

Habib Insurance Company Limited

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Habib Insurance Company Limited

Company Information

Board of Directors

Chairman	:	Rafiq M. Habib
Directors	:	Ali Raza D. Habib <i>Executive Vice Chairman</i> Abbas D. Habib Mansoor G. Habib Mohamedali R. Habib Aun Mohammad A. Habib Ali Fadoo
Chief Executive	:	Zeeshan Raza
Company Secretary	:	Shabbir Gulamali
Auditors	:	M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Share Registrar	:	M/s. Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, SMCHS, Main Shahrah-e-Faisal, Karachi-74400
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 are pleased to present the unaudited accounts of the Company for the period ended 30th June, 2016.

By the Grace of Allah, the gross written premium for the first half of the year grew by Rs. 191.1 million to Rs. 784.4 million, an increase of 32.2% over last year.

The net premium revenue rose to Rs. 269.9 million as compared to Rs. 259.5 million for the corresponding period. The underwriting results have increased to Rs. 63.1 million from Rs. 56.8 million for the period under review, even though an amount of Rs. 34.4 million has been transferred to unearned premium reserves.

The investment income for the period reduced from Rs. 143.6 million to Rs. 108.8 million due to lesser capital gains realised, despite dividend income increasing to Rs. 63.9 million from Rs. 47.9 million of the corresponding period last year.

The net profit after tax for the period was Rs. 93.2 million as compared to Rs. 148.1 million, registering an earnings of Rs. 0.75 per share.

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 reach the 40000 level. However, the recent budget has introduced the concept of single basket income wherein all income of insurance companies be taxed at the corporate rate. This has already adversely affected the profit after tax of the Company for the half year period by Rs. 20.5 million.

We wish to congratulate the shareholders that our Company has Alhamdulillah, been honored and selected by the Pakistan Stock Exchange, for the "Top 25 Companies Award" in acknowledgement of its performance for the year 2014.

We pray to Allah for the peace and prosperity in the Nation and look forward to continued progress of the Company and for, Inshallah, a successful closing of 2016.

On behalf of the Board of Directors

AUN MOHAMMAD A. HABIB
Director

Karachi: August 30, 2016

حبیب انشورنس کمپنی لمیٹڈ

ڈائریکٹرز کا جائزہ

بنام شیئر ہولڈرز،

ڈائریکٹرز بمسرت کمپنی کے غیر آڈٹ شدہ حسابات برائے مدت مختتمہ ۳۰ جون ۲۰۱۶ء پیش کرتے ہیں۔

اللہ کے فضل سے سال کی پہلی ششماہی میں مجموعی تحریری پریمیم ۱۹۱ء ملین روپے سے بڑھ کر ۸۴ء ملین روپے ہو گیا یعنی گزشتہ سال کے مقابلے میں اس میں ۳۲ء فیصد کا اضافہ ہوا۔

خالص پریمیم کی آمدنی ۲۶۹ء ملین روپے تک بڑھ گئی جو گزشتہ سال کے اسی عرصے میں ۲۵۹ء ملین روپے تھی۔ انڈر رائٹنگ کے نتائج ۵۶ء ملین سے بڑھ کر زیر جائزہ مدت میں ۶۳ء ملین روپے ہو گئے جب کہ ۳۴ء ملین روپے کی رقم ان آرٹڈ پریمیم کے ریزرو میں منتقل کی گئی ہے۔

سرمایہ کاری کی آمدنی ۱۴۳ء ملین روپے سے کم ہو کر ۱۰۸ء ملین روپے رہ گئی اس کی وجہ کیپیٹل گین میں کمی واقع ہونا تھی باوجود اس کے کہ ڈیویڈنڈ کی آمدنی گزشتہ سال کی اسی مدت کی آمدنی ۴۷ء ملین روپے سے بڑھ کر ۶۳ء ملین روپے ہو گئی۔

اس مدت میں بعد از ٹیکس خالص منافع ۹۳ء ملین روپے رہا جب کہ گزشتہ سال کی اسی ششماہی میں ۱۴۸ء ملین روپے تھا، جس سے فی شیئر ۵۷ء روپے آمدنی ہوئی۔

اب جبکہ ہم سال کی دوسری ششماہی میں قدم رکھ رہے ہیں، چند مثبت حقائق کے باعث ہماری حوصلہ افزائی ہوئی ہے جو ملک کی معیشت پر اثر انداز ہو رہے ہیں، جس سے اسٹاک ایکسچینڈیکس بھی ۴۰۰۰ کی بلند ترین سطح تک پہنچا۔ تاہم حالیہ بچٹ میں سنگل باسکٹ انکم کا تصور پیش کیا گیا ہے جس کے مطابق انشورنس کمپنیوں کی تمام آمدنی پر کارپوریٹ شرح سے ٹیکس عائد ہوگا۔ اس کی وجہ سے پہلے ہی کمپنی کو سال کی پہلی ششماہی میں بعد از ٹیکس منافع میں ۲۰ء ملین روپے کمی کا سامنا ہوا ہے۔

ہم اپنے شیئر ہولڈرز کو مبارکباد دیتے ہیں کہ الحمد للہ پاکستان اسٹاک ایکسچینج نے ہماری کمپنی کو ”ٹاپ ۲۵ کمپنیز ایوارڈ“ کے لئے منتخب کیا ہے اور یہ اعزاز ۲۰۱۴ء میں کمپنی کی اعلیٰ کارکردگی کی بناء پر حاصل ہوا۔

ہم اللہ سے دعا گو ہیں کہ وہ ہماری قوم کو امن اور خوشحالی عطا فرمائے اور ہم پر امید ہیں کہ کمپنی ترقی کرتی رہے گی اور انشا اللہ ۲۰۱۶ء کا اختتام کامیابی کے ساتھ ہوگا۔ آمین

منجانب بورڈ آف ڈائریکٹرز

عون محمد اے۔ حبیب

ڈائریکٹر

کراچی: ۳۰ اگست ۲۰۱۶ء

Habib Insurance Company Limited

AUDITORS' REPORT TO MEMBERS ON REVIEW OF 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 comprehensive income;
- iv. condensed interim statement of changes in equity;
- v. condensed interim statement of cash flows;
- vi. condensed interim statement of premiums;
- vii. condensed interim statement of claims;
- viii. condensed interim statement of expenses; and
- ix. condensed interim statement of investment income

and notes to the financial statements of **Habib Insurance Company Limited** for the six-month period ended **30 June 2016** (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this 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 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 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 the 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 interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: August 30, 2016

Ernst & Young Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Shabbir Yunus

Habib Insurance Company Limited

Condensed Interim Balance Sheet as at June 30, 2016 (Unaudited)

		Unaudited June 30, 2016 (Rupees in '000)	Audited December 31, 2015			Unaudited June 30, 2016 (Rupees in '000)	Audited December 31, 2015 (Rupees in '000)
	Note				Note		
Share Capital and Reserves				Cash and Bank Deposits			
Authorised share capital 130,000,000 (December 31, 2015: 130,000,000) ordinary shares Rs. 5 each		650,000	650,000	Cash and other equivalents		519	139
				Current and other accounts		171,534	136,225
						<u>172,053</u>	<u>136,364</u>
Paid-up share capital		619,374	619,374	Loans to employees			
Retained earnings		127,130	250,712	Secured and considered good		50,551	45,258
Reserves		264,122	264,122				
				Investments			
Total Equity		<u>1,010,626</u>	<u>1,134,208</u>		9	870,059	895,064
Underwriting Provisions				Deferred Taxation			
Provision for outstanding claims (including IBNR)		659,928	688,411			19,078	19,172
Provision for premium deficiency		6,125	6,125	Current Assets - others			
Provision for unearned premium		656,065	463,255	Premiums due but unpaid - unsecured		511,789	319,230
Commission income unearned		99,805	55,631	Amounts due from other insurers/ reinsurers		332,095	341,179
				Accrued investment income		4,333	3,274
Total underwriting provisions		<u>1,421,923</u>	<u>1,213,422</u>	Reinsurance recoveries against outstanding claims		577,525	597,207
				Salvage recoveries outstanding		19,240	43,124
Deferred Liability				Deferred commission expense		63,869	49,716
Staff retirement benefits		66,836	62,270	Advance, deposits and prepayments		419,993	256,985
				Sundry receivables	10	<u>10,168</u>	<u>11,863</u>
						1,939,012	1,622,578
Creditors and Accruals				Fixed Assets			
Amounts due to other insurers/ reinsurers	6	288,343	102,631	Tangible and intangible			
Accrued expenses		11,771	12,595	Furniture, fixtures and office equipment		12,967	13,119
Taxation – provision less payments		59,029	39,325	Computer and related equipment		2,334	2,479
Other creditors and accruals	7	164,699	134,096	Motor vehicles		5,388	5,901
		<u>523,842</u>	<u>288,647</u>	Computer software		<u>2,429</u>	<u>2,930</u>
						23,118	24,429
Other Liabilities				TOTAL ASSETS			
Unclaimed dividends		50,644	44,318			<u>3,073,871</u>	<u>2,742,865</u>
TOTAL LIABILITIES		<u>2,063,245</u>	<u>1,608,657</u>				
TOTAL EQUITY AND LIABILITIES		<u>3,073,871</u>	<u>2,742,865</u>				
CONTINGENCIES AND COMMITMENTS	8						

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

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the half year ended June 30, 2016 (Unaudited)

(Rupees in '000)

Note	Quarter ended June 30,						2016	2015
	Fire and Property	Marine and Transport	Motor	Group Hospitalisation	Other Classes	Aggregate	Aggregate	
Revenue Account								
Net premium revenue	32,943	34,482	45,822	16,913	13,234	143,394	130,952	
Net claims	(3,346)	(4,711)	(20,952)	(20,070)	(6,212)	(55,291)	(48,930)	
Expenses	(24,621)	(8,987)	(10,239)	(9,387)	(6,355)	(59,589)	(47,933)	
Net commission	9,752	3,124	(2,782)	5,489	(2,815)	12,768	5,196	
Underwriting result	14,728	23,908	11,849	(7,055)	(2,148)	41,282	39,285	
Net investment income						57,158	35,929	
Other income						2,416	1,733	
General and administration expenses						(21,295)	(16,826)	
						38,279	20,836	
Profit before tax						79,561	60,121	
Provision for taxation - Current						(35,658)	(8,076)	
- Prior						-	(1,824)	
- Deferred						(187)	(2,003)	
						(35,845)	(11,903)	
Profit after tax						43,716	48,218	
Other comprehensive income - net of tax								
Total comprehensive income								
Earnings per share of Rs. 5/- each	13				Rupees	0.35	0.39	

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

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the half year ended June 30, 2016 (Unaudited)

(Rupees in '000)

	Half year ended June 30,						
	Fire and Property	Marine and Transport	Motor	Group Hospitalisation	Other Classes	2016 Aggregate	2015 Aggregate
Revenue Account							
Net premium revenue	60,172	67,325	85,008	28,458	28,953	269,916	259,509
Net claims	(7,336)	(24,737)	(46,370)	(26,789)	(12,144)	(117,376)	(113,009)
Expenses	(46,798)	(19,653)	(17,254)	(22,108)	(9,062)	(114,875)	(100,215)
Net commission	15,909	6,769	(5,749)	10,305	(1,818)	25,416	10,523
Underwriting result	21,947	29,704	15,635	(10,134)	5,929	63,081	56,808
Investment income						108,763	143,648
Other income						3,622	4,168
General and administration expenses						(39,188)	(34,322)
						73,197	113,494
Profit before tax						136,278	170,302
Provision for taxation - Current						(42,985)	(18,176)
- Prior						-	(1,824)
- Deferred						(94)	(2,223)
						(43,079)	(22,223)
Profit after tax						93,199	148,079
Profit and loss appropriation account							
Balance at commencement of the year						250,712	286,551
Profit after tax for the period						93,199	148,079
Final cash dividend of Rs.1.75 (35%) for the year ended December 31, 2015 (2014: Rs.2.0 per share)						(216,781)	(247,750)
Transfer to general reserve						-	(10,000)
						(216,781)	(257,750)
Balance unappropriated profit at end of the six months						127,130	176,880
Earnings per share of Rs. 5/- each	13				Rupees	0.75	1.20

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

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited
Condensed Interim Statement of Comprehensive Income
for the half year ended June 30, 2016 (Unaudited)

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	(Rupees in '000)			
Net profit for the period	43,716	48,218	93,199	148,079
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	43,716	48,218	93,199	148,079

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

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the half year ended June 30, 2016 (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, 2015	619,374	9,122	245,000	286,551	1,160,047
Changes in equity for the six months period ended June 30, 2015					
Profit for the six months period ended June 30, 2015	-	-	-	148,079	148,079
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the six months period ended June 30, 2015	-	-	-	148,079	148,079
Transfer to general reserve	-	-	10,000	(10,000)	-
Final dividend of Rs. 2.0 per share for the year ended December 31, 2014	-	-	-	(247,750)	(247,750)
	-	-	10,000	(257,750)	(247,750)
Balance as at June 30, 2015	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>176,880</u>	<u>1,060,376</u>
Balance as at January 1, 2016	619,374	9,122	255,000	250,712	1,134,208
Changes in equity for the six months period ended June 30, 2016					
Profit for the six months ended June 30, 2016	-	-	-	93,199	93,199
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the six months period ended June 30, 2016	-	-	-	93,199	93,199
Final dividend of Rs.1.75 per share for the year ended December 31, 2015	-	-	-	(216,781)	(216,781)
	-	-	-	(216,781)	(216,781)
Balance as at June 30, 2016	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>127,130</u>	<u>1,010,626</u>

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

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Cash Flows for the half year ended June 30, 2016 (Unaudited)

	June 30, 2016	June 30, 2015		June 30, 2016	June 30, 2015
	(Rupees in '000)			(Rupees in '000)	
Operating activities			Reconciliation to Profit and Loss Account		
a) Underwriting activities			Operating cash flows	110,842	(100,598)
Premiums received	600,894	393,189	Depreciation expense	(3,277)	(2,639)
Reinsurance premiums paid	(294,362)	(287,606)	(Loss)/ gain on disposal of fixed assets	(18)	19
Claims paid	(262,754)	(506,189)	Increase in assets other than cash	328,062	361,457
Reinsurance and other recoveries	160,461	405,638	Increase in liabilities	(430,324)	(242,723)
Commissions paid	(64,214)	(51,590)		5,285	15,516
Commissions received	119,813	73,293	Other adjustments		
Net cash inflow from underwriting activities	259,838	26,735	Income tax paid	23,281	11,838
b) Other operating activities			Provision for impairment	(759)	–
Income tax paid	(23,281)	(11,838)	Provision for gratuity	(4,595)	(4,304)
General management expenses paid	(147,263)	(126,008)	Gratuity paid	29	323
Other operating receipts	26,841	15,195	Profit/ Return received	6,115	7,222
Loans advanced	(13,415)	(11,918)	Dividends received	62,808	47,690
Loans repayments received	8,122	7,236	Capital gain	44,114	92,017
Net cash outflow from other operating activities	(148,996)	(127,333)	Provision for taxation	(43,079)	(22,223)
Total cash inflow/ (outflow) from all operating activities	110,842	(100,598)		87,914	132,563
Investment activities			Profit after taxation	93,199	148,079
Profit/ return received	6,115	7,222	Definition of cash		
Dividends received	62,808	47,690	Cash comprises of cash in hand, policy stamps, bank balances which are readily convertible to cash in hand and are used in the cash management function on a day-to-day basis.		
Payments for investments	(594,399)	(748,831)	Cash for the purpose of the Statement of Cash Flows consists of:		
Proceeds from disposal of investments	662,760	1,054,648	Cash and other equivalents		
Fixed capital expenditure	(2,036)	(12,920)	Cash in hand	485	1,037
Proceeds from disposal of fixed assets	48	45	Stamps in hand	34	31
Total cash inflow from investing activities	135,296	347,854		519	1,068
Financing activities			Current and other accounts		
Dividends paid	(210,449)	(241,540)	Current accounts	9,544	9,937
Total cash outflow from financing activities	(210,449)	(241,540)	PLS accounts	161,990	69,269
Net cash inflow from all activities	35,689	5,716		171,534	79,206
Cash and cash equivalent at beginning of the period	136,364	74,558		172,053	80,274
Cash and cash equivalent at end of the period	172,053	80,274			

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

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Premiums for the half year ended June 30, 2016 (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		Reinsurance expense	2016 Net premium revenue	2015 Net premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	188,120	253,389	312,103	129,406	166,161	202,179	271,877	96,463	32,943	27,770
2. Marine and Transport	70,985	32,068	38,725	64,328	32,838	15,750	18,742	29,846	34,482	37,834
3. Motor	76,243	95,647	121,625	50,265	16,310	16,415	28,282	4,443	45,822	35,757
4. Group hospitalisation	75,569	77,303	117,986	34,886	31,832	43,193	57,052	17,973	16,913	18,800
5. Other Classes	45,840	40,691	65,626	20,905	22,111	13,951	28,391	7,671	13,234	10,791
Total	<u>456,757</u>	<u>499,098</u>	<u>656,065</u>	<u>299,790</u>	<u>269,252</u>	<u>291,488</u>	<u>404,344</u>	<u>156,396</u>	<u>143,394</u>	<u>130,952</u>
Half year ended June 30,										
Direct and facultative										
1. Fire and Property	319,539	245,225	312,103	252,661	277,991	186,375	271,877	192,489	60,172	53,164
2. Marine and Transport	134,189	37,563	38,725	133,027	65,838	18,606	18,742	65,702	67,325	76,725
3. Motor	117,814	98,869	121,625	95,058	31,396	6,936	28,282	10,050	85,008	70,294
4. Group hospitalisation	150,953	27,029	117,986	59,996	75,846	12,744	57,052	31,538	28,458	31,391
5. Other Classes	61,879	54,568	65,626	50,821	29,002	21,257	28,391	21,868	28,953	27,935
Total	<u>784,374</u>	<u>463,254</u>	<u>656,065</u>	<u>591,563</u>	<u>480,073</u>	<u>245,918</u>	<u>404,344</u>	<u>321,647</u>	<u>269,916</u>	<u>259,509</u>

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

RAFIQ M. HABIB
Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Claims for the half year ended June 30, 2016 (Unaudited)

(Rupees in '000)

Class	Business underwritten inside Pakistan									
	Quarter ended June 30,									
	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	2016 Net claims expense	2015 Net claims expense
	Opening	Closing			Opening	Closing				
Direct and facultative										
1. Fire and Property	25,519	388,189	475,871	113,201	22,973	378,221	465,103	109,855	3,346	3,123
2. Marine and Transport	27,707	23,590	15,344	19,461	22,759	22,356	14,347	14,750	4,711	(372)
3. Motor	28,812	33,882	36,605	31,535	3,613	5,201	12,171	10,583	20,952	23,781
4. Group hospitalisation	35,873	4,853	17,708	48,728	18,007	4,076	14,727	28,658	20,070	17,018
5. Other Classes	4,062	61,222	114,400	57,240	2,055	41,444	90,417	51,028	6,212	5,380
Total	121,973	511,736	659,928	270,165	69,407	451,298	596,765	214,874	55,291	48,930
Half year ended June 30,										
Direct and facultative										
1. Fire and Property	54,624	548,220	475,871	(17,725)	49,838	540,002	465,103	(25,061)	7,336	6,677
2. Marine and Transport	65,345	24,594	15,344	56,095	55,551	38,540	14,347	31,358	24,737	18,663
3. Motor	55,864	32,969	36,605	59,500	5,447	4,488	12,171	13,130	46,370	50,007
4. Group hospitalisation	69,226	11,257	17,708	75,677	38,955	4,794	14,727	48,888	26,789	25,124
5. Other Classes	17,695	71,371	114,400	60,724	10,670	52,507	90,417	48,580	12,144	12,538
Total	262,754	688,411	659,928	234,271	160,461	640,331	596,765	116,895	117,376	113,009

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

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Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Expenses for the half year ended June 30, 2016 (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	2016 Net underwriting expense	2015 Net underwriting expense
Direct and facultative									
1. Fire and Property	25,652	28,271	40,193	13,730	24,621	38,351	23,482	14,869	17,877
2. Marine and Transport	8,340	3,055	4,623	6,772	8,987	15,759	9,896	5,863	10,336
3. Motor	3,978	7,915	8,201	3,692	10,239	13,931	910	13,021	10,667
4. Group hospitalisation	6,586	(6,689)	1,791	(1,894)	9,387	7,493	3,595	3,898	(4,388)
5. Other Classes	7,222	5,621	9,061	3,782	6,355	10,137	967	9,170	8,245
Grand Total	<u>51,778</u>	<u>38,173</u>	<u>63,869</u>	<u>26,082</u>	<u>59,589</u>	<u>85,671</u>	<u>38,850</u>	<u>46,821</u>	<u>42,737</u>
Half year ended June 30,									
Direct and facultative									
1. Fire and Property	39,371	29,584	40,193	28,762	46,798	75,560	44,671	30,889	32,924
2. Marine and Transport	13,950	3,712	4,623	13,039	19,653	32,692	19,808	12,884	19,496
3. Motor	5,549	10,006	8,201	7,354	17,254	24,608	1,605	23,003	18,715
4. Group hospitalisation	2,097	(4,303)	1,791	(3,997)	22,108	18,111	6,308	11,803	7,699
5. Other Classes	3,408	10,717	9,061	5,064	9,062	14,126	3,246	10,880	10,858
Grand Total	<u>64,375</u>	<u>49,716</u>	<u>63,869</u>	<u>50,222</u>	<u>114,875</u>	<u>165,097</u>	<u>75,638</u>	<u>89,459</u>	<u>89,692</u>

*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 statements.

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Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Investment Income for the half year ended June 30, 2016 (Unaudited)

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
(Rupees in '000)				
Income from Non-Trading Investments				
Held-to-maturity				
Return on Government Securities - Conventional	1,670	2,099	3,793	4,186
Available-for-sale				
Dividend income - Conventional				
– Related parties	8,641	2,247	44,963	38,673
– Others	3,057	7,172	8,296	5,807
	<u>11,698</u>	<u>9,419</u>	<u>53,259</u>	<u>44,480</u>
Dividend income - Shariah compliant				
– Related parties	–	–	–	–
– Others	9,201	2,009	10,612	3,374
	<u>9,201</u>	<u>2,009</u>	<u>10,612</u>	<u>3,374</u>
Gain on sale of available-for-sale investments - Conventional	12,400	22,387	20,074	85,464
Gain on sale of available-for-sale investments - Shariah compliant	23,503	141	24,040	6,553
Provision for impairment in value of available-for-sale securities - net	(759)	–	(759)	–
Investment related expenses	(555)	(126)	(2,256)	(409)
Net investment income	<u>57,158</u>	<u>35,929</u>	<u>108,763</u>	<u>143,648</u>

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

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Chairman

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Director

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Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the half year ended June 30, 2016 (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 Pakistan Stock Exchange Limited. The Company is engaged in general insurance business.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the six months period ended June 30, 2016 are unaudited and have 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.

2.2 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 7 of 2003 and International Accounting Standard 34 - Interim Financial Reporting. They do not include all the information required for annual financial statements and these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015.

2.3 These condensed interim financial statements have been presented in Pakistani rupees, which is the functional currency of the Company.

3. BASIS OF MEASUREMENT

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim financial statements 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, 2015.

5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2015 except as follows:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective during the period:

IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 28 – Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)

Habib Insurance Company Limited

IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 - Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 - Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 – Financial Instruments: Disclosures - Servicing contracts

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 – Employee Benefits - Discount rate: regional market issue

IAS 34 – Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above standards / amendments / interpretations did not have any material effect on the condensed interim financial statements of the Company.

IFRS 10 – "Consolidated Financial Statements" was made applicable from periods beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by Securities and Exchange Commission of Pakistan (SECP). However, vide S.R.O 56(I) /2016 dated January 28, 2016, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of this standard have not been considered in the preparation of these unconsolidated interim financial statements.

- 5.2 The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements of the Company as at and for the year ended December 31, 2015.

	Unaudited June 30, 2016	Audited December 31, 2015
	(Rupees in '000)	
6. AMOUNT DUE TO OTHER INSURERS/ REINSURERS		
Foreign reinsurers	125,588	50,288
Local reinsurers	80,373	24,569
Co-insurers	82,382	27,774
	288,343	102,631
7. OTHER CREDITORS AND ACCRUALS		
Federal excise duty	35,468	17,147
Federal insurance fee	2,542	1,187
Withholding tax payable	1,647	1,352
Agents commission payable	65,437	65,274
Workers welfare fund payable	35,442	32,657
Sundry creditors	24,163	16,479
	164,699	134,096

Habib Insurance Company Limited

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the status of contingencies as disclosed in note 9 to the annual financial statements of the Company for the year ended December 31, 2015.

8.2 Commitments

There are no commitments as at June 30, 2016.

	Note	Unaudited June 30, 2016	Audited December 31, 2015
(Rupees in '000)			
9. INVESTMENTS			
Held-to-maturity			
Government securities (deposited with SBP)			
Pakistan Investment Bonds	9.1	69,325	69,384
Available-for-sale			
Conventional			
Ordinary shares of quoted/ unquoted companies		162,038	157,801
Ordinary shares of quoted companies/ units of open end mutual funds (related parties)		482,411	493,438
Units of open end mutual funds - quoted		349	349
Shariah compliant			
Ordinary shares of quoted/ unquoted companies		117,868	129,579
Modaraba Certificates - quoted		14,840	14,840
Ordinary shares of quoted companies (related parties)		23,228	29,673
		800,734	825,680
		870,059	895,064

9.1 This represents Pakistan Investment Bonds having face value of Rs.68.50 million (market value of Rs.79.16 million) [December 31, 2015: face value Rs.68.50 million (market value of Rs.75.36 million)]. These carry mark-up ranging from 8.75% to 12.00% (December 31, 2015: 8.75% to 12%) per annum and will mature between July 18, 2016 to July 19, 2022. 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 07, 2008 issued by the Securities and Exchange Commission of Pakistan.

9.2 The aggregate market value of the above investments is Rs.1,346.03 million (December 31, 2015: Rs.1,391.39 million). Had these investments been measured at fair value as required by International Accounting Standard (IAS) - 39, the carrying value of investments and equity of the Company as at June 30, 2016 would have been higher by Rs.544.68 million (December 31, 2015: higher by Rs.565.83 million).

10. SUNDRY RECEIVABLES

Federal Excise Duty recoverable	107	–
Sales tax recoverable	8,182	7,966
Other receivables	1,879	3,897
	10,168	11,863

Habib Insurance Company Limited

	Unaudited June 30, 2016	Audited December 31, 2015
	(Rupees in '000)	
11. FIXED ASSETS		
Opening written down value	24,429	13,693
Add: Additions during the period/ year - at cost		
– Furniture, fixtures and office equipment	1,157	8,478
– Computer and related equipment	664	2,293
– Motor vehicles	85	4,792
– Computer software	130	1,231
	2,036	16,794
Less: Written down value of deletions during the period/ year		
Depreciation/ amortisation for the period/ year	(70)	(55)
	(3,277)	(6,003)
	(3,347)	(6,058)
Closing written down value	23,118	24,429

12. TRANSACTIONS WITH RELATED PARTIES

12.1 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, 2016 are as follows:

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	(Rupees in '000)			
Transactions with related parties				
Premium written	116,002	67,690	281,115	181,168
Claims paid	33,107	66,819	62,444	111,886
Dividends received	8,641	4,635	44,963	38,673
Dividend paid	30,639	–	30,639	20,594
Investments made	225,001	548,916	533,683	748,051
Investments sold	244,731	497,699	572,553	997,921
Interest received on bank accounts	1,529	1,173	2,319	3,049
Bank charges	69	41	161	102
Share registrar fees paid	–	223	76	331
Brokerage expenses paid	555	126	2,256	409
Contribution to the provident fund	1,547	1,121	2,835	2,226
Remuneration of key management personnel	23,089	21,093	41,234	37,216

Habib Insurance Company Limited

	Unaudited June 30, 2016	Audited December 31, 2015
	(Rupees in '000)	
Balances with related parties		
Bank balances	170,807	134,568
Profit receivable on bank accounts	–	2
Investment held	505,639	523,111
Premiums due but unpaid	162,090	106,667
Outstanding claims	80,564	34,274
Investment related expenses	–	716
Due to the provident fund	966	82

12.1.1 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.

13. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
Profit after tax for the period (Rupees in '000)	<u>43,716</u>	<u>48,218</u>	<u>93,199</u>	<u>148,079</u>
Weighted average number of ordinary shares in issue during the period (in '000)	<u>123,875</u>	<u>123,875</u>	<u>123,875</u>	<u>123,875</u>
Earnings per share (Rupees)	<u>0.35</u>	<u>0.39</u>	<u>0.75</u>	<u>1.20</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.

Habib Insurance Company Limited

14. OPERATING SEGMENT

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, 2016 and December 31, 2015.

	Fire and Property		Marine and Transport		Motor		Group Hospitalisation		Other Classes		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	Unaudited June 30, 2016	Audited December 31, 2015
	(Rupees in '000)											
Segment assets	825,162	693,588	434,451	404,428	310,449	234,275	195,941	164,381	165,977	124,131	1,931,980	1,620,803
Unallocated corporate assets											1,141,891	1,122,062
Consolidated corporate assets											<u>3,073,871</u>	<u>2,742,865</u>
Segment liabilities	758,417	591,109	399,307	344,673	285,337	199,661	180,091	140,094	152,551	105,790	1,775,703	1,381,327
Unallocated corporate liabilities											287,542	227,330
Consolidated corporate liabilities											<u>2,063,245</u>	<u>1,608,657</u>

Habib Insurance Company Limited

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on August 30, 2016 by the Board of Directors of the Company.

16. GENERAL

- 16.1** As required by Rule 2 of Annexure II of the Insurance Rules, 2002, corresponding figures in the condensed interim statement of comprehensive income, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and note 14 in the "Other classes" have been rearranged to exclude "Group Hospitalisation" class to show it separately.
- 16.2** Figures of the condensed interim profit and loss account, statement of comprehensive income, statement of premium, statement of claims, statement of expenses and statement of investment income for the quarter ended June 30, 2016 and June 30, 2015 have not been subjected to limited scope review by the auditors as they are only required to review half yearly figures.
- 16.3** To comply with the requirement of SECP Circular No. 14 of 2016 dated April 21, 2016, the relevant shariah compliant assets and income have been disclosed separately where applicable.
- 16.4** Figures have been rounded off to the nearest thousand rupees.

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