

HALF YEARLY REPORT  
(Unaudited) June 30, 2008



*askari*

*askari*



*askari general insurance co. ltd.*  
"SUSTAINABLE RELATIONSHIPS"

## CORPORATE INFORMATION

Chairman	Lt. General (Retd) Zameer Azim
Directors	Mr. Kashif Mateen Ansari Brig (Retd) Javed Qayyum Brig (Retd) Mushtaq Ahmad Malik Syed Suhail Ahmad Rizvi Mr. Abdul Waheed Mr. Abdul Hai Mehmood Bhainia
President & Chief Executive	Mr. Muhammad Jamaluddin
Company Secretary-CFO	Mr. Wasemullah
Auditors	KPMG Taseer Hadi & Company Chartered Accountants
Legal Advisors	Mr. Farrukh Karim Qureshi
Bankers	Askari Bank Limited National Bank of Pakistan Habib Bank Limited Standard Chartered (Pakistan) Limited
Registrar and Share Transfer Office	THK Associates (Private) Limited Ground Floor, State Life Building No. 3 Dr. Zia ul Din Ahmad Road, Karachi-75530, PO Box 8533 UAN: 111-600-322 Fax: 021-6655595
Registered Office/Head Office	4th Floor, AWT Plaza, The Mall, Rawalpindi, Pakistan Tel: 051-9272425-7 fax: 051-9272424 Website: <a href="http://www.agico.com.pk">www.agico.com.pk</a>

**Directors' Report to the Shareholders**

The Directors are pleased to present the results of the second quarter of 2008 and half year ended 30 June 2008 along with the review report from the auditors.

Key financial figures are as follow:

	Half year ended June 30		
	2008 (Rupees in Million)	2007	Inc/(dec) %
Gross Premium	502.69	427.71	18
Net Premium Revenue	314.50	283.81	11
Underwriting Profit	47.60	56.72	-16
Investment and Other Income	8.62	28.53	-70
Profit Before Tax	22.92	56.39	-59
Profit After tax	15.12	40.30	-62
Earning per share (restated)	0.74	1.98	-63

During the period under review, the Company continued its trend of growth in business as the overall Gross Premium has been increased by 18 % as compared to the previous corresponding period. However, the underwriting profit has decreased by 16 % which is mainly due to increase in losses in the fire business. The investment income has also decreased by 70 % and the same is because of very uncertain and poor performance of stock market due to political unrest in the country. The Company is in the process of re-phasing its investment strategy with more emphasis on non-equity based investments as result, investment income is expected to be increased before the close of the current financial year.

We are confident that in future, we will show better results with the help of committed staff, confident shareholders and valued clients.

We would like to thank Securities and Exchange Commission of Pakistan, re-insurers and valued shareholders for their continued guidance, support and patronage.

For and on behalf of the Board



Brig (Retd.) Javed Qayum  
Director

August 29, 2008  
Rawalpindi



KPMG Taseer Hadi & Co.  
Chartered accountants  
Sixth Floor,  
State Life Building No. 5  
Jinnah Avenue, Blue Area  
Islamabad, Pakistan

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## Independent Auditors' Report on review of Condensed Interim Financial Information to the Members

### Introduction

We have reviewed the accompanying:

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

of Askari General Insurance Company Limited ("the Company") as at 30 June 2008 together with notes forming part thereof for the half year then ended (here-in-after referred to as the "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. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures for the quarter ended 30 June 2008 have not been reviewed as we were required to review the cumulative figures for the half year only.

### 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 accompanying interim financial information as at and for the half year ended 30 June 2008 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

August 29, 2008  
Islamabad

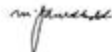
KPMG Taseer Hadi & Co.  
Chartered accountants

## Condensed Interim Balance Sheet (Unaudited)

As at 30 June 2008

	Note	Unaudited 30 June 2008 (Rupees)	Audited 31 December 2007 (Rupees)
<b>Share Capital and Reserves</b>			
Authorised share capital 50,000,000 (2007: 25,000,000) ordinary shares of Rs. 10 each		500,000,000	250,000,000
Paid up share capital	6	203,774,920	156,749,940
Share premium account		4,657,681	4,657,681
Retained earnings		25,979,059	62,889,187
General Reserve		70,000,000	65,000,000
		304,411,660	289,296,808
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		213,296,959	226,488,978
Provision for unearned premium		431,352,781	353,181,410
Commission income unearned		21,473,646	22,672,698
Total underwriting provisions		666,123,386	602,343,086
<b>Creditors and accruals</b>			
Premium received in advance		7,690,635	12,454,590
Amounts due to other insurers/reinsurers		128,293,255	109,387,140
Accrued expenses		11,961,761	14,223,753
		147,945,651	136,065,483
<b>Borrowing</b>			
Liabilities against assets subject to finance lease		2,573,349	3,817,695
<b>Deferred liability-staff compensated absences</b>			
		11,291,264	9,894,411
<b>Other liabilities</b>			
Unclaimed dividend		836,930	836,930
Others	7	91,102,180	75,339,115
		91,939,110	76,176,045
<b>TOTAL LIABILITIES</b>		<b>919,872,760</b>	<b>828,296,720</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,224,284,420</b>	<b>1,117,593,528</b>
<b>CONTINGENCY AND COMMITMENT</b>	10		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.


Muhammad Jamaluddin  
President & Chief Executive

Brig (Retd.) Javed Qayum  
Director

## Condensed Interim Balance Sheet (Unaudited)

As at 30 June 2008

	Unaudited 30 June 2008 (Rupees)	Audited 31 December 2007 (Rupees)
<b>Cash and bank deposits</b>		
Cash and other equivalents	343,333	206,187
Current and other accounts	51,358,541	130,169,969
Deposits maturing within 12 months	29,323,867	38,407,306
Deposits maturing after 12 months	1,000,090	1,000,000
	82,025,741	169,783,462
<b>Advances to employees - secured, considered good</b>	3,486,307	2,816,972
<b>Deferred taxation</b>	4,592,942	4,242,942
<b>Investments</b>	8 530,566,226	423,227,130
<b>Other assets</b>		
Premium due but unpaid - unsecured, considered good	170,953,696	111,350,787
Amounts due from other insurers/reinsurers - unsecured, considered good	68,298,753	61,985,746
Accrued investment income	6,833,328	8,863,059
Reinsurance recoveries against outstanding claims - unsecured, considered good	57,274,820	68,005,053
Taxation - provision less payment	10,297,343	8,635,996
Deferred commission expense	38,762,599	30,040,452
Prepayments - prepaid reinsurance premium ceded	117,915,907	91,043,236
- others	11,488,307	11,243,995
Sundry receivables	4,569,877	22,383,436
	486,394,630	413,551,760
<b>Fixed assets - tangible</b>	9	
Furniture and fixtures	9,863,496	10,161,164
Computer and office equipment	8,521,679	7,835,115
Motor vehicles	44,558,289	37,979,437
Leasehold improvements	3,798,910	4,298,746
Capital work in progress	50,476,200	43,696,800
	117,218,574	103,971,262
	<b>1,224,284,420</b>	<b>1,117,593,528</b>



Syed Sahail Ahmad Rizvi  
Director



Abdul Waheed  
Director



## Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended 30 June 2008

	2008 (Rupees)	2007 (Rupees)
<b>Operating Cash Flows</b>		
<b>a) Underwriting activities:</b>		
Premiums received	428,341,729	351,344,072
Reinsurance premium paid	(175,609,215)	(216,059,293)
Claims paid	(229,866,347)	(231,727,667)
Reinsurance and other recoveries received	71,200,963	149,253,637
Commission paid	(43,137,857)	(36,089,642)
Commission received	45,686,959	51,545,402
Other underwriting payments (management expenses)	(56,162,492)	(30,193,967)
<b>Net cash flow from underwriting activities</b>	<b>40,482,840</b>	<b>38,072,604</b>
<b>b) Other operating activities:</b>		
Income tax paid	(9,812,782)	(10,193,159)
General management expenses paid	(31,423,879)	(45,878,049)
Other operating receipts	14,214,825	24,162,165
Advances to employees	(669,335)	(303,060)
Other receipts (payments) on operating assets	19,829,786	(2,312,657)
<b>Net cash used in other operating activities</b>	<b>(8,668,585)</b>	<b>(34,524,760)</b>
<b>Total cash flow from all operating activities</b>	<b>31,792,255</b>	<b>3,547,844</b>
<b>Investment activities:</b>		
Profiteers received	13,875,777	13,948,622
Dividends received	877,862	918,624
Payments for investments	(174,275,459)	(28,167,335)
Proceeds from disposal of investments	54,827,480	11,249,978
Redemptions of Term Finance Certificates	6,855,293	3,803,046
Fixed capital expenditure	(22,586,053)	(20,237,478)
Proceeds from disposal of fixed assets	2,298,600	319,998
<b>Total cash flow used in investing activities</b>	<b>(118,127,300)</b>	<b>(18,164,545)</b>
<b>Financing activities:</b>		
Financial charges paid	(178,330)	(71,080)
Payment of lease rentals	(1,244,346)	(343,592)
<b>Total cash used in financing activities</b>	<b>(1,422,676)</b>	<b>(414,672)</b>
<b>Net cash used in all activities</b>	<b>(87,757,721)</b>	<b>(15,031,373)</b>
<b>Cash at beginning of the period</b>	<b>169,783,462</b>	<b>126,398,848</b>
<b>Cash at end of the period</b>	<b>82,025,741</b>	<b>111,367,475</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
Mahesh Choudhary  
President & Chief Executive Officer

  
Rajiv Kumar  
Chief Financial Officer

  
Rajesh Kumar  
Chief Risk Officer

  
Anil Kumar  
Chief Compliance Officer

## Condensed Interim Statement of Cash Flows (Unaudited)

For the half year ended 30 June 2008

	2008 (Rupees)	2007 (Rupees)
<b>Reconciliation to Profit and Loss Account:</b>		
Operating cash flows	31,792,255	3,547,844
Depreciation expense	(8,034,868)	(6,232,559)
Financial charges	(178,330)	(71,080)
Profit on disposal of fixed assets	994,727	146,447
Increase in assets other than cash	74,800,569	103,285,418
Increase in liabilities other than running finance	(92,820,387)	(82,509,664)
Provision for premium-doubtful of recovery	(1,000,000)	-
Un-realized (loss)/gain on investments, held for trading	(9,858,729)	8,136,832
Dividend income	3,778,550	918,624
Investment income	14,504,775	14,887,861
Profit on bank deposits	2,137,422	3,010,893
Share of profit in associated company	213,275	-
Income tax provision	(7,801,435)	(16,089,524)
(Loss)/Gain on trading	(3,185,754)	1,072,044
Tax paid	9,812,782	10,193,159
<b>Profit after taxation</b>	<b>15,114,852</b>	<b>40,296,295</b>

## Definition of cash:

Cash comprises of cash in hand, bank balances, stamps in hand and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

## Cash for the purpose of the statement of cash flows consist of:

	2008 (Rupees)	2007 (Rupees)
Cash and other equivalents	343,333	430,697
Current and other accounts	51,358,541	56,450,365
Deposits maturing within 12 months	29,323,867	53,486,412
Deposits maturing after 12 months	1,000,000	1,000,000
	<b>82,025,741</b>	<b>111,367,474</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
 Maheshwar Prasad  
 President & Chief Executive

  
 Shajid Ahmad / Joint Director  
 Director

  
 Shajid Ahmad / Joint Director  
 Director

  
 Akbar Siddiqui  
 Director

# Condensed Interim Statement of Premiums (Unaudited)

For the half year ended 30 June 2008

Business underwritten in India Pakistan

(Amount in Rupees)

Class of business	Premiums written		Unearned premium reserve		Premiums earned		Quarter ended 30 June		Reinsurance		2007	
	Opening	Closing	Opening	Closing	Opening	Closing	Opening	Closing	Expenses	Net premium revenue	2007	2008
<b>Fire and property damage</b>	34,896,209	74,013,660	72,621,637	36,807,665	21,449,639	97,222,893	49,842,468	36,378,344	6,477,521	6,477,521	8,063,191	
<b>Marine, aviation and transport</b>	48,126,461	9,722,629	31,001,768	12,297,262	10,663,313	4,731,147	26,343,379	13,449,325	823,767	823,767	2,375,268	
<b>Motor</b>	199,433,553	192,628,415	204,752,467	96,299,541	4,336,590	2,097,457	3,094,448	3,833,509	95,136,172	95,136,172	89,852,369	
<b>Health</b>	42,291,249	61,662,238	42,698,528	45,663,647	-	-	-	-	43,063,647	43,063,647	35,663,248	
<b>Miscellaneous</b>	35,566,842	16,509,817	40,972,143	13,544,696	26,258,267	23,339,634	17,633,628	11,966,645	2,566,653	2,566,653	6,063,637	
<b>Total</b>	287,157,754	179,897,878	413,332,781	216,762,843	69,525,819	80,991,371	117,933,987	66,899,883	157,883,766	157,883,766	147,291,944	
<b>Treaty/Non-proportional</b>	-	-	-	-	-	-	-	-	-	-	28	6,776
<b>Grand total</b>	287,157,754	179,897,878	413,332,781	216,762,843	69,525,819	80,991,371	117,933,987	66,899,883	157,883,766	157,883,766	154,068,720	
<b>Fire and facultative</b>	71,096,811	71,096,738	72,621,637	72,222,699	47,376,792	42,336,680	49,842,468	46,447,264	31,874,645	31,874,645	17,264,009	
<b>Marine, aviation and transport</b>	64,629,862	8,899,668	31,001,768	43,796,883	86,210,536	3,966,629	26,343,379	23,872,292	18,734,491	18,734,491	12,687,018	
<b>Motor</b>	214,131,432	161,660,664	204,752,467	196,426,629	4,832,290	1,272,500	3,094,448	3,292,148	12,914,609	12,914,609	17,400,469	
<b>Health</b>	93,279,530	86,582,627	42,698,528	85,647,824	-	-	-	-	85,847,824	85,847,824	66,912,279	
<b>Miscellaneous</b>	43,173,815	21,668,238	40,972,143	24,238,964	37,489,210	24,471,227	17,633,628	24,286,657	3,882,297	3,882,297	10,168,791	
<b>Total</b>	366,269,450	393,330,411	413,332,781	424,242,699	194,898,634	97,043,236	117,933,987	108,818,063	214,888,496	214,888,496	203,608,361	
<b>Treaty/Non-proportional</b>	-	-	-	-	-	-	-	-	-	-	17,627	12,289
<b>Grand total</b>	366,269,450	393,330,411	413,332,781	424,242,699	194,898,634	97,043,236	117,933,987	108,818,063	214,888,496	214,888,496	215,627,650	

Six months ended 30 June

Six months ended 30 June

The annexed note 1 to 13 form an integral part of these condensed interim financial statements.

*Muhammad Ismail*

Muhammad Ismail  
President & Chief Executive

*Raymond D'Amico*

Raymond D'Amico  
Director

*A. J.*

Asst. Secy. (Internal Audit)

*P. S.*

Asst. Secy. (Internal Audit)

## Condensed Interim Statement Of Claims (Unaudited)

For the half year ended 30 June 2008

### Business underwritten in India Pakistan

Class of Business	Claims Paid		Outstanding Claims		Claims Reported		Quarter ended 30 June		Reimbursements paid under policies		2008		2007	
	Opening	Closing	Opening	Closing	Recovery	Expenses	Expenses	Recovery	Expenses	Recovery	Expenses	Net claims expense	Net claims expense	Net claims expense
<b>Direct and facultative</b>														
Fire and property	19,558,966	44,975,228	56,983,178	63,119,654	11,243,180	56,871,919	47,618,229	2,405,628	2,405,628	14,833,264	(1,619,171)	14,833,264	(1,619,171)	
Marine, aviation and transport	6,779,364	12,114,782	14,891,445	3,978,427	1,279,174	6,768,333	6,680,782	1,218,979	1,218,979	2,305,654	3,468,313	2,305,654	3,468,313	
Motor	75,288,148	113,735,543	113,255,440	49,788,415	617,840	-	102,121	713,091	713,091	49,684,634	64,111,298	49,684,634	64,111,298	
Health	32,848,928	19,788,669	22,658,619	36,684,298	-	-	-	-	-	36,684,298	31,188,491	36,684,298	31,188,491	
Miscellaneous	2,313,145	6,289,521	5,680,457	(296,488)	1,251,442	5,684,513	2,813,718	(917,425)	(917,425)	665,964	26,491	665,964	26,491	
<b>Total</b>	127,922,148	218,981,887	213,286,619	121,986,487	14,008,636	68,716,523	57,274,628	3,642,991	3,642,991	114,008,636	186,116,618	114,008,636	186,116,618	
<b>Free-Non-proportional</b>														
<b>Grand total</b>	127,922,148	218,981,887	213,286,619	121,986,487	14,008,636	68,716,523	57,274,628	3,642,991	3,642,991	114,008,636	186,116,618	114,008,636	186,116,618	
<b>Direct and facultative</b>														
Fire and property	25,542,778	41,193,678	56,983,178	33,881,979	17,275,577	55,663,291	47,618,229	9,828,766	9,828,766	13,473,174	831,244	13,473,174	831,244	
Marine, aviation and transport	4,482,142	14,099,383	14,891,445	3,984,264	2,472,142	7,668,519	6,680,782	1,447,549	1,447,549	2,546,419	2,301,962	2,546,419	2,301,962	
Motor	14,681,114	126,520,315	112,255,440	126,556,676	823,320	1,651,606	102,121	(126,699)	(126,699)	126,063,618	112,959,288	126,063,618	112,959,288	
Health	36,304,482	17,672,664	22,658,619	63,888,487	-	-	-	-	-	63,888,487	49,188,364	63,888,487	49,188,364	
Miscellaneous	3,213,147	6,623,288	5,680,457	2,188,158	1,673,340	1,624,915	2,813,718	912,621	912,621	1,285,801	3,453,418	1,285,801	3,453,418	
<b>Total</b>	28,331,634	206,488,678	213,286,619	213,129,615	22,082,329	68,006,633	57,274,628	12,871,896	12,871,896	201,872,619	173,117,776	201,872,619	173,117,776	
<b>Free-Non-proportional</b>														
<b>Grand total</b>	28,331,634	206,488,678	213,286,619	213,129,615	22,082,329	68,006,633	57,274,628	12,871,896	12,871,896	201,872,619	173,117,776	201,872,619	173,117,776	

The amount due is 1 to 15 from an integral part of fixed contractual interest free of statements

*M. J. J.*

Muhammad Imambhai  
President & Chief Executive

*R. J. J.*

Rajesh D. Jindani  
Director

*A. J. J.*

Ashraf Ahmad  
Director

*P. J. J.*

Ashraf Ahmad  
Director

# Condensed Interim Statement Of Expenses (Unaudited)

For the half year ended 30 June 2008

(Amount in Ringgit)

Business under review inside Pralaksana	Quarter ended 30 June				Commission receivable	Underwriting expense	Commission receivable*	2007 Net underwriting expense	2007 Net underwriting expense
	Commission receivable	Delivered commission Opening	Closing	Net commission expense					
<b>Direct and facultative</b>									
Fire and property damage	779,271	11,904,304	11,894,226	814,805	4,339,213	5,601,689	8,695,291	(4,756,683)	4,475,611
Marine, aviation and transport	6,566,729	1,794,795	2,311,809	3,099,695	5,566,719	9,778,323	8,524,334	4,852,319	2,698,683
Motor	6,689,564	14,169,654	13,837,226	6,833,842	14,639,037	21,932,949	33,696	21,586,943	34,798,982
Health	2,698,349	4,346,656	4,136,339	2,112,796	2,539,139	7,793,506	-	7,793,506	7,532,387
Miscellaneous	2,924,638	1,793,369	4,149,653	328,843	4,483,394	4,732,437	2,211,987	2,988,558	2,798,147
<b>Total</b>	18,973,471	33,828,689	36,362,299	13,998,044	34,993,644	63,898,723	34,893,449	33,994,277	42,173,719
<b>Tripart-Non-proportional</b>									
Grand total	19,181	-	-	(6,186)	(78)	(6,276)	-	(6,276)	64,285
<b>Direct and facultative</b>									
Fire and property damage	18,972,282	33,626,389	36,362,299	13,991,858	34,888,974	63,892,449	34,892,449	33,994,021	42,138,433
Marine, aviation and transport	6,796,238	11,278,317	11,894,226	6,138,428	8,678,617	14,792,689	16,064,263	(1,269,279)	5,933,831
Motor	3,973,982	1,523,615	2,311,809	6,897,288	7,993,030	14,973,138	7,893,952	7,396,386	2,746,799
Health	18,792,203	69,833,644	13,837,226	13,773,823	25,743,031	42,138,752	71,124	42,868,428	31,683,982
Miscellaneous	4,297,694	6,028,364	4,136,339	4,195,289	16,752,867	14,948,176	-	14,408,138	16,877,166
<b>Total</b>	34,838,318	2,169,582	4,149,653	16,978,663	52,933,817	6,934,399	6,528,313	2,485,568	3,399,698
<b>Tripart-Non-proportional</b>									
Grand total	41,692,333	30,688,032	36,362,299	32,798,346	41,233,688	93,687,666	27,756,336	40,681,388	54,888,976
	(3,982)	-	-	(3,682)	(979)	(4,623)	-	(4,623)	(59,643)
	41,688,351	30,688,032	36,362,299	32,802,028	41,232,709	93,683,043	27,756,336	40,676,765	54,829,333

\* Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commissions. The amount due is by 15 days an integral part of those condensed interim financial statements.

  
 Mohamad Ismail  
 President & Chief Executive

  
 Rajah D'Amor-Cavan  
 Director

  
 Saad Sabah Ahmad Bani  
 Director

  
 Akbar Ismail  
 Director

**Condensed Interim Statement of Investment Income (Unaudited)**

For the half year ended 30 June 2008

(Amount in Rupees)

	Quarter ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
<b>Income from trading investments</b>				
(Loss)/Gain on trading	(3,626,981)	508,809	(3,195,754)	1,072,044
Dividend income	215,812	334,247	877,062	334,247
	<b>(3,411,169)</b>	<b>843,056</b>	<b>(2,228,692)</b>	<b>1,406,291</b>
<b>Income from non trading investments</b>				
Return on Government Securities	1,349,239	1,468,499	2,790,369	3,903,419
Return on Term finance Certificates and other Investments	4,549,918	5,118,482	9,037,075	10,984,442
	<b>5,899,157</b>	<b>6,586,981</b>	<b>11,827,444</b>	<b>14,887,861</b>
<b>Available for sale investments</b>				
Dividend income	2,901,488	584,377	2,901,488	584,377
Gain on sale	1,529,086	-	2,477,331	-
	<b>4,430,574</b>	<b>584,377</b>	<b>5,378,819</b>	<b>584,377</b>
<b>Un-realized (loss)/gain on re-measurement of investments held for trading</b>	<b>(9,663,567)</b>	<b>5,158,572</b>	<b>(9,858,729)</b>	<b>8,136,832</b>
<b>Net investment (loss)/ income</b>	<b>(2,745,005)</b>	<b>13,172,986</b>	<b>5,118,842</b>	<b>25,015,361</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

**Condensed Interim Statement of Changes in Equity (Unaudited)**

For the half year ended 30 June 2008

(Amount in Rupees)

	Share Capital	Share Premium	General Reserve	Retained Earnings	TOTAL
Balance as at 01 January 2007	120,576,800	4,657,681	30,000,000	62,334,266	237,568,767
Transfer to general reserve	-	-	13,000,000	(13,000,000)	-
Bonus shares issued	36,173,000	-	-	(36,173,000)	-
Profit for the period	-	-	-	40,296,295	40,296,295
Total recognised income and expense	-	-	-	40,296,295	40,296,295
<b>Balance as at 30 June 2007</b>	<b>156,749,800</b>	<b>4,657,681</b>	<b>43,000,000</b>	<b>91,457,441</b>	<b>277,865,062</b>
Balance as at 01 January 2008	156,749,840	4,657,681	43,000,000	62,899,187	299,296,808
Transfer to general reserve	-	-	3,000,000	(5,000,000)	-
Bonus shares issued	47,024,980	-	-	(47,024,980)	-
Profit for the period	-	-	-	15,114,852	15,114,852
Total recognised income and expense	-	-	-	15,114,852	15,114,852
<b>Balance as at 30 June 2008</b>	<b>203,774,820</b>	<b>4,657,681</b>	<b>70,000,000</b>	<b>25,979,659</b>	<b>304,412,160</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
 Muhammad Usman  
 Director & Chief Executive

  
 Syed Akbar Hussain  
 Director & Chief Finance Officer

  
 Syed Zahid Ahmad Rizvi  
 Director

  
 Syed Akbar Hussain  
 Director

## Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended 30 June 2008

### 1. The Company and its operations

*anwarul general insurance company limited* ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, health and miscellaneous. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 19 branches in Pakistan. Army Welfare Trust(AWT) directly and indirectly holds a significant portion of the Company's equity.

### 2. Basis of presentation

These condensed interim financial statements are unaudited but subject to review by the auditors and are being submitted to the shareholders in accordance with the listing regulations of Karachi, Lahore and Islamabad 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- 34 "Interim Financial Reporting" and in the format prescribed by Insurance Division of Securities and Exchange Commission of Pakistan (SECP) in its Circular No.7 of 2003 dated 27 August 2003.

These condensed interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2007. Comparative balance sheet is extracted from annual audited financial statements for the year ended 31 December 2007 whereas comparative for condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim cash flow statement, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income are stated from unaudited condensed interim financial statements for the six months' period ended 30 June 2007.

### 3. Accounting policies and estimates

Accounting policies, related judgments, estimates and assumptions adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual financial statements of the Company for the year ended 31 December 2007.

### 4. Premium deficiency reserve

During the period, management has reviewed the results of each class of business and considers that no additional reserve is required to be created as the unearned premium reserve for each class of business as at the period end is adequate to meet the expected future liability after reimbursement from claims and other expenses, expected to be incurred after the balance sheet date in respect to the policies in force at the balance sheet date.

### 5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended 31 December 2007.

### 6. Paid-up share capital

Increase in paid-up share capital represents 4,702,498 (2007: 3,617,060) ordinary shares of Rs. 10 each issued during the period as fully paid bonus shares

### 7. Others

	(Unaudited) 30 June 2008 (Rupees)	(Audited) 31 December 2007 (Rupees)
Agents' commission payable	22,463,335	20,821,580
Security deposit against bond insurance	27,816,337	22,996,211
Tax deducted at source	919,832	661,409
Federal Excise Duty-Federal Insurance Fee	9,262,724	5,418,153
Others	38,449,952	25,511,762
	<u>91,882,180</u>	<u>75,339,115</u>

k. Investments	Note	30 June 2008	31 December 2007
		(Rupees)	(Rupees)
These represent the following:			
Held to maturity - Government Securities	8.1	41,183,869	48,056,000
- Term Finance Certificate - Quoted	8.1	139,532,735	146,388,030
- Certificate of Investments (COIs)	8.2	23,986,472	26,716,472
- Musharaka Certificate		3,864,568	4,936,446
Investments at fair value through profit and loss -			
- Held for trading (equity securities)		36,718,835	28,935,300
Available for sale - Quoted	8.3	280,824,847	163,162,157
Investment in associated company-equity method		5,262,860	5,048,725
		<u>538,566,236</u>	<u>423,227,130</u>

8.1 Government Securities include Pakistan Investment Bonds of Rs. 25 million (31 December 2007: Rs. 25 million) with market value of Rs. 20.78 million as at 30 June 2008 (31 December 2007: Rs. 22.69 million). Market value of Term Finance Certificates as at 30 June 2008 was Rs. 138.4 million (31 December 2007: Rs. 147.35 million).

8.2 This includes Company's investment in COIs of Islamic Investment Bank Limited (IIBL) amounting to Rs. 8.6 million which went under liquidation in 2005. The Company later filed a claim of Rs. 11.8 million with the Honorable Peshwar High Court, which includes Rs. 3.2 million on account of profit calculated up to 2005 financial year end.

Pursuant to the Securities and Exchange Commission of Pakistan's letter dated 08 March 2007 and A. H. Holding Limited (a prospective buyer) letter dated 04 July 2007 regarding the Scheme of Arrangement under section 284 of the Companies Ordinance, 1984, the Company has decided to adopt the option given in the said scheme of converting the deposit of Rs. 8.6 million to non-voting preference shares in IIBL, redeemable in six years. The said scheme is however not yet approved by the Honorable Peshwar High Court. Accordingly, the Company, on a prudent basis, has made a full amount of provision against principal and has ceased accruing profit on this investment. Further during the period the Company has written off the provision of Rs. 2.6 million made in previous year against accrued interest, calculated upto 2005 financial year end.

8.3 Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. Subsequent to initial recognition at cost, quoted investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan (SECP) on 12 December 2002. Had the Company adopted IAS 39, "Financial Instruments: Recognition and Measurement" the investments available for sale as at 30 June 2008 would have been lower by Rs. 17.29 million with the corresponding decrease in equity by the same amount.

k. Fixed assets - tangible	(Unaudited)	(Audited)
	30 June 2008	31 December 2007
	(Rupees)	(Rupees)
Opening written down value	66,274,462	45,084,568
ADD: Additions during the period/year		
- Furniture, fixtures and office equipment	2,763,664	9,275,833
- Motor vehicles	12,792,142	14,896,702
- Leasehold improvements	259,847	4,670,080
Less: Written down value of deletions	56,881,315	73,927,183
Depreciation for the period/year	(1,383,873)	(799,410)
Closing written down value	(8,034,868)	(12,853,311)
Capital work in progress	66,742,374	66,274,462
	<u>50,476,200</u>	<u>43,696,900</u>
	<u>117,218,574</u>	<u>101,971,262</u>

#### 18. Contingency and commitment

##### Contingency

There is no change in contingency and Commitment since the previously reported in the financial statements for the year ended 31 December 2007.

##### Commitment

The Company is committed to pay a balance amount of Rs. 5.5 million (31 December 2007: Rs. 11.38 million) for the office space acquired in Islamabad Stock Exchange Tower.

## 11. Transactions and balances with related parties

(Unaudited)  
30 June 2008  
(Rupees)

(Audited)  
31 December 2007  
(Rupees)

### Balances at the end of the period

#### Associates:

##### Premium due

Balance at the beginning of the period/year  
Insurance premium written (including government levies,  
administrative surcharge and policies stamp)

Receipts during the period/year  
Balance at end of the period/year

Balances in bank accounts

Investments

Interest receivable

Commission payable

Other balances due

8,881,193	3,314,609
36,899,195	45,026,488
(30,518,479)	(39,459,904)
15,261,918	8,881,193
21,536,091	79,521,133
8,532,099	8,048,732
2,680	-
724,539	551,637
(1,132,974)	305,991
(Unaudited) 30 June 2008 (Rupees)	(Unaudited) 30 June 2007 (Rupees)

### Transactions during the period

#### Associates:

Insurance premium written

Profit on deposit accounts

Bank charges

Interest income

Insurance commission expense

Insurance claims paid

Purchase of listed securities including brokerage fee

Sale of listed securities including brokerage fee

Bonus shares issued

Services acquired

Others

Contribution to employees' funds

36,899,195	22,944,578
506,780	425,721
324,113	276,265
148,982	2,466
172,992	222,611
11,552,673	8,308,008
258,638,350	89,230,951
237,811,567	93,540,170
23,478,700	19,231,000
1,044,712	1,157,622
-	-
3,954,594	1,699,642

## 12. (Loss)/ earnings per share - basic and diluted

	Quarter ended 30 June		Six months ended 30 June	
	2008	2007	2008	2007
(Loss)/ Profit after tax (Rupees)	(9,702,100)	4,954,281	15,114,852	40,296,295
Weighted average number of shares	20,377,492	20,377,492	20,377,492	20,377,492
(Loss)/ earnings per share (Rs)	(0.48)	0.20	0.74	1.98

Earnings per share of 2007 has been restated by taking into effect the bonus shares issued during the period at 30% (2007: 30%).

## 13. Segment reporting

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

## 14. Authorization for issue

These Financial Statements were authorized for issue in accordance with a resolution of the Board of Directors on August 29, 2008 at Rawalpindi.

## 15. General

15.1 Figures have been rounded off to the nearest rupee

15.2 These financial statements have been signed by the Chief Executive and three directors as the Chairman was on foreign business travel at the time of Board meeting.

  
Muhammad Usman  
President of Insurance

  
Muzaffar Hussain  
Member

  
Syed Waqar Ahmad  
Member

  
Muzaffar Hussain  
Member

## BRANCH NETWORK

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