



Century Insurance  
A Lakson Group Company

Your Trust, Our Assurance

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Half Yearly Report June 2014 (Un-audited)



## **Century Insurance at a Glance**

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- 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 a stable outlook by JCR - VIS, signifying a ‘high capacity to meet policyholders’ and contractual obligations’.
- Total equity in excess of Rs. 1.1 billion.
- Twice awarded ‘Top 25 Companies Award’ by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with highly rated international reinsurers.
- Broad client base consisting of individuals as well as some of the most prestigious local and multinational companies.

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## **Our Vision**

To be an organization known for integrity and ethical behavior and fully dedicated to our Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of our operations.

*Our motto: "Customer satisfaction is management's top priority"*

## **Our Mission**

- To become a company of choice for our valued Clients, Stockholders and Employees.
- To maximize growth and profitability of the Company and provide excellent financial returns to its valued Shareholders.
- The Company culture to be known for Integrity and Ethical behavior.
- The Company to be known as one of the best insurance companies of the country.

# Corporate Information

## Board of Directors

Mr. Iqbal Ali Lakhani - Chairman  
Mr. Zulfiqar Ali Lakhani  
Mr. Amin Mohammed Lakhani  
Mr. Tasleemuddin Ahmed Batlay  
Mr. A. Aziz H. Ebrahim  
Mr. Mohammad Hussain Hirji - Chief Executive  
Mr. Khalid Rafi (effective from April 30, 2014)  
Mr. Mansoor Ahmed (up to April 30, 2014)

## Advisor

Mr. Sultan Ali Lakhani

## Chief Financial Officer

Mr. Sabza Ali Pirani

## Company Secretary

Mr. Mansoor Ahmed

## Audit Committee

Mr. Khalid Rafi (Chairman)  
Mr. Zulfiqar Ali Lakhani  
Mr. Amin Mohammed Lakhani  
Mr. Tasleemuddin Ahmed Batlay

## Underwriting Committee

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

## Claim Settlement Committee

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

## Reinsurance & Co-Insurance Committee

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

## Human Resource & Remuneration Committee

Mr. Amin Mohammed Lakhani (Chairman)  
Mr. Tasleemuddin Ahmed Batlay  
Mr. Mohammad Hussain Hirji

## External Auditors

M/s. Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

## Shares Registrar

M/s. FAMCO Associates (Pvt) Ltd.  
8-F, Next to Hotel Faran, Nursery,  
Block-6, P.E.C.H.S., Shahr-e-Faisal,  
Karachi.

Tel: (021) 34380101-2

Fax: (021) 34380106

Email: info.shares@famco.com.pk

Website: www.famco.com.pk

## Bankers

Allied Bank Limited  
Bank Al-Habib Limited  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
HSBC Bank Middle East Limited  
JS Bank Limited  
MCB Bank Limited  
National Bank of Pakistan  
NIB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

## Registered & Corporate Office

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

## Head Office

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

**Website:** www.cicl.com.pk

**UAN:** 111-111-717

**NTN:** 0710008-6

# Directors' Review

On behalf of the Board of Directors, I am pleased to present to you the un-audited financial statements for the half year ended June 30, 2014.

## General Review

The overall performance of the Company has improved in the first half of 2014 as compared to the same period in 2013. Gross premium is up by Rs. 60 million (17%) and net premium is also up by Rs. 49 million (35%). Underwriting profit has increased by Rs. 12 million (32%) resulting in an Earnings per share of Rs. 1.54.

## Operating Results

The comparative financial highlights for the half year ended June 30, 2014 and 2013 are presented below:-

Rupees in millions (except for EPS)	30 June 2014	30 June 2013	Increase / (Decrease) Amount	%
Gross written premium	414	354	60	17
Net premium	190	141	49	35
Underwriting profit	49	37	12	32
Investment & other income	71	72	(1)	(1)
Profit before tax	73	69	4	6
Profit after tax	70	67	3	4
Total assets	1,950	1,772	178	10
Paid-up capital	457	457	-	-
Total equity	1,114	1,033	81	8
Earnings per share (EPS) Rs.	1.54	1.46	0.08	5

As compared to HY13, the gross premium from Fire class of business has increased by Rs. 11 million (6%), Marine by Rs. 5 million (8%), Motor by Rs. 13 million (16%), Health by Rs. 26 million (225%) and Miscellaneous by Rs. 6 million (20%).

Also, during the period under review, the Company has recorded investment and other income of Rs. 71 million as compared to Rs. 72 million in HY13. Your Company will continue to place special emphasis on generating a significant portion of its investment income from sustainable sources such as fixed income and dividends.

## Future Outlook

The management is making concerted efforts to increase market share and profitability and the business of the Company is expected to continue to grow at a steady pace. The Company started offering health insurance in 2013 with cashless services being offered through a wide network of hospitals throughout the country and this has been a source of considerable growth in premium income. We shall continue to strive to identify new and innovative products, expand the branch network to serve clients in new cities and recruit, train and motivate sales staff so as to maintain the momentum of profitable growth. We are hopeful that this will result in improved sustainability and enhanced shareholders' equity in the future.

## Acknowledgments

The Directors would like to express their gratitude and appreciation for the support provided by our valued reinsurers. We also thank our shareholders, who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company.

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



Iqbal Ali Lakhani  
Chairman

Karachi: August 19, 2014



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
P.O. Box 15541, Karachi 75530  
Pakistan

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## Auditor's 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 Century Insurance Company Limited for the six-month period ended 30 June 2014 (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 the International Standards on Auditing and consequently does not enable us to obtain assurance that we would

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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.

A handwritten signature in black ink, appearing to read 'Shabbir Yunus', is written over a horizontal line.

Chartered Accountants

Engagement Partner: Shabbir Yunus

Date: August 19, 2014

Karachi

# Condensed Interim Balance Sheet

As at June 30, 2014

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
Note	-----	----- (Rupees)
<b>Share capital and reserves</b>		
Authorised share capital [50,000,000 (31 December 2013: 50,000,000) Ordinary shares of Rs.10 each]	500,000,000	500,000,000
Paid-up share capital	457,243,660	457,243,660
Retained earnings	283,247,484	281,338,081
Reserves	373,024,260	373,024,260
	1,113,515,404	1,111,606,001
<b>Underwriting provisions</b>		
Provision for outstanding claims (including IBNR)	139,617,992	137,310,372
Provision for unearned premium	281,499,887	221,969,685
Commission income unearned	43,321,432	30,577,853
Total underwriting provisions	464,439,311	389,857,910
<b>Creditors and accruals</b>		
Premiums received in advance	1,219,973	556,745
Amount due to other insurers / reinsurers	233,235,323	135,283,314
Accrued expenses	4,108,839	4,949,864
Other creditors and accruals	130,929,823	95,303,875
	369,493,958	236,093,798
<b>Other liabilities</b>		
Unclaimed dividend	2,327,975	1,371,364
<b>TOTAL LIABILITIES</b>	<b>836,261,244</b>	<b>627,323,072</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,949,776,648</b>	<b>1,738,929,073</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	

		(Un-audited) June 30, 2014	(Audited) December 31, 2013
Note	-----	(Rupees)	-----
<b>Cash and bank deposits</b>			
		793,755	770,881
		50,069,866	104,506,846
		50,863,621	105,277,727
<b>Investments</b>	9	1,167,063,647	1,112,661,320
<b>Deferred taxation</b>		4,754,212	3,519,347
<b>Current assets - others</b>			
		263,108,172	119,497,864
		65,155,471	81,790,907
		40,460,484	26,000,087
		3,755,000	3,580,000
		2,334,247	2,500,343
		70,692,419	63,273,974
		18,450,044	16,975,981
		31,115,399	21,299,627
		175,887,274	126,287,945
	10	6,960,097	9,168,596
		677,918,607	470,375,324
<b>Fixed assets</b>			
<b>Tangible and intangible</b>			
		5,807,336	4,789,286
		5,651,928	4,078,998
		3,514,833	3,871,049
		1,104,275	1,053,902
		30,249,173	31,446,199
		2,849,000	1,855,905
		16	16
		49,176,561	47,095,355
<b>TOTAL ASSETS</b>		<b>1,949,776,648</b>	<b>1,738,929,073</b>


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



Iqbal Ali Lakhani  
Chairman



Taseemuddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive

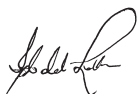
# Condensed Interim Profit and Loss Account (Un-Audited)

For the three and six months period ended June 30, 2014

	Three months period ended June 30, 2014					June 30, 2014 Aggregate	June 30, 2013 Aggregate
	Fire and property	Marine aviation and transport	Motor	Health	Miscellaneous		
------(Rupees)-----							
<b>Revenue account</b>							
Net premium revenue	7,689,170	23,829,870	35,911,835	23,732,396	4,909,521	96,072,792	73,072,320
Net claims	(1,003,929)	(6,407,214)	(12,461,636)	(20,709,809)	(3,449,944)	(44,032,532)	(32,052,651)
Management expenses	(14,557,217)	(3,005,560)	(2,932,165)	(3,109,283)	(1,549,998)	(25,154,223)	(20,334,084)
Net commission	5,027,586	(1,768,870)	(2,979,084)	(468,355)	241,342	52,619	1,369,812
<b>Underwriting result</b>	<b>(2,844,390)</b>	<b>12,648,226</b>	<b>17,538,950</b>	<b>(555,051)</b>	<b>150,921</b>	<b>26,938,656</b>	<b>22,055,397</b>
Net investment income						42,087,373	45,035,986
Return on bank accounts						1,179,193	1,247,494
Other income - net						366,618	79,828
General and administration expenses						(23,452,773)	(20,040,894)
Share of (loss) / profit of associates - net						(728,794)	807,063
<b>Profit before tax</b>						<b>46,390,273</b>	<b>49,184,874</b>
Taxation - net						(2,456,856)	(1,112,396)
<b>Profit after tax</b>						<b>43,933,417</b>	<b>48,072,478</b>
Earnings per share of Rs.10 each - basic and diluted			(note 13)			0.96	1.05

	Six months period ended June 30, 2014					June 30, 2014 Aggregate	June 30, 2013 Aggregate
	Fire and property	Marine aviation and transport	Motor	Health	Miscellaneous		
------(Rupees)-----							
<b>Revenue account</b>							
Net premium revenue	11,648,820	46,820,813	74,980,119	44,595,084	12,371,515	190,416,351	140,975,252
Net claims	(3,725,227)	(10,815,374)	(37,330,945)	(38,072,395)	(5,911,393)	(95,855,334)	(67,424,606)
Management expenses	(20,768,752)	(7,811,928)	(10,591,255)	(4,242,238)	(4,007,513)	(47,421,686)	(40,751,974)
Net commission	11,818,841	(3,239,023)	(6,052,046)	(855,848)	458,767	2,130,691	3,962,132
<b>Underwriting result</b>	<b>(1,026,318)</b>	<b>24,954,488</b>	<b>21,005,873</b>	<b>1,424,603</b>	<b>2,911,376</b>	<b>49,270,222</b>	<b>36,760,804</b>
Net investment income						68,203,938	68,620,477
Return on bank accounts						2,228,765	2,596,487
Other income - net						655,373	85,631
General and administration expenses						(47,454,042)	(40,301,370)
Share of profit of associates - net						6,199	1,073,539
<b>Profit before tax</b>						<b>72,910,255</b>	<b>68,835,568</b>
Taxation - current						(3,837,961)	(2,428,365)
- deferred						1,234,865	181,106
						(2,603,096)	(2,247,259)
<b>Profit after tax</b>						<b>70,307,159</b>	<b>66,588,309</b>
<b>Profit and loss appropriation account</b>							
Balance at commencement of the period						281,338,081	192,682,416
Profit after tax for the period						70,307,159	66,588,309
Other comprehensive income							
- share in associates' reserves						188,974	154,361
Final cash dividend of Rs.1.50 (15%) for the year ended December 31, 2013							
[Rs.1.25 (12.5%) for the year ended December 31, 2012]						(68,586,730)	(57,155,458)
Balance of unappropriated profit at end of the period						283,247,484	202,269,628
Earnings per share of Rs.10 each - basic and diluted			(note 13)			1.54	1.46

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



Iqbal Ali Lakhani  
Chairman



Taseemuiddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



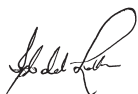
Mohammad Hussain Hirji  
Director & Chief Executive

## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the three and six months period ended June 30, 2014

	Three months period ended		Six months period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- (Rupees) -----			
Profit after tax for the period	43,933,417	48,072,478	70,307,159	66,588,309
Other comprehensive income				
- Share in associates' reserve	101,507	(170,089)	188,974	154,361
Total comprehensive income for the period	<u>44,034,924</u>	<u>47,902,389</u>	<u>70,496,133</u>	<u>66,742,670</u>

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



Iqbal Ali Lakhani  
Chairman



Taseemuddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive

# Condensed Interim Statement of Changes in Equity (Un-Audited)

For the six months period ended June 30, 2014

	Share capital	Reserves			Total reserves	Total
	Issued, subscribed and paid-up	Capital reserves	Revenue reserves			
			Share premium	General reserve		
(Rupees)						
Balance as at January 01, 2013	457,243,660	254,024,260	119,000,000	192,682,416	565,706,676	1,022,950,336

Changes in equity for the six months  
period ended June 30, 2013

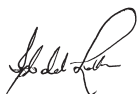
Profit after tax for the period	-	-	-	66,588,309	66,588,309	66,588,309
Other comprehensive income						
- share in associates' reserve	-	-	-	154,361	154,361	154,361
Total comprehensive income for the period	-	-	-	66,742,670	66,742,670	66,742,670
Final cash dividend of Rs.1.25 (12.5%) for the year ended December 31, 2012	-	-	-	(57,155,458)	(57,155,458)	(57,155,458)
Balance as at June 30, 2013	457,243,660	254,024,260	119,000,000	202,269,628	575,293,888	1,032,537,548

Balance as at January 01, 2014	457,243,660	254,024,260	119,000,000	281,338,081	654,362,341	1,111,606,001
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Changes in equity for the six months  
period ended June 30, 2014

Profit after tax for the period	-	-	-	70,307,159	70,307,159	70,307,159
Other comprehensive income						
- share in associates' reserve	-	-	-	188,974	188,974	188,974
Total comprehensive income for the period	-	-	-	70,496,133	70,496,133	70,496,133
Final cash dividend of Rs.1.50 (15%) for the year ended December 31, 2013	-	-	-	(68,586,730)	(68,586,730)	(68,586,730)
Balance as at June 30, 2014	457,243,660	254,024,260	119,000,000	283,247,484	656,271,744	1,113,515,404

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



Iqbal Ali Lakhani  
Chairman



Taseemuddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive

## Condensed Interim Statement of Cash Flows (Un-Audited)

For the six months period ended June 30, 2014

	June 30, 2014	June 30, 2013
------(Rupees)-----		
<b>Operating cash flows</b>		
(a) Underwriting activities		
Premiums received	286,989,509	233,948,229
Reinsurance premiums paid	(84,387,186)	(128,366,503)
Claims paid	(147,314,340)	(95,862,217)
Reinsurance and other recoveries received	27,613,945	40,634,159
Commissions paid	(29,960,165)	(29,534,394)
Commissions received	21,048,386	23,006,532
Net cash inflow from underwriting activities	73,990,149	43,825,806
(b) Other operating activities		
Income tax paid	(5,312,024)	(1,487,636)
General management expenses paid	(98,925,057)	(80,240,242)
Other operating receipts	26,936,709	24,996,170
Net cash outflow from other operating activities	(77,300,372)	(56,731,708)
<b>Total cash outflow from all operating activities</b>	<b>(3,310,223)</b>	<b>(12,905,902)</b>
<b>Investment activities</b>		
Profit / return received	5,332,980	6,648,455
Dividends received	2,567,000	6,491,000
Payments for investments	(553,964,877)	(374,121,361)
Proceeds from disposal of investments	568,262,900	427,022,691
Fixed capital expenditure	(10,175,905)	(6,213,651)
Proceeds from disposal of fixed assets	4,504,138	23,515
<b>Total cash inflow from investing activities</b>	<b>16,526,236</b>	<b>59,850,649</b>
<b>Financing activities - dividends paid</b>	<b>(67,630,119)</b>	<b>(56,502,237)</b>
<b>Net cash outflow from all activities</b>	<b>(54,414,106)</b>	<b>(9,557,490)</b>
Cash at beginning of the period	104,577,727	89,819,659
Cash at end of the period	50,163,621	80,262,169

## Condensed Interim Statement of Cash Flows (Un-Audited)

For the six months period ended June 30, 2014

	June 30, 2014	June 30, 2013
Reconciliation to profit and loss account	------(Rupees)-----	
Operating cash flows	(3,310,223)	(12,905,902)
Depreciation / amortisation expense	(4,201,537)	(3,787,200)
Profit on disposal of fixed assets	602,376	23,515
Profit on disposal of investments	68,363,006	57,265,384
Dividend income	2,442,000	6,477,000
Investment and other income	6,007,847	12,923,016
Increase in assets other than cash	208,385,251	156,741,169
Increase in liabilities other than running finance	(207,981,561)	(150,148,673)
Profit after taxation	<u>70,307,159</u>	<u>66,588,309</u>

### 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

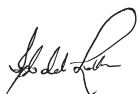
- Cash	195,043	92,805
- Policy stamps and bond papers in hand	598,712	896,188
	<u>793,755</u>	<u>988,993</u>

Current and other accounts

- Current accounts *	2,487,474	3,496,352
- Savings accounts	46,882,392	75,776,824
	<u>49,369,866</u>	<u>79,273,176</u>
	<u>50,163,621</u>	<u>80,262,169</u>

\* This does not include local currency account with a lien amounting to Rs.0.7 million (June 30, 2013: Rs.0.7 million), with a commercial bank for letters of credit arranged through the bank for securing claims arising outside Pakistan.

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



Iqbal Ali Lakhani  
Chairman



Taseemuddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive



# Condensed Interim Statement of Premiums (Un-Audited)

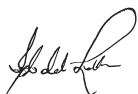
For the three and six months period ended June 30, 2014

Business underwritten inside Pakistan

Class	Three months period ended June 30, 2014									
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		June 30, 2014	June 30, 2013
(Rupees)										
<b>Direct and facultative</b>										
1. Fire and property damage	136,760,226	73,814,068	151,199,410	59,374,884	125,672,159	71,926,785	145,913,230	51,685,714	7,689,170	6,387,165
2. Marine, aviation and transport	33,767,414	9,582,217	10,189,575	33,160,056	9,557,388	4,034,181	4,261,383	9,330,186	23,829,870	22,167,906
3. Motor	37,604,727	70,919,474	67,829,952	40,694,249	4,304,061	5,281,787	4,803,434	4,782,414	35,911,835	31,202,249
4. Health	28,906,535	24,161,003	29,335,142	23,732,396	-	-	-	-	23,732,396	10,193,105
5. Miscellaneous	17,380,957	21,353,523	22,945,808	15,788,672	10,375,658	18,951,443	18,447,950	10,879,151	4,909,521	3,121,895
<b>Grand total</b>	<b>254,419,859</b>	<b>199,830,285</b>	<b>281,499,887</b>	<b>172,750,257</b>	<b>149,909,266</b>	<b>100,194,196</b>	<b>173,425,997</b>	<b>76,677,465</b>	<b>96,072,792</b>	<b>73,072,320</b>

Class	Six months period ended June 30, 2014									
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	
		Opening	Closing			Opening	Closing		June 30, 2014	June 30, 2013
(Rupees)										
<b>Direct and facultative</b>										
1. Fire and property damage	181,205,613	96,158,457	151,199,410	126,164,660	166,455,718	93,973,352	145,913,230	114,515,840	11,648,820	12,623,848
2. Marine, aviation and transport	68,158,412	8,609,854	10,189,575	66,578,691	18,752,333	5,266,928	4,261,383	19,757,878	46,820,813	39,713,193
3. Motor	92,407,806	58,066,030	67,829,952	82,643,884	6,912,286	5,554,913	4,803,434	7,663,765	74,980,119	63,442,570
4. Health	37,013,166	36,917,060	29,335,142	44,595,084	-	-	-	-	44,595,084	14,497,698
5. Miscellaneous	34,965,209	22,218,294	22,945,808	34,237,665	21,344,076	18,970,044	18,447,950	21,866,170	12,371,515	10,697,943
<b>Grand total</b>	<b>413,750,206</b>	<b>221,969,685</b>	<b>281,499,887</b>	<b>354,220,004</b>	<b>213,464,413</b>	<b>123,765,237</b>	<b>173,425,997</b>	<b>163,803,653</b>	<b>190,416,351</b>	<b>140,975,252</b>

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



Iqbal Ali Lakhani  
Chairman



Taseemuiddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive

# Condensed Interim Statement of Claims (Un-Audited)

For the three and six months period ended June 30, 2014

Business underwritten inside Pakistan

Class	Three months period ended June 30, 2014									
	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		June 30, 2014	June 30, 2013
	(Rupees)									
<b>Direct and facultative</b>										
1. Fire and property damage	6,769,185	27,491,109	26,352,579	5,630,655	5,603,606	22,614,704	21,637,824	4,626,726	1,003,929	(620,366)
2. Marine, aviation and transport	8,024,711	14,753,815	18,485,972	11,756,868	4,509,999	6,978,658	7,818,313	5,349,654	6,407,214	3,584,686
3. Motor	30,761,289	48,060,078	34,134,700	16,835,911	6,165,475	4,439,450	2,648,250	4,374,275	12,461,636	16,170,836
4. Health	23,571,693	16,878,295	14,016,411	20,709,809	-	3,514,530	3,514,530	-	20,709,809	10,809,771
5. Miscellaneous	4,684,793	43,234,731	46,628,330	8,078,392	2,744,166	33,189,220	35,073,502	4,628,448	3,449,944	2,107,724
<b>Grand total</b>	<b>73,811,671</b>	<b>150,418,028</b>	<b>139,617,992</b>	<b>63,011,635</b>	<b>19,023,246</b>	<b>70,736,562</b>	<b>70,692,419</b>	<b>18,979,103</b>	<b>44,032,532</b>	<b>32,052,651</b>

Class	Six months period ended June 30, 2014									
	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		June 30, 2014	June 30, 2013
	(Rupees)									
<b>Direct and facultative</b>										
1. Fire and property damage	19,504,349	23,326,872	26,352,579	22,530,056	13,351,351	16,184,346	21,637,824	18,804,829	3,725,227	4,276,814
2. Marine, aviation and transport	15,786,823	15,435,113	18,485,972	18,837,682	6,848,172	6,644,177	7,818,313	8,022,308	10,815,374	7,809,699
3. Motor	59,504,877	42,246,940	34,134,700	51,392,637	15,761,892	4,348,450	2,648,250	14,061,692	37,330,945	35,731,173
4. Health	37,437,983	13,381,999	14,016,411	38,072,395	-	3,514,530	3,514,530	-	38,072,395	15,523,699
5. Miscellaneous	15,080,308	42,919,448	46,628,330	18,789,190	10,386,766	32,582,471	35,073,502	12,877,797	5,911,393	4,083,221
<b>Grand total</b>	<b>147,314,340</b>	<b>137,310,372</b>	<b>139,617,992</b>	<b>149,621,960</b>	<b>46,348,181</b>	<b>63,273,974</b>	<b>70,692,419</b>	<b>53,786,626</b>	<b>95,855,334</b>	<b>67,424,606</b>

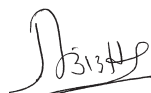
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Iqbal Ali Lakhani  
Chairman



Taseemuddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive

# Condensed Interim Statement of Expenses (Un-Audited)

For the three and six months period ended June 30, 2014

Business underwritten inside Pakistan

Class	Three months period ended June 30, 2014								
	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting expense	
		Opening	Closing					June 30, 2014	June 30, 2013
					(Rupees)				
<b>Direct and facultative</b>									
1. Fire and property damage	18,310,114	10,625,704	20,513,765	8,422,053	14,557,217	22,979,270	13,449,639	9,529,631	8,537,908
2. Marine, aviation and transport	4,883,193	1,429,541	1,503,747	4,808,987	3,005,560	7,814,547	3,040,117	4,774,430	3,849,802
3. Motor	3,110,635	5,764,296	5,873,176	3,001,755	2,932,165	5,933,920	22,671	5,911,249	4,071,327
4. Health	484,560	669,809	686,014	468,355	3,109,283	3,577,638	-	3,577,638	3,235,937
5. Miscellaneous	2,587,360	2,031,369	2,538,697	2,080,032	1,549,998	3,630,030	2,321,374	1,308,656	(730,702)
<b>Grand total</b>	<b>29,375,862</b>	<b>20,520,719</b>	<b>31,115,399</b>	<b>18,781,182</b>	<b>25,154,223</b>	<b>43,935,405</b>	<b>18,833,801</b>	<b>25,101,604</b>	<b>18,964,272</b>

Class	Six months period ended June 30, 2014								
	Commission paid or payable	Deferred commission		Net commission expenses	Other management expenses	Underwriting expenses	Commission from reinsurers*	Net underwriting expense	
		Opening	Closing					June 30, 2014	June 30, 2013
					(Rupees)				
<b>Direct and facultative</b>									
1. Fire and property damage	25,781,876	12,886,461	20,513,765	18,154,572	20,768,752	38,923,324	29,973,413	8,949,911	8,997,457
2. Marine, aviation and transport	9,883,659	1,277,394	1,503,747	9,657,306	7,811,928	17,469,234	6,418,283	11,050,951	9,502,557
3. Motor	7,934,927	4,028,682	5,873,176	6,090,433	10,591,255	16,681,688	38,387	16,643,301	14,456,627
4. Health	1,008,199	533,663	686,014	855,848	4,242,238	5,098,086	-	5,098,086	2,989,975
5. Miscellaneous	4,156,946	2,573,427	2,538,697	4,191,676	4,007,513	8,199,189	4,650,443	3,548,746	843,226
<b>Grand total</b>	<b>48,765,607</b>	<b>21,299,627</b>	<b>31,115,399</b>	<b>38,949,835</b>	<b>47,421,686</b>	<b>86,371,521</b>	<b>41,080,526</b>	<b>45,290,995</b>	<b>36,789,842</b>

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

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



Iqbal Ali Lakhani  
Chairman



Taseemuiddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



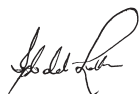
Mohammad Hussain Hirji  
Director & Chief Executive

## Condensed Interim Statement of Investment Income (Un-Audited)

For the three and six months period ended June 30, 2014

	Three months period ended		Six months period ended	
	30 June 2014	30 June 2013	30 June 2014	30 June 2013
----- (Rupees) -----				
<b>Income from trading investments</b>				
Gain on sale of trading investments - net	-	10,762,025	12,208,310	12,614,674
Dividend income	-	849,000	-	3,815,250
Unrealised gain on re-measurement of securities to fair value – net	-	3,427,677	-	4,172,922
	-	15,038,702	12,208,310	20,602,846
<b>Income from non-trading investments</b>				
<b>Held to maturity</b>				
Return on government securities	1,553,464	2,366,125	3,088,263	4,662,921
Return on other fixed income securities and deposits – term finance certificates	-	112,426	-	331,516
<b>Available-for-sale</b>				
Dividend income	2,442,000	2,661,750	2,442,000	2,661,750
	3,995,464	5,140,301	5,530,263	7,656,187
Gain on sale of non-trading investments - net	38,062,662	25,631,164	56,154,696	44,650,710
Reversal for impairment in investment classified as held to maturity	29,247	-	29,247	-
Investments related expenses	-	(774,181)	(5,718,578)	(4,289,266)
<b>Net investment income</b>	<b>42,087,373</b>	<b>45,035,986</b>	<b>68,203,938</b>	<b>68,620,477</b>

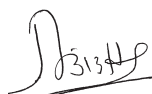
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Iqbal Ali Lakhani  
Chairman



Taseemuddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive

# Notes to the Condensed Interim Financial Statements (Un-Audited)

For the six months period ended June 30, 2014

## 1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on October 10, 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. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Company for the six months period ended June 30, 2014 are unaudited and have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on a format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003 and International Accounting Standard 34 - Interim Financial Reporting. They do not include all the disclosures 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, 2013.

## 3. BASIS OF MEASUREMENT

These condensed interim financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values.

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

In preparing these condensed interim financial statements, the estimates / judgements and associated assumptions made by management in applying the Company's accounting policies and reported amounts of assets, liabilities, income and expenses are the same as those applied in the annual financial statements as at and for the year ended December 31, 2013.

## 5. SIGNIFICANT ACCOUNTING POLICIES AND RISK MANAGEMENT

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 financial statements for the year ended December 31, 2013. The financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Company for the year ended December 31, 2013, except as follows:

## Notes to the Condensed Interim Financial Statements (Un-Audited)

For the six months period ended June 30, 2014

### 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 revised standard, amendments and interpretation of IFRSs which became effective during the current period:

- IAS 32 - Financial Instruments: Presentation - (Amendment)  
- Offsetting Financial Assets and Financial Liabilities
- IAS 36 - Impairment of Assets - (Amendment)  
- Recoverable Amount Disclosures for Non-Financial Assets
- IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment)  
- Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC 21 - Levies

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

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	----- (Rupees)-----	
<b>6. AMOUNT DUE TO OTHER INSURERS / REINSURERS</b>		
Foreign reinsurers	60,817,321	18,911,946
Local reinsurers	149,228,666	94,269,407
Co-insurers	23,189,336	22,101,961
	<u>233,235,323</u>	<u>135,283,314</u>
<b>7. OTHER CREDITORS AND ACCRUALS</b>		
Creditors	1,635,932	1,852,169
Federal excise duty	26,215,699	5,287,161
Federal insurance fees	1,842,510	386,218
Retention money	241,319	106,572
Commission payable	83,142,499	67,676,593
Provision for workers' welfare fund	10,175,155	9,175,156
Margin deposits	2,835,308	2,405,708
Payable to gratuity fund	1,177,752	4,061,306
Withholding tax payable	177,103	145,674
Deposits from employees against car scheme	3,481,933	4,198,510
Others	4,613	8,808
	<u>130,929,823</u>	<u>95,303,875</u>

## Notes to the Condensed Interim Financial Statements (Un-Audited)

For the six months period ended June 30, 2014

### 8. CONTINGENCIES AND COMMITMENTS

#### CONTINGENCIES

There are no contingencies outstanding as at June 30, 2014.

#### COMMITMENTS

	Note	(Un-audited) June 30, 2014	(Audited) December 31, 2013
		----- (Rupees)-----	
<b>8.1 Capital work in progress</b>			
Office renovation	8.1.1	375,000	2,580,445
Software development	8.1.2	750,000	750,000
		<u>1,125,000</u>	<u>3,330,445</u>

8.1.1 This represent balance payable on account of service fee for designing, supervision and submission of BOQ for construction / renovation of Islamabad office.

8.1.2 This represents the balance payable on account of development of BI software as per the agreement.

	Note	(Un-audited) June 30, 2014	(Audited) December 31, 2013
		----- (Rupees)-----	
<b>9. INVESTMENTS</b>			
<b>In related parties</b>			
Investments in associates - equity accounting *	9.1	43,449,400	43,254,226
Available-for-sale - quoted mutual funds *	9.2	751,375,178	598,596,198
		794,824,578	641,850,424
<b>Others</b>			
Investment at fair value through profit or loss - held-for-trading			
Quoted shares		-	124,102,509
<b>Held to maturity</b>			
Government securities *		48,033,747	47,920,825
Term finance certificate	9.3	-	-
		48,033,747	47,920,825
<b>Available-for-sale</b>			
Quoted equity securities / mutual funds *		367,264,787	341,847,027
Less: Provision for impairment (net of reversals)	9.4	(43,059,465)	(43,059,465)
		324,205,322	298,787,562
		<u>1,167,063,647</u>	<u>1,112,661,320</u>

\* The market value of investments as at June 30, 2014 was Rs.1,773.63 million (December 31, 2013: Rs.1,314.39 million).

## Notes to the Condensed Interim Financial Statements (Un-Audited)

For the six months period ended June 30, 2014

9.1 The result of associates have been accounted for based on latest available financial information for the period ended March 31, 2014.

### 9.2 Available-for-sale - quoted mutual funds

#### 9.2.1 Related parties

Number of units		Face value per unit (Rupees)	Name of entity Open-end mutual funds	(Un-audited)	(Audited)
2014	2013			June 30, 2014	December 31, 2013
------(Rupees)-----					
1,540,276	2,354,959	100	Lakson Income Fund	126,303,617	202,786,094
1,474,239	2,841,121	100	Lakson Money Market Fund	132,284,387	250,132,681
			Lakson Asset Allocation		
530,411	518,535	100	Emerging Market Fund	53,677,415	53,677,415
3,297,712	-	100	Lakson Equity Fund	331,674,468	-
			Lakson Asset Allocation		
1,092,588	931,586	100	Developed Market Fund	107,435,291	92,000,008
				<u>751,375,178</u>	<u>598,596,198</u>

9.2.2 Market value of investment in related parties classified as available-for-sale is Rs.821.49 million (December 31, 2013: Rs.680.57 million)

(Un-audited)	(Audited)
June 30, 2014	December 31, 2013
------(Rupees)-----	

#### 9.3 Term finance certificate

Cost	330,015	359,350
Less : Provision for impairment	(330,015)	(359,350)
	<u>-</u>	<u>-</u>

#### 9.4 Provision for impairment - net of reversals

Opening provision	43,059,465	53,142,586
Realised on disposal	-	(10,083,121)
Closing provision	<u>43,059,465</u>	<u>43,059,465</u>



# Notes to the Condensed Interim Financial Statements (Un-Audited)

For the six months period ended June 30, 2014

	(Un-audited) June 30, 2014	(Audited) December 31, 2013
	------(Rupees)-----	
<b>10. SUNDRY RECEIVABLES</b>		
Profit on bank deposits - saving accounts	376,713	464,492
Security deposits	4,033,389	3,686,889
Advance to employees	2,025,715	2,013,371
Advance against expenses	178,978	102,978
Advance against right shares	-	2,826,000
Others	345,302	74,866
	<u>6,960,097</u>	<u>9,168,596</u>
<b>11. FIXED ASSETS - TANGIBLE AND INTANGIBLE</b>		
Opening written down value	47,095,355	43,956,750
Add: Additions during the period / year - at cost		
- Office improvement	1,574,800	697,905
- Furniture and fixtures	2,028,850	192,289
- Office equipment	371,877	1,121,134
- Computer and related accessories	379,983	727,650
- Motor vehicles	4,827,300	9,022,725
	<u>9,182,810</u>	<u>11,761,703</u>
Less: Written down value of deletions	3,893,162	1,597,719
Depreciation/amortisation for the period / year	4,201,537	7,778,484
	<u>8,094,699</u>	<u>9,376,203</u>
Less: Capital work-in-progress-Opening	1,855,905	1,102,800
Add: Capital work-in-progress-Closing	2,849,000	1,855,905
Closing written down value	<u>49,176,561</u>	<u>47,095,355</u>

## Notes to the Condensed Interim Financial Statements (Un-Audited)

For the six months period ended June 30, 2014

### 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 agreed 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 statements, are as follows:

	------(Un-audited)-----			
	Three months period ended		Six months period ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	------(Rupees)-----			
Premium written	166,134,473	155,653,330	213,604,211	192,977,559
Commission expense	19,572,129	19,575,211	25,306,260	24,130,440
Claims paid	7,820,186	5,270,864	17,038,860	11,782,903
Dividend paid	52,592,018	43,826,682	52,592,018	43,826,682
Investment in associates	-	2,189,540	-	2,189,540
Expenses	3,338,912	3,270,695	12,355,690	9,068,245
Contribution to / provision for staff benefit plans	1,659,016	1,243,195	3,124,650	2,296,749
Remuneration to key management personnel	15,319,341	14,186,772	32,259,345	26,965,202

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

Profit after tax for the period	43,933,417	48,072,478	70,307,159	66,588,309
	------(Number)-----			
Weighted average number of ordinary shares	45,724,366	45,724,366	45,724,366	45,724,366
	------(Rupees)-----			
Earnings per share - basic and diluted	0.96	1.05	1.54	1.46

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

# Notes to the Condensed Interim Financial Statements (Un-Audited)

For the six months period ended June 30, 2014

## 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 and liabilities as at June 30, 2014 and December 31, 2013:

	Fire and property damage		Marine, aviation and transport		Motor		Health		Miscellaneous		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	Un-audited June 30, 2014	Audited December 31, 2013
(Rupees in '000)												
Segment assets	188,065	123,044	13,583	13,188	13,325	13,932	4,201	4,048	56,060	54,126	275,234	208,339
Unallocated corporate assets											1,674,543	1,530,590
Consolidated corporate assets											1,949,777	1,738,929
Segment liabilities	188,065	141,119	30,089	25,793	102,034	100,345	43,352	50,299	73,457	70,128	436,995	387,685
Unallocated corporate liabilities											399,266	239,638
Consolidated corporate liabilities											836,261	627,323

## 15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue in accordance with a resolution of the Board of Directors on August 19, 2014.

## 16. GENERAL

16.1 Figures of the profit and loss account for the quarters ended June 30, 2014 and June 30, 2013 have not been subjected to limited scope review by the auditors as they are only required to review half-yearly figures.

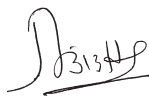
16.2 Figures in these condensed interim financial statements have been rounded off to the nearest rupee, unless otherwise stated.



Iqbal Ali Lakhani  
Chairman



Tasleemuddin Ahmed Batlay  
Director



A. Aziz H. Ebrahim  
Director



Mohammad Hussain Hirji  
Director & Chief Executive







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