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Company Information

BOARD OF DIRECTORS

A. Samad Dawood (Chairman)
Viqar Siddiqui (Chief Executive)
Isar Ahmad
Aleem A. Dani
Haroon Mahenti
Aziz Moon
Shahid Hamid Pracha

BOARD AUDIT COMMITTEE

Aleem A. Dani (Chairman)
Haroon Mahenti (Member)
Aziz Moon (Member)
Shahid Hamid Pracha (Member)

COMPANY SECRETARY & CFO

Ghulam Haider

EXECUTIVES AT HEAD OFFICE

Tariq Mehmood Awan
Mirza Akhtar Baig
Shehla Hashim

AUDITORS

KPMG Taseer Hadi & Co.
(Chartered Accountants)
Sheikh Sultan Building #2,
Beaumont Road, Karachi-75530
Website: www.kpmg.com.pk

BANKERS

Barclays Bank PLC Pakistan
Meezan Bank Limited
Bank Al Habib Limited
Atlas Bank Limited
Habib Bank Limited
Standard Chartered Bank

TAX CONSULTANTS

Tanuli Qazi Law Associates
346-Hotel Metropol, Club Road,
Karachi.

LEGAL ADVISORS

Zahid & Tariq Advocates
65 Hussain Manzil,
Chestnut Street,
Garden East, Karachi

REGISTERED OFFICE & SHARES DEPARTMENT

Dawood Centre,
M.T. Khan Road, Karachi-75530

BRANCH OFFICE LAHORE

35-A, Empress Road, Lahore-54000

Directors' Report

Assalam-o-Alaikum,

The Directors are pleased to present the unaudited quarterly results of Central Insurance Company Limited for the first quarter ended March 31, 2009.

Insurance Business:

The gross premium of our company was Rs 28.06 million compared with Rs. 36.91 million for the same period last year, a decrease of 24%. Resultantly, the net premium stood at Rs. 3.28 million compared to Rs. 5 million for the corresponding last year. The major reasons for the reduction were lower premiums on oil imports as well as declining project insurance business from Engro, the latter of which was also mentioned in our annual report.

Better claims management has resulted in lowering the impact of reduction in our premiums. The underwriting result of Rs. 4.27 million was lower by 16% compared to Rs. 5.06 million for the comparative quarter. This is inclusive of commissions and higher expenses.

Investments:

As stated in our annual report, our company has opted for a relaxation in the application of IAS 39, which deals with impairment in the value of our investments. According to the SECP, the differential in value of investments with book cost is supposed to be adjusted over the four quarters of the year. As a result an amount of Rs. 461.02 million was charged to the profit and loss account. The loss from sale of investments amounted to Rs.97.66 million compared to a gain of Rs. 19.98 million for the same period last year. Dividend income was Rs. 23.07 million compared to Rs. 25.30 million, depicting a marginal decline of 8.83%. Thus total loss from investments for the quarter is Rs. 535.98 million compared to a profit of Rs.44.90 million for the same period last year.

The board and management remain alert to the volatile global and local markets. Although majority of the loss of our company is due to the revaluation exercise carried out in the year 2007, changes have been made to strengthen our investment management process. The effects of these changes have already resulted in lowering the impact of our losses. We remain focused and continue to reorient our portfolio for long term value creation. The shareholders passed a special resolution in the Annual General Meeting held on the 22nd of April 2009 allowing the company to invest a further Rs. 154 million by subscribing to a rights issue by Engro Chemical Pakistan Limited at Rs. 50 per share.

We remain appreciative of all our stakeholders, including our employees, customers' and shareholders, for their continuing support to our company.

On behalf of the Board

Karachi:
April 30, 2009

Viquar Siddiqui
(Chief Executive)

BALANCE SHEET (UN-AUDITED)
As at March 31, 2009

	Note	31-Mar-09	31-Dec-08
(Rupees in 000')			
Share Capital and Reserves			
Authorised Share Capital	5	300,000	300,000
Paid-up share capital	5	203,039	184,581
Retained earnings		3,298,271	3,869,401
Reserves		133,088	133,088
		3,634,398	4,187,070
Underwriting Provisions			
Provision for outstanding claims (including IBNR)		42,150	52,768
Provision for unearned premium		62,673	59,914
Commission income unearned		5,827	3,351
Total Underwriting Provision		110,650	116,033
Deferred Liabilities			
Staff Retirement Benefits		873	845
Creditors and Accruals			
Amounts due to other insurers/reinsurers		23,163	21,862
Accrued Expenses		3,702	2,833
Other Creditors and Accruals		6,896	5,430
		33,761	30,125
Other liabilities			
Unclaimed dividend		25,945	9,607
TOTAL LIABILITIES		171,229	156,610
TOTAL EQUITY AND LIABILITIES		3,805,627	4,343,680
CONTINGENCIES	6		

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

BALANCE SHEET (UN-AUDITED)
As at March 31, 2009

	Note	31-Mar-09 (Rupees in 000')	31-Dec-08
Cash and Bank Deposits			
Cash and other equivalents		138	183
Current and other accounts		55,965	61,969
Deposits maturing within 12 months		2,621	2,621
		58,724	64,773
Investments	7	3,573,828	4,124,141
Deferred taxation		905	850
Other Assets			
Premiums due but unpaid		25,753	6,528
Taxation-Payment less provision		37,328	37,737
Amounts due from other insurers/reinsurers		17,798	10,730
Accrued investment income		7,672	1,229
Reinsurance recoveries against outstanding claims		21,235	32,528
Deferred commission expense		532	269
Prepayments - prepaid reinsurance premium ceded		58,148	60,413
Sundry receivable		631	1,295
		169,097	150,729
Fixed Assets	8		
Tangible			
Furniture, Fixtures and Office Equipment		929	948
Motor Vehicles		2,102	2,212
Intangible - Computer Software		42	27
		3,073	3,187
TOTAL ASSETS		3,805,627	4,343,680

Aziz Moon
Director

Shahid Hamid Pracha
Director

PROFIT & LOSS ACCOUNT (UN-AUDITED)
For the Period Ended March 31, 2009

1st Quarter (January - March 2009)

	Rupees in 000'				31-Mar-09	31-Mar-08
	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Aggregate	Aggregate
Revenue Account						
Net Premium Revenue	171	557	2,261	286	3,275	4,997
Net Claims	2	(497)	(327)	(315)	(1,137)	(1,359)
Expenses	(808)	(320)	(619)	(452)	(2,199)	(1,479)
Net Commission	3,043	564	13	717	4,337	2,902
Underwriting Result	2,408	304	1,328	236	4,276	5,061
Investment Income					(535,977)	44,900
Other Income					2,231	1,057
General and Administration Expenses					(2,449)	(2,692)
(Loss) / Profit before tax					(536,195)	43,265
Provision for taxation				9	(531,919)	48,326
Net (Loss) / Profit after tax					(2,295)	(3,997)
Profit and Loss Appropriation Accounts					(534,214)	44,329
Balance at commencement of year					3,869,401	3,842,474
(Loss) / Profit after tax for the period					(534,214)	44,329
Issue of Bonus share 10% (2007 : 20%)					(18,458)	(27,967)
Final dividend for the year ended Dec. 31, 2008 at Rs.1 per share (2007-Rs.2 per share)					(18,458)	(27,967)
Balance unappropriated profit					(571,130)	(11,605)
Earnings per share - Basic and diluted				12	3,298,271	3,830,869

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the Period Ended March 31, 2009

	Share Capital		Capital Reserves			Revenue Reserve		Total
	Issued, Subscribed and paid-up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General Reserve	Retained earnings		
Balance as at January 01, 2008	139,834	10,535	-	2,553	120,000	3,842,474	4,115,396	
Final dividend Rs.2 per share for the year ended December 31, 2007	-	-	-	-	-	(27,967)	(27,967)	
Issue of bonus shares @ 20% for the year ended December 31, 2007	27,967	-	-	-	-	(27,967)	-	
Issue of bonus shares @ 10%	16,780	-	-	-	-	(16,780)	-	
1st Interim Dividend of Rs. 1 per share	-	-	-	-	-	(16,780)	(16,780)	
Net Profit for the year ended 31 December 2008	-	-	-	-	-	116,421	116,421	
Balance as at December 31, 2008	184,581	10,535	-	2,553	120,000	3,869,401	4,187,070	
Final dividend Rs.1 per share for the year ended December 31, 2008	-	-	-	-	-	(18,458)	(18,458)	
Issue of bonus shares @ 10% for the year ended December 31, 2008	18,458	-	-	-	-	(18,458)	-	
Net Loss for the quarter ended March 31, 2009	-	-	-	-	-	(534,214)	(534,214)	
Balance as at March 31, 2009	203,039	10,535	-	2,553	120,000	3,298,271	3,634,398	

Rupees in 000'

1st Quarter (January - March 2009)

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director

STATEMENT OF CASH FLOWS (UN-AUDITED)
For the Period Ended March 31, 2009

Operating Cash Flows	31-Mar-09	31-Mar-08
	(Rupees in 000')	
(a) Underwriting activities		
Premiums received	8,834	2,086
Re-insurance premiums paid	(22,572)	2,452
Claims paid	(3,032)	774
Re-insurance and other recoveries received	4,498	47
Commission paid	(1,040)	979
Commission received	7,208	4,976
Other underwriting payment (Management Expenses)	(6,951)	(1,752)
Net cash (outflows)/inflow from underwriting activities	(13,055)	9,562
(b) Other operating activities		
Income tax paid	(2,307)	(2,730)
General management expenses paid	(2,739)	(2,533)
Other operating payments	(1,756)	(2,533)
Advances	-	(102)
Net cash (outflow) from other operating activities	(4,478)	(5,312)
Total cash flow from all operating activities	(17,533)	4,250
Investment activities		
Profit / Return received	2,745	940
Dividend received	19,739	26,614
Payments for investments	(156,218)	(218,309)
Proceeds from disposal of investments	147,460	166,906
Fixed capital expenditure	(82)	-
Proceeds from disposal of fixed assets	-	1,160
Total cash inflow / (outflow) from investing activities	13,644	(22,689)
Financing activities		
Dividends paid	(2,120)	(18,512)
Total cash (outflow) from financing activities	(2,120)	(18,512)
Net cash (outflow) from all activities	(6,009)	(36,951)
Cash at the beginning of the year	64,733	97,520
Cash at the end of the period	58,724	60,569

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director

STATEMENT OF PREMIUMS (UN-AUDITED)
For the Period Ended March 31, 2009

Class	Premiums written		Unearned premium reserve		Premiums earned		Re-insurance ceded		Prepaid re-insurance premium ceded		Re-insurance expense		Net Premium revenue	
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	31-Mar-08	31-Mar-09
Direct and Facultative														
1. Fire and Property Damage	10,247	17,517	18,549	9,215	9,868	17,283	18,107	9,044	9,044	171	934			
2. Marine, Aviation and Transport	5,386	8,644	8,533	5,497	4,460	8,411	7,931	4,940	4,940	557	1,049			
3. Motor	6,759	2,074	6,404	2,429	76	371	279	168	168	2,261	2,579			
4. Miscellaneous	5,667	31,679	29,187	8,159	5,356	31,617	29,100	7,873	7,873	286	435			
Total	28,059	59,914	62,673	25,300	19,760	57,682	55,417	22,025	22,025	3,275	4,997			

(Rupees in 000)

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director

STATEMENT OF CLAIMS (UN-AUDITED)
For the Period Ended March 31, 2009

Class	Claims paid	Outstanding Claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	Net Claims expense 31-Mar-09	Net Claims expense 31-Mar-08
		Opening	Closing			Opening	Closing			
Direct and Facultative										
1. Fire and Property Damage	2,247	35,786	24,535	(9,004)	2,243	26,814	15,569	(9,002)	(2)	(8)
2. Marine, Aviation and Transport	391	5,090	5,519	820	325	1,367	1,365	323	497	899
3. Motor	306	9,454	9,475	327	-	2,957	2,957	-	327	387
4. Miscellaneous	88	2,438	2,621	271	2	1,390	1,344	(44)	315	81
Total	3,032	52,768	42,150	(7,586)	2,570	32,528	21,235	(8,723)	1,137	1,359

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director

STATEMENT OF EXPENSES (UN-AUDITED)
For Period Ended March 31, 2009

Class	Commissions paid or payable	Opening Deferred Commission	Closing Deferred Commission	Net Commission Expenses	Other Management Expenses	Underwriting Expense	Commissions from Insurers	Net Under-	Net Under-
								writing expense 31-Mar-09	writing expense 31-Mar-08
	a	b	c	d = a + b - c	e	f = d + e	g	h = f - g	
1. Fire and Property Damage	174	149	286	37	808	845	3,080	(2,235)	(729)
2. Marine, Aviation and Transport	481	105	236	350	320	670	914	(244)	(867)
3. Motor	-	-	-	-	619	619	13	606	203
4. Miscellaneous	3	15	10	8	452	460	725	(265)	(30)
Total	658	269	532	395	2,199	2,594	4,732	(2,138)	(1,423)

Rupees in 000'

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director

STATEMENT OF INVESTMENT INCOME (UN-AUDITED)
For the Period Ended March 31, 2009

1st Quarter (January - March 2009)

	31-Mar-09 Rupees in 000'	31-Mar-08 Rupees in 000'
Income from Non-Trading Investments		
Held to Maturity	-	-
Return on Government Securities		
Available for sale		
Dividend Income	20,275	24,700
- Related parties	2,790	598
- Others		
(Loss)/Gain on Sale of available for Sale Investments	23,065	25,298
Provision for impairment in the value of available for sale investment	(97,655)	19,984
Investment related expenses	(461,015)	-
Net Investment Income	(372)	(382)
	<u>(535,977)</u>	<u>44,900</u>

The annexed notes 1 to 14 form an integral part of these financial statements.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director

**NOTES TO THE ACCOUNTS (UN-AUDITED)
For the Period Ended March 31, 2009**

1. Status and Nature Of Business

Central Insurance Company Limited – a Dawood Group Company (the company) is a public limited company incorporated in Pakistan on 23 April, 1960 under the Companies Act, 1913 (now Companies Ordinance, 1984). The company is listed on the Karachi and Lahore Stock Exchanges and is engaged in general insurance services in the sphere of fire, marine, motor and miscellaneous.

The registered office of the company is situated at Dawood Centre, Molvi Tamizuddin Khan Road, Karachi.

2. Basis for Presentation

These condensed financial statements are unaudited and are being submitted to shareholders as required under section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchanges. These condensed financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 “Interim Financial Reporting” as applicable in Pakistan and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003.

The condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company’s annual financial statements for the year ended 31 December 2008.

These financial statements have been presented in Pakistan rupee, which is also the Company's functional currency and rounded to the nearest thousand rupees.

3. Accounting Policies

The accounting policies adopted in the preparation of these condensed financial statements are the same as those applied in the preparation of the financial statements of the company for the year ended 31 December 2008.

4. Financial Risk Management

The Company's financial risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2008.

5. Share Capital

31-Mar-09	31-Dec-08		31-Mar-09	31-Dec-08
			(Rupees in 000’)	
		Authorised		
<u>30,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs. 10 each	<u>300,000</u>	<u>300,000</u>
		Issued, subscribed and paid-up-capital		
250,000	250,000	Ordinary shares of Rs 10 each	2,500	2,500
<u>20,053,973</u>	<u>18,208,158</u>		<u>200,539</u>	<u>182,081</u>
<u>20,303,973</u>	<u>18,458,158</u>		<u>203,039</u>	<u>184,581</u>

6. CONTINGENCIES AND COMMITMENTS

The status of contingencies and commitments remained unchanged as disclosed in the financial statements for the year ended 31 December 2008.

7. INVESTMENTS	Notes	31-Mar-09	31-Dec-08
(Rupees in 000')			
Held to maturity investment		17,870	15,825
Available for sale	7.1	3,555,958	4,108,316
		3,573,828	4,124,141

7.1 The change in held to maturity and available-for-sale investments during the three months period ended March 31, 2009 are as follows:

		31-Mar-09
		(Rupees in 000')
Held to maturity Investment		
Book value as of 01 January		15,825
Investment made		2,045
Book value as of 31March		17,870
Available for sale investment		
Book value as of 01 January		4,108,316
Investment made		154,173
Investment sold		(245,516)
Provision for impairment		(461,015)
Book value as of 31 March		3,555,958
Market value as of 31 March		2,176,610

8. FIXED ASSETS	31-Mar-09	31-Dec-08
(Rupees in 000')		
Opening book value	3,187	4,103
Add: Additions during the period / year	82	1,255
	3,269	5,358
Less: Written down value of disposal	15	985
Less: Depreciation for the period / year	181	1,186
	196	2,171
	3,073	3,187

9. TAXATION	31-Mar-09	31-Dec-08
(Rupees in 000')		
Taxation -current	2,350	2,600
-deferred	(55)	1,397
	2,295	3,997

10. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise related group companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and staff retirement benefits fund.

Material transactions with related parties are given below:

		31-Mar-09	31-Mar-08
Premiums underwritten		19,459	36,032
Premiums collected		11,313	14,286
Claims paid		-	16
Rent paid		699	542
Dividend received		20,275	23,151
Investment sold		37,451	84,577
Contribution to Provident Fund	10.1	44	33
Contribution to Staff Retirement Benefits	10.1	28	40
Key Management Personnel			
Remuneration	10.2	835	734

- 10.1** Contribution to the provident fund and staff retirement benefits are in accordance Company's staff services rules.
- 10.2** Remuneration to the key management personnel are in accordance with the terms of their employment.
- 10.3** Other transactions with the related parties are in accordance with the agreed terms.

11. SEGMENT REPORTING

Class of business wise revenue and results have been disclosed in the condensed statement of premiums and condensed profit and loss account respectively, prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

	31-Mar-09	31-Mar-08
12. EARNINGS PER SHARE		
	(Rupees in '000)	
(Loss)/Profit after tax for the period	(534,214)	44,329
	(Number of shares)	
Weighted average number of ordinary shares outstanding as at the period end	20,303,973	20,303,973
	(Restated)	
Earnings per share (Rupees)	(26.31)	2.18

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.

The number of shares for the prior period have also been adjusted for the effect of bonus shares issued during the current period.

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the company on April 30, 2009.

14. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However no significant re-arrangements have been made.

A. Samad Dawood
Chairman

Viqar Siddiqui
Chief Executive and Principal Officer

Aziz Moon
Director

Shahid Hamid Pracha
Director