askari
general insurance co. ltd.

ANNUAL REPORT 2012

GAIN MOMENTUM

Elevated
Gross Premium to

Rs.1.41
Billion this year.

Look forward to go
beyond in the future

Financial Highlights

Investment
+20%
2012: Rs. 605 million
(2011: Rs. 503 million)

Underwriting Profit
+17%
2012: Rs. 166 million
(2011: Rs. 142 million)

Profit After Tax
+15%
2012: Rs. 75 million
(2011: Rs. 65 million)

Earnings Per Share
+12%
2012: Rs. 2.32
(2011: Rs. 2.07)

Equity
+17%
2012: Rs. 507 million
(2011: Rs. 432 million)

Rated 'A' by JCR-VIS

The Inside

Corporate Information

Chairman
Lt Gen Tahir Mahmood (Retd)

President & Chief Executive Officer
Mr. Abdul Waheed

Board of Directors
Maj Gen Mukhtar Ahmed (Retd)
Syed Suhail Ahmad Rizvi
Mr. Abdul Hai Mahmood Bhaimia
Brig Tariq Sher (Retd)
Mr. Farrukh Iqbal Khan
Khawaja M. Iqbal
Brig Irfan Azam (Retd)

Company Secretary
Mr. Suleman Khalid

Chief Financial Officer
Mr. Jamil Ahmed

Head of Internal Audit
Mr. Sajid Aziz Satti

Executive Committee
Maj Gen Mukhtar Ahmed (Retd)
Chairman
Brig Tariq Sher (Retd)
Member
Syed Suhail Ahmad Rizvi
Member

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

Human Resource and Remuneration (HR&R) Committee
Brig Irfan Azam (Retd)
Chairman
Mr. Farrukh Iqbal Khan
Member
Mr. Abdul Waheed
Member

Underwriting Committee
Brig Tariq Sher (Retd)
Chairman
Mr. Abdul Waheed
Member
Mrs. Samina Khan
Member

Claim Settlement Committee
Syed Suhail Ahmad Rizvi
Chairman
Mr. Abdul Waheed
Member
Mrs. Rubina Rizvi
Member

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

External Auditors
KPMG Taseer Hadi & Co.
Chartered Accountants
Islamabad

Legal Advisors
Hassan Kaunain Nafees

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

Registrar & Share Transfer Office
THK Associates (Private) Limited
Ground Floor, State Life Building
No. 3, Dr. Zia ud Din Ahmad Road,
Karachi 75530, PO Box 8533
Ph: +92-21-111 000 322
Fax: +92-21-35655595

Registered Office/Head Office
4th Floor, AWT Plaza, The Mall,
Rawalpindi, Pakistan
Ph: +92-51-9272425-7
Fax: +92-51-9272424
Email: info@agico.com.pk

Our Board

From left to right

1. **Brig Irfan Azam (Retd)**
   (Director)
2. **Syed Suhail Ahmad Rizvi**
   (Director)
3. **Mr. Abdul Hai Mahmood Bhaimia**
   (Director)
4. **Mr. Abdul Waheed**
   (President & Chief Executive)
5. **Lt Gen Tahir Mahmood (Retd)**
   (Chairman)
6. **Maj Gen Mukhtar Ahmed (Retd)**
   (Director)
7. **Brig Tariq Sher (Retd)**
   (Director)
8. **Mr. Farrukh Iqbal Khan**
   (Director)

VISION

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

MISSION

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

Our Smart Products

MOTOR INSURANCE

HEALTH INSURANCE

FIRE INSURANCE

BOND INSURANCE

MARINE INSURANCE

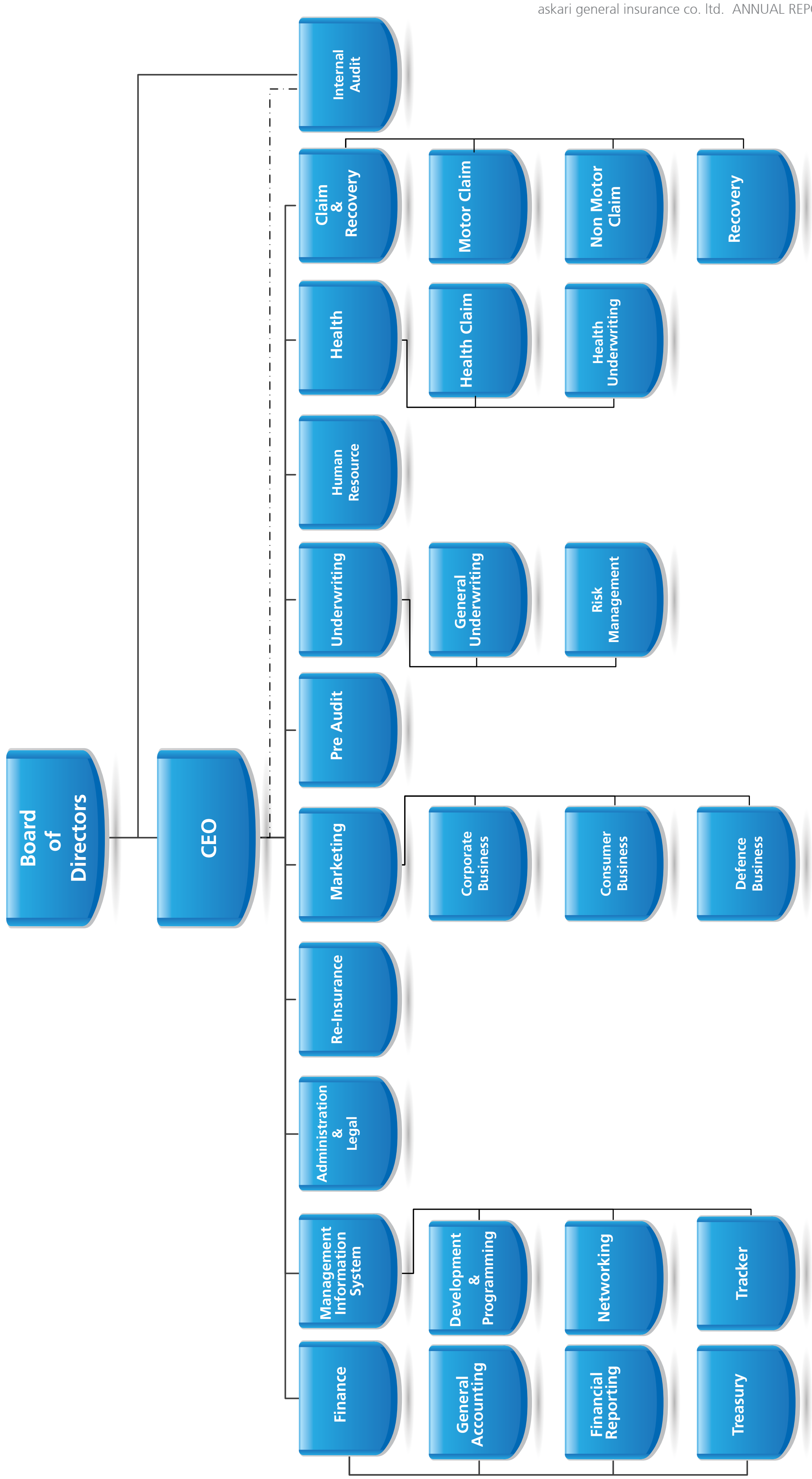
AVIATION INSURANCE

ENGINEERING INSURANCE

TRAVEL INSURANCE

AGRICULTURE INSURANCE

Orginazational Structure




Col Ayub Aezad (Retd)
Head of Administration
Mr. Jamshed Jadoon
Head of MIS
Mr. Mustafa Salman Pasha
Business Head-Defence Institutions
Rana Shahbaz Ahmed
Head of Marketing
Mr. Sajid Aziz Satti
Head of Internal Audit
Mrs. Rubina Rizvi
Head of General Insurance Claims
Mr. Jameel Ahmed
Chief Financial Officer
Mrs. Samina Khan
Head of Underwriten


Mr. Waseemullah
Head of Pre-Audit
Ch. Shams-Ul-Haq
Business Head-Agriculture Insurance
Mr. Ashraf Malik
Head of Legal Affairs
Mr. Suleman Khalid
Company Secretary
Dr. M. Abbas Zaidi
Chief Health Officer
Mr. Sohail Khalid
Head of Reinsurance
Mr. Fawad Asif Rana
Head of HR

President's Message

It is of the utmost pleasure for me to share with you that your company performed remarkably despite the constraints it had to face in year 2012. We generated highest ever premium since inception of the Company and also elevated profitability of the Company to new heights.

We believe in bringing efficiency in the business operations through the use of information technology. Working on the same, we introduced new Executive Support Systems in the Company to put the executives in control of their relevant affairs.

Year 2012 was a demanding year surrounded by challenges which we dealt with, leading to a positive outcome. The liquidity position of the Company was fueled by cash and investment balances crossing unprecedented levels and a healthy premium receipt percentage. Your Company has improved its reinsurance performance in the year 2012. Moving towards better governance structure coupled with notable enhancements in IT infrastructure allowed more efficient claims management and improved underwriting. Currently we are engaged in the process of improving the Company's brand image, strengthening its value chain and developing its Human Capital which would collectively provide it with the edge to excel in a highly competitive industry.

All this success is attributable to the diligent performance and the forward looking mindset of the AGICO staff. We believe that there would be no looking back and the Company would achieve better returns for its shareholders in the years to come.

Notice of 18th Annual General Meeting

Notice is hereby given that the 18th Annual General Meeting of askari general insurance company limited ("the Company") will be held on Tuesday, April 30, 2013 at 10:00 am at Blue Lagoon Complex, Masood Akhtar Road (off the Mall) Rawalpindi, to transact the following business:

Ordinary Business:

1. To confirm the Minutes of the 17th Annual General Meeting held on April 24, 2012.

2. To receive, consider and adopt the Financial Statements of the Company for the year ended December 31, 2012 together with Directors' and Auditors' Reports thereon.

3. To appoint Auditors of the Company for the year ending December 31, 2013 and to fix their remuneration(s):

Special Business:

4. To consider, and if deem fit, pass the following special resolution under section 28 of the Companies Ordinance 1984, with or without modification(s):

   RESOLVED THAT "Until otherwise determined by the Company in General Meeting, each Director shall be entitled to be paid as remuneration for his services a fee at the rate of Rs. 10,000 per meeting. Each Director (including each alternate Director) shall be entitled to be reimbursed his reasonable expenses incurred in consequence of his attendance at the meeting of Directors or Committee of the Directors."

   FURTHER RESOLVED THAT "the current contents of Article 64 of Articles of Association of the Company be deleted and in its place, the above contents be substituted."

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

   RESOLVED THAT "in terms of Section 208 of the Companies Ordinance 1984, the Company be and is hereby authorized to invest, over coming three years, an aggregate sum of up to Rupees 150 Million in cash in Mutual funds (Long and Short term) of Askari Investment Management Limited and that such investment may either be made in one or more tranches as may be deemed fit by the Chief Executive and as and when the cash flow of the Company permits."

   FURTHER RESOLVED THAT "the President & Chief Executive and the Company Secretary of the Company be and are hereby authorized either singly or jointly, to complete any or all necessary required corporate and legal formalities for the completion of the transactions."

6. To approve issue of Bonus Shares @ 20% (20 new shares on every hundred shares held) by passing the following resolutions:

a. RESOLVED THAT "a sum of Rs. 64,724,000/- out of the profit be capitalized and applied for the issue of 6,472,400 ordinary shares of Rs. 10 each and allotted as fully paid bonus shares to those members whose names appear in the members register of the Company at the close of business on April 23, 2013 in the ratio of twenty shares for every hundred shares held and that such new shares shall rank pari passu in all respect with the existing shares of the Company."

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

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

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

Any Other Business:

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

By order of the Board

Rawalpindi
09 April 2013

Suleman Khalid
Company Secretary

Notes:

1 Closure of Share Transfer books

The Share Transfer Books of the Company will remain closed from April 24, 2013 to April 30, 2013 (both days inclusive). Transfers received at our Registrars, Messrs. THK Associates (Pvt.) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on April 23, 2013 will be treated in time.

2 Change in Address

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

3 Participation in General Meeting

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

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

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

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

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on April 30, 2013.

Item No 4 of the notice - Remuneration of a Director

Approval of the shareholders of the Company will be sought for amendment in Article 64 of the Articles of Association of the Company. The amendment seeks to increase the fee payable to directors for attending any meeting of the Directors or sub-committee of the Directors.

Present	Proposed
Until otherwise determined by the Company in General Meeting, each Director shall be entitled to be paid as remuneration for his services a fee at the rate of Rs.5,000 per meeting. Each Director (including each alternate Director) shall be entitled to be reimburse his reasonable expenses incurred in consequence of his attendance at the meeting of Directors or Committee of the Directors.	Until otherwise determined by the Company in General Meeting, each Director shall be entitled to be paid as remuneration for his services a fee at the rate of Rs. 10,000 per meeting. Each Director (including each alternate Director) shall be entitled to be reimbursed his reasonable expenses incurred in consequence of his attendance at the meeting of Directors or Committee of the Directors.

Item No 5 of the notice - Investment in Associated Company

Following information is being provided pursuant to SECP Notification S.R.O. 27(I)/2012 dated January 16, 2012:

S. No	Requirement of the Regulation	Relevant Information
I.	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established	Open-end Mutual Funds established currently or to be launched by AIML in future from time to time. Askari Bank Limited, an associate of the Company, wholly owns AIML.
II.	Purpose, benefits and period of investment	Purpose: To minimize risk and earn better returns. Benefits: • Liquid investment. • Better tax adjusted returns • Ease of entry and exit Period of Investment: 3 years, however redeemable any time before the expiry of 3 years.
III.	Maximum amount of investment	Rs. 150 Million.
IV.	Maximum price at which securities will be acquired	At prevailing NAV/par value, in accordance with the constitutive documents of the funds.
V.	Maximum number of securities to be acquired	Based on the NAV/par value and investment amount in respective funds.
VI.	Number of securities/units and percentage thereof held before and after the proposed investment	Currently AGICO holding in Mutual Funds of AIML is: 1. Askari Sovereign Cash Fund: 382,291 number of units (0.81%) 2. Askari High Yield Scheme: 52,390 units. (0.33%) Future purchases will be on the basis of NAV.
VII.	In case of investment in listed securities, average of the preceding twelve weekly average price of the security intended to be acquired	The funds are listed but not tradable.
VIII.	In case of investment in unlisted securities, fair market value of such securities determined in terms of regulation 6(1)	Not Applicable.
IX.	Break-up value of securities intended to be acquired on the basis of the latest audited financial statements	1. Askari Sovereign Cash Fund: Rs. 100.5295 2. Askari High Yield Scheme: Rs. 94.4695 3. Askari Sovereign Yield Enhancer: 100.9796 4. Askari Equity Fund: Rs. 113.4656 5. Askari Asset Allocation Fund (B) Rs. 46.2479 6. Askari Asset Allocation Fund (C): Rs. 45.0917 7. Askari Islamic Income Fund (B): Rs. 100.5232 8. Askari Islamic Income Fund (C): Rs. 99.5180 9. Askari Islamic Asset Allocation Fund (B) :Rs. 115.2074 10. Askari Islamic Asset Allocation Fund (C): Rs. 109.4470
X.	Earning/(Loss) per share of the associated company or associated undertaking for the last three years	Not Applicable.
XI.	Sources of fund from which securities will be acquired	Investment will be made out of surplus funds.
XII.	If the securities are intended to be acquired using borrowed funds,- (I) justification for investment through borrowings; and (II) detail of guarantees and assets pledged for obtaining such funds	Not Applicable.
XIII.	Salient features of the agreement(s), if any, entered into with its associated company or associated undertaking with regards to the proposed investment.	No separate agreement will be entered into. Investment will be made in accordance with the constitutive documents of the approved Funds.
XIV.	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration	Following members of the Board of Directors of AGICO are also at the Board of Directors of AIML which is the management company of all mutual funds in which investment is proposed to be made. 1. Lt Gen Tahir Mahmood (Retd). 2. Maj Gen Mukhtar Ahmad (Retd).
XV.	Any other important details necessary for the members to understand the transaction	No other relevant details.
XVI.	In case of investment in securities of a project of an associated company or associated undertaking that has not commenced operations, in addition to the information referred to above, disclose further information.	Not Applicable.

Inspection of Documents

Copies of memorandum and articles of association of the Company, annual and quarterly financial statements as the case may be and other related information or documents of the Company and the investee company may be inspected/produced during business hours on any working day at the registered office of the Company from the date of publication of this notice till conclusion of the Annual General Meeting.

Item No 6 of the notice - Issue of Bonus Shares

The Directors are of the view that the un-appropriated profits/reserves of the Company are adequate for capitalization of Rupees 64,724,000/- enabling the issue of proposed 20% Bonus shares. The Directors have no interest directly or indirectly in this business except to the extent of their respective shareholdings in the Company.

Directors' Report

It is of immense pleasure for us to present the 18th Annual report of Askari General Insurance Company Limited (AGICO) along with the audited Financial Statements for the year ended 31st December 2012 and Auditors' Report thereon.

Industry Review

The economy of Pakistan struggled over the past few years and the law and order situation was not conducive enough to convincingly initiate new businesses.

The general insurance industry, consequently, faced downward pressures on real growth of premiums. However, one opportunity that might present itself to the industry is the provision in Takaful window which would allow the general insurance industry to diversify its product offerings.

2012 for AGICO

The Company recorded bright results in spite of the stressed economic and political environment. Achieving its record premium written of Rs. 1.41 billion in 2012 and also posting a 15% increase in its net profits after tax was a very positive mark. The Company achieved profitability in all classes of business for the third consecutive year and its underwriting results also improved by 16% as compared to the previous year.

Highlights Of 2012

Insurer Financial Strength (IFS) Rating

The credit rating company JCR-VIS has posed confidence in the Financial strength of the Company and awarded it IFS Rating 'A'.

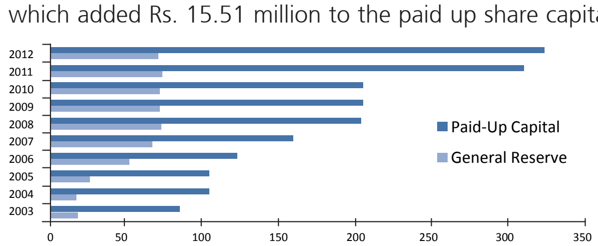
This rating implies that the Company possesses strong capacity to meet policyholder and contract obligations, its risk factors are moderate and the impact of any adverse business and economic factors is expected to be small.

Information Technology Developments

The Company remodeled its Executive Support System making it more user-friendly and enriched with data. This added value to the control of the key management over their respective roles; thus contributed very positively towards the efficiency of operations.

Enhancement of Capital

The Company issued 5% Bonus shares during the year which added Rs. 15.51 million to the paid up share capital



of the Company resulting in a total paid up share capital of Rs. 323.62 million.

Human Resource Development

The Company's realization of respectable results was made possible through the efforts of its team. To polish the skills of the employees, the Company conducted trainings addressing insurance related issues like Underwriting, Risk Management and other matters such as Teamwork. Newsletters comprising highlights and employees' valued write ups were published to motivate employees to contribute to value sharing.

Awards

The Company has been given the 'Corporate Excellence Award' by 'Management Association of Pakistan' (MAP). The award recognized the Company's outstanding performance and sound corporate governance standards. The Corporate Excellence Award is given after a company goes through strict evaluation processes by an independent committee.

Corporate Social Responsibility

During the year, the Company in its philanthropic measures has made donations to Al-Shifa Trust Eye Hospital.

Performance Review

The Company earned a remarkable increase of 28% in the premium written. Growth was witnessed in all classes of business both in gross premium written and underwriting profits for the year. Only exception was the health class of the business, in which a slightly lower gross premium was witnessed and underwriting profits also declined primarily due to higher claims incurred during the year.

Despite the pressure on returns created by the State Bank of Pakistan's repeated reductions of the policy rate, the Company's investment income improved over the last year by 6%.

The key performance indicators of the Company are summarized below:

	2012	2011
	Rupees *(unless specified otherwise)*	
Gross premium written	1,413,554,299	1,106,539,010
Net premium revenue	699,947,477	633,283,427
Underwriting results	165,808,053	142,349,962
Investment income	55,090,439	52,094,221
Profit/(loss) before tax	87,408,242	78,921,354
Profit/(loss) after tax	74,946,438	65,434,198
Return on equity	17.34%	20.72%
Earning per share	2.32	2.07

It is evident by the above statistics that the Company progressed in performance at all points. The decrease in ROE and ROA resulted due to above normal increases in the Company's equity and total assets base over the year.

Segment Wise Performance Analysis

Fire & Property Damage

This segment contributed gross premium of Rs. 177.51 million (2011: Rs. 163.78 million) which makes its contribution 12.6% (2011: 15%) to the total gross premium written by the Company.

The underwriting profit of this segment is Rs. 26.40 million as compared with Rs. 23.03 million in the previous year. Loss ratio remained at par with last year for this segment. The premium ceded to the reinsurer percentage dropped from 78% last year to 76% in the current year.

Marine, Aviation and Transport

This segment constituted 8.1% of our portfolio in the current year as compared to 10% in total portfolio last year. The Company managed to underwrite Rs. 4.7 million more this year than the year 2011.

The underwriting profit from this segment in the current year is Rs. 26.5 million as compared to a profit of Rs. 15.66 million last year, depicting an increase of 69%. Total premium underwritten this year was Rs. 114.3 million against Rs. 109.6 million in the previous year. The Company maintained a steady approach towards premium ceded to the Re-insurer in the current year.

Motor

This segment constituted 36.7% of our total portfolio as against 44% in the previous year. The premium underwritten increased by Rs. 36.5 million. This segment contributed Rs. 63.8 million underwriting profit in the current year as compared to Rs. 47.41 million in the previous year. The segment continues to be the most profitable and contributed towards 38% of the underwriting profit for the current year as opposed to 33% in 2011.

Accident & Health

Accident & Health portfolio contributed 16.6% to the total portfolio in the current year as compared to 22% of the total portfolio in previous year. The segment faired at par with the performance of last year with similar premium written and reinsurance terms but higher net premium revenue of Rs. 83.9 million. The segment generated an underwriting profit of Rs. 22.6 million. Due to increases in net claims, the segment closed at an underwriting profit of Rs. 22.63 million which translated in a decrease of 30.4% over 2011.

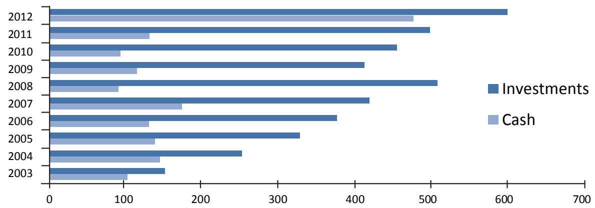
Miscellaneous

This segment comprises of miscellaneous classes of business including engineering, bond insurance, crop insurance, travel insurance etc. The written premium in this class rose sharply by Rs 257.2 million (232%) over the last year. The increase resulted due to massive increase in the engineering portfolio of this segment.

This segment resulted in an underwriting profit of Rs. 26.5 million (2011: Rs. 23.7 million) despite substantial increase in written premium, mainly due to the reason that much of the written premium was ceded to the Re-insurer. Despite higher premium ceded the Company posted an increase in net premium revenue for the segment of 25%.

Investment Income

The Company continues to keep a substantial portion of its portfolio invested in money market mutual funds, which puts the Company's exposure to market risk at a very low level.



Despite significantly reduced interest rates as per the State Bank of Pakistan's expansionary monetary policy, investment income of the Company recorded a growth of 6% this year, rising to Rs. 55.09 million from Rs. 52.09 million in the previous year. The book value of the investments rose by 101.6 million in the current year depicting a rise of 20.2%.

Proposed Subsequent Events

Board of Directors is pleased to recommend a stock dividend of 20 % of the paid up capital (20 shares per hundred shares held) to all the shareholders. This will result in issuance of 6,472,400 Bonus shares.

Proposed Subsequent Event	Bonus Shares	
	Amount	Number
Isuue of Bonus @ 20% of Paid up Capital	(Rupees in Millions)	29
	64.72	6,472,400

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants have audited the financial statements for the current year. The Board, on the recommendation of the Audit Committee, has recommended the appointment of KPMG Taseer Hadi & Co. Chartered Accountants for appointment as auditors of the Company for the next financial year ending December 31, 2013.

Corporate And Financial Reporting Framework

Statement of Directors Responsibilities

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

- The financial statements together with the notes forming an integral part of these statements have been prepared by the management of the Company in conformity with the Companies Ordinance 1984 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departures therefrom has been adequately disclosed and explained;
- The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year. Internal controls and their implementation are reviewed continuously by the Internal Audit department and any weakness in controls is timely addressed.
- There are no significant doubts upon the Company's ability to continue as going concern.
- There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2012, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2012 and were subsequently deposited in Government treasury in time.

- The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

Director's Training

The Company in compliance with the Code of Corporate Governance 2012 guidelines for Director's training programs got its executive director, President and CE, Mr. Abdul Waheed trained in Corporate Governance Leadership Skills (CGLS) Program – Directors' Training Program (DTP) from the Pakistan Institute of Corporate Governance, in the month of February 2013.

Key Financial Data

Key operational and financial data for the last 10 years is annexed at page XX.

Value of investments in Provident Fund and Gratuity Fund

The value of investment of provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2012 was:

Name of Fund	2012	2011
	Rupees in Millions	
Employees' Provident Fund	33	28
Employees' Gratuity Fund	32	29

Board Meetings

During the year, 4 meetings of the Board of Directors were held. Attendance by each of the director was as follows:

Name of Director	Meetings Attended
Lt Gen Tahir Mahmood (Retd)	4
Maj Gen Mukhtar Ahmed (Retd)	4
Syed Sohail Ahmad Rizvi	3
Brig Tariq Sher (Retd)	4
Mr. Abdul Hai Mahmood Bhaimia	4
Brig Irfan Azam (Retd)	3
Mr. Farrukh Iqbal Khan	4
Khawaja M. Iqbal	1

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

Casual Vacancies in the Board of Directors

Three casual vacancies occurred on the Board of directors during the year 2012. Lt Gen Tahir Mahmood (Retd) replaced Lt Gen Imtiaz Hussain (Retd) on 20th February, 2012, Brig Irfan Azam (Retd) replaced Brig Javed Qayum (Retd) and Maj Gen Mukhtar Ahmed (Retd) replaced Maj Gen Saeed Ahmed khan (Retd) on 29th February, 2012.

Pattern of Shareholding and trading in the shares

The pattern of shareholding is given at page xxx of this report. The Directors, Chief Executive Officer, Chief Financial officer, Company Secretary and their spouses and minor children did not carry out any trade in the shares of the Company.

Board Committees

The Board formed a Human Resource & Remuneration Committee during the year in line with the requirements of the Code of Corporate Governance 2012.

During the year, the Audit Committee, Executive Committee and Human Resources & Remunerations Committee, held six, six and one meeting respectively. The composition of the Board Committees and their terms of reference are given at page xx. Further more the Company has three sub committees which cover the core areas of business; these are Underwriting Committee, Claims Settlement Committee and Re-insurance & Co-insurance Committee. The names of members and the terms of references of these committees are given at page XX.

Future Prospects

Future uncertainty is relatively high for the coming year especially due to the upcoming elections. Such events often lead to increases in risk exposures for all industries and for an insurance company the sensitivity to market risk is comparatively higher. Even with such challenges, the Company hopes to take its performance further.

Acknowledgments

We would like to acknowledge, with thanks, the contributions made by the employees, our business partners and regulatory authorities in bringing improved results in year 2012. Without their efforts and support these results would not have been possible. We would also like to thank our shareholders for posing confidence in AGICO.

For and on behalf of the Board

Lt Gen Tahir Mahmood (Retd)
Chairman

Rawalpindi
March 29, 2013

Board Committees

The company has three committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework.

The terms of reference and composition of these committees are given below:

Executive Committee

The terms of reference of this committee include the following:

a. Approve all investments over Rs. 10 million and review progress of investments.

b. Review yearly budget and recommend its approval to the Board.

c. Review monthly performance of the Company.

d. Review and approve claim payments over Rs. 1 million.

e. Review legal suits filed by or against the Company.

f. Consider any other matter related to the performance and operations of the Company.

The Committee comprises of three members, including the Chairman of this committee, all of them are non-executive directors. During the year 2012 seven meetings of this committee were held and the attendance in meeting was as follows:

Name of member	Status in Committee	Meetings Attended
Maj Gen Mukhtar Ahmed (Retd)	Chairman	7
Syed Suhail Ahmed Rizvi	Member	5
Brig Tariq Sher (Retd)	Member	7

Audit Committee

The terms of reference of this committee include the following:

- determination of appropriate measures to safeguard the Company's assets;
- review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - o major judgmental areas;
  - o significant adjustments resulting from the audit;
  - o the going concern assumption;
  - o any changes in accounting policies and practices;
  - o compliance with applicable accounting standards;
  - o compliance with listing regulations and other statutory and regulatory requirements; and
  - o significant related party transactions.
- review of preliminary announcements of results prior to publication;
- facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the Company;
- review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- consideration of major findings of internal investigations and management's response thereto;
- ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
- review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- determination of compliance with relevant statutory requirements;
- monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- consideration of any other issue or matter as may be assigned by the Board of Directors.

The Committee comprises of three members, including the Chairman of this committee, all of them are non-executive directors. During the year 2012 six meetings of this committee were held and the attendance in meeting was as follows:

Name of member	Status in Committee	Meetings Attended
Syed Suhail Ahmed Rizvi	Member	6
Brig Tariq Sher (Retd)	Member	6
Farrukh Iqbal Khan	Member	6

Human Resource & Remuneration Committee

The terms of reference of this committee include the following:

a. recommending human resource management policies to the board;

b. recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;

c. recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and

d. consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

The committee comprises of three members including the Chairman of this Committee, out of which two are non-executive directors and one is executive director. During the year 2012 one meeting of this committee was held and attendance in there was as follows:

Name of member	Status in Committee	Meetings Attended
Brig Irfan Azam (Retd)	Chairman	1
Farrukh Iqbal Khan	Member	1
Abdul Waheed	Member	1

Furthermore, the Company has three sub-committees of the Board, which cover the core areas of business. These committees meet on regular basis and are headed by non-executive directors. The functions and composition of the committees are given below:

Underwriting Committee

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

Two meetings of this committee were held during the year 2012 and attendance therein was as follows:

Name of member	Status in Committee	Meetings Attended
Brig Tariq Sher (Retd)	Chairman	2
Abdul Waheed	Member	2
Mrs. Rubina Rizvi	(Ex) Member	1
Mrs. Samina Khan	Member	1

Claim Settlement Committee

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

Two meetings of this committee were held during the year 2012 and attendance therein was as follows

Name of member	Status in Committee	Meetings Attended
Syed Suhail Ahmad Rizvi	Chairman	2
Abdul Waheed	Member	2
Syed Imran Abid Bukhari	(Ex) Member	1
Mrs. Samina Khan	(Ex) Member	1
Mrs. Rubina Rizvi	Member	1
Dr. Abbas Zaidi	Member	1

Re-insurance & Co-insurance Committee

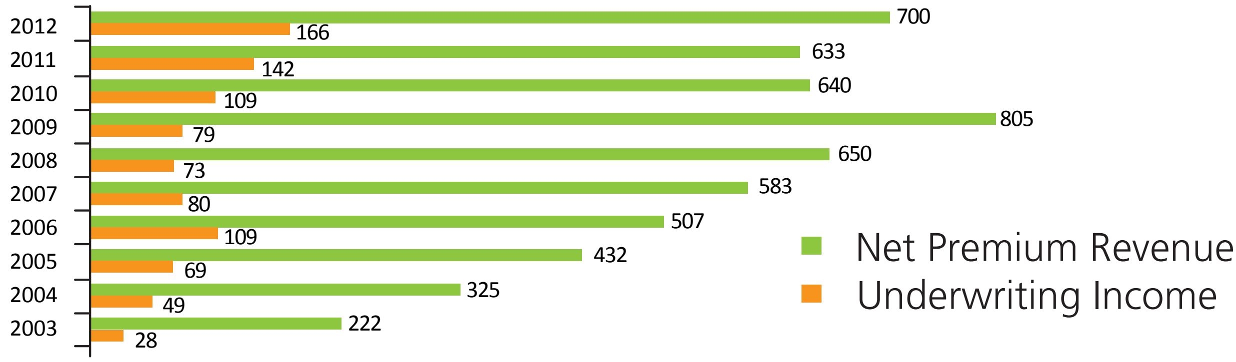
This committee ensures that adequate reinsurance arrangements are made for the Company. It peruses the proposed reinsurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance programme for the future reference.

Three meetings of this committee were held during the year 2012 and attendance therein was as follows:

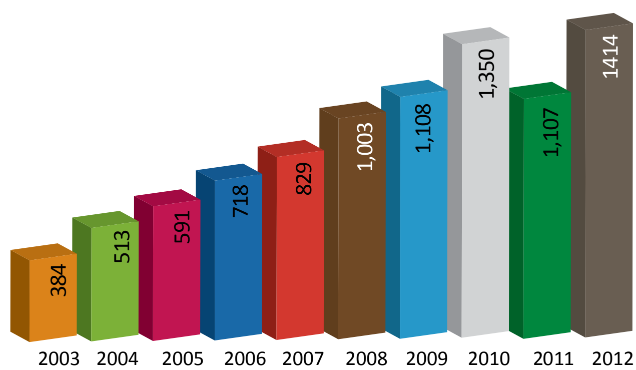
Name of member	Status in Committee	Meetings Attended
Maj Gen Mukhtar Ahmed (Retd)	Chairman	3
Abdul Waheed	Member	3
Sohail Khalid	Member	3

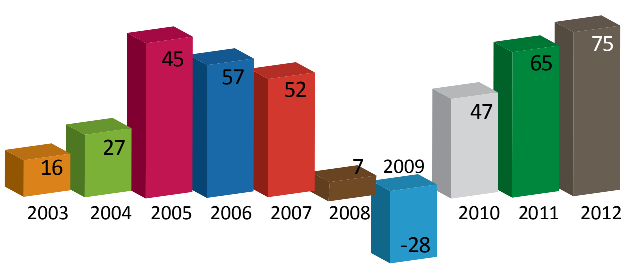
Performance at a Glance

All Rupees in Million



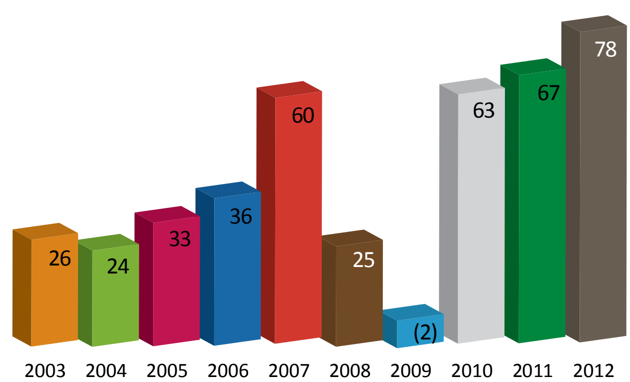
Gross Premium





Profit After-Tax

Investment and Other Income

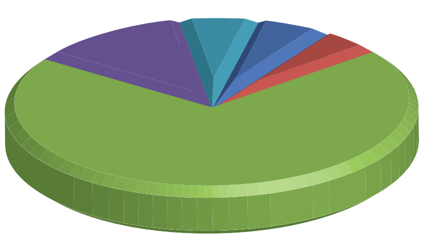


Statement of Value Added

	2012	2011
	Rupees	Rupees
Wealth Generated		
Net Premium Revenue	699,947,477	633,283,427
Commission from reinsurer	115,065,822	110,591,776
Investment income and profit on bank deposits	67,507,063	60,653,694
Rental income	1,401,120	700,560
Other income	9,197,944	5,268,509
	893,119,426	810,497,966
Less: Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes)	576,404,135	521,097,268
Net wealth generated	316,715,291	289,400,698
Wealth distribution		
Employees' remuneration	205,903,620	194,850,734
Government taxes (includes income tax, WWF and other taxes)	12,461,804	15,097,796
Contribution to society	83,947	-
Stock dividend to shareholders	15,410,470	43,429,529
Retained in business:		
Depreciation and amortization	23,403,429	14,017,970
Earnings	59,452,021	22,004,669
	82,855,450	36,022,639
Total Wealth Distributed	316,715,291	289,400,698

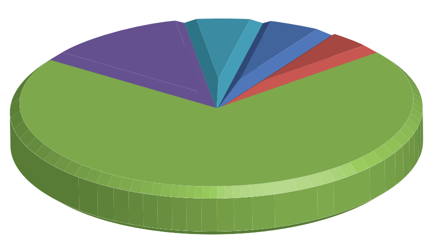
2012

Employees' remuneration	65.01%
Government taxes	3.93%
Contribution to society	0.03%
Stock dividend to shareholders	4.87%
Retained in business	26.16%



2011

Employees' remuneration	67.33%
Government taxes	5.22%
Contribution to society	0.00%
Stock dividend to shareholders	15.01%
Retained in business	12.45%



Financial Statements Analysis - Vertical

	2012		2011		2010		2009		2008		2007	
Balance Sheet	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Cash and bank deposits	483,241,870	21.72	130,566,287	8.45	91,251,429	6.28	114,277,274	9.56	85,107,892	6.99	169,783,462	15.19
Loans to employees	1,736,354	0.08	1,189,796	0.08	2,158,634	0.15	4,197,435	0.35	2,955,672	0.24	2,816,972	0.25
Investments	605,033,837	27.19	503,413,264	32.58	457,771,860	31.49	413,606,523	34.59	512,843,411	42.13	423,227,130	37.87
Investment properties	49,670,833	2.23	50,980,833	3.30	52,290,833	3.60	-	-	-	-	-	-
Deferred taxation	2,658,512	0.12	3,282,478	0.21	877,003	0.06	-	-	-	-	4,242,942	0.38
Other assets	1,006,021,298	45.21	807,557,885	52.27	801,935,999	55.16	533,026,181	44.58	489,356,629	40.20	413,551,760	37.00
Fixed assets - tangible and intangible	76,698,735	3.45	47,989,542	3.11	47,647,803	3.28	130,643,671	10.93	126,986,527	10.43	103,971,262	9.30
Total Assets	2,225,061,441	100.00	1,544,980,085	100.00	1,453,933,561	100.00	1,195,751,084	100.00	1,217,250,131	100.00	1,117,593,528	100.00
Total Equity	507,153,833	22.79	432,207,395	27.97	315,832,847	21.72	268,411,298	22.45	295,956,227	24.31	289,296,808	25.89
Underwriting provisions	1,084,382,558	48.73	810,378,263	52.45	833,018,628	57.29	776,587,694	64.95	710,343,354	58.36	602,343,086	53.90
Staff retirement benefits	9,916,198	0.45	9,177,635	0.59	6,950,909	0.48	12,294,231	1.03	11,496,305	0.94	9,894,411	0.89
Creditors and accruals	614,649,550	27.62	280,646,459	18.17	290,058,284	19.95	65,363,727	5.47	108,991,367	8.95	136,065,483	12.17
Other liabilaities	8,959,302	0.40	12,570,333	0.81	8,072,893	0.56	73,094,134	6.11	90,462,878	7.43	79,993,740	7.16
Total Share Holders' Equity & Liabilities	2,225,061,441	100.00	1,544,980,085	100.00	1,453,933,561	100.00	1,195,751,084	100.00	1,217,250,131	100.00	1,117,593,528	100.00
Profit & Loss Account												
Net premium revenue	699,947,477	100.00	633,283,427	100.00	639,901,275	100.00	805,176,472	100.00	650,428,814	100.00	583,321,654	100.00
Net claims	372,933,697	53.28	327,856,816	51.77	385,889,597	60.30	522,426,357	64.88	423,393,312	65.09	378,581,217	64.90
Expenses	194,920,917	27.85	182,398,162	28.80	153,942,248	24.06	155,001,481	19.25	130,818,241	20.11	105,273,568	18.05
Net commission	33,715,190	4.82	19,321,513	3.05	9,067,781	1.42	48,991,518	6.08	23,221,251	3.57	19,664,963	3.37
Investment income including rental & bank deposits returns	64,826,470	9.26	56,481,782	8.92	56,246,175	8.79	(24,780,549)	(3.08)	16,735,097	2.57	57,275,038	9.82
Other income including share of profit of associates	13,279,657	1.90	10,140,981	1.60	6,809,753	1.06	22,378,573	2.78	7,762,463	1.19	2,393,081	0.41
General and administration expenses	156,270,546	22.33	130,051,371	20.54	(118,810,809)	(18.57)	(91,430,623)	(11.36)	(80,107,856)	(12.32)	69,473,746	11.91
Impairment in value of available for sale securities	-	-	-	-	64,737,599	10.12	(66,762,828)	(8.29)	-	-	-	-
Profit / (Loss) before tax	87,408,242	12.49	78,921,354	12.46	53,346,745	8.34	(15,075,483)	(1.87)	17,385,714	2.67	69,996,279	12.00
Taxation - net	12,461,804	1.78	(13,487,156)	(2.13)	(5,928,576)	(0.93)	(12,469,446)	(1.55)	(10,726,295)	(1.65)	(18,268,238)	(3.13)
Profit / (Loss) after tax	74,146,438	10.71	65,434,198	10.33	47,418,169	7.41	(27,544,929)	(3.42)	6,659,419	1.02	51,728,041	8.87

Financial Statements Analysis - Horizontal

							% increase / (decrease) over preceeding year					
	2012	2011	2010	2009	2008	2007	2012	2011	2010	2009	2008	2007
Balance Sheet												
Cash and bank deposits	483,241,870	130,566,287	91,251,429	114,277,274	85,107,892	169,783,462	270.11	43.08	(20.15)	34.27	(49.87)	34.32
Loans to employees	1,736,354	1,189,796	2,158,634	4,197,435	2,955,672	2,816,972	45.94	(44.88)	(48.57)	42.01	4.92	48.66
Investments	605,033,837	503,413,264	457,771,860	413,606,523	512,843,411	423,227,130	20.19	9.97	10.68	(19.35)	21.17	11.34
Investment properties	49,670,833	50,980,833	52,290,833	-	-	-	(2.57)	(2.51)	-	-	-	-
Deferred taxation	2,658,512	3,282,478	877,003	-	-	4,242,942	0.00	274.28	-	-	-	256.55
Other assets	1,006,021,298	807,557,885	801,935,999	533,026,181	489,356,629	413,551,760	24.58	0.70	50.45	8.92	18.33	36.92
Fixed assets - tangible and intangible	76,698,735	47,989,542	47,647,803	130,643,671	126,986,527	103,971,262	59.82	0.72	(63.53)	2.88	22.14	46.12
Total Assets	2,215,061,441	1,544,980,085	1,453,933,561	1,195,751,084	1,217,250,131	1,117,593,528	44.02	6.26	21.59	(1.77)	8.92	26.60
Total Equity	507,153,833	432,207,395	315,832,847	268,411,298	295,956,227	289,296,808	17.34	(36.85)	(17.67)	9.31	(2.30)	(21.77)
Underwriting provisions	1,084,382,558	810,378,263	833,018,628	776,587,694	710,343,354	602,343,086	33.81	2.72	(7.27)	(9.33)	(17.93)	(20.81)
Staff retirement benefits	9,916,198	9,177,635	6,950,909	12,294,231	11,496,305	9,894,411	8.05	(32.04)	43.46	(6.94)	(16.19)	(30.90)
Creditors and accruals	614,649,550	280,646,459	290,058,284	65,363,727	108,991,367	136,065,483	119.01	3.24	(343.76)	40.03	19.90	(48.85)
Other liabilaities	8,959,302	12,570,333	8,072,893	73,094,134	90,462,878	79,993,740	(28.73)	(55.71)	88.96	19.20	(13.09)	(67.87)
Total Share Holders' Equity & Liabilities	2,225,061,441	1,544,980,085	1,453,933,561	1,195,751,084	1,217,250,131	1,117,593,528	44.02	(6.26)	(21.59)	1.77	(8.92)	(26.60)
Profit & Loss Account												
Net premium revenue	699,947,477	633,283,427	639,901,275	805,176,472	650,428,814	583,321,654	10.53	1.03	20.53	(23.79)	(11.50)	(15.00)
Net claims	372,933,697	327,856,816	385,889,597	522,426,357	423,393,312	378,581,217	13.75	15.04	26.14	(23.39)	(11.84)	(26.17)
Expenses	194,920,917	182,398,162	153,942,248	155,001,481	130,818,241	105,273,568	6.87	(18.48)	0.68	(18.49)	(24.27)	(29.62)
Net commission	33,715,190	19,321,513	9,067,781	48,991,518	23,221,251	19,664,963	74.50	(113.08)	81.49	(110.98)	(18.08)	(9.81)
Investment income including rental & bank deposits returns	64,826,470	56,481,782	56,246,175	(24,780,549)	16,735,097	57,275,038	14.77	(0.42)	326.98	248.08	70.78	(69.14)
Other income including share of profit of associates	13,279,657	10,140,981	6,809,753	22,378,573	7,762,463	2,393,081	30.95	(48.92)	69.57	(188.29)	(224.37)	(24.49)
General and administration expenses	156,270,546	130,051,371	(118,810,809)	(91,430,623)	(80,107,856)	69,473,746	20.34	209.46	(29.95)	(14.13)	215.31	(17.10)
Impairment in value of available for sale securities	-		64,737,599	(66,762,828)	-	-	-	100.00	196.97	-	-	-
Profit / (Loss) before tax	87,408,242	78,921,354	53,346,745	(15,075,483)	17,385,714	69,996,279	10.75	(47.94)	453.86	186.71	75.16	17.18
Taxation - net	12,461,804	(13,487,156)	(5,928,576)	(12,469,446)	(10,726,295)	(18,268,238)	(192.40)	(127.49)	52.46	(16.25)	41.28	33.38
Profit / (Loss) after tax	74,946,438	65,434,198	47,418,169	(27,544,929)	6,659,419	51,728,041	14.54	(37.99)	272.15	513.62	87.13	9.39

A Glimpse of Ten Years Performance

Rupees in M illions

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Financial Position										
Paid-Up Capital	324	308	204	204	204	157	121	102	102	82
General Reserve	70	70	70	70	70	65	50	23	15	15
Equity	507	432	316	268	296	289	238	180	135	102
Underwriting Reserve	767	465	492	486	468	353	311	274	239	174
Investments	605	503	458	414	513	423	380	329	252	147
Investment Property	50	51	52	-	-	-	-	-	-	-
Fixed Assets - Tangible and Intangible	77	48	48	131	127	104	71	44	28	24
Retained Profit	109	49	37	(10)	18	63	62	51	32	5
Total Assets	2,225	1,545	1,454	1,196	1,217	1,118	883	733	641	424
Market Share Price	13.51	8.07	11.00	17.00	29.99	65.55	40.95	27.10	25.15	18.00
Financial Performance										
Gross Premiums Written	1,414	1,107	1,350	1,108	1,003	829	718	591	513	384
Net Premium Revenue	700	633	640	805	650	583	507	432	325	222
Net Claims	373	328	386	522	423	379	300	276	206	145
Underwriting Income	166	142	109	79	73	80	109	69	49	28
Management Expenses	195	182	154	155	131	105	81	64	53	41
Administration Expenses	157	128	118	91	79	69	59	42	31	31
Investment and Other Income	78	67	63	(2)	25	60	36	33	24	26
Profit Before Tax	87	79	53	(15)	17	70	85	61	41	22
Profit After Tax	75	65	47	(28)	7	52	57	45	27	16
Dividend (Restated)	-	5% (B)	10% (B)	-	30% (B)	30% (B)	18% (B)	17.5% (C)	15% (C)	15% (C)
Earning Per Share	2.32	2.07	2.33	(1.35)	0.33	3.30	3.64	3.73	2.93	1.82
Cash Flows Summary										
Operating Activities	435	-17	-54	5	26	89	65	63	126	63
Investing Activities	-83	5	31	26	-108	-42	-56	-61	-93	14
Financing Activities	0	51	-1	-1	-2	-3	-1	-20	10	-17
Cash & Cash Equiv. at the year end	483	131	91	114	85	170	126	135	142	99

Financial Ratios

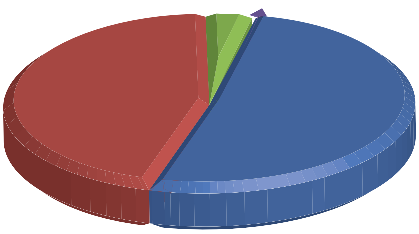
		2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Profitability											
Profit / (Loss) Before Tax / Gross Premium	%	6.15	7.14	3.93	(1.35)	1.69	8.44	11.84	10.32	7.99	5.73
Profit / (Loss) Before Tax / Net Premium	%	12.43	12.48	8.28	(1.86)	2.62	12.01	16.77	14.12	12.62	9.91
Profit / (Loss) After Tax / Gross Premium	%	5.30	5.87	3.48	(2.53)	0.70	6.27	7.94	7.61	5.26	4.17
Profit / (Loss) After Tax / Net Premium	%	10.71	10.27	7.34	(3.48)	1.08	8.92	11.24	10.42	8.31	7.21
Underwriting Result / Gross Premium	%	11.74	12.83	8.07	7.13	7.28	9.65	15.18	11.68	9.55	7.29
Underwriting Result / Net Premium	%	23.71	22.43	17.03	9.81	11.23	13.72	21.50	15.97	15.08	12.61
Profit / (Loss) Before Tax / Total Income	%	11.91	11.29	7.54	(1.87)	2.52	10.89	15.65	13.12	11.75	8.87
Profit / (Loss) After Tax / Total Income	%	10.22	9.29	6.69	(3.49)	1.04	8.09	10.50	9.68	7.74	6.45
Combined ratio	%	76.31	77.57	82.97	90.19	88.77	86.28	78.50	84.03	84.92	87.39
Net Claims / Net Premium	%	53.29	51.82	60.31	64.84	65.08	65.01	59.17	63.89	63.38	65.32
Management Expense / Net Premium	%	27.86	28.75	24.06	19.25	20.15	18.01	15.98	14.81	16.31	18.47
Return to Share Holders											
Return on Equity - PAT	%	17.34	20.72	14.87	(10.45)	2.36	17.99	23.95	25.00	20.00	15.69
Earning / (Loss) Per Share	Rs.	2.32	2.07	2.33	(1.35)	0.33	3.30	3.64	3.73	2.93	1.82
Earning Growth	%	15.38	38.30	(267.86)	(500.00)	(86.54)	(8.77)	26.67	66.67	68.75	23.08
Return on Assets (Book value)	%	3.37	4.21	3.23	(2.34)	0.58	4.65	6.46	6.14	4.21	3.77
Performance / Liquidity											
Current Ratio	Times	1.25	1.35	1.24	1.15	1.18	1.22	1.26	1.25	1.21	1.24
Cash / Current Liabilities	%	28.13	11.77	8.00	12.28	9.23	20.51	19.53	24.41	28.06	30.75
Total Assets Turnover	Times	0.64	0.72	0.93	0.93	0.82	0.74	0.81	0.81	0.80	0.91
Fixed Assets Turnover	Times	18.36	23.06	28.13	8.46	7.90	7.97	10.11	13.43	18.32	16.00
Total Liabilities / Equity	Times	3.39	2.58	3.60	3.46	3.11	2.87	2.71	3.07	3.75	3.16
Paid-up Capital / Total Assets	%	14.56	19.94	14.03	17.06	16.76	14.04	13.70	13.92	15.91	19.34
Earning assets / Total Assets	%	51.14	44.34	41.33	44.15	49.14	53.04	57.30	63.30	61.47	58.02
Equity / Total Assets	%	22.79	27.96	21.73	22.41	24.32	25.85	26.95	24.56	21.06	24.06

Graphical Composition of Balance Sheet

Assets

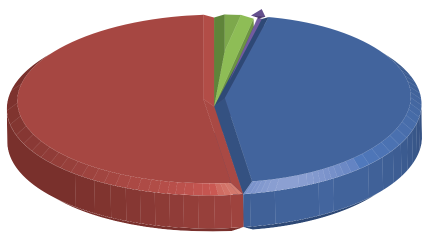
2012

Earning Assets	51.14%
Current Assets - others	45.21%
Fixed Assets	3.45%
Others	0.20%



2011

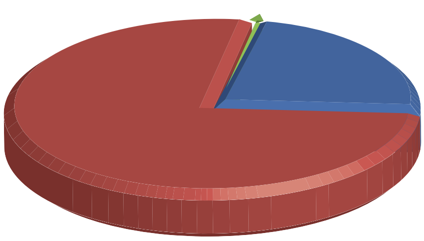
Earning Assets	44.33%
Current Assets - others	52.27%
Fixed Assets	3.11%
Others	0.29%



Shareholders' Equity and Liabilities

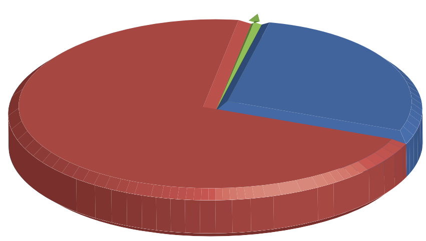
2012

Share Capital & Reserves	22.79%
Current Liabilities	76.80%
Non Current Liabilities	0.40%



2011

Share Capital & Reserves	27.97%
Current Liabilities	71.21%
Non Current Liabilities	0.81%

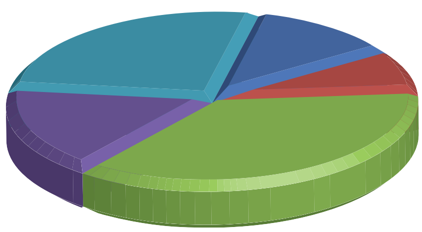


Graphical Analysis of Profit & Loss

Gross Premium Business Wise

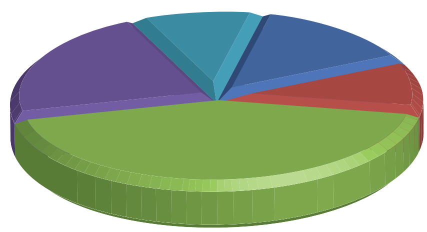
2012

Fire and Property Damage	12.54%
Marine, Aviation and Transport	8.07%
Motor	36.62%
Accident and Health	16.58%
Miscellaneous	26.19%



2011

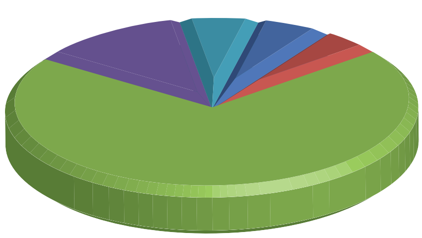
Fire and Property Damage	14.80%
Marine, Aviation and Transport	9.91%
Motor	43.60%
Accident and Health	21.65%
Miscellaneous	10.04%



Net Premium Business Wise

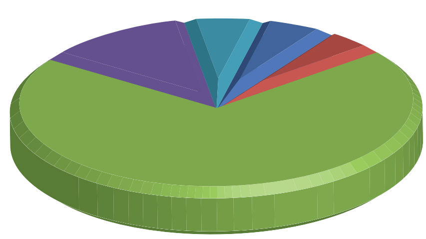
2012

Fire and Property Damage	6.19%
Marine, Aviation and Transport	5.69%
Motor	77.78%
Accident and Health	13.26%
Miscellaneous	7.61%



2011

Fire and Property Damage	5.89%
Marine, Aviation and Transport	5.17%
Motor	70.23%
Accident and Health	12.61%
Miscellaneous	6.10%



Financial Calendar

First Quarter ended March 31, 2012	Announced on April 26, 2012
Half Year ended June 30, 2012	Announced on August 29, 2012
Third Quarter ended September 30, 2012	Announced on October 24, 2012
Year ended December 31, 2012	Announced on March 27, 2013
Issuance of Annual Report 2012	April 09, 2013
18th Annual General Meeting	April 30, 2013

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Financial Statements

Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulation No. 35 of Karachi Stock Exchange Limited, Listing Regulations No. 35 of Lahore Stock Exchange Limited and Chapter XI of the Listing Regulations of Islamabad Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

askari general insurance company limited ("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 includes:

Category	Name
Independent Directors	Mr. Abdul Hai Mahmood Bhaimia
	Khawaja M. Iqbal
Executive Directors	Mr. Abdul Waheed-President & CE
Non-Executive Directors	Lt Gen Tahir Mahmood (Retd)
	Maj Gen Mukhtar Ahmed (Retd)
	Brig Tariq Sher (Retd)
	Brig Irfan Azam (Retd)
	Syed Suhail Ahmad Rizvi
	Mr. Farrukh Iqbal Khan

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Following casual vacancies occurring on the Board during the year 2012 were filled up by the directors within 30 days thereof:

   - Lt Gen Tahir Mahmood (Retd) was appointed in place of Lt Gen Imtiaz Hussain (Retd) w.e.f. February 20, 2012.
   - Brig Irfan Azam (Retd) was appointed in place of Brig Javed Qayum (Retd) w.e.f. February 29, 2012.
   - Maj Gen Mukhtar Ahmed (Retd) was appointed in place of Maj Gen Saeed Ahmed khan (Retd) w.e.f. February 29, 2012.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

8. The meetings of the board were presided over by the Chairman and, 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.

9. The Directors are well conversant with listing regulations, legal requirement and operational imperatives of the company, and as such are fully aware of their duties and responsibilities. At present, one Director of the Company holds the Directors Training Certificate from Pakistan Institute of Corporate Governance (PICG).

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. 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.

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

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

16. 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 CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed Human Resource & Remuneration Committee. It comprises 3 members of whom one is executive director and other members including the Chairman are non-executive directors.

18. The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 the ICAP.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Rawalpindi
29 March 2013

Lt Gen Tahir Mahmood (Rtd)
Chairman

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

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+92 (51) 282 5956
Fax +92 (51) 282 2671
Internet www.kpmg.com.pk

Review Report to The Members on Directors' Statement of Compliance with Best Practices of Code of Corporate Governance

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

The responsibility for compliance with the Code of Corporate Governance ("the Code") is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code 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 covers all risks or controls, or to form an opinion on the effectiveness of such internal control, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii a) of Listing Regulation 35 notified by the Karachi Stock Exchange Limited vide circular KSE / N-269 dated January 19, 2009 requires the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended December 31, 2012.

KPMG Taseer Hadi & Co.

Islamabad
29 March 2013

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement Partner
Muhammad Rehan Chughtai

KPMG Taseer Hadi & Co.
Chartered Accountants
Sixth Floor, State Life Building No. 5
Jinnah Avenue, Blue Area
Islamabad, Pakistan

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Internet www.kpmg.com.pk

Auditors' Report To The Members of Askari General Insurance Company Limited

We have audited the annexed financial statements comprising of:

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

of askari general insurance company limited ("the Company") as at 31 December 2012 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 International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

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

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 2012 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

Financial statements of the Company as of and for the year ended 31 December 2011 were audited by another auditor whose report dated 19 March 2012 expressed an unqualified opinion on those financial statements.

KPMG Taseer Hadi & Co.

Islamabad
29 March 2013

KPMG Taseer Hadi & Co.
Chartered Accountants

Engagement Partner
Muhammad Rehan Chughtai

Balance Sheet
As at 31 December 2012

	Note	2012 Rupees	2011 Rupees
Share Capital and Reserves			
Authorized share capital 50,000,000 (2011: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Paid up share capital	6	323,620,030	308,209,560
Retained earnings		108,876,122	49,340,154
Reserves		74,657,681	74,657,681
		507,153,833	432,207,395
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		263,924,087	302,759,126
Provision for unearned premium		767,175,085	465,342,298
Commission income unearned		53,283,386	42,276,839
		1,084,382,558	810,378,263
Deferred Liability			
Staff compensated absences	7	9,916,198	9,177,635
Creditors and Accruals			
Premium received in advance		87,437,644	10,777,989
Amounts due to other insurers/reinsures		365,058,356	134,462,020
Accrued expenses		2,008,769	2,567,171
Taxation - provision less payments		-	3,494,987
Other creditors and accruals	8	160,144,781	129,344,292
		614,649,550	280,646,459
Other Liabilities			
Unclaimed dividend		830,102	830,102
Others		8,129,200	11,740,231
		8,959,302	12,570,333
TOTAL LIABILITIES		1,717,907,608	1,112,772,690
TOTAL EQUITY AND LIABILITIES		2,225,061,441	1,544,980,085
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Syed Suhail Ahmad Rizvi
Director

Balance Sheet
As at 31 December 2012

	Note	2012 Rupees	2011 Rupees
Cash and Bank Deposits			
Cash and other equivalents	10	495,159	667,991
Current and other accounts	11	482,746,712	129,898,296
		483,241,871	130,566,287
Advances to Employees	12	1,736,354	1,189,796
Investments	13	605,033,838	503,413,264
Investment Property	14	49,670,833	50,980,833
Deferred Taxation	15	2,658,512	3,282,478
Current Assets - Others			
Premium due but unpaid - unsecured, considered good	16	248,257,414	275,456,804
Amounts due from other insurers / reinsurers - unsecured, considered good		107,113,958	92,175,130
Salvage recoveries accrued		12,395,214	21,342,101
Accrued investment income		2,412,800	3,191,959
Reinsurance recoveries against outstanding claims - unsecured, considered good		123,772,426	156,721,326
Deferred commission expense		35,943,498	32,408,835
Taxation-net		1,840,105	-
Prepayments	17	450,784,866	196,233,562
Sundry receivables	18	23,501,017	30,028,168
		1,006,021,298	807,557,885
Fixed Assets			
Tangible and Intangible	19		
Furniture and fixtures		7,102,084	7,853,410
Computer and office equipment		9,052,719	12,401,473
Motor vehicles		4,340,844	5,003,102
Tracking devices		32,765,668	2,533,065
Leasehold improvements		5,045,958	7,118,543
Software license		6,104,439	8,243,746
Capital work in progress		12,287,023	4,836,203
		76,698,735	47,989,542
TOTAL ASSETS		2,225,061,441	1,544,980,085

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Profit and Loss Account / Statement of comprehensive income

For the year ended 31 December 2012

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident and Health	Miscellaneous	2012 Aggregate	2011 Aggregate
		Rupees						
Revenue Account								
Net premium revenue	20	39,183,303	36,055,870	492,552,778	83,970,151	48,185,375	699,947,477	633,283,427
Net claims		(18,510,020)	(6,491,782)	(268,706,648)	(61,540,955)	(17,684,292)	(372,933,697)	(327,856,816)
Expenses	21	(10,911,741)	(10,040,815)	(137,165,776)	(23,383,953)	(13,418,632)	(194,920,917)	(182,398,162)
Net commission		16,638,032	6,971,311	(22,853,507)	23,587,544	9,371,810	33,715,190	19,321,513
Underwriting Results		26,399,574	26,494,584	63,826,847	22,632,787	26,454,261	165,808,053	142,349,962
Other Income and Expenses								
Investment income							55,090,439	52,094,221
Rental income							1,401,120	700,560
Other income	22						9,197,944	5,268,509
Profit on bank deposits							8,334,911	3,687,001
Share of profit in associated company							4,081,713	4,872,472
General and administration expenses	23						(156,505,938)	(130,051,371)
							(78,399,811)	(63,428,608)
Profit before tax							87,408,242	78,921,354
Provision for taxation	24						(12,461,804)	(13,487,156)
Profit after tax							74,946,438	65,434,198
Other comprehensive income for the year							-	-
Total comprehensive income for the year							74,946,438	65,434,198
Profit and loss appropriation account								
Balance at commencement of the year							49,340,154	37,396,866
Profit after tax for the year							74,946,438	65,434,198
Bonus shares issued							(15,410,470)	(53,490,910)
Balance of unappropriated profit at end of the year							108,876,122	49,340,154
Earning per share - basic and diluted	25						2.32	2.07

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Syed Suhail Ahmad Rizvi
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Statement of Cash Flows

For the year ended 31 December 2012

	2012 Rupees	2011 Rupees
Operating Cash Flows		
a) Underwriting activities:		
Premium received	1,483,189,727	1,053,070,516
Reinsurance premium paid	(297,630,147)	(253,598,034)
Claims paid	(600,411,155)	(534,754,690)
Reinsurance and other recoveries received	98,137,168	48,324,455
Commission paid	(82,223,503)	(83,510,593)
Commission received	78,414,330	54,227,406
Other underwriting payments (management expenses)	(183,988,059)	(170,855,491)
Net cash flow from underwriting activities	495,488,361	112,903,569
b) Other operating activities:		
Income tax paid	(17,172,953)	(14,349,424)
General management expenses paid	(121,814,940)	(115,410,707)
Other operating receipts / (payments)	79,985,814	(1,210,424)
Advances to employees	(546,558)	968,838
Net cash used in other operating activities	(59,548,637)	(130,001,717)
Total cash flow generated from / (used in) all operating activities	435,939,724	(17,098,148)
Investment activities:		
Profit / return received	20,296,034	19,362,625
Dividends received	1,238,489	1,341,610
Payments for investments	(229,910,858)	(227,349,130)
Proceeds from disposal of investments	137,080,427	199,319,224
Redemption of term finance certificates	37,961,560	22,802,400
Fixed capital expenditure	(51,196,352)	(16,481,188)
Proceeds from disposal of fixed assets	1,266,560	6,477,115
Total cash flow (used in) / generated from investing activities	(83,264,140)	5,472,656
Financing activities		
Proceeds against issue of shares	-	50,940,350
Total cash used in financing activities	-	50,940,350
Net cash generated from all activities	352,675,584	39,314,858
Cash at beginning of the year	130,566,287	91,251,429
Cash at end of the year	483,241,871	130,566,287

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed	Syed Suhail Ahmad Rizvi	Maj Gen Mukhtar Ahmed (Retd)	Lt Gen Tahir Mahmood (Retd)
President & Chief Executive	Director	Director	Chairman

Statement of Cash Flows
For the year ended 31 December 2012

	2012 Rupees	2011 Rupees
Reconciliation to Profit and Loss Account:		
Operating cash flows	435,939,724	(17,098,148)
Depreciation expense	(23,403,429)	(14,017,970)
Profit on disposal of fixed assets	872,830	3,045,636
Increase in assets other than cash	226,089,636	11,990,274
Increase in liabilities other than running finance	(608,629,924)	26,871,231
Provision for doubtful debts	(28,140,611)	(6,872,786)
Un-realized gain / (loss) on investments, held for trading	45,002,581	(6,563,211)
Provision for diminution in value of investment	(5,090,027)	-
Reversal of impairment in available for sale investments	2,025,229	-
Dividend income	1,238,489	1,341,610
Investment income	11,364,277	56,619,939
Profit on bank deposits	8,334,911	3,687,001
Share of profit in associated company	4,081,713	4,872,472
Income tax provision	(12,461,804)	(13,487,156)
Loss on trading	549,890	695,883
Tax paid	17,172,953	14,349,423
Profit after taxation	74,946,438	65,434,198

Definition of cash:

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

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

	2012 Rupees	2011 Rupees
Cash and other equivalents		
Cash in hand	340,943	521,648
Stamp in hand	154,216	146,343
	495,159	667,991
Current and other accounts		
On current accounts	4,384,625	16,077,749
On deposit accounts	478,362,087	113,820,547
	482,746,712	129,898,296
Deposit maturing within 12 months		
Fixed and term deposit accounts	-	-
Total	483,241,871	130,566,287

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed	Syed Suhail Ahmad Rizvi	Maj Gen Mukhtar Ahmed (Retd)	Lt Gen Tahir Mahmood (Retd)
President & Chief Executive	Director	Director	Chairman

Statement of Premiums
For the year ended 31 December 2012

Business underwritten inside Pakistan

Class of Business	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2012 Net premium revenue	2011 Net premium revenue
		Opening	Closing			Opening	Closing			
	Rupees									
Direct and facultative										
Fire and property damage	177,514,397	76,970,527	88,676,641	165,808,283	134,203,163	61,583,080	69,161,263	126,624,980	39,183,303	37,319,737
Marine, aviation and transport	114,328,198	14,632,145	16,776,375	112,183,968	77,939,701	11,676,478	13,488,081	76,128,098	36,055,870	32,728,052
Motor	518,648,509	208,616,338	225,008,033	502,256,814	8,721,553	5,049,503	4,067,020	9,704,036	492,552,778	444,746,317
Accident and health	234,774,719	115,546,722	141,075,436	209,246,005	139,143,649	70,793,717	84,661,512	125,275,854	83,970,151	79,846,702
Miscellaneous	368,288,476	49,576,566	295,638,600	122,226,442	313,510,886	32,175,078	271,644,897	74,041,067	48,185,375	38,642,619
Grand total	1,413,554,299	465,342,298	767,175,085	1,111,721,512	673,518,952	181,277,856	443,022,773	411,774,035	699,947,477	633,283,427

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Syed Suhail Ahmad Rizvi
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Statement of Claims

For the year ended 31 December 2012

Business underwritten inside Pakistan

Class of business	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2012 Net claims expense	2011 Net claims expense
		Opening	Closing			Opening	Closing			
	Rupees									
Direct and facultative										
Fire and property damage	107,400,893	71,719,776	50,159,448	85,840,565	85,865,527	59,425,447	40,890,465	67,330,545	18,510,020	13,808,036
Marine, aviation and transport	36,237,402	42,686,690	27,047,466	20,598,178	21,832,622	27,143,705	19,417,479	14,106,396	6,491,782	13,847,279
Motor	276,409,177	98,000,478	92,122,844	270,531,543	10,073,885	10,281,650	2,032,660	1,824,895	268,706,648	235,398,993
Accident and health	151,407,084	62,500,708	55,205,293	144,111,669	82,814,972	39,730,851	39,486,593	82,570,714	61,540,955	53,950,651
Miscellaneous	28,956,599	27,851,474	39,389,036	40,494,161	21,004,313	20,139,673	21,945,229	22,809,869	17,684,292	10,851,857
Grand total	600,411,155	302,759,126	263,924,087	561,576,116	221,591,319	156,721,326	123,772,426	188,642,419	372,933,697	327,856,816

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Syed Suhail Ahmad Rizvi
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Statement of Expenses
For the year ended 31 December 2012

Business underwritten inside Pakistan

Class of Business	Commission Paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurer*	2012 Net underwriting expense	2011 Net underwriting expenses
		Opening	Closing						
	Rupees								
Direct and facultative									
Fire and property damage	25,938,993	11,029,290	12,836,570	24,131,713	10,911,741	35,043,454	40,769,745	(5,726,291)	478,520
Marine, aviation and transport	16,892,506	1,681,581	1,875,612	16,698,475	10,040,815	26,739,290	23,669,786	3,069,504	3,222,731
Motor	23,001,321	11,750,366	11,234,076	23,517,611	137,165,776	160,683,387	664,104	160,019,283	161,933,527
Accident and health	8,998,943	4,155,002	5,422,521	7,731,424	23,383,953	31,115,377	31,318,968	(203,591)	(6,624,033)
Miscellaneous	10,053,532	3,792,596	4,574,719	9,271,409	13,418,632	22,690,041	18,643,219	4,046,822	4,065,904
Grand total	84,885,295	32,408,835	35,943,498	81,350,632	194,920,917	276,271,549	115,065,822	161,205,727	163,076,649

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

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Syed Suhail Ahmad Rizvi
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Statement of Investment Income

For the year ended 31 December 2012

	2012 Rupees	2011 Rupees
Income from trading investments		
Gain on trading	549,890	695,883
Dividend income	1,049,489	988,281
	1,599,379	1,684,164
Income from non-trading investments		
Return on government securities	3,307,313	2,723,081
Return on other fixed income securities	8,056,964	12,601,616
	11,364,277	15,324,697
Available for sale investments		
Dividend income	189,000	353,329
Gain on sale of investments	-	41,299,034
	189,000	41,652,363
Unrealized profit / (loss) on re-measurement of investments held for trading	45,002,581	(6,563,211)
Reversal of impairment in available for sale investments	2,025,229	-
Impairment in loans and receivable	(5,090,027)	-
Investment related expenses	-	(3,792)
Net investment income	55,090,439	52,094,221

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed	Syed Suhail Ahmad Rizvi	Maj Gen Mukhtar Ahmed (Retd)	Lt Gen Tahir Mahmood (Retd)
President & Chief Executive	Director	Director	Chairman

Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital Issued, subscribed and paid up	Reserves: Capital reserve – Share premium	Reserves: Revenue reserves – General reserve	Reserves: Revenue reserves – Retained earnings	Total reserves	Deposit against issue of shares	Total equity
	Rupees						
Balance as at 01 January 2011	203,774,920	4,657,681	70,000,000	37,396,866	74,657,681	3,380	315,832,847
Total comprehensive income for the year							
Profit for the year	-	-	-	65,434,198	-	-	65,434,198
Total comprehensive income for the year	-	-	-	65,434,198	-	-	65,434,198
Changes in owners' equity							
Issuance of right shares	50,943,730	-	-	-	-	(3,380)	50,940,350
Issuance of bonus shares	53,490,910	-	-	(53,490,910)	-	-	-
Total transactions with owners	104,434,640	-	-	(53,490,910)	-	(3,380)	50,940,350
Balance as at 31 December 2011	308,209,560	4,657,681	70,000,000	49,340,154	74,657,681	-	432,207,395
Balance as at 01 January 2012	308,209,560	4,657,681	70,000,000	49,340,154	74,657,681	-	432,207,395
Total comprehensive income for the year							
Profit for the year	-	-	-	74,946,438	-	-	74,946,438
Total comprehensive income for the year	-	-	-	74,946,438	-	-	74,946,438
Changes in owners' equity							
Issuance of bonus shares	15,410,470			(15,410,470)			-
Total transactions with owners	15,410,470	-	-	(15,410,470)	-	-	-
Balance as at 31 December 2012	323,620,030	4,657,681	70,000,000	108,876,122	74,657,681	-	507,153,833

The annexed notes 1 to 31 form an integral part of these financial statements.

Abdul Waheed
President & Chief Executive

Syed Suhail Ahmad Rizvi
Director

Maj Gen Mukhtar Ahmed (Retd)
Director

Lt Gen Tahir Mahmood (Retd)
Chairman

Notes to the Financial Statements

For the year ended December 31, 2012

1 STATUS AND NATURE OF BUSINESS

Askari general insurance company limited (“the Company”) was incorporated under the Companies Ordinance, 1984 as a public limited company on April 12, 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, accident, health and miscellaneous. The Company commenced its commercial operations on October 15, 1995. Shares of the Company are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 18 branches in Pakistan. Army Welfare Trust (AWT) directly and indirectly holds a significant portion of the Company’s equity.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated December 12, 2002.

3 STATEMENT OF COMPLIANCE

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

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

4 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

4.1 Use of Estimates and judgments

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

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

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

4.1.1 Income tax

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

4.1.2 Fixed assets, depreciation and amortisation

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

4.1.3 Outstanding claims including incurred but not reported (IBNR)

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

4.1.4 Premium deficiency reserves

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business. Incase of accident and health business, estimate for premium deficiency reserve is based on actuarial valuation.

4.1.5 Defined benefits plan

Defined benefits plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

4.1.6 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

4.1.7 Provision against premiums due but unpaid

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

4.1.8 Classification of investment

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

In classifying investments with fixed or determinable payments and fixed maturity as “held-to-maturity” the Company evaluates its intention and ability to hold such investments to maturity. Other investments with fixed or determinable payments and fixed maturity are classified as loans and receivables.

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

4.1.9 Allocation of management expenses

Management expenses which are not specifically related to a class of business are allocated on all classes of business based on their respective net premium share in the total net premiums of the Company.

4.1.10 Provisions

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

4.2 Functional and presentation currency

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

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

The following standards, amendments and interpretations of accounting standards are effective for accounting periods beginning on or after January 1, 2013:

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after January 1, 2013). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. Upon implementation the unrecognized actuarial loss of Rs. 6.55 million will be recognised in statement of other comprehensive income.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after July 1, 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the Company.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after January 1, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement. This amendment may result in certain additional disclosures and presentational changes without any impact on the results of operations.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after January 1, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. This amendment may result in certain additional disclosures and presentational changes without any impact on the results of operations.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after January 1, 2013). The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company.

- Annual Improvements 2009–2011 (effective for annual periods beginning on or after January 1, 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations:

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the 'third statement of financial position' is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment' in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories. The amendments have no impact on financial statements of the Company.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment. The amendments have no impact on financial statements of the Company.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

5.1 Insurance contracts

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

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

- Fire and property damage;

- Marine, aviation and transport;

- Motor;

- Health and accident; and

- Miscellaneous.

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

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

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

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

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

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

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

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insure.

Re-insurance contracts

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

5.1.1 Premium and receivable under insurance contracts

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

Premium income included administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

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

5.1.2 Re-insurance ceded

The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted re-insurance business being re-insured. Re-insurance premium is recognised as expense after taking into account the proportion of deferred premium expense is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as pre-payment.

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

Re-insurance liabilities or assets are derecognized when the contractual rights are extinguished or expire.

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

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

5.1.3 Claim expense including provision for outstanding claims including Incurred But Not Reported

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

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimates and the claims actually reported subsequent to the balance sheet date for classes other than accident and health. Pursuant to the requirements SRO 16(1)/2012 dated January 09, 2012 provision in case of accident and health insurance class is determined using actuary recommendations . Previously provision for IBNR in respect of health business was also being determined using management's best estimates based on the claims actually reported subsequent to the balance sheet date. This change has been accounted for as change in estimate and has been recognised prospectively in accordance with the requirements of IAS-8 , "Accounting policies, changes in accounting estimates and errors". This change has resulted in increase in provision for IBNR for health business by Rs. 0.78 million with corresponding decrease in profit for the year before and after tax by Rs. 0.78 million and Rs. 0.51 million respectively.

5.1.4 Reinsurance recoveries against claims

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

5.1.5 Commission

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

5.1.6 Premium deficiency reserve

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

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

-Fire and property damage	50%
-Marine, aviation and transport	35%
-Motor	55%
-Miscellaneous	30%

Pursuant to the requirements SRO 16(1)/2012 dated January 09, 2012 provision is now determined using actuary recommendations in case of accident and health insurance class business. Previously the provision was estimated by the management, based on historical claim development. However there was no impact of this change to the profit before and after tax for the year.

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

5.2 Provision for unearned premium

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

The deferred portion of reinsurance premium is recognised as prepayment. The deferred portion of re-insurance premium ceded is calculated using 1/24th method.

5.3 Dividend income and gain/loss on trading

Dividend income is recognized when the Company's right to receive the dividend is established. Gain/loss on sale of investments is included in the profit and loss account in the year in which these are sold.

5.4 Return on investment- held to maturity and bank deposits

Return on investments- held to maturity and bank deposits is recognized on a time proportion basis using effective rate of interest.

5.5 Rental income

Rental income on investment properties is recognised on accrual basis.

5.6 Receivables

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

5.7 Fixed assets

Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life of the assets by applying reducing balance method, except for tracking devices for which straight line method is applied, at rates specified in note 19 to the financial statements. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

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

Capital work in progress is stated at cost less any impairment in value.

Owned- intangible

Software development costs are only capitalized to the extent that future economic benefits are expected to flow

to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

5.8 Investments

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

- Investments held to maturity

- Investments loans and receivables

- Investments at fair value through profit and loss-Held for trading

- Investments available for sale

- Investment in associates

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

5.8.1 Held to maturity

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

5.8.2 Investments at fair value through profit and loss - Held for trading

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

5.8.3 Investments loans and receivables

These investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account effective interest rate method. Profit on these investments is recognized on a time proportion basis taking into account the effective yield on investments.

5.8.4 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, quoted investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan on December 12, 2002. Had the Company adopted IAS 39 "Financial Instruments: Recognition and Measurement" the investments available for sale as of December 31, 2012 would have been higher by Rs. 1.40 million (2011: higher by Rs. 0.80 million) with the corresponding increase in equity by the same amount. The Company's available for sale investments represent investment in mutual funds. Investment in the units of these funds is valued at their respective redemption/ repurchase price.

5.8.5 Investment in associates

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

5.9 Investment property

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

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

5.10 Taxation

Current

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

Deferred taxation

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

5.11 Employees’ retirement benefits

5.11.1 Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at December 31, 2012.

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

Discount rate	11% per annum
Expected return on plan assets	12.5% per annum
Expected rate of increase in salary	11% per annum
Average expected remaining working life time of the employee	8 years
Mortality rate	EFU (61-66)

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

5.11.2 Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

5.12 Compensated absences

Provisions for compensated absences, determined by actuary, are made annually to cover the obligation for compensated absences and charged to profit and loss account. The latest actuarial valuation was carried out as at December 31, 2012.

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

Discount rate	11% per annum
Expected rate of increase in salary	11% per annum
Average number of leaves accumulated per annum	9 days
Mortality rate	EFU (61-66)

5.13 Management expenses

Expenses of management have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under general and administrative business.

5.14 Earnings per share

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

5.15 Segment reporting

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

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

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

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

Accident and health provides inpatient and outpatient medical coverage.

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

Investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortisation are allocated to a particular segment on the basis of premium written.

5.16 Foreign currency transactions

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

5.17 Cash and cash equivalents

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

5.18 Creditors, accruals and provisions

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

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

5.19 Impairment

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

5.20 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 looses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

5.21 Off setting of financial assets and financial liabilities

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

5.22 Distribution and appropriations

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

6 PAID UP SHARE CAPITAL

2012	2011		2012	2011
Number of shares			Rupees	Rupees
12,708,378	12,708,378	Ordinary shares of Rs. 10 each issued as fully paid in cash	127,083,780	127,083,780
19,653,625	18,112,578	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	196,536,250	181,125,780
32,362,003	30,820,956		323,620,030	308,209,560

6.1 Army Welfare Trust (AWT) and Askari Bank Limited beneficially hold 10,361,579 (2011: 9,868,173) and 8,795,953 (2011: 8,377,100) ordinary shares of the Company respectively at the year end.

	Note	2012 Rupees	2011 Rupees
7 STAFF COMPENSATED ABSENCES	7.1	9,916,198	9,177,635
7.1 Movement in liability			
Balance at beginning of the year		9,177,635	6,950,909
Charge for compensated absences	7.1.1	1,711,016	4,191,710
Benefits paid/adjusted during the year		(972,453)	(1,964,984)
Balance at end of the year		9,916,198	9,177,635
7.1.1 Charge for compensated absences			
Current service cost		2,127,218	2,404,269
Interest cost		1,147,204	903,618
Actuarial (gain) / loss		(1,563,406)	883,823
		1,711,016	4,191,710

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

	2012	2011	2010	2009	2008
	Rupees				
Present value of obligation	9,916,198	9,177,635	6,950,909	12,294,231	11,496,305

8 OTHER CREDITORS AND ACCRUALS

	Note	2012 Rupees	2011 Rupees
Agents' commission payable		37,632,409	38,446,409
Security deposit against bond insurance		57,341,881	52,404,434
Staff provident fund payable		-	703,541
Tax deducted at source		1,200,268	1,419,566
Federal excise duty/Federal insurance fee		51,354,666	14,967,987
Workers' welfare fund		2,753,318	2,753,318
Due to associated company - unsecured	8.1	6,122,036	14,319,160
Payable against tracker devices and monitoring expenses		3,740,203	4,329,877
		160,144,781	129,344,292

8.1 This mainly constitutes payable to Askari Bank Limited against salaries of few of its employees who are on deputation to the Company.

9 CONTINGENCIES AND COMMITMENTS

Contingencies

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

Commitments

No commitments exist as at the balance sheet date (2011: Nil).

10 CASH AND OTHER EQUIVALENTS

	2012 Rupees	2011 Rupees
Cash in hand	340,943	521,648
Stamps in hand	154,216	146,343
	495,159	667,991

11 CURRENT AND OTHER ACCOUNTS

	Note	2012 Rupees	2011 Rupees
Cash at bank on:			
- Current accounts		4,384,625	16,077,749
- Deposit accounts			
- local currency	11.1	464,977,874	108,447,187
- foreign currency	11.2	13,384,213	5,373,360
		478,362,087	113,820,547
	11.3	482,746,712	129,898,296

11.1 These carry effective markup rate ranging from 6% to 10.5% per annum (2011 : 5% to 10.5% per annum).

11.2 This carry effective markup rate of 0.25% per annum (2011: 0.25%).

11.3 These include balance amounting to Rs. 421.92 million (2011: Rs. 72.51 million) held with associated company.

12 ADVANCES TO EMPLOYEES

		2012 Rupees	2011 Rupees
Secured, considered good;			
Employees			
- Executives	12.1	199,822	124,752
- Others		1,536,532	1,065,044
		1,736,354	1,189,796

12.1 These represent short term interest free advances given in accordance with terms of employment. The maximum amount due from executives at the end of any month during the year was Rs. 0.21 million (2011: Rs. 0.21 million).

13 INVESTMENTS

	Note	31 December 2012 Rupees	31 December 2011 Rupees	01 January 2011 Rupees
These are made up as follows:				
Held to maturity	13.1	80,236,615	118,015,862	131,205,040
Loans and receivables - Certificates of investment (COIs)	13.2	4,673,535	7,032,913	5,090,026
Fair value through profit and loss-held for trading	13.3	467,250,860	310,949,441	18,500,929
Available for sale	13.4	9,491,925	7,466,696	287,399,985
Investment in associated company	13.5	43,380,903	59,948,352	15,575,880
		605,033,838	503,413,264	457,771,860

13.1 Held to maturity

	Note	31 December 2012 Rupees	31 December 2011 Rupees	01 January 2011 Rupees
Government securities	13.1.1	34,795,535	34,613,222	25,000,000
Term finance certificates-quoted	13.1.2	45,441,080	83,402,640	106,205,040
		80,236,615	118,015,862	131,205,040

13.1.1 Government securities

Particular	Effective yield %	Maturity date	Profit payment	Face value Rupees	2012 Rupees	2011 Rupees
Pakistan investment bonds (PIBs)					34,795,535	34,613,222
Pakistan Investment Bond-10 years	8.00%	29 April 2014	Half yearly	25,000,000	25,000,000	25,000,000
Pakistan Investment Bond-3 years	13.91%	22 July 2013	Half yearly	5,000,000	4,929,165	4,817,160
Pakistan Investment Bond-3 years	13.11%	18 August 2014	Half yearly	5,000,000	4,866,370	4,796,062
					34,795,535	34,613,222

PIBs are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub- section 2 of section 29 of Insurance Ordinance, 2000. Market value of PIBs carried at amortized cost amounts to Rs. 35.28 million(2011: Rs. 33.02 million).

13.1.2 Term finance certificates

Quoted

Number of certificates 2012	Number of certificates 2011	Face value per certificate Rupees	Redemption value per certificate Rupees	Company's Name	2012 Rupees	2011 Rupees
1,500	1,500	5,000	1,250	Standard Chartered Bank (Pakistan) Limited	1,875,000	5,244,000
-	1	10,000,000	-	Bank Al-Habib Limited	-	6,649,320
-	2,000	5,000	-	United Bank Limited	-	6,650,000
4,000	4,000	5,000	4,999	United Bank Limited	19,994,000	19,994,800
-	2,500	5,000	-	Bank Alfalah Limited	-	8,311,300
1,500	1,500	5,000	3,325	Bank Alfalah Limited	4,986,780	7,482,720
1,400	1,400	5,000	1,247	Faysal Bank Limited	1,745,800	3,493,000
1,500	1,500	5,000	1,247	Soneri Bank Limited	1,870,500	5,611,500
3,000	3,000	5,000	832	Pakistan Mobile Communications Limited	2,496,000	7,488,000
1,500	1,500	5,000	4,990	Faysal Bank Limited	7,485,000	7,488,000
1,000	1,000	5,000	4,988	Allied Bank Limited	4,988,000	4,990,000
				Book value	45,441,080	83,402,640
				Market value	45,610,351	81,506,637

The market values is determined as per rates quoted by Mutual Funds Association of Pakistan on 31 December 2012.

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

Company's name	Rating	Maturity year	Effective yield %	Profit payment	Market value Rupees
Standard Chartered Bank (Pakistan) Limited	AAA	2013	Six months KIBOR + 2%	Half yearly	1,878,941
United Bank Limited	AA	2013	Fixed @ 9.49%	Half yearly	19,920,702
Bank Alfalah Limited	AA-	2013	Six months KIBOR + 1.5%	Half yearly	5,014,796
Faysal Bank Limited	AA-	2013	Six months KIBOR + 1.9%	Half yearly	1,748,604
Soneri Bank Limited	A+	2013	Six months KIBOR + 1.6%	Half yearly	1,862,088
Pakistan Mobile Communications Limited	AA-	2013	Six months KIBOR (ask side)+ 2.85%	Half yearly	2,506,391
Faysal Bank Limited	AA-	2013	Six months KIBOR (ask side)+ 1.4%	Half yearly	7,601,025
Allied Bank Limited	AA	2014	Six months KIBOR (ask side)+ 1.9%	Half yearly	5,077,804
Total					45,610,351

	Note	31 December 2012	31 December 2011	01 January 2011
13.2 Loans and receivables - Certificates of investment		Rupees		
Loans and receivables - Certificates of investment (COIs)		20,891,977	18,161,328	16,218,441
Provision for impairment	13.2.2	(16,218,442)	(11,128,415)	(11,128,415)
		4,673,535	7,032,913	5,090,026

13.2.1 These have been reclassified from investments held to maturity and presented as loans and receivable for appropriate presentation.

13.2.2 This carries interest rate ranging from 9% to 12% (2011: 5% to 13%) per annum having maturity for a period of one month to one year (2011: 3 months to 11 months). The Company has created a provision against certain COIs. The movement in provision is given as under:

	2012 Rupees	2011 Rupees
Opening balance	11,128,415	11,128,415
Charge during the year	5,090,027	-
Closing balance	16,218,442	11,128,415

13.3 Fair value through profit and loss - held for trading

Investment in shares / units - quoted

Number of shares / units 2012	Number of shares / units 2011	Face value per share/unit Rupees	Name of entity	Carrying / market value Rupees 2012	Carrying / market value Rupees 2011
			Open-Ended Mutual Funds		
1,173,609	8,255,917	10	ABL Government Securities Fund	11,802,286	82,773,000
1,998,421	-	10	ABL Income Fund	20,014,588	-
4,498,245	-	10	ABL Cash Fund	45,040,484	-
29,053	-	500	Atlas Income Fund	15,036,264	-
41,356	-	500	Atlas Money Market Fund	20,886,890	-
-	36,738	500	Atlas Islamic Income Fund	-	18,910,162
246,258	-	100	Faysal Money Market Fund	25,344,961	-
30,019	27,083	100	Faysal Savings Growth Fund	3,098,010	2,805,010
10,997	-	100	First Habib Cash Fund	1,101,482	-
523,697	-	100	HBL Money Market Fund	53,002,910	-
259,266	189,017	100	IGI Income Fund	26,143,708	19,015,879
102,280	-	100	IGI Money Market Fund	10,300,331	-
242,343	-	100	KASB Cash Fund	24,854,776	-
440,501	577,193	100	MCB Cash Management Optimizer Fund	44,169,312	59,384,841
99,540	-	100	MCB Dynamic Cash Fund	10,109,047	-
2,501,914	-	10	NAFA Money Market Fund	25,103,707	-
3,738,068	-	10	NIT Income Fund	40,611,119	-
102,341	-	50	Pakistan Cash Management Fund	5,131,031	-
26,640	24,246	10	Pakistan Premier Fund	316,486	223,099
152,529	-	100	PICIC Cash Fund	15,317,912	-
87,940	78,992	100	PICIC Income Fund	8,880,199	7,967,949
348,716	1,067,805	100	UBL Government Securities Fund	35,135,218	107,168,770
51,590	-	100	UBL Liquidity Plus Fund	5,173,359	-
			Equity Investment Instruments		
36,775	36,775		PICIC Growth Fund	603,110	458,217
			Automobile and Parts		
14,000	14,000	10	Pak Suzuki Motors Company Limited	1,226,960	826,420
			Banks		
69,862	62,100	10	Faysal Bank Limited	744,030	504,873
10,000	10,000	10	J S Bank Limited	58,700	16,500
11,132	10,120	10	MCB Bank Limited	2,335,048	1,362,152
44,412	40,375	10	National Bank of Pakistan	2,193,509	1,657,394
28,241	28,241	10	NIB Bank Limited	74,274	48,857
28,945	26,077	10	Soneri Bank Limited	205,220	101,700
40,250	40,250	10	The Bank of Punjab	430,675	217,753
			Chemicals		
24,834	22,577	10	Arif Habib Corporation Limited	598,996	584,970

Number of shares / units 2012	Number of shares / units 2011	Face value per share/unit Rupees	Name of entity	Carrying / market value Rupees 2012	Carrying / market value Rupees 2011
			Construction and Materials		
19,688	17,120	10	Attock Cement Pakistan Limited	1,965,059	873,120
30,400	30,400	10	D. G. Khan Cement Company Limited	1,659,232	578,512
40,000	40,000	10	Fauji Cement Company Limited	261,600	132,000
3,000	3,000	10	Flying Cement Company Limited	11,370	2,640
65,000	65,000	10	Lafarge Pakistan Cement Limited	329,550	122,200
59,000	59,000	10	Maple leaf Cement Factory Limited	859,630	109,150
			Financial Services		
19,032	19,032	10	Jahangir Siddiqui & Co Limited	307,176	76,699
3,219	3,219	10	JS Global Capital Limited	122,290	50,313
17,000	17,000	10	JS Investment Limited	138,040	44,710
			Fixed Line Telecommunication		
48,322	48,322	10	Pakistan Telecommunication Company Limited	838,387	502,066
16,718	16,718	10	World Call Telecom Limited	42,297	16,718
			Food Producers		
-	2,200	10	JDW Sugar Mills Limited	-	161,150
			Fuel and Energy		
58,000	58,000	10	BYCO Petroleum Pakistan Limited	838,100	381,060
3,750	3,750	10	Mari Petroleum Company Limited	368,813	303,750
562	450	10	Pakistan Petroleum Limited	99,356	75,744
			General Industries		
1,360	1,360	10	Packages Limited	205,577	112,499
			Household Goods		
7,400	7,400	10	Tariq Glass Industries Limited	156,066	60,680
			Industrial Engineering		
4,437	4,437	10	KSB Pumps Company Limited	288,405	107,863
			Industrial Metals and Mining		
2,257	-	10	Aysha Steel Mill Preference Shares	22,660	
10,000	10,000	10	International Industries Limited	329,100	380,100
					-
			Non Life Insurance		
24,550	24,550	10	Century Insurance Company Limited	322,832	174,551
-	20,000	10	EFU General Insurance Company Limited	-	763,000
44,800	44,800	10	Pak Reinsurance Company Limited	1,095,360	694,400
			Personal Goods		
21,150	21,150	10	Azgard Nine Limited	171,104	60,278
22,998	22,998	10	Chenab Limited	89,002	23,228
43,517	43,517	10	Mukhtar Textile Mills Limited	-	16,536
1,000	1,000	10	Service Industries Limited	167,000	194,990
2,000	2,000	10	Treet Corporation Limited	131,260	77,900
			Software and Computer Services		
44,320	44,320	10	Netsol Technologies Limited	846,512	382,038
			Tobacco		
8,000	8,000	10	Pakistan Tobacco Company Limited	540,480	444,000
				467,250,860	310,949,441

13.4 Available for sale

Investments in units-quoted

2012	2011	Face value per unit	Investee name	2012	2011
Number of units		Rupees		Rupees	Rupees
			Open-End Mutual Funds		
21,608	20,215	100	Dawood Income Fund (Formerly Dowood Money Market Fund)	1,491,925	1,491,925
83,371	83,371	100	JS Large Capital Fund	5,000,000	5,000,000
			Closed-End Mutual Funds		
210,000	210,000	10	Atlas Fund of Funds	2,000,000	2,000,000
116,150	116,150	10	First Dawood Mutual Fund	1,000,000	1,000,000
				9,491,925	9,491,925
			Provision for impairment in available for sale investments	-	(2,025,229)
			Carrying value	9,491,925	7,466,696
			Market value	10,893,596	8,269,251

13.5 Investment in associated company

2012	2011	Face value per unit	Investee name	2012	2011
Number of units		Rupees		Rupees	Rupees
382,291	544,270	100	Askari Sovereign Cash Fund	38,431,566	54,696,890
52,391	51,886	100	Askari High Yield Scheme (Formerly: Askari Income Fund)	4,949,337	5,251,462
			Carrying value	43,380,903	59,948,352
			Market value	43,380,903	59,948,352

13.5.1 The summarized financial information of associated companies on the basis of un-audited financial information for the half year ended 31 December 2012 are as follows:

	Askari Sovereign Cash Fund		Askari High Yield Scheme (Formerly: Askari Income Fund)	
	2012	2011	2012	2011
	Rupees	Rupees	Rupees	Rupees
Total assets	4,987,688,218	8,019,604,425	1,492,469,699	1,913,249,757
Total liabilities	256,369,363	646,697,683	14,329,414	8,261,807
Net assets	4,731,318,855	7,372,906,742	1,478,140,285	1,904,987,950
Total income / (loss) for the period	379,164,215	466,685,594	(7,861,914)	7,804,095
Net income / (loss) for the period	289,495,816	419,829,126	(55,391,315)	55,146,655

14 INVESTMENT PROPERTY

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

	2012 Rupees	2011 Rupees
Cost	52,400,000	52,400,000
Depreciation		
Balance at beginning of the year	1,419,167	109,167
Charge for the year	1,310,000	1,310,000
Balance at end of the year	2,729,167	1,419,167
Carrying value	49,670,833	50,980,833

14.1 The market value of the investment property is Rs. 72.05 million (2011: Rs. 70.74 million) as on 31 December 2012 as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years. The amount of depreciation has been allocated to general and administration expenses.

	Note	2012 Rupees	2011 Rupees
15 DEFERRED TAXATION			
Deferred tax asset arising in respect of:			
Provision for impairment in investments		2,658,512	877,003
Provision for doubtful premium		-	2,405,475
		2,658,512	3,282,478
16 PREMIUMS DUE BUT UNPAID-UNSECURED			
Considered good	16.1	248,257,414	275,456,804
Considered doubtful		-	6,872,786
		248,257,414	282,329,590
Provision for doubtful balances	16.2	-	(6,872,786)
		248,257,414	275,456,804

16.1 This includes premium amounting to Rs. 32.90 million (2011: Rs. 27.42 million) receivable from the associated undertakings, the movement of which is as under:

	2012 Rupees	2011 Rupees
Balance at beginning of the year	27,421,026	10,085,287
Insurance premium written (including government levies administrative surcharge and policies stamps)	101,034,553	104,206,926
Premium received during the year	(95,557,304)	(86,871,187)
Balance at end of the year	32,898,275	27,421,026
16.2 Provision for doubtful balances		
Balance at beginning of the year	6,872,786	-
Provision made during the year	28,140,611	6,872,786
Provision adjusted against debts written off	(35,013,397)	-
Balance at end of the year	-	6,872,786

		Note	2012 Rupees	2011 Rupees
17	PREPAYMENTS			
	Prepaid reinsurance premium ceded		443,022,773	181,277,856
	Others		7,762,093	14,955,706
			450,784,866	196,233,562
18	SUNDRY RECEIVABLES			
	Security deposits		4,711,621	4,711,621
	Staff gratuity fund receivable- secured	18.1	3,339,594	1,543,072
	Advances to suppliers-unsecured, considered good		104,400	40,000
	Receivable from staff provident fund - secured		2,013,202	-
	Receivable against sale of vehicles		2,723,324	11,231,033
	Other receivables-unsecured, considered good		10,608,876	12,502,442
			23,501,017	30,028,168
18.1	Staff gratuity fund			
18.1.1	The amount recognized in the balance sheet is determined as follows:			
	Present value of defined benefit obligations	18.1.3	32,793,178	27,075,444
	Benefits due but not paid during the year		3,382,457	1,889,215
	Fair value of plan assets	18.1.4	(32,966,464)	(23,961,870)
	Net actuarial losses not recognized		(6,548,765)	(6,545,861)
	Receivable from staff gratuity fund		(3,339,594)	(1,543,072)
18.1.2	Movement in liability recognized in balance sheet			
	Balance at beginning of the year		(1,543,072)	30,005
	Expense for the year	18.1.6	5,034,523	5,170,845
	Contributions to the fund		(6,831,045)	(6,743,922)
	Balance at end of the year		(3,339,594)	(1,543,072)
18.1.3	Reconciliation of the present value of defined benefit obligations			
	Present value of obligations as at beginning of the year		27,075,444	23,431,253
	Current service cost		4,096,995	3,914,371
	Interest cost		3,384,431	3,046,063
	Benefits paid		(1,831,045)	(1,519,309)
	Benefits due but not paid		(1,493,242)	(429,579)
	Actuarial loss / (gain)		1,560,595	(1,367,355)
	Present value of obligations as at end of the year		32,793,178	27,075,444
18.1.4	Movement in the fair value of plan assets			
	Fair value of plan assets as at beginning of the year		23,961,870	18,465,704
	Expected return on plan assets		2,995,234	2,400,542
	Contribution to the fund		6,831,045	6,743,922
	Benefits paid		(1,831,045)	(1,743,922)
	Actuarial gain / (loss)		1,009,360	(1,904,376)
	Fair value of plan assets as at end of the year		32,966,464	23,961,870

	2012 Rupees	2011 Rupees
18.1.5 Actual return on plan assets		
Expected return on assets	2,995,234	2,400,542
Actuarial gain/ (loss)	1,009,360	(1,904,376)
	4,004,594	496,166
18.1.6 Charge for the year		
Current service cost	4,096,995	3,914,371
Interest cost	3,384,431	3,046,063
Expected return on plan assets	(2,995,234)	(2,400,542)
Actuarial losses recognized	548,331	610,953
Expense for the year	5,034,523	5,170,845

18.1.7 Composition of fair value of plan assets

	2012		2011	
	Fair value Rupees	Percentage %	Fair value Rupees	Percentage %
Debt instruments	8,879,390	26.9%	7,922,829	33.1%
Cash and bank balances	6,747	0.0%	92,583	0.4%
Others	24,080,327	73.0%	15,946,458	66.5%
Fair value of plan net assets	32,966,464		23,961,870	

18.1.8 Historical data of the fund

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	32,793,178	27,075,444	23,431,253	20,452,975	19,770,196
Fair value of plan assets	(32,966,464)	(23,961,870)	(18,465,704)	(12,057,734)	(11,335,550)
(Surplus) / deficit	(173,286)	3,113,574	4,965,549	8,395,241	8,434,646
Experience adjustments					
- Actuarial loss / (gain) on obligation	1,560,595	(1,367,355)	570,356	(443,015)	607,483
- Actuarial gain / (loss) on assets	1,009,360	(1,904,376)	872,074	(705,206)	(4,331,231)

18.1.9 The estimated contribution to the fund for the year ending 31 December 2013 is Rs. 5 million.

Notes to the Financial Statements

For the year ended 31 December 2012

19 FIXED ASSETS

	Tangible					Intangible		
	Owned assets							
Rupees	Furniture and fixtures	Computers and office equipment	Motor vehicles	Tracking devices	Leasehold improvements	Software licenses	Capital work in progress	Total
Cost								
Balance as at 01 January 2011	17,160,421	43,364,307	17,736,200	-	16,076,941	3,888,334	6,281,797	104,508,000
Additions during the year	380,502	1,939,065	1,662,281	3,103,327	3,156,209	705,644	5,534,160	16,481,188
Disposals	-	(1,833,610)	(8,182,706)	-	-	-	-	(10,016,316)
Transfers/adjustments	25,000	967,701	230,120	-	229,338	5,527,595	(6,979,754)	-
Balance as at 31 December 2011	17,565,923	44,437,463	11,445,895	3,103,327	19,462,488	10,121,573	4,836,203	110,972,872
Balance as at 01 January 2012	17,565,923	44,437,463	11,445,895	3,103,327	19,462,488	10,121,573	4,836,203	110,972,872
Additions during the year	35,700	1,291,400	489,020	-	371,978	-	49,008,254	51,196,352
Disposals	(45,900)	(1,160,000)	(781,000)	-	-	-	-	(1,986,900)
Transfers / adjustments	25,000	155,000	-	41,365,434	12,000	-	(41,557,434)	-
Balance as at 31 December 2012	17,580,723	44,723,863	11,153,915	44,468,761	19,846,466	10,121,573	12,287,023	160,182,324
DEPRECIATION AND AMORTIZATION								
Balance as at 01 January 2011	8,872,144	28,041,250	9,934,944	-	9,169,386	842,473	-	56,860,197
Charge for the year	840,369	5,751,421	1,336,005	570,262	3,174,559	1,035,354	-	12,707,970
Depreciation on disposals	-	(1,756,681)	(4,828,156)	-	-	-	-	(6,584,837)
Balance as at 31 December 2011	9,712,513	32,035,990	6,442,793	570,262	12,343,945	1,877,827	-	62,983,330
Balance as at 01 January 2012	9,712,513	32,035,990	6,442,793	570,262	12,343,945	1,877,827	-	62,983,330
Charge for the year	786,504	4,560,212	1,018,012	11,132,831	2,456,563	2,139,307	-	22,093,429
Depreciation on disposals	(20,378)	(925,058)	(647,734)		-	-	-	(1,593,170)
Balance as at 31 December 2012	10,478,639	35,671,144	6,813,071	11,703,093	14,800,508	4,017,134	-	83,483,589
Carrying value as at 31 December 2011	7,853,410	12,401,473	5,003,102	2,533,065	7,118,543	8,243,746	4,836,203	47,989,542
Carrying value as at 31 December 2012	7,102,084	9,052,719	4,340,844	32,765,668	5,045,958	6,104,439	12,287,023	76,698,735
Annual rate of depreciation %	10	35	20	33	33	20		

19.1 Depreciation and amortization is allocated as follows:

	Note	2012 Rupees	2011
Management expenses	21	14,720,360	5,209,836
General and administration expenses	23	7,373,069	7,498,134
		22,093,429	12,707,970

19.2 Detail of disposals of fixed assets during the year

Description of assets/ particulars of buyer	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss) on sale
			Rupees		
Sold to third party via open bidding:					
Vehicles					
Mr. Mansoor Hassan	781,000	647,734	133,266	455,560	322,294
Office equipment					
Mr. Junaid	1,160,000	925,058	234,942	800,000	565,058
Sold to various parties through negotiations:					
Aggregate of other items of fixed assets with individual book values not exceeding Rs. 50,000	45,900	20,378	25,522	11,000	(14,522)
2012	1,986,900	1,593,170	393,730	1,266,560	872,830
2011	10,016,316	6,584,837	3,431,479	6,477,115	3,045,636

20 NET PREMIUM REVENUE

	Note	2012 Rupees	2011 Rupees
Premium revenue (net of reinsurance)		663,660,049	607,837,453
Administrative surcharge	20.1	36,287,428	25,445,974
		699,947,477	633,283,427

20.1 Net premium revenue includes administrative surcharge as under:

	2012	2011
Fire and property damage	3,912,205	3,957,137
Marine, aviation and transport	4,618,972	3,284,309
Motor	22,083,464	14,374,801
Accident and health	2,961,507	1,875,963
Miscellaneous	2,711,280	1,953,764
	36,287,428	25,445,974

21 MANAGEMENT EXPENSES

	Note	2012	2011
Salaries and other benefits	21.1	123,685,344	117,949,929
Rent expense		19,782,664	16,834,922
Communication		8,712,258	9,006,518
Tracker devices		6,941,135	11,356,991
Monitoring of trackers		4,350,932	5,898,273
Printing and stationery		1,317,513	1,216,018
Traveling and entertainment		3,161,754	2,196,034
Depreciation and amortization	19.1	14,720,360	5,209,836
Repair and maintenance		2,276,186	3,565,458
Utilities		6,445,474	5,869,295
Advertisement		122,776	211,298
Inspection expenses		950,645	992,266
Bank charges		295,340	320,255
Miscellaneous		2,158,536	1,771,069
		194,920,917	182,398,162

21.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 2.87 million (2011: Rs. 3.10 million), Rs. 0.98 million (2011: Rs. 2.52 million) and Rs. 2.78 million (2011: Rs. 2.46 million) respectively.

22 OTHER INCOME

	Note	2012 Rupees	2011 Rupees
Income from non-financial assets			
Gain on disposal of fixed assets	19.2	872,830	3,045,636
Old liabilities written back		5,915,339	-
Miscellaneous		2,409,775	2,222,873
		9,197,944	5,268,509

23 GENERAL AND ADMINISTRATION EXPENSES

	Note	2012 Rupees	2011 Rupees
Salaries and other benefits	23.1	82,218,276	76,900,805
Rent expenses		8,524,522	8,832,845
Communication		4,219,965	4,154,148
Printing and stationery		4,477,781	3,124,045
Traveling and entertainment		2,673,651	2,639,423
Depreciation and amortization	14.1 & 19.1	8,683,069	8,808,134
Repair and maintenance		2,812,810	3,430,195
Legal and professional		3,084,048	1,966,073
Subscription	23.2	4,262,791	4,055,707
Workers' Welfare Fund		-	1,610,640
Utilities		2,770,463	2,626,513
Advertisement		2,286,187	2,603,019
Auditor's remuneration	23.3	550,000	550,000
Bank charges		281,260	687,781
Provision for doubtful balances	16.2	28,140,611	6,872,786
Miscellaneous expenses		1,520,504	1,189,257
		156,505,938	130,051,371

23.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 2.16 million (2011: Rs. 2.07 million), Rs. 0.73 million (2011: Rs. 1.68 million) and Rs. 2.05 million (2011: Rs. 1.99 million) respectively.

23.2 This includes amount of Rs. 0.2 million (2011: Rs. 0.05 million) in respect of penalty imposed by Securities and Exchange Commission of Pakistan.

23.3 Auditor's remuneration

	Note	2012 Rupees	2011 Rupees
Audit fee		325,000	325,000
Half yearly review		125,000	125,000
Other certifications		50,000	50,000
Out of pocket expenses		50,000	50,000
		550,000	550,000

24 PROVISION FOR TAXATION

	Note	2012	2011
Current		11,837,838	15,892,631
Deferred		623,966	(2,405,475)
	24.1	12,461,804	13,487,156

24.1 Relationship between tax expense and accounting profit

	2012	2011
Profit for the year before taxation	87,408,242	78,921,354
Tax at the applicable rate of 35% (2011: 35%)	30,592,885	27,622,474
Tax effect of items that are not considered in determining taxable income-net	(17,429,833)	2,297,123
Tax effect of amounts chargeable to tax at reduced rate	(701,248)	(16,432,440)
	12,461,804	13,487,156

25 EARNING PER SHARE-BASIC AND DILUTED

		2012	2011
Profit after taxation	Rupees	74,946,438	65,434,198
Weighted average number of ordinary shares	Numbers	32,362,003	31,611,882
Earnings per share	Rupees	2.32	2.07

25.1 The comparative figures of weighted average number of ordinary shares and earnings per share have been restated as a result of bonus shares issued by the Company during the current year.

25.2 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.

26 TRANSACTIONS WITH RELATED PARTIES

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

The amounts due to and due from associated undertakings are disclosed in notes 8, 12, 16 and 18 to these financial statements.

Army Welfare Trust holds directly and indirectly significant portion of the Company's equity, therefore all subsidiaries and associated undertakings of AWT are related parties of the Company. Remuneration to chief executive, directors and executives under the terms of their employment are disclosed in note 27 to the financial statements.

Transactions with related parties during the year are given below:

	2012 Rupees	2011 Rupees
Insurance premium written (including government levies administrative surcharge and policies stamps)	101,034,553	104,206,926
Premium received during the year	95,557,304	86,871,187
Profit on deposit accounts	4,030,753	3,246,097
Bank charges	513,762	958,913
Insurance commission expense	-	2,066,544
Insurance claims paid	17,705,309	26,293,726
Purchase of listed securities through broker, ASL including brokerage fee	-	15,409,798
Sale of listed securities through broker, ASL including brokerage fee	1,445,374	15,119,574
Rent paid	8,458,084	7,345,334
Issuance of bonus shares-numbers	911,749	3,165,178
Issuance of right shares-numbers	-	4,242,887
Contribution to staff retirement benefit funds	11,658,285	11,193,468

27 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	2012			2011		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
		Rupees			Rupees	
Remuneration and bonus	10,114,959	-	8,795,541	8,306,986	-	6,990,168
Housing and utilities	2,809,980	-	4,301,718	2,188,505	-	3,235,008
Leave fare assistance	651,465	-	-	542,810	-	-
Provident fund	420,135	-	694,430	331,458	-	490,154
Meeting fee	-	365,000	-	-	255,000	-
	13,996,539	365,000	13,791,689	11,369,759	255,000	10,715,330
No of person(s)	1	8	12	1	8	9

27.2 The Chief Executive and Executives are also provided with the Company's maintained car. They are also entitled to gratuity and leave encashment for which the provision is determined by the actuary.

28 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

28.1 Financial risk

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

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

28.1.1 Credit risk and concentration of credit risk

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

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

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

	2012	2011
	Rupees	
Bank deposits	482,746,712	129,898,296
Investments	605,033,838	503,413,264
Advances to employees	1,736,354	1,189,796
Premium due but unpaid	248,257,414	275,456,804
Amounts due from other insurers/reinsurers	107,113,958	92,175,130
Accrued investment income	2,412,800	3,191,959
Reinsurance recoveries against outstanding claims	123,772,426	156,721,326
Sundry receivables	23,501,017	30,028,168
	1,594,574,519	1,192,074,743

The Company does not hold any collateral against the above.

The impairment provision is written off when the Company expects that it cannot recover the balance due. 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.

The age analysis of gross receivables is as follows:

Rupees	Premium due but unpaid	Reinsurance recoveries against outstanding claims	Amounts due from other insurers / reinsurers	Sundry receivables	2012 Aggregate	2011 Aggregate
Up to 1 year	185,770,282	81,505,654	58,954,160	23,501,017	349,731,113	311,246,117
1-2 years	62,487,132	8,214,856	9,331,019	-	80,033,007	59,538,297
2-3 years	-	18,287,921	27,479,083	-	45,767,004	29,138,792
Over 3 years	-	15,863,995	11,349,696	-	27,213,691	4,609,682
	248,257,414	123,872,426	107,113,958	23,501,017	502,744,815	404,532,888

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

	Rating		Rating agency	2012	2011
	Short term	Long term		Rupees	Rupees
Askari Bank Ltd	A1+	AA	PACRA	421,918,075	72,509,562
Standard Chartered Bank (Pakistan)Limited	A1+	AAA	PACRA	182,512	644,502
Summit Bank Limited	A-2	A-	JCR-VIS	58,520,109	33,514,634
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,173,750	211,836
Faysal Bank Limited	A1+	AA	PACRA	812,771	22,858,356
JS Bank Limited	A1	A+	PACRA	20,547	19,524
Soneri Bank Limited	A1+	AA-	PACRA	59,859	57,128
Silk Bank	A-3	A-	JCR- VIS	59,088	82,754
				482,746,711	129,898,296

b) Sector wise analysis of gross premiums due but unpaid is as follows:

	2012 Rupees	2011 Rupees
Financial services	20,043,902	18,189,113
Textile and composites	18,645,064	17,148,750
Pharmaceuticals	5,196,679	9,169,436
Engineering	3,176,793	2,346,582
Other manufacturing	36,119,572	52,893,968
Construction companies	293,197	951,987
Education	6,790,273	14,609,553
Development	20,834,584	15,151,784
Telecommunication	9,254,725	5,287,476
Logistics	8,990,779	32,105,164
Consumer goods	-	10,359,397
Other services	37,507,325	20,570,875
Miscellaneous	81,404,521	83,545,505
	248,257,414	282,329,590

During the year the Company provided for an amount of Rs. 28.14 million (2011: Rs. 6.87 million) against premium due but unpaid. The movement of which is disclosed in note 16.2 to the financial statements. 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.

c) The credit quality of amount due from other insurers/reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

	2012			2011
Rating	Amount due from other insurers/ reinsurers	Reinsurance recoveries against outstanding claims	Aggregate	Aggregate
Rupees				
A or above (including PRCL)	64,766,361	123,772,426	188,538,787	237,715,191
Others	42,347,597	-	42,347,597	11,181,265
	107,113,958	123,772,426	230,886,384	248,896,456

d) The Company has diversified portfolio of investment to mitigate the risk. The major credit risk exposure in held to maturity investment can be assessed from the credit quality of Company's exposure in TFC as disclosed in note 13.1.3 to the financial statements.

28.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as it arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. As at the balance sheet date the Company has cash and bank deposits of Rs. 483.25 million (2011: Rs. 130.60 million) and marketable securities of Rs. 476.72 million (2011: Rs. 318.42 million).

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

	2012			
Financial liabilities	Carrying amount	Contractual cash flows	Up to one year	More than one year
Rupees				
Provision for outstanding claims (including IBNR)	263,924,087	263,924,087	263,924,087	-
Amounts due to other insurers/reinsurers	365,058,356	365,058,356	365,058,356	-
Accrued expenses	2,008,769	2,008,769	2,008,769	-
Other creditors and accruals	160,144,781	160,144,781	160,144,781	-
Unclaimed dividend	830,102	830,102	830,102	-
Other liabilities	8,129,200	8,129,200	8,129,200	-
	800,095,295	800,095,295	800,095,295	-

	2011			
Financial liabilities	Carrying amount	Contractual cash flows	Up to one year	More than one year
Rupees				
Provision for outstanding claims (including IBNR)	302,759,126	302,759,126	302,759,126	-
Amounts due to other insurers/reinsurers	134,462,020	134,462,020	134,462,020	-
Accrued expenses	2,567,171	2,567,171	2,567,171	-
Other creditors and accruals	129,344,292	129,344,292	129,344,292	-
Unclaimed dividend	830,102	830,102	830,102	-
Other liabilities	11,740,231	11,740,231	11,740,231	-
	581,702,942	581,702,942	581,702,942	-

28.1.3 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest/mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest/mark up rate risk and price risk.

a) Interest/mark up rate risk

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

At the balance sheet date exposure to interest bearing financial assets is as follows:

	2012	2011	2012	2011
	Effective interest rate (%)		Carrying amounts Rupees	
Deposit accounts	0.25% to 10.50%	0.25% to 10.50%	478,362,087	113,820,547
Investments-held to maturity	8% to 13.91%	8% to 13.91%	80,236,615	118,015,862
Loans and receivables	10% to 13%	5% to 13%	4,673,535	7,032,913
			557,255,860	238,869,322

The Company's financial liabilities are not exposed to interest/mark up rate risk as at 31 December 2012.

Sensitivity analysis

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

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

	Changes in basis points	Profit before tax for the year Rupees
31 December 2012		
Variable rate financial assets	+ 100	1,961,706
	- 100	(1,961,706)
31 December 2011		
Variable rate financial assets	+ 100	597,205
	- 100	(597,205)

b) Foreign currency risk

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

c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to price risk since it has investments in quoted securities amounting to Rs. 467.25 million (2011: Rs. 310.95 million) at the balance sheet date. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

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

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

Sensitivity analysis

The table below summarizes the Company's price risk as of 31 December 2012 and 2011 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results may be worst in the Company's quoted investment portfolio because of the nature of equity markets.

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

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase/ (decrease) in profit before tax
	Rupees		Rupees	
31 December 2012	467,250,860	10 % increase	513,975,946	46,725,086
		10 % decrease	420,525,774	(46,725,086)
31 December 2011	310,949,440	10 % increase	342,044,384	31,094,944
		10 % decrease	279,854,496	(31,094,944)

28.1.4 Fair value of financial instruments

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

The basis for determining the fair values is as follows:

Fair value hierarchy

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

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

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

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

As at the balance sheet date, the Company's investments in held for trading of Rs. 467.25 million (2011: Rs. 310.95 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1.

Determination of fair values

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

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

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

Available for sale investment

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

Held to maturity / loans and receivable investment

Fair value for investment except for Term Finance Certificates (TFC) is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. Fair values for TFC is estimated as per rates quoted by Mutual Funds Association of Pakistan for 31 December 2012. The fair values are determined for disclosure purposes.

Non-derivatives financial assets and liabilities

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

28.1.5 Capital management

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

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

28.2 Insurance risk

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

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

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

(a) Frequency and severity of claims

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

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

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

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

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

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

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

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

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

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

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

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

(c) Sensitivity analysis

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

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

	Pre tax profit		Shareholders' equity	
	2012 Rupees	2011 Rupees	2012 Rupees	2011 Rupees
10% increase in loss				
Net				
Fire and property damage	(926,898)	(1,229,433)	(602,484)	(799,131)
Marine, aviation and transport	(762,999)	(1,554,299)	(495,949)	(1,010,294)
Motor	(9,009,018)	(8,771,883)	(5,855,862)	(5,701,724)
Health	(1,571,870)	(2,276,986)	(1,021,716)	(1,480,041)
Miscellaneous	(1,744,381)	(771,180)	(1,133,847)	(501,267)
	(14,015,166)	(14,603,781)	(9,109,858)	(9,492,457)
10% decrease in loss				
Net				
Fire and property damage	926,898	1,229,433	602,484	799,131
Marine, aviation and transport	762,999	1,554,299	495,949	1,010,294
Motor	9,009,018	8,771,883	5,855,862	5,701,724
Health	1,571,870	2,276,986	1,021,716	1,480,041
Miscellaneous	1,744,381	771,180	1,133,847	501,267
	14,015,166	14,603,781	9,109,858	9,492,457

Concentration of insurance risk

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

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

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

	Gross sum insured		Reinsurance		Net	
Rupees in '000	2012	2011	2012	2011	2012	2011
Fire and property damage	125,291,142	122,939,765	96,855,932	98,487,046	28,435,210	24,452,719
Marine, aviation and transport	107,097,208	170,893,843	76,081,857	22,838,494	31,015,351	48,055,349
Motor	22,681,737	20,034,176	396,930	476,813	22,284,807	19,557,363
Miscellaneous	39,949,642	24,079,485	32,570,665	15,226,284	7,378,977	8,853,201
	295,019,729	337,947,269	205,905,384	237,028,637	89,114,345	100,918,632

Claims development tables

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

Analysis on gross basis

Accident Year	2008	2009	2010	2011	2012	Total
Rupees in '000						
Estimate of ultimate claim cost						
At the end of accident year	123,448,238	72,270,018	59,097,670	74,828,740	77,873,945	407,518,611
One year later	115,949,641	76,355,592	49,985,336	82,598,556	-	324,889,125
Two years later	116,567,575	73,494,350	49,325,021	-	-	239,386,946
Three years later	115,874,808	73,716,726	-	-	-	189,591,534
Four years later	116,509,551	-	-	-	-	116,509,551
Estimate of cumulative claim	116,509,551	73,716,726	49,325,021	82,598,556	77,873,945	400,023,799
Cumulative payments to date	100,808,535	73,675,854	48,810,431	80,820,174	45,749,357	349,864,351
Cumulative payments up to 2011	100,672,907	72,542,340	47,638,940	21,609,271		242,463,458
Payments in 2012	135,628	1,133,514	1,171,491	59,210,903	45,749,357	107,400,893
Liability recognised on the reporting date	15,701,016	40,872	514,590	1,778,382	32,124,588	50,159,448

29 SEGMENT REPORTING

(Amounts in Rupees)

The following table presents revenue and profit information regarding segments for the years ended 31 December 2012 and 2011 and estimated information regarding certain assets and liabilities of the segments as at 31 December 2012 and 2011.

	Fire and property damage		Marine, aviation and transport		Motor		Accident and Health		Miscellaneous		TOTAL	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
REVENUE												
Net premium revenue	39,183,303	37,319,737	36,055,870	32,728,052	492,552,778	444,746,317	83,970,151	79,846,702	48,185,375	38,642,619	699,947,477	633,283,427
Segment result	26,399,574	23,033,181	26,494,584	15,658,042	63,826,847	47,413,797	22,632,787	32,520,084	26,454,261	23,724,858	165,808,053	142,349,962
Investment income											55,090,439	52,094,221
Rental income											1,401,120	700,560
Other income											9,197,944	5,268,509
Profit on bank deposits											8,334,911	3,687,001
Share of profit in associated company											4,081,713	4,872,472
Unallocated general and administration expenses											(156,505,938)	(130,051,371)
											(78,399,811)	(63,428,608)
Profit before tax											87,408,242	78,921,354
Provision for taxation											(12,461,804)	(13,487,156)
Profit after tax											74,946,438	65,434,198
OTHER INFORMATION												
Segment assets	144,553,667	156,245,617	54,717,310	61,731,124	347,125,672	344,281,785	175,999,697	166,472,887	324,807,672	81,173,247	1,047,204,017	809,904,659
Unallocated corporate assets											1,177,857,424	735,075,426
Consolidated total assets											2,225,061,441	1,544,980,085
Segment liabilities	183,772,945	172,535,730	71,888,886	66,740,823	674,940,679	409,078,056	277,785,554	214,058,255	478,559,653	93,205,408	1,686,947,717	955,618,272
Unallocated corporate liabilities											30,959,891	157,154,418
Consolidated total liabilities											1,717,907,608	1,112,772,690
Capital expenditure	122,490	462,234	112,714	405,362	50,548,018	14,146,011	262,498	988,963	150,632	478,618	51,196,352	16,481,188
Unallocated capital expenditure												
Depreciation and amortization	824,051	307,018	758,279	269,244	10,358,712	3,658,797	1,765,948	656,875	1,013,370	317,901	14,720,360	5,209,836
Unallocated depreciation											8,683,069	8,808,134

30 DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on 29th March, 2013.

31 GENERAL

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

31.2 The Board of Directors in its meeting held on 29 March 2013 has announced a stock dividend in respect of the year ended 31 December 2012@ 20% (31 December 2011: 5%). These financial statements do not include the effect of these appropriations which will be accounted for subsequent to the year end.

Abdul Waheed	Syed Suhail Ahmad Rizvi	Maj Gen Mukhtar Ahmed (Retd)	Lt Gen Tahir Mahmood (Retd)
President & Chief Executive	Director	Director	Chairman

Pattern of Shareholding

As at 31 December 2012

No of Shareholders	From	To	Total Shares Held
322	1	100	12,059
722	101	500	185,960
168	501	1,000	119,573
289	1,001	5,000	652,181
37	5,001	10,000	270,529
20	10,001	15,000	237,195
16	15,001	20,000	271,769
6	20,001	25,000	136,951
8	25,001	30,000	214,940
6	30,001	35,000	190,562
4	35,001	40,000	155,937
2	40,001	45,000	88,459
5	45,001	50,000	237,707
4	50,001	55,000	211,779
1	55,001	60,000	59,510
3	65,001	70,000	199,765
1	70,001	75,000	75,000
1	75,001	80,000	79,406
1	80,001	85,000	80,312
1	90,001	95,000	90,037
1	95,001	100,000	100,000
3	100,001	105,000	309,247
1	110,001	115,000	110,142
1	120,001	125,000	120,775
1	180,001	185,000	180,476
1	225,001	230,000	229,607
1	260,001	265,000	260,392
1	270,001	275,000	270,745
1	295,001	300,000	300,000
1	355,001	360,000	358,500
1	380,001	385,000	382,434
1	420,001	425,000	423,053
1	450,001	455,000	451,795
1	1,125,001	1,130,000	1,125,955
1	2,420,001	2,425,000	2,423,041
1	2,600,001	2,605,000	2,602,687
1	8,785,001	8,790,000	8,788,922
1	10,350,001	10,355,000	10,354,601
1,637			32,362,003

Pattern of Shareholding
As at 31 December 2012

Categories of Shareholders

Particulars	No. of Shareholders	Shares Held	Percentage
Individuals	1,614	7,588,858	23.45
Insurance Companies	-	-	-
Financial Institutions	4	8,822,711	27.26
Charitable Trust	2	10,355,231	32.00
Others	17	5,595,203	17.29
Total	1,637	32,362,003	100.00

Note 1: Individual includes 6 Directors Holding 10,153 Shares in their capacity as nominee of Army Welfare Trust and Askari Bank Limited. The ultimate ownership remains with respective Company / Trust.

Held By

Particulars	No of Shareholders	Shares Held	Percentage
Associated undertakings			
Army Welfare Trust	2	10,355,231	31.9981
Askari Bank Limited	2	8,792,148	27.1681
Askari Securities Limited	1	98	0.0003
NIT/ICP	-	-	-
Directors & Chief Executive			
Lt Gen Tahir Mahmood (Retd)	1	1,587	0.0049
Brig Irfan Azam (Retd)	1	1,587	0.0049
Brig Tariq Sher (Retd)	1	1,587	0.0049
Maj Gen Mukhtar Ahmed (Retd)	1	1,587	0.0049
Mr. Farrukh Iqbal Khan	1	577	-
Syed Suhail Ahmad Rizvi	1	3,228	0.0100
Mr. Abdul Hai Mahmood Bhaimia	1	2,063	0.0064
Khawaja Muhammad Iqbal	1	1,270	0.0039
Executives	-	-	-
Public Sector Companies and Corporations (other than specified above)	-	-	-
Banks, Development Finincial Institutions, Non Banking Finincial Institutions, Insurance Companies, Modarbas & Mutual Funds (other than specified above)	1	30,465	0.0941
Individual	1,606	7,575,372	23.4082
Others	17	5,595,203	17.2894
Total	1,637	32,362,003	100

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

Branch Network

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Askari general insurance co. ltd.
4th floor, AWT Plaza,
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TEL#051-9272425-7
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Email: agicoho@agico.com.pk

Peshawar
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FAX#091-5284769
Email: agicopsc@agico.com.pk

Abbottabad
Askari general insurance co. ltd.
Room # 10 & 11, 2nd Floor,
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Abbottabad.
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FAX#0992-342440
Email: agicoabt@agico.com.pk

Islamabad
Askari general insurance co. ltd.
11-West Jinnah Avenue, Blue Area,
Islamabad.
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Askari general insurance co. ltd.
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Saddar, Rawalpindi.
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Email: agicorwp3@agico.com.pk

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Askari general insurance co. ltd.
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TEL#055-3856324
FAX#055-3856325
Email: agicogrw@agico.com.pk

Sialkot
Askari general insurance co. ltd.
1st Floor, Obero I Cooperative Building,
Paris Road, Sialkot.
TEL#052-4582381
FAX#052-4582382
Email: agicoslt@agico.com.pk

Lahore-1
Askari general insurance co. ltd.
914-C, Shouk Chowk, Faisal Town,
Mulana Shoukat Ali Road, Lahore.
TEL#0423-5161545-7
FAX#0423-5160222
Email: agicolhr@agico.com.pk

Lahore-3
Askari general insurance co. ltd.
Office # 106, 1st Floor, Lateef Centre,
Ichra, 100 Ferozpur Road,
Lahore.
TEL#0423-7502327-9
FAX#0423-7502330
Email: Agicolhr3@agico.com.pk

Multan
Askari general insurance co. ltd.
Golden Heights, Nusrat Road, Multan.
TEL#061-4547842
FAX#061-4547862
Email: agicormtn@agico.com.pk

Bahawalpur
Askari general insurance co. ltd.
2nd Floor, Shahab Plaza, Chowk One
Unit, Bahawalpur.
TEL#062-2284201
FAX#062-2284203
Email: agicobwp@agico.com.pk

Hyderabad
Askari general insurance co. ltd.
1st Floor, Gul Centre, Thandi Sarak,
Hyderabad.
TEL#022-2729689
FAX#022-2783976
Email: agicohyd@agico.com.pk

Karachi-1
Askari general insurance co. ltd.
3rd Floor, AWT Plaza, I.I Chundrigar
Road, Karachi.
TEL#0231-2273513-5
FAX#0213-2214332
Email: agicokch@agico.com.pk

Karachi-2
Askari general insurance co. ltd.
Office No G-167, Mezzanine Floor,
Marium Center,
Khalid Bin Waleed Road, Karachi.
TEL#0213-4306701-6
FAX#0213-4306709
Email: agicokch2@agico.com.pk

Faisalabad-3
Askari general insurance co. ltd.
Ground Floor, Mian Arif Plaza Lahore
Road, Khurrianwala,
Faisalabad.
TEL#041-4361049-50
FAX#041-4361051
Email: Agicofsd3@agico.com.pk

Form of Proxy

I/We ______________________ of ______________________ being Member(s) of askari general insurance co. ltd, holding ______________ ordinary shares, hereby appoint Mr./Mrs./Miss ______________________ of ______________________ or failing him/her ______________________ of ______________________ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 18th Annual General Meeting of the Company to be held on Tuesday April 30, 2013 at 10 am and at any adjournment thereof.

Folio No.	CDC Account No.	
	Participant ID	Account No.

Signature on Rs. 5.00 Revenue Stamp
(Signature should agree with the specimen signature registered with the Company)

As we witness my/our hand this ______________ day of ______________________ 2013

Signed by the said ______________________________

Witness: 1.2, **1** **2**

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

Notes:

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

AFFIX
CORRECT
POSTAGE

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

agico.com.pk

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