

# EAGE OF MIND

Quarterly Accounts

(Un-Audited)

for the 1st Quarter Ended

March 31, 2006



Quarterly Accounts  
(Un-Audited)  
for the 1st Quarter Ended  
March 31, 2007



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# COMPANY INFORMATION



## BOARD OF DIRECTORS

Hussain Dawood  
(Chairman)

Abdur Rahim (Chief  
Executive)

Aleem A. Dani

Shahzada Dawood

A. Samad Dawood

Haroon Mahenti

Aziz Moon

## COMPANY SECRETARY &

### CFO

Ghulam Haider

## EXECUTIVES AT HEAD

### OFFICE

Tariq Mehmood Awan

## BANKERS

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

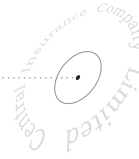
Standard Chartered

Building

1st floor, Room # 30

I.I. Chundrigar Road,

# DIRECTORS' REPORT



Assalam-o-Alikum,

I am pleased to present the Un-audited accounts for the first quarter ended March 31, 2007.

In the quarter under review the gross premium has declined by 27% compared to the same period in the last year resulting in decline in underwriting profit.

During the quarter the company received dividend income on its investments amounting to Rs 29.46 million and liquidated part of its capital investment realizing capital gain amounting to Rs.9.48 million. The Company has plan to make further investments to generate sustainable earnings.

On behalf of the Board

Karachi  
April 25, 2007

ABDUR RAHIM  
(Chief Executive)

**BALANCE SHEET (UN-AUDITED)**  
As at March 31, 2007

	Note	31-Mar-07	31-Dec-06
(Rupees in thousands)			
<b>Share Capital and Reserves</b>			
Authorised Share Capital		150,000	150,000
Paid-up share capital	4	139,834	139,834
Retained earnings		1,176,111	1,185,384
Reserves		133,088	133,088
		1,449,033	1,458,306
<b>Underwriting Provisions</b>			
Provison for outstanding claims (including IBNR)		44,455	43,849
Provision for unearned premium		32,874	31,442
Commission income unearned		4,474	3,950
Total Underwriting Provisions		81,803	79,241
<b>Deferred Liabilities</b>			
Staff Retirement Benefits		1,367	1,260
<b>Creditors and Accruals</b>			
Premium received in advance		115	1,073
Amounts due to other insurers/reinsurers		27,763	13,320
Accrued expenses		2,587	12,124
Other creditors and accruals		10,412	12,241
		40,877	38,758
<b>Other liabilities</b>			
Unclaimed dividend		56,372	7,485
		180,419	126,744
<b>TOTAL LIABILITIES</b>		180,419	126,744
<b>TOTAL EQUITY AND LIABILITIES</b>		1,629,452	1,585,050
<b>CONTINGENCIES AND COMMITMENTS</b>	5	—	—

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

**BALANCE SHEET (UN-AUDITED)**  
As at March 31, 2007

	Note	31-Mar-07 (Rupees in thousands)	31-Dec-06
<b>Cash and Bank Deposits</b>			
Cash and other equivalent		512	69
Current and other accounts		287,769	304,871
Deposits maturing within 12 months		2,608	2,608
		<u>290,889</u>	<u>307,548</u>
Investments	6	1,183,889	1,146,086
Deferred taxation		16,254	16,254
<b>Other Assets</b>			
Premiums due but unpaid		27,352	9,381
Taxation-payments less provision		34,029	35,695
Amounts due from other insurers / reinsurers		8,554	10,741
Accrued investment income		11,205	58
Reinsurance recoveries against outstanding claims		22,324	21,558
Deferred commission expense		5,744	7,951
Prepayments-Prepaid reinsurance premium ceded		22,524	22,796
Others		1,333	1,358
		<u>133,065</u>	<u>109,538</u>
<b>Fixed Assets</b>			
Tangible			
Furniture, Fixtures and Office Equipment		1,226	1,314
Motor Vehicles		3,075	3,235
Intangible-Computer Software		1,054	1,075
		<u>5,355</u>	<u>5,624</u>
		<u>1,629,452</u>	<u>1,585,050</u>
<b>Total Assets</b>			

Aziz Moon  
Director

Aleem A. Dani  
Director

**PROFIT & LOSS ACCOUNT (UN-AUDITED)**  
For the Period Ended March 31, 2007

	Rupees in thousands				31-Mar-06	31-Mar-07
	Fire and Property	Marine, Aviation and Transport	Motor	Miscellaneous	Aggregate	Aggregate
Revenue Account						
Net Premium Revenue	1,723	728	2,931	395	17,068	5,777
Net Claims	(633)	(636)	(546)	(162)	(4,752)	(1,977)
Expenses	(1,570)	(214)	(802)	(33)	(2,170)	(2,619)
Net Commission	(104)	1,048	385	(689)	(3,701)	640
Underwriting Result	(584)	926	1,968	(489)	6,445	1,821
Investment Income						
Other Income					33,190	38,940
Financial Charges					339	2,935
General and Administration Expenses					(9,513)	(2)
					(1,547)	(1,125)
Profit before tax					22,469	40,748
Provision for taxation					28,914	42,569
Profit after tax					(1,700)	(2,900)
Profit and Loss Appropriation Accounts					27,214	39,669
Balance at commencement of year					467,191	1,185,384
Profit after tax for the period					27,214	39,669
Issue of Bonus share Nil (2006 : 10%)					(12,712)	-
Final dividend @ Rs.3.50 per Ordinary share (2005: Rs.2. per share) for the year ended December 31, 2006					(25,424)	(48,942)
Balance unappropriated profit					456,269	1,176,111
Earnings per share					1.95	2.84

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

Hussain Dawood  
Chairman

Abdur Rahim  
Chief Executive & Principal Officer

Aziz Moon  
Director

Aleem A. Dani  
Director

STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
For the Period Ended March 31, 2007

	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	
	..... Rupees in thousands .....						
Balance as at December 31, 2005	127,122	10,535	-	2,553	120,000	494,405	754,615
Proposed final dividend Rs. 2.00 per share 2005	-	-	-	-	-	(25,424)	(25,424)
Transfer to reserve for issue of Bonus Share	-	-	12,712	-	-	(12,712)	-
Issue of bonus shares @ 10%	12,712	-	(12,712)	-	-	-	-
Interim dividend Rs. 1.50 per share	-	-	-	-	-	(20,975)	(20,975)
Net Profit for the year	-	-	-	-	-	750,090	750,090
Balance as at December 31, 2006	139,834	10,535	-	2,553	120,000	1,185,384	1,458,306
Proposed final dividend Rs. 3.50 per share 2006	-	-	-	-	-	(48,942)	(48,942)
Net Profit for the quarter ended March 31, 2007	-	-	-	-	-	39,669	39,669
Balance as at March 31, 2007	139,834	10,535	-	2,553	120,000	1,176,111	1,449,033

Hussain Dawood  
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**STATEMENT OF CASH FLOWS (UN-AUDITED)**  
For the Period Ended March 31, 2007

Operating Cash Flows	31-Mar-07	31-Mar-06
	(Rupees in thousands)	
(a) Underwriting activities		
Premiums received	7,716	10,299
Re-insurance premiums paid	(2,915)	(32,725)
Claims paid	(2,353)	(3,976)
Re-insurance and other recoveries received	216	800
Commission paid	(3,059)	(807)
Commission received	4,607	6,085
Other underwriting receipts	138	464
Net cash outflow from underwriting activities	4,350	(19,860)
(b) Other operating activities		
Income tax paid	(1,234)	(14,352)
General management expenses paid	(2,088)	(2,167)
Other operating payments	(10,983)	(1,213)
Other operating receipts	450	2,874
Advances	(24)	(185)
Net cash flow from other operating activities	(13,879)	(15,043)
Total cash outflow from all operating activities	(9,529)	(34,903)
Investment activities		
Profit / return received	2,993	353
Dividend received	18,251	33,546
Payments for investments	(77,765)	-
Proceeds from disposal of investments	49,446	-
Fund Capital Expenditure	-	(29)
Total cash (outflow) / inflow from investing activities	(7,075)	33,870
Financing activities		
Short term running finance paid	-	(53,285)
Dividends paid	(55)	(2,076)
Total cash outflow from financing activities	(55)	(55,361)
Net cash outflow from all activities	(16,659)	(56,394)
Cash at the beginning of the year	307,548	87,857
Cash at the end of the period	290,889	31,463

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

Hussain Dawood  
Chairman

Abdur Rahim  
Chief Executive & Principal Officer

Aziz Moon  
Director

Aleem A. Dani  
Director

**STATEMENT OF PREMIUMS (UN-AUDITED)**  
For the Period Ended March 31, 2007

Class	Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded		Prepaid re-insurance premium ceded		Re-insurance expense	Net Premium revenue 31-Mar-07	Net Premium revenue 31-Mar-06
		Opening	Closing		Opening	Closing	Opening	Closing			
..... (Rupees in thousands)											
Direct and Facultative											
1. Fire and Property Damage	13,200	22,613	22,965	12,848	12,396	19,108	20,379	11,125	1,723	3,797	
2. Marine, Aviation and Transport	6,496	3,722	2,228	7,990	5,926	3,002	1,666	7,262	728	3,311	
3. Motor	5,968	3,833	6,788	3,013	-	192	110	82	2,931	8,795	
4. Miscellaneous	161	1,274	893	542	22	494	369	147	395	1,165	
Total	25,825	31,442	32,874	24,393	18,344	22,796	22,524	18,616	5,777	17,068	
Treaty	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-
Grand Total	25,825	31,442	32,874	24,393	18,344	22,796	22,524	18,616	5,777	17,068	

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

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Aleem A. Dan  
Director

**STATEMENT OF CLAIMS (UN-AUDITED)**  
For the Period Ended March 31, 2007

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 and revenue	Net Claims expense 31-Mar-06	Net Claims expense 31-Mar-07
		Opening	Closing			Opening	Closing			
Rupees in thousands										
Direct and Facultative										
1. Fire and Property Damage	220	22,195	23,899	1,924	163	11,499	12,627	1,291	(2,000)	633
2. Marine, Aviation and Transport	404	3,947	4,168	625	53	1,988	1,924	(11)	4,325	636
3. Motor	1,517	12,088	11,055	484	-	3,958	3,896	(62)	1,777	546
4. Miscellaneous	212	5,619	5,333	(74)	-	4,113	3,877	(236)	650	162
<b>Total</b>	<b>2,353</b>	<b>43,849</b>	<b>44,455</b>	<b>2,959</b>	<b>216</b>	<b>21,558</b>	<b>22,324</b>	<b>982</b>	<b>4,752</b>	<b>1,977</b>
Treaty	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>2,353</b>	<b>43,849</b>	<b>44,455</b>	<b>2,959</b>	<b>216</b>	<b>21,558</b>	<b>22,324</b>	<b>982</b>	<b>4,752</b>	<b>1,977</b>

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**STATEMENT OF EXPENSES (UN-AUDITED)**  
For Period Ended March 31, 2007

Class	Commissions paid or payable	Opening Deferred Commission	Closing Deferred Commission	Net Commission Expenses	Other Management Expenses	Underwriting Expense	Commissions from Insurers	Net Underwriting expense	Net Underwriting expense
								31-Mar-06	31-Mar-07
Rupees in thousands									
Direct and Facultative									
1. Fire and Property Damage	431	6,623	4,397	2,657	1,570	4,227	2,553	1,674	1,924
2. Marine, Aviation and Transport	762	535	885	412	214	626	1,460	(834)	1,487
3. Motor	44	596	991	(351)	802	451	34	417	2,105
4. Miscellaneous	(1)	197	(529)	725	33	758	36	722	355
<b>Total</b>	<b>1,236</b>	<b>7,951</b>	<b>5,744</b>	<b>3,443</b>	<b>2,619</b>	<b>6,062</b>	<b>4,083</b>	<b>1,979</b>	<b>5,871</b>
Treaty	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>1,236</b>	<b>7,951</b>	<b>5,744</b>	<b>3,443</b>	<b>2,619</b>	<b>6,062</b>	<b>4,083</b>	<b>1,979</b>	<b>5,871</b>

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

Hussain Dawood  
Chairman

Abdul Rahim  
Chief Executive & Principal Officer

Aziz Moon  
Director

Aleem A. Dani  
Director

STATEMENT OF INVESTMENT INCOME (UN-AUDITED)  
For the Period Ended March 31, 2007

	31-Mar-07 Rupees in thousands	31-Mar-06 Rupees in thousands
Income from Non-Trading Investments Held to Maturity	-	-
Return on Government Securities	-	-
Return on Other Fixed Income Securities and Deposits	-	-
Available for sale	29,456	33,190
Dividend Income	9,484	-
Gain on Sale of available for Sale Investments	38,940	33,190
Net Investment Income	38,940	33,190

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

Hussain Dawood  
Chairman

Abdul Rahim  
Chief Executive & Principal Officer

Aziz Moon  
Director

Aleem A. Dani  
Director

**NOTES TO THE ACCOUNTS (UN-AUDITED)**  
For the Period Ended March 31, 2007

**1. Status and Nature Of Business**

Central Insurance Company Limited - a Dawood Group Company (the Company) was incorporated in Pakistan as public limited company on April 23, 1960. The registered office of the company is situated at Dawood Centre, Molvi Tamizuddin Khan Road, Karachi and its shares are quoted on the Karachi and Lahore Stock Exchanges. The Company is engaged in General Insurance services in the sphere of Fire, Marine, Motor and Miscellaneous.

**2. Basis for Preparation of Financial Statements.**

**2.1** These condensed financial statements are un-audited and submitted to shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi & Lahore Stock Exchanges.

**2.2** 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 & Exchange Commission of Pakistan in its Circular No.7 of 2003.

**3. Accounting Policies**

All accounting policies adopted for the preparation of these quarterly accounts are the same as applied in preparation of the last annual published accounts of the Company for the year ended December 31, 2006.

**4. Share Capital**

31-Mar-07	31-Dec-06		31-Mar-07	31-Dec-06
			(Rupees in Thousands)	
		Authorised		
<u>15,000,000</u>	<u>15,000,000</u>	Ordinary shares of Rs. 10-each	<u>150,000</u>	<u>150,000</u>
		Paid- Up		
250,000	250,000	Ordinary shares of Rs 10- each	2,500	2,500
13,733,454	13,733,454	13,733,454 (2006: 13,733,454) Ordinary Shares of Rs. 10 each issued as fully paid Bonus Shares	137,334	137,334
<u>13,983,454</u>	<u>13,983,454</u>		<u>139,834</u>	<u>139,834</u>

**5. CONTINGENCIES AND COMMITMENTS.**

Status of contingencies and commitments remained unchanged as disclosed in the financial statements as of December 31, 2006 except following:-

MCB Bank Vehari Chowk Branch Multan reported a claim for 35 million on account of theft of stock of fertilizer. According to the bank in written report to the Police station their loaners (joint insured) in collusion with the bank night watchman had stolen the stocks. This loss is therefore not covered within the definition of Burglary. However should this claim be payable ultimately the net liability of the Company after all reinsurance recovery will be Rs.1.5 million.

6. INVESTMENTS	Notes	31-Mar-07	31-Dec-06
		(Rupees in Thousands)	
Held to maturity investment		38	38
Available for sale investments	6.1	1,183,851	1,146,048
		<u>1,183,889</u>	<u>1,146,086</u>

#### 6.1 Available for sale investments:

The change in available for sale investments during the 1st quarter 2007 is as follows:

	<u>31 March 07</u>
	Rupees in Thousand
Book value as of January 01, 2007.	1,146,048
Investments sold during 1 <sup>st</sup> quarter, 2007	(39,762 )
Investments made during 1 <sup>st</sup> quarter, 2007	<u>77,565</u>
Book value of March 31, 2007	<u>1,183,851</u>
Market value of March 31, 2007	2,803,344

#### 7 TRANSACTIONS WITH RELATED PARTIES AND ASSOCIATED UNDERTAKINGS.

Related parties comprise of entities, under common control, entities with common directorships, major shareholders, directors and key management personnel. The transactions with related parties are as follows: -

	31-Mar-07	31-Mar-06
	Rupees in thousands	
Premium underwritten	21,209	20,370
Premium collected	36,647	22,131
Claims paid	703	388
Rent paid	542	374
Dividend received	29,460	33,074
Commission paid	5,201	2,949
Reimbursement of expenses	119	119

#### 8. General

All figures in the condensed financial statements have been rounded off to the nearest thousand rupees.

For Comments and feedback  
[creativeunit@dawoodgroup.com](mailto:creativeunit@dawoodgroup.com)

# PEACE OF MIND

## **Central Insurance Company Limited**

Head Office: Dawood Centre, M.T. Khan Road, Karachi-75530

Tel: (92-21) 5686001-16, 5684019, 5681491 Fax: (92-21) 5680218

Lahore Office: 35-A, Shahr-e-Abdul Hameed Bin Badees (Empress Road), Lahore.

Tel: (92-42) 6301601-07 Fax: (92-42) 6364316, 6360343

E-mail: [info.cic@dawoodgroup.com](mailto:info.cic@dawoodgroup.com) Website: [www.ceninsure.com](http://www.ceninsure.com)