

Notes to the Interim Condensed Financial Statements (Unaudited)

for the three months period ended 31 March 2011

1. STATUS AND NATURE OF BUSINESS

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

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements of the Company for the three months period ended 31 March 2011 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in these interim condensed financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 and International Accounting Standard 34, Interim Financial Reporting. They do not include all the disclosures required for annual financial statements, and these interim condensed financial statements should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2010.

Further, during the period, following new / revised standards, amendments and interpretations to accounting standards became effective:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 32 - Financial Instruments: Presentation Classification of Rights Issues (Amendment)	01 February 2010
IAS 24 - Related Party Disclosures (Revised)	01 January 2011
IFRIC 14 - IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendments)	01 January 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	01 July 2010

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2011. The Company expects that adoption of such standards / interpretations and improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

3. BASIS OF MEASUREMENT

These interim condensed financial statements have been prepared under historical cost convention.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these interim condensed financial statements, the estimates / judgments and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended 31 December 2010.

5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies and the methods of computation adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements for the year ended 31 December 2010. The financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended 31 December 2010.



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6. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at three months period ended is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date.

	31 March 2011 (Unaudited)	31 December 2010 (Audited)
(Rupees in '000)		
7. OTHER CREDITORS AND ACCRUALS		
Federal excise duty	75,384	18,954
Federal insurance fee	4,858	841
Tax deducted at source	1,974	2,218
Workers' welfare fund	35,641	32,173
Commissions and premiums	314,037	292,720
Payable to Commercial General Union International Insurance (CGUII)	7,428	7,428
Miscellaneous	12,385	16,315
	451,707	370,649

8. CONTINGENCIES - Taxation

Status of contingencies remain unchanged as disclosed in the financial statements of 31 December 2010 except for the tax year 2010 in which the Commissioner of Inland Revenue (Appeals) (CIRA) has deleted the additions/disallowances made by the taxation officer in respect of management expenses and rental income. The CIRA has also set aside additions of provision of IBNR and contribution to provident fund for further verification of the taxation officer. The tax liability on appeal effect of the CIRA's order is expected to be less than the amount already provided in prior year.

	31 March 2011 (Unaudited)	31 December 2010 (Audited)
(Rupees in '000)		
9. INVESTMENTS		
In related parties		
Investment in an associate	73,942	35,645
Available-for-sale - quoted equity securities / Mutual funds	424,152	423,425
	498,094	459,070
Others		
Held to maturity		
Government securities	583,249	375,654
Term finance certificates - quoted	73,287	73,233
Available-for-sale		
Quoted equity securities / Mutual funds	3,082,534	2,765,302
Less: Provision for impairment in value of investments	(859)	-
	3,081,675	2,765,302
Unquoted equity securities	2,500	2,500
	4,239,664	3,675,759

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	31 March	31 December
	2011 (Unaudited)	2010 (Audited)
(Rupees in '000)		
9.1 Investment in an associate		
Balance at the beginning of the period / year	35,645	30,675
Share in profit upto 31 December (2010: 30 September)	4,901	9,003
Less: Dividend received	-	(4,033)
	4,901	4,970
Share in net equity as at 31 December (2010: 30 September)	33,396	-
Closing balance	73,942	35,645

9.2 These include Pakistan Investment Bonds of face value amounting to Rs. 80 million (2010 Rs. 80 million) which are placed with State Bank of Pakistan under Section 29 of the Insurance Ordinance, 2000.

9.3 Market value of investments except for unquoted securities as at 31 March 2011 amounted to Rs. 4,927.50 million (31 December 2010: Rs.4,314.83 million).

10. INVESTMENT PROPERTIES

The market value of the investment properties as per valuations carried out by professional valuers in 2009 is Rs.1,408.14 million. The management of the Company has ascertained that there is no material change in the valuation of the investment properties as at March 31, 2011.

	31 March	31 December
	2011 (Unaudited)	2010 (Audited)
(Rupees in '000)		
11. PREPAYMENTS		
Prepaid reinsurance premium ceded	1,087,331	631,771
Rent	9,611	9,331
Miscellaneous expenses	9,138	1,934
	1,106,080	643,036

12. FIXED ASSETS - Tangible and intangible

Additions during the three months period ended 31 March 2011 amounted to Rs. 6.39 million (2010: Rs.6.09 million) while disposals amounted to Rs. 0.06 million (2010: Rs.0.41 million).

	Three months period ended 31 March	
	2011 (Unaudited)	2010 (Unaudited)
(Rupees in '000)		
13. OTHER INCOME / (LOSS)		
Income from financial assets / liabilities		
Exchange (loss) / gain	(134)	30
Return on loans to employees	19	9
Creditors no longer considered payable written back - net	-	7,820
Others	16	1,071
Income from non-financial assets		
Gain on sale of fixed assets	17	241
	(82)	9,171



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14. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of companies having common directorship, associates, directors, key management personnel and retirement benefit funds. The transactions and balances with related parties, other than those which have been disclosed elsewhere in these interim condensed financial statements, are as follows:

	31 March 2011 (Unaudited)	31 March 2010 (Unaudited)
	(Rupees in '000)	
Companies having common directorship		
Insurance premium:		
Balance at beginning of the year	244,085	244,680
Insurance premium written (including government levies administrative surcharge and policy stamps)	101,517	54,121
Received / adjusted during the period	(42,161)	(24,382)
Balance at end of the period	<u>303,441</u>	<u>274,419</u>
Insurance commission expense	<u>242</u>	<u>62</u>
Insurance claims expense	<u>26,526</u>	<u>16,979</u>
Outstanding claims	<u>142,459</u>	<u>159,708</u>
Purchases of goods and services	<u>1,631</u>	<u>1,334</u>
Dividend income	<u>8,167</u>	<u>6,392</u>
Rent income	<u>6,854</u>	<u>4,669</u>
Investment in shares/mutual funds other than associate	<u>50,000</u>	<u>-</u>
Others		
Insurance premium:		
Balance at beginning of the year	974	361
Insurance premium written (including government levies administrative surcharge and policy stamps)	206	207
Received / adjusted during the period	(72)	(133)
Balance at end of the period	<u>1,108</u>	<u>435</u>
Insurance claims expense	<u>-</u>	<u>(494)</u>
Director's fees	<u>460</u>	<u>-</u>
Contributions / provision for staff retirement benefit plans	<u>5,688</u>	<u>5,611</u>
Remuneration to key personnel	<u>5,995</u>	<u>5,457</u>



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15. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following is a schedule of class of business wise assets.

	31 March 2011 (Unaudited)							
	Fire and property damage	Marine, aviation and transport	Motor	Liability	Accident and health	Miscellaneous	Unallocated assets	Total
	(Rupees in '000)							
Segment assets	876,968	301,180	307,590	171,182	161,225	1,831,266	-	3,649,411
Unallocated assets	-	-	-	-	-	-	5,070,726	5,070,726
Total assets	876,968	301,180	307,590	171,182	161,225	1,831,266	5,070,726	8,720,137

	31 December (Audited)							
	Fire and property damage	Marine, aviation and transport	Motor	Liability	Accident and health	Miscellaneous	Unallocated assets	Total
	(Rupees in '000)							
Segment assets	593,819	245,257	212,262	141,890	111,624	1,357,496	-	2,662,348
Unallocated assets	-	-	-	-	-	-	5,009,248	5,009,248
Total assets	593,819	245,257	212,262	141,890	111,624	1,357,496	5,009,248	7,671,596

16. EARNINGS PER SHARE

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

	Three months period ended 31 March	
	2011	2010
	(Unaudited)	
	(Rupees in '000)	
Profit after tax for the period	136,044	147,968
	(Number in '000)	
Weighted average number of shares of Rs.10 each	79,098	79,098
	(Rupees in '000)	
Basic earnings per share of Rs. 10 each	1.72	1.87



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

16.2 The number of shares for the prior period have also been adjusted for the effect of bonus shares issued subsequently.

17. GENERAL

17.1 Figures in these interim condensed financial statements have been rounded off to the nearest thousand of rupees, unless otherwise stated.

17.2 These interim condensed financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 27 April , 2011.



Towfiq H. Chinoy
Chairman



Akbarali Pesnani
Director



Aly Noormahomed Rattansey
Director



Tahir Ahmed
Managing Director
(Chief Executive)





NJI

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