

SAUDI PAK
INSURANCE

VALUE Committed to Grow
and Rise

Condensed Interim Financial Statements

For the nine months ended September 30,

2012



SAUDI PAK INSURANCE COMPANY LIMITED

الشركة التأمين السعودية الباكستانية المحدودة

Company Information

Chairman

Mr. Adnan Afridi

Managing Director & Chief Executive

Mian M. A. Shahid

Directors

Mr. Muhammad Saeed Akhter

Ms. Parveen Akhter Malik

Mr. Abdul Majeed

Syed Ammar Ali Zaidi

Sheikh Aftab Ahmed

Chief Financial Officer

Raja Naeem Tariq

Company Secretary

Mr. Noshad Ahmed

Legal Advisors

Mandviwalla & Zafar

Zeeshan Abdullah

M. A. Hamdani

Human Resources Committee

Ms. Parveen Akhter Malik (Chairperson)

Syed Ammar Ali Zaidi (Member)

Mian M. A. Shahid (Member)

Risk Management Committee

Mr. Adnan Afridi (Chairman)

Mian M. A. Shahid (Member)

Ms. Parveen Akhter Malik (Member)

Audit Committee

Mr. Muhammad Saeed Akhter (Chairman)

Mr. Abdul Majeed (Member)

Syed Ammar Ali Zaidi (Member)

Chief Internal Auditor

Mian Mohsin Aslam

Auditors

M/s Avais Hyder Liaquat Nauman

Chartered Accountants

M/s Sarwars

Chartered Accountants

Tax Advisors

Muhammad Bilal & Company

Chartered Accountants

Registered Office

19th Floor, Saudi Pak Tower

61-A, Jinnah Avenue,

Islamabad.

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Head Office

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E-mail: info@saudipakinsurance.com.pk

Website: www.saudipakinsurance.com.pk

Key Management Personnel

Managing Director & Chief Executive Officer	Mian M. A. Shahid
Deputy Managing Director	Mr. Shaheryar Akbar Raja
Advisors	Maj. Gen (R) Asif Duraiz Akhter Mr. Naseer Ahmed (Former Member Revenue CBR) (Former Additional Secretary Military Finance) (Former Additional Secretary Finance) Mr. Azizullah Memon (Former President Bolan Bank & UBL) Mr. Muhammad Saleem Sheikh (Former President & CEO of Allied Bank Limited) (Former Director and Vice Chairman of Board of Directors of Allied Bank Limited)
Manager Underwriting	Mr. Imtiaz Ali
Chief Manager / Health	Mr. Najumul Farooq
Manager Claims / Motor	Mr. Khalid Nazeer Bajwa
Manager Claims / Non Motor	Mr. Naveed ul Haq Nomani
Chief Manager / Accounts	Mr. Faisal Akbar (FCA)
Manager I.T	Mr. Munir Ahmed

Director's Report

Dear Fellow Members,

The directors of "SPICL" are pleased to submit the quarterly report of the company together with the un-audited financial statements for the period ended September 30, 2012.

	Sep 30, 2012	Sep 30, 2011
	(Rupees in thousands)	
Key performance highlights are:		
Premium Written	246,438	168,463
Net Premium	143,022	61,643
Net Claims	36,483	14,854
Investment Income	7,255	5,272
Net Commission	(10,340)	1,596
Expenses of Management	67,119	37,380
Underwriting Result	31,078	11,004
Profit / (Loss) before tax	27,023	12,294
Less: Provision for taxation	1,430	616
Profit / (Loss) after tax	25,593	11,678
E.P.S	0.79	0.36

The Company performed well during the period under review. The gross premium of the company stands at Rs. 246.438 million during the nine month ended September 30, 2012 as against Rs. 168.463 million for the same period during 2011. During the nine month ended September 30, 2012, 46.29% increase in premium was achieved, the net premium increased to Rs. 143.022 million as against Rs. 61.643 million during the same period of last year, which is 132.01% higher. The underwriting profit stands at Rs. 31.078 million as compared to Rs. 11.004 million for the corresponding period of last year.

The investment income for the nine month ended September 30, 2012 is Rs. 7.255 million, compared to Rs. 5.272 million for the corresponding period of the last year. The company posted profit before tax Rs. 27.023 million as against Rs. 12.294 million for the same period ended on September 30, 2011. and the profit after tax Rs. 25.593 million as against Rs. 11.678 million for the corresponding period of last year.

The cash and bank deposit stood at Rs. 55.191 million and investment at Rs. 92.951 million respectively as against Rs. 55.340 million and Rs. 82.301 million as at September 30, 2011.

Future Outlook

The Company is changing its business strategy and focusing on direct business with co-insurance business on selective basis. The management of the company is fully equipped to seize the opportunities available in the market and continue to maintain its growth momentum.

Acknowledgement

We would like to thank the Board of Directors, and the entire staff of Saudi Pak Insurance Company Limited for their efforts, dedication and sincerity of purpose. I also express my gratitude to all reinsurers, our valued clients, banks and SECP for their continued help, support and guidance.

For and on behalf of the
Board of Directors



Adnan Afridi
Chairman

Karachi: October 23, 2012

Financial Statements

For the nine months ended September 30, 2012

Condensed Interim Balance Sheet (Unaudited)

As at September 30, 2012

	Note	(Un-audited) September 30, 2012 Rupees	(Audited) December 31, 2011 Rupees
SHARE CAPITAL AND RESERVES			
Authorized share capital	8	500,000,000	500,000,000
Paid-up share capital	8	325,000,000	325,000,000
Accumulated loss		(116,862,126)	(142,455,661)
Total equity		208,137,874	182,544,339
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		96,130,541	112,663,524
Provision for unearned premium		127,262,230	105,136,280
Additional provision for unexpired risks		-	2,000,656
Commission income unearned		10,498,173	8,920,405
Total underwriting provisions		233,890,944	228,720,865
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers		14,597,754	3,555,785
Premium received in advance		2,587,314	-
Accrued expenses	9	6,242,748	4,346,136
Other creditors and accruals	10	7,842,633	9,706,064
		31,270,449	17,607,985
TOTAL LIABILITIES		265,161,393	246,328,850
TOTAL EQUITY AND LIABILITIES		473,299,267	428,873,189
CONTINGENCIES AND COMMITMENTS	11	-	-

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



Chief Executive Officer



Chairman



Director



Director

Condensed Interim Balance Sheet (Unaudited)

As at September 30, 2012

	Note	(Un-audited) September 30, 2012 Rupees	(Audited) December 31, 2011 Rupees
CASH AND BANK DEPOSITS			
Cash and other equivalents		524,550	377,987
Current and other accounts		14,330,272	16,977,051
Deposits maturing within 12 months		39,966,000	45,431,000
Cash with State Bank of Pakistan		370,683	200,000
		55,191,505	62,986,038
LOANS TO EMPLOYEES		564,856	347,149
INVESTMENTS	12	92,951,093	82,342,045
CURRENT ASSETS - OTHERS			
Premium due but unpaid	13	62,919,070	61,160,304
Amount due from other insurers/reinsurers	14	63,070,202	41,811,499
Prepaid reinsurance premium ceded		42,921,349	38,815,241
Accrued investment income		1,497,858	3,359,440
Reinsurance recoveries against outstanding claims		65,231,588	80,478,357
Taxation-payment less provision		3,923,314	3,874,189
Deferred commission expense		16,927,441	13,022,299
Prepayments		3,771,193	3,268,005
Sundry receivables		3,710,935	4,614,720
		263,972,950	250,404,054
FIXED ASSETS			
Tangible			
Office improvements		10,867,881	8,368,591
Furniture and fixtures		3,085,809	2,114,786
Office equipment		4,967,792	3,894,015
Computer equipment		2,297,937	2,066,562
Motor vehicles		39,126,395	16,030,865
		60,345,814	32,474,819
Intangible			
Computer software		273,049	319,084
TOTAL ASSETS		473,299,267	428,873,189


Chief Executive Officer


Chairman


Director


Director

Condensed Interim Profit and Loss Account (Unaudited)

For the Nine Months Ended September 30, 2012

Quarter ended September 30, 2012							Quarter ended September 30, 2011
Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Miscellaneous	Quarter ended September 30, 2012 Aggregate		Quarter ended September 30, 2011 Aggregate
.....Rupees.....							
Revenue account							
Net premium revenue	15,842,958	5,195,754	30,022,721	8,332,943	59,394,377		26,783,028
Net claims	(3,883,524)	(1,142,704)	(6,504,206)	(1,661,129)	(13,191,563)		(4,206,151)
Premium deficiency reversal	-	-	-	-	-		-
Management expenses	(12,303,245)	(2,095,758)	(9,097,663)	(3,386,960)	(26,883,626)		(12,786,370)
Net commission	(925,445)	(744,638)	(2,426,248)	(792,702)	(4,889,033)		330,327
Underwriting results	(1,269,257)	1,212,654	11,994,605	2,492,153	14,430,155		10,120,834
Investment income					2,595,825		2,401,341
Other income					20,224		395,457
General & administration expenses					(4,744,169)		(2,156,419)
Profit/ (loss) before tax					12,302,034		10,761,213
Less : Taxation							
Current					(593,944)		(251,436)
Prior year					-		-
					(593,944)		(251,436)
Profit/ (loss) after Tax					11,708,090		10,509,777
Basic earning per share					0.36		0.32

Condensed Interim Profit and Loss Account (Unaudited)

For the Nine Months Ended September 30, 2012

Nine months ended September 30, 2012						
Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Miscellaneous	Nine months ended September 30, 2012 Aggregate	Nine months ended September 30, 2011 Aggregate
.....Rupees.....						
Revenue account						
Net premium revenue	23,267,930	12,535,516	62,363,711	44,854,962	143,022,120	61,643,658
Net claims	(6,731,560)	(3,591,162)	(19,863,761)	(6,296,804)	(36,483,287)	(14,854,094)
Premium deficiency reversal	-	-	1,025,018	975,638	2,000,656	-
Management expenses	(28,804,784)	(6,337,732)	(24,940,177)	(7,037,256)	(67,119,950)	(37,380,743)
Net commission	475,079	(1,469,707)	(5,260,887)	(4,085,224)	(10,340,738)	1,596,073
Underwriting results	(11,793,336)	1,136,915	13,323,904	28,411,317	31,078,801	11,004,894
Investment income					7,255,905	5,272,444
Other income					643,748	2,613,990
General & administration expenses					(11,954,697)	(6,596,602)
Profit/ (loss) before tax					27,023,756	12,294,726
Less : Taxation	16					
Current					(1,430,221)	(616,437)
Prior year					-	-
Profit/ (loss) after Tax					(1,430,221)	(616,437)
					25,593,535	11,678,289
Profit and loss appropriation account						
Balance at commencement of period					(142,455,661)	(166,858,511)
Comprehensive income / (loss)					25,593,535	11,678,289
Profit available for appropriation					(116,862,126)	(155,180,222)
Balance un-appropriated profit at end of period					(116,862,126)	(155,180,222)
Basic earning per share					0.79	0.36

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


Chief Executive Officer


Chairman


Director


Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the Nine Months Ended September 30, 2012

	Quarter ended		Nine month ended	
	September 30 2012	September 30 2011	September 30 2012	September 30 2011
(Rupees).....			
Profit/ (loss) for the period	11,708,090	10,509,777	25,593,535	11,678,289
Other comprehensive income	-	-	-	-
Total comprehensive profit / (loss) for the period	11,708,090	10,509,777	25,593,535	11,678,289

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



Chief Executive Officer



Chairman



Director



Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the Nine Months Ended September 30, 2012

DESCRIPTION	SHARE CAPITAL	ACCUMULATED LOSS	TOTAL
RUPEES.....		
Balance as at January 01, 2011	325,000,000	(166,858,511)	158,141,489
Net profit/(loss) for the period	-	11,678,289	11,678,289
Balance as at September 30, 2011	325,000,000	(155,180,222)	169,819,778
Total comprehensive profit/(loss) for the year ended December 31, 2011	-	12,724,561	12,724,561
Balance as at January 01, 2012	325,000,000	(142,455,661)	182,544,339
Net profit/(loss) for the period	-	25,593,535	25,593,535
Balance as at September 30, 2012	<u>325,000,000</u>	<u>(116,862,126)</u>	<u>208,137,874</u>

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



Chief Executive Officer



Chairman



Director



Director

Condensed Interim Cash Flow Statement (Unaudited)

For the Nine Months Ended September 30, 2012

	September 30, 2012	September 30, 2011
	Rupees	Rupees
OPERATING CASH FLOWS		
a) Underwriting activities		
Premiums received	244,679,345	148,972,970
Reinsurance premiums paid	(84,938,117)	(66,283,169)
Claims paid	(97,529,297)	(72,997,611)
Commission paid	(34,050,042)	(17,500,095)
Reinsurance and other recoveries received	38,501,093	49,580,219
Other underwriting payments	(62,365,556)	(37,380,743)
Commission received	21,381,929	18,145,660
Net cash flow from underwriting activities	25,679,355	22,537,231
b) Other operating activities		
Income tax paid	(1,479,346)	(641,965)
General and management expenses paid	(11,954,697)	(1,124,025)
Other operating receipts / (payments)	(2,147,139)	3,103,700
Security deposits received / paid	(503,188)	(5,924,310)
Sundry receivables	903,785	-
Loans and advances paid	(217,707)	(3,740,160)
Net cash outflow from other operating activities	(15,398,292)	(8,326,760)
Total cash flow from operating activities	10,281,063	14,210,471
INVESTMENT ACTIVITIES		
Profit/ return received	7,305,576	3,438,124
Dividend received	17,850	30,000
Payments for investments	(10,609,048)	(15,683,473)
Proceeds from disposal of investments	16,983,756	7,559,854
Fixed capital expenditure	(31,773,730)	(6,281,665)
Proceeds from disposal of fixed assets	-	1,391,000
Total cash flow from investing activities	(18,075,596)	(9,546,160)
Net cash inflow / (outflow) from all activities	(7,794,533)	4,664,311
Cash and cash equivalents at beginning of the period	62,986,038	50,675,997
Cash and cash equivalents at end of the period	55,191,505	55,340,308

Condensed Interim Cash Flow Statement (Unaudited)

For the Nine Months Ended September 30, 2012

	September 30, 2012	September 30, 2011
	Rupees	Rupees
Reconciliation to Profit and Loss Account		
Operating cash flows	10,281,063	14,210,471
Depreciation / amortisation expense	(4,077,464)	(3,186,891)
Investment and other income	7,305,576	3,468,124
Loss on disposal of fixed assets	-	(255,967)
Other income	643,748	-
Provision for doubtful debts	(495,994)	(338,696)
Dividend income	17,850	-
(Decrease) / increase in assets other than cash	17,595,872	12,822,872
Decrease / (Increase) in liabilities other than running finance	(5,677,116)	(15,041,624)
Profit/(loss) after Taxation	25,593,535	11,678,289

Definition of Cash

Cash comprises of cash in hand, policy stamps and bank balances 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 purpose of statement of cash flows consists of :

Cash and cash equivalents

Cash and other equivalents	524,550	239,778
Current and saving accounts	14,330,272	13,169,530
Deposits maturing within 3 months	39,966,000	41,931,000
Cash with State Bank of Pakistan	370,683	-
	55,191,505	55,340,308

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



Chief Executive Officer



Chairman



Director



Director

Condensed Interim Statement of Premiums (Unaudited)

For the Nine Months Ended September 30, 2012

Class	Premiums written	Unearned premium reserve		Premium earned	Reinsurance premium ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue	Net premium revenue	Quarter ended September, 30 2011
		Opening	Closing			Opening	Closing				
BUSINESS UNDERWRITTEN INSIDE PAKISTAN											
Rupees											
Direct & facultative											
Fire and property damage	41,702,639	55,179,968	57,558,747	39,323,860	26,108,413	31,454,691	34,082,202	23,480,902	15,842,958		2,459,664
Marine, aviation and transport	6,802,771	3,452,540	2,471,986	7,783,325	1,937,087	1,735,698	1,085,214	2,587,571	5,195,754		1,423,881
Motor	30,071,583	51,521,115	51,057,157	30,535,541	466,988	915,577	869,745	512,820	30,022,721		10,028,990
Miscellaneous	11,667,981	19,499,507	16,174,340	14,993,148	4,224,996	9,319,396	6,884,187	6,660,205	8,332,943		12,870,493
GRAND TOTAL	90,244,974	129,653,130	127,262,230	97,635,874	32,737,484	43,425,362	42,921,349	33,241,497	59,394,377		26,783,028

Nine months ended September, 30 2011

Nine months ended September 30, 2012

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Premiums written		Unearned premium reserve		Premium earned	Reinsurance premium ceded	Prepaid reinsurance premium ceded		Reinsurance expenses	Net premium revenue	Net premium revenue
	Opening	Closing	Opening	Closing			Opening	Closing			
Rupees											
Direct & facultative											
Fire and property damage	105,759,862	32,478,687	57,558,747	80,679,802	62,623,479	28,870,595	34,082,202	57,411,872	23,267,930	7,750,406	
Marine, aviation and transport	23,269,665	1,295,732	2,471,986	22,093,411	10,215,499	427,610	1,085,214	9,557,895	12,535,516	5,355,479	
Motor	91,570,542	24,539,431	51,057,157	65,052,816	1,559,880	1,998,970	869,745	2,689,105	62,363,711	30,428,089	
Miscellaneous	25,838,041	46,822,430	16,174,340	56,486,131	10,997,290	7,518,066	6,884,187	11,631,169	44,854,962	18,109,684	
GRAND TOTAL	246,438,110	105,136,280	127,262,230	224,312,160	85,396,148	38,815,241	42,921,349	81,290,040	143,022,120	61,643,658	

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



Chief Executive Officer



Chairman



Director



Director

Condensed Interim Statement of Claims (Unaudited)

For the Quarter Ended September 30, 2012

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	Net claims expenses	Net claims expenses	Quarter ended September, 30 2011
		Opening	Closing			Opening	Closing				
BUSINESS UNDERWRITTEN INSIDE PAKISTAN											
Quarter ended September 30, 2012											
Direct & facultative											
Fire and property damage	22,723,756	44,942,737	41,723,636	19,504,655	18,627,381	37,290,316	34,284,066	15,621,131	3,883,524		254,470
Marine, aviation and transport	1,580,000	5,770,682	7,084,553	2,893,871	965,335	1,485,513	2,271,345	1,751,167	1,142,704		208,052
Motor	11,981,314	17,625,607	14,065,863	8,421,570	1,779,590	6,647,516	6,785,290	1,917,364	6,504,206		2,901,110
Miscellaneous	3,425,475	32,261,248	33,256,489	4,420,716	2,626,273	21,757,573	21,890,887	2,759,587	1,661,129		842,519
GRAND TOTAL	39,710,545	100,600,274	96,130,541	35,240,812	23,998,579	67,180,918	65,231,588	22,049,249	13,191,563		4,206,151

Condensed Interim Statement of Expenses (Unaudited)

For the Nine Months Ended September 30, 2012

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expenses	Commission received from re-insurers	Unearned commission		Commission from re-insurers	Net underwriting expenses	Net underwriting expenses	Quarter ended September, 30 2011
		Opening	Closing					Opening	Closing				
BUSINESS UNDERWRITTEN INSIDE PAKISTAN													
Rupees													
Direct & Facultative													
Fire and property damage	7,791,994	8,978,694	9,913,421	6,857,267	12,303,245	19,160,512	6,626,493	7,907,939	8,602,610	5,931,822	13,228,690	(190,577)	
Marine, aviation and transport	1,320,473	690,645	490,209	1,520,909	2,095,758	3,616,667	581,126	520,709	325,564	776,271	2,840,396	456,653	
Motor	2,374,381	4,133,504	4,074,959	2,432,936	9,097,663	11,530,589	-	19,970	13,291	6,679	11,523,911	2,027,450	
Miscellaneous	1,685,380	3,064,026	2,448,852	2,300,554	3,386,960	5,687,514	950,624	2,113,936	1,556,708	1,507,852	4,179,662	10,182,517	
GRAND TOTAL	13,172,228	16,866,869	16,927,441	13,111,656	26,883,626	39,995,282	8,158,243	10,562,554	10,498,173	8,222,624	31,772,659	12,456,043	

Nine months ended
September,
30 2011

Nine months ended September 30, 2012

BUSINESS UNDERWRITTEN INSIDE PAKISTAN

Class	Commissions paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expenses	Commission received from re-insurers	Unearned commission		Commission from re-insurers	Net underwriting expenses	Net underwriting expenses
		Opening	Closing					Opening	Closing			
Direct & Facultative												
Fire and property damage	18,215,164	5,426,892	9,913,421	13,728,635	28,804,784	42,533,420	15,806,647	6,999,677	8,602,610	14,203,714	28,329,705	10,304,487
Marine, aviation and transport	4,614,506	207,645	490,209	4,331,942	6,337,732	10,669,674	3,064,649	123,150	325,564	2,862,235	7,807,440	2,144,818
Motor	7,308,401	2,122,042	4,074,959	5,355,484	24,940,177	30,295,662	23,837	84,051	13,291	94,597	30,201,065	8,757,042
Miscellaneous	3,911,971	5,265,720	2,448,852	6,728,839	7,037,256	13,766,094	2,486,796	1,713,527	1,556,708	2,643,615	11,122,479	14,578,323
GRAND TOTAL	34,050,042	13,022,299	16,927,441	30,144,900	67,119,950	97,264,850	21,381,929	8,920,405	10,498,173	19,804,161	77,460,690	35,784,670

Rupees

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



Chief Executive Officer



Chairman



Director



Director

Condensed Interim Statement of Investment Income (Unaudited)

For the Nine Months Ended September 30, 2012

	Quarter ended		Nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Rs				
Income from held for trading investments				
Gain on sale of trading	-	-	-	-
Dividend income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income from non-trading investments				
Held-to-maturity				
Return on government securities	1,523,657	1,525,497	3,478,675	3,450,311
Return on TDRs	1,073,210	868,420	3,725,335	1,804,320
Return on treasury bills	61,828	-	101,566	-
Available-for-sale				
Dividend income	-	15,000	17,850	30,000
	<u>2,658,695</u>	<u>2,408,917</u>	<u>7,323,426</u>	<u>5,284,631</u>
Gain/(loss) on sale of non-trading investments				
Available-for-sale	-	-	-	-
Impairment (loss) on non-trading investments				
Available-for-sale	-	-	-	-
Investment related expenses	(62,870)	(7,576)	(67,521)	(12,187)
Net investment income	<u>2,595,825</u>	<u>2,401,341</u>	<u>7,255,905</u>	<u>5,272,444</u>

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



Chief Executive Officer



Chairman



Director



Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Ended September 30, 2012

1 STATUS AND NATURE OF BUSINESS

Saudi Pak Insurance Company Limited (the Company) is an unquoted public limited Company incorporated in Islamabad, Pakistan on February 15, 2005 under the Companies Ordinance, 1984. The Company is engaged in the non-life insurance business comprising fire, marine, motor and miscellaneous. The Company commenced its commercial operations on April 13, 2005. The registered office of the Company is situated at 19th floor, Saudi Pak Tower 61-A, Jinnah Avenue, Islamabad and principal office of the Company is situated at 2nd Floor Nizam Chambers, 7- Shahrāh-e-Fatima Jinnah, Lahore, Pakistan.

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements have been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting and the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 and the directives issued by SECP. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 or the requirements of the said directives take precedence.

3 BASIS OF PREPARATION

The accounting policies and the methods of computation of preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended December 31, 2011.

4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except that certain financial instruments are carried at fair value and staff retirement benefits are stated at present value.

These financial informations have been presented in Pakistan rupee, which is also the Company's functional currency.

5 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim financial statement 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 and the key sources of estimating uncertainty in preparation of these condensed interim financial statements were same as those applied to the annual financial statements for the year ended December 31, 2011.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2011.

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Ended September 30, 2012

7 FINANCIAL RISK AND CAPITAL MANAGEMENT

The Company's financial risk management and capital management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended December 31, 2011.

8 AUTHORIZED SHARE CAPITAL

September 30, December 31, 2012 2011			September 30, December 31, 2012 2011	
(Number of Shares)			(Rupees)	
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10/- each	<u>500,000,000</u>	<u>500,000,000</u>

8.1 PAID-UP SHARE CAPITAL

Issued, subscribed and paid up capital:

September 30, December 31, 2012 2011			September 30, December 31, 2012 2011	
(Number of Shares)			(Rupees)	
<u>25,000,000</u>	<u>25,000,000</u>	Ordinary shares of Rs. 10/- each fully paid in cash	<u>250,000,000</u>	<u>250,000,000</u>
<u>7,500,000</u>	<u>7,500,000</u>	Ordinary shares of Rs. 10/- each issued as fully paid right shares	<u>75,000,000</u>	<u>75,000,000</u>
<u>32,500,000</u>	<u>32,500,000</u>		<u>325,000,000</u>	<u>325,000,000</u>

9 ACCRUED EXPENSES

Audit fee payable	-	440,000
Salaries wages and benefits payable	4,748,016	3,795,525
Utilities payable	328,126	74,776
Others	1,166,606	35,835
	<u>6,242,748</u>	<u>4,346,136</u>

10 OTHER CREDITORS AND ACCRUALS

Commission	-	2,150,933
Tracker charges	794,651	1,301,253
Rent	18,000	335,925
Customer deposit	332,254	754,800
Staff retirement gratuity	1,854,825	944,644
Federal excise duty	3,159,329	3,099,591
Federal insurance fee	722,760	889,868
Liabilities against cancelled policies	36,966	36,966
Withholding Tax	271,931	40,717
Others	651,917	151,367
	<u>7,842,633</u>	<u>9,706,064</u>

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Ended September 30, 2012

11 CONTINGENCIES AND COMMITMENTS

There have been no changes in the contingencies and commitments as disclosed in the annual financial statements of the company for the year ended December 31, 2011.

	Note	September 30, 2012	December 31, 2011
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(Rupees)

12 INVESTMENTS

The investments comprise the following:

Held to maturity

Pakistan Investment Bonds	12.1	45,423,032	36,883,984
Treasury Bills	12.2	2,070,000	-

Available for sale

Ordinary shares of listed companies	12.3	684,686	684,686
Ordinary shares of unlisted companies		45,000,000	45,000,000
Provision for diminution in value of investments		(226,625)	(226,625)
		45,458,061	45,458,061
		<u>92,951,093</u>	<u>82,342,045</u>

12.1 The above bonds are held in favour of the State Bank of Pakistan and National Bank of Pakistan's subsidiary ledger with the State Bank of Pakistan in accordance with the requirement of section 29 of the Insurance Ordinance, 2000. These above bonds have a face value of Rs. 46 million (December 31, 2011: Rs. 37.5 million) and carry markup ranging from 11.50% to 13.50% (December 31, 2011: 11% to 13.5%) per annum and would mature on August 2022.

12.2 The above bills are held in National Bank of Pakistan's subsidiary ledger maintained with the State Bank of Pakistan in accordance with the requirement of section 29 of the Insurance Ordinance, 2000. These above bills have a face value of Rs. 2.07 million (December 31, 2011: NIL) and carry markup ranging from 11.85% (December 31, 2011: NIL) per annum and would mature on January 2013.

12.3 The market value of available for sale - equity securities as at September 30, 2012 is Rs. 602,313/- (December 31, 2011: Rs. 583,795/-).

13 PREMIUM DUE BUT UNPAID

Unsecured

-Considered good		62,919,070	61,160,304
-Considered doubtful		2,543,081	2,745,354
		65,462,151	63,905,658
Provision for doubtful balances	13.1	(2,543,081)	(2,745,354)
		<u>62,919,070</u>	<u>61,160,304</u>

13.1 Provision for doubtful balances

Opening provision		(2,745,354)	(2,907,541)
Charge for the period / year		202,273	162,187
Closing provision		<u>(2,543,081)</u>	<u>(2,745,354)</u>

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Ended September 30, 2012

	Note	September 30, 2012	December 31, 2011
(Rupees)			
14 AMOUNTS DUE FROM OTHER INSURERS/ REINSURERS			
Unsecured			
-Considered good		63,070,202	41,811,499
-Considered doubtful		6,151,676	5,453,409
		69,221,878	47,264,908
Provision for doubtful balances	14.1	(6,151,676)	(5,453,409)
		63,070,202	41,811,499
14.1 Provision for doubtful balances			
Opening provision		(5,453,409)	(4,952,526)
Charge for the period / year		(698,267)	(500,883)
Closing provision		(6,151,676)	(5,453,409)
15 TRANSACTIONS WITH RELATED PARTIES			
<p>The related parties comprise of Saudi Pak Industrial & Agricultural Investment Company Limited, Silk Bank Limited, Saudi Pak Leasing Company Limited, and United Track Systems (Pvt.) Limited on the basis of related group companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and employee retirement benefit fund. Amount due to/from and other significant transactions, other than those disclosed elsewhere in these financial statements, are as follows:</p>			
Transactions and balances with parent and associated companies			
Insurance premium			
Balance at beginning of the period		32,421,665	3,289,321
Gross insurance premium written (including administrative surcharge, government levies and policies stamps)		13,632,597	61,743,773
Received / adjusted during the period		(13,214,609)	(32,611,429)
Balance at end of the period		32,839,653	32,421,665
Insurance claim expense			
Outstanding claims at beginning of the period		6,946,040	7,099,794
Gross claims expense for the period		6,974,459	5,158,774
Claim paid during the period		(10,646,688)	(5,312,528)
Outstanding claims at end of the period		3,273,811	6,946,040
Other transactions for the period with parent and other associated companies			
Rental expense		1,415,250	1,083,900
Bank charges		51,571	126,011
Tracker charges		1,178,000	427,950

Notes to the Condensed Interim Financial Information (Unaudited)

For the Nine Months Ended September 30, 2012

	September 30, 2012	December 31, 2011
	(Rupees)	
Profit on term deposit receipts	<u>3,725,335</u>	<u>1,083,032</u>
Profit on bank deposits	<u>75,126</u>	<u>1,823,352</u>
Other balances with associated companies		
Term deposits	<u>39,966,000</u>	<u>41,931,000</u>
Profit & Loss Sharing Accounts	<u>3,785,352</u>	<u>958,638</u>
Current account	<u>4,476,434</u>	<u>5,031,604</u>
Accrued investment income	<u>823,014</u>	<u>2,118,297</u>

Transaction during The period with other related parties (Key management personnel)

Contribution To provident fund	<u>-</u>	<u>770,489</u>
Contribution defined benefit plans	<u>-</u>	<u>-</u>
Remuneration of key management personnel	<u>15,052,500</u>	<u>10,035,000</u>

Balances with other related parties (Key management personnel)

(Payable) / receivable from defined benefit plan	<u>(1,854,825)</u>	<u>(944,644)</u>
Loan to key management personnel	<u>-</u>	<u>133,881</u>

16 TAXATION

Provision in respect of taxation, for the period under review, is estimated only and final liability will be determined on the basis of annual results.

17 DATE OF AUTHORIZATION FOR ISSUE

These interim condensed financial statements have been authorized for issue on **October 23, 2012** in accordance with a resolution of board of directors of the company.

18 CORRESPONDING FIGURES

Corresponding figures have been reclassified and re-arranged, wherever necessary to confirm with the current classification. However, there are no material classification to report.


Chief Executive Officer


Chairman


Director


Director

SAUDI PAK INSURANCE

SAUDI PAK
INSURANCE

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