

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 Cooperaive
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, 2011.

By the Grace of Allah, the performance of your Company for the first three months of 2011 has been steady with gross written premium rising from Rs. 170.3 million to Rs. 194.3 million, an increase of 14.1%. However, claims have increased from Rs. 43.3 million to Rs. 53.6 million. Expenses for the period were marginally lower. The underwriting result for the quarter was Rs. 16.3 million as compared to Rs. 19.9 million of last year.

Investment income for the current period was Rs. 26.8 million compared to Rs. 25.3 million. Consequently the profit after tax for the period was Rs. 28.6 million as compared to Rs. 27.9 million of the corresponding period last year resulting in an earning per share of Rs. 0.36.

As we look ahead towards the remaining nine months of the year there is a feeling of optimism both on the underwriting side of the business and also on dividend income because of the incoming bright corporate results. The forthcoming Budget expected in the coming month will bring about its usual reactions.

We are confident that 2011 will Inshallah be a successful and rewarding year for your Company.

On behalf of the Board of Directors

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

Karachi: April 30, 2011

Habib Insurance Company Limited

Condensed Interim Balance Sheet as at March 31, 2011 (Unaudited)

Note	Unaudited March 31, 2011	Audited December 31, 2010
	(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 80,080,650 (December 31, 2010: 80,080,650) ordinary shares of Rs. 5/- each	400,403	400,403
Retained earnings Reserves	225,918 254,122	197,360 254,122
Total Equity	880,443	851,885
Underwriting Provisions		
Provision for outstanding claims (including IBNR)	191,893	134,727
Provision for unearned premium	307,469	311,226
Commission income unearned	36,316	32,875
Total underwriting provisions	535,678	478,828
Deferred Liability		
Staff retirement benefits	21,408	20,284
Creditors and Accruals		
Premiums received in advance	3,836	3,836
Amounts due to other insurers/ reinsurers	128,396	88,272
Accrued expenses	9,265	9,483
Taxation – provision less payments	52,283	48,053
Other creditors and accruals	155,304	142,717
	349,084	292,361
Other Liabilities		
Unclaimed dividend	23,579	23,627
TOTAL LIABILITIES	929,749	815,100
CONTINGENCIES AND COMMITMENT	6	
TOTAL EQUITY AND LIABILITIES	1,810,192	1,666,985

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

Habib Insurance Company Limited

as at March 31, 2011 (Unaudited)

Note	Unaudited March 31, 2011	Audited December 31, 2010
	(Rupees in '000)	
Cash and Bank Deposits		
Cash and other equivalents	669	409
Current and other accounts	23,008	57,590
	23,677	57,999
Loans to employees		
Secured and considered good	3,430	3,143
Investments		
	7	1,037,374
	1,037,374	925,540
Deferred Taxation		
	16,732	15,592
Current Assets - others		
Premiums due but unpaid	196,239	181,589
Amounts due from other insurers/ reinsurers	155,653	116,498
Accrued investment income	4,962	152
Reinsurance recoveries against outstanding claims	126,183	80,598
Deferred commission expense	34,547	36,032
Advances, deposits and prepayments	171,325	149,809
Sundry receivables	3,460	61,085
	692,369	625,763
Fixed Assets		
	8	
Tangible and Intangible		
Furniture, fixtures and office equipments	9,157	9,722
Computer and related equipments	1,235	1,453
Motor vehicles	22,603	24,119
Capital work in progress	3,000	3,000
Computer software	615	654
	36,610	38,948
TOTAL ASSETS	1,810,192	1,666,985

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, 2011 (Unaudited)

(Rupees in '000)

	Note					Quarter ended March 31,		
		Fire and Property	Marine and Transport	Motor	Other Classes	2011 Aggregate	2010 Aggregate	
Revenue Account								
Net premium revenue		27,354	31,509	29,809	12,330	101,002	95,964	
Net claims		(11,418)	(12,493)	(19,149)	(10,531)	(53,591)	(43,305)	
Expenses		(11,599)	(7,250)	(6,090)	(4,060)	(28,999)	(29,170)	
Net commission		2,279	(2,515)	(2,504)	582	(2,158)	(3,606)	
Underwriting result		6,616	9,251	2,066	(1,679)	16,254	19,883	
Investment income						26,789	25,256	
Other income						1,530	1,500	
General and administration expenses						(11,164)	(12,205)	
						17,155	14,551	
Profit before tax						33,409	34,434	
Provision for taxation - Current						(5,991)	(5,400)	
- Deferred						1,140	(1,133)	
Profit after tax						(4,851)	(6,533)	
Other comprehensive income						-	-	
Total comprehensive income						28,558	27,901	
Profit and loss appropriation account								
Balance at commencement of the year						197,360	219,019	
Profit after tax for the period						28,558	27,901	
Balance unappropriated profit at end of the period						225,918	246,920	
Earnings per share of Rs. 5/- each	10					0.36	0.35	

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 Changes in Equity for the quarter ended March 31, 2011 (Unaudited)

	Share Capital	Capital Reserves	Revenue Reserves		(Rupees in '000)
	Issued, subscribed and paid-up	Reserve for exceptional losses	General reserve	Unappropriated Profit	Total
Balance as at January 01, 2010	400,403	9,122	195,000	219,019	823,544
Total comprehensive income for the period					
Profit for the quarter ended March 31, 2010	–	–	–	27,901	27,901
Transaction with owners recorded directly in equity					
Cash dividend for the year ended December 31, 2009 of Rs. 1.75 per share	–	–	–	(140,141)	(140,141)
Others					
Transfer to general reserve	–	–	50,000	(50,000)	–
Balance as at March 31, 2010	<u>400,403</u>	<u>9,122</u>	<u>245,000</u>	<u>56,779</u>	<u>711,304</u>
Balance as on 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
Balance as at March 31, 2011	<u>400,403</u>	<u>9,122</u>	<u>245,000</u>	<u>225,918</u>	<u>880,443</u>

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 Cash Flows for the quarter ended March 31, 2011 (Unaudited)

	Quarter ended March 31, 2011	2010		Quarter ended March 31, 2011	2010
	(Rupees in '000)			(Rupees in '000)	
Operating Cash Flows					
a) Underwriting activities					
Premiums received	140,499	129,741		53,615	4,120
Reinsurance premiums paid	(71,100)	(46,389)		(2,110)	(2,323)
Claims paid	(81,191)	(62,860)		546	459
Reinsurance and other recoveries received	39,181	16,309		(48)	-
Commissions paid	(14,382)	(10,704)		66,894	55,254
Commissions received	24,801	18,715		(109,296)	(38,848)
Other underwriting receipts	65	117		9,601	18,662
Net cash inflow from underwriting activities	37,873	44,929			
b) Other operating activities					
Income tax paid	(1,762)	(1,724)			
General management expenses paid	(44,345)	(39,363)			
Other operating receipts	62,137	1,001			
Loans advanced	(526)	(864)			
Loans repayments received	238	141			
Net cash inflow/ (outflow) from other operating activities	15,742	(40,809)			
Total cash inflow from all operating activities	53,615	4,120			
Investment activities					
Profit/ Return received	2,426	2,077			
Dividends received	10,859	10,746			
Payments for investments	(393,203)	(230,815)			
Proceeds from disposal of investments	291,254	204,554			
Fixed capital expenditure	(103)	(983)			
Proceeds from disposal of fixed assets	878	1,038			
Total cash outflow from investing activities	(87,889)	(13,383)			
Financing activities					
Dividends paid	(48)	-			
Total cash flow from financing activities	(48)	-			
Net cash outflow from all activities	(34,322)	(9,263)			
Cash at the beginning of the year	57,999	26,520			
Cash at the end of the period	23,677	17,257		23,677	17,257

Reconciliation to Profit and Loss Account

Operating cash flows	53,615	4,120
Depreciation/ amortisation expense	(2,110)	(2,323)
Profit on disposal of fixed assets	546	459
Dividend paid	(48)	-
Increase in assets other than cash	66,894	55,254
Increase in liabilities	(109,296)	(38,848)
	9,601	18,662
Other adjustments		
Income tax paid	1,762	1,724
Provision for gratuity	(1,260)	(1,058)
Gratuity paid	136	827
Profit/ Return received	2,426	2,077
Dividends received	10,859	10,746
Capital gain	9,885	1,456
Provision for taxation	(4,851)	(6,533)
	18,957	9,239
Profit after taxation	28,558	27,901

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		
Cash in hand	543	1,149
Stamps in hand	126	775
	669	1,924
Current and other accounts		
Current accounts	3,603	6,238
PLS accounts	19,405	9,095
	23,008	15,333
	23,677	17,257

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 Premiums for the quarter ended March 31, 2011 (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		2011	2010
Direct and facultative										
1. Fire and Property	82,771	151,047	155,180	78,638	56,829	90,768	96,313	51,284	27,354	28,644
2. Marine and Transport	51,986	27,083	27,571	51,498	23,176	7,945	11,132	19,989	31,509	25,713
3. Motor	21,603	74,809	62,972	33,440	1,272	5,748	3,389	3,631	29,809	28,773
4. Other Classes	37,943	58,287	61,746	34,484	29,946	34,978	42,770	22,154	12,330	12,834
Total	194,303	311,226	307,469	198,060	111,223	139,439	153,604	97,058	101,002	95,964

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, 2011 (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		2011	2010
Direct and facultative										
1. Fire and Property	32,356	47,162	104,061	89,255	25,196	36,267	88,908	77,837	11,418	6,748
2. Marine and Transport	14,739	19,160	17,399	12,978	6,430	14,788	8,843	485	12,493	8,308
3. Motor	22,890	41,106	40,135	21,919	5,541	11,019	8,248	2,770	19,149	19,829
4. Other Classes	11,206	27,299	30,298	14,205	2,014	18,524	20,184	3,674	10,531	8,420
Total	81,191	134,727	191,893	138,357	39,181	80,598	126,183	84,766	53,591	43,305

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, 2011 (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					2011	2010
								Net underwriting expense	
Direct and facultative									
1. Fire and Property	11,515	20,783	21,592	10,706	11,599	22,305	12,985	9,320	10,666
2. Marine and Transport	8,221	4,742	4,595	8,368	7,250	15,618	5,853	9,765	9,276
3. Motor	1,022	7,247	5,526	2,743	6,090	8,833	239	8,594	8,145
4. Other Classes	1,277	3,258	2,834	1,701	4,060	5,761	2,283	3,478	4,689
Total	22,035	36,030	34,547	23,518	28,999	52,517	21,360	31,157	32,776

*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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Habib Insurance Company Limited

Condensed Interim Statement of Investment Income for the quarter ended March 31, 2011 (Unaudited)

	March 31, 2011	March 31, 2010
	(Rupees in '000)	
Income from Non-Trading Investments		
Held-to-maturity		
Return on government securities	1,098	1,103
Available-for-sale		
Dividend income	15,310	22,429
Return on fixed income securities	767	343
Gain on sale of investments	9,885	1,456
	25,962	24,228
	27,060	25,331
Investment related expenses	(271)	(75)
Net investment income	26,789	25,256

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

RAFIQ M. HABIB
Chairman

MAZHER ALI JUMANI
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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, 2011 (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, 2010.

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, 2010.

4. ESTIMATES

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.

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 statement as at and for the year ended December 31, 2010.

6. CONTINGENCIES AND COMMITMENT

Contingencies

Status of contingencies remain unchanged as disclosed in the financial statements of the Company for the year ended December 31, 2010.

Commitment

The Company has entered into an agreement with M/s Ford Rhodes Sidat Hyder for purchase of computer software amounting to Rs. 3.7 million against which the Company has paid Rs. 3.0 million.

Habib Insurance Company Limited

	Note	March 31, 2011	December 31, 2010
(Rupees in '000)			
7. INVESTMENTS			
Held-to-maturity			
Government securities (deposited with SBP)	7.1	42,937	44,266
Commercial Paper		9,546	9,191
		52,483	53,457
Available-for-sale	7.2	984,891	872,083
		1,037,374	925,540
		1,037,374	925,540
7.1	This represents one year Treasury bills having face value of Rs. 4 million and Pakistan Investment Bonds having face value of Rs. 40 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 (Quoted)		
		349	349
Securities deposited with the State Bank of Pakistan		5,000	5,000
Units of open end mutual funds		14,681	15,012
Modaraba certificates		338,807	455,858
Shares		616,539	386,393
Investment in related parties		9,515	9,471
Term Finance Certificates		984,891	872,083
		984,891	872,083

The aggregate market value of the above investments is Rs. 1,113.450 million (December 31, 2010: Rs. 1,048.999 million).

8. FIXED ASSETS

Opening written down value	38,948	41,208
Add: Additions during the period/ year - at cost		
- Furniture, fixtures and office equipments	53	1,636
- Computer and related equipments	57	1,153
- Motor vehicles	-	5,514
- Capital work in progress	-	3,000
- Computer software	-	782
	110	12,085
Less: Written down value of deletions during the period/ year		
Depreciation for the period/ year	(338)	(4,257)
	(2,110)	(9,652)
	(2,448)	(13,909)
Transfer from Capital work in progress during the period/ year	-	(436)
Closing written down value	36,610	38,948
	36,610	38,948

Habib Insurance Company Limited

8. 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, 2011 are as follows:

	March 31, 2011 (Rupees in '000)	March 31, 2010
Relationship : Common Directorship		
Premium underwritten	84,976	78,020
Claims paid	16,015	16,822
Dividends received	8,509	5,354
Investments made	272,500	80,000
Investments sold	109,000	132,473
Interest received on bank accounts	918	923
Bank charges	14	31
Share registrar fee paid	37	36
Brokerage expenses paid	308	151
Contribution to the provident fund	658	620
Remuneration of key management personnel	5,053	5,498
	(Number of shares/ units)	
Bonus shares received	1,359,597	1,289,124
Bonus units received	32,707	36,176

Habib Insurance Company Limited

9. SEGMENT INFORMATION

Class of business wise revenue and results have been disclosed in the condensed interim statement of premiums and condensed interim profit and loss account respectively, 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, 2011 and December 31, 2010.

	Fire and Property		Marine and Transport		Motor		Other Classes		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(Rupees in '000)									
Segment assets	279,056	226,907	182,745	148,708	118,665	102,879	122,370	114,609	702,836	593,103
Unallocated corporate assets									1,107,356	1,073,882
Consolidated corporate assets									<u>1,810,192</u>	<u>1,666,985</u>
Segment liabilities	312,505	261,091	204,650	171,111	132,889	118,378	137,038	131,875	787,082	682,455
Unallocated corporate liabilities									142,667	132,645
Consolidated corporate liabilities									<u>929,749</u>	<u>815,100</u>

Habib Insurance Company Limited

10. EARNINGS PER SHARE

	March 31, 2011	March 31, 2010
Profit after tax for the period (Rupees in '000)	<u>28,558</u>	<u>27,901</u>
Weighted average number of ordinary shares in issue during the period (in '000)	<u>80,081</u>	<u>80,081</u>
Earnings per share (Rupees)	<u>0.36</u>	<u>0.35</u>

10.1 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.

11. AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 30, 2011 by the Board of Directors of the Company.

12. CORRESPONDING FIGURES

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

13. GENERAL

Figures have been rounded off to the nearest thousand rupees.

RAFIQ M. HABIB
Chairman

MAZHER ALI JUMANI
Director

MANSOOR G. HABIB
Director

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*Managing Director
& Chief Executive*