ANNUAL REPORT 2012

excellence

Century Insurance

A Lakson Group Company

Vision

To be an organization known for integrity and ethical behavior and fully dedicated to our Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of our operations.

Our motto: "Customer satisfaction is management's top priority"

Excellence

Going far beyond the call of duty, doing more than others expect… This is what excellence is all about. Excellence comes from striving, maintaining the highest standards, looking after the smallest detail and going the extra mile. Excellence means doing your very best in everything, in every way…every day.

Excellence Is What We Practice....

Mission

- To become a company of choice for our valued Clients, Stockholders and Employees.
- To maximize growth and profitability of the Company and provide excellent financial returns to its valued Shareholders.
- The Company culture to be known for Integrity and Ethical behavior.
- The Company to be known as one of the best insurance companies of the country.

Century Insurance at a Glance

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance business.
- One of the premier general insurance companies of Pakistan.
- Total equity in exess of Rs. 1 billion.
- Twice awarded 'Top 25 Companies Award' by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with very highly rated reinsurers.
- Client base consists of prestigious local and foreign corporates.

Core Values

Integrity

We revere honesty. We adhere to high ethical standards and believe in timely, accurate and complete financial reporting.

Golden Rule

We respect all people, value the differences among them and deal with them in the way we want to be dealt with.

Objectives

We strive to clearly communicate our corporate objectives to our people and our customers. We set objectives for our people and evaluate performance against these objectives.

Excellence

We strive constantly to improve in order to meet and exceed the highest expectations of our customers, agents, shareholders, and people. We encourage our people to continuously improve performance and to reduce costs.

Profit

We seek to earn a profit by offering consumers the products and services they want. We aim to charge a fair premium for the risks we assume and realize that to ensure the sustainability of our profits we must maintain long-term relationships with our valued customers.

Our Team

Contents

Corporate Information

Board of Directors
Mr. Iqbal Ali Lakhani - Chairman
Mr. Zulfiqar Ali Lakhani
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin A. Batlay
Mr. A. Aziz H. Ebrahim
Mr. Muhammad Abdul Qadir
Mr. Mohammad Hussain Hirji - Chief Executive

Advisor
Mr. Sultan Ali Lakhani

Chief Financial Officer
Mr. Sabza Ali Pirani

Company Secretary
Mr. Mansoor Ahmed

Audit Committee
Mr. Zulfiqar Ali Lakhani (Chairman)
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin A. Batlay

Underwriting Committee
Mr. Tasleemuddin A. Batlay (Chairman)
Mr. Mohammad Hussain Hirji
Mr. Afzal-ur-Rahman

Claim Settlement Committee
Mr. Amin Mohammed Lakhani (Chairman)
Mr. Mohammad Hussain Hirji
Mr. Afzal-ur-Rahman

Reinsurance & Co-Insurance Committee
Mr. Zulfiqar Ali Lakhani (Chairman)
Mr. Mohammad Hussain Hirji
Mr. Afzal-ur-Rahman
Ms. Madiha Khalid

Human Resource & Remuneration Committee
Mr. Amin Mohammed Lakhani (Chariman)
Mr. Tasleemuddin A. Batlay
Mr. Mohammad Hussain Hirji

External Auditors
M/s. Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Shares Registrar
M/s. FAMCO Associates (Pvt) Ltd.
State Life Building No.1-A,
1st Floor, I.I.Chundrigar Road, Karachi.

Bankers
Allied Bank Limited
Bank Al-Habib Limited
Citibank, N.A.
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
NIB Bank Limited
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Registered & Corporate Office
Lakson Square, Building No. 2, Sarwar Shaheed Road, Karachi-74200.

Head Office
11th Floor, Lakson Square, Building No. 3, Sarwar Shaheed Road, Karachi-74200.

Karachi Marketing Office
10th Floor, Lakson Square, Building No. 3, Sarwar Shaheed Road, Karachi-74200.

Clifton Branch
Office No. 504-505, Marine Point, DC-1, Block-9, Clifton, Karachi.

Lahore Branch
1st Floor, 14-Ali Block, New Garden Town, Lahore.

Islamabad Branch
Office No. 6, Mezzanine Floor, Kashmir Plaza, Jinnah Avenue, Blue Area, Islamabad.

Rawalpindi Branch
Suite No. 3, 1st Floor, Majeed Plaza, Bank Road, Rawalpindi.

Faisalabad Branch
1st Floor, FM Plaza, 15-D, Peoples Colony, Faisalabad.

Sialkot Branch
1st Floor, Karim Plaza, Iqbal Town, Defence Road, Sialkot.

Website: www.cicl.com.pk
UAN: 111-111-717
NTN: 0710008-6

Board of Directors

Sitting from left to right:

- Mr. Iqbal Ali Lakhani - Chairman
- Mr. Amin Mohammed Lakhani - Director
- Mr. Zulfiqar Ali Lakhani - Director

Standing from left to right:

- Mr. Mohammad Hussain Hirji - Director & Chief Executive
- Mr. Muhammad Abdul Qadir - Director
- Mr. Tasleemuddin A. Batlay - Director
- Mr. A. Aziz H. Ebrahim - Director

Notice of Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting of CENTURY INSURANCE COMPANY LIMITED will be held on Thursday, 25 April 2013 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31 December 2012 together with the Directors' and Auditors' reports thereon.

2. To declare final dividend in cash @ 12.5% i.e. Rs.1.25 per share of Rs.10/- each as recommended by the Board of Directors.

3. To appoint Auditors and fix their remuneration.

By Order of the Board

(MANSOOR AHMED)
Company Secretary

KARACHI: 20 March 2013

NOTES:

1. The share transfer books of the Company will remain closed from 19 April 2013 to 25 April 2013 (both days inclusive). Transfers received in order by the Shares Registrar of the Company, M/s. FAMCO Associates (Private) Limited, State Life Building No.1-A, 1st Floor, I.I.Chundrigar Road, Karachi upto the close of business on 18 April 2013 will be treated in time for entitlement of the dividend.

2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number alongwith original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.

4. Forms of proxy, in order to be valid must be properly filled in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.

5. Members are requested to notify Shares Registrar of the Company promptly of any change in their addresses.

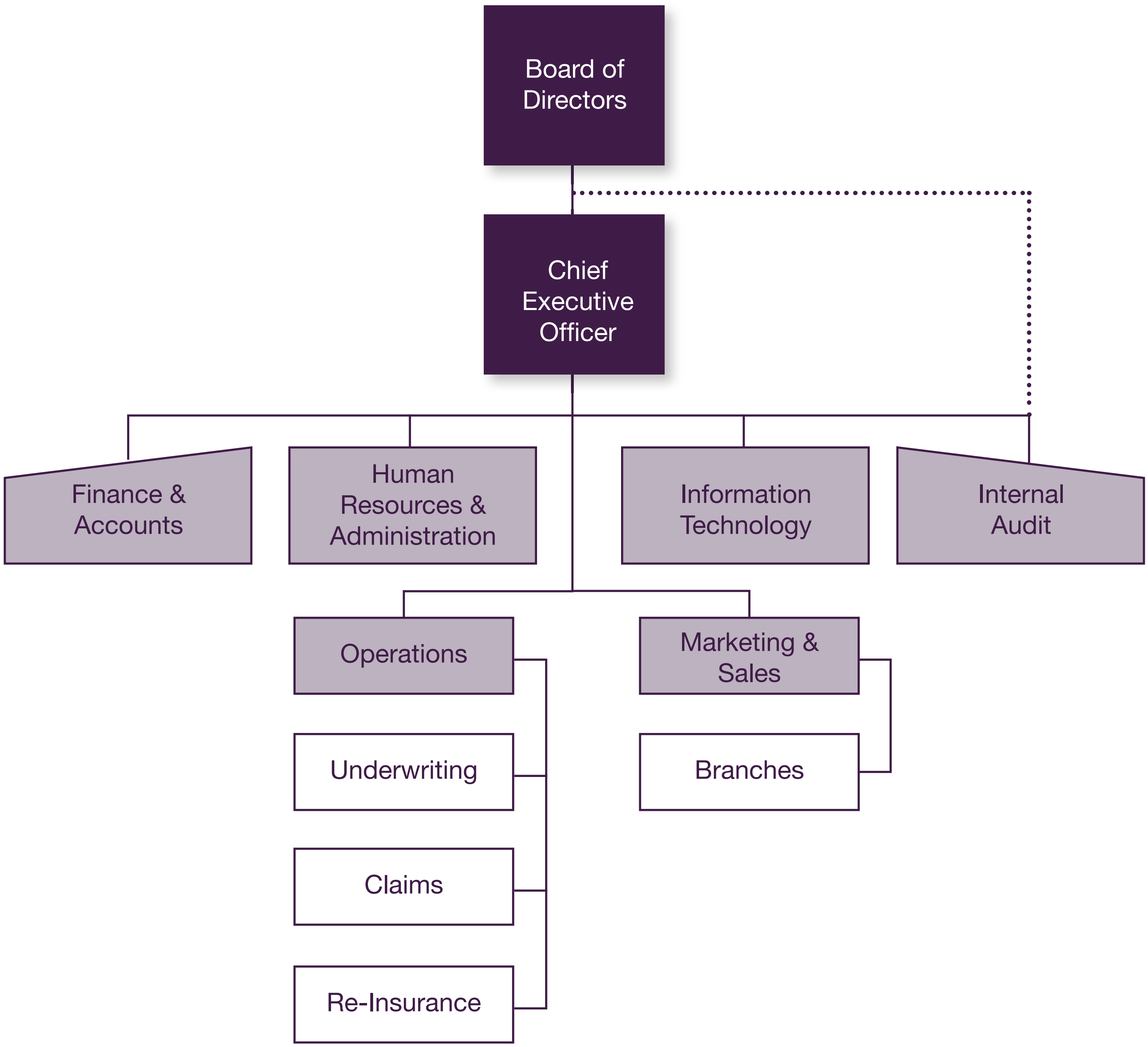
6. Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Shares Registrar at the earliest.

7. Form of Proxy is enclosed herewith.

Corporate Calendar

Meetings	Date
Audit Committee meeting to consider accounts of the Company for the year ended 31 December 2011.	27 February 2012
Board of Directors' meeting to consider accounts of the Company for the year ended 31 December 2011.	29 February 2012
Audit Committee meeting to consider accounts of the Company for the quarter ended 31 March 2012.	16 April 2012
Board of Directors' meeting to consider accounts of the Company for the quarter ended 31 March 2012.	24 April 2012
Annual General Meeting of shareholders to consider accounts of the Company for the year ended 31 December 2011.	25 April 2012
Audit Committee meeting to consider accounts of the Company for the half year ended 30 June 2012.	15 August 2012
Board of Directors' meeting to consider accounts of the Company for the half year ended 30 June 2012.	17 August 2012
Audit Committee meeting to consider accounts of the Company for the quarter ended 30 September 2012.	19 October 2012
Board of Directors' meeting to consider accounts of the Company for the quarter ended 30 September 2012.	22 October 2012

Organisation Chart



Senior Management

Sitting from left to right:

Ms. Madiha Khalid	Head of Reinsurance
Mr. Ibrahim Kapadia	Head of Clifton Branch
Mr. Afzal-ur-Rahman	Head of Operations
Mr. Mohammad Hussain Hirji	Director & Chief Executive
Mr. Ghulam Mustafa Khan	Head of Underwriting (Marine)
Mr. Altaf Siddiqi	Head of Claims

Standing from left to right:

Mr. Nauman R. Dosani	Head of Lakson Square Branch
Mr. Abid Raza Isphani	Head of Health Insurance
Mr. Abdul Rashid	Head of IT
Mr. Sabza Ali Pirani	Chief Financial Officer
Mr. Ali Asghar	Head of Underwriting (Fire)
Mr. Shahid Mobeen	Head of Internal Audit
Mr. Safdar Abbas	Head of HR

Performance Highlights

Rupees in million

Gross Premium	
2012	585
2011	535
9% ↑	

Net Premium	
2012	268
2011	225
19% ↑	

Underwriting Profit	
2012	84
2011	87
3% ↓	

Investment & Other Income	
2012	124
2011	34
265% ↑	

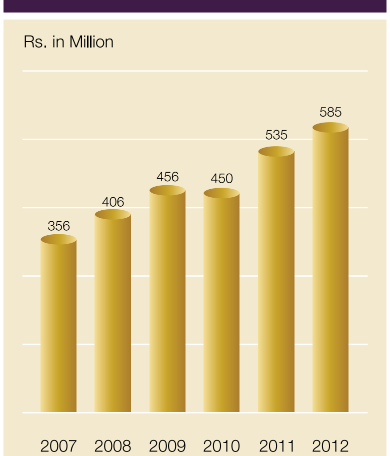
Profit after Tax	
2012	117
2011	36
225% ↑	

Total Assets	
2012	1,612
2011	1,473
9% ↑	

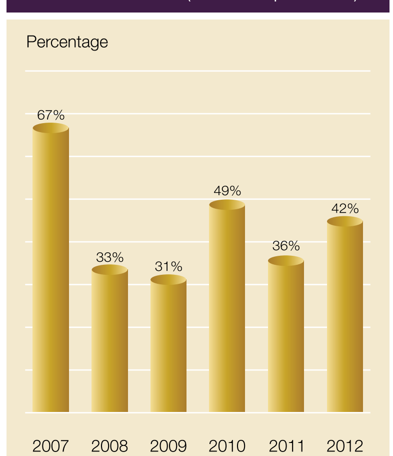
Total Shareholders' Equity	
2012	1,024
2011	952
8% ↑	

Investments	
2012	998
2011	860
16% ↑	

Gross Premium



Net Claim Ratio (% of net premium)



Profits

Horizontal Analysis

	2012		2011		2010	
	(Rupees)	%	(Rupees)	%	(Rupees)	%
BALANCE SHEET						
Assets						
Cash and bank deposits	90,510,782	-7.2%	97,519,659	12.0%	87,059,857	15.6%
Investments	998,097,022	16.1%	859,877,973	2.4%	840,031,282	14.1%
Deferred taxation	2,636,469	19.5%	2,205,928	-28.0%	3,063,779	425.7%
Premiums due but unpaid - unsecured	87,101,787	-11.1%	98,021,984	8.3%	90,538,623	24.0%
Amounts due from other insurers / reinsurers	96,327,619	31.7%	73,141,280	-5.0%	76,954,600	-4.4%
Reinsurance recoveries due but unpaid	35,989,672	165.4%	13,560,132	35.1%	10,036,487	-14.2%
Salvage recoveries accrued	3,770,000	-18.4%	4,620,000	-33.3%	6,923,000	49.5%
Accrued investment income	2,265,134	-3.8%	2,353,841	-31.8%	3,451,981	-5.6%
Reinsurance recoveries against outstanding claims	87,134,182	-15.9%	103,566,800	166.0%	38,934,607	427.0%
Taxation - net	18,360,038	-36.1%	28,738,026	21.7%	23,620,476	378.4%
Deferred commission expense	18,912,357	15.2%	16,415,167	24.9%	13,140,306	10.4%
Prepayments	119,079,483	5.1%	113,311,165	31.9%	85,901,593	-10.6%
Sundry receivables	7,968,204	-28.7%	11,169,389	79.6%	6,219,559	75.2%
Fixed assets (tangible & intangible)	43,956,750	-9.8%	48,723,294	9.3%	44,591,007	4.6%
Total assets	1,612,109,499	9.4%	1,473,224,638	10.7%	1,330,467,157	15.5%
Shareholders' equity and liabilities						
Paid-up capital	457,243,660	-	457,243,660	-	457,243,660	-
Retained earnings	193,291,941	58.4%	122,016,975	-7.1%	131,365,194	504.5%
Reserves	373,024,260	-	373,024,260	-	373,024,260	-
Provision for outstanding claims (including IBNR)	145,787,410	-8.9%	159,958,376	59.8%	100,129,274	71.5%
Provision for unearned premium	181,537,399	4.8%	173,171,252	28.8%	134,453,913	-11.6%
Commission income unearned	28,404,710	23.1%	23,082,632	22.0%	18,925,026	6.0%
Premiums received in advance	414,553	-78.8%	1,959,036	-52.8%	4,146,578	-12.2%
Amounts due to other insurers / reinsurers	153,280,123	54.2%	99,389,021	80.1%	55,179,287	113.0%
Accrued expenses	4,760,992	12.4%	4,237,194	15.4%	3,671,215	14.9%
Other creditors and accruals	73,388,100	25.7%	58,365,345	12.5%	51,857,776	39.7%
Unclaimed dividend	976,351	25.7%	776,887	65.0%	470,974	-
Total shareholders' equity and liabilities	1,612,109,499	9.4%	1,473,224,638	10.7%	1,330,467,157	15.5%
PROFIT AND LOSS ACCOUNT						
Net premium revenue	268,223,452	19.1%	225,190,745	2.8%	219,069,662	6.0%
Net claims	(112,042,924)	39.2%	(80,504,926)	-24.5%	(106,645,552)	64.8%
Management expenses	(80,881,371)	14.8%	(70,456,895)	12.6%	(62,589,282)	5.1%
Net commission	8,615,008	-34.2%	13,095,754	-5.2%	13,809,108	9.4%
Investment income	104,966,501	370.0%	22,333,377	-78.9%	105,875,469	245.0%
Other income - net	8,225,630	-19.8%	10,251,933	37.6%	7,451,724	-63.2%
General and administration expenses	(78,178,519)	15.9%	(67,459,799)	14.4%	(58,949,497)	10.2%
Share of profit / (loss) of associates	5,276,836	351.3%	1,169,262	251.4%	(772,337)	-84.7%
Reversal / (impairment) in value of investment in associates	5,821,419	2366.8%	(256,814)	-106.7%	3,813,129	116.1%
Taxation - net	(13,154,265)	-22.7%	(17,013,701)	48.8%	(11,431,295)	-61.9%
Profit after tax	116,871,767	221.5%	36,348,936	-66.8%	109,631,129	256.7%

Vertical Analysis

	2012		2011		2010	
	(Rupees)	%	(Rupees)	%	(Rupees)	%
BALANCE SHEET						
Assets						
Cash and bank deposits	90,510,782	5.6%	97,519,659	6.6%	87,059,857	6.5%
Investments	998,097,022	61.9%	859,877,973	58.4%	840,031,282	63.1%
Deferred taxation	2,636,469	0.2%	2,205,928	0.1%	3,063,779	0.2%
Premiums due but unpaid - unsecured	87,101,787	5.4%	98,021,984	6.7%	90,538,623	6.8%
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Reinsurance recoveries due but unpaid	35,989,672	2.2%	13,560,132	0.9%	10,036,487	0.8%
Salvage recoveries accrued	3,770,000	0.2%	4,620,000	0.3%	6,923,000	0.5%
Accrued investment income	2,265,134	0.1%	2,353,841	0.2%	3,451,981	0.3%
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Unclaimed dividend	976,351	0.1%	776,887	0.1%	470,974	0.0%
Total shareholders' equity and liabilities	1,612,109,499	100.0%	1,473,224,638	100.0%	1,330,467,157	100.0%
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Taxation - net	(13,154,265)	-4.9%	(17,013,701)	-7.6%	(11,431,295)	-5.2%
Profit after tax	116,871,767	43.6%	36,348,936	16.1%	109,631,129	50.0%

Services

Fire

Fire and Allied Perils Insurance

A lot of time, hard work and considerable money are put into building up a business. It's known how misfortune can strike when one least expects it. Almost anything can happen at any time - a short circuit can reduce assets to ashes, a burst pipe can flood the premises, a riot or strike can wipe away years of effort. One cannot predict the future but we can definitely buy protection against such uncertainties. Century Insurance is known to provide one of the best Fire and Allied Perils products in the industry. We take pride in providing comprehensive protection backed by sound financial capability.

The policy protects against physical loss or damage as a result of Fire and/or Lightening which is a basic cover and it can be extended to cover additional "named perils" such as explosion, natural calamities (like earthquake, storm, flood, landslide etc.), impact damage by vehicle / animal / aircraft, riots, strikes, malicious acts, bursting of pipes / water tanks, sprinkler leakage and bush fires.

Loss of Profit following Fire and Allied Perils

A business is the sum of the efforts and aspirations of all staff members. Fire can destroy everything in its path, leaving the management to recoup in its aftermath. Protecting the assets against fire is, of course, essential. But what about the losses that are incurred from disruption to a business following a fire? The financial consequences can often be just as devastating to an organization. That's where Century Insurance is there, all the way, till a business is restored to its pre-damage level.

In the event of any interruption to a business as a result of physical loss or damage due to any peril insured under the Fire Material Damage Policy, this policy enables the policy holder to recover:

- Loss of Gross Profit due to a reduction in turnover.
- Increased Cost of Working incurred in minimizing that Loss of Gross Profit.

Industrial All Risk Insurance

Sometimes, even a minor accident, breakdown or theft can result in extensive loss to industries. With large sums invested in machinery and electronic equipment the risk can be high in terms of material damage as well as business loss. What's vital is an all – encompassing cover such as Century's Industrial All Risk Insurance that gives an industry the reassurance it needs.

The policy covers all risks / perils other than those which are specifically excluded. The cover in its widest form, referred to as "all risk", can include the following perils/ covers:

- Fire and allied perils.
- Burglary.
- Machinery Breakdown / Boiler Explosion / Electronic Equipment Insurance.

Marine

Marine Insurance

While goods are imported or exported, the insured is exposed to significant financial losses should the shipment be damaged or lost in transit. An organization needs to depend on an insurance company that understands the importance of swift response and efficient service in handling the claims.

Century's Marine Cargo Insurance provides the best protection for the cargo. Catering to both importers' and exporters' needs, the coverage is comprehensive and flexible with international shipments protected from the time the goods leave the seller's warehouse until they reach the buyer's warehouse.

In addition to international shipments the Marine Policy can offer protection for local shipments within the country, whether made by road, rail or air.

Motor

Motor Insurance

Motor insurance is purchased for cars, motorcycles, trucks and other vehicles. Century's Motor Insurance provides protection against losses incurred as a result of theft, accidents, riots, malicious damage, etc and against liability that could be incurred in an accident. The policy can be extended to include personal accident cover to the driver and passengers.

Century's Comprehensive Motor Insurance Policy gives the maximum coverage against theft, accidental damage and third party liability with greater benefits, exclusive features and more mileage on Insured's investment such as significant reduction of premium through no-claim bonus, and discounts allowed on installation of standard car tracking device etc.

We pride ourselves on our ability to deliver fast, fair and accurate claim service.

Miscellaneous

Machinery Breakdown Insurance

An organization wins a valuable contract, but the delivery schedules are tight and the penalties exacting. Just when everything is going according to plan, something unexpected happens... an employee accidentally inserts the wrong tool and the machine comes to a grinding halt. In such circumstances, Century's Machinery Breakdown Policy provides the ideal safeguard for the organization.

The policy broadly covers loss due to all kinds of sudden accidental, electrical and mechanical breakdowns. The Insured is covered during the time the machinery is in operation or at rest or in the process of being dismantled, overhauled or during subsequent re-erection at the same premises.

If specifically requested, it can also cover the machinery foundations, masonry, brickwork as well as oil in transformers from unforeseen and sudden physical loss or damage.

Loss of Profit following Machinery Breakdown

Consequential losses following a breakdown of machinery, plant or equipment due to a sudden or unforeseen event can sometimes be worse than the extent of the physical damage. Production and business operations may cease. However, fixed expenses such as salary, wages, interest on capital, rent, etc will continue to be incurred, resulting in a loss of gross profit and possibly increased cost of working during the interruption period.

Century's Machinery Loss of Profits following Machinery Breakdown Policy protects the insured by indemnifying the loss in gross profits and the increased cost of working during the interruption period in such contingencies as stated above. The Machinery Loss of Profits Policy can only be issued when the machinery breakdown cover is in place.

Boiler and Pressure Vessel Insurance

Extreme temperatures and intense stresses in boilers and pressure vessels demand the highest level of expertise and care. It's an environment where even a smallest mistake can result in equipment failure and significant replacement costs. Century's Boiler and Pressure Vessel Insurance in addition to the boiler or pressure vessel itself, covers any damage to an expensive plant or damage to the property of or bodily injury to a third party in the event of explosion or collapse of the boiler or pressure vessel.

The Boiler and Pressure Vessel policy covers boilers of various kinds, pressure plants and vessels under pressure, including fired and unfired, against loss and / or damage due to explosion or collapse.

Electronic Equipment Insurance

Expensive, fragile, vulnerable, critical! Makes us think how a business would run without electronic equipment. The world today is increasingly more interconnected and the electronics revolution has been at the forefront, dramatically changing the way everyone works and does business. Just imagine the consequences if the computers and other electronic equipment were irreparably destroyed. The answer lies in Century's Electronic Equipment Insurance Policy. It's just the safeguard needed to cover the assets so vital to keeping a business functioning smoothly.

The policy provides comprehensive coverage for the Insured's electronic equipment. It includes physical loss or damage to all electronic equipment, as well as the increased cost of working resulting from an accidental and unforeseen physical loss or damage to the electronic equipment.

Contractor's All Risk Insurance

A construction site can be a magnet for accidents, loss from theft or damage, legal claims and more. Century's Contractor's All Risk Insurance covers almost all types of risks during construction. It includes physical loss or damage to property, plant, machinery and tools, works brought on to the site and temporary works erected on site, as well as third party liability arising out of work conducted on the site.

The policy is designed to cover civil engineering projects such as buildings, roads, airports, flyovers, water tanks, sewage treatment plants, etc.

Unless specially excluded, this "all risk" insurance covers accidental physical loss or damage to contract works during the execution of a civil engineering project.

Coverage begins from the commencement of work or after unloading of the first consignment at the project site, whichever is earlier, and terminates on handing over of the works to the principal or on expiry of the policy, whichever is earlier. Coverage can be extended to include the interest of suppliers / manufacturers, contractors and subcontractors.

Erection All Risk Insurance

Every time an organization undertakes a project that involves storage and setting up of equipment, moving or expanding a facility, or dismantling and re-constructing, it leaves the organization open to significant risk.

Century's Erection All Risk Insurance helps protect against just this kind of scenario. The comprehensive nature of its coverage makes it the ideal solution for diverse needs, whatever the risk the organization wants to insure.

This policy is an "all risk" insurance for storage, assembly / erection, testing and commissioning of the following types of activities. Unless specifically excluded, it provides comprehensive cover for:

- Setting up a new project / individual machines.
- Expansion of an existing project.
- Dismantling and re-erection of an existing facility.

The interests of suppliers, manufacturers, contractors as well as subcontractors can be included in the policy. Cover begins from the time of unloading of the first consignment at the project site and terminates on completion of testing or handing over of the project to the principal, or the period chosen, whichever is earlier.

Contractor's Plant and Machinery Insurance

On a construction site, it's the equipment that has the toughest job. Hauling materials, excavating earth and debris, generating power almost round-the-clock….But even the most heavy-duty machines can be damaged causing heavy losses to an organization. Century's Contractor's Plant and Machinery Insurance is the hassle free way to protect the Insured's investment and minimize repair costs.

The policy broadly covers loss or damage to the contractor's construction mobile equipment such as bulldozers, cranes, excavators, compressors, etc., due to an accident arising out of external perils. The cover is operative while the insured property is at work or at rest, or being dismantled for the purpose of cleaning or overhauling, or during subsequent re-erection.

Travel Insurance

Unexpected accident or sickness when travelling outside the country can result in heavy expenditure particularly if one needs to be hospitalized. Our individual and family travel insurance policy can cover the risk as well as other travel related risks such as flight delay, loss of baggage, etc.

Other types of travel insurance policies include:

- An annual multi-trip Travel Policy has also been specifically designed for frequent travellers. The maximum period covered per trip is 90 consecutive days.
- For Haj & Umrah we have a special travel insurance that provides complete medical care during the entire pilgrimage.
- Student Travel Insurance provides peace of mind 365 days a year.

Personal Accident Insurance

In an increasingly competitive business scenario, every organization has to prepare for the unexpected. This applies not just to its property, but also to the employees. After all, an organization cannot afford to lose people, whether to illness, accidents or any other unforeseen mishap. Century's Personal Accident Insurance is designed to empower an organization with a choice of comprehensive insurance plans that provide peace of mind for its people and powerful incentives for the organization.

The basic policy covers the employee against accidental death, 24 hours of the day, anywhere in the world. The policy may be extended to cover permanent and/or temporary disablement.

Product Liability Insurance

The policy covers all sums (including defense costs) which the insured becomes legally liable to pay as damages as a consequence of:

- Accidental death/bodily injury or disease to any third party arising out of any defect in a product manufactured by the Insured; and
- Accidental damage to property belonging to a third party arising out of any defect in a product manufactured by the Insured.

Coverage is written on a claims made basis, i.e. the policy provides coverage for an injury or loss if the claim is first reported or filed during the policy period.

Public Liability Insurance

A business is nurtured like one's own child. But just as in life, in business as well, accidents happen which one cannot prevent. For instance, a customer slips and twists his / her ankle because of a wet floor in the business premises, resulting in hospitalization. Century's Public Liability Insurance covers the Insured against such legal liabilities, giving the best of protection.

The policy indemnifies the Insured for any third party liability claims arising out of accidents, injury or damages that occur on the Insured's premises in connection with the carrying on of the business. For more comprehensive protection, it can be extended to cover legal exposures arising out of sudden and accidental pollution, Act of God perils, transportation of hazardous substances and more.

Employer's Liability Insurance

An employer is responsible for the health and safety of all the employees while they are working. If any employee is injured at work, or he / she becomes ill as a result of negligence, he / she may claim against the employer in order to seek compensation. Century's Employer's Liability Insurance covers the Insured employer if this situation arises. It also usually covers the legal cost and expenses incurred to defend such a claim.

Workmen's Compensation Insurance

Rapid strides have been made in achieving better rights for employees in today's increasingly global environment. Workmen's Compensation Insurance covers the compensation payable under a scheme set out in the Workmen's Compensation Act. The policy covers statutory liability of an employer for the death of or bodily injuries or occupational diseases sustained by workmen in the Insured's immediate service and arising out of and in the course of employment. Costs or expenses incurred by the insured employer, with the consent of the Company, to defend any claims are paid in addition.

Money Insurance

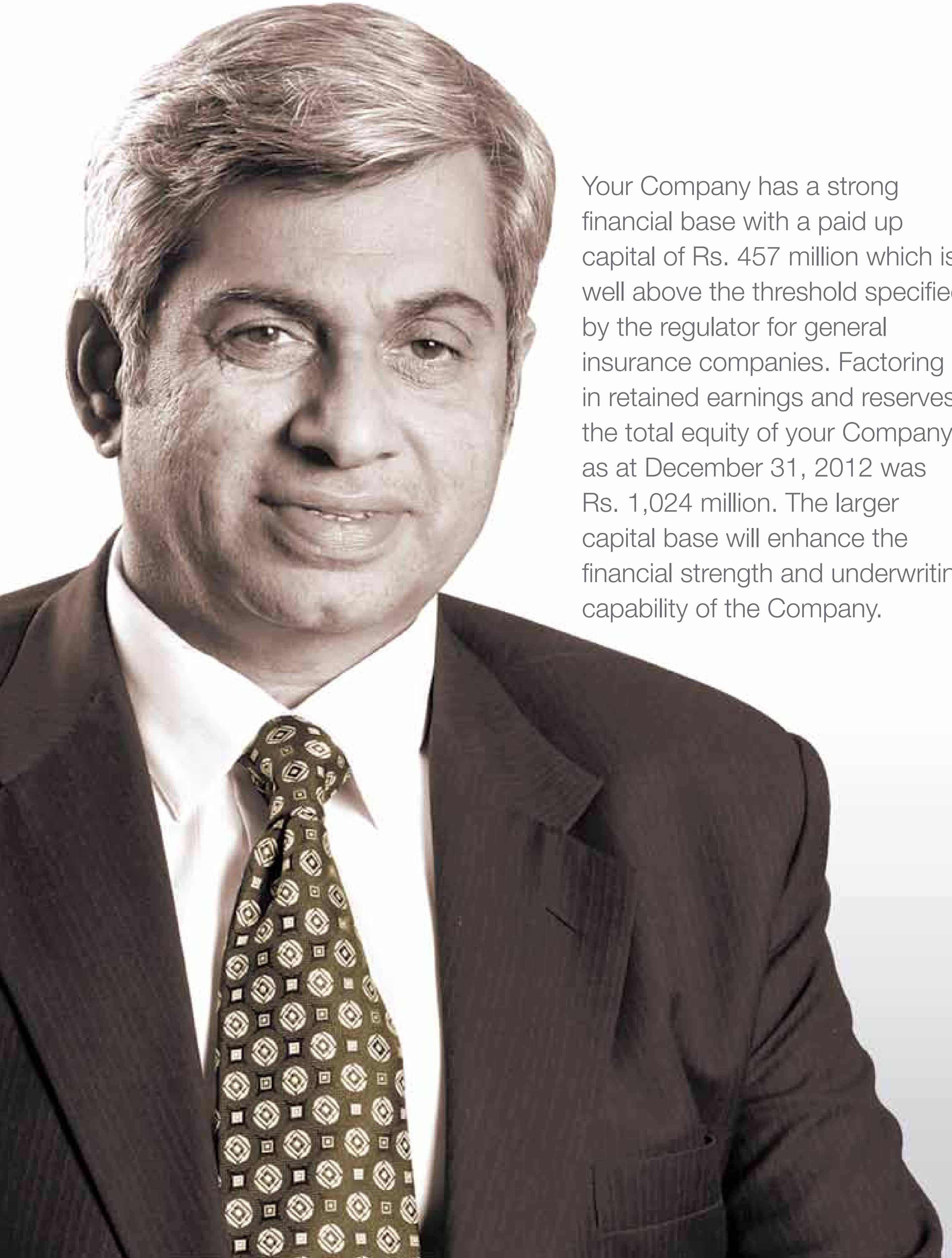
The Money Insurance policy can cover loss of money in transit caused by robbery, theft, or any fortuitous event; loss of money from the Insured's premises during business hours caused by theft or robbery; and loss of money from the insured's safe or strong room caused by theft or robbery.

Hospitalization

Hospitalization expenses are constantly rising on account of inflation and depreciation of the Pak Rupee versus international currencies. As a result, businesses and semi-autonomous government bodies that provide health benefits to employees are faced with unforeseen expenses that they had not budgeted for. Moreover, providing employees with health benefits is an administrative hassle and a distraction from core business activities. Health insurance is an effective way to deal with these issues.

Century Insurance provides high quality health insurance that aims to provide the best possible services and care to the employees of the insured and their dependents. Employees do not need to pay at the hospital – all expenses are settled by Century Insurance directly with the panel hospital. In addition to Hospitalization benefits, the policy can cover the following:

- Pre & post hospitalization expenses including Diagnostic Tests, Consultation & Medicines incurred within 30 days prior to or after hospitalization.
- 50% increase in available hospitalization limit, in case of accidental injury.
- Maternity Benefits including pre and post natal treatment.
- Major Medical benefit in the event of serious illness involving high expenses.



Your Company has a strong financial base with a paid up capital of Rs. 457 million which is well above the threshold specified by the regulator for general insurance companies. Factoring in retained earnings and reserves, the total equity of your Company as at December 31, 2012 was Rs. 1,024 million. The larger capital base will enhance the financial strength and underwriting capability of the Company.

Directors' Report

Dear Fellow Shareholders!

The Directors of Century Insurance Company Limited (the Company) take pleasure in presenting the annual report of your Company, together with the audited financial statements for the year ended December 31, 2012.

The Year in Review

Though some progress has been made, the Pakistan economy continued to face challenges in 2012. In particular, the budget deficit has risen, growth has been insufficient to absorb the increasing labour force, inflation appears set to rise and the external position is weakening.

At the end of the fiscal year 2011-12, the budget deficit touched 8.5% against a budget target of 4% reflecting slippages on both the revenue and expenditure sides and in part due to higher subsidies in the power sector to clear arrears. The country's monetary policy has facilitated the deficit. During the year the State Bank lowered the discount rate by 200 basis points citing weak investment and declining inflation. However, large scale government borrowing has diverted credit from the private sector where credit growth remained subdued.

The external position has weakened due to falling exports and rising imports, heavy debt repayments and relatively weak foreign direct investment. Though there was a rise in workers' remittances this was not enough to stem the decline in State Bank of Pakistan's foreign exchange reserves which fell to below $10 billion in October 2012. As a result the exchange rate has come under severe pressure.

The insurance industry as a whole appears to have done reasonably well in 2012 as it was hit by relatively fewer major losses. The industry has posted better results in terms of operational as well as investment profitability. By the Grace of the Almighty, Century Insurance grew in terms of premium volume as well as profitability.

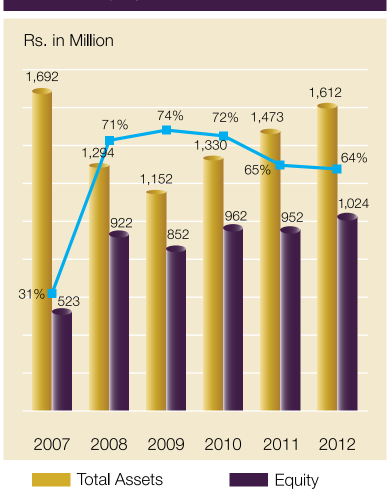
Performance Highlights

Allhamd-o-lillah, your Company stands in the forefront of the domestic insurance industry and is widely recognized for its professionalism as one of the premier general insurance companies of the country. In order to meet the challenges of continued growth and to increase its market share and profitability, the Company is in the process of further strengthening its infrastructure.

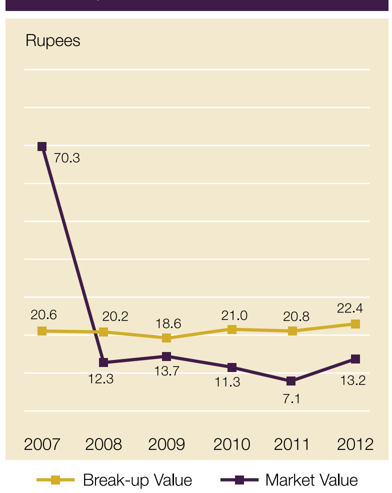
The comparative financial highlights for the years 2012 and 2011 are presented as follows:

Rupees in millions (except as otherwise stated)	2012	2011
Gross Premium Written	585	535
Net Premium	268	225
Net Claims	112	81
Underwriting Profit	84	87
Investment and Other Income	124	33
Profit after Tax	117	36
Total Assets	1,612	1,473
Paid-up Capital	457	457
Total Equity	1,024	952
Earnings per Share - Rs.	2.56	0.79

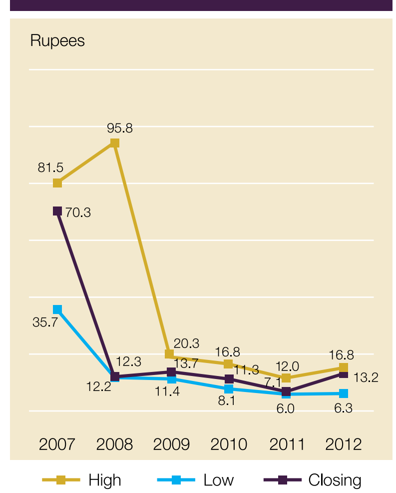
Equity and Total Assets



Break-up and Market Value Per Share

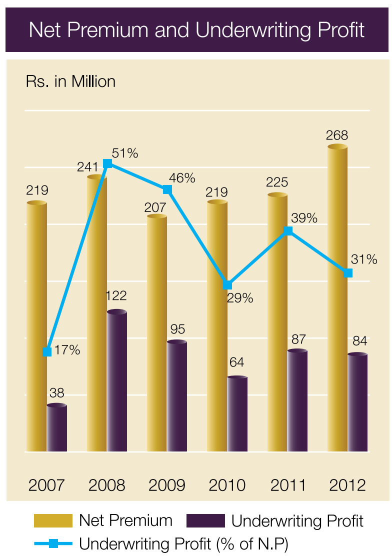


Share's Market Trend



All business segments have been profitable and have contributed significantly to the bottom line of the Company. During the year under review, gross premium grew to Rs. 585 million from Rs. 535 million in 2011, an increase of 9%. Net premium also grew to Rs. 268 million from Rs. 225 million in 2011, an increase of 19%. Net claims have increased by Rs. 32 million. Underwriting profit recorded this year is Rs. 84 million as compared to Rs. 87 million in 2011.

The Company endeavors to maintain a balanced premium portfolio mix, preferring to focus on all underwriting classes instead of increasing its exposure in any particular class.

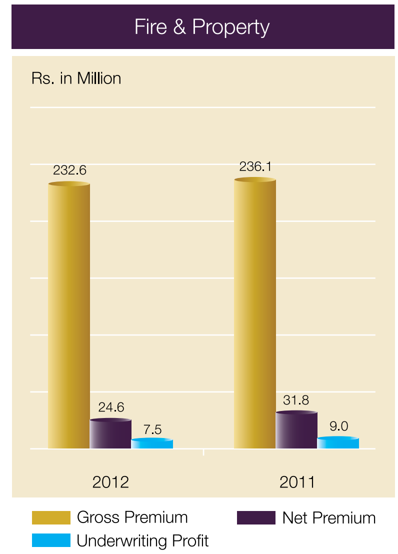


Segments at a Glance

All classes of business activities maintained profitability during the year. Segment-wise performance of each class of business is given below:

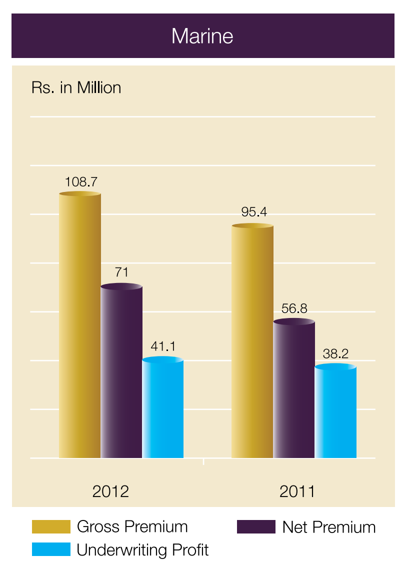
Fire & Property

Fire & Property class of business constitutes 40% of the total premium portfolio. Gross premium and net premium underwritten during the current year were Rs. 232.6 million and Rs. 24.6 million as against Rs. 236.1 million and Rs. 31.8 million respectively in 2011. The net claim to net premium ratio for the year under review improved significantly to 21% as against 31% last year. Underwriting result during the current year was Rs. 7.5 million as against Rs. 9 million in 2011.



Marine, Aviation and Transport

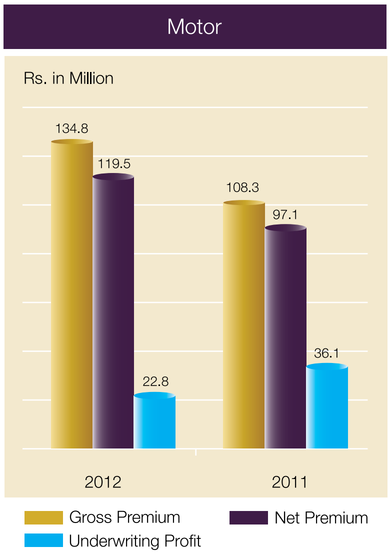
Marine, Aviation & Transport business grew significantly during the year. Gross premium under this class of business constitutes 18% of the total premium portfolio. Gross premium underwritten grew to Rs. 108.7 million from Rs. 95.4 million in 2011, registering an increase of 14%. Net premium stood at Rs. 71 million as against Rs. 56.8 million in 2011, an increase of 25%. The net claim to net premium ratio for the year under review was 19% resulting in an underwriting profit of Rs. 41.1 million as against Rs. 38.2 million in 2011.



Motor

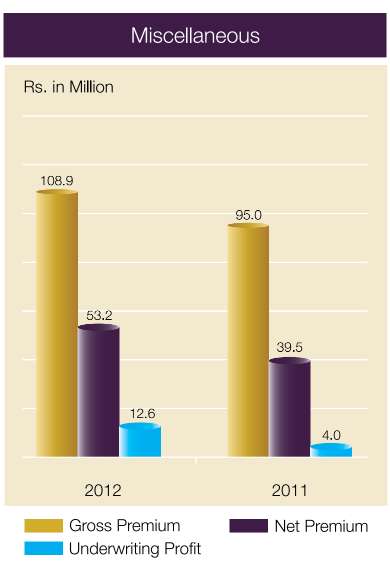
Gross premium under Motor class constitutes 23% of the total premium portfolio. The Company underwrote gross premium of Rs. 134.8 million in 2012 as compared to

Rs. 108.3 million in 2011, registering an increase of 25%. Net premium also increased to Rs. 119.5 million from Rs. 97.1 million in 2011, registering an increase of 23%. The net claim to net premium ratio for the year under review was 57%, resulting in an underwriting profit of Rs. 22.8 million in 2012.



Miscellaneous

Miscellaneous class of business grew significantly during the year. Gross premium under this class constitutes 19% of the total premium portfolio. The Company has underwritten gross premium of Rs. 108.9 million as compared to Rs. 95 million in 2011, an increase of 15%. Net premium also increased to Rs. 53.2 million as against Rs. 39.5 million in 2011, an increase of 35%. The net claim to net premium ratio for the year under review improved to 48% as against 59% in 2011, resulting in an underwriting profit of Rs. 12.6 million as against Rs. 4 million in 2011.



Investment Activities

During the year under review, Investment and Other Income contributed Rs. 124.3 million to the bottom line of the Company as against Rs. 33.5 million in 2011. The Company booked an unrealized gain in its held for trading portfolio of Rs. 9.6 million during the year under review as compared to an unrealized loss of Rs. 12.6 million in 2011.

Investment income includes a realized gain of Rs. 77.2 million on sale of investments, dividend income of Rs. 10.5 million, returns earned on government securities of Rs. 9.2 million and fixed income securities of Rs. 1.5 million. Other income includes interest on bank deposits of Rs. 7 million.

Management's policy is to make diversified and secure investments from funds generated from operations while ensuring safety and a sound balance between risks and returns.

Claim Settlement

Prompt settlement of claims and customer satisfaction is Management's highest priority. Your Company endeavors to indemnify the losses of the insured promptly. This is a most important function which builds trust and a good image of the insurance Company in the eyes of its valued clients.

Reinsurance Treaties

The Company has strong reinsurance arrangements with some of the best rated reinsurers in the international market who have full faith and confidence in its underwriting practices. As risk underwriting capacities for traditional lines of business have increased further in 2012, your Company will now be able to underwrite larger risks. We are thankful to all our reinsurers for their unwavering support and continued cooperation.

Insurer Financial Strength Rating (IFSR)

JCR-VIS, an affiliate of Japan Credit Rating Agency Ltd. has reaffirmed your Company's **"A"** rating with **stable outlook** which signifies a **"high capacity to meet policyholders' and contractual obligations"**.

Human Resource Initiatives

The management is of the firm belief that complete alignment of the human resource mission and vision with corporate goals is vital for the success of any organization. In today's competitive environment, we realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews. During the year under review, your Company has been successful in hiring quality professionals in the areas of marketing and business development. Our continued focus on creating a meritocratic work environment with equal opportunity for all goes a long way in maintaining a pool of employees with knowledge, experience and skills in their respective fields and employees remain our most valuable asset.

Your Company is continuously investing in its human capital. Staff is sent regularly for training and to attend seminars to keep themselves abreast of the latest developments in the field that are taking place in Pakistan and around the world.

Paid-up Capital

Your Company has a strong financial base with a paid up capital of Rs. 457 million which is well above the threshold specified by the regulator for general insurance companies. Factoring in retained earnings and reserves, the total equity of your Company as at December 31, 2012 was Rs. 1,024 million. The larger capital base will enhance the financial strength and underwriting capability of the Company.

Earnings per Share

Your Company has earned a profit after tax of Rs. 116.87 million which translates into earnings per share of Rs. 2.56 as compared to Re. 0.79 for the last year.

Appropriation of Profit

Profits for the year ended December 31, 2012 has been appropriated as follows:

	(Rupees)
Amount brought forward from previous years	76,292,609
Profit after tax for the year ended December 31, 2012	116,871,767
Un-appropriated amount available for appropriation	193,164,376
Appropriations:	
Proposed final cash dividend @ 12.5% (2011: 10%)	57,155,458
Un-appropriated amount carried forward	136,008,918
	193,164,376

Future Outlook

The economy is expected to exhibit a mixed trend during the coming months. The political uncertainties, election driven activities and an unstable law and order situation are all likely to influence the economy. On the positive side, GDP growth is expected to improve slightly as are foreign remittances and earnings from commodity exports. However, debt repayments during the first quarter of 2013 and continuing oil imports for the country's energy needs along with a rising import bill are likely to exert pressure on foreign exchange reserves as well as the exchange rate. Budget deficits during the last fiscal year and continuing during the current fiscal year will exert inflationary pressure. However, despite the challenges being faced in the country, we continue to have an optimistic long-term outlook for the country and our business.

Your Company plans to focus its energies on those products and channels of distribution that have potential to grow, with an acceptable level of risk and can also contribute positively to the bottom line. We firmly believe that rapid progress can only be achieved by continuously striving to identify new and innovative products, expanding the branch network, providing superior quality service and enhancing the financial strength of the Company. Your Company has recently set up a health insurance department and also finalized reinsurance arrangements to enable it to capture a share of the insurance business emanating from Pakistan's ship breaking industry. Your dedicated and committed management is confident about the future and will strive hard to make 2013 a still better year, Inshallah.

Auditors

M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire at the conclusion of the Annual General

Meeting. Being eligible they have offered themselves for re-appointment. The Audit Committee has recommended their re-appointment.

The audit firm has confirmed that it has been awarded satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the International Federation of Accountants (IFAC) guidelines on code of ethics, as adopted by the ICAP.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

Board of Directors

The Board of Directors has always been a source of guidance and inspiration. They have contributed immensely in terms of their experience and practical advice. I would like to place on record my appreciation and gratitude for their valued participation and wisdom.

Board of Directors' Meetings

During the year, four board meetings were held. The number of meetings attended by each Director is given hereunder:-

Name of Directors	No. of Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	2
Mr. Zulfiqar Ali Lakhani	3
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin A. Batlay	3
Mr. A. Aziz H. Ebrahim	4
Mr. M. A. Qadir	2
Mr. Mohammad Hussain Hirji (Chief Executive)	4

Board Committees

During the year Board Audit Committee, Underwriting Committee, Claim Settlement Committee and Reinsurance & Co-Insurance Committee held four (04) meetings. Human Resource & Remuneration Committee held one (01) meeting during the year. The names of the members of the Board Committees and their terms of reference are given in the annexure to this report (page 31).

Code of Conduct

The Board has adopted a code of conduct and all employees have been informed of this code which they have signed and understand that they are required to observe these rules of conduct in relation to business and regulations.

Corporate and Financial Reporting Framework

The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Insurance Ordinance, 2000 and Companies Ordinance, 1984. These Statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

- Proper books of accounts have been maintained by the Company.

- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- The International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of these financial statements.

- The system of internal control is sound in design. The system is being continuously monitored by an internal audit function and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring in improvements in the system.

- There are no doubts upon the Company's ability to continue as a going concern.

- There has been no departure from the best practices of Corporate Governance, as detailed in the listing regulations.

- The key operating and financial data for the last six years is annexed.

- Information about taxes and levies is given in the notes to and forming part of financial statements.

- As per the requirement of the Code of Corporate Governance, Mr. Mohammad Hussain Hirji, Director and Chief Executive has attended all four parts of the Directors' training programme.

- The value of investments in respect of retirement benefits funds based on their audited accounts as on December 31, 2012 and June 30, 2012 were the following:

Provident Fund	Rs. 26.8 million
Gratuity Fund	Rs. 10.0 million

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2012 is annexed with the report.

The Board has determined threshold under clause xvi (l) of CCG-2012 in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs. 1 million or above.

There has been no transaction carried out by Directors, Chief Executive, CFO, Company Secretary and their spouses and minor children in the shares of the Company during the year.

Acknowledgments

The Directors of your Company would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan (SECP), Insurance Association of Pakistan (IAP), State Bank of Pakistan (SBP), banks and financial institutions, insurance companies and JCR-VIS Credit Rating Company for their continued support and cooperation.

The Directors would also like to express their gratitude and appreciation for the support provided by our valued reinsurers.

We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company.

Finally the Directors also wish to place on record their appreciation of the devotion, loyalty and hard work of the officers and members of the staff towards the growth of the Company and success of its operations.

Iqbal Ali Lakhani
Chairman

Karachi: 28 February 2013

Key Operating and Financial Data

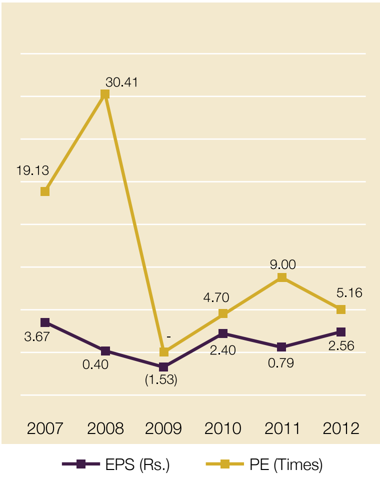
Rupees in million

		2012	2011	2010	2009	2008	2007
FINANCIAL DATA							
Paid-up Capital		457.2	457.2	457.2	457.2	457.2	254.0
Reserves & Retained Earnings		566.3	495.0	504.4	394.8	464.7	268.5
Equity		1,023.6	952.3	961.6	852.0	922.0	522.5
Underwriting Premium Reserves		355.7	356.2	253.5	228.4	247.3	999.6
Investments		998.1	859.9	840.0	736.0	464.4	464.2
Fixed Assets (Tangible & Intangible)		44.0	48.7	44.6	42.6	42.2	31.8
Cash & Bank Deposits		90.5	97.5	87.1	75.3	316.4	248.8
Total Assets		1,612.1	1,473.2	1,330.5	1,151.8	1,293.5	1,691.6
OPERATING DATA							
Gross Premium		585.1	534.8	449.7	456.2	406.1	356.4
Net Premium		268.2	225.2	219.1	206.6	241.4	218.6
Net Claims		112.0	80.5	106.6	64.7	79.3	146.2
Underwriting Profit		83.9	87.3	63.6	95.0	122.3	37.9
Investment & Other Income / (Loss)		124.3	33.5	116.4	(81.5)	(19.7)	175.8
Profit / (Loss) Before Tax (PBT)		130.0	53.4	121.1	(39.9)	53.8	168.2
Taxation - Net		13.2	17.0	11.4	30.0	35.3	0.2
Profit / (Loss) After Tax (PAT)		116.9	36.3	109.6	(70.0)	18.4	168.0
CASH FLOW SUMMARY							
Operating Activities		50.8	57.4	8.9	117.2	(167.9)	30.4
Investing Activities		(12.3)	(1.5)	2.9	(358.3)	(143.0)	159.3
Financing Activities		(45.5)	(45.4)	-	-	381.0	(20.3)
Cash & Cash Equivalents at the year end		89.8	96.8	87.1	75.3	316.4	246.3
FINANCIAL RATIOS							
Profitability							
Profit / (Loss) Before Tax / Net Premium	(%)	48.5	23.7	55.3	(19.3)	22.3	76.9
Profit / (Loss) After Tax / Net Premium	(%)	43.6	16.1	50.0	(33.9)	7.6	76.8
Underwriting Results / Net Premium	(%)	31.3	38.8	29.1	46.0	50.7	17.4
Total Expenses / Gross Premium	(%)	27.2	25.8	27.0	24.8	23.8	25.2
Total Expenses / Net Premium	(%)	59.3	61.2	55.5	54.7	40.0	41.1
Net Claims / Net Premium	(%)	41.8	35.7	48.7	31.3	32.9	66.9
Combined Ratio	(%)	97.9	91.2	97.9	79.9	69.6	103.5
Return to Shareholders							
Return on Equity	(%)	11.4	3.8	11.4	(8.2)	2.0	32.1
Return on Assets	(%)	7.3	2.5	8.2	(6.1)	1.4	9.9
Return on Investment	(%)	13.4	4.0	14.8	(13.6)	(4.3)	42.7
Earnings / (Loss) Per Share	(Rs.)	2.56	0.79	2.4	(1.5)	0.4	3.7
Dividend *	(%)	12.5	10.0	10.0	-	-	-
Dividend Yield	(%)	9.5	14.1	8.9	-	-	-
Dividend Payout	(%)	48.9	126.6	41.7	-	-	-
Bonus Share	(%)	-	-	-	-	-	30.0
Price Earning Ratio	(Times)	5.2	9.0	4.7	(9.0)	30.4	19.1
Market Price per Share	(Rs.)	13.2	7.1	11.3	13.7	12.3	70.3
Liquidity / Leverage							
Break-up Value per Share	(Rs.)	22.4	20.8	21.0	18.6	20.2	20.6
Current Ratio	(Times)	3.7	4.0	5.5	7.2	4.9	1.5
Total Assets Turnover Ratio	(Times)	0.4	0.4	0.3	0.4	0.3	0.2
Total Liabilities / Equity	(Times)	0.6	0.5	0.4	0.4	0.4	2.2
Paid-up Capital / Total Assets	(%)	28.4	31.0	34.4	39.7	35.3	15.0
Equity / Total Assets	(%)	63.5	64.6	72.3	74.0	71.3	30.9

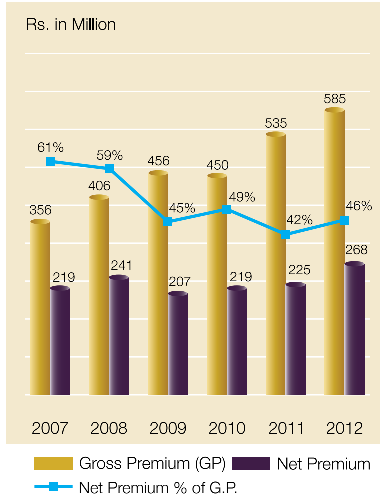
* Includes cash dividend amounting to Rs. 57.155 million proposed by the Board of Directors subsequent to the year end.

Graphical Presentation

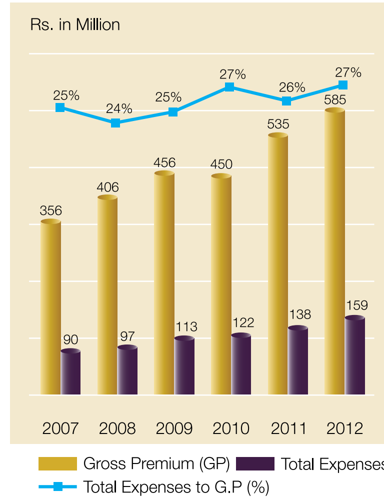
Earnings per Share (EPS) and Price Earning (PE) Ratio



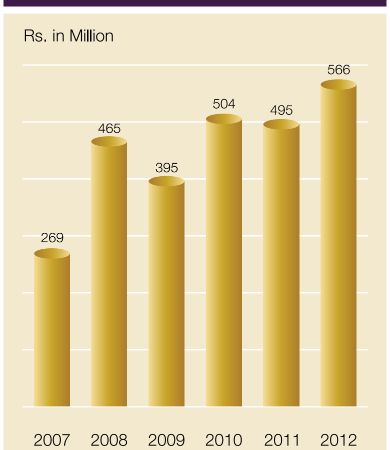
Gross Premium and Net Premium



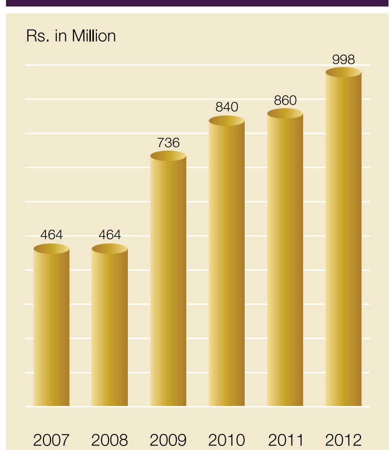
Total Expenses to Gross Premium



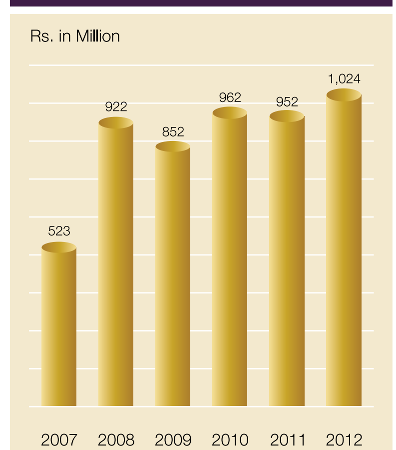
Reserves



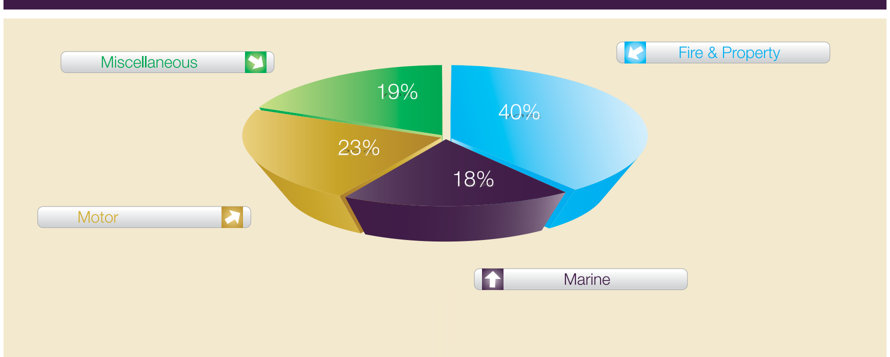
Investments



Equity



Gross Premium (Class Wise)



Board Committees

Audit Committee:

Terms of Reference

1. Determination of appropriate measure to safeguard the company's assets.

2. Review of preliminary announcements of results prior to publication.

3. Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

    a. Major judgmental areas.
    b. Significant adjustments resulting from the audit.
    c. The going-concern assumption.
    d. Any changes in accounting policies and practices.
    e. Compliance with applicable accounting standards.
    f. Compliance with listing regulations and other statutory and regulatory requirements.
    g. Significant related party transactions.

4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary).

5. Review of management letter issued by external auditor and management's response thereto.

6. Ensuring coordination between the internal and external auditor of the company.

7. 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.

8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

9. Ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective.

10. Review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports.

11. Instituting special projects, value for money studies or other investigations in any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body.

12. Determination of compliance with relevant statutory requirements.

13. Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

14. 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 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Zulfiqar Ali Lakhani - Chairman	3
Amin Mohammad Lakhani	4
Tasleemuddin A. Batlay	4

Underwriting Committee

The committee shall review matters relating to assessing, monitoring and management of underwriting operations. It also assesses the overall effectiveness of the underwriting strategy and changes required in its business portfolio and the market development. In addition the committee shall examine any other matter referred to it.

The Committee comprises of three members, including the Chairman of this committee who is non-executive director. During the year 2012 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Tasleemuddin A. Batlay - Chairman	3
Mohammad Hussain Hirji	4
Afzal-ur-Rahman	4

Claim Settlement Committee

The committee shall review matters relating to management of claims. It oversees the claims position of the company and ensures that adequate claims reserves are made. The committee shall review significant claims cases reported during the period. The committee shall determine the circumstances under which the claims disputes shall be brought to its attention. In addition the committee shall examine any other matter referred to it.

The Committee comprises of three members, including the Chairman of this committee who is non-executive director. During the year 2012 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Amin Mohammad Lakhani – Chairman	3
Mohammad Hussain Hirji	4
Afzal-ur-Rahman	4

Reinsurance & Co-Insurance Committee

The committee shall review matters relating to assessing, monitoring and management of reinsurance & co-insurance operations. The committee shall also assess the effectiveness of the reinsurance arrangements for future reference in light of market developments. In addition the committee shall examine any other matter referred to it.

The Committee comprises of four members, including the Chairman of this committee who is non-executive director. During the year 2012 four meetings of this committee were held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Zulfiqar Ali Lakhani – Chairman	3
Mohammad Hussain Hirji	4
Afzal-ur-Rahman	4
Madiha Khalid	4

Human Resource and Remuneration Committee

Terms of Reference

The committee shall be responsible for:

1. Recommending human resource management policies to the Board.

2. Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of CEO.

3. Recommending to the board the selection, evaluation, compensation (including retirement benefits) of Chief Financial Officer, Company Secretary and Head of Internal Audit.

4. 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 the committee. Two members including the Chairman are non-executive directors. During the year 2012 one meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meetings Attended
Amin Mohammad Lakhani – Chairman	1
Tasleemuddin A. Batlay	1
Mohammad Hussain Hirji	1

Pattern of Shareholding

As at December 31, 2012

Incorporation No.K-192/8927 1985-86
CUIN Registration No.0013587

No. of Shareholders	Shareholding From		Shareholding To	Total Shares Held
278	1	-	100	6,159
237	101	-	500	78,590
185	501	-	1000	152,953
341	1001	-	5000	876,621
130	5001	-	10000	948,898
45	10001	-	15000	569,636
24	15001	-	20000	428,162
18	20001	-	25000	411,754
11	25001	-	30000	308,901
5	30001	-	35000	158,108
4	35001	-	40000	155,253
4	40001	-	45000	173,524
5	45001	-	50000	236,902
5	50001	-	55000	261,818
2	55001	-	60000	112,799
1	65001	-	70000	65,800
1	70001	-	75000	73,527
2	75001	-	80000	158,653
3	80001	-	85000	249,688
2	85001	-	90000	180,000
1	95001	-	100000	99,377
1	125001	-	130000	126,250
1	130001	-	135000	133,392
2	145001	-	150000	292,295
1	155001	-	160000	159,300
1	165001	-	170000	166,810
2	190001	-	195000	387,276
1	350001	-	355000	355,000
1	415001	-	420000	415,500
1	450001	-	455000	451,312
1	595001	-	600000	600,000
1	720001	-	725000	721,263
1	1145001	-	1150000	1,147,500
1	4535001	-	4540000	4,539,185
1	6505001	-	6510000	6,506,692
1	10770001	-	10775000	10,774,674
1	13240001	-	13245000	13,240,794
1,322				45,724,366

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive, their spouse and minor children	38,699	0.08
Associated Companies, undertakings and related parties	35,067,183	76.69
NIT and ICP	NIL	-
Banks, Development Financial Institutions, Non Banking Financial Institutions	1,148,916	2.51
Insurance Companies	24,550	0.05
Modaraba & Mutual Funds	451,312	0.99
Shareholders holding 10% or more	30,522,160	66.75
General Public	7,414,958	16.22
Others	1,578,748	3.46

NOTE: Some of the shareholders are reflected in more than one category.

Details of Pattern of Shareholding

As per requirement of code of corporate governance

As at December 31, 2012

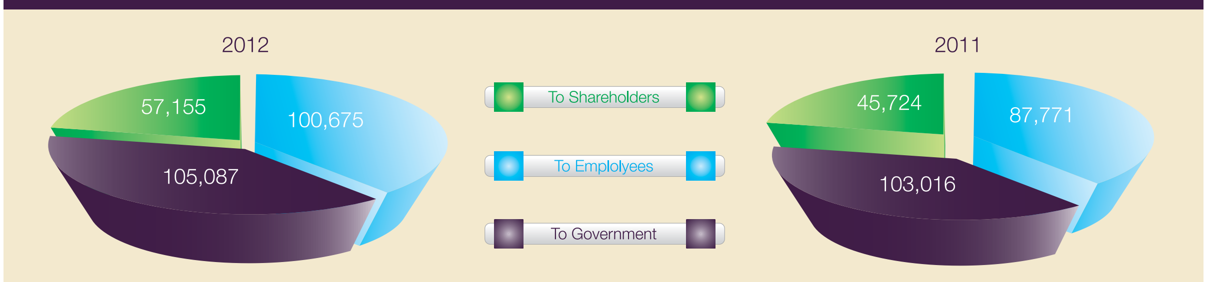
Categories of Shareholders			No. of Shares held
i) ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
1.	M/s. SIZA (Pvt) Limited		6,506,692
2.	M/s. SIZA Services (Pvt) Limited		10,774,674
3.	M/s. SIZA Commodities (Pvt) Limited		4,539,185
4.	M/s. Premier Fashions (Pvt) Limited		13,240,794
5.	Mrs. Gulbanoo Lakhani		560
6.	Mr. Sultan Ali Lakhani		540
7.	Mrs. Shaista Sultan Ali Lakhani		360
8.	Mr. Babar Ali Lakhani		1,560
9.	Mr. Bilal Ali Lakhani		329
10.	Mr. Danish Ali Lakhani		921
11.	Miss Sanam Iqbal Lakhani		400
12.	Miss Anushka Zulfiqar Lakhani		566
13.	Miss Anika Amin Lakhani		602
ii) MUTUAL FUNDS			
	Golden Arrow Selected Stocks Fund Limited		451,312
iii) DIRECTORS, CHIEF EXECUTIVE, THEIR SPOUSE AND MINOR CHILDREN			
1.	Mr. Iqbal Ali Lakhani	Chairman/Director	1,110
2.	Mr. Zulfiqar Ali Lakhani	Director	900
3.	Mr. Amin Mohammed Lakhani	Director	1,605
4.	Mr. Tasleemuddin A. Batlay	Director	29,632
5.	Mr. A. Aziz H. Ebrahim	Director	3,014
6.	Mr. Muhammad Abdul Qadir	Director	1,124
7.	Mr. Mohammad Hussain Hirji	Director/Chief Executive	500
8.	Mrs. Ronak Iqbal Lakhani w/o. Mr. Iqbal Ali Lakhani		360
9.	Mrs. Fatima Lakhani w/o. Mr. Zulfiqar Ali Lakhani		180
10.	Mrs. Saira Amin Lakhani w/o. Mr. Amin Mohammed Lakhani		274
iv) EXECUTIVE			Nil
v) PUBLIC SECTOR COMPANIES AND CORPORATIONS			Nil
vi) BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS			1,173,466
vii) SHAREHOLDERS HOLDING 5% OR MORE (Other than those reported at (i) (1, 2, 3 & 4)			Nil
viii) INDIVIDUAL AND OTHER THAN THOSE MENTIONED ABOVE			8,993,706
			45,724,366

Statement of Value Addition

	2012 Rupees in '000	2011 Rupees in '000
WEALTH GENERATED		
Gross premium (including sales tax/FED & FIF)	677,033	620,753
Commission income	8,615	13,096
Profit from investment	116,065	23,246
Other income	8,226	10,252
	809,939	667,347
Management & other expenses	(477,623)	(431,421)
	332,316	235,926
WEALTH DISTRIBUTED		
To Employees	100,675	87,771
To Government:		
Company taxation	13,154	17,014
Levies (including sales tax/FED & FIF)	91,933	86,002
	105,087	103,016
To Shareholders:		
Dividend *	57,155	45,724
	57,155	45,724
Retained in Business:		
Depreciation and amortization	9,682	8,790
Net earnings	59,717	(9,376)
	69,399	(586)
	332,316	235,926

* Includes cash divided amounting to Rs. 57.155 million (2011: Rs. 45.724 million) proposed by the Board of Directors subsequent to the year end.

Distribution of Value Added (Rs. in '000)



Code of Conduct

1. Relationship with employees

- Century Insurance Company Limited (CICL) takes pride in the strong personal commitment of its people towards the progress and success of the Company. CICL's policy is to treat individuals in all aspects of employment solely on the basis of merit irrespective of race, religion, color, age, gender, and marital status. CICL believes in individual's respect and their rights.

  The Company is committed to the growth of its employees. This is achieved through building a culture of mutual trust, learning and motivation.

- CICL's vision is based on inspiring and developing individuals as their success depends on their ability to make meaningful contributions to the progress of the Company.

2. Relationship with company

- The employees of the Company strive to adhere to its guidelines and objectives and to give their best efforts to improve its performance. They recognize the trust placed by the Company in them and act with integrity and honesty in all situations - to preserve that trust and confidence. They avoid conflicts of interest and other situations that are potentially harmful to the progress of the Company.

- The employees of the Company use its assets, facilities and services only for lawful, proper and authorized purposes. They intend to make best use of the Company's equipment, systems and technology in order to have fast and reliable communication and a strong MIS system to further the aims and objectives of the Company.

3. Relationship with business community

- Each employee is responsible for how he or she is perceived by clients and other business partners; it is essential that they maintain the Company's reputation for honesty and fair dealing with these people and organizations.

- It is CICL's policy to respect the trade secrets and proprietary information of others. This is particularly pertinent if one has knowledge of trade secrets and proprietary information of a former employer.

4. Relationship with clients

- CICL's reputation has been built upon the trust and quality service it is providing. Our commitment to excellence in quality of service and building strong client relationships is essential to the continued growth and success of the Company. Also, vital for success is to meet the challenges of the highly competitive market with our expertise, innovative and creative marketing.

  CICL's motto: *"Customer satisfaction is management's top priority"*

5. Relationship with government and the law

- CICL supports free enterprise and a competitive market system. The Company's policy is to comply fully with all applicable laws irrespective to the extent to which they are enforced. The Company cooperates fully with all government and regulatory bodies and is committed to high standards of corporate governance. Penalties for non-compliance can be severe and can involve criminal proceedings.

- CICL's financial policies for conducting business are based on trust, transparency, integrity, and following the principles of accounting and finance as approved by regulations and applicable accounting codes. Any unsupportive or false entry, infringement of accounts for individual or Company gain is contrary to our business codes and ethics.

6. Relationship with society

- CICL strives to operate as a responsible corporate citizen within both the local and global communities.

- CICL is an equal opportunity employer for all levels of employees irrespective of color, race, gender, age, ethnicity or religious beliefs.

- CICL provides a safe and healthy workplace, protecting human health and the environment.

- CICL pays its employees a remuneration that enables them to meet at least their basic needs, and provides employees the opportunity to improve their skills and capabilities.

- CICL respects employees' freedom of association.

- CICL works with governments and the communities in which we do business to improve the educational, cultural, economic and social wellbeing of those communities.

7. Relationship with the environment

- Protecting the world in which we live is a vital concern and a continuing commitment. CICL is dedicated to contributing to the overall quality of life. We recognize and constantly reaffirm the value of a healthy and clean environment.

8. Relationship with the shareholders

- CICL strives to serve the best interests of its shareholders to provide consistent growth and a fair rate of return on their investment and to maintain its position and reputation as one of the leading insurance companies, to protect shareholders' investments and to provide full and timely information. By conducting our business in accordance with the principles of fairness, decency and integrity set forth here we help to build shareholders' value.

9. Responsibility for compliance

- In accepting employment with the Company, each of us becomes accountable for compliance with these standards of conduct and with all laws and regulations. Managers are responsible for communicating these standards to employees to ensure that they understand and abide by them, and for creating a climate where employees can discuss ethical and legal issues freely.

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) as contained in the Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed insurance company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG 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	Names
Non-Executive Directors	Mr. Iqbal Ali Lakhani Mr. Zulfiqar Ali Lakhani Mr. Amin Mohammed Lakhani Mr. Tasleemuddin A. Batlay Mr. A. Aziz H. Ebrahim Mr. Muhammad Abdul Qadir
Executive Director	Mr. Mohammad Hussain Hirji

   The condition of clause 1(b) of the CCG in relation to independent Director will be applicable after election of next Board of Directors of the Company in April 2014.

2. The Directors have confirmed that none of them is serving as a Director in more than seven listed companies, including this Company.

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

4. No causal vacancy occurred in the Board during the current year.

5. The Company has adopted 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. The Company has placed the above document on its website as required by clause v (a) of CCG.

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, determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) have been taken by the Board.

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 atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified on clause (xi) of CCG, majority of Directors of the Company are exempted from the requirement of director's training program and this year one of the Directors of the Company Mr. Mohammad Hussain Hirji has attended all four parts of the Corporate Governance Leadership Skill Program for the Certification of the Directors under 'the Board Development Series' Program managed by the Pakistan Institute of Corporate Governance (PICG).

10. The Board has approved appointments of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO. Mr. Mansoor Ahmed was assigned the responsibilities of the Company Secretary of Century Insurance Company Limited in addition to his responsibilities in other Group Companies.

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. In order to apprise the Directors for their duties and responsibilities and the requirements of the Code they have been kept updated with the change in relevant laws applicable to the Company. Directors are conversant of the relevant laws applicable to the Company and are aware of their duties and responsibilities. The board has arranged a training program for its Directors durring the year.

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

15. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

17. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors including the Chairman of the Committee. The condition of clause 1(b) of CCG in relation to independent Director will be applicable on election of next Board of Directors of the Company in April 2014.

18. The meetings of the Audit Committee, as required by the CCG, were held at least once every quarter prior to approval of interim and final results of the Company. The terms of reference of the committee have been formed and advised to the committee for compliance.

19. The Board has formed an HR and Remuneration Committee. It comprises two non-executive directors and one executive Director. The Chairman of the Committee is a non-executive Director.

20. The Board has formed Underwriting / Claim Settlement / Re-insurance and Co-insurance Committee(s).

21. The Board has set up an effective internal audit function which is headed by suitable qualified and experienced person. The full time staff are experienced for the purpose and conversant with the policies and procedure of the Company.

22. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. 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.

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

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

26. We confirm that all other material principles enshrined in the Code have been complied with.

Iqbal Ali Lakhani
Chairman

Karachi: 28 February 2013

ERNST & YOUNG

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Review Report to the Members on the Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2012 prepared by the Board of Directors of Century Insurance Company Limited (the Company) to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

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

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

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

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

Chartered Accountants
Date: 28 February 2013

Karachi

A member firm of Ernst & Young Global Limited

Financial Statements

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530, Pakistan
Tel: +9221 3565 0007
Fax: +9221 3568 1965
www.ey.com

Auditors' Report to the Members

We have audited the annexed financial statements comprising of:

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

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

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

In our opinion:

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

(b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with 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 comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

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

The financial statements of the Company for the year ended 31 December 2011 were audited by another firm of Chartered Accountants, whose report dated 29 February 2012 expressed an unqualified opinion thereon.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Audit Engagement Partner: Shabbir Yunus

Date: 28 February 2013

Karachi

Balance Sheet

As at December 31, 2012

	Note	2012	2011 Restated (Note 12.6)
		(Rupees)	
Share capital and reserves			
Authorised share capital [50,000,000 (December 31, 2011: 50,000,000) ordinary shares of Rs.10 each]		500,000,000	500,000,000
Paid-up share capital	5	457,243,660	457,243,660
Retained earnings		193,291,941	122,016,975
Reserves		373,024,260	373,024,260
		1,023,559,861	952,284,895
Underwriting provisions			
Provision for outstanding claims (including IBNR)		145,787,410	159,958,376
Provision for unearned premium		181,537,399	173,171,252
Commission income unearned		28,404,710	23,082,632
Total underwriting provisions		355,729,519	356,212,260
Deferred liabilities			
Staff retirement benefits	6	-	-
Creditors and accruals			
Premiums received in advance		414,553	1,959,036
Amounts due to other insurers / reinsurers	7	153,280,123	99,389,021
Accrued expenses	8	4,760,992	4,237,194
Other creditors and accruals	9	73,388,100	58,365,345
		231,843,768	163,950,596
Other liabilities			
Unclaimed dividend		976,351	776,887
TOTAL LIABILITIES		588,549,638	520,939,743
TOTAL EQUITY AND LIABILITIES		1,612,109,499	1,473,224,638
CONTINGENCIES	10		

The annexed notes from 1 to 37 form an integral part of these financial statements.

	Note	2012	2011 Restated (Note 12.6)
		(Rupees)	
Cash and bank deposits	11		
Cash and other equivalents		334,188	3,222,072
Current and other accounts		90,176,594	94,297,587
		90,510,782	97,519,659
Investments	12	998,097,022	859,877,973
Deferred taxation	13	2,636,469	2,205,928
Current assets - others			
Premiums due but unpaid	14	87,101,787	98,021,984
Amounts due from other insurers / reinsurers	15	96,327,619	73,141,280
Reinsurance recoveries due but unpaid		35,989,672	13,560,132
Salvage recoveries accrued		3,770,000	4,620,000
Accrued investment income	16	2,265,134	2,353,841
Reinsurance recoveries against outstanding claims	17	87,134,182	103,566,800
Taxation - net	18	18,360,038	28,738,026
Deferred commission expense		18,912,357	16,415,167
Prepayments	19	119,079,483	113,311,165
Sundry receivables	20	7,968,204	11,169,389
		476,908,476	464,897,784
Fixed assets	21		
Tangible and intangible			
Office improvement		5,521,569	7,615,115
Furniture and fixtures		4,614,141	4,400,847
Office equipment		3,774,896	2,588,880
Computer and related accessories		1,054,227	1,166,065
Motor vehicles		27,780,774	32,410,711
Capital work-in-progress		1,102,800	-
Computer software		108,343	541,676
		43,956,750	48,723,294
TOTAL ASSETS		1,612,109,499	1,473,224,638

Iqbal Ali Lakhani
Chairman

Tasleemuddin A. Batlay
Director

A. Aziz H. Ebrahim
Director

Mohammad Hussain Hirji
Director & Chief Executive

Profit and Loss Account

For the year ended December 31, 2012

	Note	Fire and property damage	Marine, aviation and transport	Motor	Miscellaneous	2012 Aggregate	2011 Restated (Note 12.6) Aggregate
		(Rupees)					
Revenue account							
Net premium revenue	22	24,605,254	70,985,979	119,456,535	53,175,684	268,223,452	225,190,745
Net claims		(5,072,812)	(13,453,927)	(68,156,337)	(25,359,848)	(112,042,924)	(80,504,926)
Management expenses	23	(32,158,535)	(15,030,219)	(18,637,456)	(15,055,161)	(80,881,371)	(70,456,895)
Net commission		20,160,397	(1,441,495)	(9,906,182)	(197,712)	8,615,008	13,095,754
Underwriting result		7,534,304	41,060,338	22,756,560	12,562,963	83,914,165	87,324,678
Net investment income						104,966,501	22,333,377
Other income - net	25					8,225,630	10,251,933
General and administration expenses	26					(78,178,519)	(67,459,799)
Share of profit of associates - net	12.1.2					5,276,836	1,169,262
Reversal / (impairment) in value of investment in associates - net	12.1.2					5,821,419	(256,814)
Profit before tax						130,026,032	53,362,637
Taxation - net	27					(13,154,265)	(17,013,701)
Profit after tax						116,871,767	36,348,936
Profit and loss appropriation account:							
Balance at commencement of the year						122,016,975	131,365,194
Profit after tax for the year						116,871,767	36,348,936
Other comprehensive income - share in associates' reserves						127,565	27,211
Final cash dividend of Re.1 (10%) for the year ended December 31, 2011 [December 31, 2011: Re.1 (10%) for the year 2010]						(45,724,366)	(45,724,366)
Balance of unappropriated profit at end of the year						193,291,941	122,016,975
Earnings per share of Rs.10 each - basic and diluted (restated)				(note 28)		2.56	0.79

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani Chairman	Tasleemuddin A. Batlay Director	A. Aziz H. Ebrahim Director	Mohammad Hussain Hirji Director & Chief Executive

Statement of Comprehensive Income

For the year ended December 31, 2012

	2012	2011 Restated (Note 12.6)
	------------- (Rupees) -------------	
Net profit for the year	116,871,767	36,348,936
Other comprehensive income for the year		
Share in associates' reserves	127,565	27,211
Total comprehensive income for the year	116,999,332	36,376,147

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin A. Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Changes in Equity

For the year ended December 31, 2012

	Share capital	Reserves				Total
	Issued, subscribed and paid-up	Capital reserves	Revenue reserves		Total reserves	
		Share premium	General reserve	Retained earnings		
	(Rupees)					
Balance as at January 01, 2011	457,243,660	254,024,260	119,000,000	131,365,194	504,389,454	961,633,114
Changes in equity for the year ended December 31, 2011						
Profit for the year	-	-	-	36,348,936	36,348,936	36,348,936
Other comprehensive income - share in associates' reserve	-	-	-	27,211	27,211	27,211
Total comprehensive income for the year	-	-	-	36,376,147	36,376,147	36,376,147
Final cash dividend of Re.1 (10%) for the year ended December 31, 2010	-	-	-	(45,724,366)	(45,724,366)	(45,724,366)
Balance as at December 31, 2011 - restated	457,243,660	254,024,260	119,000,000	122,016,975	495,041,235	952,284,895
Changes in equity for the year ended December 31, 2012						
Profit for the year	-	-	-	116,871,767	116,871,767	116,871,767
Other comprehensive income - share in associates' reserve	-	-	-	127,565	127,565	127,565
Total comprehensive income for the year	-	-	-	116,999,332	116,999,332	116,999,332
Final cash dividend of Re.1 (10%) for the year ended December 31, 2011	-	-	-	(45,724,366)	(45,724,366)	(45,724,366)
Balance as at December 31, 2012	**457,243,660**	**254,024,260**	**119,000,000**	**193,291,941**	**566,316,201**	**1,023,559,861**

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin A. Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Cash Flows

For the year ended December 31, 2012

	2012	2011
	-------------- (Rupees)	--------------
Operating cash flows		
(a) Underwriting activities		
Premiums received	582,365,803	531,631,199
Reinsurance premiums paid	(252,920,456)	(262,773,574)
Claims paid	(334,940,718)	(122,300,534)
Reinsurance and other recoveries received	200,905,046	41,818,312
Commissions paid	(57,283,912)	(55,008,236)
Commissions received	64,931,186	72,047,839
Net cash inflow from underwriting activities	203,056,949	205,415,006
(b) Other operating activities		
Income tax paid	(3,206,817)	(22,842,345)
General management expenses paid	(149,222,214)	(130,964,783)
Other operating receipts	212,372	5,762,533
Net cash outflow from other operating activities	(152,216,659)	(148,044,595)
Total cash inflow from all operating activities	50,840,290	57,370,411
Investment activities		
Profit / return received	15,337,837	21,406,786
Dividends received	10,490,735	19,223,513
Purchase of investments	(545,560,542)	(489,485,012)
Proceeds from disposal of investments	512,568,941	459,868,370
Fixed capital expenditure	(8,883,886)	(14,845,420)
Proceeds from disposal of fixed assets	3,722,650	2,339,607
Total cash outflow from investing activities	(12,324,265)	(1,492,156)
Financing activities		
Dividends paid	(45,524,902)	(45,418,453)
Net cash (outflow) / inflow from all activities	(7,008,877)	10,459,802
Cash at beginning of the year	96,819,659	86,359,857
Cash at end of the year	89,810,782	96,819,659

Statement of Cash Flows

For the year ended December 31, 2012

	2012	2011 Restated (Note 12.6)
	-------------- (Rupees) --------------	
Reconciliation to profit and loss account		
Operating cash flows	50,840,290	57,370,411
Depreciation / amortisation expense	(9,682,124)	(8,790,419)
(Loss) / gain on disposal of fixed assets	(245,656)	416,893
Profit on disposal of investments	77,158,592	44,407,969
Dividend income	10,492,735	19,121,513
Investment and other income / (loss)	39,907,536	(30,027,737)
Increase in assets other than cash	15,855,004	105,650,094
Increase in liabilities other than running finance	(67,454,610)	(151,799,788)
Profit after taxation	116,871,767	36,348,936

Definition of cash

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

Cash for the purposes of the Statement of Cash Flows consists of:

	2012	2011
Cash and bank deposits		
Cash and other equivalents		
- Cash	85,804	70,235
- Policy stamps and bond papers in hand	248,384	151,862
- Cheques in hand	-	2,999,975
	334,188	3,222,072
Current and other accounts		
- Current accounts *	14,203,598	7,849,362
- PLS savings accounts	75,272,996	85,748,225
	89,476,594	93,597,587
Cash and bank deposits as per balance sheet	89,810,782	96,819,659

* This does not include lien on a local currency account, amounting to Rs.0.7 million (December 31, 2011: Rs.0.7 million), with a commercial bank for letters of credit arranged through the bank for securing claims arising outside Pakistan.

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin A. Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Premiums

For the year ended December 31, 2012

Business underwritten inside Pakistan

Class	Premiums written (note 22)	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	2012 Net premium revenue	2011 Net premium revenue
		Opening	Closing			Opening	Closing			
	(Rupees)									
Direct and facultative										
1. Fire and property damage	232,636,650	87,816,542	88,273,669	232,179,523	203,888,956	86,856,357	83,171,044	207,574,269	24,605,254	31,772,564
2. Marine, aviation and transport	108,729,449	6,681,456	6,597,533	108,813,372	38,352,882	4,486,236	5,011,725	37,827,393	70,985,979	56,826,183
3. Motor	134,824,406	45,190,498	49,434,211	130,580,693	16,217,523	2,131,369	7,224,734	11,124,158	119,456,535	97,129,713
4. Miscellaneous	108,909,880	33,482,756	37,231,986	105,160,650	55,489,243	17,902,731	21,407,008	51,984,966	53,175,684	39,462,285
Total	585,100,385	173,171,252	181,537,399	576,734,238	313,948,604	111,376,693	116,814,511	308,510,786	268,223,452	225,190,745

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin A. Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Claims
For the year ended December 31, 2012

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expenses	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										
1. Fire and property damage	193,778,682	78,346,065	45,014,470	160,447,087	184,720,850	71,600,383	42,253,808	155,374,275	5,072,812	9,875,143
2. Marine, aviation and transport	24,161,793	9,279,392	12,455,831	27,338,232	11,423,061	4,530,770	6,992,014	13,884,305	13,453,927	6,939,865
3. Motor	77,472,533	32,612,283	46,431,774	91,292,024	17,885,387	2,006,895	7,257,195	23,135,687	68,156,337	40,564,884
4. Miscellaneous	39,527,710	39,720,636	41,885,335	41,692,409	11,130,148	25,428,752	30,631,165	16,332,561	25,359,848	23,125,034
Total	334,940,718	159,958,376	145,787,410	320,769,752	225,159,446	103,566,800	87,134,182	208,726,828	112,042,924	80,504,926

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani
Chairman

Tasleemuddin A. Batlay
Director

A. Aziz H. Ebrahim
Director

Mohammad Hussain Hirji
Director & Chief Executive

Statement of Expenses

For the year ended December 31, 2012

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expenses	Other management expenses (note 23)	Underwriting expenses	Commission from reinsurers (note 24)	2012 Net underwriting expense	2011 Net underwriting expense
	(Rupees)								
Direct and facultative									
1. Fire and property damage	32,024,873	9,649,357	11,833,261	29,840,969	32,158,535	61,999,504	50,001,366	11,998,138	12,904,252
2. Marine, aviation and transport	15,672,111	1,009,633	985,021	15,696,723	15,030,219	30,726,942	14,255,228	16,471,714	11,686,529
3. Motor	10,160,690	3,410,955	3,647,511	9,924,134	18,637,456	28,561,590	17,952	28,543,638	20,478,007
4. Miscellaneous	9,511,319	2,345,222	2,446,564	9,409,977	15,055,161	24,465,138	9,212,265	15,252,873	12,292,353
Total	67,368,993	16,415,167	18,912,357	64,871,803	80,881,371	145,753,174	73,486,811	72,266,363	57,361,141

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin A. Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Statement of Investment Income

For the year ended December 31, 2012

	Note	2012	2011 Restated (Note 12.6)
		-------------- (Rupees)	--------------
Income from trading investments			
Gain / (loss) on sale of trading investments		31,885,149	(433,159)
Dividend income		6,341,269	7,532,678
Unrealised gain / (loss) on remeasurement of securities to fair value - net		9,641,057	(12,576,394)
		47,867,475	(5,476,875)
Income from non-trading investments			
Held to maturity			
Return on government securities		9,163,433	10,923,390
Return on other fixed income securities and term finance certificates		1,533,097	1,950,863
Available-for-sale			
Dividend income		4,151,466	11,588,835
		14,847,996	24,463,088
Gain on sale of non-trading investments		45,273,443	44,841,127
Reversal / (provision) for impairment in investment classified as held to maturity		408	(367,500)
Provision for impairment in value of available-for-sale securities - net		-	(39,122,221)
Investments related expenses	8.1	(3,022,821)	(2,004,242)
Net investments income		104,966,501	22,333,377

The annexed notes from 1 to 37 form an integral part of these financial statements.

Iqbal Ali Lakhani	Tasleemuddin A. Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Notes to the Financial Statements
For the year ended December 31, 2012

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 10 October 1985 under the Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore stock exchanges and is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

2. BASIS OF PREPARATION

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

2.1 Statement of compliance

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

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company’s functional and presentation currency.

2.4 Use of estimates and judgements

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

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

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

(a) classification of insurance contracts (note 4.2);
(b) provision for premium due but unpaid (note 4.2.1);
(c) provision for outstanding claims (including IBNR) (note 4.2.3);
(d) premium deficiency reserve (note 4.2.6);
(e) provision for obligations (note 4.3);
(f) recognition of taxation and deferred tax (note 4.5);
(g) accounting for employee benefit plans (note 4.7);
(h) classification of investments (note 4.8);
(i) determining the residual values and useful lives of fixed assets (note 4.9);
(j) allocation of management expenses (note 4.11);
(k) segment reporting (note 4.13); and
(l) impairment (note 4.16);

3. STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

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

Standard	Effective date (accounting periods beginning on or after)
IFRS 7 – Financial Instruments: Disclosures – (Amendments)	
– Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	January 01, 2013
IAS 1 – Presentation of Financial Statements – Presentation of items of comprehensive income	July 01, 2012
IAS 27 – Separate Financial Statements	January 01, 2013
IAS 28 – Investments in Associates and Joint Ventures	January 01, 2013
IAS 32 – Financial Instruments: Presentation (Amendment)	January 01, 2014
IAS 19 – Employee Benefits – (Amendment)	January 01, 2013

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

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

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

The adoption of the said amendments will result in change in the Company's accounting policy related to recognition of actuarial gains and losses as referred to in note 4.6.1 to the financial statements. The unrecognised actuarial loss as at December 31, 2012 is Rs.0.609 million. The effect of change is not expected to be significant to the financial statements of 2013.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as stated in 4.1 below:

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

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

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 7 - Financial Instruments: Disclosures - (Amendment)	July 01, 2011
IAS 12 - Income Taxes (Amendment) - Recovery of underlying Assets	January 01, 2012

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

4.2 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders are insurance policy contracts. The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, money, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

4.2.1 Premiums

Premiums under a policy are recognized as revenue at the time of issuance of insurance policy. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Administrative surcharge represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at the rate of 5% of the premium written restricted to a maximum of Rs.2,000 per policy and are recognised as revenue at the time of issuance of insurance policy.

Receivables under insurance contracts are recognised 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 recognizes it as impairment loss.

4.2.2 Reinsurance ceded

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets as required by Insurance Ordinance, 2000.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

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

4.2.3 Claims expense

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

The Company recognizes liability in respect of all claims incurred upto the balance sheet date which is based on the best estimate of the claims intimated or assessed on or before the end of the financial year and 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 claim 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 estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

4.2.4 Reinsurance recoveries against outstanding claims

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

4.2.5 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the 1/24th method.

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

4.2.6 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement 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 estimated. The loss ratios estimated on these basis for the unexpired portion are as follows:

Fire and property damage	33.39%
Marine, aviation and transport	14.72%
Motor	51.49%
Miscellaneous	58.35%

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

4.3 Creditors, accruals and provisions

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

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

4.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost.

4.5 Taxation

4.5.1 Current

Provision for current taxation is based on taxable income at the rates enacted or substantively enacted at the balance sheet date after taking into account available tax credits and rebates, if any. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalised during the current year for such years.

4.5.2 Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to equity in which case it is included in equity.

4.6 Transactions with related parties

All transactions involving related parties arising in the normal course of business are conducted at agreed / commercial terms and conditions.

4.7 Staff retirement benefits

4.7.1 Defined benefit plan

The Company operates an approved defined gratuity scheme for all its permanent employees who attain the minimum qualification period for entitlement to gratuity. Contributions to the fund are made based on actuarial recommendations and in line with the provisions of the Income Tax Ordinance, 2001. The most recent actuarial valuation was carried out for the year ended December 31, 2012 using the Projected Unit Credit Method. Actuarial gains / losses in excess of corridor limit (10% of the higher of fair value of assets and present value of obligation) are recognised over the average remaining service life of the employees.

4.7.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 10 percent of basic salary plus cost of living allowance.

4.7.3 Employees' compensated absences

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

4.8 Investments

4.8.1 Recognition

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

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

4.8.2 Measurement

4.8.2.1 Investment at fair value through profit or loss

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

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

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

4.8.2.2 Held to maturity

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

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

4.8.2.3 Available-for-sale

These are investments that do not fall under investment at fair value through profit or loss or held to maturity categories.

Quoted

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

Had the Company adopted International Accounting Standard (IAS) 39 "Financial Instruments Recognition and Measurement" the investments of the Company would have been higher by Rs.100.183 million (December 31, 2011: Rs. 56.802 million) and net equity would have been higher by the same amount (refer note 12.2 and 12.5).

Unquoted

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

Provision for diminution in the value of securities is made after considering impairment losses, if any.

4.8.2.4 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period less impairment loss, if any. Share of profit and loss of associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates profit and loss account, are recognised directly in equity of the Company. The goodwill relating to an associate arising on the acquisition of the investment is included in the carrying value of the investments.

After the application of equity method including recognizing the associates losses, the Company determines whether it is necessary to recognize any additional impairment loss with respect to its net investment in associate by comparing the entire carrying amount including goodwill with its recoverable amount i.e. the higher of value in use or fair market price less cost to sell.

4.8.2.5 Date of recognition

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

4.9 Fixed assets

4.9.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21.1 to the financial statements, after taking into account residual value.

Depreciation on additions is charged from the month in which the asset is put to use whereas no depreciation is charged from the month the asset is disposed off.

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

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

4.9.2 Capital work-in-progress

Capital work-in-progress including advances made for capital expenditure is stated at cost less impairment, if any.

4.9.3 Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 21.4 to the financial statements. Amortisation on additions is charged from the month in which the asset is acquired or capitalised whereas no amortisation is charged from the month the asset is disposed off.

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

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets' are written down to their estimated recoverable amounts.

4.10 Investment income

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

Dividend income from investments, other than those which are accounted for under the equity method is recognised when the Company's right to receive the payment is established.

Gain or loss on sale of investment is included in income currently.

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

4.11 Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written for the year. Expenses not allocable to the underwriting business are charged as administrative and investments related expenses.

4.12 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriations are recognized when approved.

4.13 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company presents segments 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 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 four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

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

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

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

Financing, 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.

4.14 Foreign currency translation

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

4.15 Offsetting of financial assets and liabilities

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

4.16 Impairment

The carrying amount of assets (other than deferred tax asset) are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Notes to the Financial Statements
For the year ended December 31, 2012

5. PAID-UP SHARE CAPITAL

2012	2011		2012	2011
------- (Number of shares) -------			----------- (Rupees) -----------	
13,981,213	13,981,213	Ordinary shares of Rs.10 each issued as fully paid in cash	139,812,130	139,812,130
31,743,153	31,743,153	Ordinary shares of Rs.10 each issued as fully paid bonus shares	317,431,530	317,431,530
45,724,366	45,724,366		457,243,660	457,243,660

5.1 Ordinary shares of the Company held by associated companies / persons are as follows:

	2012	2011
	------- (Number of shares) -------	
Siza (Private) Limited	6,506,692	6,506,692
Siza Services (Private) Limited	10,774,674	10,774,674
Siza Commodities (Private) Limited	4,539,185	4,518,385
Premier Fashions (Private) Limited	13,240,794	13,240,794
Directors and their spouses	38,699	38,699
Related parties - individuals	5,838	5,838
	35,105,882	35,085,082

6. STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity fund

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

Discount rate 11.5% (2011: 12.5%) per annum.

Expected rate of increase in the salaries of the employees 10.5% (2011: 11.5%) per annum.

Expected interest rate on plan assets of the fund 11.5% (2011: 12.5%) per annum.

Expected remaining service length of the employees 7 years (2011: 8 years).

	2012	2011
	-------------- (Rupees) --------------	
6.1 Liability in balance sheet		
Present value of defined benefit obligations	12,268,220	10,810,421
Fair value of plan assets	(11,658,695)	(10,224,979)
Unrecognised actuarial losses	(609,525)	(585,442)
	-	-
6.2 Movement in liability during the year		
Charge to profit and loss account	1,000,000	2,093,754
Contributions to the fund during the year	(1,000,000)	(2,093,754)
Closing balance	-	-

	2012	2011
	-------------- (Rupees)	--------------
6.3 Reconciliation of the present value of defined benefit obligations		
Present value of obligations as at January 01	10,810,421	8,455,615
Current service cost	1,658,156	1,657,118
Interest cost	1,266,371	1,167,288
Benefits paid	(657,954)	(235,690)
Actuarial gain	(808,774)	(233,910)
Present value of obligations as at December 31	12,268,220	10,810,421
6.4 Reconciliation of the fair value of plan assets		
Fair value of plan assets as at January 01	10,224,979	7,522,097
Expected return on plan assets	1,299,500	740,425
Contribution to the fund	1,000,000	2,093,754
Benefits paid	(657,954)	(235,690)
Actuarial (loss) / gain	(207,830)	104,393
Fair value of plan assets as at December 31	11,658,695	10,224,979
6.5 Charge for the defined benefit plan		
Current service cost	1,658,156	1,657,118
Interest cost	1,266,371	1,167,288
Expected return on plan assets	(1,299,500)	(740,425)
Actuarial (gain) / loss recognised	(625,027)	9,773
	1,000,000	2,093,754
6.6 Actual return on plan assets		
Expected return on assets	1,299,500	740,425
Actuarial (loss) / gain on assets	(207,830)	104,393
	1,091,670	844,818

6.7 Composition of fair value of plan assets

	2012		2011	
	Fair value (Rupees)	Percentage	Fair value (Rupees)	Percentage
Treasury bills	10,353,034	89%	6,989,569	68%
Term finance certificates	512,272	4%	499,663	5%
Cash and bank balances	793,389	7%	2,735,747	27%
Fair value of plan net assets	11,658,695	100%	10,224,979	100%

6.8 Historical data of the fund

	2012	2011	2010	2009	2008
			(Rupees)		
Present value of defined benefit obligations	12,268,220	10,810,421	8,455,615	6,657,000	5,206,000
Fair value of plan assets	(11,658,695)	(10,224,979)	(7,522,097)	(5,117,000)	(2,133,000)
Deficit	609,525	585,442	933,518	1,540,000	3,073,000
Experience adjustments					
Actuarial gain on obligation	(808,774)	(233,910)	(430,570)	(601,000)	(605,000)
Actuarial (loss) / gain on assets	(207,830)	104,393	88,482	(228,000)	(18,000)

6.9 The estimated contribution to the fund for the year ended December 31, 2013 is Rs.1.263 million.

	Note	2012	2011
		(Rupees)	

7. AMOUNT DUE TO OTHER INSURERS / REINSURERS

	Note	2012	2011
Foreign reinsurers		50,033,421	38,208,933
Local reinsurers		86,105,022	53,907,327
Co-insurers		17,141,680	7,272,761
		153,280,123	99,389,021

8. ACCRUED EXPENSES

	Note	2012	2011
Auditors' remuneration		474,720	604,480
Professional services fee		35,000	15,000
Provision for compensated absences		3,012,655	2,779,930
Investment advisory fee - due to related party	8.1	251,012	196,252
Utilities and others	8.2	987,605	641,532
		4,760,992	4,237,194

8.1 This represents payable on account of management of Company's investment portfolio to Lakson Investments Limited as per agreement. Total investment advisory fee for the year is Rs.3.023 million (December 31, 2011: Rs.2.004 million).

8.2 This includes a sum of Rs.0.080 million (December 31, 2011: Rs.0.072 million) due to related parties.

9. OTHER CREDITORS AND ACCRUALS

	Note	2012	2011
Creditors		1,336,077	1,208,156
Federal excise duty		3,222,596	3,793,954
Federal insurance fees		226,111	252,511
Retention money		142,469	426,907
Commission payable	9.1	54,261,220	42,228,143
Workers' welfare fund		6,098,617	3,444,041
Margin deposits	9.2	4,652,209	2,877,280
Payable against purchase of shares		319,152	413,290
Payable against construction of new branches		269,040	1,171,273
Withholding tax payable		221,286	67,102
Deposits from employees against car scheme	9.3	2,639,057	2,460,364
Others		266	22,324
		73,388,100	58,365,345

9.1 This includes a sum of Rs.44.22 million (December 31, 2011: Rs.33.23 million) due to related parties.

9.2 This represents margin deposits on account of performance bond policies issued by the Company.

9.3 This represents amount withheld from employees' salary against motor vehicle installments.

10. CONTINGENCIES

There are no contingencies as at December 31, 2012.

	Note	2012	2011
		(Rupees)	
11. CASH AND BANK DEPOSITS			
Cash and other equivalents			
Cash		85,804	70,235
Policy stamps and bond papers in hand		248,384	151,862
Cheques in hand		-	2,999,975
		334,188	3,222,072
Current and other accounts			
Current accounts	11.1	14,903,598	8,549,362
PLS saving accounts	11.2	75,272,996	85,748,225
		90,176,594	94,297,587
		90,510,782	97,519,659

11.1 This includes lien on a local currency account, amounting to Rs.0.7 million (December 31, 2011: Rs.0.7 million) in respect of letters of credit arranged through a bank for securing claims arising outside Pakistan.

11.2 The rate of return on PLS saving accounts maintained at various banks range from 6% to 10.25% per annum (2011: 5% to 11.5% per annum).

	Note	2012	2011 Restated (Note 12.6)
		(Rupees)	
12. INVESTMENTS			
In related parties			
Investment in associates under equity accounting	12.1	25,595,566	15,222,122
Available-for-sale - quoted mutual funds	12.2	579,643,888	446,927,363
		605,239,454	462,149,485
Others			
Investments at fair value through profit or loss - held-for-trading			
Quoted shares		95,760,162	97,443,375
Held to maturity			
Government securities	12.3	67,950,621	65,485,489
Term finance certificates - quoted	12.4	10,807,814	13,156,009
		78,758,435	78,641,498
Available-for-sale			
Quoted equity securities / mutual funds	12.5	218,338,971	221,643,615
		998,097,022	859,877,973

Notes to the Financial Statements

For the year ended December 31, 2012

12.1 Investment in associates - equity accounting

12.1.1 Particulars of investment in associates - listed

Number of shares 2012	Number of shares 2011	Face value per share (Rupees)	Name of associates	2012 (Rupees)	2011 (Rupees)
437,910	364,925	10	Century Paper & Board Mills Limited	11,665,922	4,744,025
66,528	66,528	10	Clover (Pakistan) Limited	6,702,643	3,632,429
16,036	13,364	10	Colgate Palmolive (Pakistan) Limited	7,227,001	6,845,668
				25,595,566	15,222,122

12.1.2 Movement of investment in associates - listed

	Beginning of the year	Share of profit	Dividend received	Share in equity	Reversal of impairment	2012	2011
	-----	-----	-----	(Rupees)	-----	-----	-----
Century Paper & Board Mills Limited	4,744,025	1,100,478	-	-	5,821,419	11,665,922	4,744,025
Clover (Pakistan) Limited	3,632,429	3,612,062	(665,280)	123,432	-	6,702,643	3,632,429
Colgate Palmolive (Pakistan) Limited	6,845,668	564,296	(187,096)	4,133	-	7,227,001	6,845,668
	15,222,122	5,276,836	(852,376)	127,565	5,821,419	25,595,566	15,222,122

12.1.3 Summarised latest available interim financial information of the associates of the Company along with its respective share are as follows:

Name of associates	Country of incorporation / listing	Date of financial statements	Total assets	Total liabilities	Net assets	Revenues	Profit / (loss) after tax	Interest held %
			-----	-----	(Rupees in 000)	-----	-----	
2012								
Century Paper & Board Mills Limited	Pakistan	September	14,318,098	8,304,354	6,013,744	3,204,061	199,436	0.52
Clover (Pakistan) Limited	Pakistan	September	991,871	77,201	914,670	8,671	(4,925)	0.71
Colgate Palmolive (Pakistan) Limited	Pakistan	December	8,024,550	2,224,302	5,800,248	9,616,339	746,589	0.04
			23,334,519	10,605,857	12,728,662	12,829,071	941,100	
2011								
Century Paper & Board Mills Limited	Pakistan	December	13,431,424	7,922,928	5,508,496	6,150,636	208,824	0.52
Clover (Pakistan) Limited	Pakistan	September	533,918	125,625	408,293	342,517	8,798	0.71
Colgate Palmolive (Pakistan) Limited	Pakistan	December	6,634,431	1,870,896	4,763,535	8,931,108	832,133	0.04
			20,599,773	9,919,449	10,680,324	15,424,261	1,049,755	

12.1.4 Market value of investment in associates is Rs. 40.177 million (December 31, 2011: Rs. 16.917 million).

		2012	2011 Restated (Note 12.6)
		----------- (Rupees) -----------	
12.2	**Available-for-sale - quoted mutual fund**		
12.2.1	**From related parties**		
	Lakson Income Fund	201,812,812	145,508,494
	Lakson Money Market Fund	277,831,076	201,418,869
	Lakson Asset Allocation Emerging Market Fund	35,000,000	35,000,000
	Lakson Asset Allocation Global Commodities Fund	30,000,000	30,000,000
	Lakson Asset Allocation Developed Market Fund	35,000,000	35,000,000
		579,643,888	446,927,363

12.2.2 Market value of investment in related parties classified as available-for-sale is Rs. 660.45 million (December 31, 2011: Rs. 479.55 million).

12.3 Held to maturity - amortised cost

12.3.1 Government securities

Number of certificates 2012	Number of certificates 2011	Face value per certificate (Rupees)	Particulars	Coupon rate	Profit payment	Maturity date	2012	2011
							----------- (Rupees) -----------	
1	1	46,000,000	Pakistan Investment Bond * (10 years)	8.00%	Semi annually	October 06, 2013	44,001,250	41,655,778
1	1	25,000,000	Pakistan Investment Bond (10 years)	12.00%	Semi annually	August 30, 2018	23,949,371	23,829,711
							67,950,621	65,485,489

* This security is placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

12.3.2 Market value of Pakistan Investment Bonds is Rs. 71.482 million (December 31, 2011: Rs. 66.929 million).

12.4 Term finance certificates - quoted - held to maturity

Number of certificates 2012	Number of certificates 2011	Face value per certificate (Rupees)	Name of investee	Profit rate (note 12.4.1)	Maturity date	2012	2011
						----------- (Rupees) -----------	
600	600	5,000	Askari Commercial Bank Limited (I)	Base rate plus 1.5% per annum*	February 4, 2013	2,991,000	2,992,200
600	600	5,000	Askari Commercial Bank Limited (II)	Base rate plus 1.5% per annum*	October 31, 2013	2,991,600	2,992,800
-	281	-	Bank Alfalah Limited (II)	-	-	-	934,187
400	400	5,000	Bank Alfalah Limited (III)	Base rate plus 1.5% per annum*	November 25, 2013	1,329,808	1,995,392
200	200	5,000	Soneri Bank Limited	Base rate plus 1.6% per annum*	May 5, 2013	249,400	748,200
198	198	5,000	Faysal Bank Limited	Base rate plus 1.9% per annum*	February 10, 2013	246,906	494,010
200	200	5,000	Telecard Limited	Base rate plus 3.75% per annum*	May 27, 2011	367,092	367,500
600	600	5,000	United Bank Limited	Base rate plus 1.9% per annum**	March 15, 2013	2,999,100	2,999,220
						11,174,906	13,523,509
				Less: Provision for impairment		(367,092)	(367,500)
						10,807,814	13,156,009

whereas,

* Base rate is defined as six months KIBOR.

** Base rate is defined as trading yield of eight year Pakistan Investment Bond.

Notes to the Financial Statements
For the year ended December 31, 2012

12.4.1 Profit on these term finance certificates is received on semi-annual basis.

12.4.2 Market value of quoted term finance certificates is Rs.10.829 million (December 31, 2011: Rs.12.98 million). The market value is determined as per rates quoted by Mutual Funds Association of Pakistan on December 31, 2012.

	Note	2012	2011 Restated (Note 12.6)
		--------- (Rupees) ---------	
12.5 Available-for-sale - quoted investments			
Cost	12.5.1	271,481,557	337,672,324
Provision for impairment - net of reversals	12.5.2	(53,142,586)	(116,028,709)
		218,338,971	221,643,615

12.5.1 Market value of quoted available-for-sale investments is Rs. 237.714 million (December 31, 2011: Rs. 245.822 million).

12.5.2 Provision for impairment - net of reversals

	2012	2011
Opening provision	116,028,709	150,394,868
Realised on disposal	(62,886,123)	(73,488,380)
Charge for the year	-	39,122,221
Closing provision	53,142,586	116,028,709

12.6 Comparative figures - prior period adjustment

In prior year, the Company recorded bonus units received in respect of its investment in mutual funds (classified as "available-for-sale") without adjusting the average cost of units held in the investment portfolio. This resulted in understatement of cost of investment and capital gains as reported in last financial year.

The above error has been corrected during the year in accordance with the requirement of International Accounting Standard - 8 (IAS-8) 'Accounting Policies, Changes in accounting estimates and errors' and consequently, comparative figures in the balance sheet have been restated. The financial impact of the restatement on these financial statements is as follows:

	As originally reported	Prior year adjustment	Restated
	--------------------- (Rupees)	---------------------	
Balances as at December 31, 2011			
Investments	848,638,589	11,239,384	859,877,973
Net investment income	11,093,993	11,239,384	22,333,377
Retained earnings	110,777,591	11,239,384	122,016,975
Earnings per share - basic and diluted (Rupee)	0.55	0.24	0.79

	Note	2012	2011
		----------- (Rupees) -----------	
13. DEFERRED TAXATION			
Deferred tax debits / (credits) arising in respect of:			
Accelerated depreciation on operating fixed assets		(1,810,123)	(2,695,523)
Provision for claims incurred but not reported (IBNR)		810,587	1,635,308
Provision for employees' benefits		1,054,429	972,975
Share of loss / (profit) from associates		167,820	(116,926)
Provision against receivables		2,413,756	2,410,094
		2,636,469	2,205,928
14. PREMIUMS DUE BUT UNPAID - Unsecured			
Considered good	14.1	87,101,787	98,021,984
Considered doubtful		6,080,344	6,069,880
		93,182,131	104,091,864
Provision for doubtful balances	14.2	(6,080,344)	(6,069,880)
		87,101,787	98,021,984

14.1 This includes a sum of Rs.57.341 million (December 31, 2011: Rs.72.280 million) due from related parties.

14.2 Provision for doubtful balances

	2012	2011
Opening balance	6,069,880	7,370,125
Provision made during the year	475,994	702,897
Recoveries during the year	(465,530)	(2,003,142)
	6,080,344	6,069,880
15. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - Unsecured		
Considered good		
Local reinsurer	3,682,413	3,588,553
Co-insurer	93,461,308	70,368,829
	97,143,721	73,957,382
Provision for doubtful balances	(816,102)	(816,102)
	96,327,619	73,141,280
16. ACCRUED INVESTMENT INCOME		
Return on government securities	1,906,411	1,888,110
Return on term finance certificates	344,723	453,731
Dividend income on equity securities	14,000	12,000
	2,265,134	2,353,841

17. REINSURANCE RECOVERIES AGAINST OUTSTANDING CLAIMS

These are unsecured and considered good.

	2012	2011
	----------- (Rupees) -----------	

18. TAXATION - NET

	2012	2011
Advance tax including tax deducted at source	31,944,844	44,893,876
Provision for taxation	(13,584,806)	(16,155,850)
	18,360,038	28,738,026

18.1 The Company has filed returns upto tax year 2012.The returns filed for tax years upto 2012 are deemed to be assessed under the provisions of section 120 of the Income Tax Ordinance, 2001 unless any amendments have been made by the tax authorities.

19. PREPAYMENTS

	2012	2011
Prepaid reinsurance premium ceded	116,814,511	111,376,693
Others	2,264,972	1,934,472
	119,079,483	113,311,165

20. SUNDRY RECEIVABLES

	2012	2011
Profit on bank deposits - savings accounts	486,856	497,459
Security deposits	1,836,325	815,831
Advance to employees	1,284,293	1,644,079
Advance against expenses	85,000	100,000
Receivables from supplier	1,982,000	-
Receivable against sale of shares	2,177,919	7,861,275
Others	115,811	250,745
	7,968,204	11,169,389

21. FIXED ASSETS

21.1 Tangible assets

December 31, 2012

	Cost				Depreciation				Written down value as at December 31, 2012	Depreciation rate %
	As at January 01 2012	Additions	(Disposals)	As at December 31, 2012	As at January 01 2012	For the year	(Disposals)	As at December 31, 2012		
	----------- (Rupees) -----------									
Office improvement	17,760,043	515,400	1,709,117	16,566,326	10,144,928	1,984,631	1,084,802	11,044,757	5,521,569	10
Furniture and fixtures	9,069,164	1,552,170	942,458	9,678,876	4,668,317	1,025,032	628,614	5,064,735	4,614,141	10
Office equipment	6,344,571	2,124,233	255,800	8,213,004	3,755,691	934,165	251,748	4,438,108	3,774,896	10 - 33
Computer and related accessories	6,800,133	665,883	248,000	7,218,016	5,634,068	762,994	233,273	6,163,789	1,054,227	33
Motor vehicles	44,390,129	2,923,400	5,245,080	42,068,449	11,979,418	4,541,969	2,233,712	14,287,675	27,780,774	20
	84,364,040	7,781,086	8,400,455	83,744,671	36,182,422	9,248,791	4,432,149	40,999,064	42,745,607	

December 31, 2011

	Cost				Depreciation				Written down value as at December 31, 2011	Depreciation rate %
	As at January 01 2011	Additions	(Disposals)	As at December 31, 2011	As at January 01 2011	For the year	(Disposals)	As at December 31, 2011		
	----------- (Rupees) -----------									
Office improvement	16,004,239	1,768,104	12,300	17,760,043	8,332,375	1,822,206	9,653	10,144,928	7,615,115	10
Furniture and fixtures	7,659,604	1,409,560	-	9,069,164	3,812,463	855,854	-	4,668,317	4,400,847	10
Office equipment	5,649,615	1,104,356	409,400	6,344,571	3,652,026	491,516	387,851	3,755,691	2,588,880	10 - 33
Computer and related accessories	6,600,847	433,100	233,814	6,800,133	5,080,647	787,226	233,805	5,634,068	1,166,065	33
Motor vehicles	37,947,025	10,130,300	3,687,196	44,390,129	9,367,821	4,400,284	1,788,687	11,979,418	32,410,711	20
	73,861,330	14,845,420	4,342,710	84,364,040	30,245,332	8,357,086	2,419,996	36,182,422	48,181,618	

		Note	2012	2011
21.2	Depreciation charge for the year has been allocated as follows:		----------- (Rupees) -----------	
	Management expenses	23	4,901,859	4,429,256
	General and administrative expenses	26	4,346,932	3,927,830
			9,248,791	8,357,086

		2012	2011
21.3	Capital work-in-progress		
	Advance against purchase of motor vehicles	802,800	-
	Advance against renovation of branch	300,000	-
		1,102,800	-

21.4 Intangible assets

	Cost			Amortisation			Written down value as at December 31, 2012	Amortisation rate %
	As at January 01 2012	Additions / (disposals)	As at December 31, 2012	As at January 01 2012	For the year	As at December 31, 2012		
	(Rupees)							
Computer software	5,124,839	-	5,124,839	4,583,163	433,333	5,016,496	108,343	33
2011	5,124,839	-	5,124,839	4,149,830	433,333	4,583,163	541,676	33

		Note	2012	2011
21.5	Amortisation charge for the year has been allocated as follows:		----------- (Rupees) -----------	
	Management expenses	23	229,666	229,666
	General and administrative expenses	26	203,667	203,667
			433,333	433,333

21.6 Disposal of tangible assets

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss) (note 25)	Mode of disposal	Sold to
	(Rupees)						
Office improvement	1,709,117	1,084,802	624,315	20,000	(604,315)	Negotiation	M/s. SKZ Engineering Services, Karachi
Furniture and fixtures	942,458	628,614	313,844	44,000	(269,844)	Negotiation	M/s. SKZ Engineering Services, Karachi
Office equipment	800	471	329	50	(279)	Negotiation	M/s. Starcom, Karachi
Office equipment	59,500	55,782	3,718	7,500	3,782	Negotiation	M/s. Horizon Cool Engineering, Lahore
Office equipment	195,500	195,495	5	1,000	995	Negotiation	M/s. SKZ Engineering Services, Karachi
Computer and related accessories	9,000	8,999	1	2,500	2,499	Negotiation	M/s. Starcom, Karachi
Computer and related accessories	19,500	19,499	1	1,000	999	Negotiation	M/s. Tripple Brothers Enterprises, Lahore
Computer and related accessories	38,400	23,684	14,716	3,000	(11,716)	Negotiation	M/s. Starcom, Karachi
Computer and related accessories	161,600	161,592	8	450	442	Negotiation	M/s. Starcom, Karachi
Computer and related accessories	19,500	19,499	1	2,000	1,999	Negotiation	M/s. Starcom, Karachi
Motor vehicle	785,000	383,080	401,920	525,000	123,080	Negotiation	Mr. Jamil, Karachi
Motor vehicle	560,000	273,280	286,720	425,000	138,280	Negotiation	Mr. Rizwan Ullah, Karachi
Motor vehicle	59,800	44,800	15,000	9,000	(6,000)	Negotiation	Mr. Ghulam Mohammad, Karachi
Motor vehicle	369,250	-	369,250	350,000	(19,250)	Negotiation	Mr. Rizwan Ullah, Karachi
Motor vehicle	43,500	21,228	22,272	10,000	(12,272)	Negotiation	Mr. Kamran, Karachi
Motor vehicle	54,800	36,800	18,000	18,000	-	As per company policy	Mr. Ishtiaque Khan - employee
Motor vehicle	54,800	36,800	18,000	18,000	-	As per company policy	Mr. Saeed Ahmed - employee
Motor vehicle	54,800	36,800	18,000	18,000	-	As per company policy	Mr. Shahid Haroon - employee
Motor vehicle	54,800	36,800	18,000	18,000	-	As per company policy	Mr. Musharaf Ali - employee
Motor vehicle	54,800	36,800	18,000	18,000	-	As per company policy	Mr. Ghayyur Baig Chughtai - employee
Motor vehicle	100,000	20,000	80,000	210,000	130,000	Negotiation	Mr. Safdar Mehmood, Karachi
Motor vehicle	1,669,000	731,517	937,483	937,483	-	As per company policy	Mr. Javed Muslim - ex-employee (Executive)
Motor vehicle	59,800	54,952	4,848	18,000	13,152	Negotiation	Mr. Muhammad Shafiq, Karachi
Motor vehicle	675,000	283,500	391,500	650,000	258,500	Negotiation	Mr. Arif, Karachi
Motor vehicle	74,000	8,292	65,708	70,000	4,292	Insurance Claim	M/s. Premier Insurance Limited, Karachi
Motor vehicle	575,730	229,063	346,667	346,667	-	As per company policy	Mr. Shahid Mobeen - employee (Executive)
	8,400,455	4,432,149	3,968,306	3,722,650	(245,656)		

Notes to the Financial Statements

For the year ended December 31, 2012

22. NET PREMIUM REVENUE - ADMINISTRATIVE SURCHARGE

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

	Note	2012	2011
		(Rupees)	
Fire and property damage		960,674	925,684
Marine, aviation and transport		3,110,856	2,597,604
Motor		2,889,646	2,295,567
Miscellaneous		1,176,657	1,098,945
		8,137,833	6,917,800

23. MANAGEMENT EXPENSES

	Note	2012	2011
Salaries, wages and benefits	23.1	53,357,815	46,470,970
Rent, taxes and electricity		7,436,324	6,258,534
Communications		2,575,581	2,453,071
Printing and stationery		1,847,695	1,872,234
Travelling and entertainment		2,446,689	2,531,050
Repairs and maintenance		893,584	739,070
Advertisement and sales promotion		984,518	210,257
Depreciation	21.2	4,901,859	4,429,256
Amortisation	21.5	229,666	229,666
Legal and professional charges		891,925	870,445
Workers' welfare fund		1,406,925	477,000
Provision / (reversal) against premium due but unpaid - net		10,464	(1,300,245)
Other expenses	23.2	3,898,326	5,215,587
		80,881,371	70,456,895

23.1 These include Rs.1.673 million (December 31, 2011: Rs.1.635 million) in respect of employees' provident fund and Rs.0.530 million (December 31, 2011: Rs.1.110 million) in respect of defined benefit plan.

23.2 This includes Rs.3.891 million (December 31, 2011 Rs.5.169 million) being service charges @ 2.5% (December 31, 2011: 2.5%) per annum in respect of coinsurance recoveries.

24. COMMISSION FROM REINSURERS

	Commissions received or receivable	Opening commission unearned	Closing commission unearned	Commissions from reinsurers
	(Rupees)			
Fire and property damage	53,835,391	17,799,402	21,633,427	50,001,366
Marine, aviation and transport	14,498,525	1,505,061	1,748,358	14,255,228
Motor	48,748	1,519	32,314	17,953
Miscellaneous	10,426,225	3,776,650	4,990,611	9,212,264
	78,808,889	23,082,632	28,404,710	73,486,811

	Note	2012	2011
		----------- (Rupees) -----------	
25. OTHER INCOME - NET			
Income from financial assets			
Profit on bank deposits			
Saving accounts		7,005,128	8,636,865
Exchange gain / (loss)		240,743	(122,001)
		7,245,871	8,514,864
Income from non-financial assets			
(Loss) / gain on sale of fixed assets - net	21.6	(245,656)	416,893
Management fee sharing commission	25.1	1,060,122	1,176,889
Others	25.2	165,293	143,287
		979,759	1,737,069
		8,225,630	10,251,933

25.1 This includes commission of Rs.0.932 million (December 31, 2011: Rs.0.789 million) received against investment made in mutual funds of Lakson Investments Limited (a related party).

25.2 Included herein is a sum of Rs.0.120 million (December 31, 2011: Rs.0.14 million) representing service charges from a related party for keeping promotional materials in the Company's branches located outside Karachi.

26. GENERAL AND ADMINISTRATION EXPENSES

	Note	2012	2011
Salaries, wages and benefits	26.1	47,317,307	41,300,079
Rent, taxes and electricity		6,067,100	5,119,767
Fees and subscription		2,441,227	2,567,069
Communications		2,007,838	1,940,141
Printing and stationery		1,847,695	1,872,234
Travelling and entertainment		1,871,475	1,898,951
Depreciation	21.2	4,346,932	3,927,830
Amortisation	21.5	203,667	203,667
Repairs and maintenance		792,423	655,401
Legal and professional		1,030,583	1,055,442
Auditors' remuneration	26.2	678,070	683,530
Advertisement and sales promotion		1,974,506	1,055,161
Insurance		3,075,823	2,620,451
Bank charges		283,333	220,537
Workers' welfare fund		1,247,651	423,000
Other expenses		2,992,889	1,916,539
		78,178,519	67,459,799

26.1 These include Rs.1.484 million (December 31, 2011: Rs.1.450 million) in respect of employees' provident fund and Rs.0.470 million (December 31, 2011: Rs.0.984 million) in respect of defined benefit plan.

26.2 Auditors' remuneration

	2012	2011
Audit fee	260,820	260,820
Interim review	130,410	130,410
Special reports and other certifications	231,950	237,300
Out of pocket expenses	54,890	55,000
	678,070	683,530

27. TAXATION - NET

	2012	2011
Current	10,443,241	16,155,850
Prior	3,141,565	-
Deferred	(430,541)	857,851
	13,154,265	17,013,701

	2012	2011 Restated (Note 12.6)
	----------- (Rupees) -----------	

27.1 Relationship between tax expense and accounting profit

	2012	2011
Profit for the year before taxation	130,026,032	53,362,637
Tax at the applicable rate of 35% (December 31, 2011: 35%)	45,509,111	18,676,923
Tax effect of expenses that are not allowable in determining taxable income	1,999,432	19,014,510
Tax effect of capital gains exempt from tax	(27,005,507)	(15,542,789)
Tax effect of income subject to lower rates	(2,623,184)	(5,072,694)
Others	(7,867,152)	(62,249)
Prior year charge	3,141,565	-
	13,154,265	17,013,701

28. EARNINGS PER SHARE

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

	2012	2011 Restated (Note 12.6)
	----------- (Rupees) -----------	
Profit after tax for the year	116,871,767	36,348,936
	------- (Number of shares) -------	
Weighted average number of shares of Rs. 10 each	45,724,366	45,724,366
	----------- (Rupees) -----------	
Basic earnings per share of Rs. 10 each	2.56	0.79

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.

29. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount including all benefits, to the Chief Executive and Executives of the Company are as follows:

	Chief Executive		Executives		Total	
	2012	2011	2012	2011	2012	2011
	------------	------------	------------	(Rupees)	------------	------------
Managerial remuneration	4,445,628	3,865,020	20,899,170	15,854,634	25,344,798	19,719,654
Bonus	1,063,498	966,730	5,033,703	3,938,673	6,097,201	4,905,403
Retirement benefits	445,128	387,072	1,451,721	1,213,667	1,896,849	1,600,739
House rent	2,000,520	1,739,220	9,404,575	7,136,939	11,405,095	8,876,159
Others	453,852	395,760	2,550,848	1,952,645	3,004,700	2,348,405
	8,408,626	7,353,802	39,340,017	30,096,558	47,748,643	37,450,360
Number of persons	1	1	22	15	23	16

29.1 In addition, some of the executives are provided with free use of Company maintained cars.

30. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies; directors and their close family members; staff retirement funds; key management personnel and major shareholders of the Company. These associated companies are associated either based on holding in equity or they are due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed / commercial terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances, including investments in associates, are disclosed in relevant notes to these financial statements. Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of related party	Premiums written	Commission paid and due	Claims paid	Dividend income	Bonus shares received	Dividend paid	Expenses	Retirement Fund
	------------	------------	------------	------------	(Rupees)	------------	------------	------------
Associated companies								
Accuray Surgical Limited	894,109	112,046	31,975	-	-	-	-	-
Baluchistan Polyproducts (Private) Limited	303,240	45,486	-	-	-	-	-	-
Century Paper & Board Mills Limited	88,255,182	10,013,798	139,284,699	-	72,985	-	1,523,213	-
Clover Pakistan Limited	689,879	90,805	22,176	665,280	-	-	-	-
Colgate Palmolive (Pakistan) Limited	98,259,911	14,027,543	7,486,344	187,096	2,672	-	-	-
Cyber Internet Services (Private) Limited	7,166,850	586,117	1,110,727	-	-	-	1,254,921	-
ICE Animations (Private) Limited	453,985	65,374	-	-	-	-	-	-
GAM Corporation (Private) Limited	10,355,636	1,149,094	373,052	-	-	-	-	-
Hasanali Karabhai Foundation	1,427,888	200,922	26,526	-	-	-	541,593	-
Lakson Business Solution Limited	60,520	6,052	-	-	-	-	301,635	-
Lakson Investments Limited	708,631	-	287,069	-	-	-	3,022,821	-
Merit Packaging Limited	5,183,033	742,315	483,201	-	-	-	-	-
Premier Fashions (Private) Limited	37,191	5,579	-	-	-	13,240,794	-	-
Princeton Travels (Private) Limited	1,038,322	123,505	39,887	-	-	-	942,275	-
Siza (Private) Limited	218,867	28,046	68,754	-	-	6,506,692	-	-
Reliance Chemicals (Private) Limited	100,525	15,079	-	-	-	-	-	-
Siza Commodities (Private) Limited	22,670	2,267	-	-	-	4,539,185	-	-
Siza Foods (Private) Limited	9,217,099	949,508	307,407	-	-	-	130,000	-
Sybrid (Private) Limited	1,326,401	102,630	272,015	-	-	-	-	-
Siza Services (Private) Limited	3,470,050	448,880	19,800	-	-	10,774,674	5,524,414	-
Tetley Clover (Private) Limited	3,531,161	470,862	521,145	-	-	-	23,040	-
Tritex Cotton Mills Limited	3,067,617	455,316	59,455	-	-	-	-	-
Others								
Anchor Commodities (Private) Limited	438,896	47,817	12,700	-	-	-	-	-
Century Publication (Private) Limited	5,629,791	673,575	296,432	-	-	-	-	-
I & R Trust	3,872	387	-	-	-	-	-	-
Matrix Press (Private) Limited	1,018,198	152,730	-	-	-	-	-	-
Misha Fashion (Private) Limited	19,583	1,959	-	-	-	-	-	-
Printek (Private) Limited	566,333	75,847	-	-	-	-	-	-
Television Media Network (Private) Limited	21,729,021	2,129,177	2,375,990	-	-	-	-	-
Key management personal	41,320	-	367,636	-	-	10,267	-	-
Retirement benefit plans								
Contribution to staff provident fund	-	-	-	-	-	-	-	3,157,122
Contribution to staff gratuity fund	-	-	-	-	-	-	-	1,000,000
December 31, 2012	265,235,781	32,722,716	153,446,990	852,376	75,657	35,071,612	13,263,912	4,157,122
December 31, 2011	223,806,273	28,409,984	8,582,571	428,806	1,743	35,080,444	12,353,100	2,093,754

31. SEGMENT INFORMATION

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at December 31, 2012 and December 31, 2011, allocated and unallocated capital expenditures and non-cash expenses during the year:

	Fire		Marine		Motor		Miscellaneous		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011 Restated (Note 12.6)
	(Rupees)									
SEGMENT ASSETS										
Segment assets	137,258,113	168,106,097	12,988,760	10,026,639	18,129,440	7,549,219	54,484,737	45,676,705	222,861,050	231,358,660
Unallocated corporate assets									1,389,248,449	1,241,865,978
Total assets									1,612,109,499	1,473,224,638
SEGMENT LIABILITIES										
Segment liabilities	154,921,566	183,962,009	20,801,722	17,465,909	95,898,299	77,804,300	84,107,931	76,980,042	355,729,518	356,212,260
Unallocated corporate liabilities									232,820,120	164,727,483
Total liabilities									588,549,638	520,939,743
CAPITAL EXPENDITURE										
Capital expenditure	123,400	1,497,900	-	46,500	85,650	1,026,400	139,550	-	348,600	2,570,800
Unallocated capital expenditure									7,432,486	12,274,620
Total capital expenditure									7,781,086	14,845,420
Depreciation / amortisation	2,040,301	2,056,614	953,593	831,491	1,182,455	943,195	955,176	827,622	5,131,525	4,658,922
Non-cash expenses other than depreciation / amortisation	4,160	-	1,945	-	2,411	-	1,948	-	10,464	-

32. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance risk or financial risk or both. This section summarises these risks and the way the Company manages them.

32.1 Insurance risk management

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.

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

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

(a) Frequency and severity of claims

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

Insurance contracts which is divided into direct and facultative arrangements are further subdivided into four segments: fire, marine, motor and miscellaneous The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance 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 (SECP) 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 analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement period 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 period.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated costs of unpaid claims (both reported and not), the Company estimation technique is 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 costs 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 periods. Claims are assessed on a case-by-case basis separately.

(c) Process used to decide on assumptions

The risks associated with insurance contracts are complex and subject to a number of variables that complicate quantitative sensitivity analysis. This exposure is geographically concentrated in Pakistan only.

The Company uses assumptions based on a mixture of internal and market data to measure its related claims liabilities. Internal data is derived mostly from the Company's monthly claims reports, surveyor's report for particular claim and screening of the actual insurance contracts carried out to derive data for the contracts held. The Company has reviewed the individual contracts and in particular the industries in which the insured companies operate and the actual exposure years of claims. This information is used to develop related provision for outstanding claims (both reported and non-reported). Generally, claims are reported to the Company within three months from the date of insured event occurred.

The choice of selected results for each accident year of each class of business depends on an assessment of the technique that has been most appropriate to observed historical developments. Through this analysis, the Company determines the need for an IBNR or an unexpired risk liability to be held at each reporting date.

(d) Changes in assumptions

The Company did not change its assumptions for the insurance contracts as disclosed in above (b) and (c).

(e) Sensitivity analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

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

Notes to the Financial Statements
For the year ended December 31, 2012

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, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and shareholders' equity is set out below.

	Underwriting results		Shareholders' equity	
	2012	2011	2012	2011
	(Rupees)			
10% increase in loss / decrease				
Fire and property damage	(507,281)	(987,514)	(329,733)	(641,884)
Marine, aviation and transport	(1,345,393)	(693,987)	(874,505)	(451,091)
Motor	(6,815,634)	(4,056,488)	(4,430,162)	(2,636,717)
Miscellaneous	(2,535,985)	(2,312,503)	(1,648,390)	(1,503,127)
	(11,204,293)	(8,050,492)	(7,282,790)	(5,232,819)
10% decrease in loss / increase				
Fire and property damage	507,281	987,514	329,733	641,884
Marine, aviation and transport	1,345,393	693,987	874,505	451,091
Motor	6,815,634	4,056,488	4,430,162	2,636,717
Miscellaneous	2,535,985	2,312,503	1,648,390	1,503,127
	11,204,293	8,050,492	7,282,790	5,232,819

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

Average claim cost	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
		(Rupees in '000)			
2012	+ 10%	32,077	11,546	11,319	7,358
2011	+ 10%	18,213	8,114	7,955	5,171

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 optimise 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 in aggregate is summarised below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2012	2011	2012	2011	2012	2011
	(Rupees in millions)					
Fire and property damage	137,642	184,647	120,181	168,276	17,461	16,371
Marine, aviation and transport	50,649	41,760	11,361	12,381	39,288	29,379
Motor	5,742	4,098	23	10	5,719	4,088
Miscellaneous	19,657	32,351	13,411	26,738	6,246	5,613
	213,690	262,856	144,976	207,405	68,714	55,451

Claims development tables

The following table shows the development of claims over a period of time on gross basis. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year. Further, claims with significant uncertainties are not outstanding as at December 31, 2012.

Analysis on gross basis

Accident year	2010	2011	2012	Total
	(Rupees)			
Estimate of ultimate claims cost:				
At end of accident year	4,146,492	127,965,092	315,256,534	-
One year later	6,719,106	157,660,324	-	-
Two years later	7,811,270	-	-	-
Estimate of cumulative claims	7,811,270	157,660,324	315,256,534	480,728,128
Cumulative payments to date	(1,255,754)	(83,561,737)	(250,123,227)	(334,940,718)
Liability recognised in the balance sheet	6,555,516	74,098,587	65,133,307	145,787,410

33. FINANCIAL RISK MANAGEMENT

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by in-house Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

33.1 Credit risk

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

33.1.1 Exposure to credit risk

Credit risk of the Company arises principally from the bank balances, investments (except for investment in associates and government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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

	Note	2012	2011
		----------- (Rupees)	-----------
Bank balances	11	90,424,978	97,449,424
Investments	12	904,550,835	779,170,362
Premiums due but unpaid	14	87,101,787	98,021,984
Amounts due from other insurers / reinsurers	15	96,327,619	73,141,280
Accrued investment income	16	358,723	465,731
Reinsurance recoveries against outstanding claims	17	87,134,182	103,566,800
Sundry receivables	20	7,883,204	11,069,389
		1,273,781,328	1,162,884,970

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

	Rating		Rating
	Short-term	Long-term	agency
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
HSBC Bank Middle East Limited	P-1	A1	MOODY'S
NIB Bank Limited	A1+	AA-	PACRA
Citibank Limited	P-1	A1	MOODY'S
Allied Bank Limited	A1+	AA+	PACRA
Bank Al Habib Limited	A1+	AA+	PACRA
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA
Habib Bank Limited	A1+	AAA	JCR-VIS
National Bank Limited	A1+	AAA	JCR-VIS
United Bank Limited	A1+	AA+	JCR-VIS
JS Bank Limited	A1	A+	PACRA
MCB Bank Limited	A1+	AAA	PACRA

Investments

The Company is exposed to credit risk in respect of investments made in term finance certificates, quoted equity securities and mutual funds. The Company invests in term finance certificates of banks having sound credit rating by recognised credit rating agencies whereas investment in quoted securities and open end mutual funds are made which can be liquidate by selling through stock exchanges and encashment of units at the counter of mutual funds.

Premium due but unpaid

Premium due but unpaid is mostly recoverable from group companies and are considered good.

Concentration of credit risk

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. Sector-wise analysis of premium due but unpaid at the reporting date was:

	2012		2011	
	(Rupees)	%	(Rupees)	%
Banks	407,100	0.5%	-	-
Tobacco	450,743	0.5%	-	-
Paper and board	24,307,267	27.9%	24,129,508	24.6%
Textiles	1,749,551	2.0%	1,262,030	1.3%
Food and allied industries	5,464,743	6.3%	4,298,536	4.4%
Technology and communication	27,293,173	31.3%	43,241,816	44.1%
Miscellaneous	27,072,833	31.1%	24,713,861	25.2%
Individuals	356,377	0.4%	376,233	0.4%
	87,101,787	100%	98,021,984	100%

Age analysis of premium due but unpaid at the reporting date was:

	2012		2011	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	83,579,412	-	82,738,939	-
1-2 years	2,118,725	-	13,461,188	-
2-3 years	1,403,650	-	1,213,455	-
Over 3 years	6,080,344	6,080,344	6,678,282	6,069,880
Total	93,182,131	6,080,344	104,091,864	6,069,880

Amount due from other insurers / reinsurers / reinsurance recoveries against outstanding claims

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Amount due from reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2012	2011
	(Rupees)				
A or above (including PRCL)	-	68,248,140	72,854,452	141,102,592	146,613,909
BBB	-	310,935	-	310,935	475,257
Total	-	68,559,075	72,854,452	141,413,527	147,089,166

Age analysis of amount due from other insurers / reinsurers at the reporting date was:

	2012		2011	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	68,431,201	-	55,822,307	-
1-2 years	18,936,953	-	11,690,855	-
2-3 years	6,996,321	-	4,102,335	-
Over 3 years	2,779,246	816,102	2,341,885	816,102
Total	97,143,721	816,102	73,957,382	816,102

Age analysis of reinsurance recoveries against outstanding claims at the reporting date was:

Upto 1 year	30,593,274	-	83,222,217	-
1-2 years	39,734,634	-	18,282,474	-
2-3 years	15,382,158	-	1,087,264	-
Over 3 years	1,424,116	-	974,845	-
Total	87,134,182	-	103,566,800	-

In respect of the aforementioned premium due but unpaid, reinsurance assets and receivables, the Company takes in to account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and makes prudent estimates of provision for doubtful receivables whenever required. As at December 31, 2012, an amount of Rs.57.341 million (December 31, 2011: Rs.98.021 million) is receivable from related parties out of which Rs.16.6 million (December 31, 2011: Rs.30 million) has been received subsequently and remaining is expected to be received in unexpired period of insurance contracts. Further, reinsurance recoveries are made when corresponding liabilities are settled. The credit quality of premium receivable from co-insurer, and for commission and claim recoveries from reinsurer can be assessed from external ratings as disclosed above.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

The following are the contractual maturities of financial liabilities:

	2012		2011	
	Carrying amount	Contractual cash flows upto one year	Carrying amount	Contractual cash flows upto one year
	(Rupees)			
Financial liabilities				
Provision for outstanding claims	145,787,410	(145,787,410)	159,958,376	(159,958,376)
Amount due to other insurers / reinsurers	153,280,123	(153,280,123)	99,389,021	(99,389,021)
Accrued expenses	4,760,992	(4,760,992)	4,237,194	(4,237,194)
Other creditor and accruals	63,619,490	(63,619,490)	65,830,492	(65,830,492)
Unclaimed dividend	976,351	(976,351)	776,887	(776,887)
	368,424,366	(368,424,366)	330,191,970	(330,191,970)

33.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, equity and units prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and equity / units price risk.

33.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from balances held in investments and saving accounts with reputable banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument is:

	2012	2011	2012	2011
	Effective interest rate (in %)		(Rupees)	
Fixed rate instruments				
Government securities	12% to 15%	12% to 15%	67,950,621	65,485,489
Variable rate instruments				
PLS savings accounts	6% to 10.25%	5% to 11.5%	75,272,996	85,748,225
Term finance certificates	9.49% to 13.8%	9.49% to 15.6%	10,807,814	13,156,009

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

The Company is exposed to cash flow interest rate risk in respect of savings accounts and term finance certificates classified as held to maturity. In case 100 basis points (bp) increase / decrease in interest rates at year end, the net income and equity would have higher / lower by Rs. 0.789 million (December, 31 2011: Rs. 0.903 million).

33.3.2 Price risk

Price risk is the risk of changes in the fair value of equity and debt securities as the result of changes in the levels of KSE-100 Index and the value of individual shares and changes in unit prices due to changes in interest rates scenario. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities and investment in different categories of mutual funds within specified limits set by internal risk management guidelines. A summary analysis of investments is disclosed in note 12 to these financial statements.

The management monitors the fluctuations of prices on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market and also monitor fluctuation in unit prices through a related party as disclosed in note 8.1.

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 / units may be affected by the relative quantity of the security / units being sold. The Company has no significant concentration of price risk.

Sensitivity analysis

The analysis summarizes 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 could be worse because of the nature of equity markets and interest rates scenario where mutual funds invest in debt securities in Company's investment portfolio.

Sensitivity analysis of investments as at the reporting date is as follows:

For held for trading investments, in case of 10% increase / decrease in prices at the reporting date, the profit and loss account and equity would have been higher / lower by Rs.9.576 million (December 31, 2011: Rs.9.74 million).

33.4 Fair value of financial instruments

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

The fair value of all the financial instruments are estimated to be not significantly different from their carrying values except for investments in associate, held to maturity and available-for-sale securities having fair value of Rs.1,020.652 million (December 31, 2011: Rs.822.198 million).

Notes to the Financial Statements

For the year ended December 31, 2012

34. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safe guard 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 businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

35. SUBSEQUENT EVENT

The Board of Directors in its meeting held on February 28, 2013 has recommended cash dividend of 12.5% i.e. Rs.1.25 per share in respect of the year ended December 31, 2012 [December 31, 2011: 10% (Re.1 per share)]. These financial statements for the year ended December 31, 2012 do not include the effect of this appropriation which will be accounted for when approved.

36. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on February 28, 2013.

37. GENERAL

All figures have been rounded off to the nearest of rupees, except otherwise stated.

Iqbal Ali Lakhani	Tasleemuddin A. Batlay	A. Aziz H. Ebrahim	Mohammad Hussain Hirji
Chairman	Director	Director	Director & Chief Executive

Notes:

Form of Proxy

I/We ____

of ____

a member of CENTURY INSURANCE COMPANY LIMITED hereby

appoint ____

of ____

or failing him ____

of ____

who is/are also member/s of Century Insurance Company Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the 25th day of April 2013 or at any adjournment thereof.

Signed this ____________ day of ____________2013.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held

Signature over Revenue Stamp

Witness 1

Signature ____________________

Name ____________________

CNIC No. ____________________

Address ____________________

____

Witness 2

Signature ____________________

Name ____________________

CNIC No. ____________________

Address ____________________

____

Notes:

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

Company Offices

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Fax: (021) 35671665
Email: info@cicl.com.pk

Karachi Marketing Office:
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Fax: (021) 35309237

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Fax: (051) 2870228

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35911125-26
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Century Insurance

UAN: 111-111-717
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