



Century Insurance  
A LAKSON GROUP COMPANY

n e w W A Y S



QUARTERLY REPORT  
FOR THE 1<sup>ST</sup> QUARTER ENDED 31 MARCH 2011  
(UN-AUDITED)



## CENTURY INSURANCE AT A GLANCE

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance business.
- One of the premier general insurance companies of Pakistan.
- Rated "A" with stable outlook which signifies High Financial Capacity to meet Policyholders and contract obligations.
- Paid-up capital of Rs. 457 million, which is 83% higher than the Government specified threshold.
- Twice awarded 'Top 25 Companies Award' of the Karachi Stock Exchange.
- Very strong Reinsurance treaty arrangements with world renowned reinsurers.
- Client base consists of prestigious local and foreign corporates.

"PROMPT SETTLEMENT OF CLAIMS & CUSTOMERS' SATISFACTION  
ARE CENTURY'S TOP PRIORITY"



## OUR VISION

To be an Organisation known for integrity and ethical behaviour and fully dedicated to our clients, business partners, shareholders and employees, providing exceptional quality service and committed to achieve excellence in all areas of its operations.

## OUR MISSION

- To become a Company of choice to our valued clients, stakeholders and employees.
- To maximize growth and profitability of the Company and provide excellent financial returns to its valued shareholders.
- The Company's culture should be known for its integrity and ethical behaviour.
- The Company to be known as one of the best insurance companies of the Country.

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## CORPORATE INFORMATION

### Board of Directors

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Zulfiqar Ali Lakhani  
Mr. Amin Mohammed Lakhani  
Mr. Tasleemuddin A. Batlay  
Mr. A. Aziz H. Ebrahim  
Mr. Muhammad Abdul Qadir  
Mr. Mohammad Hussain Hirji - Chief Executive

### Advisor

Mr. Sultan Ali Lakhani

### Chief Financial Officer

Mr. Sabza Ali Pirani

### Company Secretary

Mr. Mansoor Ahmed

### Audit Committee

Mr. Zulfiqar Ali Lakhani (Chairman)  
Mr. Amin Mohammed Lakhani  
Mr. Tasleemuddin A. Batlay

### Underwriting Committee

Mr. Tasleemuddin A. Batlay (Chairman)  
Mr. Mohammad Hussain Hirji  
Mr. Afzal-ur-Rahman

### Claim Settlement Committee

Mr. Amin Mohammed Lakhani (Chairman)  
Mr. Mohammad Hussain Hirji  
Mr. Afzal-ur-Rahman

### Reinsurance & Co-Insurance Committee

Mr. Zulfiqar Ali Lakhani (Chairman)  
Mr. Mohammed Hussain Hirji  
Mr. Afzal-ur-Rahman  
Ms. Madiha Khalid

### External Auditors

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

### Bankers

Allied Bank Limited  
Bank Al-Habib Limited  
Citibank, N.A.  
Habib Bank Limited  
Habib Metropolitan Bank Limited

HSBC Bank Middle East Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Standard Chartered Bank (Pakistan) Limited

### Shares Registrar

M/s. FAMCO Associates (Pvt) Ltd.  
State Life Building No.1-A, 1st Floor, I.I.Chundrigar  
Road, Karachi.

### Registered & Corporate Office

Lakson Square, Building No. 2, Sarwar Shaheed  
Road, Karachi-74200.

### Head Office

11th Floor, Lakson Square, Building No.3, Sarwar  
Shaheed Road, Karachi-74200.

### Karachi Marketing Office

10th Floor, Lakson Square, Building No.3, Sarwar  
Shaheed Road, Karachi-74200.

### Lahore Branch

Suite No. 209, Eden Centre, 43-Jail Road, Lahore.

### Islamabad Branch

Office No. 6, Mezzanine Floor, Kashmir Plaza, Jinnah  
Avenue, Blue Area, Islamabad.

### Rawalpindi Branch

Suite No. 3, 1st Floor, Majeed Plaza, Bank Road,  
Rawalpindi.

### Faisalabad Branch

1st Floor, FM Plaza, 15-D, Peoples Colony,  
Faisalabad.

### Sialkot Branch

1st Floor, Karim Plaza, Iqbal Town, Defence Road,  
Sialkot.

Website: [www.cicl.com.pk](http://www.cicl.com.pk)  
UAN: 111-111-717

## DIRECTORS' REVIEW

On behalf of the Board of Directors, it gives me pleasure to present to you the un-audited financial statements for the first quarter ended 31 March 2011.

### General Review

The underwriting results of all core business segments of the Company were profitable and contributed significantly to the bottom line. As compared to the 1QFY10, the gross premium written has increased by Rs. 4 million though the net premium actually decreased by Rs. 5 million. Correspondingly, net claims decreased by Rs. 6.5 million. As compared to 1QFY10 underwriting profit was lower by Rs. 2 million and investment income was lower by Rs. 4 million resulting in a decrease in profit after tax of Rs. 6 million. The earnings per share stood at Rs. 0.45.

### Operating Results

The comparative financial highlights for the first quarter ended 31 March 2011 and 2010 are presented below:-

Rupees in millions (except for EPS)	31 March 2011	31 March 2010	Increase / (Decrease)	
			Amount	%
Gross premium written	122	118	4	3
Net premium	57	62	(5)	(8)
Underwriting profit	25	27	(2)	(7)
Investment & other income	18	22	(4)	(18)
Profit before tax	26	35	(9)	(26)
Profit after tax	21	27	(6)	(22)
Total assets	1,370	1,205	165	14
Paid-up capital	457	457	0	0
Total equity	937	879	58	7
Earnings per share (EPS) Rs.	0.45	0.60	(0.15)	(25)

As compared to 1QFY10, the gross premium in Fire and Marine business classes has increased by Rs.15 million i.e. 44% and Rs. 6 million i.e. 30% respectively. However, the gross premium in Motor and Miscellaneous business classes has reduced by Rs. 6 million i.e.16% and Rs.11 million i.e. 39% respectively. Overall, all business segments have witnessed positive underwriting results during the period under review.

Also, during the period under review, the Company has recorded investment income of Rs. 18 million as compared to Rs. 22 million in the previous year. Your Company will continue to place special emphasis on generating a significant portion of its investment income from sustainable sources such as fixed income and dividends.

### Future Outlook

The management of your Company is making concerted efforts to increase its market share and profitability and we are hopeful that this will result in enhancing shareholders' equity in the future.


### Acknowledgments

The Directors of your Company would like to take this opportunity to thank the Securities and Exchange Commission of Pakistan (SECP), Insurance Association of Pakistan (IAP), State Bank of Pakistan (SBP), banks and financial institutions for their continued support and cooperation.

The Directors would also like to express their gratitude and appreciation for the support provided by our valued reinsurers.

We also thank our Stakeholders, who continue to place their trust and confidence in your Company and assure them of our best efforts to ensure the best utilization of their investment in the Company.

Finally the Directors also wish to place on record their appreciation of the devotion, loyalty and hard work of the officers and members of the staff towards the growth of the Company and success of its operations.



Iqbal Ali Lakhani  
Chairman

Karachi: 22 April 2011

## CONDENSED INTERIM BALANCE SHEET

AS AT 31 MARCH 2011

	Note	Un-audited 31 March 2011	Audited 31 December 2010
(Rupees)			
<b>Share capital and reserves</b>			
Authorized share capital [50,000,000 (31 December 2010: 50,000,000) ordinary shares of Rs.10 each]		500,000,000	500,000,000
Paid-up share capital		457,243,660	457,243,660
Retained earnings		106,248,770	131,365,194
Reserves		373,024,260	373,024,260
		936,516,690	961,633,114
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		84,262,925	100,129,274
Provision for unearned premium		134,902,359	134,453,913
Commission income unearned		20,324,536	18,925,026
Total underwriting provisions		239,489,820	253,508,213
<b>Deferred liabilities</b>			
Staff retirement benefits		452,389	-
<b>Creditors and accruals</b>			
Premiums received in advance		3,665,988	4,146,578
Amounts due to other insurers / reinsurers	6	78,496,347	55,179,287
Accrued expenses		5,983,285	3,671,215
Other creditors and accruals	7	59,048,876	51,857,776
		147,194,496	114,854,856
<b>Other liabilities</b>			
Unclaimed dividend		470,427	470,974
Proposed dividend		45,724,366	-
<b>TOTAL LIABILITIES</b>		<b>433,331,498</b>	<b>368,834,043</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,369,848,188</b>	<b>1,330,467,157</b>
<b>CONTINGENCIES AND COMMITMENT</b>	8		

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



	Note	Un-audited 31 March 2011	Audited 31 December 2010
----- (Rupees) -----			
<b>Cash and bank deposits</b>			
Cash and other equivalents		634,565	1,849,180
Current and other accounts		72,781,759	85,210,677
		73,416,324	87,059,857
<b>Investments</b>	9	869,723,538	840,031,282
<b>Deferred taxation</b>		2,854,779	3,063,779
<b>Current assets - others</b>			
Premiums due but unpaid - unsecured		111,726,989	90,538,623
Amounts due from other insurers / reinsurers		75,948,610	76,954,600
Reinsurance recoveries due but unpaid		20,649,480	10,036,487
Salvage recoveries accrued		4,650,000	6,923,000
Accrued investment income		6,180,088	3,451,981
Reinsurance recoveries against outstanding claims		28,610,384	38,934,607
Taxation - net		20,736,564	23,620,476
Deferred commission expense		13,589,714	13,140,306
Prepayments		89,626,826	85,901,593
Sundry receivables		5,770,934	6,219,559
		377,489,589	355,721,232
<b>Fixed assets</b>	10		
<b>Tangible and intangible</b>			
Office improvement		7,311,884	7,671,864
Furniture and fixtures		3,670,976	3,847,141
Office equipment		1,892,490	1,997,589
Computer and related accessories		1,348,920	1,520,200
Motor vehicles		27,715,012	28,579,204
Capital work in progress		3,558,000	-
Computer software		866,676	975,009
		46,363,958	44,591,007
<b>TOTAL ASSETS</b>		<b>1,369,848,188</b>	<b>1,330,467,157</b>

  
Iqbal Ali Lakhani  
Chairman

  
Tasleemuddin A. Batlay  
Director

  
A. Aziz H. Ebrahim  
Director

  
Mohammad Hussain Hirji  
Director & Chief Executive

## CONDENSED INTERIM PROFIT & LOSS ACCOUNT (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

	Fire and property	Marine aviation and transport	Motor	Miscellaneous	31 March 2011 Aggregate	31 March 2010 Aggregate
(Rupees)						
<b>Revenue account</b>						
Net premium revenue	7,544,496	15,021,461	25,623,446	8,532,076	56,721,479	62,154,510
Net claims	(4,110,427)	(639,102)	(8,935,479)	(4,019,148)	(17,704,156)	(24,173,244)
Expenses	(6,679,725)	(3,534,762)	(4,070,673)	(2,419,797)	(16,704,957)	(14,413,941)
Net commission	4,801,514	(846,970)	(1,351,519)	(30,661)	2,572,364	3,355,153
<b>Underwriting result</b>	1,555,858	10,000,627	11,265,775	2,062,470	24,884,730	26,922,478
Investment Income					15,712,016	19,713,463
Other income					2,150,343	2,212,108
General and administration expenses					(16,638,215)	(14,036,197)
<b>Profit before tax</b>					26,108,874	34,811,852
Taxation – net					(5,500,932)	(7,459,645)
<b>Profit after tax</b>					20,607,942	27,352,207
<b>Profit and loss appropriation account</b>						
Balance at commencement of the period					131,365,194	21,732,162
Profit after tax for the period					20,607,942	27,352,207
Proposed final dividend of Re. 1 (10%) (2009: Nil) per share					(45,724,366)	-
<b>Balance of unappropriated profit at end of the period</b>					106,248,770	49,084,369
<b>Basic earnings per share of Rs. 10 each (Note - 12)</b>					0.45	0.60

There is no other comprehensive income to report on these condensed interim profit & loss account.

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
Iqbal Ali Lakhani  
Chairman

  
Tasleemuddin A. Batlay  
Director

  
A. Aziz H. Ebrahim  
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Mohammad Hussain Hirji  
Director & Chief Executive

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

	Share capital	Reserves			Total	
	Issued, subscribed and paid-up	Capital Reserves	Revenue reserve		Total reserves	
		Share premium	General reserve	Retained earnings		
	----- (Rupees) -----					
<b>Balance as at 01 January 2010</b>	457,243,660	254,024,260	119,000,000	21,732,162	394,756,422	852,000,082
Total comprehensive income for the quarter ended 31 March 2010	-	-	-	27,352,207	27,352,207	27,352,207
<b>Balance as at 31 March 2010</b>	<u>457,243,660</u>	<u>254,024,260</u>	<u>119,000,000</u>	<u>49,084,369</u>	<u>422,108,629</u>	<u>879,352,289</u>
<b>Balance as at 01 January 2011</b>	457,243,660	254,024,260	119,000,000	131,365,194	504,389,454	961,633,114
Proposed final dividend for the year ended 31 December 2010	-	-	-	(45,724,366)	(45,724,366)	(45,724,366)
Total comprehensive income for the quarter ended 31 March 2011	-	-	-	20,607,942	20,607,942	20,607,942
<b>Balance as at 31 March 2011</b>	<u>457,243,660</u>	<u>254,024,260</u>	<u>119,000,000</u>	<u>106,248,770</u>	<u>479,273,030</u>	<u>936,516,690</u>

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## CONDENSED INTERIM STATEMENT of CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

	31 March 2011	31 March 2010
	----- (Rupees) -----	
<b>Operating cash flows</b>		
(a) <b>Underwriting activities</b>		
Premiums received	100,189,549	91,964,146
Reinsurance premiums paid	(34,698,200)	(26,900,496)
Claims paid	(39,935,949)	(32,058,868)
Reinsurance and other recoveries received	3,786,957	27,688,910
Commissions paid	(9,666,286)	(5,702,427)
Commissions received	13,675,873	10,306,565
Net cash inflow from underwriting activities	33,351,944	65,297,830
(b) <b>Other operating activities</b>		
Income tax paid	(3,976,965)	(17,805,029)
General management expenses paid	(28,801,666)	(27,187,993)
Other operating receipts	3,825,613	2,398,739
Net cash (outflow) from other operating activities	(28,953,018)	(42,594,283)
<b>Total cash inflow from all operating activities</b>	<b>4,398,926</b>	<b>22,703,547</b>
<b>Investment activities</b>		
Profit / return received	5,578,438	5,775,951
Dividends received	3,885,535	2,300,771
Payments for investments	(40,000,000)	(34,999,999)
Proceeds from disposal of investments	16,094,015	60,970,042
Fixed capital expenditure	(3,603,500)	(174,789)
Proceeds from disposal of fixed assets	3,600	55,500
<b>Total cash (outflow) / inflow from investing activities</b>	<b>(18,041,912)</b>	<b>33,927,476</b>
<b>Financing activities</b>		
Dividends paid	(547)	-
<b>Total cash (outflow) from financing activities</b>	<b>(547)</b>	<b>-</b>
<b>Net cash (outflow) / inflow from all activities</b>	<b>(13,643,533)</b>	<b>56,631,023</b>
<b>Cash at beginning of the period</b>	<b>87,059,857</b>	<b>75,313,774</b>
<b>Cash at end of the period</b>	<b>73,416,324</b>	<b>131,944,797</b>

  
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## CONDENSED INTERIM STATEMENT of CASH FLOWS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

	31 March 2011	31 March 2010
	----- (Rupees) -----	
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	4,398,926	22,703,547
Depreciation / amortization expense	(1,830,547)	(1,378,152)
Profit on disposal of fixed assets	3,598	10,499
Profit on disposal of investments	1,240,192	4,006,171
Dividend income	7,171,230	5,027,196
Investment and other income	9,504,437	13,089,567
Increase in assets other than cash	18,893,742	9,796,837
(Increase) in liabilities other than running finance	(18,773,636)	(25,903,458)
Profit after taxation	20,607,942	27,352,207

### Definition of cash

Cash comprises of cash in hand, policy stamps, bond papers, cheques in hand, 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 purposes of the Statement of Cash Flows consists of:

### Cash and bank deposits

Cash and other equivalents		
- Cash	123,287	126,061
- Policy stamps and bond papers in hand	511,278	161,000
	634,565	287,061
Current and other accounts		
- Current accounts	4,965,287	8,554,812
- PLS savings accounts	67,816,472	123,057,924
	72,781,759	131,612,736
<b>Cash &amp; bank deposits as per balance sheet</b>	<b>73,416,324</b>	<b>131,899,797</b>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
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Director & Chief Executive

## CONDENSED INTERIM STATEMENT OF PREMIUMS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

### Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		31 March 2011	31 March 2010
----- (Rupees) -----										
<b>Direct and facultative</b>										
1. Fire and property damage	48,729,782	66,190,779	61,465,476	53,455,085	42,314,620	63,872,001	60,276,032	45,910,589	7,544,496	5,943,705
2. Marine, aviation and transport	25,786,720	3,803,449	7,681,172	21,908,997	10,292,403	2,278,607	5,683,474	6,887,536	15,021,461	11,173,894
3. Motor	29,696,282	40,277,343	43,051,206	26,922,419	1,515,528	2,272,122	2,488,677	1,298,973	25,623,446	27,900,331
4. Miscellaneous	17,652,849	24,182,342	22,704,505	19,130,686	13,879,059	16,319,906	19,600,355	10,598,610	8,532,076	17,136,580
Grand total	<u>121,865,633</u>	<u>134,453,913</u>	<u>134,902,359</u>	<u>121,417,187</u>	<u>68,001,610</u>	<u>84,742,636</u>	<u>88,048,538</u>	<u>64,695,708</u>	<u>56,721,479</u>	<u>62,154,510</u>

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## CONDENSED INTERIM STATEMENT of CLAIMS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

### Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		31 March 2011	31 March 2010
----- (Rupees) -----										
<b>Direct and facultative</b>										
1. Fire and property damage	15,708,574	18,863,299	8,668,613	5,513,888	12,393,980	14,137,791	3,147,272	1,403,461	4,110,427	1,416,063
2. Marine, aviation and transport	568,283	5,019,060	5,319,642	868,865	144,132	2,289,297	2,374,928	229,763	639,102	423,942
3. Motor	19,414,847	44,687,644	34,128,558	8,855,761	2,312,682	4,061,000	1,668,600	(79,718)	8,935,479	14,474,043
4. Miscellaneous	4,244,245	31,559,271	36,146,112	8,831,086	1,838,873	18,446,519	21,419,584	4,811,938	4,019,148	7,859,196
Grand total	<u>39,935,949</u>	<u>100,129,274</u>	<u>84,262,925</u>	<u>24,069,600</u>	<u>16,689,667</u>	<u>38,934,607</u>	<u>28,610,384</u>	<u>6,365,444</u>	<u>17,704,156</u>	<u>24,173,244</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
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Director & Chief Executive

## CONDENSED INTERIM STATEMENT OF EXPENSES (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

### Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	31 March 2011	31 March 2010
	a	Opening	Closing	d=a+b-c	e	f=d+e	g	h=f-g	
----- (Rupees) -----									
<b>Direct and facultative</b>									
1. Fire and property damage	5,773,309	8,944,498	7,554,761	7,163,046	6,679,725	13,842,771	11,964,560	1,878,211	(82,226)
2. Marine, aviation and transport	3,756,568	574,190	1,148,807	3,181,951	3,534,762	6,716,713	2,334,981	4,381,732	2,633,015
3. Motor	2,222,961	1,708,788	2,567,796	1,363,953	4,070,673	5,434,626	12,434	5,422,192	5,604,690
4. Miscellaneous	2,281,737	1,912,830	2,318,350	1,876,217	2,419,797	4,296,014	1,845,556	2,450,458	2,903,309
Grand total	<u>14,034,575</u>	<u>13,140,306</u>	<u>13,589,714</u>	<u>13,585,167</u>	<u>16,704,957</u>	<u>30,290,124</u>	<u>16,157,531</u>	<u>14,132,593</u>	<u>11,058,788</u>

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

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Iqbal Ali Lakhani  
Chairman

  
Tasleemuddin A. Batlay  
Director

  
A. Aziz H. Ebrahim  
Director

  
Mohammad Hussain Hirji  
Director & Chief Executive



## CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

	31 March 2011	31 March 2010
	----- (Rupees) -----	
<b>Income from trading investments</b>		
Loss on sale of trading investments	(172,346)	-
Dividend income	2,511,289	1,546,427
Unrealized gain on re-measurement of securities to fair value	3,966,841	6,043,417
	6,305,784	7,589,844
<b>Income from non-trading investments</b>		
<b>Held to maturity</b>		
Return on Government Securities	2,919,850	4,283,187
Return on other fixed income securities and deposits - Term finance certificates	467,403	550,855
<b>Available for sale</b>		
Dividend income	4,659,941	3,480,769
	8,047,194	8,314,811
Gain on sale of non-trading investments	1,412,538	4,006,171
Investments related expenses	(53,500)	(197,363)
<b>Net investments income</b>	15,712,016	19,713,463

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

  
Iqbal Ali Lakhani  
Chairman

  
Tasleemuddin A. Battlay  
Director

  
A. Aziz H. Ebrahim  
Director

  
Mohammad Hussain Hirji  
Director & Chief Executive

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

### 1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on 10 October 1985 under the Companies Ordinance, 1984. The Company is listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

### 2. BASIS OF PRESENTATION

These condensed interim financial information are un-audited 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 information have been prepared in accordance with the Approved Accounting Standards as applicable in Pakistan for Interim Financial Reporting and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003.

The condensed interim financial information 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 31 December 2010. The statement of comprehensive income is not included in these condensed interim financial information as there is no item to report therein.

These condensed interim financial information have been presented in Pakistani Rupees, which is also the functional currency of the Company.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in these condensed interim financial statements are same as compared with the annual financial statements of the Company for the year ended 31 December 2010.

### 4. ESTIMATES

The preparation of condensed interim financial information 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 expense. Actual results may differ from these estimates.

In preparing these condensed interim financial information, 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 financial statements as at and for the year ended 31 December 2010.

### 5. INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended 31 December 2010.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

	Un-audited 31 March 2011	Audited 31 December 2010
	----- (Rupees) -----	
<b>6. AMOUNT DUE TO OTHER INSURERS / REINSURERS</b>		
Foreign reinsurers	39,090,678	19,387,797
Local reinsurers	38,780,069	35,179,189
Co-insurers	625,600	612,301
	<u>78,496,347</u>	<u>55,179,287</u>
<b>7. OTHER CREDITORS AND ACCRUALS</b>		
Federal excise duty	6,639,386	3,232,289
Federal insurance fees	439,363	214,251
Retention money	151,277	151,277
Commission payable	45,503,845	41,221,525
Cheques payable	928,997	920,754
Workers' welfare fund	3,114,497	4,112,986
Margin deposits	536,949	536,949
Others	1,734,562	1,467,745
	<u>59,048,876</u>	<u>51,857,776</u>

### 8. CONTINGENCIES AND COMMITMENTS

#### Contingencies

The income tax assessments of the Company have been finalized up to and including the Tax Year 2010. However, the Company has filed appeals in respect of certain assessment years which mainly relate to the following:

- The return for the Tax Year 2008 has been filed. The Additional Commissioner Audit Division - II has issued notice under section 122(5A) of the Income Tax Ordinance, 2001 for the passing an amended order on certain issues. The Company has filed an appeal before the CIR(A) against the disallowances which is pending adjudication.
- For the Tax Year 2010, the Additional Commissioner Audit Division-II has passed the amended order under section 122(5A) of the Income Tax Ordinance, 2001 and treated Unearned Commission Income as taxable and adjusting it with Deferred Commission Expense. The Company has filed an appeal before the CIR(A) against the disallowances which is pending adjudication.

#### Commitment

Outstanding letter of credit	<u>686,609</u>	<u>676,750</u>
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## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

Note	Un-audited 31 March 2011	Audited 31 December 2010
	----- (Rupees) -----	
<b>9 . INVESTMENTS</b>		
<b>In related parties</b>		
Investments in associates - equity accounting *	14,711,269	14,711,269
<b>Others</b>		
<b>Investment at fair value through profit and loss- held for trading</b>		
Quoted shares	82,125,649	80,347,356
<b>Held to maturity</b>		
Government securities *	88,687,050	88,107,815
Term Finance Certificates - quoted *	14,243,568	15,241,074
	<b>102,930,618</b>	<b>103,348,889</b>
<b>Available for sale - quoted *</b>		
Less: Provision for impairment (net of reversals)	9.1 804,859,186 (134,903,184)	792,018,636 (150,394,868)
	<b>669,956,002</b>	<b>641,623,768</b>
	<b>869,723,538</b>	<b>840,031,282</b>

\* The market value of investments as at 31 March 2011 was Rs. 827.42 million (31 December 2010: Rs. 799.30 million).

### 9.1 Provision for impairment-net of reversal

Opening provision	150,394,868	159,651,293
Less: - Charge / (reversals) during the period - net	-	(9,256,425)
- Realized on disposals	(15,491,684)	-
Closing provision	<b>134,903,184</b>	<b>150,394,868</b>

### 10 . FIXED ASSETS - Tangible and intangible

Opening written down value	44,591,007	42,636,050
Add: Additions during the period / year - at cost		
- Office improvement	-	206,600
- Furniture and fixtures	-	142,818
- Office equipment	-	309,951
- Computer equipment and related accessories	45,500	1,107,081
- Motor vehicles	-	9,326,900
- Computer software	-	1,300,000
	<b>45,500</b>	<b>12,393,350</b>
Less: Written down value of deletion	2	3,790,699
Depreciation / amortization for the period / year	1,830,547	6,647,694
	<b>1,830,549</b>	<b>10,438,393</b>
Add: Capital work in progress	3,558,000	-
Closing written down value	<b>46,363,958</b>	<b>44,591,007</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

### 11 . TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes and actuarial advice. Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial information, are as follows:

Transactions with related parties	31 March 2011	31 December 2010
	----- (Rupees) -----	
Premium written	50,744,689	44,811,123
Commission expense	6,348,868	5,527,434
Claims paid	1,161,295	2,660,289
Expenses	2,770,547	2,098,600
Contribution to / provision for staff benefit plans	1,183,377	401,500
Remuneration to key management personnel	9,996,055	9,126,254

### 12. EARNINGS PER SHARE - BASIC AND DILUTED

	31 March 2011	31 March 2010
	----- (Rupees) -----	
Profit after tax for the period	20,607,942	27,352,207
	----- (Number) -----	
Weighted average number of ordinary shares	45,724,366	45,724,366
	----- (Rupees) -----	
Earnings per share - basic and diluted	0.45	0.60

12.1 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.

### 13 . 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. The following table presents information regarding segment assets and liabilities as at 31 March 2011 and 31 December 2010.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

	Fire and property damage		Marine, aviation and transport		Motor		Miscellaneous		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	Un-audited 31 Mar 2011	Audited 31 Dec 2010
	----- (Rupees in 000's) -----									
Segment assets	70,978	86,954	9,207	5,142	6,725	8,042	43,338	36,679	130,249	136,817
Unallocated corporate assets									1,239,600	1,193,650
<b>Consolidated corporate assets</b>									<b>1,369,848</b>	<b>1,330,467</b>
Segment liabilities	83,950	100,527	14,900	9,605	77,181	84,967	63,458	58,409	239,490	253,508
Unallocated corporate liabilities									193,842	115,326
<b>Consolidated corporate liabilities</b>									<b>433,331</b>	<b>368,834</b>

#### 14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue by the Board of Directors on 22 April 2011.

#### 15. GENERAL

All figures have been rounded off to the nearest of rupees, except otherwise stated.

  
Iqbal Ali Lakhani  
Chairman

  
Tasleemuddin A. Batlay  
Director

  
A. Aziz H. Ebrahim  
Director

  
Mohammad Hussain Hirji  
Director & Chief Executive

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