



2011 financial review

 CBL*insurance*



annual review 2011

The following pages are an extract from our full audited annual review from 2010.

A full copy of the annual review can be obtained through written request to enquiry@cblinsurance.com

*Double Manaia of Love, Strength,
Protection and Integrity*

The artwork in this annual review, carved by Kerry Strongman, was created from swamp kauri that is 20,000-40,000 years old, from one of the ancient guardians of Northland in New Zealand. It is part of a series called "Jewellery for Giants", which was exhibited in Amsterdam at Rembrandt's Square, June-July 2007.

It is currently displayed in the CBL Insurance Head Office in Auckland.

independent auditors' report

To the Shareholders of CBL Insurance Limited



REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of CBL Insurance Limited and Group on pages 12 to 39 which comprise the consolidated and separate statements of financial position as at 31 December 2011, the consolidated and separate statements of comprehensive income, and statements of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An entity associated with our firm provides taxation services to the company; we have no other relationship with, or interests in, the company or its subsidiaries.

Opinion

In our opinion, the financial statements on pages 12 to 39:

- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of CBL Insurance Limited and Group as at 31 December 2011 and the results of their operations for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 require us to comment on whether we have obtained all the information and explanations that we have required from CBL Insurance Limited, and whether we consider that appropriate accounting records have been kept.

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the company as far as appears from our examination of those records.

WHK Auckland

Auckland, New Zealand
CHARTERED ACCOUNTANTS

19 March 2012

“This audit report relates to the financial statements of CBL Insurance Limited and group (“the company”) for the year ended 31 December 2011 included on the company’s website. The directors of the company are responsible for the maintenance and integrity of the company’s website. We have not been engaged to report on the integrity of the company’s website. We accept no responsibility for any changes that may have occurred to the financial statements since it was initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of these financial statements are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 19 March 2012 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.”

STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	2011 \$000	Group	2010 \$000	2011 \$000	Parent	2010 \$000
ASSETS						
Non-current assets						
Property, plant and equipment	1,383		441	1,004		441
Investment in associates	265		-	80		-
Other investments	12		12	12		12
Deferred acquisition costs	3,331		758	3,331		758
Long-term receivables	8,450		9,598	28,069		9,598
Total non-current assets	13,441		10,809	32,496		10,809
Current assets						
Cash and cash equivalents	32,523		16,203	24,196		16,203
Financing costs on acquisition	808		-	808		-
Trade and other receivables	22,048		11,932	21,509		11,932
Deferred acquisition costs	7,109		2,999	7,109		2,999
Intangible assets	3,173		-	-		-
Goodwill	31,681		-	-		-
Total current assets	97,342		31,134	53,622		31,134
Total assets	110,783		41,943	86,118		41,943
EQUITY						
Issued capital	24,200		15,500	24,200		15,500
Retained earnings and reserves	4,490		1,253	3,886		1,253
Total equity	28,690		16,753	28,086		16,753
LIABILITIES						
Non-current liabilities						
Trade and other payables	1,853		1,046	1,853		1,046
Contingent consideration on acquisition	7,785		-	-		-
Bank loans	14,042		-	7,021		-
Total non-current liabilities	23,680		1,046	8,874		1,046
Current liabilities						
Trade and other payables	11,784		7,329	5,187		7,329
Bank loans	4,553		-	2,547		-
Taxation payable	1,671		85	1,084		85
Employee benefits	200		98	135		98
Total current liabilities	18,208		7,512	8,953		7,512
Insurance liabilities						
Premium provisions – current	21,899		9,296	21,899		9,296
Premium provisions – non-current	10,615		4,076	10,615		4,076
Claims provisions – current	7,691		3,260	7,691		3,260
Total insurance liabilities	40,205		16,632	40,205		16,632
Total liabilities	82,093		25,190	58,032		25,190
Total equity liabilities and reserves	110,783		41,943	86,118		41,943

On behalf of the Board



Director

Date: 16 March 2012



Director

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	2011 \$000	Group	2010 \$000	2011 \$000	Parent	2010 \$000
Insurance underwriting result						
Premium revenue	104,613		41,419	77,561		41,419
Outwards reinsurance premium expense	(29,847)		(6,189)	(10,961)		(6,189)
Unearned premium	(24,015)		(5,281)	(24,015)		(5,281)
Net earned revenue	50,751		29,949	42,585		29,949
Claims expense current period	19,427		16,397	19,427		16,397
Claims expense prior period	2,456		2,842	2,456		2,842
Reinsurance and other recoveries	(7,437)		(9,568)	(7,437)		(9,568)
Net claims incurred	14,446		9,671	14,446		9,671
Acquisition costs	13,450		10,326	13,395		10,326
Net underwriting expenses	13,450		10,326	13,395		10,326
Underwriting result	22,855		9,952	14,744		9,952
Other income	159		7	157		7
Total income	23,014		9,959	14,901		9,959
Operating expenses	10,913		4,807	6,049		4,807
Profit before finance expenses	12,101		5,152	8,852		5,152
Finance income	(324)		(466)	(913)		(466)
Finance expenses	1,599		309	906		309
Net finance (income) costs	1,275		(157)	(7)		(157)
Operating profit before income tax	10,826		5,309	8,859		5,309
Non-recurring expenses	1,528		752	856		752
Unrealised currency revaluation of foreign-held assets and liabilities	1,353		1,202	1,353		1,202
Profit before tax	7,945		3,355	6,650		3,355
Income tax expense	2,192		247	1,584		247
Subvention tax payments	1,355		2,605	1,355		2,605
Profit for the period	4,398		503	3,711		503
Other comprehensive income for the period, net of income tax						
Net change in foreign currency translation reserve	(20)		-	-		-
Total comprehensive income for the period	4,378		503	3,711		503

STATEMENT OF EQUITY

for the year ended 31 December 2011

	Share capital	Retained earnings	Translation reserves & reserves	Total equity
	\$000	\$000	\$000	\$000
GROUP 2010				
Balance at 1 January 2010	15,500	1,450	-	16,950
Total comprehensive income for the period				
Profit for the period	-	503	-	503
Total comprehensive income for the period	-	503	-	503
Transactions with owners, recorded directly in equity				
Dividends to shareholders	-	(700)	-	(700)
Balance at 31 December 2010	15,500	1,253	-	16,753
GROUP 2011				
Balance at 1 January 2011	15,500	1,253	-	16,753
Reserves obtained at acquisition	-	(63)	-	(63)
Total comprehensive income for the period				
Profit for the period	-	4,398	-	4,398
Total other comprehensive income	-	-	(20)	(20)
Total comprehensive income for the period	-	4,398	(20)	4,378
Transactions with owners, recorded directly in equity				
Issue of shares	8,700	-	-	8,700
Dividends to shareholders	-	(1,078)	-	(1,078)
Balance at 31 December 2011	24,200	4,510	(20)	28,690
PARENT 2010				
Balance at 1 January 2010	15,500	1,450	-	16,950
Total comprehensive income for the period				
Profit for the period	-	503	-	503
Total comprehensive income for the period	-	503	-	503
Transactions with owners, recorded directly in equity				
Dividends to shareholders	-	(700)	-	(700)
Balance at 31 December 2010	15,500	1,253	-	16,753
PARENT 2011				
Balance at 1 January 2011	15,500	1,253	-	16,753
Total comprehensive income for the period				
Profit for the period	-	3,711	-	3,711
Total comprehensive income for the period	-	3,711	-	3,711
Transactions with owners, recorded directly in equity				
Issue of shares	8,700	-	-	8,700
Dividends to shareholders	-	(1,078)	-	(1,078)
Balance at 31 December 2011	24,200	3,886	-	28,086