



Century Insurance

A LAKSON GROUP COMPANY



ENSURING PROTECTION  
ЕНСУРВАНЕ ПРОТЕКЦИОН

Half Yearly Report  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010  
(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 129% 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. Tinku Irfan Johnson – 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. Tinku Irfan Johnson  
Mr. Afzal-ur-Rahman

### Claim Settlement Committee

Mr. Amin Mohammed Lakhani (Chairman)  
Mr. Tinku Irfan Johnson  
Mr. Afzal-ur-Rahman

### Reinsurance & Co-Insurance Committee

Mr. Zulfiqar Ali Lakhani (Chairman)  
Mr. Tinku Irfan Johnson  
Mr. Afzal-ur-Rahman  
Mr. Arif Anvar Ali Momin

### 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

JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
The Hong Kong Shanghai Banking Corporation Limited

### Shares Registrar

M/s. FAMCO Associates (Pvt) Ltd.  
State Life Building No.1A,  
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 half year ended 30 June 2010.

### General Review

The underwriting results of all the core business segments (except fire class) of the Company were profitable and contributed to the bottom line. As compared to the HY09, the gross premium written increased by Rs. 10 million (4%). The net premium for the period ended HY10 has also increased by Rs. 17 million (17%) as compared to the same period last year. Even though the underwriting profit decreased by Rs. 8 million (15%), the Company has recorded an after tax profit of Rs. 41 million as against an after tax loss of Rs. 54 million (mainly due to adjustment of impairment) for the same period of the previous year. The earnings per share stood at Rs. 0.89.

### Operating results

The comparative financial highlights for the half year ended 30 June 2010 and 2009 are presented below:-

Rupees in millions (except for EPS)	30 June 2010	30 June 2009	Increase / (Decrease)	
			Amount	%
Gross premium written	268	258	10	4
Net premium	117	100	17	17
Underwriting profit	44	52	(8)	(15)
Investment & other income	36	(63)	99	157
Profit / (Loss) before tax	52	(39)	91	233
Profit / (Loss) after tax	41	(54)	95	176
Total assets	1,316	1,287	29	2
Paid-up capital	457	457	0	0
Total equity	893	868	25	3
Earnings / (Loss) per share Rs.	0.89	(1.18)	2.07	175

As is evident from the above table, Alhamd-o-Lillah, your Company has performed well in all area of its operations. During the period under review, the Company has recorded investment and other income of Rs. 36 million as against an investment loss of Rs. 63 million for the same period of the previous year. Your Company will continue to place emphasis in generating a significant portion of its investment income from sustainable sources such as fixed income and dividends.

### Future Outlook

During the past few weeks the country is facing the worst ever destruction and damage of life and property due to heavy floods and rain. In the next quarters of the current fiscal year we foresee a slow down in the major sectors of the economy. The major challenge for the country will be fiscal adherence while focusing on sustainable growth.

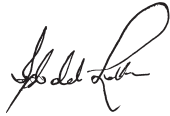
### Acknowledgments

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 co-operation.

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 services as we remain committed to do our utmost to ensure the best utilization of their investment in the Company.

Finally the Directors also wish to place on record their appreciation for 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: 20 August 2010



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi, 75530 Pakistan

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## INDEPENDENT REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF CENTURY INSURANCE COMPANY LIMITED

### Introduction

We have reviewed the accompanying:

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

of Century Insurance Company Limited ("the Company") as at 30 June 2010 together with notes forming part thereof for the six months period then ended (here-in-after referred to as the "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.





**KPMG Taseer Hadi & Co.**  
Chartered Accountants

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

#### Other matters

The figures for the three months period ended 30 June 2010 in the accompanying interim financial information have not been reviewed and we do not express a conclusion thereon.

Date: 20 August 2010

Karachi

*KPMG Taseer Hadi & Co.*

KPMG Taseer Hadi & Co.

Chartered Accountants

Mohammad Nadeem

## CONDENSED INTERIM BALANCE SHEET

AS AT 30 JUNE 2010

	Note	Un-audited 30 June 2010	Audited 31 December 2009
..... (Rupees) .....			
<b>Share capital and reserves</b>			
Authorized share capital		500,000,000	500,000,000
Paid-up share capital		457,243,660	457,243,660
Retained earnings		62,569,472	21,732,162
Reserves		373,024,260	373,024,260
		892,837,392	852,000,082
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		65,429,592	58,386,567
Provision for unearned premium		176,049,279	152,173,290
Commission income unearned		30,816,739	17,858,380
Total underwriting provisions		272,295,610	228,418,237
<b>Creditors and accruals</b>			
Premiums received in advance		3,234,030	4,721,213
Amounts due to other insurers / reinsurers	6	75,075,105	25,908,539
Accrued expenses		3,877,717	3,195,441
Other creditors and accruals	7	68,320,669	37,121,586
		150,507,521	70,946,779
<b>Other liabilities</b>			
Unclaimed dividend		470,974	470,974
<b>TOTAL LIABILITIES</b>		<b>423,274,105</b>	<b>299,835,990</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,316,111,497</b>	<b>1,151,836,072</b>

### COMMITMENT

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The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

	Note	Un-audited 30 June 2010	Audited 31 December 2009
(Rupees)			
<b>Cash and bank deposits</b>			
Cash and other equivalents		467,997	2,506,105
Current and other accounts		55,480,325	72,807,669
		55,948,322	75,313,774
<b>Investments</b>	9	790,876,611	735,978,003
<b>Deferred taxation</b>		758,563	582,852
<b>Current assets - others</b>			
Premiums due but unpaid - unsecured		176,988,077	72,986,651
Amounts due from other insurers / reinsurers	10	52,144,289	80,510,620
Reinsurance recoveries due but unpaid		11,011,343	11,703,178
Salvage recoveries accrued		3,839,000	4,630,000
Accrued investment income		3,552,933	3,655,257
Reinsurance recoveries against outstanding claims		14,384,849	7,387,579
Taxation – net		20,548,125	4,937,229
Deferred commission expense		19,915,214	11,897,979
Prepayments		120,172,572	96,067,521
Sundry receivables		3,418,869	3,549,379
		425,975,271	297,325,393
<b>Fixed assets</b>	11		
<b>Tangible and intangible</b>			
Office improvement		8,195,554	10,180,811
Furniture and fixtures		4,058,207	4,428,489
Office equipment		2,211,281	2,230,448
Computer and related accessories		1,083,202	1,170,436
Motor vehicles		24,994,644	24,625,857
Capital work in progress		1,414,000	-
Computer software		595,842	9
		42,552,730	42,636,050
<b>TOTAL ASSETS</b>		<b>1,316,111,497</b>	<b>1,151,836,072</b>

  
Iqbal Ali Lakhani  
Chairman

  
Tasleemuddin A. Batlay  
Director

  
A. Aziz Ebrahim  
Director

  
Tinku I. Johnson  
Director & Chief Executive

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

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2010

Three Months period ended 30 June 2010

	Fire and property	Marine aviation and transport	Motor	Miscellaneous	30 June 2010 Aggregate	30 June 2009 Aggregate
----- (Rupees) -----						
<b>Revenue Account</b>						
Net premium revenue	3,382,015	11,080,794	29,339,207	11,225,107	55,027,123	51,739,743
Net claims	(1,742,127)	(2,904,043)	(15,111,601)	(9,145,027)	(28,902,798)	(18,405,651)
Expenses	(8,821,752)	(1,781,342)	(2,585,265)	(1,204,537)	(14,392,896)	(13,417,536)
Net commission	2,073,062	2,203,607	(953,058)	1,889,520	5,213,131	2,474,819
<b>Underwriting result</b>	(5,108,802)	8,599,016	10,689,283	2,765,063	16,944,560	22,391,375
Investment income / (loss)					8,907,127	(30,499,963)
Other income					1,932,563	5,121,176
General and administration expenses					(14,216,668)	(14,761,705)
Share of (loss) of associates					(459,777)	(3,902,052)
Reversal / impairment in value of investment in an associate					3,813,129	(16,484,975)
<b>Profit / (loss) before tax</b>					16,920,934	(38,136,144)
Taxation - net					(3,435,831)	(4,848,975)
<b>Profit / (loss) after tax</b>					13,485,103	(42,985,119)

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

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2010

Six Months period ended 30 June 2010						
	Fire and property	Marine aviation and transport	Motor	Miscellaneous	30 June 2010 Aggregate	30 June 2009 Aggregate
..... (Rupees) .....						
<b>Revenue Account</b>						
Net premium revenue	9,325,720	22,254,688	57,239,538	28,361,687	117,181,633	100,012,165
Net claims	(3,158,190)	(3,327,985)	(29,585,644)	(17,004,223)	(53,076,042)	(29,758,787)
Expenses	(12,947,399)	(4,207,817)	(6,932,218)	(4,719,403)	(28,806,837)	(26,557,336)
Net commission	6,280,935	1,997,067	(2,210,795)	2,501,077	8,568,284	8,425,410
<b>Underwriting result</b>	(498,934)	16,715,953	18,510,881	9,139,138	43,867,038	52,121,452
Investment income / (loss)					28,620,590	(58,424,321)
Other income					4,144,671	15,741,157
General and administration expenses					(28,252,865)	(27,629,969)
Share of (loss) of associates					(459,777)	(3,902,052)
Reversal / impairment in value of investment in an associate					3,813,129	(16,484,975)
<b>Profit / (loss) before tax</b>					51,732,786	(38,578,708)
Taxation - current					(11,071,187)	(16,963,865)
- deferred					175,711	1,551,959
					(10,895,476)	(15,411,906)
<b>Profit / (loss) after tax</b>					40,837,310	(53,990,614)
<b>Profit and loss appropriation account</b>						
Balance at commencement of the six months period					21,732,162	91,690,876
Profit / (loss) after tax for the period					40,837,310	(53,990,614)
<b>Balance of unappropriated profit at end of the six months period</b>					62,569,472	37,700,262
<b>Basic earnings / (loss) per share of Rs.10/= each</b> (Note-13)					0.89	(1.18)

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.



Iqbal Ali Lakhani  
Chairman



Tasleemuddin A. Batlay  
Director



A. Aziz Ebrahim  
Director



Tinku I. Johnson  
Director & Chief Executive



## CONDENSED INTERIM STATEMENT of CHANGES in EQUITY (UN-AUDITED) for the six months period ended 30 June 2010

	Share capital	Reserves			Total reserves	Total
	Issued, subscribed and paid-up	Capital Reserves	Revenue reserve			
		Share premium	General reserve	Retained earnings		
	(Rupees)					
<b>Balance as at 01 January 2009</b>	457,243,660	254,024,260	119,000,000	91,690,876	464,715,136	921,958,796
Changes in equity for the six months period ended 30 June 2009						
Total comprehensive loss for the six months period ended 30 June 2009	-	-	-	(53,990,614)	(53,990,614)	(53,990,614)
<b>Balance as at 30 June 2009</b>	<u>457,243,660</u>	<u>254,024,260</u>	<u>119,000,000</u>	<u>37,700,262</u>	<u>410,724,522</u>	<u>867,968,182</u>
<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
Changes in equity for the six months period ended 30 June 2010						
Total comprehensive Income for the six months period ended 30 June 2010	-	-	-	40,837,310	40,837,310	40,837,310
<b>Balance as at 30 June 2010</b>	<u>457,243,660</u>	<u>254,024,260</u>	<u>119,000,000</u>	<u>62,569,472</u>	<u>435,593,732</u>	<u>892,837,392</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

  
 Iqbal Ali Lakhani  
 Chairman

  
 Tasleemuddin A. Batlay  
 Director

  
 A. Aziz Ebrahim  
 Director

  
 Tinku I. Johnson  
 Director & Chief Executive

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

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010

	30 June 2010	30 June 2009
	(Rupees)	
<b>Operating cash flows</b>		
(a) Underwriting activities		
Premiums received	170,322,325	144,183,638
Reinsurance premiums paid	(76,028,523)	(186,997,496)
Claims paid	(80,589,194)	(56,223,746)
Reinsurance and other recoveries received	60,255,143	214,841,199
Commissions paid	(14,422,385)	(15,683,474)
Commissions received	23,278,745	49,629,859
Net cash inflow from underwriting activities	82,816,111	149,749,980
(b) Other operating activities		
Income tax paid	(26,682,083)	(2,812,493)
General management expenses paid	(52,685,690)	(52,509,373)
Other operating (payments) / receipts	(1,140,346)	10,168,164
Net cash outflow from other operating activities	(80,508,119)	(45,153,702)
<b>Total cash inflows from all operating activities</b>	<b>2,307,992</b>	<b>104,596,278</b>
<b>Investment activities</b>		
Profit / return received	10,877,049	19,999,747
Dividends received	9,469,422	7,490,461
Payments for investments	(590,000,000)	(317,936,054)
Proceeds from disposal of investments	552,124,675	21,741,136
Fixed capital expenditure	(4,299,690)	(6,961,665)
Proceeds from disposal of fixed assets	155,100	375,136
<b>Total cash outflows from investing activities</b>	<b>(21,673,444)</b>	<b>(275,291,239)</b>
<b>Net cash outflows from all activities</b>	<b>(19,365,452)</b>	<b>(170,694,961)</b>
<b>Cash at beginning of the period</b>	<b>75,313,774</b>	<b>316,415,603</b>
<b>Cash at end of the period</b>	<b>55,948,322</b>	<b>145,720,642</b>



	30 June 2010	30 June 2009
	(Rupees)	
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	2,307,992	104,596,278
Depreciation / amortization expense	(3,109,531)	(3,157,856)
(Loss) / profit on disposal of fixed assets	(163,855)	125,125
Profit on disposal of investments	22,088,863	356,852
Dividend income	9,518,547	6,848,836
Investment and other income	5,343,299	(70,275,879)
Increase / (decrease) in assets other than cash	128,290,110	(43,838,881)
(Increase) in liabilities other than running finance	(123,438,115)	(48,645,089)
Profit / (loss) after taxation	40,837,310	(53,990,614)

#### 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	126,101	112,558
- Policy stamps and bond papers in hand	341,896	206,940
	467,997	319,498
Current and other accounts		
- Current accounts	4,621,286	4,069,667
- PLS savings accounts	50,859,039	141,331,477
	55,480,325	145,401,144
<b>Cash &amp; bank deposits as per balance sheet</b>	<b>55,948,322</b>	<b>145,720,642</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

Iqbal Ali Lakhani  
Chairman

Tasleemuddin A. Batlay  
Director

A. Aziz Ebrahim  
Director

Tinku I. Johnson  
Director & Chief Executive



## CONDENSED INTERIM STATEMENT of PREMIUMS (UN-audited)

for the quarter and six months period ended 30 June 2010

### Business underwritten inside Pakistan

Three months period ended 30 June 2010

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		30 June 2010	30 June 2009
(Rupees)										
<b>Direct and facultative</b>										
1. Fire and property damage	86,710,873	54,384,002	98,874,406	42,220,469	76,286,609	53,610,227	91,058,382	38,838,454	3,382,015	7,736,430
2. Marine, aviation and transport	19,301,053	4,786,098	5,227,485	18,859,666	8,455,297	3,466,023	4,142,448	7,778,872	11,080,794	10,706,237
3. Motor	28,939,873	49,346,164	49,762,259	28,523,778	1,473,680	497,064	2,786,173	(815,429)	29,339,207	26,527,415
4. Miscellaneous	15,158,826	33,636,301	22,185,129	26,609,998	9,923,866	26,701,472	21,240,447	15,384,891	11,225,107	6,769,661
Grand total	<u>150,110,625</u>	<u>142,152,565</u>	<u>176,049,279</u>	<u>116,213,911</u>	<u>96,139,452</u>	<u>84,274,786</u>	<u>119,227,450</u>	<u>61,186,788</u>	<u>55,027,123</u>	<u>51,739,743</u>

Six months period ended 30 June 2010

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		30 June 2010	30 June 2009
(Rupees)										
<b>Direct and facultative</b>										
1. Fire and property damage	120,453,462	68,228,138	98,874,406	89,807,194	104,702,873	66,836,983	91,058,382	80,481,474	9,325,720	13,741,228
2. Marine, aviation and transport	39,146,558	3,791,689	5,227,485	37,710,762	15,908,309	3,690,213	4,142,448	15,456,074	22,254,688	22,048,280
3. Motor	64,492,466	45,259,169	49,762,259	59,989,376	3,249,288	2,286,723	2,786,173	2,749,838	57,239,538	51,034,258
4. Miscellaneous	43,905,994	34,894,294	22,185,129	56,615,159	27,453,902	22,040,017	21,240,447	28,253,472	28,361,687	13,188,399
Grand total	<u>267,998,480</u>	<u>152,173,290</u>	<u>176,049,279</u>	<u>244,122,491</u>	<u>151,314,372</u>	<u>94,853,936</u>	<u>119,227,450</u>	<u>126,940,858</u>	<u>117,181,633</u>	<u>100,012,165</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

  
Iqbal Ali Lakhani  
Chairman

  
Tasleemuddin A. Batlay  
Director

  
A. Aziz Ebrahim  
Director

  
Tinku I. Johnson  
Director & Chief Executive

## CONDENSED INTERIM STATEMENT of CLAIMS (UN-AUDITED) FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2010

### Business underwritten inside Pakistan

Three months period ended 30 June 2010

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		30 June 2010	30 June 2009
(Rupees)										
<b>Direct and facultative</b>										
1. Fire and property damage	4,087,813	3,734,267	4,614,687	4,968,233	2,135,947	2,121,626	3,211,785	3,226,106	1,742,127	178,080
2. Marine, aviation and transport	4,063,844	4,682,088	6,117,740	5,499,496	1,870,906	1,932,219	2,656,766	2,595,453	2,904,043	2,307,926
3. Motor	20,226,943	45,508,394	43,198,852	17,917,401	3,721,791	5,783,991	4,868,000	2,805,800	15,111,601	9,613,269
4. Miscellaneous	20,151,726	14,928,756	11,498,313	16,721,283	10,301,473	6,373,515	3,648,298	7,576,256	9,145,027	6,306,376
Grand Total	<b>48,530,326</b>	<b>68,853,505</b>	<b>65,429,592</b>	<b>45,106,413</b>	<b>18,030,117</b>	<b>16,211,351</b>	<b>14,384,849</b>	<b>16,203,615</b>	<b>28,902,798</b>	<b>18,405,651</b>

Six months period ended 30 June 2010

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		30 June 2010	30 June 2009
(Rupees)										
<b>Direct and facultative</b>										
1. Fire and property damage	6,676,162	3,616,323	4,614,687	7,674,526	3,872,471	2,567,920	3,211,785	4,516,336	3,158,190	(426,167)
2. Marine, aviation and transport	4,379,456	4,036,910	6,117,740	6,460,286	1,911,040	1,435,505	2,656,766	3,132,301	3,327,985	5,698,256
3. Motor	37,094,212	40,163,107	43,198,852	40,129,957	7,070,604	1,394,291	4,868,000	10,544,313	29,585,644	17,363,976
4. Miscellaneous	32,439,364	10,570,227	11,498,313	33,367,450	14,704,792	1,989,863	3,648,298	16,363,227	17,004,223	7,122,722
Grand Total	<b>80,589,194</b>	<b>58,386,567</b>	<b>65,429,592</b>	<b>87,632,219</b>	<b>27,558,907</b>	<b>7,387,579</b>	<b>14,384,849</b>	<b>34,556,177</b>	<b>53,076,042</b>	<b>29,758,787</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

  
Iqbal Ali Lakhani  
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Tasleemuddin A. Batlay  
Director

  
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Tinku I. Johnson  
Director & Chief Executive

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

### FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2010

#### Business underwritten inside Pakistan

Class	Three months period ended 30 June 2010							Net underwriting expense	
	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	30 June 2010	30 June 2009
		Opening	Closing						
	a	b	c	d=a+b-c	e	f=d+e	g	h=f-g	
(Rupees)									
<b>Direct and facultative</b>									
1. Fire and property damage	11,939,502	7,850,133	14,674,020	5,115,615	8,821,752	13,937,367	7,188,677	6,748,690	4,221,843
2. Marine, aviation and transport	1,965,844	716,610	785,249	1,897,205	1,781,342	3,678,547	4,100,812	(422,265)	1,773,109
3. Motor	1,276,931	2,096,599	2,417,687	955,843	2,585,265	3,541,108	2,785	3,538,323	3,105,789
4. Miscellaneous	1,620,003	2,071,063	2,038,258	1,652,808	1,204,537	2,857,345	3,542,328	(684,983)	1,841,976
Grand total	<b>16,802,280</b>	<b>12,734,405</b>	<b>19,915,214</b>	<b>9,621,471</b>	<b>14,392,896</b>	<b>24,014,367</b>	<b>14,834,602</b>	<b>9,179,765</b>	<b>10,942,717</b>

Class	Six months period ended 30 June 2010							Net underwriting expense	
	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	30 June 2010	30 June 2009
		Opening	Closing						
	a	b	c	d=a+b-c	e	f=d+e	g	h=f-g	
(Rupees)									
<b>Direct and facultative</b>									
1. Fire and property damage	17,130,639	8,241,070	14,674,020	10,697,689	12,947,399	23,645,088	16,978,624	6,666,464	2,749,729
2. Marine, aviation and transport	4,874,518	571,236	785,249	4,660,505	4,207,817	8,868,322	6,657,572	2,210,750	2,471,911
3. Motor	3,160,568	1,471,141	2,417,687	2,214,022	6,932,218	9,146,240	3,227	9,143,013	8,600,498
4. Miscellaneous	3,546,178	1,614,532	2,038,258	3,122,452	4,719,403	7,841,855	5,623,529	2,218,326	4,309,788
Grand total	<b>28,711,903</b>	<b>11,897,979</b>	<b>19,915,214</b>	<b>20,694,668</b>	<b>28,806,837</b>	<b>49,501,505</b>	<b>29,262,952</b>	<b>20,238,553</b>	<b>18,131,926</b>

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

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

  
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Director

  
A. Aziz Ebrahim  
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Tinku I. Johnson  
Director & Chief Executive

**CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UN-AUDITED)**  
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED 30 JUNE 2010

	Three months period ended		Six months period ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
	(Rupees)		(Rupees)	
<b>Income from trading investments</b>				
Gain on sale of trading investments	1,204,761	-	1,204,761	-
Dividend income	529,320	1,204,413	2,075,747	1,845,890
Unrealized (loss) / gain on re-measurement of securities to fair value	(9,048,316)	5,236,262	(3,004,899)	21,658,425
	<u>(7,314,235)</u>	<u>6,440,675</u>	<u>275,609</u>	<u>23,504,315</u>
<b>Income from non-trading investments</b>				
<b>Held to maturity</b>				
Return on Government Securities	3,223,538	3,617,903	7,506,725	4,881,247
Return on other fixed income securities and deposits				
- Term finance certificates	546,336	856,950	1,097,191	1,543,574
- Certificate of investment	-	314,384	-	314,384
	<u>546,336</u>	<u>1,171,334</u>	<u>1,097,191</u>	<u>1,857,958</u>
<b>Available for sale</b>				
Dividend income	3,962,031	2,958,783	7,442,800	5,002,946
	<u>7,731,905</u>	<u>7,748,020</u>	<u>16,046,716</u>	<u>11,742,151</u>
<b>Gain on sale of non-trading investments</b>	<b>16,877,931</b>	<b>356,852</b>	<b>20,884,102</b>	<b>356,852</b>
<b>Provision for impairment in value of available for sale securities</b>	<b>(8,213,518)</b>	<b>(44,704,431)</b>	<b>(8,213,518)</b>	<b>(92,902,576)</b>
<b>Investments related expenses</b>	<b>(174,956)</b>	<b>(341,078)</b>	<b>(372,319)</b>	<b>(1,125,063)</b>
<b>Net investments income / (loss)</b>	<b>8,907,127</b>	<b>(30,499,963)</b>	<b>28,620,590</b>	<b>(58,424,321)</b>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial information.

  
Iqbal Ali Lakhani  
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Tasleemuddin A. Batlay  
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Director

  
Tinku I. Johnson  
Director & Chief Executive

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010

### 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

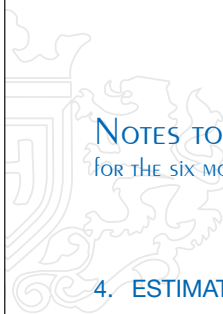
These condensed interim financial information are unaudited and are being submitted to shareholders as required under section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchanges. These condensed interim financial information have been prepared in 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 2009. 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 information are same as compared with the annual financial statements of the Company for the year ended 31 December 2009.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 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 2009.

**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 2009.

**6. AMOUNT DUE TO OTHER INSURERS / REINSURERS**

	Un-audited 30 June 2010	Audited 31 December 2009
----- (Rupees) -----		
Foreign reinsurers	35,604,736	9,156,089
Local reinsurers	38,788,415	16,018,135
Co-insurers	681,954	734,315
	<u>75,075,105</u>	<u>25,908,539</u>

**7. OTHER CREDITORS AND ACCURALS**

Federal excise duty	17,000,792	2,272,708
Federal insurance fees	1,079,210	157,045
Retention money	51,277	51,277
Commission payable	45,412,592	30,364,466
Cheques payable	866,468	826,752
Workers' welfare fund	2,280,646	1,635,244
Margin deposits	536,949	513,009
Payable to an employee against insurance claims	-	500,000
Others	1,092,735	801,085
	<u>68,320,669</u>	<u>37,121,586</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010

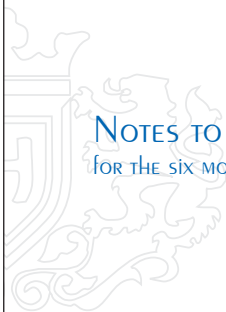
	Un-audited 30 June 2010	Audited 31 December 2009
<b>8. COMMITMENT</b>		
	.....(Rupees).....	
Outstanding letters of credit	644,800	669,300
<b>9. INVESTMENTS</b>		
<i>In related parties</i>		
Investments in associates - equity accounting* 9.1	15,258,149	11,904,797
<i>Others</i>		
<i>Investment at fair value through profit and loss- held for trading</i>		
Quoted shares	67,951,908	76,487,308
<i>Held to maturity</i>		
Government securities* 9.2	86,966,459	134,166,973
Term Finance Certificates - quoted*	17,535,986	18,551,582
	104,502,445	152,718,555
<i>Available for sale - quoted*</i>		
Less: Provision for impairment 9.3	771,028,920	654,518,636
	(167,864,811)	(159,651,293)
	603,164,109	494,867,343
	790,876,611	735,978,003

\* The market value of investments as at 30 June 2010 was Rs.740.34 million (31 December 2009 Rs. 678.75 million).

**9.1 Movement of investment in associates - listed**

Beginning of the period / year	11,904,797	40,672,735
Share in loss	(459,777)	(5,031,869)
Dividend received	-	(101,062)
Reversal / Impairment	3,813,129	(23,635,007)
	15,258,149	11,904,797

**9.2** This includes security placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section of 2 of section 29 of the Insurance Ordinance 2000.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010

	Un-audited 30 June 2010	Audited 31 December 2009
<b>9.3 Provision for impairment - net of reversals</b>	.....(Rupees).....	
Opening provision	159,651,293	18,141,486
Charge for the period / year - net of reversals	8,213,518	141,509,807
Closing provision	167,864,811	159,651,293
<b>10. AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - unsecured</b>		
Considered good		
- Foreign reinsurer	1,528,239	-
- Local reinsurer	7,124,400	32,863,495
- Co-insurer	43,952,342	48,107,817
	52,604,981	80,971,312
Provision against amount due from insurers / reinsurers	(460,692)	(460,692)
	52,144,289	80,510,620
<b>11. FIXED ASSETS - Tangible and intangible</b>		
Opening written down value	42,636,050	42,178,621
Add: Additions during the period / year - at cost		
- Office improvement	-	2,928,419
- Furniture and fixtures	-	1,225,164
- Office equipment	262,951	614,520
- Computer equipment and related accessories	303,339	802,559
- Motor vehicles	1,669,400	5,289,292
- Computer software	650,000	-
	2,885,690	10,859,954
Less: Written down value of deletion /written off	1,273,479	1,009,742
Depreciation / amortization for the period / year	3,109,531	6,301,948
	4,383,010	7,311,690
Less: Transfer from Capital work in progress	-	3,090,835
Add: Capital work in progress	1,414,000	-
Closing written down value	42,552,730	42,636,050



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010

### 12. 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	Three Months period ended		Six Months period ended	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Premium written	103,254,358	113,315,065	148,065,481	150,842,453
Commission expense	14,569,898	13,370,509	20,097,332	17,920,810
Claims paid	7,941,732	5,334,419	10,602,021	9,910,290
Expenses	2,751,121	2,322,184	4,849,721	4,073,492
Contribution to / provision for staff benefit plans	1,756,963	1,808,082	2,158,463	2,259,582
Remuneration to key management personnel	8,137,328	6,781,064	17,263,582	15,081,075

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

	Un-audited 30 June 2010	Audited 31 December 2009
Profit / (loss) after tax for the period	40,837,310	(53,990,614)
Weighted average number of ordinary shares	45,724,366	45,724,366
Earnings / (loss) per share- basic and diluted	0.89	(1.18)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2010

13.1 No figure for diluted earnings / (loss) per share has been presented as the Company has not issued any instrument which would have an impact on earnings / (loss) per share when exercised.

### 14. 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, liabilities as at 30 June 2010 and 31 December 2009, unallocated capital expenditures and non-cash expenses during the period.

	Fixed and property damage		Marine aviation and transport		Motor		Miscellaneous		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	30 June 2010	31 Dec 2009
	(Rupees in 000's)									
Segment assets	108,944	77,646	7,584	5,697	10,072	5,152	26,927	25,644	153,528	114,139
Unallocated corporate assets									1,162,584	1,037,697
<b>Consolidated corporate assets</b>									<b>1,316,111</b>	<b>1,151,836</b>
Segment liabilities	129,422	85,393	12,772	9,035	92,969	85,422	37,132	48,568	272,296	228,418
Unallocated corporate liabilities									150,978	71,418
<b>Consolidated corporate liabilities</b>									<b>423,274</b>	<b>299,836</b>

### 15. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the period end, several parts of the country are affected by the flood due to which few claims have been reported, however the quantum of such claims are unknown at the date of authorization of these condensed interim financial information.

### 16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue by the Board of Directors on 20 August 2010.

### 17. 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 Ebrahim  
Director

  
Tinku I. Johnson  
Director & Chief Executive

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