



**Consolidated Condensed Interim
Financial Statements
For the First Quarter ended 31 March 2011**

THE POWER OF ACCURACY

At Adamjee Insurance we don't make mistakes, we can't afford to. In a business that prides itself in numbers, accuracy becomes the name of the game. Each number each value is checked and vetted on multiple levels and that's what defines our quest for excellence.

DIRECTORS' REPORT TO THE MEMBERS ON CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 31 MARCH 2011

On behalf of the Board of Directors, I am pleased to present report on the interim consolidated financial statements of Adamjee Insurance Company Limited and its subsidiary, Adamjee Life Assurance Company Limited for the first quarter ended 31 March 2011.

The following appropriation of profit has been recommended by the Board of Directors:

| | 31 March 2011 | 31 March 2010 |
|-----------------------------------------------------------------------------------------------------------------|--------------------------|------------------|
| | (Rupees in thousand) | |
| Profit before tax | 473,147 | 343,627 |
| Taxation | (76,985) | (88,440) |
| Profit after tax | 396,162 | 255,187 |
| Profit attributable to non-controlling interest | (1,722) | (3,431) |
| Profit attributable to ordinary share holders | 394,440 | 251,756 |
| Un-appropriated profit brought forward | 8,736,251 | 8,522,098 |
| Profit available for appropriation | 9,130,691 | 8,773,854 |
| Appropriations | | |
| Final dividend for the year ended 31 December 2010 @10% (Re.1.0/- per share) [2009:@15%(Rs. 1.5/- per share) | (123,705) | (168,688) |
| Reserve for issue of bonus shares for the year ended 31 December 2009 | - | (112,459) |
| Total appropriations | (123,705) | (281,147) |
| | 9,006,986 | 8,492,707 |

EARNINGS PER SHARE

The interim consolidated financial statements reflect Rs. 3.20 (31 March 2010: Rs. 2.06 Restated) earning per share for the period under review.

On behalf of Directors

Karachi: 27 April 2011

Umer Mansha
Chairman

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT 31 MARCH 2011

| | Note | 31 March 2011 (Unaudited) | 31 December 2010 (Audited) |
|------------------------------------------------------------|------|---------------------------------|----------------------------------|
| —————(Rupees in thousand)————— | | | |
| Share capital and reserves | | | |
| Authorised share capital | | <u>1,500,000</u> | <u>1,500,000</u> |
| Paid-up share capital | | 1,237,045 | 1,237,045 |
| Retained earnings | | 9,006,986 | 8,736,251 |
| Reserves | | 1,008,132 | 1,047,106 |
| | | <u>10,015,118</u> | <u>9,783,357</u> |
| Equity attributable to equity holders of the parent | | <u>11,252,163</u> | 11,020,402 |
| Non-controlling interest | | 131,575 | 152,444 |
| Total equity | | <u>11,383,738</u> | <u>11,172,846</u> |
| Balance of statutory funds | | 147,085 | 99,479 |
| Underwriting provisions | | | |
| Provision for outstanding claims (including IBNR) | | 6,855,563 | 7,989,823 |
| Provision for unearned premium | | 4,674,538 | 5,017,435 |
| Commission income unearned | | 270,910 | 305,434 |
| Total underwriting provisions | | <u>11,801,011</u> | <u>13,312,692</u> |
| Deferred liabilities | | | |
| Deferred taxation | | 82,444 | 58,375 |
| Staff retirement benefits | | 20,403 | 19,585 |
| Creditors and Accruals | | | |
| Premiums received in advance | | 87,096 | 77,174 |
| Amounts due to other insurers / reinsurers | | 1,146,852 | 1,599,650 |
| Accrued expenses | | 102,684 | 151,051 |
| Taxation - provision less payments | | - | - |
| Other creditors and accruals | | 1,668,365 | 1,564,460 |
| | | <u>3,004,997</u> | <u>3,392,335</u> |
| Borrowings | | | |
| Liabilities against assets subject to finance lease | | 88,778 | 107,637 |
| Other liabilities | | | |
| Unclaimed dividends | | 29,117 | 29,121 |
| TOTAL LIABILITIES | | <u>15,026,750</u> | <u>16,919,745</u> |
| CONTINGENCIES AND COMMITMENTS | 6 | | |
| TOTAL EQUITY AND LIABILITIES | | <u>26,557,573</u> | <u>28,192,070</u> |

The annexed notes form an integral part of this condensed interim consolidated financial information.

| | Note | 31 March 2011 (Unaudited) | 31 December 2010 (Audited) |
|---------------------------------------------------|------|---------------------------------|----------------------------------|
| (Rupees in thousand) | | | |
| Cash and bank deposits | | | |
| Cash and other equivalents | | 7,102 | 59,453 |
| Current and other accounts | | 1,230,754 | 1,098,285 |
| Deposits maturing within 12 months | | 1,576,255 | 1,584,827 |
| | | 2,814,111 | 2,742,565 |
| Loans | | | |
| To employees | | 22,609 | 22,086 |
| Investments | | | |
| | 7 | 9,411,379 | 9,607,857 |
| Deferred taxation | | 9,102 | - |
| Current assets - others | | | |
| Premiums due but unpaid | 8 | 4,311,522 | 4,554,824 |
| Amounts due from other insurers/ reinsurers | 9 | 1,093,716 | 993,584 |
| Salvage recoveries accrued | | 171,213 | 99,636 |
| Premium and claim reserves retained by cedants | | 23,252 | 23,252 |
| Accrued investment income | | 171,210 | 41,389 |
| Reinsurance recoveries against outstanding claims | | 5,069,682 | 6,253,202 |
| Taxation - payments less provision | | 7,297 | 45,873 |
| Deferred commission expense | | 490,915 | 512,222 |
| Prepayments | | 1,616,731 | 1,835,054 |
| Sundry receivables | | 245,515 | 316,635 |
| | | 13,201,053 | 14,675,671 |
| Fixed Assets - Tangible & Intangible | | | |
| Owned | | | |
| Land and buildings | | 278,031 | 281,472 |
| Furniture and fixtures | | 71,476 | 70,212 |
| Motor vehicles | | 208,391 | 203,650 |
| Machinery and equipment | | 297,929 | 318,224 |
| Computers and related accessories | | 58,314 | 60,455 |
| Intangible asset - computer software | | 61,798 | 66,435 |
| | | 975,939 | 1,000,448 |
| Leased | | | |
| Motor vehicles | | 123,380 | 143,443 |
| TOTAL ASSETS | | 26,557,573 | 28,192,070 |

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| | General Insurance | | | | | Life Insurance | | | Total | |
|---------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------------|---------------|---------------|----------|-----------------------|------------------------------|-------------------------------------|-----------------------------|-----------------------------|
| | Fire and Property Damage | Marine, Aviation and Transport | Motor | Miscellaneous | Treaty | Conventional Business | Accident and Health Business | Non-united Investment Link Business | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
| | (Rupees in thousand) | | | | | | | | | |
| Revenue account | | | | | | | | | | |
| Net premium revenue | 317,722 | 310,706 | 792,830 | 563,556 | - | 19,521 | 8 | 63,712 | 2,068,055 | 1,728,500 |
| Net claims | (235,882) | (120,253) | (541,426) | (414,873) | - | (8,140) | - | (388) | (1,320,962) | (1,071,580) |
| Expenses | (48,218) | (46,863) | (110,338) | (85,642) | - | (11,249) | (30) | (23,559) | (325,899) | (336,393) |
| Net commission | (26,410) | (49,052) | (68,661) | 12,896 | - | (7,213) | (3) | (41,867) | (180,310) | (120,122) |
| Net Investment income - statutory fund | - | - | - | - | - | 2,170 | 2 | 4,442 | 6,614 | 289 |
| Add: Policyholder's liabilities at beginning of the period | - | - | - | - | - | 20,034 | 59 | 79,386 | 99,479 | 11,499 |
| Less: Policyholder's liabilities at end of the period | - | - | - | - | - | (15,642) | (59) | (108,502) | (124,203) | (11,499) |
| Capital contribution from shareholder's fund | - | - | - | - | - | 23,377 | 24 | 26,800 | 50,201 | 31,719 |
| Excess Capital contribution from shareholder's fund | - | - | - | - | - | (22,858) | (1) | (24) | (22,883) | - |
| Underwriting result | <u>7,212</u> | <u>94,538</u> | <u>72,405</u> | <u>75,937</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | 250,092 | 232,413 |
| Investment income - other | | | | | | | | | 206,727 | 233,157 |
| Rental income | | | | | | | | | 165 | 554 |
| Other income | | | | | | | | | 35,378 | 37,909 |
| | | | | | | | | | 492,362 | 504,033 |
| General and administration expenses | | | | | | | | | (119,300) | (155,458) |
| Exchange gain | | | | | | | | | 294 | 400 |
| Finance charge on lease liabilities | | | | | | | | | (3,722) | (5,348) |
| Share of profit from associated companies | | | | | | | | | 103,513 | - |
| Profit before tax | | | | | | | | | 473,147 | 343,627 |
| Provision for taxation | | | | | | | | | (76,985) | (88,440) |
| Profit after tax | | | | | | | | | 396,162 | 255,187 |
| Profit attributable to: | | | | | | | | | | |
| Equity holders of the parent | | | | | | | | | 394,440 | 251,756 |
| Non-controlling interest | | | | | | | | | 1,722 | 3,431 |
| Profit and loss appropriation account | | | | | | | | | | |
| Balance at the commencement of the year | | | | | | | | | 8,736,251 | 8,522,098 |
| Profit after tax for the period | | | | | | | | | 394,440 | 251,756 |
| Final dividend for the year ended December 31, 2010 @10% (Rs.1.0/- per share) [2009:@15%(Re. 1.5/- per share) | | | | | | | | | (123,705) | (168,688) |
| Reserve for issue of bonus shares | | | | | | | | | - | (112,459) |
| Balance unappropriated profit at the end of the period | | | | | | | | | 9,006,986 | 8,492,707 |
| | | | | | | | | | Rupees | Restated Rupees |
| Earnings per share - basic and diluted | | | | | | | | | 3.20 | 2.06 |

The annexed notes form an integral part of this condensed interim consolidated financial information.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
|-------------------------------------------------------------|-----------------------------------|-----------------------------------|
| | —————(Rupees in thousand)————— | |
| Profit for the period | 396,162 | 255,187 |
| Other comprehensive income: | | |
| Effect of translation of net investment in foreign branches | (11,364) | 17,605 |
| Capital contribution to statutory funds | (50,201) | (31,719) |
| Total comprehensive income for the period | 334,597 | 241,073 |
| Comprehensive income attributable to: | | |
| Equity holders of the parent | 355,466 | 251,916 |
| Non-controlling interest | (20,869) | (10,843) |
| | 334,597 | 241,073 |

The annexed notes form an integral part of this condensed interim consolidated financial information.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| | Share Capital | | Capital Reserves | | | | Revenue Reserves | | Equity attributable to equity holders of the parent | Non-Controlling interest | Total |
|-------------------------------------------------------------------------------|--------------------------------|-----------------------------------|--------------------------------|------------------------------|-----------------------------------------|--------------------------------|------------------|-------------------|-----------------------------------------------------|--------------------------|-------------------|
| | Issued, subscribed and paid-up | Reserve for issue of bonus shares | Reserve for exceptional losses | Exchange translation reserve | Capital contribution to statutory funds | Investment fluctuation reserve | General reserve | Retained earnings | | | |
| | (Rupees in thousand) | | | | | | | | | | |
| Balance as at 31 December 2009 | 1,124,586 | - | 22,859 | 173,424 | (31,840) | 3,764 | 936,500 | 8,522,098 | 10,751,391 | 216,230 | 10,967,621 |
| Total comprehensive income for the quarter ended 31 March 2010 | - | - | - | 17,605 | (17,445) | - | - | 251,756 | 251,916 | (10,843) | 241,073 |
| Final dividend for the year ended 31 December 2009 @15% (Rs.1.5/- per share) | - | - | - | - | - | - | - | (168,688) | (168,688) | - | (168,688) |
| Transfer to Reserve for Issue of Bonus shares | - | 112,459 | - | - | - | - | - | (112,459) | - | - | - |
| Balance as at 31 March 2010 | 1,124,586 | 112,459 | 22,859 | 191,029 | (49,285) | 3,764 | 936,500 | 8,492,707 | 10,834,619 | 205,387 | 11,040,006 |
| Total comprehensive income for the Nine months ended 31 December 2010 | - | - | - | 9,696 | (67,457) | - | - | 367,249 | 309,488 | (52,943) | 256,545 |
| Issue of bonus shares for the year ended 31 December 2009 @ 10% | 112,459 | (112,459) | - | - | - | - | - | - | - | - | - |
| Interim dividend @ 10% (Re. 1.0/- per share) | - | - | - | - | - | - | - | (123,705) | (123,705) | - | (123,705) |
| Balance as at 31 December 2010 | 1,237,045 | - | 22,859 | 200,725 | (116,742) | 3,764 | 936,500 | 8,736,251 | 11,020,402 | 152,444 | 11,172,846 |
| Total comprehensive income for the quarter ended 31 March 2011 | - | - | - | (11,364) | (27,610) | - | - | 394,440 | 355,466 | (20,869) | 334,597 |
| Final dividend for the year ended 31 December 2010 @10% (Re. 1.0/- per share) | - | - | - | - | - | - | - | (123,705) | (123,705) | - | (123,705) |
| Balance as at 31 March 2011 | 1,237,045 | - | 22,859 | 189,361 | (144,352) | 3,764 | 936,500 | 9,006,986 | 11,252,163 | 131,575 | 11,383,738 |

The annexed notes 1 to 37 form an integral part of these consolidated financial statements.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
|---------------------------------------------------------|--------------------------------|--------------------------------|
| | —————(Rupees in thousand)————— | |
| Operating Cash Flows | | |
| a) Underwriting activities | | |
| Premiums received | 3,103,142 | 2,820,302 |
| Reinsurance premiums paid | (1,343,881) | (985,951) |
| Claims paid | (2,541,298) | (1,542,273) |
| Surrenders paid | (11,782) | (34,758) |
| Reinsurance and other recoveries received | 1,096,703 | 78,767 |
| Commissions paid | (349,327) | (369,770) |
| Commissions received | 159,608 | 127,543 |
| Other underwriting payments | (241,500) | (401,994) |
| Net cash flow used in underwriting activities | (128,335) | (308,134) |
| b) Other operating activities | | |
| Income tax refund / (paid) | (23,444) | (54,560) |
| General and other expenses paid | (171,559) | (186,928) |
| Loans disbursed | (6,507) | (5,337) |
| Loan repayments received | 9,044 | 8,669 |
| Other receipts | 4,164 | 2,103 |
| Net cash used in other operating activities | (188,302) | (236,053) |
| Total cash flow used in all operating activities | (316,637) | (544,187) |
| Investment activities | | |
| Profit/ return received | 27,586 | 26,411 |
| Dividends received | 61,395 | 117,925 |
| Investments purchased | (815,942) | (969,564) |
| Proceeds from disposal of investments | 1,142,511 | 1,499,107 |
| Fixed capital expenditure | (30,507) | (32,482) |
| Proceeds from disposal of fixed assets | 22,637 | 5,919 |
| Income received on rent | 165 | 2,921 |
| Income received on PIBs | 1,416 | 1,745 |
| Income received on TFCs | 1,506 | 2,344 |
| Total cash flow from investing activities | 410,767 | 654,326 |
| Financing activities | | |
| Lease rentals paid | (22,581) | (11,362) |
| Dividends paid | (4) | (1,038) |
| Total cash used in financing activities | (22,585) | (12,400) |
| Net cash flow / (used in) from all activities | 71,545 | 97,739 |
| Cash at the beginning of the period | 2,737,741 | 2,168,707 |
| Cash at the end of the period | 2,809,287 | 2,266,446 |

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
|---------------------------------------------------------------|--------------------------------|--------------------------------|
| | (Rupees in thousand) | |
| Reconciliation to Profit and Loss Account | | |
| Operating cash flows | (316,637) | (544,187) |
| Depreciation expense | (47,662) | (45,488) |
| Provision for gratuity | (174) | (1,178) |
| Other income - bank deposits | 30,968 | 33,898 |
| Profit on disposal of fixed assets | 268 | 2,565 |
| Finance charge on lease liabilities | (3,722) | (5,348) |
| Rental income | 165 | 554 |
| Decrease in assets other than cash | (1,586,446) | (183,724) |
| Decrease in liabilities other than running finance | 1,668,659 | 809,880 |
| | (254,581) | 66,972 |
| Others | | |
| Profit on sale of investments | 112,780 | 47,214 |
| Amortization expense | (3,922) | (2,878) |
| Capital contribution from shareholders fund | 50,201 | 31,718 |
| (Increase) / decrease in unearned premium | 342,897 | (29,004) |
| Amortization of income on Government Securities - net | - | 2,160 |
| Profit on PIBs | 3,863 | 11,442 |
| Share of Profit from Associated companies | 103,513 | - |
| Decrease in loans | (2,537) | (3,332) |
| Income tax paid/(refund) | 24,363 | 46,963 |
| (Provision) / Reversal for diminution in value of investments | (93,774) | (4,757) |
| Dividend, investment and other income | 184,370 | 170,765 |
| Income on TFCs | 5,974 | 6,364 |
| | 727,727 | 276,655 |
| Profit before taxation | 473,147 | 343,627 |

Definition of cash:

Cash comprises of cash in hand, bank balances excluding Rs.4.824 million (2010: Rs. 4.451 million) held under lien and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

| | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
|--------------------------------------------------------------------------|--------------------------------|--------------------------------|
| | (Rupees in thousand) | |
| Cash for the purposes of the Statement of Cash Flows consists of: | | |
| Cash and other equivalent | 7,102 | 3,228 |
| Current and other accounts | 1,624,130 | 658,543 |
| Deposits maturing within 12 months | 1,178,055 | 1,604,675 |
| Total cash and cash equivalents | 2,809,287 | 2,266,446 |

The annexed notes form an integral part of this condensed interim consolidated financial information.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PREMIUMS (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| Class | Premiums written | Unearned premium reserve | | Premiums earned | Reinsurance ceded | Prepaid reinsurance premium ceded | | Reinsurance expense | Net premium revenue | |
|---------------------------------------|------------------|--------------------------|------------------|------------------|-------------------|-----------------------------------|------------------|---------------------|-----------------------------|-----------------------------|
| | | Opening | Closing | | | Opening | Closing | | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
| (Rupees in thousand) | | | | | | | | | | |
| General Insurance: | | | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| Fire and property damage | 915,790 | 1,977,580 | 1,815,920 | 1,077,450 | 548,077 | 1,371,210 | 1,159,559 | 759,728 | 317,722 | 359,775 |
| Marine, aviation and transport | 370,327 | 57,988 | 79,373 | 348,942 | 49,873 | 12,199 | 23,836 | 38,236 | 310,706 | 230,742 |
| Motor | 815,956 | 1,760,996 | 1,683,521 | 893,431 | 93,610 | 175,330 | 168,339 | 100,601 | 792,830 | 858,140 |
| Miscellaneous | 643,556 | 1,220,871 | 1,095,724 | 768,703 | 191,530 | 215,786 | 202,169 | 205,147 | 563,556 | 273,535 |
| Total | 2,745,629 | 5,017,435 | 4,674,538 | 3,088,526 | 883,090 | 1,774,525 | 1,553,903 | 1,103,712 | 1,984,814 | 1,722,192 |
| Treaty | | | | | | | | | | |
| Proportional | - | - | - | - | - | - | - | - | - | - |
| Total | 2,745,629 | 5,017,435 | 4,674,538 | 3,088,526 | 883,090 | 1,774,525 | 1,553,903 | 1,103,712 | 1,984,814 | 1,722,192 |
| Life Insurance: | | | | | | | | | | |
| Conventional Business | 27,764 | - | - | 27,764 | 8,242 | - | - | 8,242 | 19,522 | 6,226 |
| Accident and Health Business | 10 | - | - | 10 | 2 | - | - | 2 | 8 | 82 |
| Non-unitised Investment Link Business | 64,733 | - | - | 64,733 | 1,022 | - | - | 1,022 | 63,711 | - |
| Total | 92,507 | - | - | 92,507 | 9,266 | - | - | 9,266 | 83,241 | 6,308 |
| Grand Total | 2,838,136 | 5,017,435 | 4,674,538 | 3,181,033 | 892,356 | 1,774,525 | 1,553,903 | 1,112,978 | 2,068,055 | 1,728,500 |

The annexed notes form an integral part of this condensed interim unconsolidated financial information.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CLAIMS (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| Class | Total claims paid | Outstanding claims | | Claims expenses | Reinsurance and other recoveries received | Reinsurance and other recoveries in respect of outstanding claims | | Reinsurance and other recoveries revenue | Net claims expense | |
|---------------------------------------|-------------------|--------------------|------------------|------------------|-------------------------------------------|-------------------------------------------------------------------|------------------|------------------------------------------|-----------------------------|-----------------------------|
| | | Opening | Closing | | | Opening | Closing | | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
| (Rupees in thousand) | | | | | | | | | | |
| General Insurance: | | | | | | | | | | |
| Direct and facultative | | | | | | | | | | |
| Fire and property damage | 1,233,175 | 4,893,957 | 3,916,347 | 255,565 | 1,068,938 | 4,334,740 | 3,285,485 | 19,683 | 235,882 | 202,814 |
| Marine, aviation and transport | 153,243 | 426,065 | 392,935 | 120,113 | - | 166,072 | 165,932 | (140) | 120,253 | 98,111 |
| Motor | 721,010 | 1,540,738 | 1,533,231 | 713,503 | 74,715 | 995,153 | 1,092,515 | 172,077 | 541,426 | 556,723 |
| Miscellaneous | 412,670 | 1,099,317 | 978,884 | 292,237 | 37,274 | 856,873 | 696,963 | (122,636) | 414,873 | 209,107 |
| Total | 2,520,098 | 7,960,077 | 6,821,397 | 1,381,418 | 1,180,927 | 6,352,838 | 5,240,895 | 68,984 | 1,312,434 | 1,066,755 |
| Treaty | | | | | | | | | | |
| Proportional | - | 20,332 | 20,332 | - | - | - | - | - | - | - |
| Total | - | 20,332 | 20,332 | - | - | - | - | - | - | - |
| Total | 2,520,098 | 7,980,409 | 6,841,729 | 1,381,418 | 1,180,927 | 6,352,838 | 5,240,895 | 68,984 | 1,312,434 | 1,066,755 |
| Life Insurance: | | | | | | | | | | |
| Conventional Business | 21,201 | 9,395 | 12,522 | 24,328 | 16,187 | - | - | 16,187 | 8,141 | 4,825 |
| Accident and Health Business | - | - | - | - | - | - | - | - | - | - |
| Non-unitised Investment Link Business | - | 19 | 1,312 | 1,292 | 905 | - | - | 905 | 387 | - |
| Total | 21,201 | 9,414 | 13,834 | 25,620 | 17,092 | - | - | 17,092 | 8,528 | 4,825 |
| Grand Total | 2,541,299 | 7,989,823 | 6,855,563 | 1,407,038 | 1,198,019 | 6,352,838 | 5,240,895 | 86,076 | 1,320,962 | 1,071,580 |

The annexed notes form an integral part of this condensed interim unconsolidated financial information.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF EXPENSES (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| Class | Commissions paid or payable | Deferred commission | | Net commission expense | Other management expenses | Underwriting expense | Commission from reinsurer | Net underwriting expense | |
|---------------------------------------|-----------------------------|-----------------------|-----------------------|------------------------|---------------------------|-----------------------|---------------------------|------------------------------|-----------------------------|
| | | Opening | Closing | | | | | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
| (Rupees in thousand) | | | | | | | | | |
| General Insurance: | | | | | | | | | |
| Direct and facultative | | | | | | | | | |
| Fire and property damage | 145,319 | 259,844 | 259,742 | 145,421 | 48,218 | 193,639 | 119,011 | 74,628 | 95,282 |
| Marine, aviation and transport | 44,383 | 11,662 | 5,818 | 50,227 | 46,863 | 97,090 | 1,175 | 95,915 | 80,820 |
| Motor | 88,200 | 162,226 | 165,529 | 84,897 | 110,338 | 195,235 | 16,236 | 178,999 | 199,125 |
| Miscellaneous | 26,150 | 78,490 | 59,826 | 44,814 | 85,642 | 130,456 | 57,710 | 72,746 | 47,797 |
| | <u>304,052</u> | <u>512,222</u> | <u>490,915</u> | <u>325,359</u> | <u>291,061</u> | <u>616,420</u> | <u>194,132</u> | <u>422,288</u> | <u>423,024</u> |
| Treaty | | | | | | | | | |
| Proportional | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| Total | <u>304,052</u> | <u>512,222</u> | <u>490,915</u> | <u>325,359</u> | <u>291,061</u> | <u>616,420</u> | <u>194,132</u> | <u>422,288</u> | <u>423,024</u> |
| Life Insurance: | | | | | | | | | |
| Conventional Business | 7,213 | - | - | 7,213 | 11,249 | 18,462 | - | 18,462 | 31,842 |
| Accident and Health Business | 3 | - | - | 3 | 30 | 33 | - | 33 | 1,649 |
| Non-unitised Investment Link Business | 41,956 | - | - | 41,956 | 23,559 | 65,515 | 89 | 65,426 | - |
| Total | <u>49,172</u> | <u>-</u> | <u>-</u> | <u>49,172</u> | <u>34,838</u> | <u>84,010</u> | <u>89</u> | <u>83,921</u> | <u>33,491</u> |
| Grand Total | <u><u>353,224</u></u> | <u><u>512,222</u></u> | <u><u>490,915</u></u> | <u><u>374,531</u></u> | <u><u>325,899</u></u> | <u><u>700,430</u></u> | <u><u>194,221</u></u> | <u><u>506,209</u></u> | <u><u>456,515</u></u> |

The annexed notes form an integral part of this condensed interim unconsolidated financial information.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
|-----------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| | (Rupees in thousand) | |
| General insurance: | | |
| Income from non-trading investment | | |
| Available-for-sale | | |
| Return on fixed income securities | - | 2,160 |
| Return on Term Finance Certificates | 5,974 | 6,364 |
| Return on Pakistan Investment Bonds | 3,991 | 3,602 |
| Dividend income | | |
| - associated undertakings | 70,079 | 74,308 |
| - others | 104,975 | 96,019 |
| | 175,054 | 170,327 |
| | 185,019 | 182,453 |
| Gain/ (Loss) on sale of 'available-for-sale' investments | | |
| - associated undertakings | 10,080 | 40,287 |
| - others | 97,159 | 3,057 |
| | 107,239 | 43,344 |
| | 292,258 | 225,797 |
| (Charge) / Reversal for impairment in value of available-for-sale' investments | (93,774) | (4,622) |
| | 198,484 | 221,175 |
| Life insurance: | | |
| Share holders' fund | | |
| Unrealised (diminution) / appreciation in value of quoted equity securities | (15) | (135) |
| Return on government securities | 3,896 | 7,840 |
| Return on bank deposits | 142 | 152 |
| Dividend income | 179 | 438 |
| Gain on sale of non-trading investments | 3,672 | 3,687 |
| Reversal of / (Provision) for impairment in the value of available for sale investments | 368 | - |
| | 8,243 | 11,982 |
| Statutory Funds | | |
| Conventional Business | | |
| Return on bank deposits | 82 | 106 |
| Return on government securities | 1,260 | - |
| Gain / (loss) on sale of Government Securities | (2) | - |
| Gain / (loss) on sale of Units of open end mutual funds | 775 | 183 |
| Reversal of / (Provision) for impairment in the value of available for sale investments | 54 | - |
| | 2,169 | 289 |
| Accident and Health Business | | |
| Return on bank deposits | 2 | - |
| | 2 | - |
| Non-unitised Investment Link Business | | |
| Unrealised mark to market gain / (loss) on Government securities | 630 | - |
| Unrealised mark to market gain / (loss) on mutual funds | 54 | - |
| Return on bank deposits | 259 | - |
| Return on Government securities | 2,403 | - |
| Gain / (loss) on sale of Government Securities | 1,097 | - |
| | 4,443 | - |
| Net investment income | 213,341 | 233,446 |
| Net investment income - shareholders' funds | 6,614 | 289 |
| Net investment income - other | 206,727 | 233,157 |
| | 213,341 | 233,446 |

The annexed notes form an integral part of this condensed interim unconsolidated financial information.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer

CONSOLIDATED CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

1. THE GROUP AND ITS OPERATIONS

The condensed interim consolidated financial information comprises the consolidated financial information of Adamjee Insurance Company Limited and its subsidiary company, Adamjee Life Assurance Company Limited, as at March 31, 2011. The condensed interim financial information of the subsidiary companies has been consolidated on line by line basis. All inter company balances and transaction have been eliminated .

2 BASIS OF PREPARATION

This condensed interim consolidated financial information is unaudited and is being submitted to the shareholders in accordance with the listing regulations of the Stock Exchanges and section 245 of the Companies Ordinance, 1984 and being presented in condensed form in accordance with the requirements of International Accounting Standard (IAS) - 34 'Interim Financial Reporting' and in the format prescribed by Insurance Division of SECP in its Circular No. 7 of 2003 dated August 27, 2003. This condensed interim consolidated financial information do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual published financial statements for the year ended December 31, 2010.

3. BASIS OF MEASUREMENT

This condensed interim consolidated financial information has been prepared under the historical cost convention except that obligations under certain employee benefits are measured at present value.

4. ACCOUNTING POLICIES AND COMPUTATION METHODS

The accounting policies and methods of computation adopted in the preparation of this condensed interim consolidated financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended December 31, 2010.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Judgments and estimates made by the management in the preparation of this interim financial information are the same as those applied to the preceding annual published financial statements of the company for the year ended December 31, 2010.

6. CONTINGENCIES AND COMMITMENTS

6.1. Contingencies

The income tax assessments of the company have been finalized up to and including the tax year 2010. However, the holding company has filed appeals in respect of certain assessment years mainly on account of following:

- i) The Deputy Commissioner of Income Tax (DCIT) has finalized assessments for the assessment year 1999-2000 by taxing capital gains at the full rate of 33%. The aggregate tax liability assessed by the DCIT amounted to Rupees 48.205 million against which the holding company has made a total provision of Rupees 44.141 million resulting in a shortfall of Rupees 4.064 million. The holding company filed appeals with the Commissioner of Income Tax (Appeals) and Income Tax Appellate Tribunal (ITAT) which were decided against the holding company. Consequently the holding company has filed an appeal before the Honorable High Court of Sindh and the petition is fixed for regular hearing.
- ii) The Additional Commissioner / Taxation Officer has reopened assessments for the assessment years 2000-2001 and 2001-2002 by taxing bonus shares received by the holding company during the above mentioned periods resulting in an additional tax liability of Rupees 14.907 million. An appeal was filed before the Commissioner of Income Tax (Appeals) who cancelled the amended order passed by the Additional Commissioner and allowed relief to the holding company but the Tax Department had filed an appeal before the ITAT against the order of the Additional Commissioner, which has been decided in favour of the holding company. However, the holding company again received a notice from additional commissioner for reassessment of the case. The holding company has filed a constitutional petition in Sindh High Court against such order.

- iii) While finalizing the assessment for the assessment year 2002-2003, DCIT has reduced the business loss for the year by Rupees 88.180 million by adjusting the dividend income against this loss. The holding company maintains that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the holding company in this respect have been rejected by the Commissioner of Income Tax (Appeals), the ITAT and the Sindh High Court. The holding company has now filed a reference application with the Supreme Court of Pakistan. The management is confident that the matter will eventually be decided in favor of the holding company and has consequently not made any provision against the additional tax liability of Rupees 26.455 million which may arise in this respect.
- iv) The Tax Authorities have also amended the assessments for tax years 2003 to 2007 on the ground that the holding company has not apportioned management and general administration expenses against capital gain and dividend income. The holding company has filed constitution petition in the High Court of Sindh against the amendment in the assessment order. The holding company may be liable to pay Rupees 5.881 million in the event of decision against the holding company, out of which Rupees 2.727 million has been provided by the holding company resulting in a shortfall of Rupees 3.154 million.
- v) The Taxation Officer has passed an order in the tax year 2005 and 2006 under section 221 of the Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rupees 38.358 million. An appeal had been filed before the Commissioner of Income Tax (Appeals) who upheld the order of the Taxation Officer. The holding company has filed an appeal before ITAT which is pending to be heard.
- vi) The Taxation Officer has passed an order under section 161/205 of the Income Tax Ordinance, 2001 in Tax year 2007 creating a demand of Rupees 1.263 million. The holding company filed an appeal before the Commissioner of Income Tax (Appeals) which has been decided against the holding company. The holding company is filing an appeal before the ITAT.
- vii) The holding company received a notice from Additional Commissioner Inland Revenue pertaining to the assessment of tax year 2008. Among others, the Additional Commissioner raised issues pertaining to avoidance of tax on capital gains on listed securities. However, the holding company filed a constitutional petition in Sindh High Court against such order and the court has granted stay in this regard.

Pending resolution of the above-mentioned appeals filed by the holding company, no provision has been made in these condensed interim consolidated financial statements for the aggregate amount of Rupees 88.201 million (December 31, 2010: 88.201 million) as the management is confident that the eventual outcome of the above matters will be in favor of the company.

6.2 Commitments

Holding company

There were no capital or other commitments as at March 31, 2011 (December 31, 2010: Nil).

Subsidiary company

Commitments in respect of leased assets - not later than one year is Rupees 2.996 million (31 December 2010: 2.996) and intangible assets not later than one year is Rupees 2.550 million (31 December 2010: 2.550 million).

CONSOLIDATED CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

| | Note | 31 March 2011 | 31 December 2010 |
|-------------------------------------------------------------------|------|------------------|---------------------|
| (Rupees in thousand) | | | |
| 7. INVESTMENTS | | | |
| Available-for-sale | | | |
| In related parties | | | |
| Marketable securities | | 6,563,865 | 6,699,828 |
| Less: Provision for impairment in value of investments | | (2,652) | - |
| | | 6,561,213 | 6,699,828 |
| Others | | | |
| Marketable securities | | 3,260,109 | 3,264,744 |
| Less: Provision for impairment in value of investments | | (503,630) | (412,931) |
| | | 2,756,479 | 2,851,813 |
| Fixed income investments | | - | - |
| | | 2,756,479 | 2,851,813 |
| At fair value through profit or loss | | | |
| In related parties | | | |
| Marketable securities | | 4,660 | - |
| Listed equity securities | | 838 | 853 |
| Government securities | | 88,189 | 55,363 |
| | | 89,027 | 56,216 |
| | | 9,411,379 | 9,607,857 |
| 8. PREMIUMS DUE BUT UNPAID - Unsecured | | | |
| Considered good | | 4,311,522 | 4,554,824 |
| Considered doubtful | | 208,739 | 199,015 |
| | | 4,520,261 | 4,753,839 |
| Less: Provision for doubtful balances | 8.1 | (208,739) | (199,015) |
| | | 4,311,522 | 4,554,824 |
| 8.1 Reconciliation of provision for doubtful balances | | | |
| Opening provision | | 199,015 | 119,530 |
| Exchange loss | | - | 274 |
| Charge for the period / year | | 9,724 | 86,867 |
| Written off during the period / year | | - | (7,656) |
| Closing provision | | 208,739 | 199,015 |
| 9. AMOUNTS DUE FROM OTHER INSURERS/ REINSURERS - Unsecured | | | |
| Considered good | | 1,093,716 | 993,584 |
| Considered doubtful | | 30,000 | 30,000 |
| | | 1,123,716 | 1,023,584 |
| Less: Provision for doubtful balances | 9.1 | (30,000) | (30,000) |
| | | 1,093,716 | 993,584 |
| 9.1 Reconciliation of provision for doubtful balances | | | |
| Opening provision | | 30,000 | 30,000 |
| Charge for the period / year | | - | - |
| Written off during the period / year | | - | - |
| Closing provision | | 30,000 | 30,000 |

| | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
|-------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|
| | —————(Rupees in thousand)————— | |
| 10. FIXED ASSETS | | |
| 10.1 The following capital expenditure was incurred during the period: | | |
| Furniture and fixtures | 4,227 | 21,236 |
| Motor vehicles | 19,468 | 3,002 |
| Machinery and equipment | 3,172 | 1,435 |
| Computer and related accessories | 3,229 | 6,809 |
| Intangible Assets | 410 | - |
| | <u>30,506</u> | <u>32,482</u> |
| 10.2 The following are the written down values of fixed assets disposed off during the period: | | |
| Furniture and fixtures | 135 | 105 |
| Motor vehicles | 6,385 | 3,026 |
| Machinery and equipment | 511 | 223 |
| Computer and related accessories | 269 | - |
| | <u>7,300</u> | <u>3,354</u> |

11. TRANSACTIONS WITH RELATED PARTIES

The company has related party relationships with its associated company, subsidiary company, employee benefit plans, key management personnel and other parties. Transactions are entered into with such related parties for the issuance of policies to and disbursements of claims incurred by them and payments of rentals for the use of premises rented from them. There are no transactions with key management personnel other than their terms of employment.

Investment in related parties have been disclosed in note 7 to the financial statements. Other transactions with related parties are summarised as follows:

| | Quarter ended 31 March 2011 | Quarter ended 31 March 2010 |
|-------------------------------------------------------------|--------------------------------|--------------------------------|
| | —————(Rupees in thousand)————— | |
| Subsidiary company | | |
| Associated undertakings | | |
| Premium written | 10,433 | - |
| Claims expense | 12,647 | 6,405 |
| Travelling expenses | - | 33 |
| Commission and other incentives in respect of Bancassurance | 40,728 | 7,295 |
| Profit on bank deposits | 314 | 116 |
| Investment advisor fee | 28 | - |
| Custodian fee | 34 | - |
| Technical support fee | 3,226 | - |
| Holding Company | | |
| Premium underwritten | 239,514 | 231,181 |
| Premium received | 147,466 | 167,364 |
| Premium ceded | 1,976 | 350 |
| Claims paid | 976,826 | 142,425 |
| Rent paid | 4,664 | 3,005 |
| Dividend received | - | 74,308 |
| | | Number of shares |
| Bonus shares | 2,326,228 | 2,740,126 |

UNCONSOLIDATED CONDENSED INTERIM NOTES TO THE FINANCIAL INFORMATION (UNAUDITED)

FOR THE QUARTER ENDED 31 MARCH 2011

12. SEGMENT REPORTING

Each class of business has been identified as reportable segment. Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following is a schedule of class of business wise assets and liabilities:

| | | 31 March 2011 | | | | | | | | | | | | | | | | | | | | | | |
|--------------------------|--|--------------------------|------------------|--------------------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------|------------------|-------------------------------------------|------------------|-----------------|------------------|-----------------|------------------|-----------------------------|-----------------------|------------------------------|---------------------------------------|--------------------------|-------------|-------------|
| | | Fire and Property Damage | | Marine, Aviation and Transport | | Motor | | Miscellaneous | | Treaty | | Unallocated Corporate Assets/ Liabilities | | | | Total | | Aggregate General Insurance | | Life Insurance | | Aggregate Life Insurance | | Grand Total |
| | | Inside Pakistan | Outside Pakistan | Inside Pakistan | Outside Pakistan | Inside Pakistan | Outside Pakistan | Inside Pakistan | Outside Pakistan | Inside Pakistan | Outside Pakistan | Inside Pakistan | Outside Pakistan | Inside Pakistan | Outside Pakistan | Inside Pakistan | Outside Pakistan | Aggregate General Insurance | Conventional Business | Accident and Health Business | Non-utilised investment link business | Aggregate Life Insurance | Grand Total | |
| (Rupees in thousand) | | | | | | | | | | | | | | | | | | | | | | | | |
| OTHER INFORMATION | | | | | | | | | | | | | | | | | | | | | | | | |
| Segment assets | | 6,362,428 | 82,734 | 853,939 | 54,367 | 2,013,991 | 1,135,692 | 2,144,595 | 37,407 | - | - | - | - | 11,374,953 | 1,310,200 | 12,685,153 | 67,477 | 143 | 163,557 | - | 231,177 | 12,916,330 | | |
| Unallocated assets | | - | - | - | - | - | - | - | - | - | - | - | - | 12,299,597 | 1,159,961 | 13,459,558 | - | - | - | - | - | 181,685 | 13,641,243 | |
| Total assets | | 6,362,428 | 82,734 | 853,939 | 54,367 | 2,013,991 | 1,135,692 | 2,144,595 | 37,407 | - | - | - | - | 12,299,597 | 1,159,961 | 26,144,711 | 67,477 | 143 | 163,557 | - | 412,862 | 26,557,573 | | |
| Segment liabilities | | 6,234,816 | 66,231 | 579,988 | 48,714 | 1,615,807 | 2,089,881 | 2,334,472 | 29,644 | 20,332 | - | - | - | 10,785,425 | 2,234,470 | 13,019,895 | 67,477 | 143 | 163,557 | - | 231,177 | 13,251,072 | | |
| Unallocated liabilities | | - | - | - | - | - | - | - | - | - | - | - | - | 1,529,846 | 169,040 | 1,698,886 | - | - | - | - | - | 76,792 | 1,775,678 | |
| Total liabilities | | 6,234,816 | 66,231 | 579,988 | 48,714 | 1,615,807 | 2,089,881 | 2,334,472 | 29,644 | 20,332 | - | - | - | 1,529,846 | 169,040 | 14,718,781 | 67,477 | 143 | 163,557 | - | 307,969 | 15,026,750 | | |
| Capital expenditure | | - | - | - | - | - | - | - | - | - | - | - | - | 29,294 | 612 | 29,906 | - | - | - | - | - | 600 | 30,506 | |
| (Rupees in thousand) | | | | | | | | | | | | | | | | | | | | | | | | |
| OTHER INFORMATION | | | | | | | | | | | | | | | | | | | | | | | | |
| Segment assets | | 7,696,091 | 120,913 | 638,440 | 59,835 | 1,044,736 | 2,408,230 | 2,197,241 | 34,218 | 2,939 | - | - | - | 11,579,447 | 2,623,196 | 14,202,643 | 83,220 | 645 | 119,235 | - | 203,100 | 14,405,743 | | |
| Unallocated assets | | - | - | - | - | - | - | - | - | - | - | - | - | 12,105,976 | 1,306,123 | 13,412,099 | - | - | - | - | - | 374,228 | 13,786,327 | |
| Total assets | | 7,696,091 | 120,913 | 638,440 | 59,835 | 1,044,736 | 2,408,230 | 2,197,241 | 34,218 | 2,939 | - | - | - | 12,105,976 | 1,306,123 | 23,695,423 | 83,220 | 645 | 119,235 | - | 577,328 | 28,192,070 | | |
| Segment liabilities | | 7,390,948 | 101,729 | 553,040 | 57,001 | 1,606,881 | 2,625,138 | 2,571,549 | 33,551 | 20,936 | - | - | - | 12,143,154 | 2,817,419 | 14,960,573 | 83,220 | 645 | 119,235 | - | 203,100 | 15,163,673 | | |
| Unallocated liabilities | | - | - | - | - | - | - | - | - | - | - | - | - | 1,526,644 | 194,100 | 1,720,744 | - | - | - | - | - | 35,328 | 1,756,072 | |
| Total liabilities | | 7,390,948 | 101,729 | 553,040 | 57,001 | 1,606,881 | 2,625,138 | 2,571,549 | 33,551 | 20,936 | - | - | - | 1,526,644 | 194,100 | 16,681,317 | 83,220 | 645 | 119,235 | - | 238,428 | 16,919,745 | | |
| Capital expenditure | | - | - | - | - | - | - | - | - | - | - | - | - | 311,318 | 3,896 | 315,214 | - | - | - | - | - | 30,216 | 345,430 | |

13. GENERAL

Figures in these condensed interim consolidated financial information have been rounded off to the nearest thousand of rupees.

14. AUTHORISATION FOR ISSUE

This condensed interim consolidated financial information has been approved and authorised for issue on 27 April 2011 by the Board of Directors of the Company.

Umer Mansha
Chairman

S.M. Jawed
Director

Ibrahim Shamsi
Director

Manzar Mushtaq
Managing Director & Chief Executive Officer