

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 / Executive Director : Shabbir Gulamali

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

Share Registrar : M/s. Noble Computer Services (Pvt.) Ltd.
First 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 are pleased to present the unaudited accounts for the period ended March 31, 2012.

By the Grace of Allah, the results for the first quarter has been favourable with net profit after tax rising to Rs. 41.4 million from Rs. 28.6 million of the corresponding period last year resulting in an earnings of Rs. 0.46 per share. An appreciable increase in dividend income from Rs. 15.3 million to Rs. 40.3 million largely contributed towards this improvement.

Though the gross written premium increased from Rs. 194.3 million to Rs. 208.8 million in the quarter under review, the underwriting results marginally dropped from Rs. 16.3 million to Rs. 13.2 million mainly due to increase in claims.

We still have a fairly long way to go before the year ends and this being the early part, it would be difficult to make any definite forecast on the future trend of events and the final outcome. A lot depends on the economy of the Country, but we certainly have been very encouraged by the exciting corporate results coming in with high dividend payouts. We hope and pray that there will not be a recurrence of any natural disaster in the Country particularly in the season of heavy rainfalls as what took place in the last two years.

We pray to Allah for continued success of the Company.

On behalf of the Board of Directors

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

Karachi: April 28, 2012

Habib Insurance Condensed Interim Balance Sheet

Company Limited as at March 31, 2012 (Unaudited)

Note	Unaudited March 31, 2012	Audited December 31, 2011
	(Rupees in '000)	
Share Capital and Reserves		
Authorised share capital 100,000,000 ordinary shares of Rs. 5/- each	500,000	500,000
Paid-up share capital 90,090,731 (December 31, 2011: 90,090,731) ordinary shares of Rs. 5/- each	450,454	450,454
Retained earnings	214,889	173,504
Reserves	254,122	254,122
Total Equity	919,465	878,080
Underwriting Provisions		
Provision for outstanding claims (including IBNR)	184,526	209,927
Provision for unearned premium	344,580	363,602
Commission income unearned	38,315	37,137
Total underwriting provisions	567,421	610,666
Deferred Liability		
Staff retirement benefits	25,240	24,036
Creditors and Accruals		
Premiums received in advance	13,583	13,583
Amounts due to other insurers/ reinsurers	137,197	130,152
Accrued expenses	10,098	10,861
Taxation – provision less payments	49,945	49,959
Other creditors and accruals	148,209	134,828
	359,032	339,383
Other Liabilities		
Unclaimed dividend	25,910	25,911
TOTAL LIABILITIES	977,603	999,996
CONTINGENCIES	6	
TOTAL EQUITY AND LIABILITIES	1,897,068	1,878,076

Note	Unaudited March 31, 2012	Audited December 31, 2011
	(Rupees in '000)	
Cash and Bank Deposits		
Cash and other equivalents	1,189	902
Current and other accounts	23,907	49,530
	25,096	50,432
Loans to employees		
secured & considered good	31,038	31,237
Investments		
7	1,084,015	916,434
Deferred Taxation		
	20,109	19,445
Current Assets - others		
Premiums due but unpaid	255,095	204,360
Amounts due from other insurers/ reinsurers	119,148	123,623
Accrued investment income	17,743	3,006
Reinsurance recoveries against outstanding claims	95,949	124,995
Deferred commission expense	39,860	38,170
Advances, deposits and prepayments	186,239	171,781
Sundry receivables	9,652	180,468
	723,686	846,403
Fixed Assets		
8		
Tangible and Intangible		
Furniture, fixtures and office equipment	7,285	7,840
Computer and related equipment	1,045	1,139
Motor vehicles	773	898
Capital work in progress	–	3,750
Computer software	4,021	498
	13,124	14,125
TOTAL ASSETS	1,897,068	1,878,076

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

ABBAS D. HABIB
Director

MAZHER ALI JUMANI
Director

AUN MOHAMMAD A. HABIB
Director

ALI RAZA D. HABIB
Managing Director
& Chief Executive

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the quarter ended March 31, 2012 (Unaudited)

							(Rupees in '000)	
	Note	Fire and Property	Marine and Transport	Motor	Other Classes	Quarter ended March 31,		
						2012 Aggregate	2011 Aggregate	
Revenue Account								
Net premium revenue		23,395	33,808	33,654	17,917	108,774	101,002	
Net claims		(5,891)	(19,003)	(21,074)	(16,243)	(62,211)	(53,591)	
Expenses		(13,891)	(9,486)	(3,451)	(6,472)	(33,300)	(28,999)	
Net commission		4,689	(2,249)	(2,670)	141	(89)	(2,158)	
Underwriting result		8,302	3,070	6,459	(4,657)	13,174	16,254	
Investment income						43,634	26,789	
Other income						2,077	1,530	
General and administration expenses						(11,247)	(11,164)	
						34,464	17,155	
Profit before tax						47,638	33,409	
Provision for taxation - Current						(6,917)	(5,991)	
- Deferred						664	1,140	
						(6,253)	(4,851)	
Profit after tax						41,385	28,558	
Other comprehensive income						-	-	
Total comprehensive income for the period						41,385	28,558	
Profit and loss appropriation account								
Balance at commencement of the year						173,504	197,360	
Profit after tax for the period						41,385	28,558	
Balance unappropriated profit at end of the period						214,889	225,918	
Earnings per share of Rs. 5/- each	11					0.46	0.32	

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Director

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& Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the quarter ended March 31, 2012 (Unaudited)

(Rupees in '000)

	Share Capital	Capital Reserves	Revenue Reserves		Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	General reserve	Unappropriated Profit	
Balance as at January 01, 2011	400,403	9,122	245,000	197,360	851,885
Total comprehensive income for the period					
Profit for the quarter ended March 31, 2011	–	–	–	28,558	28,558
Transaction with owners recorded directly in equity					
Bonus share distribution for the year ended December 31, 2010 at 12.5%	50,051	–	–	(50,051)	–
Cash dividend for the year ended December 31, 2010 of Rs. 1.25 per share	–	–	–	(100,101)	(100,101)
Others					
Transfer to general reserve	–	–	–	–	–
Balance as at March 31, 2011	<u>450,454</u>	<u>9,122</u>	<u>245,000</u>	<u>75,766</u>	<u>780,342</u>
Balance as on January 01, 2012	450,454	9,122	245,000	173,504	878,080
Total comprehensive income for the period					
Profit for the quarter ended March 31, 2012	–	–	–	41,385	41,385
Balance as at March 31, 2012	<u>450,454</u>	<u>9,122</u>	<u>245,000</u>	<u>214,889</u>	<u>919,465</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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*Managing Director
& Chief Executive*

Habib Insurance

Condensed Interim Statement of Cash Flows for

Quarter ended March 31,
2012 2011
(Rupees in '000)

Operating Cash Flows

a) Underwriting activities

Premiums received	162,536	140,499
Reinsurance premiums paid	(117,870)	(71,100)
Claims paid	(102,990)	(81,191)
Reinsurance and other recoveries received	44,425	39,181
Commissions paid	(21,556)	(14,382)
Commissions received	26,232	24,801
Other underwriting receipts	760	65
Net cash inflow from underwriting activities	(8,463)	37,873

b) Other operating activities

Income tax paid	(6,931)	(1,762)
General management expenses paid	(50,867)	(44,345)
Other operating receipts	181,865	62,137
Loans advanced	(1,913)	(526)
Loans repayments received	2,112	238
Net cash inflow from other operating activities	124,266	15,742

Total cash inflow from all operating activities

115,803 53,615

Investment activities

Profit/ Return received	4,106	2,426
Dividends received	24,384	10,859
Payments for investments	(421,631)	(393,203)
Proceeds from disposal of investments	255,500	291,254
Fixed capital expenditure	(3,849)	(103)
Proceeds from disposal of fixed assets	352	878

Total cash outflow from investing activities

(141,138) (87,889)

Financing activities

Dividends paid	(1)	(48)
Total cash outflow from financing activities	(1)	(48)
Net cash outflow from all activities	(25,336)	(34,322)

Cash at the beginning of the year

50,432 57,999

Cash at the end of the period

25,096 23,677

Company Limited

the quarter ended March 31, 2012 (Unaudited)

Quarter ended March 31,
2012 2011
(Rupees in '000)

Reconciliation to Profit and Loss Account

Operating cash flows	115,803	53,615
Depreciation/ amortisation expense	(1,020)	(2,110)
Profit on disposal of fixed assets	270	546
Dividend paid	(1)	(48)
(Decrease)/ Increase in assets other than cash	(126,660)	66,894
Decrease/ (Increase) in liabilities other than running finance	23,582	(109,296)
	11,974	9,601

Other adjustments

Income tax paid	6,931	1,762
Provision for gratuity	(1,236)	(1,260)
Gratuity paid	30	136
Profit/ Return received	4,106	2,426
Dividends received	24,384	10,859
Capital gain	1,449	9,885
Provision for taxation	(6,253)	(4,851)
	29,411	18,957

Profit after taxation

41,385 28,558

Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and other deposits 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

Cash in hand	1,109	543
Policy stamps	80	126
	1,189	669

Current and other accounts with banks

Current accounts	3,054	3,603
Profit and loss sharing accounts	20,853	19,405
	23,907	23,008

TOTAL ASSETS

25,096 23,677

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

ABBAS D. HABIB
Director

MAZHER ALI JUMANI
Director

AUN MOHAMMAD A. HABIB
Director

ALI RAZA D. HABIB
Managing Director
& Chief Executive

Habib Insurance Company Limited
Condensed Interim Statement of Premiums for the quarter ended March 31, 2012 (Unaudited)

Business underwritten inside Pakistan

(Rupees in '000)

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Quarter ended March 31, Net premium revenue	
		Opening	Closing			Opening	Closing		2012	2011
Direct and facultative										
1. Fire and Property	87,097	185,181	179,192	93,086	70,019	117,678	118,006	69,691	23,395	27,354
2. Marine and Transport	59,480	30,538	30,538	59,480	27,020	11,095	12,443	25,672	33,808	31,509
3. Motor	21,637	81,013	67,239	35,411	1,670	808	721	1,757	33,654	29,809
4. Other Classes	40,582	66,870	67,611	39,841	26,207	33,361	37,644	21,924	17,917	12,330
Total	208,796	363,602	344,580	227,818	124,916	162,942	168,814	119,044	108,774	101,002

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Habib Insurance Company Limited

Condensed Interim Statement of Claims for the quarter ended March 31, 2012 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan

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	Quarter ended March 31, Net claims expense	
		Opening	Closing			Opening	Closing		2012	2011
Direct and facultative										
1. Fire and Property	41,019	99,397	67,571	9,193	34,568	75,590	44,324	3,302	5,891	11,418
2. Marine and Transport	19,111	37,280	37,369	19,200	3,267	20,076	17,006	197	19,003	12,493
3. Motor	21,765	42,764	46,132	25,133	149	7,805	11,715	4,059	21,074	19,149
4. Other Classes	21,095	30,486	33,454	24,063	6,440	21,524	22,904	7,820	16,243	10,531
Total	102,990	209,927	184,526	77,589	44,424	124,995	95,949	15,378	62,211	53,591

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

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Director

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Director

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*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Condensed Interim Statement of Expenses for the quarter ended March 31, 2012 (Unaudited)

Business underwritten inside Pakistan

(Rupees in '000)

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers*	Quarter ended March 31,	
		Opening	Closing					2012	2011
Direct and facultative									
1. Fire and Property	11,721	21,761	22,529	10,953	13,891	24,844	15,642	9,202	9,320
2. Marine and Transport	9,005	5,218	4,771	9,452	9,486	18,938	7,203	11,735	9,765
3. Motor	1,070	7,645	6,005	2,710	3,451	6,161	40	6,121	8,594
4. Other Classes	5,037	3,546	6,555	2,028	6,472	8,500	2,169	6,331	3,478
Total	26,833	38,170	39,860	25,143	33,300	58,443	25,054	33,389	31,157

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

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Habib Insurance Company Limited

Condensed Interim Statement of Investment Income for the quarter ended March 31, 2012 (Unaudited)

Quarter ended March 31,
2012 2011
(Rupees in '000)

Income from Non-Trading Investments

Held-to-maturity

Return on government securities	1,567	1,098
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Available-for-sale

Dividend income	40,251	15,310
Return on other fixed income securities	367	767
Gain on sale of investments	1,449	9,885
	42,067	25,962
	43,634	27,060
Investment related expenses	–	(271)
Net investment income	43,634	26,789

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Director

MAZHER ALI JUMANI
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*Managing Director
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Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the quarter ended March 31, 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 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 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.

3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in 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

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 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, 2011.

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

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

6. CONTINGENCIES

Status of contingencies remain unchanged as disclosed in the financial statements of the Company for the year ended December 31, 2011.

Habib Insurance Company Limited

	Note	March 31, 2012	December 31, 2011
(Rupees in '000)			
7. INVESTMENTS			
Held-to-maturity			
Government securities (deposited with SBP)	7.1	48,097	47,941
		48,097	47,941
Available-for-sale	7.2	1,035,918	868,493
		1,084,015	916,434
		1,084,015	916,434
7.1	This represents Pakistan Investment Bonds having face value of Rs. 50 million. 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.		
7.2	Available-for-sale		
Securities deposited with the State Bank of Pakistan		349	349
Units of open end mutual funds		5,000	5,000
Term Finance Certificates		8,032	7,988
Modaraba certificates		14,823	14,823
Ordinary shares of quoted/ unquoted companies		377,255	319,087
Ordinary shares of quoted companies/ units of open end mutual funds (related parties)		630,459	521,246
		1,035,918	868,493
		1,035,918	868,493

The aggregate market value of the above investments is Rs. 1,080.189 million (December 31, 2011: Rs. 866.315 million).

8. FIXED ASSETS

Opening written down value	14,125	38,948
Add: Additions during the period/ year - at cost		
- Furniture, fixtures and office equipment	-	584
- Computer and related equipment	99	609
- Motor vehicles	-	2,002
- Capital work in progress	-	750
- Computer software	3,750	-
	3,849	3,945
Less: Written down value of deletions during the period/ year		
Depreciation for the period/ year	(80)	(20,222)
	(1,020)	(8,546)
	(1,100)	(28,768)
Transfer from Capital work in progress during the period/ year	(3,750)	-
Closing written down value	13,124	14,125

Habib Insurance Company Limited

9. TRANSACTIONS WITH RELATED PARTIES

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 transactions with related parties during the quarter ended March 31, 2012 are as follows:

	Quarter ended March 31,	
	2012	2011
	(Rupees in '000)	
Relationship : Common Directorship		
Premium underwritten	100,015	84,976
Claims paid	29,714	16,015
Dividends received	30,124	8,509
Investments made	363,264	272,500
Investments sold	255,500	109,000
Interest received on bank accounts	1,048	918
Bank charges	28	14
Share registrar fee paid	71	37
Brokerage expenses paid	308	308
Contribution to the provident fund	774	658
Remuneration of key management personnel	6,130	5,053
	(Number of shares/ units)	
Bonus shares received	270,519	1,359,597
Bonus units received	–	32,707

Habib Insurance Company Limited

10. SEGMENT INFORMATION

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 and IFRS 8 - "Operating Segments". The following table presents information regarding segment assets and liabilities as at March 31, 2012 and December 31, 2011.

	(Rupees in '000)									
	Fire and Property		Marine and Transport		Motor		Other Classes		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Segment assets	282,746	268,226	180,670	173,360	107,562	107,784	121,012	118,845	691,990	668,215
Unallocated corporate assets									1,205,078	1,209,861
Consolidated corporate assets									<u>1,897,068</u>	<u>1,878,076</u>
Segment liabilities	337,560	344,032	215,695	222,355	128,414	138,245	144,473	152,434	826,142	857,066
Unallocated corporate liabilities									151,461	142,930
Consolidated corporate liabilities									<u>977,603</u>	<u>999,996</u>

Habib Insurance Company Limited

11. EARNINGS PER SHARE

	March 31, 2012	March 31, 2011
Profit after tax for the period (Rupees in '000)	<u>41,385</u>	<u>28,558</u>
	(Number of shares) (Restated)	
Weighted average number of ordinary shares in issue during the period (in '000)	<u>90,091</u>	<u>90,091</u>
	(Restated)	
Earnings per share (Rupees)	0.46	0.32

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

12. AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 28, 2012 by the Board of Directors of the Company.

13. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. There is no material reclassification to report.

14. GENERAL

Figures have been rounded off to the nearest thousand rupees.

ABBAS D. HABIB
Director

MAZHER ALI JUMANI
Director

AUN MOHAMMAD A. HABIB
Director

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