

Habib Insurance Company Limited

Contents

Company Information	1
Directors' Review	2
Balance Sheet	4
Profit and Loss Account	5
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Statement of Premiums	10
Statement of Claims	11
Statement of Expenses	12
Statement of Investment Income	13
Notes to the Financial Statements	14

Habib Insurance Company Limited

Company Information

Board of Directors

Chairman	:	Rafiq M. Habib
Directors	:	Ali Raza D. Habib <i>Executive Vice Chairman</i> Abbas D. Habib Mansoor G. Habib Mohamedali R. Habib Aun Mohammad A. Habib Ali Fadoo
Chief Executive	:	Zeeshan Raza
Company Secretary	:	Shabbir Gulamali
Auditors	:	M/s. Ernst & Young Ford Rhodes Sidat Hyder & Co. Chartered Accountants
Share Registrar	:	M/s. Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, SMCHS, Main Shahrah-e-Faisal, Karachi-74400
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 have pleasure to present the unaudited accounts for the period ended 30th September 2016.

By the Grace of Allah, the underwriting results of the Company has been encouraging, rising to Rs. 93.0 million compared to Rs. 82.6 million of last year, an increase of 12.6%. The gross written premium during the period grew to Rs. 1,098.3 million as compared to Rs. 863.8 million of last year, an increase of 27.1%.

Investment Income for the period reduced from Rs. 183.4 million to Rs. 141.9 million, owing to lesser capital gains recorded, despite dividend income rising to Rs. 73.8 million as against Rs. 68.7 million of the corresponding period last year.

Consequently, the profit after tax has been Rs. 126.9 million with an earnings of Rs. 1.02 per share, a decline from Rs. 1.53 per share. As earlier stated in the half yearly report that an acute and drastic Tax imposition in the last budget has adversely affected our net profit for the current year. A positive factor has been the growth of the PSE 100 Index rising to its highest land mark of 41546 points.

We have entered the last quarter of the year and look forward Inshallah to a successful closing for 2016.

We pray to Allah for the Nation and its progress and more specifically for the safety and welfare of the people.

On behalf of the Board of Directors

Karachi: October 26, 2016

ALI RAZA D. HABIB
Executive Vice Chairman

حبیب انشورنس کمپنی لمیٹڈ

ڈائریکٹرز کا جائزہ

بنام شیئر ہولڈرز،

ڈائریکٹرز ۳۰ ستمبر ۲۰۱۶ کو ختم ہونے والی مدت کے لئے غیر آڈٹ شدہ حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

اللہ تعالیٰ کے فضل و کرم سے کمپنی کے انڈر رائٹنگ نتائج حوصلہ افزا رہے اور گزشتہ سال کے ۸۲.۶ ملین روپے کے مقابلے میں بڑھ کر ۹۳.۰ ملین روپے ہو گیا جس سے ۱۲.۶ فیصد اضافہ ظاہر ہوتا ہے۔ مجموعی تحریری پریمیم اس مدت کے دوران بڑھ کر ۱.۰۹۸ ملین روپے ہو گئے جو گزشتہ سال ۸۶۳.۸ ملین روپے تھے اور یوں ۲.۷ فیصد اضافہ ہوا۔

اس مدت کے دوران سرمایہ کار آمدنی ۱۸۳.۴ ملین روپے سے کم ہو کر ۱۴۱.۹ ملین روپے ہو گئی جس سے کمتر سرمائے کا حصول دیکھنے میں آیا باوجود اس امر کے کہ منافع منقسمہ کی آمدنی بڑھ کر ۳۶.۸ ملین روپے ہو گئی جو گزشتہ سال کی اس مدت میں ۶۸.۷ ملین روپے تھی۔

اسی طرح منافع بعد از ٹیکس ۱۲۶.۹ ملین روپے مع ۰.۲ روپے فی شیئر کی آمدنی حاصل کی گئی جو گزشتہ سال کے مقابلے میں ۱۵.۳ روپے فی شیئر سے کم تھی۔ جیسا کہ پہلے ششماہی رپورٹ میں بیان کیا جا چکا ہے کہ گزشتہ بجٹ میں ایک شدید اور سخت ٹیکس نفاذ نے سال رواں کے لئے ہمارے خالص منافع جات پر مہلک اثرات مرتب کیے۔ پاکستان اسٹاک مارکیٹ کے فروغ میں ایک مثبت عنصر ۱۰۰ انڈیکس کا اپنی بلند ترین سطح یعنی ۴۱۵.۴۶ پوائنٹس پر پہنچنا تھا۔

ہم سال کی آخری سہ ماہی میں داخل ہو چکے ہیں اور ۲۰۱۶ کا اختتام انشاء اللہ کامیابی کے ساتھ مکمل ہوگا۔

ہم ملک و قوم اور اس کی ترقی کے لئے اللہ تعالیٰ سے دعا گو ہیں اور عوام کے تحفظ اور اس کی بہبود کے لئے کوشاں بھی ہیں۔

منجانب بورڈ آف ڈائریکٹرز

علی رضا ڈی حبیب
ایگزیکٹو وائس چیئرمین

کراچی:

۲۶ اکتوبر ۲۰۱۶ء

Habib Insurance Company Limited

Condensed Interim Balance Sheet as at September 30, 2016 (Unaudited)

		Unaudited September 30, 2016 (Rupees in '000)	Audited December 31, 2015 (Rupees in '000)			Unaudited September 30, 2016 (Rupees in '000)	Audited December 31, 2015 (Rupees in '000)
Note				Note			
Share Capital and Reserves				Cash and Bank Deposits			
Authorised share capital 130,000,000 (December 31, 2015: 130,000,000) ordinary shares Rs. 5 each		650,000	650,000	Cash and other equivalents		595	139
				Current and other accounts		110,440	136,225
						111,035	136,364
Paid-up share capital		619,374	619,374	Loans to employees			
Retained earnings		160,783	250,712	Secured and considered good		57,608	45,258
Reserves		264,122	264,122	Investments			
Total Equity		1,044,279	1,134,208		9	926,093	895,064
Underwriting Provisions				Deferred Taxation			
Provision for outstanding claims (including IBNR)		696,130	688,411			19,157	19,172
Provision for premium deficiency		6,125	6,125	Current Assets - others			
Provision for unearned premium		638,644	463,255	Premiums due but unpaid - unsecured		409,081	319,230
Commission income unearned		80,339	55,631	Amounts due from other insurers/ reinsurers		361,084	341,179
				Accrued investment income		9,730	3,274
Total underwriting provisions		1,421,238	1,213,422	Reinsurance recoveries against outstanding claims		606,668	597,207
Deferred Liability				Salvage recoveries outstanding		13,721	43,124
Staff retirement benefits		68,824	62,270	Deferred commission expense		65,584	49,716
Creditors and Accruals				Advance, deposits and prepayments		456,513	256,985
Amounts due to other insurers/ reinsurers	6	279,124	102,631	Sundry receivables	10	9,976	11,863
Accrued expenses		11,558	12,595			1,932,357	1,622,578
Taxation – provision less payments		50,420	39,325	Fixed Assets			
Other creditors and accruals	7	146,436	134,096	Tangible and intangible			
		487,538	288,647	Furniture, fixtures and office equipment		12,896	13,119
Other Liabilities				Computer and related equipment		2,155	2,479
Unclaimed dividends		49,191	44,318	Motor vehicles		5,089	5,901
				Computer software		4,680	2,930
TOTAL LIABILITIES		2,026,791	1,608,657			24,820	24,429
TOTAL EQUITY AND LIABILITIES				TOTAL ASSETS			
		3,071,070	2,742,865			3,071,070	2,742,865
CONTINGENCIES AND COMMITMENTS							
	8						

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

ALI RAZA D. HABIB
Executive Vice Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the nine months ended September 30, 2016 (Unaudited)

(Rupees in '000)

	Quarter ended September 30,							
	Note	Fire and Property	Marine and Transport	Motor	Group Hospitalisation	Other Classes	2016 Aggregate	2015 Aggregate
Revenue Account								
Net premium revenue		15,436	32,221	42,350	21,642	17,105	128,754	127,506
Net claims		(5,809)	(9,809)	(32,216)	(23,224)	(7,400)	(78,458)	(57,746)
Expenses		(23,521)	(8,718)	(9,679)	(5,112)	(6,959)	(53,989)	(49,022)
Net commission		30,443	2,992	(1,825)	4,910	(2,941)	33,579	5,037
Underwriting result		16,549	16,686	(1,370)	(1,784)	(195)	29,886	25,775
Net investment income							33,180	39,713
Other income							2,434	1,654
General and administration expenses							(17,053)	(16,955)
							18,561	24,412
Profit before tax							48,447	50,187
Provision for taxation - Current							(14,870)	(8,000)
- Prior							-	-
- Deferred							79	(273)
							(14,791)	(8,273)
Profit after tax							33,656	41,914
Other comprehensive income - net of tax								
Total comprehensive income								
Earnings per share of Rs. 5/- each	13						0.27	0.34

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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Director

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Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the nine months ended September 30, 2016 (Unaudited)

(Rupees in '000)

	Nine months ended September 30,						2016 Aggregate	2015 Aggregate
	Fire and Property	Marine and Transport	Motor	Group Hospitalisation	Other Classes			
Revenue Account								
Net premium revenue	75,608	99,546	127,358	50,100	46,058	398,670	387,015	
Net claims	(13,145)	(34,546)	(78,586)	(50,013)	(19,544)	(195,834)	(170,755)	
Expenses	(70,319)	(28,371)	(26,933)	(27,220)	(16,021)	(168,864)	(149,237)	
Net commission	46,352	9,761	(7,574)	15,215	(4,759)	58,995	15,560	
Underwriting result	38,496	46,390	14,265	(11,918)	5,734	92,967	82,583	
Investment income						141,940	183,361	
Other income						6,056	5,822	
General and administration expenses						(56,241)	(51,277)	
						91,755	137,906	
Profit before tax						184,722	220,489	
Provision for taxation - Current						(57,855)	(26,176)	
- Prior						-	(1,824)	
- Deferred						(15)	(2,496)	
Profit after tax						(57,870)	(30,496)	
Profit and loss appropriation account						126,852	189,993	
Balance at commencement of the year						250,712	286,551	
Profit after tax for the period						126,852	189,993	
Final cash dividend of Rs.1.75 (35%) for the year ended December 31, 2015 (2014: Rs.2.0 per share)						(216,781)	(247,750)	
Transfer to general reserve						-	(10,000)	
						(216,781)	(257,750)	
Balance unappropriated profit at end of the nine months						160,783	218,794	
Earnings per share of Rs. 5/- each	13					Rupees 1.02	1.53	

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

ALI RAZA D. HABIB
Executive Vice Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited
Condensed Interim Statement of Comprehensive Income
for the nine months ended September 30, 2016 (Unaudited)

	Quarter ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	(Rupees in '000)			
Net profit for the period	33,656	41,914	126,852	189,993
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	33,656	41,914	126,852	189,993

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the nine months ended September 30, 2016 (Unaudited)

	Share Capital Issued, subscribed and paid-up	Capital Reserves Reserve for exceptional losses	Revenue Reserves		Total
			General reserve	Retained earnings	
	(Rupees in '000)				
Balance as at January 1, 2015	619,374	9,122	245,000	286,551	1,160,047
Changes in equity for the nine months period ended September 30, 2015					
Profit for the nine months period ended Sept. 30, 2015	-	-	-	189,993	189,993
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the nine months period ended September 30, 2015	-	-	-	189,993	189,993
Transfer to general reserve	-	-	10,000	(10,000)	-
Final dividend of Rs. 2.0 per share for the year ended December 31, 2014	-	-	-	(247,750)	(247,750)
	-	-	10,000	(257,750)	(247,750)
Balance as at September 30, 2015	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>218,794</u>	<u>1,102,290</u>
Balance as at January 1, 2016	619,374	9,122	255,000	250,712	1,134,208
Changes in equity for the nine months period ended September 30, 2016					
Profit for the nine months ended Sept. 30, 2016	-	-	-	126,852	126,852
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the nine months period ended September 30, 2016	-	-	-	126,852	126,852
Final dividend of Rs. 1.75 per share for the year ended December 31, 2015	-	-	-	(216,781)	(216,781)
	-	-	-	(216,781)	(216,781)
Balance as at September 30, 2016	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>160,783</u>	<u>1,044,279</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial information.

ALI RAZA D. HABIB
Executive Vice Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Cash Flows for the nine months ended September 30, 2016 (Unaudited)

	September 30, 2016	September 30, 2015		September 30, 2016	September 30, 2015
	(Rupees in '000)			(Rupees in '000)	
Operating activities			Reconciliation to Profit and Loss Account		
a) Underwriting activities			Operating cash flows	80,354	(121,431)
Premiums received	988,570	642,021	Depreciation expense	(5,113)	(4,323)
Reinsurance premiums paid	(529,446)	(417,805)	Gain on disposal of fixed assets	5	189
Claims paid	(419,829)	(635,779)	Increase in assets other than cash	327,006	402,688
Reinsurance and other recoveries	251,656	486,680	Increase in liabilities	(400,487)	(245,150)
Commissions paid	(90,774)	(78,725)		1,765	31,973
Commissions received	166,175	102,230	Other adjustments		
Net cash inflow from underwriting activities	366,352	98,622	Income tax paid	46,761	16,982
b) Other operating activities			Provision for gratuity	(6,829)	(6,455)
Income tax paid	(46,761)	(16,982)	Gratuity paid	275	323
General management expenses paid	(227,102)	(198,943)	Profit/ Return received	11,422	11,937
Other operating receipts	215	52	Dividends received	64,981	56,374
Loans advanced	(25,318)	(15,029)	Capital gain	66,347	109,355
Loans repayments received	12,968	10,849	Provision for taxation	(57,870)	(30,496)
Net cash outflow from other operating activities	(285,998)	(220,053)		125,087	158,020
Total cash inflow/ (outflow) from all operating activities	80,354	(121,431)	Profit after taxation	126,852	189,993
Investment activities			Definition of cash		
Profit/ return received	11,422	11,937	Cash comprises of cash in hand, policy stamps, bank balances which are readily convertible to cash in hand and are used in the cash management function on a day-to-day basis.		
Dividends received	64,981	56,374	Cash for the purpose of the Statement of Cash Flows consists of:		
Payments for investments	(643,271)	(856,893)	Cash and other equivalents		
Proceeds from disposal of investments	678,589	1,158,901	Cash in hand	570	422
Fixed capital expenditure	(5,578)	(16,410)	Stamps in hand	25	48
Proceeds from disposal of fixed assets	79	228		595	470
Total cash inflow from investing activities	106,222	354,137	Current and other accounts		
Financing activities			Current accounts	11,160	6,912
Dividends paid	(211,905)	(241,661)	PLS accounts	99,280	58,221
Total cash outflow from financing activities	(211,905)	(241,661)		110,440	65,133
Net cash outflow from all activities	(25,329)	(8,955)		111,035	65,603
Cash and cash equivalent at beginning of the period	136,364	74,558			
Cash and cash equivalent at end of the period	111,035	65,603			

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

ALI RAZA D. HABIB
Executive Vice Chairman

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Director

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Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Premiums for the nine months ended September 30, 2016 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan		Quarter ended September 30,								
		Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expense	2016 Net premium revenue
Class		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	137,833	312,103	313,335	136,601	135,303	271,877	286,015	121,165	15,436	27,769
2. Marine and Transport	50,343	38,725	24,114	64,954	24,458	18,742	10,467	32,733	32,221	41,775
3. Motor	57,364	121,625	123,520	55,469	17,848	28,282	33,011	13,119	42,350	35,235
4. Group hospitalisation	26,092	117,986	100,055	44,023	17,467	57,052	52,138	22,381	21,642	20,599
5. Other Classes	42,323	65,626	77,620	30,329	30,791	28,391	45,958	13,224	17,105	2,128
Total	<u>313,955</u>	<u>656,065</u>	<u>638,644</u>	<u>331,376</u>	<u>225,867</u>	<u>404,344</u>	<u>427,589</u>	<u>202,622</u>	<u>128,754</u>	<u>127,506</u>
Nine months ended September 30,										
Direct and facultative										
1. Fire and Property	457,372	245,225	313,335	389,262	413,294	186,375	286,015	313,654	75,608	80,933
2. Marine and Transport	184,532	37,563	24,114	197,981	90,296	18,606	10,467	98,435	99,546	118,500
3. Motor	175,178	98,869	123,520	150,527	49,244	6,936	33,011	23,169	127,358	105,529
4. Group hospitalisation	177,045	27,029	100,055	104,019	93,313	12,744	52,138	53,919	50,100	51,990
5. Other Classes	104,202	54,568	77,620	81,150	59,793	21,257	45,958	35,092	46,058	30,063
Total	<u>1,098,329</u>	<u>463,254</u>	<u>638,644</u>	<u>922,939</u>	<u>705,940</u>	<u>245,918</u>	<u>427,589</u>	<u>524,269</u>	<u>398,670</u>	<u>387,015</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

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Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Claims for the nine months ended September 30, 2016 (Unaudited)

(Rupees in '000)

Class	Quarter ended September 30,									
	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	2016 Net claims expense	2015 Net claims expense
		Opening	Closing			Opening	Closing			
Business underwritten inside Pakistan										
Direct and facultative										
1. Fire and Property	42,845	475,871	481,421	48,395	39,016	465,103	468,673	42,586	5,809	1,670
2. Marine and Transport	17,813	15,344	26,607	29,076	14,754	14,347	18,860	19,267	9,809	16,042
3. Motor	36,813	36,605	45,145	45,353	8,688	12,171	16,620	13,137	32,216	24,887
4. Group hospitalisation	47,629	17,708	6,103	36,024	24,819	14,727	2,708	12,800	23,224	15,874
5. Other Classes	11,975	114,400	136,854	34,429	3,918	90,417	113,528	27,029	7,400	(727)
Total	<u>157,075</u>	<u>659,928</u>	<u>696,130</u>	<u>193,277</u>	<u>91,195</u>	<u>596,765</u>	<u>620,389</u>	<u>114,819</u>	<u>78,458</u>	<u>57,746</u>
Nine months ended September 30,										
Direct and facultative										
1. Fire and Property	97,469	548,220	481,421	30,670	88,854	540,002	468,673	17,525	13,145	8,347
2. Marine and Transport	83,158	24,594	26,607	85,171	70,305	38,540	18,860	50,625	34,546	34,705
3. Motor	92,677	32,969	45,145	104,853	14,135	4,488	16,620	26,267	78,586	74,894
4. Group hospitalisation	116,855	11,257	6,103	111,701	63,774	4,794	2,708	61,688	50,013	40,998
5. Other Classes	29,670	71,371	136,854	95,153	14,588	52,507	113,528	75,609	19,544	11,811
Total	<u>419,829</u>	<u>688,411</u>	<u>696,130</u>	<u>427,548</u>	<u>251,656</u>	<u>640,331</u>	<u>620,389</u>	<u>231,714</u>	<u>195,834</u>	<u>170,755</u>

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Director

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Director

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Chief Executive

Habib Insurance Company Limited

Condensed Interim Statement of Expenses for the nine months ended September 30, 2016 (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	2016 Net underwriting expense	2015 Net underwriting expense
Direct and facultative									
1. Fire and Property	16,087	40,193	39,864	16,416	23,521	39,937	46,859	(6,922)	17,331
2. Marine and Transport	5,359	4,623	2,646	7,336	8,718	16,054	10,328	5,726	9,971
3. Motor	4,746	8,201	8,827	4,120	9,679	13,799	2,295	11,504	9,930
4. Group hospitalisation	3,459	1,791	5,684	(434)	5,112	4,678	4,476	202	1,569
5. Other Classes	4,314	9,061	8,563	4,812	6,959	11,771	1,871	9,900	5,184
Grand Total	<u>33,965</u>	<u>63,869</u>	<u>65,584</u>	<u>32,250</u>	<u>53,989</u>	<u>86,239</u>	<u>65,829</u>	<u>20,410</u>	<u>43,985</u>

Nine months ended September 30,									
Direct and facultative									
1. Fire and Property	55,458	29,584	39,864	45,178	70,319	115,497	91,530	23,967	50,255
2. Marine and Transport	19,309	3,712	2,646	20,375	28,371	48,746	30,136	18,610	29,467
3. Motor	10,295	10,006	8,827	11,474	26,933	38,407	3,900	34,507	28,645
4. Group hospitalisation	5,556	(4,303)	5,684	(4,431)	27,220	22,789	10,784	12,005	9,268
5. Other Classes	7,722	10,717	8,563	9,876	16,021	25,897	5,117	20,780	16,042
Grand Total	<u>98,340</u>	<u>49,716</u>	<u>65,584</u>	<u>82,472</u>	<u>168,864</u>	<u>251,336</u>	<u>141,467</u>	<u>109,869</u>	<u>133,677</u>

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

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

ALI RAZA D. HABIB
Executive Vice Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited
Condensed Interim Statement of Investment Income
for the nine months ended September 30, 2016 (Unaudited)

	Quarter ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	(Rupees in '000)			
Income from Non-Trading Investments				
Held-to-maturity				
Return on Government Securities - Conventional	1,493	1,932	5,286	6,118
Available-for-sale				
Dividend income - Conventional				
– Related parties	3,602	11,522	48,565	50,195
– Others	3,096	3,957	11,392	9,765
	6,698	15,479	59,957	59,960
Dividend income - Shariah compliant				
– Related parties	–	–	–	–
– Others	3,202	5,405	13,813	8,778
	3,202	5,405	13,813	8,778
Gain on sale of available-for-sale investments - Conventional	21,400	8,789	41,474	94,252
Gain on sale of available-for-sale investments - Shariah compliant	834	8,549	24,873	15,103
Provision for impairment in value of available-for-sale securities - net	759	–	–	–
Investment related expenses	(1,206)	(441)	(3,463)	(850)
Net investment income	33,180	39,713	141,940	183,361

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

ALI RAZA D. HABIB
Executive Vice Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the nine months ended September 30, 2016 (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 Pakistan Stock Exchange Limited. The Company is engaged in general insurance business.

2. STATEMENT OF COMPLIANCE

2.1 These condensed interim financial statements of the Company for the nine months period ended September 30, 2016 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2002, have been followed.

2.2 The disclosures made in these condensed interim financial statements have been limited based on the format prescribed by the Securities and Exchange Commission of Pakistan (SECP) vide Circular No. 7 of 2003 and International Accounting Standard 34 - Interim Financial Reporting. They do not include all the information required for annual financial statements and these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2015.

2.3 These condensed interim financial statements have been presented in Pakistani rupees, which is the functional currency of the Company.

3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under historical cost convention.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2015.

5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

5.1 The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2015 except as follows:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following accounting standards and the amendments and interpretations of IFRSs which became effective during the period:

IFRS 10 – Consolidated Financial Statements, IFRS 12 – Disclosure of Interests in Other Entities and IAS 28 – Investment in Associates – Investment Entities: Applying the Consolidation Exception (Amendment)

Habib Insurance Company Limited

IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 38 - Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortisation (Amendment)

IAS 16 – Property, Plant and Equipment and IAS 41 - Agriculture - Agriculture: Bearer Plants (Amendment)

IAS 27 – Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 – Financial Instruments: Disclosures - Servicing contracts

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 – Employee Benefits - Discount rate: regional market issue

IAS 34 – Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above standards / amendments / interpretations did not have any material effect on the condensed interim financial statements of the Company.

IFRS 10 – "Consolidated Financial Statements" was made applicable from periods beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by Securities and Exchange Commission of Pakistan (SECP). However, vide S.R.O 56(I) /2016 dated January 28, 2016, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" is not applicable in case of investment by companies in mutual funds established under trust structure. Accordingly, the requirements of this standard have not been considered in the preparation of these unconsolidated interim financial statements.

- 5.2 The Company's financial and insurance risk management objectives and policies are consistent with those that were disclosed in the annual financial statements of the Company as at and for the year ended December 31, 2015.

	Unaudited September 30, 2016	Audited December 31, 2015
	(Rupees in '000)	
6. AMOUNT DUE TO OTHER INSURERS/ REINSURERS		
Foreign reinsurers	136,177	50,288
Local reinsurers	94,251	24,569
Co-insurers	48,696	27,774
	279,124	102,631
7. OTHER CREDITORS AND ACCRUALS		
Federal excise duty	15,809	17,147
Federal insurance fee	1,256	1,187
Withholding tax payable	1,445	1,352
Agents commission payable	72,839	65,274
Workers welfare fund payable	35,442	32,657
Sundry creditors	19,645	16,479
	146,436	134,096

Habib Insurance Company Limited

8. CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no change in the status of contingencies as disclosed in note 9 to the annual financial statements of the Company for the year ended December 31, 2015.

8.2 Commitments

There are no commitments as at September 30, 2016.

	Note	Unaudited September 30, 2016 (Rupees in '000)	Audited December 31, 2015
9. INVESTMENTS			
Held-to-maturity			
Government securities (deposited with SBP)			
Pakistan Investment Bonds	9.1	69,332	69,384
Available-for-sale			
Conventional			
Ordinary shares of quoted/ unquoted companies		147,385	157,801
Ordinary shares of quoted companies/ units of open end mutual funds (related parties)		345,491	493,438
Units of open end mutual funds - quoted		349	349
Shariah compliant			
Ordinary shares of quoted/ unquoted companies		163,271	129,579
Modaraba Certificates - quoted		14,840	14,840
Ordinary shares of quoted companies (related parties)		185,425	29,673
		856,761	825,680
		926,093	895,064
9.1 This represents Pakistan Investment Bonds having face value of Rs.68.50 million [December 31, 2015: face value Rs.68.50 million (market value of Rs.75.36 million)]. These carry mark-up ranging from 8.75% to 12.00% (December 31, 2015: 8.75% to 12%) per annum and will mature between July 18, 2017 to July 19, 2022. 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.			
9.2 The aggregate market value of the above investments is Rs.1,577.50 million (December 31, 2015: Rs.1,391.39 million). Had these investments been measured at fair value as required by International Accounting Standard (IAS) - 39, the carrying value of investments and equity of the Company as at September 30, 2016 would have been higher by Rs.720.62 million (December 31, 2015: higher by Rs.565.83 million).			
10. SUNDRY RECEIVABLES			
Federal Excise Duty recoverable		6	-
Sales tax recoverable		8,506	7,966
Other receivables		1,464	3,897
		9,976	11,863

Habib Insurance Company Limited

	Unaudited September 30, 2016	Audited December 31, 2015
(Rupees in '000)		
11. FIXED ASSETS		
Opening written down value	24,429	13,693
Add: Additions during the period/ year - at cost		
– Furniture, fixtures and office equipment	1,757	8,478
– Computer and related equipment	856	2,293
– Motor vehicles	85	4,792
– Computer software	2,880	1,231
	5,578	16,794
Less: Written down value of deletions during the period/ year		
Depreciation/ amortisation for the period/ year	(74)	(55)
	(5,113)	(6,003)
	(5,187)	(6,058)
Closing written down value	24,820	24,429

12. TRANSACTIONS WITH RELATED PARTIES

12.1 Related parties of the Company comprise of associated companies, companies with common directors, major shareholders, staff retirement funds, directors and key management personnel. Transaction with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Details of balances and transactions with related parties during the nine months period ended September 30, 2016 are as follows:

	Quarter ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
(Rupees in '000)				
Transactions with related parties				
Premium written	50,268	67,082	331,383	248,250
Claims paid	40,796	51,561	103,240	163,447
Dividends received	3,602	11,521	48,565	50,194
Dividend paid	–	–	30,639	20,594
Investments made	108,959	104,958	642,642	853,009
Investments sold	106,036	90,731	678,589	1,088,652
Interest received on bank accounts	1,484	959	3,803	4,008
Bank charges	231	73	392	175
Share registrar fees paid	–	151	76	482
Brokerage expenses paid	866	41	3,122	450
Contribution to the provident fund	1,501	1,273	4,336	3,499
Remuneration of key management personnel	26,540	19,067	67,774	56,283

Habib Insurance Company Limited

	Unaudited September 30, 2016	Audited December 31, 2015
	(Rupees in '000)	
Balances with related parties		
Bank balances	109,137	134,568
Profit receivable on bank accounts	–	2
Investment held	530,796	523,111
Premiums due but unpaid	96,818	106,667
Outstanding claims	67,242	34,274
Investment related expenses	–	716
Due to the provident fund	–	82

12.1.1 Remuneration to the key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules.

13. BASIC AND DILUTED EARNINGS PER SHARE

	Quarter ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Profit after tax for the period (Rupees in '000)	<u>33,656</u>	<u>41,914</u>	<u>126,852</u>	<u>189,993</u>
Weighted average number of ordinary shares in issue during the period (in '000)	<u>123,875</u>	<u>123,875</u>	<u>123,875</u>	<u>123,875</u>
Earnings per share (Rupees)	<u>0.27</u>	<u>0.34</u>	<u>1.02</u>	<u>1.53</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.

Habib Insurance Company Limited

14. OPERATING SEGMENT

Class of business wise revenue and results have been disclosed in the condensed interim profit and loss account prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets and liabilities as at September 30, 2016 and December 31, 2015.

	Fire and Property		Marine and Transport		Motor		Group Hospitalisation		Other Classes		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	Unaudited Sept. 30, 2016	Audited Dec. 31, 2015
	(Rupees in '000)											
Segment assets	804,955	693,588	409,404	404,428	311,274	234,275	215,103	164,381	167,812	124,131	1,908,548	1,620,803
Unallocated corporate assets											1,162,522	1,122,062
Consolidated corporate assets											<u>3,071,070</u>	<u>2,742,865</u>
Segment liabilities	747,874	591,109	380,370	344,673	289,199	199,661	199,848	140,094	155,911	105,790	1,773,202	1,381,327
Unallocated corporate liabilities											253,589	227,330
Consolidated corporate liabilities											<u>2,026,791</u>	<u>1,608,657</u>

Habib Insurance Company Limited

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on October 26, 2016 by the Board of Directors of the Company.

16. GENERAL

16.1 As required by Rule 2 of Annexure II of the Insurance Rules, 2002, corresponding figures in the condensed interim statement of comprehensive income, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and note 14 in the "Other classes" have been rearranged to exclude "Group Hospitalisation" class to show it separately.

16.2 To comply with the requirement of SECP Circular No. 14 of 2016 dated April 21, 2016, the relevant shariah compliant assets and income have been disclosed separately where applicable.

16.3 Figures have been rounded off to the nearest thousand rupees.

ALI RAZA D. HABIB
Executive Vice Chairman

ABBAS D. HABIB
Director

AUN MOHAMMAD A. HABIB
Director

ZEESHAN RAZA
Chief Executive