

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 : KPMG Taseer Hadi & Co.
Chartered Accountants

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) 2424030/38/39
Fax : (92-21) 2421600
UAN : (92-21) 111 03 03 03
Website : www.habibinsurance.net

Habib Insurance Company Limited

DIRECTORS' REVIEW

The Shareholders,

The Directors have pleasure to present the unaudited accounts for the quarter ended March 31, 2009.

Reviewing the first quarter of 2009, the performance of your Company by the Grace of Allah has been quite impressive with a substantial gain in the underwriting profits, rising to Rs.18.2 million from Rs. 4.3 million of the same period last year. This was largely due to a marked reduction on the claims experience and in particular on the motor car account. Though written premium dropped slightly, it has been the endeavour of the management to secure better quality business. Net expenses and commission were, by and large, well controlled.

The capital gains recorded in the period dropped by Rs. 34.6 million due to drastic change in the market conditions and consequently the net profit after tax reduced to Rs. 21.9 million as against Rs. 31.8 million of last year, reducing the Earning per Share from Rs. 0.45 to Rs. 0.31.

As we enter the second quarter of the year, we are encouraged by certain positive factors influencing the economy of the Country and the stock market has responded favourably. Inshallah, the Company will also gain advantage on the overall improved situation.

We pray to Allah for stability and progress of our Nation.

On behalf of the Board of Directors

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

Karachi: April 30, 2009

Habib Insurance Company Limited

Interim Condensed Balance Sheet as at March 31, 2009

	Note	Unaudited March 31, 2009 (Rupees in '000)	Audited December 31, 2008 (Rupees in '000)		Note	Unaudited March 31, 2009 (Rupees in '000)	Audited December 31, 2008 (Rupees in '000)
Share Capital and Reserves				Cash and Bank Deposits			
Authorised share capital	4	500,000	500,000	Cash and other equivalents		1,315	471
				Current and other accounts		54,447	56,964
						55,762	57,435
Paid-up share capital	4	355,914	355,914	Loans - secured, considered good to employees		1,965	1,899
Retained earnings		(324,820)	(346,746)				
Reserves		654,122	654,122	Investments	6	711,564	719,561
TOTAL EQUITY		685,216	663,290	Security Deposits		1,403	1,403
				Deferred Taxation		4,253	5,728
Underwriting Provisions				Current Assets - others			
Provision for outstanding claims (including IBNR)		173,097	171,286	Premiums due but unpaid		173,925	183,284
Provision for unearned premium		266,826	306,115	Amounts due from other insurers / reinsurers		132,909	145,581
Commission income unearned		33,008	39,792	Accrued investment income		10,587	3,486
				Reinsurance recoveries against outstanding claims		89,585	96,179
Total underwriting provisions		472,931	517,193	Deferred commission expense		33,779	41,081
				Prepayments			
Deferred Liability				- Prepaid reinsurance premium ceded		136,793	144,001
Staff retirement benefits		16,376	15,243	- Others		9,383	2,548
				Sundry receivables		21,359	9,654
Creditors and Accruals						608,320	625,814
Premiums received in advance		323	323	Fixed Assets	7		
Amounts due to other insurers / reinsurers		111,043	114,889	Tangible			
Accrued expenses		9,872	10,367	Furniture, fixtures and renovation		8,692	9,119
Taxation – provision less payments		18,973	18,415	Office equipments		2,640	2,871
Other creditors and accruals		115,272	117,746	Computer and related equipments		1,897	2,129
		255,483	261,740	Motor vehicles		29,154	26,866
TOTAL LIABILITIES		744,790	794,176	Capital work in progress		3,500	3,500
				Intangible			
				Computer software		856	1,141
						46,739	45,626
TOTAL EQUITY AND LIABILITIES		1,430,006	1,457,466	TOTAL ASSETS		1,430,006	1,457,466
Commitment	5						

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

MAZHER A. JUMANI
Director

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ALI RAZA D. HABIB
Managing Director
& Chief Executive

Habib Insurance Company Limited

Interim Condensed Profit and Loss Account for the quarter ended March 31, 2009 (Unaudited)

(Rupees in '000)

	Note	Fire & Property	Marine & Transport	Motor	Other Classes	Quarter ended March 31, 2009 Aggregate	Quarter ended March 31, 2008 Aggregate
Revenue Account							
Net premium revenue		23,094	24,883	37,536	8,404	93,917	101,668
Net claims		(11,217)	(11,692)	(21,533)	(4,367)	(48,809)	(66,077)
Expenses		(10,122)	(6,326)	(5,314)	(3,543)	(25,305)	(24,937)
Net commission		2,274	(1,357)	(3,501)	966	(1,618)	(6,319)
Underwriting result		4,029	5,508	7,188	1,460	18,185	4,335
Investment income						18,307	51,454
Profit on sale of fixed assets						91	283
Other income						1,419	1,100
General and administration expenses						(13,535)	(12,260)
Profit before tax						6,282	40,577
Provision for taxation - Current						(1,066)	(13,600)
- Deferred						(1,475)	543
Profit after tax						(2,541)	(13,057)
Profit and loss appropriation account						21,926	31,855
Balance at commencement of the year						(346,746)	436,959
Profit after tax for the period						21,926	31,855
Dividend (2007: 60%)						-	(177,957)
Issue of bonus shares (2007: 20%)						-	(59,319)
Transfer to general reserve						-	(150,000)
Balance unappropriated (loss) / profit at end of the period						(324,820)	81,538
Earnings per share - basic and diluted of Rs. 5/- each	9					Rupee 0.31	0.45

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

MAZHER A. JUMANI
Director

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Director

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Director

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& Chief Executive*

Habib Insurance Company Limited

Interim Condensed Statement of Changes in Equity for the quarter ended March 31, 2009 (Unaudited)

(Rupees in '000)

	Share Capital	Capital Reserves		Revenue Reserves		Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Reserve for issue of bonus shares	General reserve	Retained earnings	
Balance as on January 01, 2008	296,595	9,122	–	495,000	436,958	1,237,675
Transfer to general reserve	–	–	–	150,000	(150,000)	–
Transfer to reserve for issue of bonus shares	–	–	59,319	–	(59,319)	–
Dividend for 2007 @ 60%	–	–	–	–	(177,957)	(177,957)
Profit for the period	–	–	–	–	31,855	31,855
Balance as on March 31, 2008	<u>296,595</u>	<u>9,122</u>	<u>59,319</u>	<u>645,000</u>	<u>81,537</u>	<u>1,091,573</u>
Balance as on January 01, 2009	355,914	9,122	–	645,000	(346,746)	663,290
Profit for the period	–	–	–	–	21,926	21,926
Balance as on March 31, 2009	<u>355,914</u>	<u>9,122</u>	<u>–</u>	<u>645,000</u>	<u>(324,820)</u>	<u>685,216</u>

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Habib Insurance Company Limited

Interim Condensed Statement of Cash Flow for the quarter ended March 31, 2009 (Unaudited)

Quarter ended March 31,
2009 2008
(Rupees in '000)

Quarter ended March 31,
2009 2008
(Rupees in '000)

Operating Cash Flows

a) Underwriting activities

Premiums received	163,955	104,232
Reinsurance premiums paid	(83,933)	(118,282)
Claims paid	(76,699)	(185,106)
Reinsurance and other recoveries received	36,295	106,453
Commissions paid	(21,952)	(19,364)
Commissions received	15,507	17,646
Other underwriting receipts	12	13
Net cash inflow / (outflow) underwriting activities	33,185	(94,408)

b) Other operating activities

Income tax paid	(508)	(378)
General management expenses paid	(42,032)	(40,122)
Loans advanced	(148)	(249)
Loans repayments received	392	259
Other operating payments	(9,329)	(1,432)
Net cash flow used in other operating activities	(51,625)	(41,922)

Total cash outflow from all operating activities (18,440) (136,330)

Investment activities

Profit / return received	1,428	1,236
Dividends received	4,898	4,011
Payments for investments	(81,105)	(308,752)
Proceeds from disposal of investments	95,377	516,957
Fixed capital expenditure	(4,187)	(5,664)
Proceeds from disposal of fixed assets	356	404

Total cash flow from investing activities 16,767 208,192

Financing activities

Dividends paid	—	(10,173)
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Total cash flow used in financing activities — (10,173)

Net cash (outflow) / inflow from all activities (1,673) 61,689

Cash at the beginning of the year 57,435 129,940

Cash at the end of the period 55,762 191,629

Reconciliation to Profit and Loss Account

Operating cash flows	(18,440)	(136,329)
Depreciation expense	(2,809)	(2,713)
Profit on disposal of fixed assets	91	283
Dividend paid	—	167,783
Decrease in assets other than cash	(17,428)	(37,472)
Decrease in liabilities other than running finance	51,077	7,826

12,491 (622)

Other adjustments

Income tax paid	508	378
Provision for gratuity	(1,133)	(988)
Profit / return received	1,428	1,235
Dividends received	4,898	4,011
Capital gain	6,275	40,898
Provision for taxation	(2,541)	(13,057)

9,435 32,477

Profit after taxation 21,926 31,855

Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and other deposits which are readily convertible to cash in hand 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	211	198
Policy Stamps	1,104	901
	1,315	1,099

Current and other accounts with banks

Current Accounts	12,223	11,190
PLS Savings Accounts	42,224	179,340

54,447 190,530

Total 55,762 191,629

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

MAZHER A. JUMANI
Director

MANSOOR G. HABIB
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Director

ALI RAZA D. HABIB
Managing Director
& Chief Executive

Habib Insurance Company Limited

Interim Condensed Statement of Premiums for the quarter ended March 31, 2009 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Quarter ended March 31,	
		Opening	Closing			Opening	Closing		2009	2008
									Net premium revenue	Net premium revenue
Direct and facultative										
1. Fire and Property	60,354	135,385	126,102	69,637	39,622	75,332	68,411	46,543	23,094	22,850
2. Marine and Transport	29,344	21,938	15,403	35,879	7,924	7,788	4,716	10,996	24,883	23,309
3. Motor	22,614	91,043	70,816	42,841	3,880	11,420	9,995	5,305	37,536	43,092
4. Other Classes	29,611	57,749	54,505	32,855	28,661	49,461	53,671	24,451	8,404	12,417
Total	141,923	306,115	266,826	181,212	80,087	144,001	136,793	87,295	93,917	101,668

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Habib Insurance Company Limited

Interim Condensed Statement of Claims for the quarter ended March 31, 2009 (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,	
			Opening	Closing			Opening	Closing		2009 Net claims expense	2008 Net claims expense
Direct and facultative											
	1. Fire and Property	33,894	26,813	36,685	43,766	27,147	17,319	22,721	32,549	11,217	11,947
	2. Marine and Transport	(689)	11,216	15,568	3,663	(10,604)	750	3,325	(8,029)	11,692	7,139
	3. Motor	24,574	49,682	53,434	28,326	6,368	8,475	8,900	6,793	21,533	34,388
	4. Other Classes	18,920	83,575	67,410	2,755	13,384	69,635	54,639	(1,612)	4,367	12,603
	Total	76,699	171,286	173,097	78,510	36,295	96,179	89,585	29,701	48,809	66,077

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

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Director

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Director

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Director

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*Managing Director
& Chief Executive*

Habib Insurance Company Limited

Interim Condensed Statement of Expenses for the quarter ended March 31, 2009 (Unaudited)

(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					2009	2008
								Net underwriting expense	Net underwriting expense
Business underwritten inside Pakistan									
Direct and facultative									
1. Fire and Property	9,421	23,063	20,956	11,528	10,122	21,650	13,802	7,848	9,226
2. Marine and Transport	4,754	3,691	2,606	5,839	6,326	12,165	4,482	7,683	8,014
3. Motor	1,408	9,590	6,905	4,093	5,314	9,407	592	8,815	10,478
4. Other Classes	1,024	4,737	3,312	2,449	3,543	5,992	3,415	2,577	3,538
Total	16,607	41,081	33,779	23,909	25,305	49,214	22,291	26,923	31,256

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

MAZHER A. JUMANI
Director

MANSOOR G. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

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

Habib Insurance Company Limited

Notes to the Interim Condensed Financial Statements for the quarter ended March 31, 2009 (Unaudited)

1. THE COMPANY AND ITS OPERATIONS

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 the general insurance business.

2. BASIS OF PRESENTATION

These interim condensed financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchanges. These interim condensed 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 interim condensed financial statements do not include all the information and disclosures 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, 2008.

3. ACCOUNTING POLICIES

The accounting policies adopted in preparation of these financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2008.

4. SHARE CAPITAL

March 31, 2009 No. of Shares (in '000)	December 31, 2008 No. of Shares (in '000)		Unaudited March 31, 2009 (Rupees in '000)	Audited December 31, 2008 (Rupees in '000)
<u>100,000</u>	<u>100,000</u>	Authorised Ordinary shares of Rs. 5/- each	<u>500,000</u>	<u>500,000</u>
1,000	1,000	Fully paid shares Ordinary shares of Rs. 5/- each paid in cash	5,000	5,000
70,183	70,183	Bonus shares Issued as fully paid shares of Rs. 5/- each	350,914	350,914
<u>71,183</u>	<u>71,183</u>		<u>355,914</u>	<u>355,914</u>

5. COMMITMENT

Status of commitment remained unchanged as disclosed in the financial statements for the year ended December 31, 2008.

Habib Insurance Company Limited

	Unaudited March 31, 2009	Audited December 31, 2008
	(Rupees in '000)	
6. INVESTMENTS		
Held-to-Maturity		
Treasury bills	31,548	–
Available-for-Sale		
Ordinary shares / securities of companies incorporated in Pakistan	680,016	719,561
	711,564	719,561
	711,564	719,561

The market value of the above ordinary shares / securities is Rs. 680.43 (Dec. 31, 2008: Rs. 767.798) million.

7. FIXED ASSETS

Opening written down value	45,626	45,712
Add: Additions during the period / year - at cost		
- Furniture, fixtures and renovation	–	7,393
- Office equipments	–	1,987
- Computer and related equipments	122	1,455
- Motor vehicles	4,065	10,323
- Capital work in progress	–	3,500
	4,187	24,658
	49,813	70,370
Less: Written down value of deletions	265	12,997
Depreciation for the period / year	2,809	11,747
	3,074	24,744
Closing written down value	46,739	45,626

8. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise the Directors, major shareholders and the companies owned by such shareholders, entities owned by the Directors of the Company where they also held directorships, staff retirement funds and key management personnel. Material transactions with related parties are as follows:

Habib Insurance Company Limited

	Quarter ended March 31, 2009 2008 (Rupees in '000)	
Relationship: Common Directorship		
Profit received on PLS accounts	1,205	1,064
Premium underwritten	51,801	26,093
Claims paid	15,402	100,125
Bank charges	44	65
Dividends received	1,228	2,097
Dividend paid	–	14,253
Share registrar fees paid	37	–
Brokerage expenses paid	80	510
Staff Retirement Benefit		
Provident fund contribution	887	606
	(Number of shares)	
Bonus shares received	1,356,626	894,533
Bonus shares issued	–	1,095,127

9. EARNINGS PER SHARE - Basic and diluted

	Quarter ended March 31, 2009 2008 (Rupees in '000)	
Profit after tax for the period (Rupees in '000)	21,926	31,855
Weighted average number of Ordinary shares in issue during the period (in '000)	71,183	71,183
Earnings per share (Rupee)	0.31	0.45

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

10. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on April 30, 2009.

11. CORRESPONDING FIGURES

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

12. GENERAL

Figures have been rounded off to the nearest thousand rupees.

MAZHER A. JUMANI
Director

MANSOOR G. HABIB
Director

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