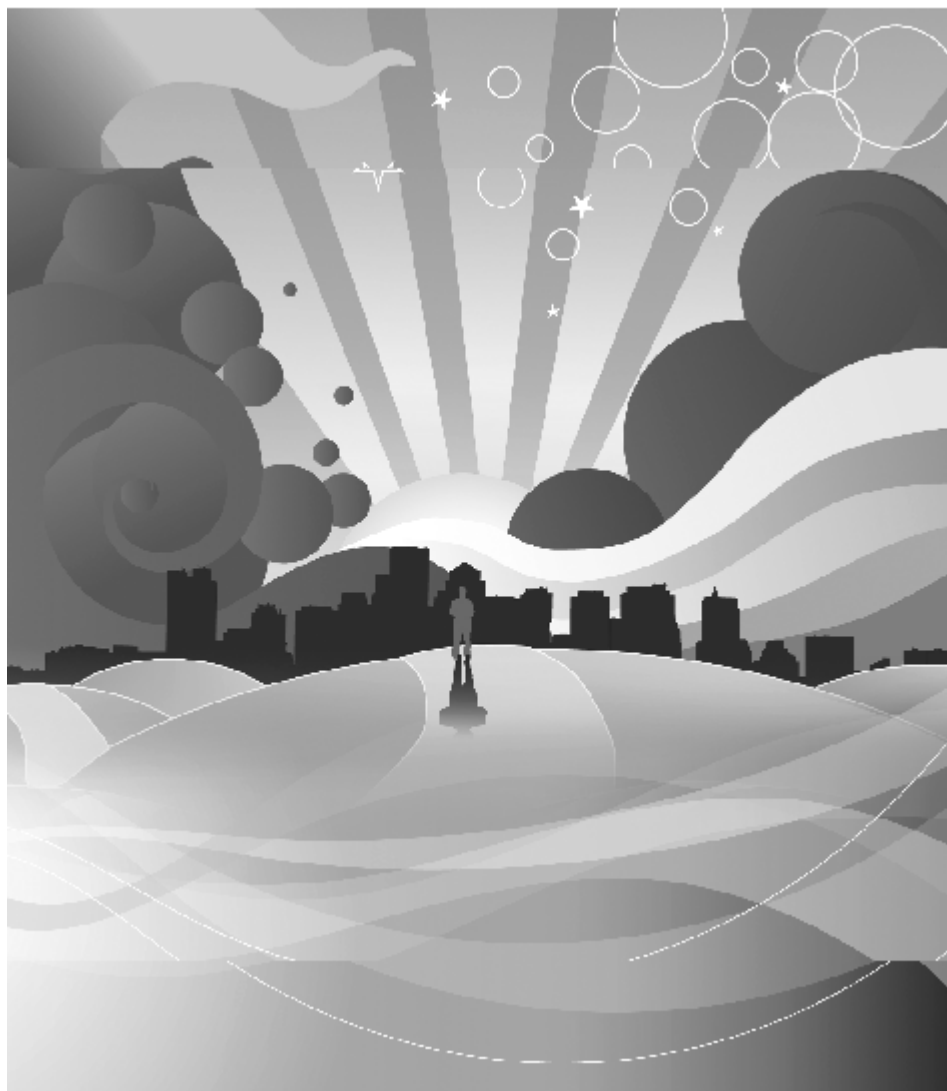


the dawn of change



Central Insurance Company Limited
Half Yearly Account (Un-audited)
For the Half Year Ended June 30, 2011





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Company Information

Board of Directors

Shabbir Hussain Hashmi (Chairman)
A. Samad Dawood (Chief Executive)
Isar Ahmad
Shafiq Ahmed
M. Jawaid Iqbal
Ruhail Yousuf Muhammad
Shahid Hamid Pracha

Board Audit Committee

Shahid Hamid Pracha (Chairman)
Shafiq Ahmed
Ruhail Yousuf Muhammad

Board Compensation Committee

Shabbir Hussain Hashmi (Chairman)
A. Samad Dawood
Shahid Hamid Pracha

Board Investment Committee

Shabbir Hussain Hashmi (Chairman)
Isar Ahmad
M. Jawaid Iqbal
Ruhail Yousuf Muhammad

COO & Company Secretary

Sulaiman S. Mehdi

CFO

Ghulam Haider

Internal Auditor

The Internal Audit Function has been outsourced to
Ernst & Young Ford Rhodes Sidat Hyder

Share Registrar/Transfer Agent

Technology Trade (Pvt.) Ltd.
Dagja House,
241-C, Block-2,
P.E.C.H.S., Off. Shahrah-e-Quaideen, Karachi.
Tel: (92-21) 34391316-7, 19 & 34387960-1
Fax: (92-21) 34391318

Auditors

KPMG Taseer Hadi & Co. (Chartered Accountants)
Sheikh Sultan Trust Building No.2, Beaumont Road,
Karachi
Website: www.kpmg.com.pk

Tax Consultants

Tanul Qazi Law Associates
346-Hotel Metropole, Club Road, Karachi

Legal Advisors

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

Bankers

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

Registered Office

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

Website

www.ceninsure.com

E-mail

info.cic@dawoodgroup.com

Rating Agency: JCR-VIS

Insurer Financial Strength Rating: "A"
Outlook: Stable

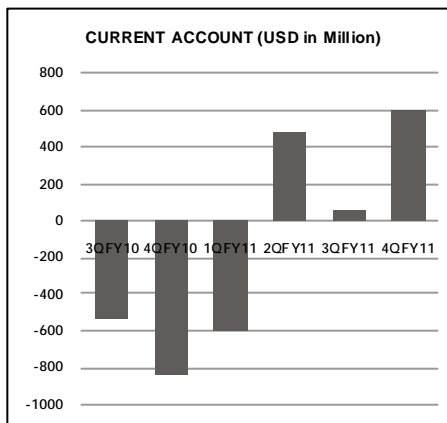
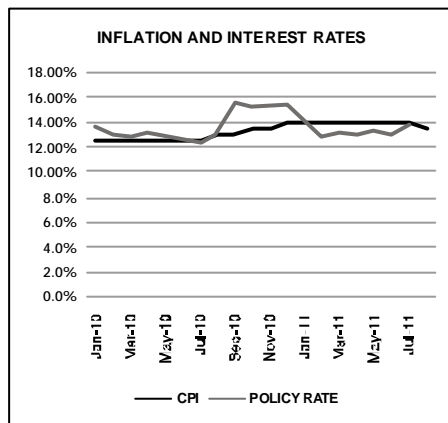
Directors' Review

The Board of Directors of Central Insurance Company Limited is pleased to present the condensed unaudited financial statements of the company for the quarter and half year ended June 30, 2011.

THE ECONOMY

Pakistan's economy remained under pressure during 2Q 2011, however, external macro-economic indicators continued to show signs of improvement. The current account for 2Q 2011 posted a surplus of USD 600 million on the back of contraction in trade deficit and, more importantly, transfers driven by higher remittances and flood related grants. The current account surplus has allowed Pakistan's economy to withstand the impact of high oil prices while achieving a degree of stability for its currency.

On the domestic front, CPI inflation increased to an average of 13.3% in 1H 2011, as compared to 13.1% in 1H 2010. Meanwhile, the State Bank of Pakistan (SBP) announced a 50 bps rate cut in the July 2011 monetary policy given the recent observable decline in private investment.



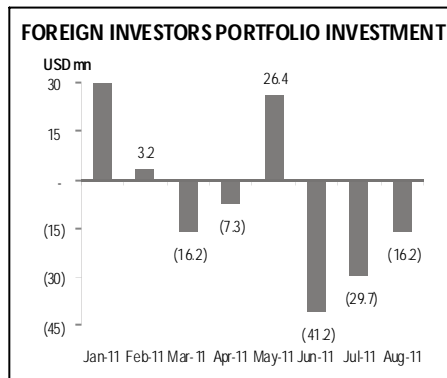
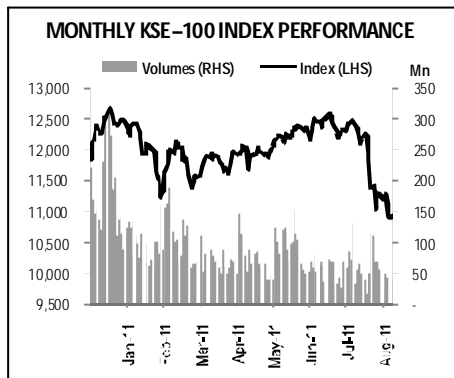
The energy crisis continued to stifle Pakistan's economy as power shortage maintained its trajectory, while prospects of an acute fertilizer shortage became a reality as well. After facing urea shortage during the Kharif season and fear of further shortages during the Rabi season, the Government may import up to 1.2 million tons of urea on immediate basis. Given international fertilizer price of \$480-500 / ton (as compared with domestic price of \$250-265 / ton), such actions may result in significantly higher inflationary pressures for CY 2011 than anticipated.

Medium term economic stability depends crucially on containing the fiscal deficit and inflationary pressures. A primary driver of macroeconomic instability is fiscal slippages, which continues unabated as depicted by an estimated 6.2% (of GDP) budget deficit in FY11 (FY11 target was 4%). Though FY12 budget again targets fiscal deficit at 4.0% of GDP, the actual number could be significantly higher due to optimistic revenue and expenditure assumptions.

STOCK MARKET PERFORMANCE

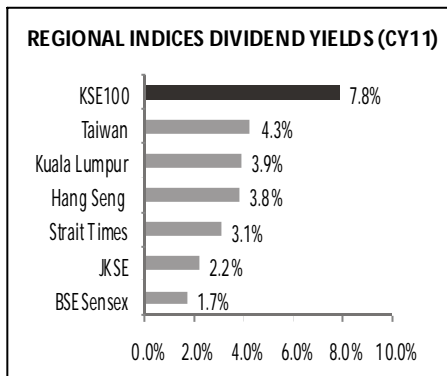
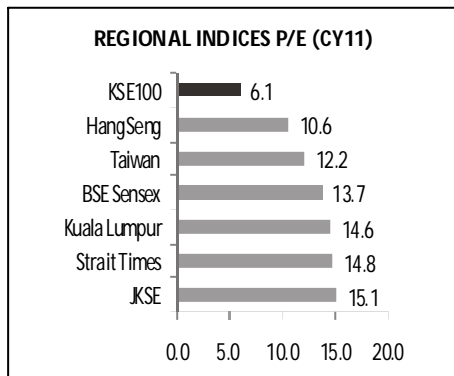
KSE-100 index has plummeted 9% to 10,894 points during CY11 to August 22, 2011, where the index

gained 473.6 points (+4%) in 1H while losing 1,602 points (-13%) post June to August 22, 2011. During the start of the year the market gained momentum mainly on the back of strong interest being generated ahead of the implementation of leverage product, followed by strong economic news flows with declining inflation trend, rising exports and resulting current account strength. However, post June significant decline in index emanated from weakening foreign interest due to uncertainty caused by political gridlock in the U.S over escalation of the debt ceiling, Euro zone debt crisis, concerns about the slowing prospects of growth in the western economies and deteriorating political climate in the country. Simultaneously, market participation weakened significantly as average daily volumes were recorded at 50.3mn shares in August 2011, down 70% from the level of January 2011 mainly on the back of worsening political situation, weakening foreign interest due to Middle East unrest and spike in commodity prices compounding economic challenges for emerging and frontier markets.



Following a sharp decline in the global equity markets in the wake of rising fiscal troubles in the US and risk of sovereign default in the EU, domestic equity markets have also gone in a tailspin. The recent increase in gas curtailment on fertilizer plants on SNGPL's network has caused the Chemicals sector to significantly underperform.

Cheap valuations and the economy's dependence on domestic demand are major reasons why Pakistan will likely remain an attractive market to foreign investors. The Company's new business model aims to exploit the attractiveness of Pakistan's economy while shielding the portfolio from volatility observed within the Pakistani stock market.



COMPANY PERFORMANCE

INSURANCE

During the half year under review, the gross premium loss of the company has been recorded at Rs.12.52 million compared to income of Rs.56.49 million in the corresponding period last year, reflecting decline of 122% mainly due to premature cancellation of policies for discontinuation of the company's insurance business. As a result, net premium income during the half year under review declined by 85% to Rs.0.81 million compared to Rs.5.49 million in the corresponding period last year. The brief summary of the operational highlights for the half year is as under:

Rupees in Million

Particulars	June 30, 2011	June 30, 2010	Change
Gross Premium	(12.520)	56.490	-122%
Net Premium	0.814	5.485	-85%
Net Claims	(12.014)	2.075	-679%
Underwriting Result	2.077	4.829	-57%
Investment & Other Income	298.068	131.793	126%
Profit before Tax	268.829	129.125	108%
Profit after Tax	262.828	122.476	115%
Earnings per Share (Rupees)	6.72	3.13	115%

UNDERWRITING RESULT

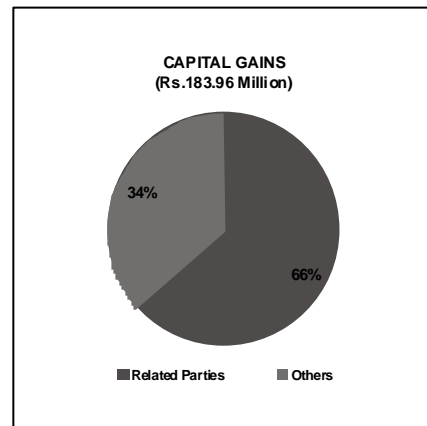
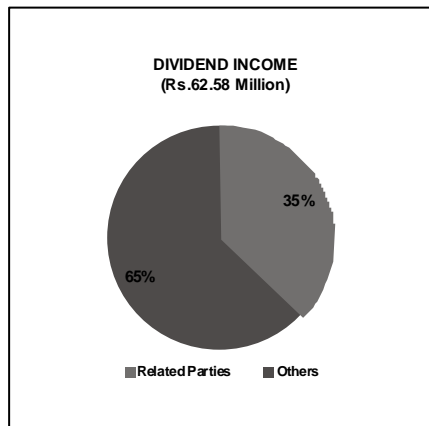
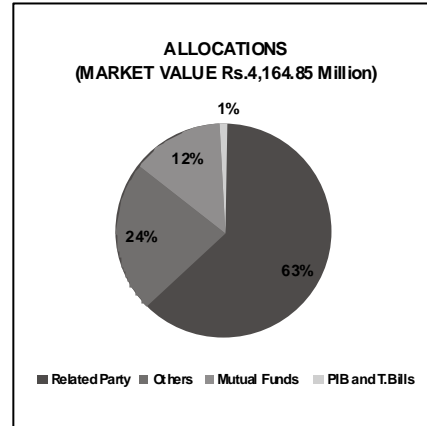
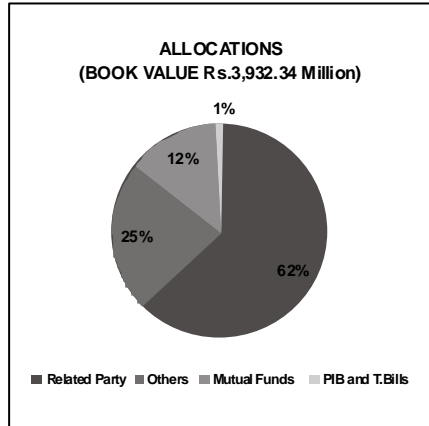
The underwriting income of the company for the half year ended June 30, 2011 was recorded at Rs.2.08 million compared to Rs.4.83 million in the corresponding period last year reflecting a decline of 57% attributable to reduced net premium and commission income and increased management expenses.

We are pleased to inform that, based on the Board's decision of 27th January, 2011, an Extraordinary General Meeting of the shareholders was convened on Thursday March 10, 2011, where all Special Resolutions proposed for: discontinuation of insurance business, revocation of the Company's Insurance Registration, continuation of Company's other businesses and in particular, business of investments in securities and financial instruments of all kinds, the change of name of the Company so as to remove the word "insurance" and alteration of the object Clauses of the Company's Memorandum of Association and provisions of the Articles of Association were passed by more than required majority of shareholders without any dissent.

An application has been submitted to SECP in terms of Section 9 of the Insurance Ordinance, 2000 for revocation of the Company's insurance registration.

INVESTMENT INCOME

The combination of investments in high growth companies along with high yielding defensive plays, positions the company well to provide sustained long term capital growth whilst generating healthy cash flows to fund future investments. During the half year ended June 30, 2011, dividends from our portfolio increased by 50% to Rs.62.58 million as opposed to Rs.41.83 million earned last half year. The company also earned capital gains of Rs.183.97 million during the half year as opposed to Rs.42.12 million recorded in the corresponding period last year reflecting a growth of 337%. Resultantly the total investment income for the half year ended June 30, 2011 amounted to Rs.296.90 million compared to Rs.129.36 million in the corresponding period last year reflecting a growth of 130%.



The market value of total investments increased to Rs.4,164.85 million on June 30, 2011 from Rs.3,898.32 million on December 31, 2010 reflecting an increase of 7%. The reversal of impairment in value of available for sale investments for the half year ended June 30, 2011 amounted to Rs.51.34 million after adjusting for Rs.39.55 million for the excess reversal of impairment for the quarter ended March 31, 2011.

The break-up of investment income is as under:

Particulars	Rupees in Million		
	June 30, 2011	June 30, 2010	Change
Dividend Income	62.584	41.830	50%
Return on Government Securities	1.348	1.021	32%
Amortization on PIBs	0.486	0.316	54%
Gain on Sale of 'available for sale' investments	183.969	42.121	337%
Reversal/(Provision) for impairment	51.341	45.085	14%
Investment related expenses	(2.828)	(1.010)	180%
Total Investment Income	296.90	129.36	130%

EARNINGS PER SHARE

During the half year ended June 30, 2011, the company posted earnings per share of Rs.6.72 compared to Rs.3.13 in the corresponding period in 2010.

CREDIT RATING

On March 01, 2011, JCR-VIS has reaffirmed the Insurer Financial Strength (IFS) rating of Central Insurance Company Limited (CICL) at 'A'. Outlook of the rating remains 'Stable'.

RELATED PARTY TRANSACTIONS

During the half year all transactions made with associated companies/related parties were duly approved by the Board of Directors of the company. All transactions with related parties are on arms length basis.

FUTURE OUTLOOK

The economy is showing early signs of revival and with the change in the business model of the company, whereby it has discontinued its insurance business in entirety and all set to undertake strategic and portfolio investment business, the outlook is positive. The management team is fully committed to effectively implement the new business model to deliver superior risk adjusted return to the shareholders.

ACKNOWLEDGEMENT

We would like to thank all our stakeholders, especially our valued investors, who have placed their confidence in us and also appreciate the efforts put in by the management team for their unswerving commitment and hard work. The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan, the management of the Karachi and Lahore Stock Exchanges and the Auditors for their continued support and cooperation.

On behalf of the Board

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Karachi, August 22, 2011



Auditors' Report to the Members on Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying:

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of comprehensive income;
- iv. condensed interim statement of changes in equity;
- v. condensed interim statement of cash flows;
- vi. condensed interim statement of premiums;
- vii. condensed interim statement of claims;
- viii. condensed interim statement of expenses;
- ix. condensed interim statement of investment income;

and the notes to the financial information of Central Insurance Company Limited as at 30 June 2011 and for the six months period then ended (Condensed Interim Financial Information). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting. Our responsibility is to express a conclusion on this Interim Financial Information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with 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.

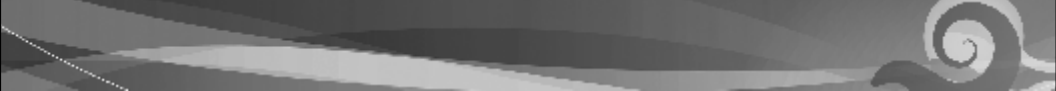
Conclusion

Based on our review nothing has come to our attention that causes us to believe that the annexed condensed interim financial information as at and for the six months period ended 30 June 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

Emphasis of Matter

We draw attention to note 1 to the condensed interim financial information which describes that the Company has discontinued its insurance business and will undertake strategic and portfolio investment business. An





application for the revocation of Company's insurance licence has been submitted to the SECP in terms of Section 9 of the Insurance Ordinance, 2000. Our conclusion is not qualified in respect of this matter.

Other Matters

The figures for the quarter ended 30 June 2011 and 30 June 2010 in the condensed interim financial information have not been reviewed and we do not express a conclusion on them.

KPMG Taseer Hadi & Co
Chartered Accountants
Muhammad Taufiq

Karachi, August 22, 2011

Condensed Interim Balance Sheet (Un-audited)

As at 30 June 2011

	Note	(Rupees in '000)	
		30 June 2011 (Un-audited)	31 Dec 2010 (Audited)
Share capital and reserves			
Authorised share capital		<u>1,000,000</u>	<u>300,000</u>
Paid-up share capital		390,851	279,179
Retained earnings		3,435,742	3,326,463
Reserves		<u>133,088</u>	<u>133,088</u>
		<u>3,959,681</u>	<u>3,738,730</u>
Underwriting provisions			
Provision for outstanding claims (including IBNR)		<u>32,511</u>	<u>71,416</u>
Provision for unearned premium		-	31,062
Commission income unearned		-	<u>1,974</u>
Total underwriting provisions		32,511	104,452
Deferred liability			
Staff retirement benefits		1,706	1,136
Creditors and accruals			
Amounts due to other insurers / reinsurers		<u>14,458</u>	<u>5,782</u>
Accrued expenses		15,807	8,438
Other creditors and accruals	6	<u>15,699</u>	<u>17,179</u>
		45,964	31,399
Borrowings			
Short term running finance		-	33,852
Other liabilities			
Unclaimed dividend		9,428	8,808
TOTAL LIABILITIES		89,609	179,647
TOTAL EQUITY AND LIABILITIES		<u>4,049,290</u>	<u>3,918,377</u>
CONTINGENCIES AND COMMITMENTS	7		

For discontinued operations refer note 16

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director



		(Rupees in '000)	
	Note	30 June 2011 (Un-audited)	31 Dec 2010 (Audited)
Cash and bank deposits			
Cash and other equivalents		70	66
Current and other accounts		8,264	7,862
Deposits maturing within 12 months		2,368	2,368
		<u>10,702</u>	<u>10,296</u>
Loan - secured, considered good			
To employee	8	6,260	6,930
Investments			
	9	3,932,336	3,774,216
Deferred taxation			
		11,730	7,231
Other assets			
Premiums due but unpaid		740	1,440
Amounts due from other insurers / reinsurers		32,607	13,692
Accrued investment income		2,782	657
Reinsurance recoveries against outstanding claims		28,271	48,337
Taxation - payments less provision		17,353	21,477
Deferred commission expense		-	253
Prepayments - prepaid reinsurance premium ceded		-	29,495
Sundry receivables		4,716	2,409
		<u>86,469</u>	<u>117,760</u>
Fixed assets			
Tangible			
Furniture, fixtures and office equipments	10	926	791
Motor vehicles		858	1,140
Intangible			
Computer software		9	13
		<u>1,793</u>	<u>1,944</u>
TOTAL ASSETS		<u>4,049,290</u>	<u>3,918,377</u>

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the six months period ended 30 June 2011

(Rupees in '000)

	Three months period ended		Six months period ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Profit / (loss) after tax	(57,660)	57,364	262,828	122,476
Other comprehensive income	-	-	-	-
Total Comprehensive income for the period	(57,660)	57,364	262,828	122,476

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director

Condensed Interim Statement of Changes in Equity (Un-audited)

For the six months period ended 30 June 2011

(Rupees in '000)

	Share capital	Capital reserves			Revenue reserves		Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Reserve for bonus shares	Capital gain reserve	General reserve	Retained earnings	
Balance as at 01 January 2010	203,039	10,535	-	2,553	120,000	2,957,063	3,293,190
Total comprehensive income for the period							
Net profit for the six months period ended 30 June 2010	-	-	-	-	-	122,476	122,476
Transactions with owners recorded directly in equity							
Transfer to reserve for issue of bonus shares	-	-	50,760	-	-	(50,760)	-
Issue of bonus shares @ 25%	50,760	-	(50,760)	-	-	-	-
Final dividend of Rs.1 per share for the year ended 31 December 2009	-	-	-	-	-	(20,304)	(20,304)
	50,760	-	-	-	-	(71,064)	(20,304)
Balance as at 30 June 2010	253,799	10,535	-	2,553	120,000	3,008,475	3,395,362
Total comprehensive income for the period							
Net profit for the six months period ended 31 December 2010	-	-	-	-	-	368,748	368,748
Transactions with owners recorded directly in equity							
Transfer to reserve for issue of bonus shares	-	-	25,380	-	-	(25,380)	-
Issue of bonus shares @ 10%	25,380	-	(25,380)	-	-	-	-
Interim dividend @ Rs.1 per share	-	-	-	-	-	(25,380)	(25,380)
	25,380	-	-	-	-	(50,760)	(25,380)
Balance as at 31 December 2010	279,179	10,535	-	2,553	120,000	3,326,463	3,738,730
Total comprehensive income for the period							
Net profit for the six months period ended 30 June 2011	-	-	-	-	-	262,828	262,828
Transactions with owners recorded directly in equity							
Transfer to reserve for issue of bonus shares	-	-	111,672	-	-	(111,672)	-
Issue of bonus shares @ 40%	111,672	-	(111,672)	-	-	-	-
Final dividend of Rs.1.50 for the year ended 31 December 2010	-	-	-	-	-	(41,877)	(41,877)
	111,672	-	-	-	-	(153,549)	(41,877)
Balance as at 30 June 2011	390,851	10,535	-	2,553	120,000	3,436,742	3,959,681

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended 30 June 2011

	(Rupees in '000)	
	30 June 2011	30 June 2010
Operating activities		
(a) Underwriting activities		
Premiums (refunded) / received	(10,340)	45,427
Reinsurance premiums received / (paid)	20,443	(43,946)
Claims paid	(24,021)	(10,144)
Reinsurance and other recoveries (paid) / received	(1,719)	7,718
Commission paid	(2,709)	(474)
Commission received	11	6,486
Other underwriting payments (management expenses)	(15,294)	(6,177)
Net cash (outflow) from underwriting activities	<u>(33,629)</u>	<u>(1,110)</u>
(b) Other operating activities		
Income tax paid	(6,376)	(4,236)
General management expenses paid	(15,580)	(4,991)
Other operating payments	(3,820)	(23)
Other operating receipts	1,404	170
Net cash outflow from other operating activities	<u>(24,372)</u>	<u>(9,080)</u>
Total cash (outflow) from all operating activities	(58,001)	(10,190)
Investment activities		
Profit / return received	1,748	3,519
Dividend received	60,484	41,812
Payments for investments	(2,039,714)	(769,566)
Proceeds from disposal of investments	2,111,003	728,997
Fixed capital expenditure	(272)	(113)
Proceeds from disposal of fixed assets	267	520
Total cash inflow from investing activities	133,516	5,169
Financing activities		
Dividends paid	(41,257)	(19,970)
Total cash (outflow) from financing activities	(41,257)	(19,970)
Net cash inflow / (outflow) from all activities	34,258	(24,991)
Cash at the beginning of the period	(23,556)	65,136
Cash at the end of the period	<u>10,702</u>	<u>40,145</u>

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director

Condensed Interim Statement of Cash Flows (Un-audited)

For the six months period ended 30 June 2011

(Rupees in '000)

	30 June 2011	30 June 2010
Reconciliation to profit and loss account		
Operating cash flows	(58,001)	(10,190)
Depreciation expense	(251)	(259)
Profit on disposal of fixed assets	95	159
(Decrease) / increase in assets other than cash	(33,369)	1,386
Decrease / (increase) in liabilities other than running finance	51,787	(389)
	(39,739)	(9,293)
Others		
Investment and other income	246,727	86,708
Reversal / (provision) for impairment in value of available-for-sale investments	51,341	45,085
Deferred taxation	4,499	(24)
Profit after taxation	262,828	122,476

Definition of cash

Cash comprises of cash in hand, policy stamps, bank balances and short term placements with banks which are readily convertible to cash in hand and short term finance which are used in the cash management on a day-to-day basis.

Cash and Other Equivalents

Cash in hand	7	47
Stamps in hand	63	410
	70	457

Current and Other Accounts

Current accounts	541	541
PLS accounts	7,723	36,779
	8,264	37,320

Deposits maturing within 12 months

Statutory deposit with State Bank of Pakistan	368	368
Term deposit receipts with bank	2,000	2,000
	2,368	2,368
	10,702	40,145

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director

Condensed Interim Statement of Premiums (Un-audited)

For the six months period ended 30 June 2011

Business underwritten in Pakistan

Class	Premiums written	Un-earned premium reserve		Premiums earned		Re-insurance ceded		Re-insurance premium ceded		Re-insurance expense		Net premium revenue 2011	Net premium revenue 2010
		Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	2011	2010		
Direct and Facultative													
1. Home accident/casualty	(257)	1,668	-	1,866	(318)	1,575	-	1,729	44	435			
2. Marine/air/land transport	-	3	-	3	-	-	-	-	3	334			
3. Motor	(4)	(8)	-	(4)	(117)	-	-	(117)	105	1,597			
4. Miscellaneous	-	740	-	740	-	737	-	737	5	244			
Total	(261)	2,410	-	2,638	(430)	2,312	-	1,882	157	2,203			
Six months period ended 30 June													
Class	Premiums written	Un-earned premium reserve		Premiums earned		Re-insurance ceded		Re-insurance premium ceded		Re-insurance expense		Net premium revenue 2011	Net premium revenue 2010
		Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	2011	2010		
Direct and Facultative													
1. Home accident/casualty	(18,601)	22,392	-	2,741	(6,650)	20,186	-	3,681	150	730			
2. Marine/air/land transport	-	1,582	-	1,582	-	(383)	-	1,389	173	1,219			
3. Motor	(698)	1,135	-	567	46	85	-	13	487	3,035			
4. Miscellaneous	1,750	7,013	-	6,672	1,763	7,635	-	3,618	54	423			
Total	(12,549)	31,062	-	18,542	(11,767)	28,465	-	17,728	814	5,495			

The number does not add due to rounding in the financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Piracha
Director

Shahid Ahmed
Director



Condensed Interim Statement of Claims (Un-audited)

For the six months ended 30 June 2011

Business underwritten inside Pakistan

Class	Claims calls		Outstanding claims		Claims expense	Re insurance and other recoveries in respect of outstanding claims		Re insurance and other recoveries	Net claims expense 2011	Net claims expense 2010
	Opening	Closing	Opening	Closing		Opening	Closing			
Direct and Facultative										
1. Fire and property damage	1,456	16,345	6,757	(6,162)	(6,162)	206	7,431	400	(6,762)	211
2. Marine, aviation and transport	1,470	3,652	3,791	(4,832)	(4,832)	383	2,372	502	(5,334)	177
3. Motor	1,522	5,407	1,331	(2,354)	(2,354)	39	316	7	(2,347)	487
4. Miscellaneous	2,013	23,652	20,532	(212)	(212)	96	22,420	20,403	7,708	73
Total	7,461	50,131	32,511	(16,550)	(16,550)	727	32,132	28,271	(12,213)	1,281

Class	Claims calls		Outstanding claims		Claims expense	Re insurance and other recoveries in respect of outstanding claims		Re insurance and other recoveries	Net claims expense 2011	Net claims expense 2010
	Opening	Closing	Opening	Closing		Opening	Closing			
Direct and Facultative										
1. Fire and property damage	1,679	16,881	6,757	(6,112)	(6,112)	402	7,432	400	(6,712)	223
2. Marine, aviation and transport	1,706	35,825	3,791	(4,807)	(4,807)	16,643	18,890	5,534	(6,164)	711
3. Motor	1,671	5,871	1,331	(2,455)	(2,455)	39	316	7	(2,416)	1,331
4. Miscellaneous	2,915	22,892	20,532	(225)	(225)	112	21,722	20,403	7,727	90
Total	24,971	71,416	32,511	(14,884)	(14,884)	17,195	48,887	28,271	(12,014)	2,225

The annexed notes to the financial statements are condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Sarwar Dawood
Chief Executive

Shahid Hamid Piracha
Director

Shahid Ahmed
Director



Condensed Interim Statement of Expenses (Un-audited)

For the six months ended 30 June 2011

Business Underwritten inside Pakistan

Class	Three months period ended 30 June							(Rupees in '000)		
	Commissions payable	Operating deferred commission	Closing deferred commission	Net commissioner expense	Other management expenses	Underwriting expense	*Commissions from reinsurers	Net underwriting expense 2011	Net underwriting expense 2010	
Direct and Facilitative										
1. Fire and property damage	(117)	54	-	77	3,020	6,107	30	6,077	787	
2. Marine and other marine risks	-	-	-	-	-	-	-	-	(129)	
3. Motor	-	1	-	1	373	377	-	377	36	
4. Miscellaneous	-	-	-	-	1,259	1,253	13	1,040	705	
Total	(117)	55	-	78	7,519	7,997	133	7,464	864	
Class	Six months period ended 30 June							Net underwriting expense 2011		Net underwriting expense 2010
Direct and Facilitative	Commissions payable	Operating deferred commission	Closing deferred commission	Net commissioner expense	Other management expenses	Underwriting expense	*Commissions from reinsurers			
1. Fire and property damage	5	251	-	256	13,137	16,993	683	10,077	(2,266)	
2. Marine and other marine risks	-	-	-	-	-	-	333	(389)	(260)	
3. Motor	-	2	-	2	327	328	9	634	517	
4. Miscellaneous	-	263	-	263	1,747	1,747	1,323	439	610	
Total	5	263	-	263	12,478	12,756	1,985	10,751	(1,419)	

*Commission from reinsurers is arrived after taking the share of the accounting and closing balances of insurance commission. The amount is net of 1% (1%) from an amount of 12,983,000 (Rupees) from financial information.

Shabbir Hussain Hashmi
Chairman

A. Sarwar Dawood
Chief Executive

Shahid Harid Pragna
Director

Shahid Ahmed
Director

Condensed Interim Statement of Investment Income (Un-audited)

For the six months period ended 30 June 2011

(Rupees in '000)

	Three months period ended 30 June		Six months period ended 30 June	
	2011	2010	2011	2010
Income from non-trading investments				
Held-to-maturity				
Return on Government Securities	558	635	1,348	1,021
Amortisation on PIBs	309	159	486	316
Available-for-sale				
Dividend income				
- Related parties	-	1,428	21,676	26,238
- Others	4,650	254	40,908	15,592
	4,650	1,682	62,584	41,830
Gain on sale of available-for-sale investments	38,894	14,267	183,969	42,121
Less: Investment related expenses	(635)	(297)	(2,828)	(1,010)
Net investment income	43,776	16,446	245,559	84,278

The annexed notes 1 to 17 form an integral part of these condensed interim financial information.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director



Notes to the Condensed Interim Financial Information (Unaudited)

For the six months period ended 30 June 2011

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

A Business Restructuring Plan (BRP) was presented in the Board meeting held on 27 January 2011, by virtue of which the Company will discontinue its insurance business and will undertake only strategic and portfolio investment business and develop an effective asset allocation strategy to diversity risk and manage volatility.

As per the BRP it has been decided that the Company will not issue further insurance policies and all the subsisting policies which do not expire prior to revocation of registration will be cancelled or passed on to other insurance companies. The shareholders of the Company have also approved the BRP at the Extraordinary General Meeting held on 10 March 2011. An application has been submitted to SECP in terms of Section 9 of the Insurance Ordinance, 2000 for revocation of the Company insurance registration.

1.1. Discontinued Operations

Consequently, all the insurance policies of the Company were discontinued (terminated / expired / cancelled) by 30 June 2011. Details of the discontinued operations are disclosed in note 16 to the condensed interim financial information.

2. BASIS OF PRESENTATION

These condensed interim financial statements are un-audited 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 interim financial statements have been prepared in accordance with the Approved Accounting Standards as applicable in Pakistan for Interim Financial Reporting and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No.7 of 2003.

The condensed interim financial statements do not include all of 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 2010.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation 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 31 December 2010.

4. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affects 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 31 December 2010, except for the estimation of expenses attributable to insurance business (refer note 16).

5. FINANCIAL AND INSURANCE RISK MANAGEMENT

The Company's financial and insurance risk management objectives and policies are consistent with that disclosed in the annual financial statements for the year ended 31 December 2010.

6. OTHER CREDITORS AND ACCRUALS

(Rupees in '000)

	Un-audited 30 June 2011	Audited 31 Dec 2010
Commission payable	-	2,704
Workers' welfare fund	15,400	10,023
Premium refundable to policy holders	188	947
Sundry creditors	95	106
Fraction on bonus shares payable	16	-
Payable against purchase of investments	-	3,399
	15,699	17,179

7. CONTINGENCIES AND COMMITMENTS

The status of contingencies and commitments remained unchanged as disclosed in the financial statements for the year ended 31 December 2010.

8. LOAN - SECURED, CONSIDERED GOOD

Loan to employee

Un-audited 30 June 2011	Audited 31 Dec 2010
6,260	6,930

8.1 This represents present value of loan given to Chief Operating Officer of the Company at the mark-up of 6% per annum discounted at 12.5% (risk free rate of return). Loan is receivable in 107 monthly instalments. Difference between present value and amount advanced is prepaid employee benefit and amortized over the tenure of loan.

9. INVESTMENTS

Held-to-maturity 9.1
Available-for-sale 9.2 and 9.3

Un-audited 30 June 2011	Audited 31 Dec 2010
39,440	28,975
3,892,896	3,745,241
3,932,336	3,774,216

9.1 Market value as at 30 June 2011 of Pakistan Investment Bond (PIB) and Treasury Bills are Rs.41.440 million (Dec. 2010: Rs. 30.999 million). These are placed with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

9.2 The Company holds investments having an aggregate book value of Rs.2,426.63 million (31 December 2010: Rs. 3,025.06 million) in certain companies which are considered related parties. The Company's holding in such companies ranges from 0.02% to 5.44% of the investee companies' paid-up share capital and the companies are considered to be related parties on the basis of common directorship.

9.3 Reversal / (Provision) for Impairment
- Net of Provision

(Rupees in '000)

	Un-audited	
	30 June 2011	30 June 2010
Opening provision	(271,569)	(738,144)
Reversal - net of provision	51,341	45,085
Adjusted / Released on disposals	60,342	-
Closing provision	<u>(159,886)</u>	<u>(693,059)</u>

Reversal of impairment of Rs.88.327 million has been recognized in these financial statements on account of increase in market value of certain securities to the extent of their original cost and Rs. 36.987 million has been charged for impairment on securities due to fall in value.

10. FIXED ASSETS

Details of the additions and disposals during the period are as follows:

	Un-audited	
	30 June 2011	
Tangible:	Cost of Additions	Carrying value of disposals
Office equipment	272	-
Motor vehicles	-	172
	<u>272</u>	<u>172</u>

11. TAXATION

	Three months period ended		Six months period ended	
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
Taxation - current	1,000	2,125	10,500	6,625
- deferred	1,476	(210)	(4,499)	24
	<u>2,476</u>	<u>1,915</u>	<u>6,001</u>	<u>6,649</u>

12. GENERAL AND ADMINISTRATIVE EXPENSES

This include management bonus at 4% of gross profit amounting to Rs.11.192 million duly approved by Board in their meeting held on 26 July 2011.

13. 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:

		(Rupees in '000)			
		Three months period ended		Six months period ended	
		30 June	30 June	30 June	30 June
		2011	2010	2011	2010
	Premiums (refund) /underwritten	190	27,953	(8,846)	48,987
	Premiums collected	-	43,160	5,155	55,481
	Claims paid	129	7,846	16,735	7,961
	Rent paid	925	804	1,850	1,608
	Dividend received	-	1,427	21,676	26,237
	Dividend paid	29,290	14,200	29,290	14,200
	Bonus shares received (face value)	16,313	-	118,462	14,030
	Bonus shares issued	78,105	35,502	78,105	35,502
	Brokerage	632	-	2,825	1,010
	Purchase of units	357	-	357	-
	Sale of units	63,500	-	63,500	-
	Management fee on investment	357	-	357	-
	Contribution to Provident Fund	325	36	670	72
	Contribution to Staff Retirement Benefits	745	47	819	94
	Key Management Personnel				
	Dividends paid	1,475	914	1,475	914
	Bonus shares issued	3,937	2,282	3,937	2,282
	Remuneration	5,644	1,042	12,304	2,084
	Premiums underwritten	(10)	49	(10)	55
	Premiums collected	-	63	-	65
	Employee loan recovery	670	-	670	-

Balances with related parties are as follows:

Premium due but unpaid

Claims payable

Key management personnel

Bonus payable

Leave encashment payable

(Rupees in '000)

	Un-audited 30 June 2011	Audited 31 Dec 2010
Premium due but unpaid	739	1,368
Claims payable	20,465	39,001
Key management personnel		
Bonus payable	11,192	527
Leave encashment payable	1,010	558

13.1 Contribution to the provident fund and staff retirement benefits are in accordance with the Company's staff services rules.

13.2 Remuneration to the key management personnel are in accordance with the terms of their employment.

13.3 Other transactions with the related parties are in accordance with the agreed terms.

14. OPERATING SEGMENT

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 30 June 2011 and 31 December 2010, capital expenditures and non-cash expenses during the period.

(Rupees in '000)

	Fire and Property Damage		Marine, Aviation and Transport		Motor		Miscellaneous		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Segment assets	13,711	32,353	15,813	26,368	39,944	15,923	4,936	31,074	74,404	105,718
Unallocated corporate assets									3,974,886	3,812,659
Consolidated corporate assets									4,049,290	3,918,377
Segment liabilities	14,775	43,770	17,041	35,329	43,046	24,955	5,319	32,933	80,181	136,987
Unallocated corporate liabilities									9,428	42,660
Consolidated corporate liabilities									89,609	179,647
Capital expenditure	50	61	58	8	146	1	18	43	272	113
Depreciation	46	139	53	19	135	4	17	97	251	259

15. EARNINGS PER SHARE - BASIC AND DILUTED

	(Rupees in '000)	
	30 June 2011	30 June 2010
Profit after tax for the period	<u>262,828</u>	<u>122,476</u>
	(Number of shares)	
Weighted average number of ordinary shares outstanding as at the period end	<u>39,085,148</u>	(Restated) <u>39,085,148</u>
	(Rupees)	
Earnings per share	<u>6.72</u>	(Restated) <u>3.13</u>

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.

16. DISCONTINUED OPERATIONS

As described in note 1.1, details of the insurance business discontinued in the current period has been disclosed in the condensed interim financial information and are also summarised below:

	30 June 2011	30 June 2010
Results of discontinued operations:		
Revenue	14,555	12,637
Expenses *	(12,478)	(7,808)
Profit before tax	<u>2,077</u>	4,829
Taxation	4,499	(24)
Profit after tax	<u>6,576</u>	<u>4,805</u>
* Estimated		(Restated)
Earnings per share - basic and diluted (Rupees)	0.17	0.12
<i>Cash flows from discontinued operations</i>		
Net cash used in operating activities	(33,629)	(1,110)
Net cash (used in) / from investing activities	(5)	407
Net cash from discontinued operations	<u>(33,634)</u>	<u>(703)</u>

(Rupees in '000)

Financial position of discontinued operations

Assets

Liabilities

	30 June 2011	31 Dec 2010
Assets	74,404	105,718
Liabilities	80,181	136,987

The presentation of the condensed interim financial information have not been amended as these have been prepared in accordance with the formats prescribed by the SECP for the insurance companies as the license of insurance business has not been revoked till the issuance of these condensed interim financial information.

17. GENERAL

17.1 Non-adjusting events after the balance sheet date

The Board of Directors in their meeting held on 22 August 2011 have recommended Nil cash dividend and Nil bonus shares for the six months period ended 30 June 2011 (2010: cash dividend of Rs.1 per share).

17.2 AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on 22 August 2011 by the Board of Directors of the Company.

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director

Central Insurance Company Limited

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