

Adamjee Insurance declares 1H2011 results

OUR STAFF REPORTER

LAHORE - Adamjee Insurance (AICL) has announced 1H2011 results, posting EPS of Rs2.57, showing an increase of 7 per cent with cash dividend of Re1 per share.

According to experts, the increase in earnings is primarily due to higher investment income of Rs446m (up 100 per cent), though the core underwriting business posted a decline of 24 per cent. Net premium continued to show a growth of 8 per cent but higher growth in claim ratio (up 14 per cent) dragged underwriting profits to Rs300m. Alone in 2Q2011, AICL posted EPS of Rs0.23, significantly lower than preceding quarter EPS of Rs2.34. And that is primarily due to decline in underwriting business (Rs49m in 2Q2011 versus Rs250m in 1Q2011) amid decline in net premium.

It is to be noted that a brokerage house before the announcement of the result, had expected its PAT to increase by 65 per cent as a result of (1) 23 per cent increase in underwriting result primarily led by 15 per cent increase in net premium revenue coupled with 1 per cent decline in combined ratio and (2) 46 per cent YoY increase in investment income. They expected the company would post PAT of Rs493m (EPS: Rs3.98) for 1HCY11 compared to PAT of Rs299m (EPS: PKR2.41) for 1HCY10.

On quarterly basis the analysts forecast the company would post PAT of Rs204m (EPS: Rs1.65) for 2QCY11, up by 303 per cent.