miscellaneous		Total	
	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2012	Dec. 31, 2011
	(R u p e e s i n t h o u s a n d)									
Revenue										
Premiums earned	99,628	399,142	62,107	348,928	55,271	217,471	41,561	137,433	258,567	1,102,974
Segment Results	14,307	49,150	23,842	169,570	15,398	36,200	(3,047)	(1,335)	50,501	253,585
Investment income									29,205	133,572
Rental income									1,350	5,320
Other income									3,819	32,986
Financial charges									(26)	(424)
General and administration expenses									(6,169)	(24,955)
									28,179	146,499
Profit before tax									78,680	400,084
Provision for tax									(20,307)	(98,916)
Net profit									58,373	301,168
Other information										
Segment assets	262,567	341,328	163,681	143,284	145,665	82,403	109,533	133,649	681,446	858,619
Unallocated assets									1,321,137	1,219,466
Consolidated total assets									2,002,583	2,078,085
Segment liabilities	307,905	454,854	191,945	179,277	170,818	245,090	128,446	152,533	799,114	900,076
Unallocated liabilities									135,177	168,090
Consolidated total liabilities									934,291	1,068,166

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

11. Non - adjusting events after the balance sheet date

The Board of Directors has proposed at their meeting held on March 8, 2012 and approved by the members at the Annual General Meeting held on April 10, 2012 a final dividend for the year ended December 31, 2011 of Rs. 4 (2010: Rs. 4) per share, amounting to Rs. 177,175 thousand (2010: Rs. 147,644 thousand) . The Board has also recommended and approved by the members to transfer Rs. 36,000 thousand (2010: Rs. 21,000 thousand) to general reserves and stock dividend of Rs. 2 (2010: Rs. 2) per share, amounting to Rs. 88,588 thousand (2010: Rs. 73,823 thousand) to reserves for issue of bonus shares from accumulated reserves.

12. Date of authorization for issue

The condensed interim financial information was authorized for issue on April 20, 2012 by the Board of Directors.



Arshad P. Rana
Chief Executive



Ali H. Shirazi
Director



Azam Faruque
Director



Yusuf H. Shirazi
Chairman

COMPANY OFFICES

HEAD OFFICE

3 Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	PABX:	(042) 37320542, 37320543, 37310658, 37322271, 37322273
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ARSHAD P. RANA Chief Executive Officer	Direct:	(042) 37234812
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	Extension:	403
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	Extension:	404
QUDSIA NAHEED Vice President (Admin/HR)	Direct:	(042) 37245348
	Extension:	303
MUHAMMAD ASHRAF BHATTI Vice President (Underwriting)	Direct:	(042) 37323270
	Extension:	304
MUHAMMAD IQBAL Vice President (Marketing)	Direct:	(042) 37353633
	Extension:	301
MUHAMMAD SAEED Vice President (Claims)	Direct:	(042) 37323229
	Extension:	302
ABDUL RAZZAQ GHAURI Vice President (IT)	Extension:	402
SALEEM MEHMOOD Chief Internal Auditor	Extension:	428

NORTH ZONE OFFICES & BRANCHES

LAHORE

MUHAMMAD MUNIR QAZI Chief Manager	Fatima Jinnah Road Branch 1st Floor, Nawa-i-Waqaat Building, Fatima Jinnah Road, Lahore.	(042) 36271320, 36364906 Fax: (042) 36371186
CH. TAYYAB HUSSAIN Chief Manager	City Branch 2nd Floor, 3 - Bank Square, Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37212365-6, 37312858, 37312868, 37230558-9 Fax: (042) 37212367
MUHAMMAD IJAZ Deputy Chief Manager	Al-Noor Branch Al-Noor Building, 43-Bank Square Shahrah-e-Quaid-e-Azam, Lahore.	(042) 37358805 Fax: (042) 37237343

KH. MUHAMMAD NADEEM
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Nairobi Mansion
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Branch Manager

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MANZAR ALI NAQVI
Manager

FAISALABAD

MUHAMMAD ASIF AKRAM
Branch Manager

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Manager

SIALKOT

REHAN NAZIR GHUMAN
Branch Manager

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AASIM MAJEED
Branch Manager

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GHULAM ALI
Office Incharge

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MUHAMMAD IKRAM
Branch Manager

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ARSHAD P. RANA
Chief Executive Officer

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MUHAMMAD IMRAN Asst. Vice President (Non Motor)	Extension:	217
JAWAID IRSHAD Manager Motor	Extension:	215
MUHAMMAD AFZAL Company Secretary	Extension:	202

SOUTH ZONE BRANCHES

KARACHI

M. FAROOQ KANDLAWALA Circle Chief, Karachi Circle - I	Tower Branch State Life Building No. 7 Room No. 101, 1st Floor G. Allana Road, Karachi.	(021) 32316503, 32201471 Fax: (021) 32315248
ABDUL AZIZ Chief Manager	Corporate Branch Room 10, Arkey Square, 1st Floor, Shahrah-e-Liaquat, Karachi	(021) 32421030, 32422911 Fax: (021) 32421387
IMRAN SATTAR Chief Manager	Plaza Branch 3/3 Rimpa Plaza M.A. Jinah Road, Karachi.	(021) 32729339, 32720852 Fax: (021) 32749004
TARIQ NASIM Branch Manager	New Challi Branch 1st Floor, Room No. 106-107, Rehmani Chamber, Altaf Hussain Road, Karachi.	(021) 32218286, 32218288 Fax: (021) 32218264
INAYAT ULLAH Branch Manager	Zamzama Branch Kanta Bai Building, Plot No. 18 - C, Zamzama Commercial Lane No. 1, Phase - V, DHA, Karachi.	(021) 35835902, 35830131 Fax: (021) 35835733

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SUKKUR

ABDUL MAJEED QURESHI Chief Manager	Near Public School, Military Road, Sukkur.	(071) 5631056 Fax: (071) 5631057
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