

SAUDI PAK
INSURANCE

VALUE Committed to Grow
and Rise

Condensed Interim Financial Statements

For the half year ended June 30,

2012



SAUDI PAK INSURANCE COMPANY LIMITED

الشركة التأمين السعودية الباكستانية المحدودة

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Company Information

Chairperson

Ms. Parveen Akhter Malik

Managing Director & Chief Executive

Mian M. A. Shahid

Directors

Mr. Muhammad Saeed Akhter

Mr. Adnan Afridi

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)

Mr. Adnan Afridi (Member)

Mian M. A. Shahid (Member)

Risk Management Committee

Mian M. A. Shahid (Chairman)

Ms. Parveen Akhter Malik (Member)

Sheikh Aftab Ahmed (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,

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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)
General Manager Admin	Syed Muhammad Taqi Shah
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

Avais Hyder Liaquat Nauman
Chartered Accountants

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Sarwars
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF SAUDI PAK INSURANCE LIMITED

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Saudi Pak Insurance Company Limited** as at June 30, 2012 and the related:

- a) condensed interim profit and loss account;
- b) condensed interim statement of comprehensive income;
- c) condensed interim statement of changes in equity;
- d) condensed interim cash flow statement;
- e) condensed interim statement of premiums;
- f) condensed interim statement of claims;
- g) condensed interim statement of expenses;
- h) condensed interim statement of investment income; and

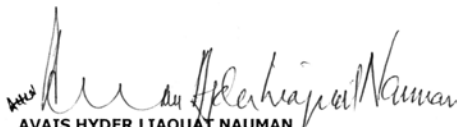
notes forming part thereof for the six-month period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures for the quarter ended June 30, 2012 and June 30, 2011 in condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income have not been reviewed by us as we are required to review only the cumulative figures for the half year ended June 30, 2012.

Scope of Review

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

Conclusion

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


AVAIS HYDER LIAQUAT NAUMAN
Chartered Accountants


SARWARS
Chartered Accountants

Engagement Partner: Syed Naveed Abbas

Rashid Sarwar

Place: Lahore

Date: 29 August 2012

DIRECTORS' REVIEW REPORT TO THE MEMBERS

Dear Fellow Members!

The directors of "SPICL" have pleasure in submitting the half yearly review report of the company together with the un-audited financial statements for the half year ended June 30, 2012.

	June 30, 2012	June 30, 2011
	(Rupees in thousands)	
Key performance highlights are:		
Premium Written	156,193	109,333
Net Premium	83,627	34,860
Net Claims	23,291	10,647
Investment Income	4,660	2,515
Net Commission	(5,451)	1,265
Expenses of Management	40,236	24,594
Underwriting Result	16,648	884
Profit / (Loss) before tax	14,721	1,533
Less: Provision for taxation	836	365
Profit / (Loss) after tax	13,885	1,168
E.P.S	0.43	0.04

The Company performed well during the period under review. The gross premium of the company stands at Rs. 156.193 million during the half year ended June 30, 2012 as against Rs. 109.333 million for the same period during 2011. During the first half 2012, 42.86% increase in premium was achieved, the net premium increased to Rs. 83.627 million as against Rs. 34.860 million during the same period of last year, which is 139.87% increase in premium. The underwriting profit stands at Rs. 16.648 million as against Rs. 0.884 million for the corresponding period last year.

The investment income for the half year ended June 30, 2012 is Rs. 4.660 million, as against Rs. 2.515 million for the corresponding period of the last year. The profit before tax is posted at Rs. 14.721 million as against Rs. 1.533 million for the same last period. The profit after tax Rs. 13.885 million as against Rs. 1.168 million for the corresponding period of last year.

The cash and bank deposit stood at Rs. 58.737 million and investment at Rs. 84.574 million respectively as against Rs. 62.450 million and Rs. 77.700 million for the period ended on June 30, 2011.

Future Outlook

The Company is changing its approach toward business strategy and will focus on direct business rather than depending on co-insurance. 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.

We also appreciate the effort and services of the outgoing Director of SPICL Mr. Kamal Uddin Khan, we wish him good luck for his future endeavors. The board welcomes Mr. Sheikh Aftab Ahmed the incoming Director of SPICL.

Karachi: August 29, 2012

For and on behalf of the
Board of Directors


Parveen Akhter Malik
Chairperson

Condensed Interim Balance Sheet (Unaudited)

As at June 30, 2012 (Unaudited)

	Note	(Un-audited) June 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		(128,570,215)	(142,455,661)
Total equity		196,429,785	182,544,339
UNDERWRITING PROVISIONS			
Provision for outstanding claims (including IBNR)		100,600,274	112,663,524
Provision for unearned premium		129,653,130	105,136,280
Additional provision for unexpired risks		-	2,000,656
Commission income unearned		10,562,554	8,920,405
Total underwriting provisions		240,815,958	228,720,865
CREDITORS AND ACCRUALS			
Amounts due to other insurers/reinsurers		7,987,649	3,555,785
Accrued expenses	9	1,009,643	4,346,136
Other creditors and accruals	10	6,696,212	9,706,064
TOTAL LIABILITIES		15,693,504	17,607,985
		256,509,462	246,328,850
TOTAL EQUITY AND LIABILITIES		452,939,247	428,873,189
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The annexed notes form an integral part of these condensed interim financial statements.



Chief Executive Officer



Chairperson



Director



Director

Condensed Interim Balance Sheet (Unaudited)

As at June 30, 2012 (Unaudited)

	Note	(Un-audited) June 30, 2012 Rupees	(Audited) December 31, 2011 Rupees
CASH AND BANK DEPOSITS			
Cash and other equivalents		487,039	377,987
Current and other accounts		14,819,414	16,977,051
Deposits maturing within 12 months		35,931,000	45,431,000
Cash with State Bank of Pakistan		7,500,000	200,000
		58,737,453	62,986,038
LOANS TO EMPLOYEES			
		592,406	347,149
INVESTMENTS			
	12	84,574,983	82,342,045
CURRENT ASSETS - OTHERS			
Premium due but unpaid	13	73,525,639	61,160,304
Amount due from other insurers/reinsurers	14	31,058,136	41,811,499
Prepaid reinsurance premium ceded		43,425,362	38,815,241
Accrued investment income		5,506,580	3,359,440
Reinsurance recoveries against outstanding claims		67,180,918	80,478,357
Taxation-payment less provision		3,696,874	3,874,189
Deferred commission expense		16,866,869	13,022,299
Prepayments		3,317,837	3,268,005
Sundry receivables		5,075,403	4,614,720
		249,653,618	250,404,054
FIXED ASSETS			
Tangible			
Office improvements		11,045,270	8,368,591
Furniture and fixtures		3,046,260	2,114,786
Office equipment		5,045,720	3,894,015
Computer equipment		2,176,908	2,066,562
Motor vehicles		37,778,580	16,030,865
		59,092,738	32,474,819
Intangible			
Computer software		288,049	319,084
TOTAL ASSETS		452,939,247	428,873,189


Chief Executive Officer


Chairperson


Director


Director

Condensed Interim Profit and Loss Account (Unaudited)

For the half year ended June 30, 2012

Quarter June 30, 2012						
Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Miscellaneous	Quarter ended June 30, 2012 Aggregate	Quarter ended June 30, 2011 Aggregate
.....Rupees.....						
Revenue account						
Net premium revenue	6,681,942	4,391,934	20,027,023	16,281,560	47,382,459	17,043,488
Net claims	(1,690,646)	(1,158,060)	(4,662,816)	(976,678)	(8,488,200)	(2,329,362)
Premium deficiency reversal	-	-	-	-	-	-
Management expenses	(11,554,753)	(1,568,950)	(7,290,119)	(2,677,200)	(23,091,022)	(10,279,904)
Net commission	(1,031,903)	(360,229)	(1,515,367)	(1,091,093)	(3,998,592)	868,121
Underwriting results	(7,595,360)	1,304,695	6,558,721	11,536,589	11,804,645	5,302,343
Investment income					2,443,318	1,506,702
Other income					617,945	1,486,717
General & administration expenses					(4,184,887)	(2,002,573)
Profit/ (loss) before tax					10,681,021	6,293,189
Less : Taxation						
Current					(473,825)	(186,830)
Prior year					-	-
Profit/ (loss) after Tax					(473,825)	(186,830)
					10,207,196	6,106,359
Basic earning per share					0.31	0.19

Condensed Interim Profit and Loss Account (Unaudited)

For the half year ended June 30, 2012

Six months ended June 30, 2012						
Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Miscellaneous	Half year ended June 30, 2012 Aggregate	Half year ended June 30, 2011 Aggregate
.....Rupees.....						
Revenue account						
Net premium revenue	7,424,972	7,339,762	32,340,990	36,522,019	83,627,743	34,860,630
Net claims	(2,848,036)	(2,448,458)	(13,359,554)	(4,635,675)	(23,291,723)	(10,647,943)
Premium deficiency reversal	-	-	1,025,018	975,638	2,000,656	-
Management expenses	(16,501,539)	(4,241,974)	(15,842,514)	(3,650,296)	(40,236,323)	(24,594,373)
Net commission	1,400,524	(725,069)	(2,834,639)	(3,292,522)	(5,451,706)	1,265,746
Underwriting results	(10,524,079)	(75,739)	1,329,301	25,919,164	16,648,647	884,060
Investment income					4,660,080	2,515,442
Other income					623,524	2,574,194
General & administration expenses					(7,210,528)	(4,440,183)
Profit/ (loss) before tax					14,721,723	1,533,513
Less : Taxation	16					
Current					(836,277)	(365,001)
Prior year					-	-
					(836,277)	(365,001)
Profit/ (loss) after Tax					13,885,446	1,168,512
Profit and loss appropriation account						
Balance at commencement of period					(142,455,661)	(166,858,511)
Profit after tax for the period					13,885,446	1,168,512
Profit available for appropriation					(128,570,215)	(165,689,999)
Balance un-appropriated profit at end of period					(128,570,215)	(165,689,999)
Basic earning per share					0.43	0.04

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


Chief Executive Officer


Chairperson


Director


Director

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the half year ended June 30, 2012

	Quarter ended		Half year ended	
	June 30 2012	June 30 2011	June 30 2012	June 30 2011
(Rupees).....			
Profit/ (loss) for the period	10,207,196	6,106,359	13,885,446	1,168,512
Other comprehensive income	-	-	-	-
Total comprehensive profit / (loss) for the period	<u>10,207,196</u>	<u>6,106,359</u>	<u>13,885,446</u>	<u>1,168,512</u>

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



Chief Executive Officer



Chairperson



Director



Director

Condensed Interim Statement of Changes in Equity (Unaudited)

For the half year ended June 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	-	1,168,512	1,168,512
Balance as at June 30, 2011	<u>325,000,000</u>	<u>(165,689,999)</u>	<u>159,310,001</u>
Balance as at January 01, 2012	325,000,000	(142,455,661)	182,544,339
Net profit for the period	-	13,885,446	13,885,446
Balance as at June 30, 2012	<u>325,000,000</u>	<u>(128,570,215)</u>	<u>196,429,785</u>

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



Chief Executive Officer



Chairperson



Director



Director

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended June 30, 2012

	June 30, 2012	June 30, 2011
	Rupees	Rupees
OPERATING CASH FLOWS		
a) Underwriting activities		
Premiums received	143,827,802	82,406,384
Reinsurance premiums paid	(57,090,528)	(52,463,063)
Claims paid	(57,818,752)	(63,626,540)
Commission paid	(20,877,814)	(10,523,146)
Reinsurance and other recoveries received	46,514,580	65,096,634
Other underwriting payments	(42,897,308)	(24,594,373)
Commission received	13,223,686	12,259,967
Net cash flow from underwriting activities	24,881,667	8,555,863
b) Other operating activities		
Income tax paid	(658,962)	(333,822)
General and management expenses paid	(7,210,528)	(3,063,500)
Other operating receipts / (payments)	(2,147,139)	(563,926)
Security deposits received / paid	(49,832)	924,787
Sundry receivables	(460,683)	170,690
Loans and advances paid	(245,257)	500,418
Net cash outflow from other operating activities	(10,772,401)	(2,365,353)
Total cash flow from operating activities	14,109,266	6,190,510
INVESTMENT ACTIVITIES		
Profit/ return received	4,646,881	1,935,203
Dividend received	17,850	-
Payments for investments	(2,232,938)	(3,272,327)
Proceeds from disposal of investments	8,859,086	6,544,654
Fixed capital expenditure	(29,648,730)	(1,011,051)
Proceeds from disposal of fixed assets	-	1,391,000
Total cash flow from investing activities	(18,357,851)	5,587,479
Net cash inflow / (outflow) from all activities	(4,248,585)	11,777,989
Cash and cash equivalents at beginning of the period	62,986,038	50,675,997
Cash and cash equivalents at end of the period	58,737,453	62,453,986

Condensed Interim Cash Flow Statement (Unaudited)

For the half year ended June 30, 2012

	June 30, 2012 Rupees	June 30, 2011 Rupees
Reconciliation to Profit and Loss Account		
Operating cash flows	14,109,266	6,190,510
Depreciation / amortisation expense	(3,061,835)	(2,062,623)
Investment and other income	4,646,881	1,935,203
Loss on disposal of fixed assets	-	(255,967)
Other income	623,524	-
Provision for doubtful debts	(495,994)	(338,696)
Dividend income	17,850	-
(Decrease) / increase in assets other than cash	(2,524,836)	(2,268,595)
Decrease / (Increase) in liabilities other than running finance	570,591	(2,031,320)
 Profit/(loss) after Taxation	 <u>13,885,446</u>	 <u>1,168,512</u>

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 :

	June 30, 2012 Rupees	June 30, 2011 Rupees
Cash and cash equivalents		
Cash and other equivalents	487,039	177,506
Current and saving accounts	14,819,414	15,346,480
Deposits maturing within 3 months	35,931,000	46,930,000
Cash with State Bank of Pakistan	7,500,000	-
	<u>58,737,453</u>	<u>62,453,986</u>

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



Chief Executive Officer



Chairperson



Director



Director

Condensed Interim Statement of Premiums (Unaudited)

For the half year ended June 30, 2012

Class	Quarter ended June 30, 2012										Quarter ended June, 30 2011
	Premiums written	Unearned premium reserve		Premium earned	Reinsurance premium ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	Net premium revenue	
		Opening	Closing			Opening	Closing				
BUSINESS UNDERWRITTEN INSIDE PAKISTAN											
Rupees											
Direct & facultative											
Fire and property damage	47,359,670	27,649,837	55,179,968	19,829,539	27,996,940	16,605,348	31,454,691	13,147,597	6,681,942		1,927,962
Marine, aviation and transport	7,444,276	5,376,562	3,452,540	9,368,298	4,402,284	2,309,778	1,735,698	4,976,364	4,391,934		2,082,329
Motor	32,630,906	39,321,187	51,521,115	20,430,978	466,988	852,544	915,577	403,955	20,027,023		10,717,014
Miscellaneous	10,885,439	28,861,679	19,499,507	20,247,611	5,935,871	7,349,576	9,319,396	3,966,051	16,281,560		2,316,183
GRAND TOTAL	98,320,291	101,209,265	129,653,130	69,876,426	38,802,083	27,117,246	43,425,362	22,493,967	47,382,459		17,043,488

Six months ended June 30, 2012										Six months ended June, 30 2011
Class	Premiums written	Unearned premium reserve		Premium earned	Reinsurance premium ceded	Prepaid reinsurance premium		Reinsurance expenses	Net premium revenue	Net premium revenue
		Opening	Closing			Opening	Closing			
Rupees										
Direct & facultative										
Fire and property damage	64,057,223	32,478,687	55,179,968	41,355,942	36,515,066	28,870,595	31,454,691	33,930,970	7,424,972	5,290,742
Marine, aviation and transport	16,466,894	1,295,732	3,452,540	14,310,086	8,278,412	427,610	1,735,698	6,970,324	7,339,762	3,931,598
Motor	61,498,959	24,539,431	51,521,115	34,517,275	1,092,892	1,998,970	915,577	2,176,285	32,340,990	20,399,099
Miscellaneous	14,170,060	46,822,430	19,499,507	41,492,983	6,772,294	7,518,066	9,319,396	4,970,964	36,522,019	5,239,191
GRAND TOTAL	156,193,136	105,136,280	129,653,130	131,676,286	52,658,664	38,815,241	43,425,362	48,048,543	83,627,743	34,860,630

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



Chief Executive Officer



Chairperson



Director



Director

Condensed Interim Statement of Claims (Unaudited)

For the half year ended June 30, 2012

Class	Quarter ended June 30, 2012				Quarter ended June 30, 2011				
	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries revenue	Net claims expenses	Net claims expenses
BUSINESS UNDERWRITTEN INSIDE PAKISTAN									
Rupees									
Direct & facultative									
Fire and property damage	14,717,503	45,148,711	44,942,737	14,511,529	13,530,876	38,000,309	37,290,316	12,820,883	1,690,646
Marine, aviation and transport	2,905,777	6,125,308	5,770,682	2,551,151	1,393,379	1,485,801	1,485,513	1,393,091	1,158,060
Motor	19,543,128	23,607,807	17,625,607	13,560,928	9,304,725	7,054,129	6,647,516	8,898,112	4,662,816
Miscellaneous	4,501,003	34,666,415	32,261,248	2,095,836	3,358,333	23,996,748	21,757,573	1,119,158	976,678
GRAND TOTAL	41,667,411	109,548,241	100,600,274	32,719,444	27,587,313	70,536,987	67,180,918	24,231,244	8,488,200
									2,329,362

		Six months ended June 30, 2012						Six months ended June, 30 2011		
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 expenses	Net claims expenses
		Opening	Closing			Opening	Closing			
		Rupees								
Direct & facultative										
Fire and property damage	20,921,979	56,680,507	44,942,737	9,184,209	18,561,455	49,515,598	37,290,316	6,336,173	2,848,036	1,010,876
Marine, aviation and transport	5,915,843	5,725,307	5,770,682	5,961,218	3,513,108	1,485,861	1,485,513	3,512,760	2,448,458	449,407
Motor	25,024,797	17,880,468	17,625,607	24,769,936	9,758,246	4,995,381	6,647,516	11,410,382	13,359,554	6,907,061
Miscellaneous	5,956,133	32,377,242	32,261,248	5,840,139	3,928,408	24,481,517	21,757,573	1,204,464	4,635,675	2,280,599
GRAND TOTAL	57,818,752	112,663,524	100,600,274	45,755,502	35,761,217	80,478,357	67,180,918	22,463,779	23,291,723	10,647,943

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



Chief Executive Officer



Chairperson



Director



Director

Condensed Interim Statement of Expenses (Unaudited)

For the half year ended June 30, 2012

Class	Quarter ended June 30, 2012										Quarter ended June, 30 2011	
	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	6,965,083	5,726,321	8,978,694	3,712,710	11,554,753	15,267,463	7,032,652	3,556,095	7,907,939	2,680,908	12,586,655	5,525,327
Marine, aviation and transport	1,437,446	1,106,337	690,645	1,853,138	1,568,950	3,422,088	1,320,684	692,934	520,709	1,492,909	1,929,179	486,869
Motor	2,925,327	2,736,042	4,133,504	1,527,865	7,290,119	8,817,984	-	32,468	19,970	12,498	8,805,486	1,933,143
Miscellaneous	1,740,556	4,270,747	3,064,026	2,947,277	2,677,200	5,624,477	1,223,603	2,746,517	2,113,936	1,856,184	3,768,293	1,466,444
GRAND TOTAL	13,068,412	13,839,447	16,866,869	10,040,990	23,091,022	33,132,012	9,576,939	7,028,014	10,562,554	6,042,399	27,089,613	9,411,783

Rupees

Six months ended June 30, 2012

Six months ended June, 30 2011

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	10,423,170	5,426,892	8,978,694	6,871,368	16,501,539	23,372,907	9,180,154	6,999,677	7,907,939	8,271,892	15,101,015	10,495,064
Marine, aviation and transport	3,294,033	207,645	690,645	2,811,033	4,241,974	7,053,007	2,483,523	123,150	520,709	2,085,964	4,967,043	1,708,165
Motor	4,934,020	2,122,042	4,133,504	2,921,558	15,842,514	18,765,072	23,837	84,051	19,970	87,918	18,677,154	6,729,592
Miscellaneous	2,226,591	5,265,720	3,064,026	4,428,285	3,650,296	8,078,581	1,536,172	1,713,527	2,113,936	1,135,763	6,942,818	4,395,806
GRAND TOTAL	20,877,814	13,022,299	16,866,869	17,033,244	40,236,323	57,269,567	13,723,686	8,920,405	10,562,554	11,581,537	45,688,030	23,328,627

Rupees

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

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



Chief Executive Officer



Chairperson



Director



Director

Condensed Interim Statement of Investment Income (Unaudited)

For the half year ended June 30, 2012

Quarter ended		Six months ended	
June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Rs			

Income from held for trading investments

Gain on sale of trading	-	-	-	-
Dividend income	-	-	-	-
	-	-	-	-

Income from non-trading investments

Held-to-maturity

Return on government securities	1,112,411	939,510	1,955,018	1,924,814
Return on TDRs	1,290,850	568,223	2,652,125	580,239
Return on treasury bills	39,738	-	39,738	-
Available-for-sale				
Dividend income	1,350	-	17,850	15,000
	2,444,349	1,507,733	4,664,731	2,520,053

Gain/(loss) on sale of non-trading investments

Available-for-sale	-	-	-	-
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Impairment (loss) on non-trading investments

Available-for-sale	-	-	-	-
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Investment related expenses	(1,031)	(1,031)	(4,651)	(4,611)
Net investment income	2,443,318	1,506,702	4,660,080	2,515,442

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



Chief Executive Officer



Chairperson



Director



Director

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended June 30, 2012

I STATUS AND NATURE OF BUSINESS

- I.1** 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- Shahrah-e-Fatima Jinnah, Lahore, Pakistan.
- I.2** Saudi Pak Industrial & Agricultural Investment Company (Private) Limited is the parent entity of the Company.

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 half year ended June 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		Jun 30,	Dec 31,
	Jun 30, 2012	Dec 31, 2011	2012	2011
	(Number of Shares)		(Rupees)	
	<u>50,000,000</u>	<u>50,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
	Ordinary shares of Rs. 10/- each			

8.1 PAID-UP SHARE CAPITAL

Issued, subscribed and paid up capital:

	Jun 30,	Dec 31,	Jun 30,	Dec 31,
	2012	2011	2012	2011
	(Number of Shares)		(Rupees)	
25,000,000	25,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	250,000,000	250,000,000
7,500,000	7,500,000	Ordinary shares of Rs. 10/- each issued as fully paid right shares	75,000,000	75,000,000
<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	110,000	440,000
Salaries wages and benefits payable	-	3,795,525
Utilities payable	422,638	74,776
Others	477,005	35,835
	<u>1,009,643</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	1,409,875	754,800
Staff retirement gratuity	1,377,538	944,644
Federal excise duty	1,026,672	3,099,591
Federal insurance fee	1,174,406	889,868
Liabilities against cancelled policies	36,966	36,966
Withholding Tax	152,731	40,717
Others	705,373	151,367
	<u>6,696,212</u>	<u>9,706,064</u>

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended June 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.

12 INVESTMENTS

The investments comprise the following:

Held to maturity

		<u>Jun 30, 2012</u>	<u>Dec 31, 2011</u>
Pakistan Investment Bonds	12.1	37,046,922	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		<u>(226,625)</u>	<u>(226,625)</u>
		45,458,061	45,458,061
		<u>84,574,983</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. 38 million (December 31, 2011: 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 2021.

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 June 30, 2012 is Rs. 643,560/- (December 31, 2011: 583,795).

13 PREMIUM DUE BUT UNPAID

		<u>Jun 30, 2012</u>	<u>Dec 31, 2011</u>
Unsecured		(Rupees)	
-Considered good		73,525,639	61,160,304
-Considered doubtful		<u>2,543,081</u>	<u>2,745,354</u>
Provision for doubtful balances	13.1	76,068,720	63,905,658
		<u>(2,543,081)</u>	<u>(2,745,354)</u>
		<u>73,525,639</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 half year ended June 30, 2012

14 AMOUNTS DUE FROM OTHER INSURERS/ REINSURERS

	Jun 30, 2012	Dec 31, 2011
Unsecured		
	(Rupees)	
-Considered good	31,058,136	41,811,499
-Considered doubtful	6,151,676	5,453,409
	37,209,812	47,264,908
Provision for doubtful balances	14.1 (6,151,676)	(5,453,409)
	<u>31,058,136</u>	<u>41,811,499</u>

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	<u>(6,151,676)</u>	<u>(5,453,409)</u>

15 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Saudi Pak Industrial & Agricultural Investment Company Limited (parent company), 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:

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)	9,835,751	61,743,773
Received / adjusted during the period	<u>(12,396,087)</u>	<u>(32,611,429)</u>
Balance at end of the period	<u>29,861,329</u>	<u>32,421,665</u>

Insurance claim expense

Outstanding claims at beginning of the period	6,946,040	7,099,794
Gross claims expense for the period	6,450,511	5,158,774
Claim paid during the period	<u>(5,563,430)</u>	<u>(5,312,528)</u>
Outstanding claims at end of the period	<u>7,833,121</u>	<u>6,946,040</u>

Other transactions for the period with parent and other associated companies

Rental expense	<u>943,500</u>	<u>1,083,900</u>
Bank charges	<u>37,493</u>	<u>126,011</u>
Tracker charges	<u>828,000</u>	<u>427,950</u>

Notes to the Condensed Interim Financial Information (Unaudited)

For the half year ended June 30, 2012

	<u>Jun 30, 2012</u>	<u>Dec 31, 2011</u>
	(Rupees)	
Profit on term deposit receipts	<u>546,070</u>	<u>1,083,032</u>
Profit on bank deposits	<u>25,789</u>	<u>1,823,352</u>
Other balances with associated companies		
Term deposits	<u>35,931,000</u>	<u>41,931,000</u>
Profit & Loss Sharing Accounts	<u>212,838</u>	<u>958,638</u>
Current account	<u>1,964,875</u>	<u>5,031,604</u>
Accrued investment income	<u>4,254,719</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>9,120,430</u>	<u>10,035,000</u>
Balances with other related parties (Key management personnel)		
(Payable) / receivable from defined benefit plan	<u>(1,377,538)</u>	<u>(944,644)</u>
Loan to key management personnel	<u>30,000</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 **29th August 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


Chairperson


Director


Director

SAUDI PAK

INSURANCE

SAUDI PAK
INSURANCE

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