

Habib Insurance Company Limited

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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 : 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 2013.

By the Grace of Allah, the half yearly results have shown good progress all round, with net profits increasing to Rs. 153.5 million compared to Rs. 66.5 million for the corresponding period of last year, resulting in an earnings of Rs. 1.55 as against Rs. 0.67 per share of the previous year.

Gross premium have reduced from Rs. 590.6 million to Rs. 485.4 million for the period under review but net premium increased to Rs. 223.6 million from Rs. 217.3 million of the previous year. The underwriting of business has been selective and we are happy to report that the claims experience has improved from Rs. 131.8 million to Rs. 109.6 million.

Investment income has risen to Rs. 154.6 million from Rs. 80.1 million largely because of capital gains realised through advantage of an unprecedented upsurge in the Stock Exchange Market.

We pray to Allah for the peace and prosperity in the Nation and for the safety and well being of the people. We are confident that the newly elected government will place the highest priority towards taking firm measures to check the prevailing conditions of law and order situation in the country alongwith meeting the exciting economic challenges that lie ahead.

We look forward to continued progress of the Company and for Inshallah a successful closing of 2013.

On behalf of the Board of Directors

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

Karachi: August 28, 2013

Habib Insurance Company Limited

INDEPENDENT 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

of HabibInsurance Company Limited ("the Company") as at 30 June 2013 together with notes forming part thereof for the six months period then ended (here-in-after referred to as "condensed interim financial information"). 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 as at and for the six months period ended 30 June 2013 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 2013 and 30 June 2012 in the accompanying condensed interim financial information have not been reviewed and we do not express a conclusion on them.

Karachi: August 28, 2013

KPMG Taseer Hadi & Co.
Chartered Accountants
Mazhar Saleem

Habib Insurance Company Limited

Condensed Interim Balance Sheet as at June 30, 2013 (Unaudited)

	Note	Unaudited June 30, 2013 (Rupees in '000)	Audited December 31, 2012 Restated (Rupees in '000)		Note	Unaudited June 30, 2013 (Rupees in '000)	Audited December 31, 2012 Restated (Rupees in '000)
Share Capital and Reserves				Cash and Bank Deposits			
Authorised share capital 100,000,000 ordinary shares Rs. 5 each		500,000	500,000	Cash and other equivalents		569	848
				Current and other accounts		111,516	77,750
Paid-up share capital		495,499	495,499			112,085	78,598
Retained earnings		186,563	206,644	Loans to employees			
Reserves		254,122	254,122	Secured and considered good		31,253	29,221
Total Equity		936,184	956,265	Investments			
Underwriting Provisions					8	990,862	1,056,208
Provision for outstanding claims (including IBNR)		169,432	184,482	Deferred Taxation			
Provision for unearned premium		387,708	380,692			26,906	26,464
Commission income unearned		56,314	42,213	Current Assets - others			
Total underwriting provisions		613,454	607,387	Premiums due but unpaid - unsecured		342,453	224,697
Deferred Liability				Amounts due from other insurers/ reinsurers		157,652	153,310
Staff retirement benefits		31,557	29,473	Accrued investment income		2,525	4,450
Creditors and Accruals				Reinsurance recoveries against outstanding claims		93,511	113,480
Premiums received in advance		8,440	8,287	Salvage recoveries outstanding		10,409	11,110
Amounts due to other insurers/ reinsurers	6	185,647	137,958	Deferred commission expense		50,099	50,120
Accrued expenses		8,652	9,843	Advance, deposits and prepayments		228,886	209,335
Taxation – provision less payments		35,638	40,098	Sundry receivables	9	4,696	35,146
Other creditors and accruals	7	207,718	185,380			890,231	801,648
		446,095	381,566	Fixed Assets			
Other Liabilities					10		
Unclaimed dividends		36,285	29,277	Tangible and intangible			
				Furniture, fixtures and office equipment		5,568	5,987
TOTAL LIABILITIES		1,127,391	1,047,703	Computer and related equipment		1,235	1,109
				Motor vehicles		769	829
				Computer software		4,666	3,904
TOTAL EQUITY AND LIABILITIES		2,063,575	2,003,968	TOTAL ASSETS		12,238	11,829
						2,063,575	2,003,968

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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, 2013 (Unaudited)

(Rupees in '000)

	Quarter ended June 30					
	Fire and Property	Marine and Transport	Motor	Other Classes	2013 Aggregate	2012 Aggregate
Revenue Account						
Net premium revenue	21,732	39,329	30,778	20,265	112,104	108,493
Net claims	(537)	(14,165)	(25,197)	(17,352)	(57,251)	(69,605)
Expenses	(19,948)	(8,524)	(5,194)	(4,463)	(38,129)	(35,861)
Net commission	4,513	(1,962)	(3,558)	(300)	(1,307)	(2,207)
Underwriting result	5,760	14,678	(3,171)	(1,850)	15,417	820
Investment income					101,170	36,429
Other income					3,669	1,856
General and administration expenses					(16,416)	(16,334)
					88,423	21,951
Profit before tax					103,840	22,771
Provision for taxation - Current					(3,490)	549
- Deferred					63	1,746
					(3,427)	2,295
Profit after tax					100,413	25,066
Other comprehensive income					(124)	(753)
Total comprehensive income					100,289	24,313

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the half year ended June 30, 2013 (Unaudited)

(Rupees in '000)

Note	Half year ended June 30					
	Fire and Property	Marine and Transport	Motor	Other Classes	2013 Aggregate	2012 Aggregate Restated
Revenue Account						
Net premium revenue	45,254	75,811	61,676	40,856	223,597	217,267
Net claims	(5,471)	(27,140)	(44,721)	(32,231)	(109,563)	(131,816)
Expenses	(36,304)	(19,797)	(9,159)	(7,494)	(72,754)	(69,161)
Net commission	8,886	(6,918)	(6,930)	(1,437)	(6,399)	(2,296)
Underwriting result	12,365	21,956	866	(306)	34,881	13,994
Investment income					154,589	80,063
Other income					5,674	3,933
General and administration expenses					(29,233)	(27,581)
					131,030	56,415
Profit before tax					165,911	70,409
Provision for taxation - Current					(12,885)	(6,368)
- Deferred					442	2,410
					(12,443)	(3,958)
Profit after tax					153,468	66,451
Other comprehensive income					(124)	(1,159)
Total comprehensive income					153,344	65,292
Profit and loss appropriation account						
Balance at commencement of the year					210,834	173,504
Issue of bonus shares @ Nil (2011: 10%)					-	(45,045)
Final dividend for the year ended December 31, 2012 at Rs. 1.75 per share (2011: Rs. 1.25 per share)					(173,425)	(112,613)
Profit after tax for the period					(173,425)	(157,658)
Balance unappropriated profit at end of the six months					153,468	66,451
					190,877	82,297
Earnings per share of Rs. 5/- each	12			Rupees	1.55	0.67

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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Condensed Interim Statement of Cash Flows for the half year ended June 30, 2013 (Unaudited)

	June 30, 2013 (Rupees in '000)	June 30, 2012 (Rupees in '000)
Operating activities		
a) Underwriting activities		
Premiums received	359,970	372,138
Reinsurance premiums paid	(219,904)	(253,954)
Claims paid	(216,672)	(252,779)
Reinsurance and other recoveries	112,729	109,020
Commissions paid	(73,414)	(38,494)
Commissions received	69,697	62,446
Other underwriting receipts	1,390	–
Net cash inflow / (outflow) from underwriting activities	33,796	(1,623)
b) Other operating activities		
Income tax paid	(17,345)	(19,556)
General management expenses paid	(99,908)	(92,839)
Other operating (payments) / receipts	60,824	204,069
Loans advanced	(6,966)	(5,798)
Loans repayments received	6,151	6,113
Net cash (outflow) / inflow from other operating activities	(57,244)	91,989
Total cash (outflow) / inflow from all operating activities	(23,448)	90,366
Investment activities		
Profit / return received	6,394	6,080
Dividends received	48,376	54,093
Payments for investments	(596,762)	(581,651)
Proceeds from disposal of investments	767,426	526,341
Fixed capital expenditure	(2,117)	(493)
Proceeds from disposal of fixed assets	35	352
Total cash inflow from investing activities	223,352	4,722
Financing activities		
Dividends paid	(166,417)	(104,991)
Total cash outflow from financing activities	(166,417)	(104,991)
Net cash inflow / (outflow) from all activities	33,487	(9,903)
Cash and cash equivalent at beginning of the year	78,598	50,432
Cash and cash equivalent at end of the period	112,085	40,529

Reconciliation to Profit and Loss Account

	June 30, 2013 (Rupees in '000)	June 30, 2012 (Rupees in '000)
Operating cash flows	(23,448)	90,366
Depreciation expense	(1,686)	(1,640)
Profit on disposal of fixed assets	14	270
Increase in assets other than cash	91,221	140,670
Increase in liabilities	(75,038)	(259,201)
	(8,937)	(29,535)
Other adjustments		
Income tax paid	17,345	19,556
Provision for gratuity	(2,502)	(2,470)
Reversal of impairment	27,735	11,087
Gratuity paid	543	30
Profit/ Return received	6,394	6,080
Dividends received	48,376	54,093
Capital gain	76,957	11,568
Provision for taxation	(12,443)	(3,958)
	162,405	95,986
Profit after taxation	153,468	66,451

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, 2013	June 30, 2012
Cash in hand	410	457
Stamps in hand	159	322
	569	779

Current and other accounts

	June 30, 2013	June 30, 2012
Current accounts	8,950	5,457
PLS accounts	102,566	34,293
	111,516	39,750
	112,085	40,529

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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Condensed Interim Statement of Changes in Equity for the half year ended June 30, 2013 (Unaudited)

	Share Capital	Capital Reserves	Revenue Reserves		Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	General reserve	Retained earnings	
	(Rupees in '000)				
Balance as at January 1, 2012 - as previously reported	450,454	9,122	245,000	173,504	878,080
Restatement due to change in accounting policy on recognition of actuarial losses on defined benefit obligations - net of tax (refer note 3.1)	-	-	-	(1,872)	(1,872)
Balance as at January 1, 2012 - restated	450,454	9,122	245,000	171,632	876,208
Total comprehensive income for the period					
Profit for the six month period ended June 2012 - restated	-	-	-	66,451	66,451
Other comprehensive income - restated	-	-	-	(1,159)	(1,159)
	-	-	-	65,292	65,292
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 - restated	495,499	9,122	245,000	79,266	828,887
Balance as at January 1, 2013 - restated	495,499	9,122	245,000	206,644	956,265
Total comprehensive income for the period					
Profit for the six month period ended June 30, 2013	-	-	-	153,468	153,468
Other comprehensive income - net of tax	-	-	-	(124)	(124)
	-	-	-	153,344	153,344
Transaction with owners recorded directly in equity					
Final dividend for the year ended December 31, 2012 of Rs. 1.75 per share	-	-	-	(173,425)	(173,425)
	-	-	-	(173,425)	(173,425)
Balance as at June 30, 2013	495,499	9,122	245,000	186,563	936,184

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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Habib Insurance Company Limited

Condensed Interim Statement of Premiums for the half year ended June 30, 2013 (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	2013 Net premium revenue	2012 Net premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	152,866	191,016	243,255	100,627	118,742	141,316	181,163	78,895	21,732	27,676
2. Marine and Transport	70,499	29,179	32,286	67,392	28,691	12,148	12,776	28,063	39,329	27,331
3. Motor	39,449	60,847	67,515	32,781	1,739	1,108	844	2,003	30,778	33,960
4. Other Classes	33,435	52,727	44,652	41,510	12,595	26,535	17,885	21,245	20,265	19,526
Total	296,249	333,769	387,708	242,310	161,767	181,107	212,668	130,206	112,104	108,493

Half year ended June 30

Direct and facultative										
1. Fire and Property	242,221	201,270	243,255	200,236	190,961	145,184	181,163	154,982	45,254	51,071
2. Marine and Transport	132,086	23,024	32,286	122,824	52,545	7,244	12,776	47,013	75,811	61,139
3. Motor	61,111	72,048	67,515	65,644	3,550	1,262	844	3,968	61,676	67,614
4. Other Classes	49,997	84,350	44,652	89,695	20,537	46,187	17,885	48,839	40,856	37,443
Total	485,415	380,692	387,708	478,399	267,593	199,877	212,668	254,802	223,597	217,267

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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Habib Insurance Company Limited

Condensed Interim Statement of Claims for the half year ended June 30, 2013 (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	2013 Net claims expense	2012 Net claims expense
			Opening	Closing			Opening	Closing			
Direct and facultative											
1. Fire and Property	27,303	97,058	69,816	61	25,281	86,476	60,719	(476)	537	6,584	
2. Marine and Transport	48,744	25,099	23,394	47,039	29,259	6,846	10,461	32,874	14,165	23,869	
3. Motor	30,551	30,774	35,074	34,851	6,544	5,929	9,039	9,654	25,197	23,086	
4. Other Classes	28,861	36,187	41,148	33,822	14,406	21,637	23,701	16,470	17,352	16,066	
Total	135,459	189,118	169,432	115,773	75,490	120,888	103,920	58,522	57,251	69,605	
	Half year ended June 30										
Direct and facultative											
1. Fire and Property	62,722	91,320	69,816	41,218	57,498	82,470	60,719	35,747	5,471	12,475	
2. Marine and Transport	57,317	26,558	23,394	54,153	30,194	13,642	10,461	27,013	27,140	42,872	
3. Motor	51,366	33,578	35,074	52,862	7,035	7,933	9,039	8,141	44,721	44,160	
4. Other Classes	45,267	33,026	41,148	53,389	18,002	20,545	23,701	21,158	32,231	32,309	
Total	216,672	184,482	169,432	201,622	112,729	124,590	103,920	92,059	109,563	131,816	

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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Habib Insurance Company Limited

Condensed Interim Statement of Expenses for the half year ended June 30, 2013 (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	2013 Net underwriting expense	2012 Net underwriting expense
Direct and facultative									
1. Fire and Property	18,645	27,600	31,841	14,404	19,948	34,352	18,917	15,435	9,801
2. Marine and Transport	11,649	4,733	5,677	10,705	8,524	19,229	8,743	10,486	8,049
3. Motor	4,517	7,093	7,976	3,634	5,194	8,828	76	8,752	7,059
4. Other Classes	3,040	3,890	4,605	2,325	4,463	6,788	2,025	4,763	13,159
Total	37,851	43,316	50,099	31,068	38,129	69,197	29,761	39,436	38,068
Half year ended June 30									
Direct and facultative									
1. Fire and Property	30,708	29,286	31,841	28,153	36,304	64,457	37,039	27,418	19,003
2. Marine and Transport	21,195	5,781	5,677	21,299	19,797	41,096	14,381	26,715	19,784
3. Motor	5,502	9,548	7,976	7,074	9,159	16,233	144	16,089	13,180
4. Other Classes	4,569	5,505	4,605	5,469	7,494	12,963	4,032	8,931	19,490
Total	61,974	50,120	50,099	61,995	72,754	134,749	55,596	79,153	71,457

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

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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Managing Director
& Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Investment Income for the half year ended June 30, 2013 (Unaudited)

	Quarter ended June 30,		Half year ended June 30,	
	2013	2012	2013	2012
(Rupees in '000)				
Income from Non-Trading Investments				
Held-to-maturity				
Return on Government Securities	1,691	1,744	3,594	3,311
Available-for-sale				
Dividend income				
– Related parties	4,240	7,154	35,873	37,278
– Others	3,579	6,289	10,629	16,416
	<u>7,819</u>	<u>13,443</u>	<u>46,502</u>	<u>53,694</u>
Return on fixed income securities	124	294	310	661
Gain on sale of available-for-sale investments	64,042	10,119	76,957	11,568
Reversal of impairment in the value of available-for-sale investments - net	27,735	11,087	27,735	11,087
Investment related expenses	(241)	(258)	(509)	(258)
Net investment income	<u>101,170</u>	<u>36,429</u>	<u>154,589</u>	<u>80,063</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

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& Chief Executive*

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Information for the half year ended June 30, 2013 (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 PRESENTATION

This condensed interim financial information of the Company for the six months period ended June 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, 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, have been followed.

The disclosures made in this condensed interim financial information has been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 7 of 2003 and IAS 34 - Interim Financial Reporting and do not include all the information required in the annual financial statements. Accordingly, this condensed interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2012.

The SECP has allowed the insurance companies to defer the application of 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 this condensed interim financial information.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial information are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2012 except for adoption of IAS 19 (revised) as referred to in note 3.1.

3.1 CHANGES IN ACCOUNTING POLICIES

During the period the Company has adopted IAS 19 (Revised) effective from January 1, 2013. The significant changes to IAS 19 are as follows:

- For defined benefit plans, the option 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 the 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 obligation are recognised directly in other comprehensive income with no subsequent recycling through the profit and loss account.
- The distinction between short-term and long-term employee benefits is based on the expected timing of settlement rather than the employee's entitlement to the benefits.

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- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

The adoption of the said amendments has resulted in a change in the Company's accounting policy related to recognition of actuarial gains and losses (note 6.4 to the financial statements for the year ended December 31, 2012). Consequently the Company now recognises all actuarial gains and losses directly in other comprehensive income with no subsequent recycling through the profit and loss account.

Had the said change not been made, the Company's equity as at June 30, 2013 would have been higher by Rs.4.314 million (December 31, 2012: Rs.4.190 million), and staff retirement benefits would have been lower by Rs. 4.314 million (December 31, 2012: Rs.4.190 million)

4. ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim financial information requires management to make judgments, 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 judgments 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, 2012.

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, 2012.

	Unaudited June 30, 2013	Audited December 31, 2012
	(Rupees in '000)	
6. AMOUNT DUE TO OTHER INSURERS/ REINSURERS		
Foreign reinsurers	62,941	11,984
Local reinsurers	72,211	73,582
Co-insurers	50,495	52,392
	185,647	137,958
7. OTHER CREDITORS AND ACCRUALS		
Federal excise duty	33,222	14,366
Federal insurance fee	2,088	865
Agents commission payable	134,032	145,472
Workers welfare fund payable	18,992	15,588
Sundry creditors	19,384	9,089
	207,718	185,380

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	Note	Unaudited June 30, 2013	Audited December 31, 2012
(Rupees in '000)			
8. INVESTMENTS			
Held-to-maturity			
Government securities			
Pakistan Investment Bonds	8.1	53,000	52,429
Available-for-sale			
	8.2		
Units of open end mutual funds deposited with the State Bank of Pakistan - quoted		97	97
Units of open end mutual funds		5,252	5,252
Term Finance Certificates - quoted		4,818	4,784
Modaraba Certificates - quoted		14,840	14,840
Ordinary shares of quoted/ unquoted companies		244,897	283,519
Ordinary shares of quoted companies/ units of open end mutual funds (related parties)		667,958	695,287
		937,862	1,003,779
		990,862	1,056,208

8.1 This represents Pakistan Investment Bonds having face value of Rs. 53.50 million (market value of Rs. 54.171 million) [December 31, 2012: face value Rs. 53.50 million (market value of Rs. 54.398 million)]. These carry mark-up ranging from of 11.25% to 11.75% (December 31, 2012: 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. 1,151.122 million (December 31, 2012: Rs. 1,180.565 million).

	Unaudited June 30, 2013	Audited December 31, 2012
(Rupees in '000)		
9. SUNDRY RECEIVABLES		
Receivable against sale of investments	-	31,444
Other receivables	4,696	3,702
	4,696	35,146

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	Unaudited June 30, 2013	Audited December 31, 2012
	(Rupees in '000)	
10. FIXED ASSETS		
Opening written down value	11,829	10,375
Add: Additions during the period/ year - at cost		
– Furniture, fixtures and office equipment	316	239
– Computer and related equipment	547	803
– Motor vehicles	38	198
– Computer software	1,216	3,750
	2,117	4,990
Less: Written down value of deletions during the period/ year	(22)	(90)
Depreciation/ amortisation for the period/ year	(1,686)	(3,446)
	(1,708)	(3,536)
Closing written down value	12,238	11,829

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. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of balances and transactions with related parties during the half year ended June 30, 2013 are as follows:

	Quarter ended		Half year ended	
	June 30,		June 30,	
	2013	2012	2013	2012
	(Rupees in '000)			
Transactions with related parties				
Premium written	122,665	206,020	182,439	306,035
Claims paid	48,116	70,037	58,061	99,751
Dividends received	4,240	7,154	37,747	37,278
Dividend paid	15,681	10,401	15,681	10,401
Investments made	205,000	110,000	484,058	473,264
Investments sold	280,000	115,000	535,841	370,500
Interest received on bank accounts	1,983	1,158	3,044	2,206
Bank charges	113	111	122	139
Share registrar fees paid	67	208	158	279
Brokerage expenses paid	425	316	887	624
Contribution to the provident fund	882	934	1,651	1,708
Remuneration of key management personnel	5,132	7,815	11,197	13,945
			(Number of shares)	
Bonus shares received	–	–	–	270,519
Bonus shares issued	–	832,090	–	832,090

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	<u>Unaudited</u> June 30, 2013	<u>Audited</u> December 31, 2012
	(Rupees in '000)	
Balances with related parties		
Bank balances	109,776	76,357
Profit receivable on bank accounts	–	12
Investment held	667,958	695,287
Premiums due but unpaid	155,312	109,917
Outstanding claims	23,275	24,748
Due to the provident fund	854	2

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

	<u>Quarter ended</u> June 30,		<u>Half year ended</u> June 30,	
	2013	2012	2013	2012
Profit after tax for the period (Rupees in '000)	<u>100,413</u>	<u>25,066</u>	<u>153,468</u>	<u>66,451</u>
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>1.01</u>	<u>0.25</u>	<u>1.55</u>	<u>0.67</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.

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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. The following table presents information regarding segment assets and liabilities as at June 30, 2013 and December 31, 2012.

	Fire and Property		Marine and Transport		Motor		Other Classes		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(Rupees in '000)									
Segment assets	367,922	311,810	225,682	192,434	120,617	114,298	164,809	145,881	879,030	764,423
Unallocated corporate assets									1,184,545	1,241,012
Consolidated corporate assets									<u>2,063,575</u>	<u>2,005,435</u>
Segment liabilities	394,100	366,747	241,739	226,338	129,199	134,436	176,535	171,583	941,573	899,104
Unallocated corporate liabilities									185,818	148,599
Consolidated corporate liabilities									<u>1,127,391</u>	<u>1,047,703</u>

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14. RECLASSIFICATION

Following reclassifications have been made in these financial statements in order to give better and more appropriate presentation.

	From	To	December 31, 2012 (Rupees in '000)
Salvage recoveries outstanding	Reinsurance recoveries against outstanding claims	Salvage recoveries outstanding	11,110

15. AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on August 28, 2013 by the Board of Directors of the Company.

16. GENERAL

16.1 Figures of the condensed interim profit and loss account, statement of premium, statement of claims, statement of expenses and statement of investment income for the quarter ended June 30, 2013 and June 30, 2012 have not been subjected to limited scope review by the auditors.

16.2 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*