

Habib Insurance Company Limited

Contents

Company Information	1
Directors' Review	2
Auditors' Review Report to the Members	3
Balance Sheet	4
Profit and Loss Account	6
Statement of Cash Flows	8
Statement of Changes in Equity	10
Statement of Premiums	11
Statement of Claims	12
Statement of Expenses	13
Statement of Investment Income	14
Notes to the Financial Statements	15

Habib Insurance Company Limited

Company Information

Board of Directors

Chairman	:	Rafiq M. Habib
Directors	:	Abbas D. Habib
		Mazher Ali Jumani
		Mansoor G. Habib
		Mohamedali R. Habib
		Sajjad Hussain Habib
		Aun Mohammad A. Habib

**Managing Director
& Chief Executive** : Ali Raza D. Habib

**Company Secretary /
Executive Director** : Shabbir Gulamali

Auditors : M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar : M/s. Noble Computer Services (Pvt.) Ltd.
Mezzanine Floor, House of Habib Building,
Siddiqsons Tower, 3 Jinnah Cooperative
Housing Society, Main Shahrah-e-Faisal,
Karachi-75350

Registered Office : 1st Floor, State Life Bldg. No. 6,
Habib Square, M. A. Jinnah Road,
P.O. Box 5217, Karachi-74000,
Pakistan
Tel : (92-21) 32424030/38/39
Fax : (92-21) 32421600
UAN : (92-21) 111 03 03 03
Website : www.habibinsurance.net

Habib Insurance Company Limited

DIRECTORS' REVIEW

The Shareholders,

The Directors have pleasure to present the unaudited accounts for the period ended 30th June 2012.

By the Grace of Allah, the net profit after tax of the Company for the period under review has risen to Rs. 66.5 million as against Rs. 44.2 million for the corresponding period of last year, registering an earnings of Rs. 0.67 per share.

Despite a reasonable growth of 15% on the gross underwritten premium, there was unfortunately an increase on claims particularly in marine class of business negatively impacting the underwriting results which declined to Rs. 14.0 million from Rs. 21.8 million of the previous year.

The investment income for the period increased from Rs. 55.1 million to Rs. 80.1 million primarily due to extraordinary rise in dividend income from better corporate payouts on our well spread investment portfolio.

As we enter the second half of the year, we are encouraged by certain positive factors influencing the economy of the Country with the Stock Exchange Index also showing a steady gain to cross the 15000 level. We are striving for better underwriting results and hopefully Inshallah a successful closing for 2012.

We pray to Allah for peace and prosperity of our Nation.

On behalf of the Board of Directors

Karachi: August 24, 2012

ALI RAZA D. HABIB
Managing Director
& *Chief Executive*

Habib Insurance Company Limited

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying:

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of changes in equity;
- iv. condensed interim statement of cash flows;
- v. condensed interim statement of premiums;
- vi. condensed interim statement of claims;
- vii. condensed interim statement of expenses;
- viii. condensed interim statement of investment income

and the notes to the condensed interim financial information of Habib Insurance Company Limited as at 30 June 2012 and for the half year then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended 30 June 2012 and 30 June 2011 in the condensed interim financial information have not been reviewed and we do not express any conclusion on them.

Karachi: August 24, 2012

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the half year ended June 30, 2012 (Unaudited)

(Rupees in '000)

	Quarter ended June 30				2012 Aggregate	2011 Aggregate
	Fire and Property	Marine and Transport	Motor	Other Classes		
Revenue Account						
Net premium revenue	27,676	27,331	33,960	19,526	108,493	105,315
Net claims	(6,584)	(23,869)	(23,086)	(16,066)	(69,605)	(61,893)
Expenses	(13,825)	(5,489)	(4,272)	(12,275)	(35,861)	(35,750)
Net commission	4,024	(2,560)	(2,787)	(884)	(2,207)	(2,173)
Underwriting result	11,291	(4,587)	3,815	(9,699)	820	5,499
Investment income					36,429	28,361
Other income					1,856	1,104
General and administration expenses					(16,334)	(18,898)
					21,951	10,567
Profit before tax					22,771	16,066
Provision for taxation - Current					549	(2,617)
- Deferred					1,746	2,191
					2,295	(426)
Profit after tax					25,066	15,640
Other comprehensive income					-	-
Total comprehensive income					25,066	15,640

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the half year ended June 30, 2012 (Unaudited)

(Rupees in '000)

	Note	Half year ended June 30				2012 Aggregate	2011 Aggregate
		Fire and Property	Marine and Transport	Motor	Other Classes		
Revenue Account							
Net premium revenue		51,071	61,139	67,614	37,443	217,267	206,317
Net claims		(12,475)	(42,872)	(44,160)	(32,309)	(131,816)	(115,484)
Expenses		(27,716)	(14,975)	(7,723)	(18,747)	(69,161)	(64,749)
Net commission		8,713	(4,809)	(5,457)	(743)	(2,296)	(4,334)
Underwriting result		19,593	(1,517)	10,274	(14,356)	13,994	21,750
Investment income						80,063	55,149
Other income						3,933	2,634
General and administration expenses						(27,581)	(30,062)
						56,415	27,721
Profit before tax						70,409	49,471
Provision for taxation						(6,368)	(8,608)
- Current						2,410	3,331
- Deferred						(3,958)	(5,277)
Profit after tax						66,451	44,194
Other comprehensive income						-	-
Total comprehensive income						66,451	44,194
Profit and loss appropriation account							
Balance at commencement of the year						173,504	197,360
Issue of bonus shares @ 10% (2010: 12.5%)						(45,045)	(50,051)
Final dividend for the year ended December 31, 2011 at Rs. 1.25 per share (2010: Rs. 1.25 per share)						(112,613)	(100,101)
						(157,658)	(150,152)
Profit after tax for the period						66,451	44,194
Balance unappropriated profit at end of the six months						82,297	91,402
							(Restated)
Earnings per share of Rs. 5/- each	12					Rupees 0.67	0.45

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Condensed Interim Statement of Cash Flows for the half year ended June 30, 2012 (Unaudited)

	June 30, 2012	June 30, 2011
	(Rupees in '000)	
Operating activities		
a) Underwriting activities		
Premiums received	372,138	376,401
Reinsurance premiums paid	(253,954)	(181,360)
Claims paid	(252,779)	(182,519)
Reinsurance and other recoveries	109,020	88,632
Commissions paid	(38,494)	(33,644)
Commissions received	62,446	53,987
Other underwriting receipts	–	116
Net cash (outflow) / inflow from underwriting activities	(1,623)	121,613
b) Other operating activities		
Income tax paid	(19,556)	(3,765)
General management expenses paid	(92,839)	(87,350)
Other operating receipts / (payments)	204,069	(14,131)
Loans advanced	(5,798)	(743)
Loans repayments received	6,113	488
Net cash inflow / (outflow) from other operating activities	91,989	(105,501)
Total cash inflow from all operating activities	90,366	16,112
Investment activities		
Profit / Return received	6,080	4,219
Dividends received	54,093	25,062
Payments for investments	(581,651)	(525,273)
Proceeds from disposal of investments	526,341	561,791
Fixed capital expenditure	(493)	(2,607)
Proceeds from disposal of fixed assets	352	881
Total cash inflow from investing activities	4,722	64,073
Financing activities		
Dividends paid	(104,991)	(96,956)
Total cash outflow from financing activities	(104,991)	(96,956)
Net cash outflow from all activities	(9,903)	(16,771)
Cash and cash equivalent at beginning of the year	50,432	57,999
Cash and cash equivalent at end of the period	40,529	41,228

Reconciliation to Profit and Loss Account

	June 30, 2012	June 30, 2011
	(Rupees in '000)	
Operating cash flows	90,366	16,112
Depreciation expense	(1,640)	(4,251)
Profit on disposal of fixed assets	270	544
Dividends paid	7,622	3,145
Increase in assets other than cash	140,670	272,002
Increase in liabilities	(266,823)	(295,254)
	(29,535)	(7,702)
Other adjustments		
Income tax paid	19,556	3,765
Provision for gratuity	(2,470)	(2,520)
Reversal/ (Provision) for impairment	11,087	(3,306)
Gratuity paid	30	781
Profit/ Return received	6,080	4,219
Dividends received	54,093	25,062
Capital gain	11,568	29,172
Provision for taxation	(3,958)	(5,277)
	95,986	51,896
Profit after taxation	66,451	44,194

Definition of cash

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

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

Cash and other equivalents

	June 30, 2012	June 30, 2011
Cash in hand	457	466
Stamps in hand	322	497
	779	963

Current and other accounts

	June 30, 2012	June 30, 2011
Current accounts	5,457	5,154
PLS accounts	34,293	35,111
	39,750	40,265
	40,529	41,228

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
Managing Director
& Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the half year ended June 30, 2012 (Unaudited)

(Rupees in '000)

	Share Capital	Capital Reserves	Revenue Reserves		Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	General reserve	Retained earnings	
Balance as at January 1, 2011	400,403	9,122	245,000	197,360	851,885
Total comprehensive income for the period					
Profit for the six months ended June 30, 2011	–	–	–	44,194	44,194
Transactions with owners recorded directly in equity					
Bonus share distribution for the year ended December 31, 2010 at 12.5%	50,051	–	–	(50,051)	–
Final dividend for the year ended December 31, 2010 of Rs. 1.25 per share	–	–	–	(100,101)	(100,101)
Balance as at June 30, 2011	450,454	9,122	245,000	91,402	795,978
Total comprehensive income for the period					
Profit for the six months ended December 31, 2011	–	–	–	82,102	82,102
Balance as at December 31, 2011	450,454	9,122	245,000	173,504	878,080
Total comprehensive income for the period					
Profit for the six months ended June 30, 2012	–	–	–	66,451	66,451
Transactions with owners recorded directly in equity					
Bonus share distribution for the year ended December 31, 2011 at 10%	45,045	–	–	(45,045)	–
Final dividend for the year ended December 31, 2011 of Rs 1.25 per share	–	–	–	(112,613)	(112,613)
	45,045	–	–	(157,658)	(112,613)
Balance as at June 30, 2012	495,499	9,122	245,000	82,297	831,918

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Condensed Interim Statement of Premiums for the half year ended June 30, 2012 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan		Quarter ended June 30								
Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2012 Net premium revenue	2011 Net premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	149,578	179,192	233,557	95,213	114,185	118,006	164,654	67,537	27,676	26,880
2. Marine and Transport	68,400	30,538	36,483	62,455	34,752	12,443	12,071	35,124	27,331	33,439
3. Motor	44,308	67,239	75,841	35,706	1,946	721	921	1,746	33,960	30,575
4. Other Classes	119,503	67,611	145,648	41,466	70,437	37,644	86,141	21,940	19,526	14,421
Total	381,789	344,580	491,529	234,840	221,320	168,814	263,787	126,347	108,493	105,315
Half year ended June 30										
Direct and facultative										
1. Fire and Property	236,675	185,181	233,557	188,299	184,204	117,678	164,654	137,228	51,071	54,235
2. Marine and Transport	127,880	30,538	36,483	121,935	61,772	11,095	12,071	60,796	61,139	64,948
3. Motor	65,945	81,013	75,841	71,117	3,616	808	921	3,503	67,614	60,384
4. Other Classes	160,085	66,870	145,648	81,307	96,644	33,361	86,141	43,864	37,443	26,750
Total	590,585	363,602	491,529	462,658	346,236	162,942	263,787	245,391	217,267	206,317

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Condensed Interim Statement of Claims for the half year ended June 30, 2012 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan	Quarter ended June 30										
	Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2012 Net claims expense	2011 Net claims expense
			Opening	Closing			Opening	Closing			
Direct and facultative											
1. Fire and Property	38,067	67,571	91,046	61,542	27,117	44,324	72,165	54,958	6,584	7,445	
2. Marine and Transport	48,906	37,369	26,571	38,108	20,221	17,006	11,024	14,239	23,869	19,155	
3. Motor	36,258	46,132	35,810	25,936	4,498	11,715	10,067	2,850	23,086	22,923	
4. Other Classes	26,558	33,454	31,224	24,328	12,760	22,904	18,406	8,262	16,066	12,370	
Total	149,789	184,526	184,651	149,914	64,596	95,949	111,662	80,309	69,605	61,893	

Half year ended June 30										
Direct and facultative										
1. Fire and Property	79,086	99,397	91,046	70,735	61,685	75,590	72,165	58,260	12,475	18,863
2. Marine and Transport	68,017	37,280	26,571	57,308	23,488	20,076	11,024	14,436	42,872	31,648
3. Motor	59,045	42,764	35,810	52,091	5,669	7,805	10,067	7,931	44,160	42,072
4. Other Classes	46,631	30,486	31,224	47,369	18,178	21,524	18,406	15,060	32,309	22,901
Total	252,779	209,927	184,651	227,503	109,020	124,995	111,662	95,687	131,816	115,484

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Condensed Interim Statement of Expenses for the half year ended June 30, 2012 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan		Quarter ended June 30							
Class	Commissions paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	*Commissions from reinsurers	2012 Net underwriting expense	2011 Net underwriting expense
Direct and facultative									
1. Fire and Property	19,223	22,529	29,911	11,841	13,825	25,666	15,865	9,801	11,925
2. Marine and Transport	10,913	4,771	6,072	9,612	5,489	15,101	7,052	8,049	11,378
3. Motor	3,891	6,005	7,069	2,827	4,272	7,099	40	7,059	10,089
4. Other Classes	4,953	6,555	8,604	2,904	12,275	15,179	2,020	13,159	4,531
Total	38,980	39,860	51,656	27,184	35,861	63,045	24,977	38,068	37,923
Half year ended June 30									
Direct and facultative									
1. Fire and Property	30,944	21,761	29,911	22,794	27,716	50,510	31,507	19,003	21,245
2. Marine and Transport	19,918	5,218	6,072	19,064	14,975	34,039	14,255	19,784	21,143
3. Motor	4,961	7,645	7,069	5,537	7,723	13,260	80	13,180	18,685
4. Other Classes	9,990	3,546	8,604	4,932	18,747	23,679	4,189	19,490	8,010
Total	65,813	38,170	51,656	52,327	69,161	121,488	50,031	71,457	69,083

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

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Condensed Interim Statement of Investment Income for the half year ended June 30, 2012 (Unaudited)

	Quarter ended June 30,		Half year ended June 30,	
	2012	2011	2012	2011
(Rupees in '000)				
Income from Non-Trading Investments				
Held-to-maturity				
Return on Government Securities	1,744	1,580	3,311	2,678
Available-for-sale				
Dividend income				
– Related parties	7,154	5,031	37,278	13,540
– Others	6,289	5,196	16,416	11,997
	<u>13,443</u>	<u>10,227</u>	<u>53,694</u>	<u>25,537</u>
Return on fixed income securities	294	768	661	1,535
Gain on sale of available-for-sale investments	10,119	19,288	11,568	29,172
Reversal / (provision) for impairment in the value of available-for-sale investments - net	11,087	(3,306)	11,087	(3,306)
Investment related expenses	(258)	(196)	(258)	(467)
Net investment income	<u>36,429</u>	<u>28,361</u>	<u>80,063</u>	<u>55,149</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the half year ended June 30, 2012 (Unaudited)

1. STATUS AND NATURE OF BUSINESS

Habib Insurance Company Limited (the Company) was incorporated as a Public Limited Company in the year 1942 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The registered office of the Company is situated at Habib Square, M.A. Jinnah Road, Karachi and the shares of the Company are quoted on the Karachi and Lahore Stock Exchanges. The Company is engaged in general insurance business.

2. BASIS OF PREPARATION

These condensed interim financial statements are unaudited but subject to a limited scope review by the auditors and are being submitted to shareholders as required under section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchanges. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003.

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

The Securities and Exchange Commission of Pakistan (SECP) has allowed the insurance companies to defer the application of International Accounting Standard (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 the condensed interim financial statements.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2011.

4. ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended December 31, 2011.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements as at and for the year ended December 31, 2011.

Habib Insurance Company Limited

	Note	Unaudited June 30, 2012 (Rupees in '000)	Audited December 31, 2011
6. AMOUNT DUE TO OTHER INSURERS / REINSURERS			
Foreign reinsurers		71,199	16,756
Local reinsurers		105,078	62,410
Co-insurers		46,157	50,986
		222,434	130,152
7. OTHER CREDITORS AND ACCRUALS			
Federal excise duty		42,418	12,114
Federal insurance fee		2,677	861
Withholding tax payable		282	505
Agents commission payable		129,984	102,665
Workers welfare fund payable		12,801	11,392
Sundry creditors		8,548	7,291
		196,710	134,828
8. INVESTMENTS			
Held-to-maturity			
Government securities			
Pakistan Investment Bonds	8.1	51,885	47,941
Available-for-sale			
8.2			
Units of open end mutual funds deposited with the State Bank of Pakistan - quoted		349	349
Units of open end mutual funds		5,000	5,000
Term Finance Certificates - quoted		6,405	7,988
Modaraba Certificates - quoted		14,840	14,823
Ordinary shares of quoted/ unquoted companies		280,173	319,087
Ordinary shares of quoted companies/ units of open end mutual funds (related parties)		635,747	521,246
		942,514	868,493
		994,399	916,434

Habib Insurance Company Limited

- 8.1 This represents Pakistan Investment Bonds having face value of Rs. 53.5 million (market value of Rs. 52.887 million). [December 31, 2011: face value Rs. 50 million (market value of Rs. 47.942 million)]. These carry mark-up ranging from of 11.25% to 11.75% (31 December 2011: 11.25% to 11.75%) and will mature between July 22, 2013 to August 30, 2015. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of circular no. 15 of 2008 dated July 7, 2008 issued by the Securities and Exchange Commission of Pakistan.
- 8.2 The aggregate market value of the above investments is Rs. 1,011.54 million (December 31, 2011: Rs. 866.315 million).

Unaudited June 30, 2012 (Rupees in '000)	Audited December 31, 2011
---	---------------------------------

9. SUNDRY RECEIVABLES

Federal excise duty receivable	1,408	1,408
Receivable against sale of investments	–	163,367
Other receivables	9,483	15,693
	<u>10,891</u>	<u>180,468</u>

Unaudited June 30, 2012 (Rupees in '000)	Audited December 31, 2011
---	---------------------------------

10. FIXED ASSETS

Opening written down value	14,125	38,948
Add: Additions during the period/ year - at cost		
– Furniture, fixtures and office equipment	58	584
– Computer and related equipment	309	609
– Motor vehicles	126	2,002
– Capital work in progress	–	750
	493	3,945
Less: Written down value of deletions during the period/ year		
Depreciation/ amortisation for the period/ year	(83)	(20,222)
	(1,640)	(8,546)
	(1,723)	(28,768)
Closing written down value	<u>12,895</u>	<u>14,125</u>

Habib Insurance Company Limited

11. TRANSACTIONS WITH RELATED PARTIES

11.1 Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Details of balances and transactions with related parties during the half year ended June 30, 2012 are as follows:

	Quarter ended		Half year ended	
	June 30,		June 30,	
	2012	2011	2012	2011
	(Rupees in '000)			
Transactions with related parties				
Premium written	206,020	160,371	306,035	245,346
Claims paid	70,037	25,202	99,751	41,216
Dividends received	7,154	5,031	37,278	13,540
Dividends paid	10,401	8,969	10,401	9,245
Investments made	110,000	418,823	473,264	691,323
Investments sold	115,000	281,500	370,500	390,500
Interest received on bank accounts	1,158	18	2,206	936
Bank charges	111	186	139	201
Share registrar fees paid	208	96	279	133
Brokerage expenses paid	316	436	624	1,030
Contribution to the provident fund	934	662	1,708	1,319
Remuneration of key management personnel	7,815	4,227	13,945	5,731
	(Number of shares)			
Bonus shares received	–	–	270,519	–
Bonus shares issued	832,090	799,545	832,090	799,545

Habib Insurance Company Limited

	Unaudited June 30, 2012	Audited December 31, 2011
	(Rupees in '000)	
Balance with related parties		
Bank balances	38,714	48,323
Profit receivable on bank accounts	1	6
Investment held	635,747	521,246
Premiums due but unpaid	224,616	90,504
Outstanding claims	19,907	33,922
Due to/ (from) the provident fund	71	(12)

11.1.1 Remuneration to the key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

12. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter ended June 30,		Half year ended June 30,	
	2012	2011	2012	2011
Profit after tax for the period (Rupees in '000)	<u>25,066</u>	<u>15,640</u>	<u>66,451</u>	<u>44,194</u>
		(Restated)		(Restated)
Weighted average number of ordinary shares in issue during the period (in '000)	<u>99,100</u>	<u>99,100</u>	<u>99,100</u>	<u>99,100</u>
Earnings per share (Rupees)	<u>0.25</u>	<u>0.16</u>	<u>0.67</u>	<u>0.45</u>

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.

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

Habib Insurance Company Limited

13. OPERATING SEGMENTS

Class of business-wise revenue and results have been disclosed in the condensed interim profit and loss account prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 IFRS 8 - "Operating Segments". The following table presents information regarding segment assets and liabilities as at June 30, 2012 and December 31, 2011.

	Fire and Property		Marine and Transport		Motor		Other Classes		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(Rupees in '000)									
Segment assets	397,419	268,226	257,353	173,360	150,098	107,784	171,605	118,845	976,475	668,215
Unallocated corporate assets									1,111,513	1,209,861
Consolidated corporate assets									<u>2,087,988</u>	<u>1,878,076</u>
Segment liabilities	440,277	344,032	285,106	222,355	166,284	138,245	190,110	152,434	1,081,777	857,066
Unallocated corporate liabilities									174,293	142,930
Consolidated corporate liabilities									<u>1,256,070</u>	<u>999,996</u>

Habib Insurance Company Limited

14. AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on August 24, 2012 by the Board of Directors of the Company.

15. GENERAL

15.1 Figures of the condensed interim profit and loss account, statement of premiums, statement of claims, statement of expenses and statement of investment income for the quarter ended June 30, 2012 and June 30, 2011 have not been subjected to limited scope review by the auditors.

15.2 Figures have been rounded off to the nearest thousand rupees.

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

MANSOOR G. HABIB
Director

ALI RAZA D. HABIB
*Managing Director
& Chief Executive*