

# Habib Insurance Company Limited

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# Habib Insurance Company Limited

## Company Information

### Board of Directors

<b>Chairman</b>	:	Rafiq M. Habib
<b>Directors</b>	:	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](http://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, 2013.

The performance of your Company for the first three months of 2013 has been by the Grace of Allah encouraging with underwriting profits rising to Rs. 19.5 million from Rs. 13.2 million of the corresponding period last year. This was largely due to a reduction in claims.

The investment income for the period under review increased from Rs. 43.6 million to Rs. 53.4 million primarily due to substantial increase on capital gains. Dividend income has been steady for the year till now. Consequently, the net profit after tax has risen to Rs. 53.1 million as against Rs. 41.4 million for the same period last year, registering earnings of Rs. 0.54 per share.

We are hopeful for the final outcome of the year and a positive factor has been the continuing climb of the Stock Market almost reaching the 19000 mark.

Elections are expected on May 11, 2013 and we hope the outcome will be favourable for the Country.

We pray to Allah for peace, stability and progress.

On behalf of the Board of Directors

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

Karachi: April 29, 2013

**Habib Insurance Company Limited**  
**Condensed Interim Balance Sheet as at March 31, 2013 (Unaudited)**

	Note	Unaudited March 31, 2013 (Rupees in '000)	Audited December 31, 2012 (Rupees in '000)		Note	Unaudited March 31, 2013 (Rupees in '000)	Audited December 31, 2012 (Rupees in '000)
<b>Share Capital and Reserves</b>				<b>Cash and Bank Deposits</b>			
Authorised share capital 100,000,000 ordinary shares Rs. 5 each		500,000	500,000	Cash and other equivalents Current and other accounts		899 38,522	848 77,750
Paid-up share capital		495,499	495,499			39,421	78,598
Retained earnings		263,889	210,834	<b>Loans to employees</b>			
Reserves		254,122	254,122	Secured and considered good		29,458	29,221
<b>Total Equity</b>		1,013,510	960,455	<b>Investments</b>	7	1,100,919	1,056,208
<b>Underwriting Provisions</b>				<b>Deferred Taxation</b>		26,843	26,464
Provision for outstanding claims (including IBNR)		189,118	184,482	<b>Current Assets - others</b>			
Provision for unearned premium		333,769	380,692	Premiums due but unpaid		297,041	224,697
Commission income unearned		44,607	42,213	Amounts due from other insurers/ reinsurers		161,848	153,310
Total underwriting provisions		567,494	607,387	Accrued investment income		8,418	4,450
<b>Deferred Liability</b>				Reinsurance recoveries against outstanding claims		120,888	124,590
Staff retirement benefits		26,438	25,283	Deferred commission expense		43,316	50,120
<b>Creditors and Accruals</b>				Advance, deposit and prepayments		206,131	209,335
Premiums received in advance		9,380	8,287	Sundry receivables		4,376	35,146
Amounts due to other insurers/ reinsurers		187,065	137,958			842,018	801,648
Accrued expenses		9,749	9,843	<b>Fixed Assets</b>	8		
Taxation – provision less payments		42,974	40,098	<b>Tangible and intangible</b>			
Other creditors and accruals		164,196	185,380	Furniture, fixtures and office equipment		5,647	5,987
		413,364	381,566	Computer and related equipment		1,310	1,109
<b>Other Liabilities</b>				Motor vehicles		788	829
Unclaimed dividends		29,274	29,277	Computer software		3,676	3,904
<b>TOTAL LIABILITIES</b>		1,036,570	1,043,513			11,421	11,829
<b>CONTINGENCIES</b>	6			<b>TOTAL ASSETS</b>		2,050,080	2,003,968
<b>TOTAL EQUITY AND LIABILITIES</b>		2,050,080	2,003,968				

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
Chairman

MAZHER ALI JUMANI  
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 quarter ended March 31, 2013 (Unaudited)

(Rupees in '000)

	Note					Quarter ended March 31,		
		Fire and Property	Marine and Transport	Motor	Other Classes	2013 Aggregate	2012 Aggregate	
<b>Revenue Account</b>								
Net premium revenue		23,522	36,482	30,898	20,591	111,493	108,774	
Net claims		(4,934)	(12,975)	(19,524)	(14,879)	(52,312)	(62,211)	
Expenses		(16,356)	(11,273)	(3,965)	(3,031)	(34,625)	(33,300)	
Net commission		4,373	(4,956)	(3,372)	(1,137)	(5,092)	(89)	
Underwriting result		6,605	7,278	4,037	1,544	19,464	13,174	
Investment income						53,419	43,634	
Other income						2,005	2,077	
General and administration expenses						(12,817)	(11,247)	
						42,607	34,464	
<b>Profit before tax</b>						62,071	47,638	
Provision for taxation - Current						(9,395)	(6,917)	
- Deferred						379	664	
						(9,016)	(6,253)	
<b>Profit after tax</b>						53,055	41,385	
Other comprehensive income						-	-	
<b>Total comprehensive income</b>						53,055	41,385	
<b>Profit and loss appropriation account</b>								
Balance at commencement of the year						210,834	173,504	
Profit after tax for the period						53,055	41,385	
Balance unappropriated profit at end of the period						263,889	214,889	
Earnings per share of Rs. 5/- each	11				Rupees	0.54	0.42	

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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# Habib Insurance Company Limited

## Condensed Interim Statement of Changes in Equity for the quarter ended March 31, 2013 (Unaudited)

(Rupees in '000)

	Share Capital	Capital Reserves	Revenue Reserves		Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	General reserve	Retained earnings	
Balance as at January 1, 2012	450,454	9,122	245,000	173,504	878,080
<b>Total comprehensive income for the period</b>					
Profit for the quarter ended March 31, 2012	–	–	–	41,385	41,385
<b>Transactions with owners recorded directly in equity</b>					
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)
Balance as at March 31, 2012	<u>495,499</u>	<u>9,122</u>	<u>245,000</u>	<u>57,231</u>	<u>806,852</u>
<b>Balance as at January 01, 2013</b>	495,499	9,122	245,000	210,834	960,455
<b>Total comprehensive income for the period</b>					
Profit for the quarter ended March 31, 2013	–	–	–	53,055	53,055
Balance as at March 31, 2013	<u>495,499</u>	<u>9,122</u>	<u>245,000</u>	<u>263,889</u>	<u>1,013,510</u>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
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# Habib Insurance Company Limited

## Condensed Interim Statement of Cash Flows for the quarter ended March 31, 2013 (Unaudited)

	Quarter ended March 31,		Quarter ended March 31,	
	2013	2012	2013	2012
	(Rupees in '000)		(Rupees in '000)	
<b>Operating activities</b>				
<b>a) Underwriting activities</b>				
Premiums received	109,376	162,536		
Reinsurance premiums paid	(56,719)	(117,870)		
Claims paid	(81,212)	(102,990)		
Reinsurance and other recoveries received	37,239	44,425		
Commissions paid	(58,468)	(21,556)		
Commissions received	28,229	26,232		
Other underwriting receipts	—	760		
Net cash outflow from underwriting activities	(21,555)	(8,463)		
<b>b) Other operating activities</b>				
Income tax paid	(6,519)	(6,931)		
General management expenses paid	(57,093)	(50,867)		
Other operating receipts	39,668	181,865		
Loans advanced	(2,808)	(1,913)		
Loans repayments received	3,317	2,112		
Net cash (outflow) / inflow from other operating activities	(23,435)	124,266		
Total cash (outflow) / inflow from all operating activities	(44,990)	115,803		
<b>Investment activities</b>				
Profit / Return received	4,247	4,106		
Dividends received	33,619	24,384		
Payments for investments	(393,553)	(421,631)		
Proceeds from disposal of investments	361,946	255,500		
Fixed capital expenditure	(456)	(3,849)		
Proceeds from disposal of fixed assets	14	352		
Total cash inflow/ (outflow) from investing activities	5,817	(141,138)		
<b>Financing activities</b>				
Dividends paid	(4)	(1)		
Total cash outflow from financing activities	(4)	(1)		
Net cash outflow from all activities	(39,177)	(25,336)		
Cash and cash equivalent at beginning of the year	78,598	50,432		
Cash and cash equivalent at end of the period	39,421	25,096		
			<b>Reconciliation to Profit and Loss Account</b>	
			Operating cash flows	(44,990)
			Depreciation/ amortisation expense	(859)
			Profit on disposal of fixed assets	7
			Dividends paid	(4)
			Decrease/ (Increase) in assets other than cash	40,798
			Increase in liabilities	10,976
				5,928
			<b>Other adjustments</b>	
			Income tax paid	6,519
			Provision for gratuity	(1,251)
			Gratuity paid	96
			Profit/ Return received	4,246
			Dividends received	33,619
			Capital gain	12,914
			Provision for taxation	(9,016)
				47,127
			Profit after taxation	53,055
				41,385
			<b>Definition of cash</b>	
			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.	
			<b>Cash for the purpose of the Statement of Cash Flows consists of:</b>	
			<b>Cash and other equivalents</b>	
			Cash in hand	479
			Stamps in hand	420
				899
			1,109	1,189
			<b>Current and other accounts</b>	
			Current accounts	872
			PLS accounts	37,650
				38,522
				23,907
				39,421
				25,096

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

RAFIQ M. HABIB  
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Managing Director  
& Chief Executive

# Habib Insurance Company Limited

## Condensed Interim Statement of Premiums for the quarter ended March 31, 2013 (Unaudited)

(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		2013	2012
Business underwritten inside Pakistan										
Direct and facultative										
1. Fire and Property	89,355	201,270	191,016	99,609	72,219	145,184	141,316	76,087	23,522	23,395
2. Marine and Transport	61,587	23,024	29,179	55,432	23,854	7,244	12,148	18,950	36,482	33,808
3. Motor	21,662	72,048	60,847	32,863	1,811	1,262	1,108	1,965	30,898	33,654
4. Other Classes	16,562	84,350	52,727	48,185	7,942	46,187	26,535	27,594	20,591	17,917
<b>Total</b>	<b>189,166</b>	<b>380,692</b>	<b>333,769</b>	<b>236,089</b>	<b>105,826</b>	<b>199,877</b>	<b>181,107</b>	<b>124,596</b>	<b>111,493</b>	<b>108,774</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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# Habib Insurance Company Limited

## Condensed Interim Statement of Claims for the quarter ended March 31, 2013 (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		2013	2012
Direct and facultative										
1. Fire and Property	35,419	91,320	97,058	41,157	32,217	82,470	86,476	36,223	4,934	5,891
2. Marine and Transport	8,573	26,558	25,099	7,114	935	13,642	6,846	(5,861)	12,975	19,003
3. Motor	20,815	33,578	30,774	18,011	491	7,933	5,929	(1,513)	19,524	21,074
4. Other Classes	16,406	33,026	36,187	19,567	3,596	20,545	21,637	4,688	14,879	16,243
<b>Total</b>	<b>81,213</b>	<b>184,482</b>	<b>189,118</b>	<b>85,849</b>	<b>37,239</b>	<b>124,590</b>	<b>120,888</b>	<b>33,537</b>	<b>52,312</b>	<b>62,211</b>

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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# Habib Insurance Company Limited

## Condensed Interim Statement of Expenses for the quarter ended March 31, 2013 (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, 2013                      2012 Net underwriting expense	
		Opening	Closing						
Direct and facultative									
1. Fire and Property	12,063	29,286	27,600	13,749	16,356	30,105	18,122	11,983	9,202
2. Marine and Transport	9,546	5,781	4,733	10,594	11,273	21,867	5,638	16,229	11,735
3. Motor	985	9,548	7,093	3,440	3,965	7,405	68	7,337	6,121
4. Other Classes	1,529	5,505	3,890	3,144	3,031	6,175	2,007	4,168	6,331
Total	24,123	50,120	43,316	30,927	34,625	65,552	25,835	39,717	33,389

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

The annexed notes 1 to 13 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 quarter ended March 31, 2013 (Unaudited)**

Quarter ended March 31,  
2013      2012  
(Rupees in '000)

**Income from Non-Trading Investments**

**Held-to-maturity**

Return on government securities	1,903	1,567
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**Available-for-sale**

Dividend income	38,683	40,251
Return on other fixed income securities	186	367
Gain on sale of investments	12,915	1,449
	51,784	42,067
	53,687	43,634
Investment related expenses	(268)	-
Net investment income	53,419	43,634

The annexed notes 1 to 13 form an integral part of these condensed interim financial statements.

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*Director*

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*Managing Director  
& Chief Executive*

# Habib Insurance Company Limited

## Notes to the Condensed Interim Financial Statements for the quarter ended March 31, 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 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 of the information and disclosures as required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2012.

### 3. ACCOUNTING POLICIES

The accounting policies and method of computation adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the annual financial statements of the Company for the year ended December 31, 2012.

### 4. ESTIMATES AND JUDGEMENTS

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

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

### 6. CONTINGENCIES

Status of contingencies remain unchanged as disclosed in the financial statements of the Company for the year ended December 31, 2012.

# Habib Insurance Company Limited

	Note	March 31, 2013	December 31, 2012
(Rupees in '000)			
<b>7. INVESTMENTS</b>			
<b>Held-to-maturity</b>			
Government securities			
Pakistan Investment Bonds	7.1	52,531	52,429
<b>Available-for-sale</b>			
	7.2		
Units of open end mutual funds		5,349	5,349
Term Finance Certificates - quoted		4,805	4,784
Modaraba Certificates - quoted		369,301	14,840
Ordinary shares of quoted/ unquoted companies		14,840	283,519
Ordinary shares of quoted companies/ units of open end mutual funds (related parties)		654,093	695,287
		1,048,388	1,003,779
		<u>1,100,919</u>	<u>1,056,208</u>

7.1 This represents Pakistan Investment Bonds having face value of Rs. 53.5 million (December 31, 2012: Rs. 53.5 million) These carry mark-up ranging from of 11.25% to 11.75% (December 31, 2012: 11.25% to 11.75%) per annum and will mature between July 22, 2013 to August 30, 2015. These have been deposited with the State Bank of Pakistan (SBP) in compliance of Section 29 of Insurance Ordinance, 2002.

7.2 The aggregate market value of the above investments is Rs. 1,170.986 million (December 31, 2012: Rs. 1,180.565 million).

	March 31, 2013	December 31, 2012
(Rupees in '000)		
<b>8. FIXED ASSETS</b>		
Opening written down value	11,829	14,125
Add: Additions during the period/ year - at cost		
– Furniture, fixtures and office equipment	30	239
– Computer and related equipment	425	803
– Motor vehicles	–	198
	455	1,240
Less: Written down value of deletions during the period/ year	(4)	(90)
Depreciation/ amortisation for the period/ year	(859)	(3,446)
	(863)	(3,536)
Closing written down value	<u>11,421</u>	<u>11,829</u>

# 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. The Company in the normal course of business carries out transactions with related parties 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 quarter ended March 31, 2013 are as follows:

	Quarter ended March 31,	
	2013	2012
	(Rupees in '000)	
Premium underwritten	59,774	100,015
Claims paid	9,945	29,714
Dividends received	33,507	30,124
Investments made	279,058	363,264
Investments sold	255,841	255,500
Interest received on bank accounts	1,061	1,048
Bank charges	9	28
Share registrar fee paid	91	71
Brokerage expenses paid	462	308
Contribution to the provident fund	769	774
Remuneration of key management personnel	6,065	6,130
		(Number of shares)
Bonus shares received	-	270,519

# Habib Insurance Company Limited

## 10. 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, the SEC (Insurance) Rules, 2002 and IFRS 8 - "Operating Segments". The following table presents information regarding segment assets and liabilities as at March 31, 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	344,122	311,810	191,501	192,434	113,532	114,298	166,466	145,881	815,621	764,423
Unallocated corporate assets									1,234,459	1,239,545
Consolidated corporate assets									<u>2,050,080</u>	<u>2,003,968</u>
Segment liabilities	322,830	366,747	179,653	226,338	106,508	134,436	156,167	171,583	765,158	899,104
Unallocated corporate liabilities									271,412	144,409
Consolidated corporate liabilities									<u>1,036,570</u>	<u>1,043,513</u>

# Habib Insurance Company Limited

## 11. BASIC AND DILUTED EARNINGS PER SHARE

	March 31, 2013	March 31, 2012
Profit after tax for the period (Rupees in '000)	<u>53,055</u>	<u>41,385</u>
	(Number of shares) (Restated)	
Weighted average number of ordinary shares in issue during the period (in '000)	<u>99,100</u>	<u>99,100</u>
	(Restated)	
Earnings per share (Rupees)	0.54	0.42

**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 29, 2013 by the Board of Directors of the Company.

## 13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

RAFIQ M. HABIB  
*Chairman*

MAZHER ALI JUMANI  
*Director*

MANSOOR G. HABIB  
*Director*

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