

Habib Insurance Company Limited

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Habib Insurance Company Limited

Company Information

Board of Directors

Chairman	:	Rafiq M. Habib
Directors	:	Abbas D. Habib Mansoor G. Habib Mohamedali R. Habib Sajjad Hussain Habib Aun Mohammad A. Habib Ali Fadoo

Managing Director & Chief Executive : Ali Raza D. Habib

Deputy Managing Director : Zeeshan Raza

Company Secretary : Shabbir Gulamali

Auditors : M/s. Ernst & Young Ford Rhodes Sidat Hyder & 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 have pleasure to present the unaudited accounts for the period ended 30th June 2015.

By the Grace of Allah, the gross written premium for the first half of the year grew to Rs. 593.3 million, an increase of 23.3% over last year with net premium revenue rising to Rs. 259.5 million as compared to Rs. 222.6 million for the corresponding period. As a result the underwriting profit improved to Rs. 56.8 million from Rs. 34.6 million for the period under review.

The investment income for the period reduced from Rs. 187.1 million to Rs. 143.6 million due to drop in dividend income and lesser capital gains recorded. As a result the net profit after tax was Rs. 148.1 million as compared to Rs. 179.0 million, registering an earnings of Rs. 1.20 per share.

The recent measures taken by the Government to improve the Law and Order situation are commendable and also towards improvement of the economy which have helped to bring down appreciably the inflation and the discount rate. On matters of taxation and other relevant issues we wish to remain positive, though they appear to be drastic but time will tell if they are conducive.

The remaining months are of importance and we pray to Allah for a successful closing for 2015 and above all for the Peace and Prosperity in the Nation.

On behalf of the Board of Directors

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

Karachi: August 31, 2015

Habib Insurance Company Limited

AUDITORS' REPORT TO MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of comprehensive income;
- iv. condensed interim statement of changes in equity;
- v. condensed interim statement of cash flows;
- vi. condensed interim statement of premiums;
- vii. condensed interim statement of claims;
- viii. condensed interim statement of expenses; and
- ix. condensed interim statement of investment income

and notes to the financial statements of **Habib Insurance Company Limited** for the six-month period ended **30 June 2015** (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: August 31, 2015

Ernst & Young Ford Rhodes Sidat Hyder & Co.
Chartered Accountants
Shabbir Yunus

Habib Insurance Company Limited

Condensed Interim Balance Sheet as at June 30, 2015 (Unaudited)

		Unaudited June 30, 2015 (Rupees in '000)	Audited December 31, 2014 (Rupees in '000)			Unaudited June 30, 2015 (Rupees in '000)	Audited December 31, 2014 (Rupees in '000)
Share Capital and Reserves							
Authorised share capital 130,000,000 (December 31, 2014: 130,000,000) ordinary shares Rs. 5 each		650,000	650,000				
Paid-up share capital		619,374	619,374				
Retained earnings		176,880	286,551				
Reserves		264,122	254,122				
Total Equity		1,060,376	1,160,047				
Underwriting Provisions							
Provision for outstanding claims (including IBNR)		713,324	868,747				
Provision for premium deficiency		263	263				
Provision for unearned premium		489,158	432,293				
Commission income unearned		61,246	49,476				
Total underwriting provisions		1,263,991	1,350,779				
Deferred Liability							
Staff retirement benefits		50,835	46,854				
Creditors and Accruals							
Amounts due to other insurers/ reinsurers	6	109,258	55,416				
Accrued expenses		9,936	8,528				
Taxation – provision less payments		53,006	44,843				
Other creditors and accruals	7	164,360	146,305				
		336,560	255,092				
Other Liabilities							
Unclaimed dividends		44,434	38,227				
TOTAL LIABILITIES		1,695,820	1,690,952				
TOTAL EQUITY AND LIABILITIES		2,756,196	2,850,999				
CONTINGENCIES AND COMMITMENTS	8						
Cash and Bank Deposits							
Cash and other equivalents		1,068	372				
Current and other accounts		79,206	74,186				
		80,274	74,558				
Loans to employees							
Secured and considered good		32,135	27,453				
Investments	9	830,079	1,043,878				
Deferred Taxation		18,978	21,201				
Current Assets - others							
Premiums due but unpaid - unsecured		374,225	284,948				
Amounts due from other insurers/ reinsurers		393,127	282,282				
Accrued investment income		3,602	3,424				
Reinsurance recoveries against outstanding claims		635,552	794,592				
Salvage recoveries outstanding		21,235	30,076				
Deferred commission expense		51,550	45,363				
Advance, deposits and prepayments		287,260	222,234				
Sundry receivables	10	4,231	7,297				
		1,770,782	1,670,216				
Fixed Assets	11						
Tangible and intangible							
Furniture, fixtures and office equipment		11,587	6,800				
Computer and related equipment		2,307	1,570				
Motor vehicles		6,553	2,401				
Computer software		3,501	2,922				
		23,948	13,693				
TOTAL ASSETS		2,756,196	2,850,999				

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

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

ALI FADOO
Director

ALI RAZA D. HABIB
Managing Director
& Chief Executive

Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the half year ended June 30, 2015 (Unaudited)

(Rupees in '000)

Note	Quarter ended June 30,					
	Fire and Property	Marine and Transport	Motor	Other Classes	2015 Aggregate	2014 Aggregate
Revenue Account						
Net premium revenue	27,770	37,834	35,757	29,591	130,952	112,822
Net claims	(3,123)	372	(23,781)	(22,398)	(48,930)	(64,271)
Expenses	(23,953)	(11,565)	(7,503)	(4,912)	(47,933)	(44,093)
Net commission	6,076	1,229	(3,164)	1,055	5,196	5,008
Underwriting result	6,770	27,870	1,309	3,336	39,285	9,466
Net investment income					35,929	129,358
Other income					1,733	2,405
General and administration expenses					(16,826)	(17,433)
					20,836	114,330
Profit before tax					60,121	123,796
Provision for taxation - Current					(8,076)	(1,586)
- Prior					(1,824)	-
- Deferred					(2,003)	230
					(11,903)	(1,356)
Profit after tax					48,218	122,440
Other comprehensive income - net of tax					-	-
Total comprehensive income					48,218	122,440
Earnings per share of Rs. 5/- each	13			Rupees	0.39	0.99

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

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Habib Insurance Company Limited

Condensed Interim Profit and Loss Account for the half year ended June 30, 2015 (Unaudited)

(Rupees in '000)

Note	Half year ended June 30,					
	Fire and Property	Marine and Transport	Motor	Other Classes	2015 Aggregate	2014 Aggregate
Revenue Account						
	53,164	76,725	70,294	59,326	259,509	222,606
Net premium revenue						
Net claims	(6,677)	(18,663)	(50,007)	(37,662)	(113,009)	(111,199)
Expenses	(45,859)	(22,424)	(12,178)	(19,754)	(100,215)	(85,952)
Net commission	12,935	2,928	(6,537)	1,197	10,523	9,096
Underwriting result	13,563	38,566	1,572	3,107	56,808	34,551
Investment income					143,648	187,075
Other income					4,168	4,451
General and administration expenses					(34,322)	(30,135)
					113,494	161,391
Profit before tax					170,302	195,942
Provision for taxation - Current					(18,176)	(11,000)
- Prior					(1,824)	-
- Deferred					(2,223)	(5,942)
					(22,223)	(16,942)
Profit after tax					148,079	179,000
Profit and loss appropriation account						
Balance at commencement of the year					286,551	275,414
Profit after tax for the period					148,079	179,000
Final cash dividend of Rs.2.0 (40%) for the year ended December 31, 2014 (2013: Rs.1.25 per share)					(247,750)	(123,875)
Issue of nil bonus shares for the year ended December 31, 2014 (2013: 25%)					-	(123,875)
Transfer to general reserve					(10,000)	-
					(257,750)	(247,750)
Balance unappropriated profit at end of the six months					176,880	206,664
Earnings per share of Rs. 5/- each	13			Rupees	1.20	1.45

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

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Habib Insurance Company Limited
Condensed Interim Statement of Comprehensive Income
for the half year ended June 30, 2015 (Unaudited)

	Quarter ended June 30,		Half year ended June 30,	
	2015	2014	2015	2014
	(Rupees in '000)			
Net profit for the period	48,218	122,440	148,079	179,000
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	48,218	122,440	148,079	179,000

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

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Habib Insurance Company Limited

Condensed Interim Statement of Changes in Equity for the half year ended June 30, 2015 (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, 2014	495,499	9,122	245,000	275,414	1,025,035
Changes in equity for the six months period ended June 30, 2014					
Profit for the six months period ended June 30, 2014	-	-	-	179,000	179,000
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the six months period ended June 30, 2014	-	-	-	179,000	179,000
Issue of bonus shares at Rs.1.25 (25%) for the year ended December 31, 2013	123,875	-	-	(123,875)	-
Final dividend of Rs. 1.25 per share for the year ended December 31, 2013	-	-	-	(123,875)	(123,875)
	123,875	-	-	(247,750)	(123,875)
Balance as at June 30, 2014	<u>619,374</u>	<u>9,122</u>	<u>245,000</u>	<u>206,664</u>	<u>1,080,160</u>
Balance as at January 1, 2015	619,374	9,122	245,000	286,551	1,160,047
Changes in equity for the six months period ended June 30, 2015					
Profit for the six months ended June 30, 2015	-	-	-	148,079	148,079
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the six months period ended June 30, 2015	-	-	-	148,079	148,079
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 June 30, 2015	<u>619,374</u>	<u>9,122</u>	<u>255,000</u>	<u>176,880</u>	<u>1,060,376</u>

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Habib Insurance Company Limited

Condensed Interim Statement of Cash Flows for the half year ended June 30, 2015 (Unaudited)

	June 30, 2015	June 30, 2014		June 30, 2015	June 30, 2014
	(Rupees in '000)			(Rupees in '000)	
Operating activities			Reconciliation to Profit and Loss Account		
a) Underwriting activities			Operating cash flows	(100,598)	(47,780)
Premiums received	393,189	388,573	Depreciation expense	(2,639)	(1,886)
Reinsurance premiums paid	(287,606)	(224,903)	Profit on disposal of fixed assets	19	10
Claims paid	(506,189)	(214,200)	Increase in assets other than cash	361,457	896,358
Reinsurance and other recoveries	405,638	94,017	Increase in liabilities	(242,723)	(826,826)
Commissions paid	(51,590)	(54,473)		15,516	19,876
Commissions received	73,293	61,204	Other adjustments		
Net cash inflow from underwriting activities	26,735	50,218	Income tax paid	11,838	8,980
b) Other operating activities			Provision for gratuity	(4,304)	(3,980)
Income tax paid	(11,838)	(8,980)	Gratuity paid	323	865
General management expenses paid	(126,008)	(111,963)	Profit/ Return received	7,222	6,168
Other operating receipts	15,195	20,906	Dividends received	47,690	51,166
Loans advanced	(11,918)	(3,202)	Capital gain	92,017	112,867
Loans repayments received	7,236	5,241	Provision for taxation	(22,223)	(16,942)
Net cash outflow from other operating activities	(127,333)	(97,998)		132,563	159,124
Total cash outflow from all operating activities	(100,598)	(47,780)	Profit after taxation	148,079	179,000
Investment activities			Definition of cash		
Profit / return received	7,222	6,168	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	47,690	51,166	Cash for the purpose of the Statement of Cash Flows consists of:		
Payments for investments	(748,831)	(415,040)	Cash and other equivalents		
Proceeds from disposal of investments	1,054,648	596,275	Cash in hand	1,037	919
Fixed capital expenditure	(12,920)	(3,505)	Stamps in hand	31	5
Proceeds from disposal of fixed assets	45	36		1,068	924
Total cash inflow from investing activities	347,854	235,100	Current and other accounts		
Financing activities			Current accounts	9,937	9,812
Dividends paid	(241,540)	(120,622)	PLS accounts	69,269	116,580
Total cash outflow from financing activities	(241,540)	(120,622)		79,206	126,392
Net cash inflow from all activities	5,716	66,698		80,274	127,316
Cash and cash equivalent at beginning of the year	74,558	60,618			
Cash and cash equivalent at end of the period	80,274	127,316			

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

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Habib Insurance Company Limited

Condensed Interim Statement of Premiums for the half year ended June 30, 2015 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan

Quarter ended June 30,

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expense	2015 Net premium revenue	2014 Net premium revenue
		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	160,240	223,913	266,533	117,620	127,679	163,619	201,448	89,850	27,770	20,402
2. Marine and Transport	77,605	26,565	41,513	62,657	32,071	9,621	16,869	24,823	37,834	35,103
3. Motor	48,354	71,904	80,355	39,903	5,655	4,654	6,163	4,146	35,757	33,025
4. Other Classes	41,567	112,428	100,757	53,238	23,223	52,841	52,417	23,647	29,591	24,292
Total	327,766	434,810	489,158	273,418	188,628	230,735	276,897	142,466	130,952	112,822

Half year ended June 30,

Direct and facultative										
1. Fire and Property	271,501	222,484	266,533	227,452	212,321	163,415	201,448	174,288	53,164	40,387
2. Marine and Transport	132,759	38,885	41,513	130,131	52,751	17,524	16,869	53,406	76,725	70,085
3. Motor	72,100	86,417	80,355	78,162	9,850	4,181	6,163	7,868	70,294	65,948
4. Other Classes	116,951	84,507	100,757	100,701	66,526	27,266	52,417	41,375	59,326	46,186
Total	593,311	432,293	489,158	536,446	341,448	212,386	276,897	276,937	259,509	222,606

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Habib Insurance Company Limited

Condensed Interim Statement of Claims for the half year ended June 30, 2015 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan	Quarter ended June 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	2015 Net claims expense	2014 Net claims expense
		Opening	Closing			Opening	Closing			
Direct and facultative										
1. Fire and Property	54,259	694,844	589,550	(51,035)	50,931	685,411	580,322	(54,158)	3,123	3,528
2. Marine and Transport	35,910	25,870	26,166	36,206	32,752	23,593	27,419	36,578	(372)	11,003
3. Motor	33,126	38,591	27,175	21,710	2,147	9,023	4,805	(2,071)	23,781	26,157
4. Other Classes	52,095	68,542	70,433	53,986	32,981	45,634	44,241	31,588	22,398	23,583
Total	<u>175,390</u>	<u>827,847</u>	<u>713,324</u>	<u>60,867</u>	<u>118,811</u>	<u>763,661</u>	<u>656,787</u>	<u>11,937</u>	<u>48,930</u>	<u>64,271</u>
Half year ended June 30,										
Direct and facultative										
1. Fire and Property	243,021	742,254	589,550	90,317	235,942	732,624	580,322	83,640	6,677	5,193
2. Marine and Transport	127,094	44,106	26,166	109,154	105,917	42,845	27,419	90,491	18,663	14,236
3. Motor	50,707	28,727	27,175	49,155	6,308	11,965	4,805	(852)	50,007	48,332
4. Other Classes	85,367	53,660	70,433	102,140	57,471	37,234	44,241	64,478	37,662	43,438
Total	<u>506,189</u>	<u>868,747</u>	<u>713,324</u>	<u>350,766</u>	<u>405,638</u>	<u>824,668</u>	<u>656,787</u>	<u>237,757</u>	<u>113,009</u>	<u>111,199</u>

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

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Habib Insurance Company Limited

Condensed Interim Statement of Expenses for the half year ended June 30, 2015 (Unaudited)

(Rupees in '000)

Business underwritten inside Pakistan		Quarter ended June 30,							
Class	Commissions paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	*Commissions from reinsurers	2015 Net underwriting expense	2014 Net underwriting expense
Direct and facultative									
1. Fire and Property	21,144	27,568	34,531	14,181	23,953	38,134	20,257	17,877	12,119
2. Marine and Transport	7,331	1,801	4,165	4,967	11,565	16,532	6,196	10,336	7,944
3. Motor	3,406	7,186	7,128	3,464	7,503	10,967	300	10,667	8,794
4. Other Classes	3,193	5,416	5,726	2,883	4,912	7,795	3,938	3,857	10,228
Grand Total	<u>35,074</u>	<u>41,971</u>	<u>51,550</u>	<u>25,495</u>	<u>47,933</u>	<u>73,428</u>	<u>30,691</u>	<u>42,737</u>	<u>39,085</u>
Half year ended June 30,									
Direct and facultative									
1. Fire and Property	35,510	26,079	34,531	27,058	45,859	72,917	39,993	32,924	26,322
2. Marine and Transport	11,133	4,191	4,165	11,159	22,424	33,583	14,087	19,496	19,172
3. Motor	4,863	9,313	7,128	7,048	12,178	19,226	511	18,715	16,442
4. Other Classes	5,682	5,780	5,726	5,736	19,754	25,490	6,933	18,557	14,920
Grand Total	<u>57,188</u>	<u>45,363</u>	<u>51,550</u>	<u>51,001</u>	<u>100,215</u>	<u>151,216</u>	<u>61,524</u>	<u>89,692</u>	<u>76,856</u>

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

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Chairman

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Habib Insurance Company Limited

Condensed Interim Statement of Investment Income for the half year ended June 30, 2015 (Unaudited)

	Quarter ended June 30,		Half year ended June 30,	
	2015	2014	2015	2014
	(Rupees in '000)			
Income from Non-Trading Investments				
Held-to-maturity				
Return on Government Securities	2,099	2,263	4,186	3,346
Available-for-sale				
Dividend income				
– Related parties	4,636	25,487	38,673	63,005
– Others	6,792	8,063	9,181	8,063
	<u>11,428</u>	<u>33,550</u>	<u>47,854</u>	<u>71,068</u>
Return on fixed income securities	–	149	–	312
Gain on sale of available-for-sale investments	22,528	93,844	92,017	112,867
Investment related expenses	(126)	(448)	(409)	(518)
Net investment income	<u>35,929</u>	<u>129,358</u>	<u>143,648</u>	<u>187,075</u>

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& Chief Executive*

Habib Insurance Company Limited

Notes to the Condensed Interim Financial Statements for the half year ended June 30, 2015 (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. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the six months period ended June 30, 2015 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.

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 IAS 34 - Interim Financial Reporting and do not include all the information required for annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2014.

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, 2014.

5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

The accounting policies and methods 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, 2014. 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, 2014 except as follows:

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5.1 New, amended and revised International Financial Reporting Standards (IFRSs) and interpretations

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except as follows:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendment to IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements
 IFRS 11 – Joint Arrangements
 IFRS 12 – Disclosure of Interests in Others Entities
 IFRS 13 – Fair Value Measurement

The adoption of the above revision and amendments of the standards did not have any effect on the condensed interim financial statements.

	Unaudited June 30, 2015	Audited December 31, 2014
	(Rupees in '000)	
6. AMOUNT DUE TO OTHER INSURERS/ REINSURERS		
Foreign reinsurers	52,922	13,786
Local reinsurers	27,197	22,517
Co-insurers	29,139	19,113
	109,258	55,416
7. OTHER CREDITORS AND ACCRUALS		
Federal excise duty	29,159	13,438
Federal insurance fee	2,015	976
Withholding tax payable	1,363	1,373
Agents commission payable	81,539	75,941
Workers welfare fund payable	30,868	27,381
Sundry creditors	19,416	27,196
	164,360	146,305

8. CONTINGENCIES AND COMMITMENTS

Contingencies

During the period, the Company received orders under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Year 2009 wherein prior year assessments were revised by treating dividend income as single basket income and taxing it at 35% instead of fixed rate of 10% resulting in aggregate demand of Rs.3.4 million. The Company has filed appeals against the said orders with CIT (Appeals) which are pending adjudication. The Company is confident that the ultimate outcome of the appeal will be in its favor. Therefore, no provision for the said demand is made in these financial statements.

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Commitments

There are no contingencies and commitments as at June 30, 2015.

	Note	Unaudited June 30, 2015	Audited December 31, 2014
(Rupees in '000)			
9. INVESTMENTS			
Held-to-maturity			
Government securities (deposited with SBP)			
Pakistan Investment Bonds	9.1	68,911	68,803
Available-for-sale	9.2		
Units of open end mutual funds - quoted		349	349
Modaraba Certificates - quoted		14,840	14,840
Ordinary shares of quoted/ unquoted companies		200,996	247,217
Ordinary shares of quoted companies/ units of open end mutual funds (related parties)		544,983	712,669
		761,168	975,075
		<u>830,079</u>	<u>1,043,878</u>

9.1 This represents Pakistan Investment Bonds having face value of Rs.68.50 million (market value of Rs.73.98 million) [December 31, 2014: face value Rs.68.5 million (market value of Rs.72.21 million)]. These carry mark-up ranging from 11.25% to 12.00% (December 31, 2014: 11.25% to 12%) per annum and will mature between August 30, 2015 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.1,416.544 million (December 31, 2014: Rs.1,763.860 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 June 30, 2015 would have been higher by Rs.655.376 million (December 31, 2014: higher by Rs.788.804 million).

10. SUNDRY RECEIVABLES

Federal Excise Duty recoverable	586	–
Sales tax recoverable	1,756	3,946
Other receivables	1,889	3,351
	<u>4,231</u>	<u>7,297</u>

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	Unaudited June 30, 2015 (Rupees in '000)	Audited December 31, 2014
11. FIXED ASSETS		
Opening written down value	13,693	11,017
Add: Additions during the period/ year - at cost		
– Furniture, fixtures and office equipment	5,700	3,259
– Computer and related equipment	1,325	1,074
– Motor vehicles	4,714	2,328
– Computer software	1,181	–
	12,920	6,661
Less: Written down value of deletions during the period/ year		
Depreciation/ amortisation for the period/ year	(26)	(81)
	(2,639)	(3,904)
	(2,665)	(3,985)
Closing written down value	23,948	13,693

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 half year ended June 30, 2015 are as follows:

	Quarter ended June 30,		Half year ended June 30,	
	2015	2014	2015	2014
	(Rupees in '000)			
Transactions with related parties				
Premium written	67,690	80,460	181,168	141,219
Claims paid	66,819	41,389	111,886	82,509
Dividends received	4,635	29,779	38,673	63,005
Dividend paid	–	16,098	20,594	16,098
Investments made	548,916	140,000	748,051	257,320
Investments sold	497,699	229,153	997,921	389,153
Interest received on bank accounts	1,173	1,902	3,049	3,221
Bank charges	41	77	102	119
Share registrar fees paid	223	165	331	273
Brokerage expenses paid	126	448	409	518
Contribution to the provident fund	1,121	912	2,226	1,898
Remuneration of key management personnel	21,093	12,949	37,216	20,904

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	Unaudited June 30, 2015	Audited December 31, 2014
	(Rupees in '000)	
Balances with related parties		
Bank balances	78,097	73,092
Investment held	544,983	712,669
Premiums due but unpaid	103,550	103,766
Outstanding claims	131,902	52,339
Due to the provident fund	6	23

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 June 30,		Half year ended June 30,	
	2015	2014	2015	2014
Profit after tax for the period (Rupees in '000)	<u>48,218</u>	<u>122,440</u>	<u>148,079</u>	<u>179,000</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>0.39</u>	<u>0.99</u>	<u>1.20</u>	<u>1.45</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.

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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 June 30, 2015 and December 31, 2014.

	Fire and Property		Marine and Transport		Motor		Other Classes		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	Unaudited June 30, 2015	Audited December 31, 2014
	(Rupees in '000)									
Segment assets	753,245	739,118	430,953	416,920	258,848	245,762	333,488	261,539	1,776,534	1,663,339
Unallocated corporate assets									979,662	1,187,660
Consolidated corporate assets									<u>2,756,196</u>	<u>2,850,999</u>
Segment liabilities	616,827	658,599	352,903	371,501	211,968	218,989	273,090	233,047	1,454,788	1,482,136
Unallocated corporate liabilities									241,032	208,816
Consolidated corporate liabilities									<u>1,695,820</u>	<u>1,690,952</u>

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15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial statements were authorised for issue on August 31, 2015 by the Board of Directors of the Company.

16. GENERAL

16.1 Figures of the condensed interim profit and loss account, statement of comprehensive income, statement of premium, statement of claims, statement of expenses and statement of investment income for the quarter ended June 30, 2015 and June 30, 2014 have not been subjected to limited scope review by the auditors as they are only required to review half yearly figures.

16.2 Figures have been rounded off to the nearest thousand rupee.

RAFIQ M. HABIB
Chairman

MANSOOR G. HABIB
Director

ALI FADOO
Director

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