

Habib Insurance Company Limited

Contents

Company Information	1
Directors' Review	2
Balance Sheet	3
Profit and Loss Account	4
Statement of Cash Flows	6
Statement of Changes in Equity	7
Statement of Premiums	8
Statement of Claims	9
Statement of Expenses	10
Statement of Investment Income	11
Notes to the Financial Statements	12

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

Share Registrar : M/s. Noble Computer Services (Pvt.) Ltd.
Mezzanine 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 30th September 2010.

By the Grace of Allah, there has been an increase of 7% in gross written premium from Rs. 569.7 million to Rs. 609.7 million. The underwriting results have improved to Rs. 63.3 million from Rs. 56.9 million for the corresponding period of last year. The dividend income has substantially risen to Rs. 40.4 million from Rs. 23.6 million due to better corporate payouts but on the Capital Gains account there has been a marked reduction, effecting the overall investment income which fell to Rs. 72.8 million as compared to Rs. 95.1 million over the previous year. Consequently the profit after tax for the nine months of 2010 is Rs. 84.0 million, registering an earning per share of Rs. 1.05.

Despite the difficult conditions being witnessed in the Country, we pray and remain hopeful that Inshallah the Nation will come through the current crisis and that stability and progress will return to our Country.

On behalf of the Board of Directors

Karachi: October 21, 2010

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

Habib Insurance Company Limited

Condensed Interim Balance Sheet as at September 30, 2010 (Unaudited)

	Note	Unaudited September 30, 2010 (Rupees in '000)	Audited December 31, 2009 (Rupees in '000)		Note	Unaudited September 30, 2010 (Rupees in '000)	Audited December 31, 2009 (Rupees in '000)
Share Capital and Reserves				Cash and Bank Deposits			
Authorised share capital 100,000,000 ordinary shares Rs. 5/- each		500,000	500,000	Cash and other equivalents		875	939
				Current and other accounts		13,307	25,581
Paid-up share capital 80,080,650 ordinary shares of Rs. 5/- each		400,403	400,403			14,182	26,520
Retained earnings		112,889	219,019	Loans to employees			
Reserves		254,122	204,122	Secured and considered good		2,481	2,268
Total Equity		767,414	823,544	Investments			
					7	889,358	932,041
Underwriting Provisions				Deferred Taxation			
Provision for outstanding claims (including IBNR)		125,646	141,095			6,210	7,275
Provision for unearned premium		336,438	287,708	Current Assets - others			
Commission income unearned		36,931	30,854	Premiums due but unpaid		264,603	197,745
Total underwriting provisions		499,015	459,657	Amounts due from other insurers / reinsurers		126,861	123,704
				Accrued investment income		16,417	6,848
Deferred Liability				Reinsurance recoveries against outstanding claims		65,948	87,254
Staff retirement benefits		19,233	17,899	Deferred commission expense		39,545	36,053
				Advance, deposit and prepayments		176,529	128,282
Creditors and Accruals				Sundry receivables		4,692	27,137
Premiums received in advance		9,182	8,855			694,595	607,023
Amounts due to other insurers / reinsurers		130,291	102,823	Fixed Assets			
Accrued expenses		10,035	10,552	Tangible and intangible			
Taxation – provision less payments		37,555	22,514	Furniture, fixtures and office equipments	8	9,892	11,156
Other creditors and accruals		154,510	150,848	Computer and related equipments		1,640	1,429
		341,573	295,592	Motor vehicles		24,697	28,187
Other Liabilities				Capital work in progress		7,162	436
Unclaimed dividends		23,675	19,643	Computer software		693	–
						44,084	41,208
TOTAL LIABILITIES		883,496	792,791				
CONTINGENCY AND COMMITMENT							
	6						
TOTAL EQUITY AND LIABILITIES		1,650,910	1,616,335	TOTAL ASSETS		1,650,910	1,616,335

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 nine months ended September 30, 2010 (Unaudited)

(Rupees in '000)

	Quarter ended September 30					2010 Aggregate	2009 Aggregate
	Fire and Property	Marine and Transport	Motor	Other Classes			
Revenue Account							
Net premium revenue	25,683	32,677	28,966	13,309	100,635	92,430	
Net claims	(9,112)	(12,996)	(20,051)	(9,394)	(51,553)	(37,655)	
Expenses	(12,210)	(7,631)	(6,410)	(4,273)	(30,524)	(26,276)	
Net commission	1,232	(2,858)	(2,193)	(563)	(4,382)	(2,816)	
Underwriting result	5,593	9,192	312	(921)	14,176	25,683	
Investment income					27,459	51,629	
Other Income					1,219	907	
General and administration expenses					(10,150)	(11,625)	
					18,528	40,911	
Profit before tax					32,704	66,594	
Provision for taxation - Current					(5,700)	(4,138)	
- Deferred					(629)	(2,897)	
					(6,329)	(7,035)	
Profit after tax					26,375	59,559	
Other comprehensive income					-	-	
Total comprehensive income					26,375	59,559	

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 nine months ended September 30, 2010 (Unaudited)

(Rupees in '000)

Note	Nine months ended September 30					
	Fire and Property	Marine and Transport	Motor	Other Classes	2010 Aggregate	2009 Aggregate
Revenue Account						
Net premium revenue	84,464	92,469	86,338	40,006	303,277	270,809
Net claims	(18,089)	(34,160)	(63,745)	(24,958)	(140,952)	(129,927)
Expenses	(34,706)	(21,691)	(18,221)	(12,147)	(86,765)	(77,305)
Net commission	3,060	(7,321)	(6,341)	(1,649)	(12,251)	(6,655)
Underwriting result	34,729	29,297	(1,969)	1,252	63,309	56,922
Investment income					72,823	95,144
Other Income					4,387	3,472
General and administration expenses					(35,743)	(37,555)
					41,467	61,061
Profit before tax					104,776	117,983
Provision for taxation - Current					(19,700)	(5,228)
- Deferred					(1,065)	(5,728)
					(20,765)	(10,956)
Profit after tax					84,011	107,027
Other comprehensive income					-	-
Total comprehensive income					84,011	107,027
Profit and loss appropriation account						
Balance at commencement of the year					219,019	(346,746)
Issue of bonus shares @ Nil (2008: 12.5%)					-	(44,489)
Final dividend for the year ended December 31, 2009 at Rs. 1.75 per share (2008: Rs. 0.625 per share)					(140,141)	(44,489)
Transfer (to) / from general reserve					(50,000)	450,000
					(190,141)	361,022
Profit after tax for the period					84,011	107,027
Balance of unappropriated profit at end of the nine months					112,889	121,303
Earnings per share of Rs. 5/- each	10				Rupees 1.05	1.34

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 Statement of Cash Flows for the nine months ended September 30, 2010 (Unaudited)

	September 30, 2010 (Rupees in '000)	September 30, 2009 (Rupees in '000)		September 30, 2010 (Rupees in '000)	September 30, 2009 (Rupees in '000)
Operating activities			Reconciliation to Profit and Loss Account		
a) Underwriting activities			Operating cash flows	16,791	3,206
Premiums received	540,053	489,356	Depreciation expense	(7,211)	(8,405)
Reinsurance premiums paid	(269,404)	(268,279)	Profit on disposal of fixed assets	1,375	101
Claims paid	(235,942)	(217,420)	Dividends paid	4,032	1,162
Reinsurance and other recoveries	100,846	84,481	Increase in assets other than cash	94,510	121,648
Commissions paid	(44,520)	(54,582)	Increase in liabilities	(74,329)	(89,917)
Commissions received	64,869	65,819		<u>35,168</u>	<u>27,795</u>
Other underwriting receipts	202	81	Other adjustments		
Net cash inflow from underwriting activities	<u>156,104</u>	<u>99,456</u>	Income tax paid	4,660	2,593
b) Other operating activities			Provision for gratuity	(3,175)	(3,400)
Income tax paid	(4,660)	(2,593)	Gratuity paid	1,842	345
General management expenses paid	(122,349)	(108,066)	Profit / Return received	4,044	4,144
Other operating receipts	(12,091)	14,052	Dividends received	34,189	19,525
Loans advanced	(1,347)	(436)	Capital gain	28,048	66,981
Loans repayments received	1,134	793	Provision for taxation	(20,765)	(10,956)
Net cash flow from other operating activities	<u>(139,313)</u>	<u>(96,250)</u>		<u>48,843</u>	<u>79,232</u>
Total cash inflow from all operating activities	<u>16,791</u>	<u>3,206</u>	Profit after taxation	<u>84,011</u>	<u>107,027</u>
Investment activities			Definition of cash		
Profit / Return received	4,044	4,144	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.		
Dividends received	34,189	19,525	Cash for the purpose of the Statement of Cash Flows consists of:		
Payments for investments	(457,008)	(482,921)	Cash and other equivalents		
Proceeds from disposal of investments	527,740	469,203	Cash in hand	694	621
Fixed capital expenditure	(6,067)	(5,682)	Stamps in hand	181	173
Proceeds from disposal of fixed assets	4,082	401		<u>875</u>	<u>794</u>
Total cash inflow from investing activities	<u>106,980</u>	<u>4,670</u>	Current and other accounts		
Financing activities			Current accounts	502	3,643
Dividends paid	(136,109)	(43,327)	PLS accounts	12,805	17,547
Total cash outflow from financing activities	<u>(136,109)</u>	<u>(43,327)</u>		<u>13,307</u>	<u>21,190</u>
Net cash outflow from all activities	<u>(12,338)</u>	<u>(35,451)</u>		<u>14,182</u>	<u>21,984</u>
Cash and cash equivalent at beginning of the year	26,520	57,435			
Cash and cash equivalent at end of the period	<u>14,182</u>	<u>21,984</u>			

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 Statement of Changes in Equity for the nine months ended September 30, 2010 (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, 2009	355,914	9,122	645,000	(346,746)	663,290
Total comprehensive income for the year					
Profit for the period	–	–	–	107,027	107,027
Transactions with owners recorded directly in equity					
Final dividend for the year ended December 31, 2008 of Rs. 0.625 per share	–	–	–	(44,489)	(44,489)
Issue of bonus shares @ 12.5%	44,489	–	–	(44,489)	–
	44,489	–	–	(88,978)	(44,489)
Others					
Transferred from general reserve	–	–	(450,000)	450,000	–
Balance as at September 30, 2009	400,403	9,122	195,000	121,303	725,828
Total comprehensive income for the period					
Profit for the three months ended December 31, 2009	–	–	–	97,716	97,716
Balance as at December 31, 2009	400,403	9,122	195,000	219,019	823,544
Total comprehensive income					
Profit for the nine months ended September 30, 2010	–	–	–	84,011	84,011
Transactions with owners recorded directly in equity					
Final 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 September 30, 2010	400,403	9,122	245,000	112,889	767,414

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 Statement of Premiums for the nine months ended September 30, 2010 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan Quarter ended September 30

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2010 Net premium revenue	2009 Net premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	73,339	163,395	167,550	69,184	48,791	93,210	98,500	43,501	25,683	29,755
2. Marine and Transport	45,540	29,824	24,809	50,555	20,359	7,636	10,117	17,878	32,677	27,217
3. Motor	31,159	66,256	65,040	32,375	1,912	5,136	3,639	3,409	28,966	28,709
4. Other Classes	16,407	101,883	79,039	39,251	12,363	63,304	49,725	25,942	13,309	6,749
Total	166,445	361,358	336,438	191,365	83,425	169,286	161,981	90,730	100,635	92,430

Nine months ended September 30

Direct and facultative										
1. Fire and Property	249,867	130,551	167,550	212,868	158,345	68,559	98,500	128,404	84,464	80,221
2. Marine and Transport	141,982	21,261	24,809	138,434	49,750	6,332	10,117	45,965	92,469	75,909
3. Motor	92,895	70,360	65,040	98,215	8,936	6,580	3,639	11,877	86,338	94,680
4. Other Classes	124,997	65,535	79,039	111,493	79,841	41,371	49,725	71,487	40,006	19,999
Total	609,741	287,707	336,438	561,010	296,872	122,842	161,981	257,733	303,277	270,809

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 Statement of Claims for the nine months ended September 30, 2010 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan	Quarter ended September 30										
	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	2010 Net claims expense	2009 Net claims expense
			Opening	Closing			Opening	Closing			
Direct and facultative											
1. Fire and Property	19,768	25,414	46,608	40,962	13,793	20,006	38,063	31,850	9,112	1,778	
2. Marine and Transport	28,370	26,581	15,909	17,698	17,384	19,444	6,762	4,702	12,996	7,861	
3. Motor	20,627	34,414	37,298	23,511	2,131	3,919	5,248	3,460	20,051	19,765	
4. Other Classes	20,653	29,389	25,831	17,095	11,323	19,497	15,875	7,701	9,394	8,251	
Total	89,418	115,798	125,646	99,266	44,631	62,866	65,948	47,713	51,553	37,655	
Nine months ended September 30											
Direct and facultative											
1. Fire and Property	58,804	31,152	46,608	74,260	39,072	20,964	38,063	56,171	18,089	15,464	
2. Marine and Transport	46,165	6,658	15,909	55,416	22,054	7,560	6,762	21,256	34,160	25,780	
3. Motor	72,666	37,012	37,298	72,952	9,464	5,505	5,248	9,207	63,745	67,431	
4. Other Classes	58,307	66,273	25,831	17,865	30,257	53,225	15,875	(7,093)	24,958	21,252	
Total	235,942	141,095	125,646	220,493	100,847	87,254	65,948	79,541	140,952	129,927	

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 Statement of Expenses for the nine months ended September 30, 2010 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan		Quarter ended September 30							
Class	Commissions paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	*Commissions from reinsurers	2010 Net underwriting expense	2009 Net underwriting expense
Direct and facultative									
1. Fire and Property	10,854	24,221	24,779	10,296	12,210	22,506	11,528	10,978	9,379
2. Marine and Transport	7,200	5,013	3,886	8,327	7,631	15,958	5,469	10,489	8,442
3. Motor	1,823	5,497	4,870	2,450	6,410	8,860	257	8,603	8,045
4. Other Classes	1,286	7,670	6,010	2,946	4,273	7,219	2,383	4,836	3,226
Total	21,163	42,401	39,545	24,019	30,524	54,543	19,637	34,906	29,092
Nine months ended September 30									
Direct and facultative									
1. Fire and Property	36,136	21,527	24,779	32,884	34,706	67,590	35,944	31,646	25,638
2. Marine and Transport	22,404	3,485	3,886	22,003	21,691	43,694	14,682	29,012	24,113
3. Motor	6,113	6,033	4,870	7,276	18,221	25,497	935	24,562	25,391
4. Other Classes	9,884	5,007	6,010	8,881	12,147	21,028	7,232	13,796	8,818
Total	74,537	36,052	39,545	71,044	86,765	157,809	58,793	99,016	83,960

*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.

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 Statement of Investment Income for the nine months ended September 30, 2010 (Unaudited)

	Quarter ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
(Rupees in '000)				
Income from Non-Trading Investments				
Held-to-maturity				
Return on Government Securities	1,182	1,205	3,449	3,247
Available-for-sale				
Dividend income	16,687	12,716	40,423	23,615
Return on fixed income securities	372	822	1,121	1,757
Gain on sale of available-for-sale investments	8,847	31,527	28,048	66,981
	25,906	45,065	69,592	92,353
Provision for impairment in the value of available-for-sale investments - net	371	5,517	-	-
Investment related expenses	-	(158)	(218)	(456)
	371	5,359	(218)	(456)
Net investment income	27,459	51,629	72,823	95,144

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

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2010 (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, 2009.

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, 2009.

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.

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, 2009.

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, 2009.

Habib Insurance Company Limited

6. CONTINGENCY AND COMMITMENT

6.1 Contingency

6.1.1 The Company had received notice of demand from Taxation Officer of Rs. 1.644 million under section 137 (2) of the Income Tax Ordinance, 2001 in respect of non deduction of tax on the remittance made to foreign reinsurance companies during the period from July 2008 to March 2009 under the provisions of subsection (5) read with (5A) of section 152 of the Income Tax Ordinance, 2001. This demand has been made as the Company did not obtain certificate of exemption from Commissioner of Income Tax before remittance to foreign reinsurance companies. The Company filed a writ petition before Honourable High Court of Sindh against the notice of demand of taxation officer and challenged the demand notice. The Honourable High Court of Sindh made the judgement in favour of the Company. The department has challenged the said decision before the Honourable Supreme Court of Pakistan in Civil petition. Based on the legal advisor's opinion, the Company is confident that the matter will be decided in favour of the Company. Hence, no provision has been made in these condensed interim financial statements for the period ended September 30, 2010.

6.1.2 The status of tax contingency as disclosed in the annual financial statements of the Company for the year ended December 31, 2009 remains unchanged.

6.2 Commitment

The Company has entered into an agreement with M/s. S.K. Enterprises, for renovation of a branch office, amounting to Rs. 4.7 million and M/s Ford Rhodes Sidat Hyder for purchase of computer software amounting to Rs. 3.7 million against which the Company has paid an advance of Rs. 4.05 million and Rs. 3.0 million respectively.

7. INVESTMENTS

	Note	Unaudited September 30, 2010 (Rupees in '000)	Audited December 31, 2009
Held-to-maturity	7.1	40,007	40,067
Available-for-sale	7.2	849,351	891,974
		889,358	932,041

7.1 This represents one year Treasury bills having face value of Rs. 44.7 million (December 31, 2009: 40.5 million). These carry mark-up ranging from 11.85% to 12.44% (December 31, 2009: 11.72% to 14.11%) and maturing on July 13, 2011 and July 20, 2011. 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 7, 2008 issued by the Securities and Exchange Commission of Pakistan.

Habib Insurance Company Limited

	Unaudited September 30, 2010	Audited December 31, 2009
	(Rupees in '000)	
7.2 Available-for-sale (Quoted)		
Securities deposited with the State Bank of Pakistan	349	349
Mutual funds	5,000	–
Modaraba certificates	13,181	10,206
Shares	449,298	424,992
Investment in related parties	372,111	447,110
Term Finance Certificates	9,412	9,317
	849,351	891,974
	849,351	891,974

The aggregate market value of the above investments is Rs. 901.323 million (December 31, 2009: Rs. 977.327 million).

8. FIXED ASSETS

Opening written down value	41,208	45,626
Add: Additions during the period / year - at cost		
– Furniture, fixtures and office equipments	726	1,837
– Computer and related equipments	1,067	636
– Motor vehicles	3,492	8,845
– Capital work in progress	7,162	436
– Computer Software	782	–
	13,229	11,754
Less: Written down value of deletions during the period / year	(2,707)	(1,354)
Depreciation / amortisation for the period / year	(7,211)	(11,318)
	(9,918)	(12,672)
Transfer from Capital work in progress during the period / year	(435)	(3,500)
Closing written down value	44,084	41,208

Habib Insurance Company Limited

9. TRANSACTIONS WITH RELATED PARTIES

9.1 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 balances and transactions with related parties during the nine months ended September 30, 2010 are as follows:

	Quarter ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
	(Rupees in '000)			
Transactions with related parties				
Premium written	130,878	61,010	268,141	224,172
Claims paid	35,609	27,414	53,991	66,300
Dividends received	10,210	1,414	10,210	2,642
Dividends paid	–	–	11,649	3,698
Investments made	175,000	153,185	282,500	238,394
Investments sold	174,473	207,492	356,655	285,000
Interest received on bank accounts	1,845	709	2,810	2,961
Bank charges	108	87	269	231
Share registrar fees paid	88	52	162	117
Brokerage expenses paid	151	548	327	748
Assets purchased	1,200	–	1,200	2,778
Contribution to the provident fund	1,235	636	1,756	1,955
Remuneration of key management personnel	11,526	3,988	15,218	14,399
	(Number of shares / units)			
Bonus shares received	1,289,124	277,709	1,289,124	1,634,335
Bonus shares issued	–	–	–	821,818
Bonus units received	–	16,522	52,241	16,522

10. EARNINGS PER SHARE

	Quarter ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Profit after tax for the period (Rupees in '000)	<u>26,375</u>	<u>59,559</u>	<u>84,011</u>	<u>107,027</u>
Weighted average number of ordinary shares in issue during the period (in '000)	<u>80,081</u>	<u>80,081</u>	<u>80,081</u>	<u>80,081</u>
Earnings per share (Rupees)	<u>0.33</u>	<u>0.74</u>	<u>1.05</u>	<u>1.34</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.

The number of shares for the prior period have also been adjusted for the effect of bonus shares issued during the current period.

Habib Insurance Company Limited

11. OPERATING SEGMENTS

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 September 30, 2010 and December 31, 2009.

	Fire and Property		Marine and Transport		Motor		Other Classes		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	(Rupees in '000)									
Segment assets	266,751	243,085	173,477	127,894	123,077	130,170	139,717	107,657	703,022	608,806
Unallocated corporate assets									947,888	1,007,529
Consolidated corporate assets									<u>1,650,910</u>	<u>1,616,335</u>
Segment liabilities	285,945	265,826	185,959	139,859	131,933	142,347	149,771	117,728	753,608	665,760
Unallocated corporate liabilities									129,888	127,031
Consolidated corporate liabilities									<u>883,496</u>	<u>792,791</u>

Habib Insurance Company Limited

12. AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 21, 2010 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*