

the dawn of change



Central Insurance Company Limited
Financial Statements (Un-audited)



For the Quarter and Nine Months Ended September 30, 2011



Contents

Company Information.....	2
Directors' Review	3
Balance Sheet	8
Profit and Loss Account	10
Statement of Comprehensive Income	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Statement of Premiums	15
Statement of Claims	16
Statement of Expenses	17
Statement of Investment Income	18
Notes to the Condensed Financial Information	19

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., Of: 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

Tanuli 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

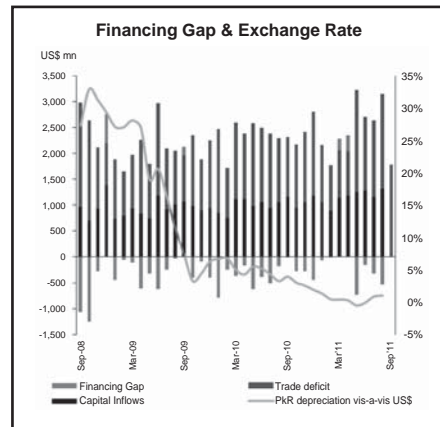
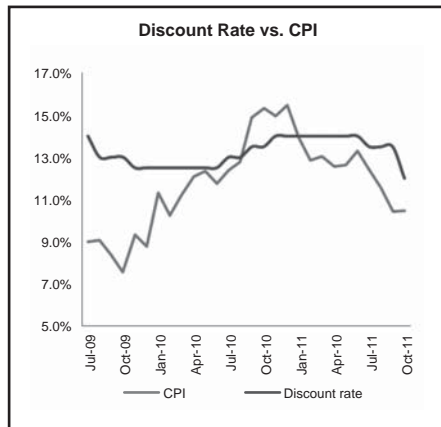
Insurer Financial Strength Rating: "A"
Outlook: Stable

Directors' Review

The Board of Directors of Central Insurance Company Limited is pleased to present the condensed un-audited financial statements of the company for the quarter and nine months ended September 30, 2011.

THE ECONOMY

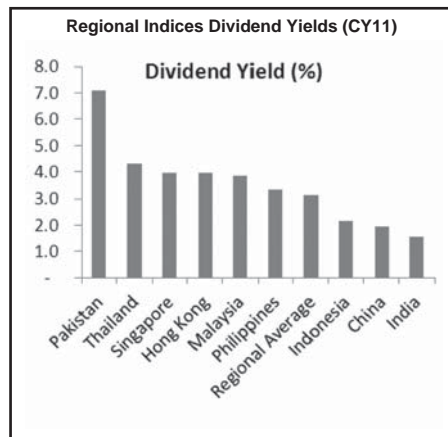
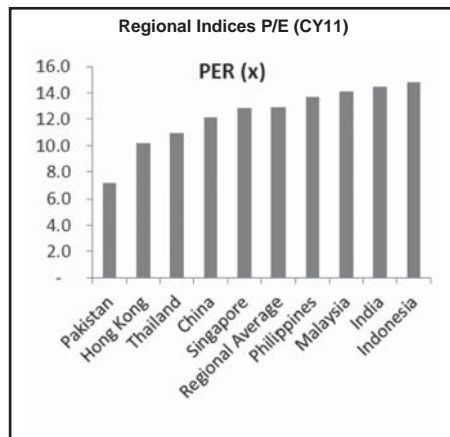
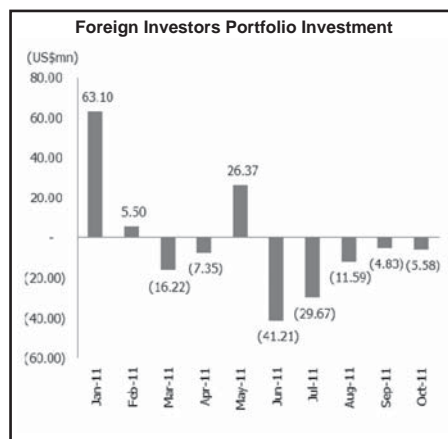
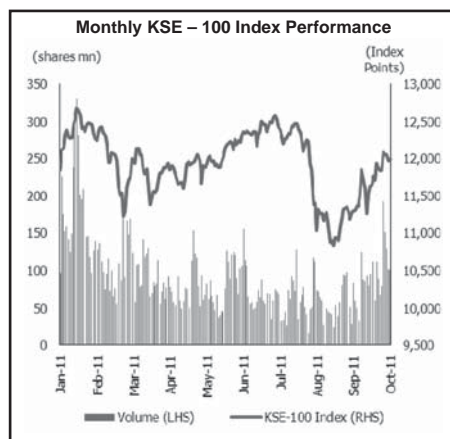
Pakistan's economy remained under pressure during CY11 but external macroeconomic indicators continued to show improvement at the margin which, together with a rebasing-induced decline in inflation, paved the way for monetary easing by the SBP. The 2MFY12 current account posted a contained deficit of US\$189mn compared to a deficit of US\$1,016mn during the same period last year. This improved performance can be attributed to a controlled trade and services deficit and impressive YoY growth in remittances. However, nascent risks on the external side have surfaced recently – the 3QCY11 trade deficit has registered at US\$5.1bn as export growth of 16%YoY was superseded by 23%YoY import growth. At the same time, following the Ramadan spike, Sep'11 remittances have registered at US\$890mn, down 3%YoY and 32%MoM. Going forward, risks exist in terms of 1) the Sindh floods which could lead to the 4.2% GDP growth target being missed, 2) lower cotton prices and subdued global growth dynamics which could stall exports and 3) sticky Arab Light price which could keep the import bill high.



STOCK MARKET PERFORMANCE

The KSE-100 Index closed at 11,762 points on Sep 30'11, down 2.2% during CY11, while the Index shed a more pronounced 734 points (5.9%QoQ) in 3QCY11. Average daily volumes were recorded at 85.13mn shares in 9MCY11 although these have improved to 71.74mn share in the current quarter. Poor Index price performance in the last quarter broadly tracked the decline in global stock indices which remained under pressure due to the ongoing Eurozone debt crisis and prospects of slower growth in developed economies. As a result, net FIPI outflow registered at US\$46mn in the previous quarter. In addition to foreign selling (albeit contained), the end-Jul'11 50bps cut in the Discount Rate was countered by the dip in US-Pakistan relations. Among major sectors, Electricity (+9.7%QoQ), Gas, Water & Multiutilities (+8.7%QoQ) and Construction & Materials (+7.3%QoQ)

outperformed the broader market while Index heavyweights Oil & Gas (-7.3%QoQ) and Banks (-3.6%QoQ) failed to pull their weight. Going forward, attractive valuations coupled with a lower interest rate environment should lead to positive valuation rerating for Index constituents particularly the highly leveraged companies. However, both the geopolitical situation (particularly relations with the US) and recent slippage on the external front (widening trade deficit, sharply lower remittances in Sep'11) continue to pose risks especially since Pakistan has exited the IMF SBA program.



COMPANY PERFORMANCE

INSURANCE

During the nine months under review, the gross premium loss of the company has been recorded at Rs.12.52 million compared to income of Rs.90.26 million in the corresponding period last year, reflecting decline of 114% mainly due to premature cancellation of policies for discontinuation of the

company's insurance business. As a result, net premium income during the nine months under review declined by 91% to Rs.0.76 million compared to Rs.8.15 million in the corresponding period last year. The brief summary of the operational highlights for the nine months is as under:

Rupees in Million			
Particulars	Sep 30, 2011	Sep 30, 2010	Change
Gross Premium	(12,520)	90,263	-114%
Net Premium	756	8,153	-91%
Net Claims	(10,702)	(3,700)	189%
Underwriting Result	(4,856)	13,607	-136%
Investment & Other Income	82,600	197,786	-58%
Profit Before Tax	53,553	199,190	-73%
Profit After Tax	46,494	184,350	-75%
Earnings Per Share (Rupees)	1.19	4.72	-75%

UNDERWRITING RESULT

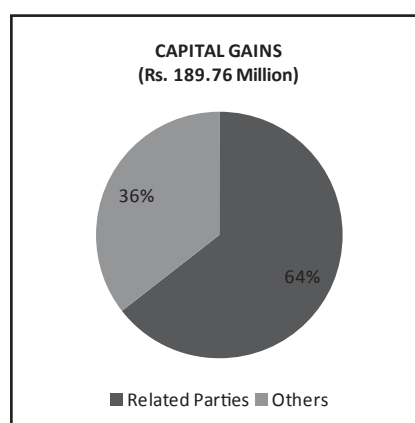
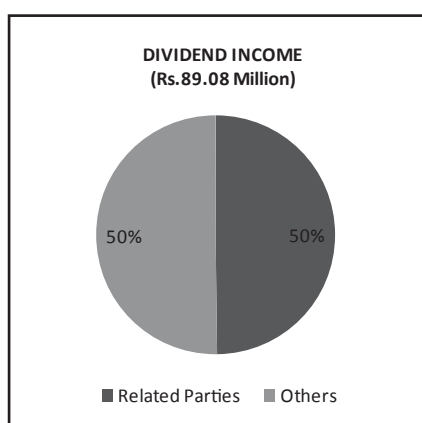
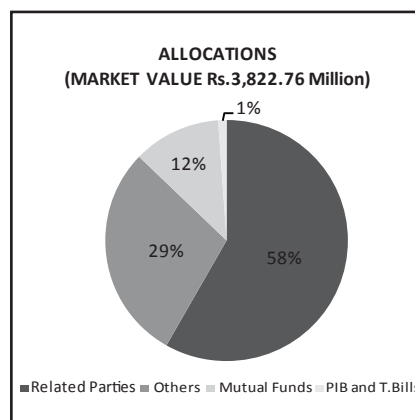
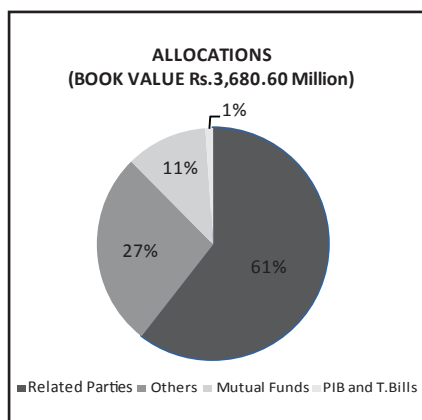
The underwriting loss of the company for the nine months ended September 30, 2011 was recorded at Rs.4.86 million compared to income of Rs.13.61 million in the corresponding period last year reflecting a decline of 136% attributable to reduced net premium and commission income and increased management 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

During the nine months ended September 30, 2011, dividend from our portfolio decreased by 20% to Rs.89.08 million as opposed to Rs.110.79 million earned last nine months mainly due to book closure of Hub Power Company Ltd. falling in October, 2011 and also due to no interim dividend payout by Dawood Hercules Corporation Limited due to gas curtailment. The company also earned capital gains of Rs.189.76 million during the nine months as opposed to Rs.30.15 million recorded in the corresponding period last year reflecting a growth of 529%. However provision for impairment during nine months ended September 30, 2011 amounted to Rs.198.08 million as compared to reversal of Rs.51.52 million in the corresponding period last year mainly on account of decline in the share price of Engro Corporation Ltd. (Rs.158.44 million) due to gas curtailment and Dawood Lawrencepur Ltd. (Rs.36.85 million). Resultantly the total investment income for the nine months ended September 30, 2011 amounted to Rs.80.69 million compared to Rs.194.28 million in the corresponding period last year reflecting a decline of 58%.



The market value of total investments decreased to Rs.3,822.76 million on September 30, 2011 from Rs.3,898.32 million on December 31, 2010 reflecting a decline of 2%.

The break-up of investment income is as under:

Particulars	Rupees in Million		
	Sep 30, 2011	Sep 30, 2010	Change
Dividend Income	89.078	110.793	-20%
Return on Government Securities	2.035	2.142	-5%
Amortization on PIBs	1.023	0.738	39%
Gain on Sale of 'available for sale' investments	189.756	30.154	529%
(Provision)/Reversal for impairment	(198.083)	51.520	-484%
Investment related expenses	(3.115)	(1.072)	191%
Total Investment Income	80.694	194.275	-58%

EARNINGS PER SHARE

During the nine months ended September 30, 2011, the company posted earnings per share of Rs.1.19 compared to Rs.4.72 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 nine months ended September 30, 2011, 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.

FUTURE OUTLOOK

With the declining interest rate scenario, 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 unwavering 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, October 24, 2011

Condensed Interim Balance Sheet (Un-audited)

As at 30 September 2011

		(Rupees in '000)	
Note	30 Sep 2011	31 Dec 2010	
	(Un-audited)	(Audited)	
Share capital and reserves			
Authorised share capital	1,000,000	300,000	
Paid-up share capital	390,851	279,179	
Retained earnings	3,219,408	3,326,463	
Reserves	133,088	133,088	
	3,743,347	3,738,730	
Underwriting provisions			
Provision for outstanding claims (including IBNR)	32,165	71,416	
Provision for unearned premium	-	31,062	
Commission income unearned	-	1,974	
Total underwriting provisions	32,165	104,452	
Deferred liability			
Staff retirement benefits	1,972	1,136	
Creditors and accruals			
Amounts due to other insurers / reinsurers	6,418	5,782	
Accrued expenses	7,653	8,438	
Other creditors and accruals	17,053	17,179	
	31,124	31,399	
Borrowings			
Short term running finance	-	33,852	
Other liabilities			
Unclaimed dividend	9,367	8,808	
TOTAL LIABILITIES	74,628	179,647	
TOTAL EQUITY AND LIABILITIES	3,817,975	3,918,377	
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 Sep 2011 (Un-audited)	31 Dec 2010 (Audited)
Cash and bank deposits			
Cash and other equivalents		74	66
Current and other accounts		13,863	7,862
Deposits maturing within 12 months		2,368	2,368
		16,305	10,296
Loan - secured, considered good			
To employee	8	6,037	6,930
Investments			
	9	3,680,604	3,774,216
Deferred taxation			
		14,172	7,231
Other assets			
Premiums due but unpaid		741	1,440
Amounts due from other insurers / reinsurers		22,850	13,692
Accrued investment income		26,451	657
Reinsurance recoveries against outstanding claims		27,558	48,337
Taxation - payments less provision		16,792	21,477
Deferred commission expense		-	253
Prepayments - prepaid reinsurance premium ceded		-	29,495
Sundry receivables		4,721	2,409
		99,113	117,760
Fixed assets			
Tangible			
Furniture, fixtures and office equipments	10	928	791
Motor vehicles		810	1,140
Intangible			
Computer software		6	13
		1,744	1,944
TOTAL ASSETS		3,817,975	3,918,377

Shabbir Hussain Hashmi
Chairman

A. Samad Dawood
Chief Executive

Shahid Hamid Pracha
Director

Shafiq Ahmed
Director



Condensed Interim Profit and Loss Account (Un-audited)

For the nine months period ended 30 September 2011

		(Rupees in '000)					
		Three months period ended 30 September					
	Note	Fire and Property	Marine, Aviation and Transport	Motor	Others	Aggregate 2011	Aggregate 2010
Revenue account							
Net premium revenue		-	-	(58)	-	(58)	2,668
Net claims		(285)	(912)	(79)	(36)	(1,312)	5,775
Expenses		(4,506)	-	(278)	(779)	(5,563)	(3,078)
Net commission		-	-	-	-	-	3,413
Underwriting result		(4,791)	(912)	(415)	(815)	(6,933)	8,778
Net investment income						33,218	58,477
(Provision) / reversal of impairment in value of available-for-sale investments						(249,424)	6,435
Other income						738	1,081
Financial charges						(5)	(1,595)
General and administration expenses						7,130	(3,111)
						(208,343)	61,287
(Loss) / profit before tax						(215,276)	70,065
Provision for taxation	11					(1,058)	(8,191)
(Loss) / profit after tax						(216,334)	61,874
		Nine months period ended 30 September					
	Note	Fire and Property	Marine, Aviation and Transport	Motor	Others	Aggregate 2011	Aggregate 2010
Revenue Account							
Net premium revenue		150	173	379	54	756	8,153
Net claims		5,174	4,907	2,384	(1,763)	10,702	3,700
Expenses		(14,613)	-	(902)	(2,526)	(18,041)	(8,811)
Net commission		30	389	-	1,308	1,727	10,565
Underwriting result		(9,259)	5,469	1,861	(2,927)	(4,856)	13,607
Net investment income						278,777	142,755
(Provision) / reversal of impairment in value of available-for-sale investments	9.3					(198,083)	51,520
Other income						1,906	3,511
Financial charges						(200)	(1,595)
General and administration expenses	12					(23,991)	(10,608)
						58,409	185,583
Profit before tax						53,553	199,190
Provision for taxation	11					(7,059)	(14,840)
Profit after tax						46,494	184,350
Earnings per share (Rupees) - basic and diluted	15					1.19	Restated 4.72
Profit and loss appropriation account							
Balance at commencement of the nine months						3,326,463	2,957,063
Profit after tax						46,494	184,350
Issue of bonus shares @ 40% (2010: 25%)						(111,672)	(50,760)
Final dividend for the year ended 31 December 2010 at Rs.1.50 per share (2009: Rs.1 per share)						(41,877)	(20,304)
Issue of bonus shares Nil (2010: 10%)						-	(25,380)
Interim dividend Nil (2010: Rs 1 per share)						-	(25,380)
						(107,055)	62,526
Balance of unappropriated profit at end of the nine months						3,219,408	3,019,589

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

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended 30 September 2011

(Rupees in '000)

	Three months period ended		Nine months period ended	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
Profit / (loss) after tax	(216,334)	61,874	46,494	184,350
Other comprehensive income	-	-	-	-
Total Comprehensive income for the period	(216,334)	61,874	46,494	184,350

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 nine months period ended 30 September 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 nine months period ended 30 September 2010	-	-	-	-	-	184,350	184,350
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)
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)
	76,140	-	-	-	-	(121,624)	(45,684)
Balance as at 30 September 2010	279,179	10,535	-	2,553	120,000	3,019,589	3,431,856
Total comprehensive income for the period							
Net profit for the three months period ended 31 December 2010	-	-	-	-	-	306,874	306,874
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 nine months period ended 30 September 2011	-	-	-	-	-	46,494	46,494
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 September 2011	390,851	10,535	-	2,553	120,000	3,219,408	3,743,347

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 nine months period ended 30 September 2011

	(Rupees in '000)	
	30 Sep 2011	30 Sep 2010
Operating activities		
(a) Underwriting activities		
Premiums (refunded) / received	(10,339)	82,411
Reinsurance premiums received / (paid)	12,345	(61,086)
Claims paid	(24,971)	(12,635)
Reinsurance and other recoveries received	8,043	4,204
Commission paid	(2,709)	(1,152)
Commission received	11	11,286
Other underwriting payments (management expenses)	(18,054)	(9,018)
Net cash (outflow) / inflow from underwriting activities	<u>(35,674)</u>	<u>14,010</u>
(b) Other operating activities		
Income tax paid	(9,315)	(5,140)
General management expenses paid	(19,886)	(7,814)
Other operating payments	(3,637)	(14)
Other operating receipts	893	374
Net cash outflow from other operating activities	<u>(31,945)</u>	<u>(12,594)</u>
Total cash (outflow) from all operating activities	<u>(67,619)</u>	<u>1,416</u>
Investment activities		
Profit / return received	2,044	3,397
Dividend received	63,546	49,527
Payments for investments	(2,202,166)	(1,063,726)
Proceeds from disposal of investments	2,285,468	830,500
Fixed capital expenditure	(385)	(118)
Proceeds from disposal of fixed assets	291	520
Total cash inflow / (outflow) from investing activities	<u>148,798</u>	<u>(179,900)</u>
Financing activities		
Short term running finance	-	192,111
Dividends paid	(41,318)	(44,744)
Total cash (outflow) / inflow from financing activities	<u>(41,318)</u>	<u>147,367</u>
Net cash inflow / (outflow) from all activities	<u>39,861</u>	<u>(31,117)</u>
Cash at the beginning of the period	<u>(23,556)</u>	<u>65,136</u>
Cash at the end of the period	<u>16,305</u>	<u>34,019</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 nine months period ended 30 September 2011

(Rupees in '000)

	30 Sep 2011	30 Sep 2010
Reconciliation to profit and loss account		
Operating cash flows	(67,619)	1,416
Depreciation expense	(389)	(392)
Financial charges	(200)	(1,595)
Profit on disposal of fixed assets	96	159
(Decrease) / increase in assets other than cash	(46,994)	52,341
Decrease / (increase) in liabilities other than running finance	72,059	(5,299)
	(43,047)	46,630
Others		
Investment and other income	280,683	123,799
(Provision) / reversal for impairment in value of available-for-sale investments	(198,083)	13,961
Deferred taxation	6,941	(40)
Profit after taxation	46,494	184,350

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	11	26
Stamps in hand	63	70
	74	96

Current and Other Accounts

Current Accounts	553	541
PLS accounts	13,310	31,014
	13,863	31,555

Deposits maturing within 12 months

Term deposit receipts with bank	2,000	2,000
Statutory deposit with State Bank of Pakistan	368	368
	2,368	2,368
	16,305	34,019

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 nine months period ended 30 September 2011

Business underwritten inside Pakistan

Class	Three months period ended 30 September						Rupees in '000	
	Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded		Re-insurance expense	Net premium revenue 2011
		Opening	Closing		Prepaid Re-insurance premium ceded	Re-insurance premium ceded		
Direct and Facultative								
1. Fire and property damage	-	-	-	-	-	-	-	368
2. Marine, aviation and transport	-	-	-	-	-	-	-	674
3. Motor	-	-	-	58	-	58	(58)	1,542
4. Miscellaneous	-	-	-	-	-	-	-	84
Total	-	-	-	58	-	58	(58)	2,668

Class	Nine months period ended 30 September						Rupees in '000	
	Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded		Re-insurance expense	Net premium revenue 2011
		Opening	Closing		Prepaid Re-insurance premium ceded	Re-insurance premium ceded		
Direct and Facultative								
1. Fire and property damage	(13,651)	20,392	-	6,741	(13,595)	20,186	-	150
2. Marine, aviation and transport	-	1,562	-	1,562	-	1,389	-	173
3. Motor	(628)	1,195	-	567	103	85	-	379
4. Miscellaneous	1,759	7,913	-	9,672	1,783	7,835	-	54
Total	(12,520)	31,062	-	18,542	(11,709)	29,495	-	756

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 Claims (Un-audited)

For the nine months period ended 30 September 2011

Business underwritten inside Pakistan

Class	Three months period ended 30 September				(Rupees in '000)				
	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims Opening	Re-insurance and other recoveries in respect of outstanding claims Closing	Net claims expense 2011	Net claims expense 2010
Direct and Facultative									
1. Fire and property damage	266	6,757	6,573	82	4	4,018	3,811	285	(3,678)
2. Marine, aviation and transport	503	3,781	3,739	461	1	3,534	3,082	912	51
3. Motor	177	1,381	1,283	79	-	311	311	79	(2,156)
4. Miscellaneous	4	20,592	20,570	(18)	-	20,408	20,354	36	8
Total	950	32,511	32,165	604	5	28,271	27,558	1,312	(5,775)
Class	Nine months period ended 30 September				(Rupees in '000)				
	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims Opening	Re-insurance and other recoveries in respect of outstanding claims Closing	Net claims expense 2011	Net claims expense 2010
Direct and Facultative									
1. Fire and property damage	1,845	16,984	6,573	(8,566)	406	7,609	3,811	(5,174)	(3,475)
2. Marine, aviation and transport	18,359	25,939	3,739	(3,841)	16,644	18,660	3,082	(4,907)	762
3. Motor	1,848	5,511	1,283	(2,380)	39	346	311	(2,384)	(1,075)
4. Miscellaneous	2,919	22,982	20,570	507	112	21,722	20,354	1,763	88
Total	24,971	71,416	32,165	(14,280)	17,201	48,337	27,558	(10,702)	(3,700)

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 Expenses (Un-audited)

For the nine months period ended 30 September 2011

Business underwritten inside Pakistan

Class	Three months period ended 30 September						(Rupees in '000)		
	Commissions paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense 2011	Net underwriting expense 2010
Direct and Facultative									
1. Fire and property damage	-	-	-	-	4,506	4,506	-	4,506	(511)
2. Marine, aviation and transport	-	-	-	-	-	-	-	-	65
3. Motor	-	-	-	-	278	278	-	278	193
4. Miscellaneous	-	-	-	-	779	779	-	779	(82)
Total	-	-	-	-	5,563	5,563	-	5,563	(335)
Class	Nine months period ended 30 September						(Rupees in '000)		
	Commissions paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense 2011	Net underwriting expense 2010
Direct and Facultative									
1. Fire and property damage	5	251	-	256	14,613	14,869	286	14,583	(2,749)
2. Marine, aviation and transport	-	-	-	-	-	-	389	(389)	(189)
3. Motor	-	2	-	2	902	904	2	902	710
4. Miscellaneous	-	-	-	-	2,526	2,526	1,308	1,218	474
Total	5	253	-	258	18,041	18,299	1,985	16,314	(1,754)

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

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 Investment Income (Un-audited)

For the nine months period ended 30 September 2011

(Rupees in '000)

	Three months period ended 30 Sep		Nine months period ended 30 Sep	
	2011	2010	2011	2010
Income from non-trading investments				
Held-to-maturity				
Return on Government Securities	687	1,121	2,035	2,142
Amortisation on PIBs	537	422	1,023	738
Available-for-sale				
Dividend income				
- Related parties	22,681	30,866	44,357	57,104
- Others	3,813	38,097	44,721	53,689
	26,494	68,963	89,078	110,793
Gain / (loss) on sale of available-for-sale investments	5,787	(11,967)	189,756	30,154
Less: Investment related expenses	(287)	(62)	(3,115)	(1,072)
Net investment income	<u>33,218</u>	<u>58,477</u>	<u>278,777</u>	<u>142,755</u>

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 (Un-audited)

For the nine months period ended 30 September 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, Molvi 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 Sep 2011	Audited 31 Dec 2010
Commission payable	-	2,704
Withholding tax payable	2,553	-
Workers' welfare fund	11,093	10,023
Premium refundable to policy holders	188	947
Sundry creditors	17	106
Fraction on bonus shares payable	16	-
Payable against purchase of investments	3,186	3,399
	17,053	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

	Un-audited 30 Sep 2011	Audited 31 Dec 2010
Loan to employee	6,037	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

(Rupees in '000)

		Un-audited 30 Sep 2011	Audited 31 Dec 2010
Held-to-maturity	9.1	39,972	28,975
Available-for-sale	9.2 and 9.3	3,640,632	3,745,241
		3,680,604	3,774,216

- 9.1** Market value as at 30 September 2011 of Pakistan Investment Bond (PIB) and Treasury Bills are Rs.42.546 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 (Provision) / Reversal for impairment - net

	Un-audited	
	30 Sep 2011	30 Sep 2010
Opening provision	(271,569)	(738,144)
(Provision) / Reversal for impairment - net	(198,083)	51,520
Adjusted / Released on disposals	60,345	100,702
Closing provision	(409,307)	(585,922)

Reversal of impairment of Rs.0.0035 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.198.087 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:

(Rupees in '000)

	Un-audited 30 Sep 2011	
	Cost of Additions	Carrying value of disposals
Tangible:		
Office equipment	385	24
Motor vehicles	-	172
	<u>385</u>	<u>196</u>

11. TAXATION

	Three months period ended		Nine months period ended	
	30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
Taxation - current	3,500	8,175	14,000	14,800
- deferred	(2,442)	16	(6,941)	40
	<u>1,058</u>	<u>8,191</u>	<u>7,059</u>	<u>14,840</u>

12. GENERAL AND ADMINISTRATIVE EXPENSES

This represent net of reversal of Rs.13.359 million on account of mangement bonus and workers welfare fund.

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		Nine months period ended	
		30 Sep 2011	30 Sep 2010	30 Sep 2011	30 Sep 2010
	Premiums (refund) /underwritten	-	28,109	(8,846)	77,096
	Premiums collected	-	26,526	5,155	82,007
	Claims paid	-	604	16,735	8,565
	Rent paid	1,063	730	2,913	2,338
	Dividend received	22,681	9,520	44,357	35,757
	Dividend paid	-	17,751	29,290	31,951
	Bonus shares received (face value)	-	-	106,343	14,030
	Bonus shares issued	-	17,749	78,105	53,251
	Brokerage	225	2	3,050	1,012
	Bonus unit received	11,321	-	23,440	-
	Purchase of unit	483	-	840	-
	Sale of unit	56,500	-	120,000	-
	Management fee on investment	483	-	840	-
	Contribution to Provident Fund	361	36	1,031	108
	Contribution to Staff Retirement Benefits	266	47	1,085	141
	Key Management Personnel				
	Dividends paid	-	1,142	1,475	2,056
	Bonus shares issued	-	1,147	3,937	3,429
	Remuneration	6,793	1,042	19,097	3,126
	Directors fee	400	4	403	14
	Premiums underwritten	(1)	28	(11)	83
	Premiums collected	-	18	-	83
	Claim paid	-	13	-	13
	Employee loan recovery	223	-	893	-

Balances with related parties are as follows:

	Un-audited 30 Sep 2011	Audited 31 Dec 2010
Premium due but unpaid	739	1,368
Claims payable	20,465	39,001
Key management personnel		
Bonus payable	2,142	527
Leave encashment payable	1,504	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 September 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	13,781	32,353	15,894	26,368	34,820	15,923	4,961	31,074	69,456	105,718
Unallocated corporate assets									3,748,519	3,812,659
Consolidated corporate assets									3,817,975	3,918,377
Segment liabilities	12,949	43,770	14,934	35,329	32,717	24,955	4,662	32,933	65,261	136,987
Unallocated corporate liabilities									9,367	42,660
Consolidated corporate liabilities									74,628	179,647
Capital expenditure	<u>76</u>	<u>61</u>	<u>88</u>	<u>8</u>	<u>193</u>	<u>1</u>	<u>28</u>	<u>43</u>	<u>385</u>	<u>113</u>
Depreciation	<u>77</u>	<u>139</u>	<u>89</u>	<u>19</u>	<u>195</u>	<u>4</u>	<u>28</u>	<u>97</u>	<u>389</u>	<u>259</u>

15. EARNINGS PER SHARE - BASIC AND DILUTED

	30 Sep 2011	30 Sep 2010
Profit after tax for the period	<u>46,494</u>	<u>184,350</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>1.19</u>	(Restated) <u>4.72</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 earning 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:

		(Rupees in '000)	
		30 Sep 2011	30 Sep 2010
Results of discontinued operations:			
Revenue		13,185	22,418
Expenses *		(18,041)	(8,811)
(Loss) / Profit before tax		(4,856)	13,607
Taxation		6,941	(40)
Profit after tax		2,085	13,567
* Estimated			(Restated)
Earnings per share - basic and diluted	(Rupees)	0.05	0.35
Cash flows from discontinued operations			
Net cash used in operating activities		(35,674)	14,010
Net cash (used in) / from investing activities		(94)	402
Net cash from discontinued operations		(35,768)	14,412
Financial position of discontinued operations			
Assets		69,456	105,718
Liabilities		65,261	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. AUTHORISATION FOR ISSUE

These condensed interim financial information were authorised for issue on 24 October 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

Head Office:

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

Tel: (92-21) 35686001-16, 35684019, 35681491

Fax: (92-21) 35680218

Email: info.cic@dawoodgroup.com

Website: www.ceninsure.com