



**Interim Financial Information
for the nine month period ended
September 30, 2009
(Unaudited)**

PREMIER INSURANCE



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Company Information

Board of Directors

Syed Arshad Ali
Khalid Bashir
Zahid Bashir (Chairman)
Imran Maqbool
Nadeem Maqbool
Khurram Mazhar
Shams Rafi
Fakhir Rahman (Chief Executive)

Company Secretary

Afroz Quraishi

Audit Committee

Khalid Bashir (Chairman)
Imran Maqbool
Nadeem Maqbool

Auditors

Anjum Asim Shahid Rahman
Chartered Accountants

Legal Advisors

Arfin & Company
Advocates

Registered & Head Office

5th Floor, State Life Building No. 2A
Wallace Road, Karachi-74000, Pakistan
Phones : (21) 32416331-4
Fax : (21) 32416572
Email : info@pil.com.pk
Website : www.pil.com.pk

Registrar

FAMCO Associates (Pvt) Limited
Ground Floor, State Life Building No.1-A
I.I.Chundrigar Road, Karachi-74000, Pakistan



Report of the Directors to the Members

The directors are pleased to present the unaudited interim financial information of the company for the nine months ended September 30, 2009.

Review

(Amounts in Rupees millions)

	2009	2008
Premium written	531.1	450.1
Net premium	247.1	234.0
Underwriting result	21.3	22.9
Investment income	111.6	136.4
Impairment in value of available for sale investments	(126.2)	-
(Loss) / profit before taxation	(22.3)	137.4
(Loss) / profit after taxation	(23.8)	123.4

Premium written was 18% higher year over year; fire and property was up 18%, miscellaneous 81% and marine and motor classes grew marginally. In relative terms, this has also shifted the underwriting portfolio towards greater diversification. Net premium rose 6%, reflecting a mix of class-wise increase, retention and diversification of written premium.

The underwriting result approximated the corresponding period with slightly higher claims ratio (mainly motor) and lower expense ratio.

Investment income, making a significant recovery in the third quarter, lagged the corresponding period by 18% compared with 38% at the half year. Equity operations played a major role and money market funds, acquired during the second quarter, contributed handsomely. Unrealized gains on investments were Rs 75 million (2008: unrealized loss Rs 259 million). This underscores the managements, pro-active and prudent decisions in timely re-allocation between asset classes and recognition of full impairment in investment values.

The profit before tax for the third quarter, more than three times the corresponding period, and the loss before tax for the nine months recovering to Rs 22.3 million (Rs 72.3 million at the half year) summarize the foregoing discussion.

Despite the recorded loss, our equity is a very strong Rs 1.7 billion with a book value exceeding Rs 32 per share of Rs 5 each. Investments (at cost), cash and bank balances exceed 80% of the equity and book value per share. These values do not include unrealized gains in investments and property valuations.



Outlook

We had highlighted in our last report the critical need for realization at the highest levels that all economic activity, industrial, commercial, financial, will cease without credible insurance coverage. Yet we remain exposed to withdrawal of international re-insurance support due to highly questionable and likely illegal, taxation of remittances to foreign re-insurers. Also, the excise duty raised by 60% in the last budget to 16% on our services is severely draining our cash flows. Though technically recoverable from clients, a funding gap exists as underwriting debt mounts across the industry as clients battle to sustain and grow in a very difficult business environment.

The apparent macro-economic stabilization appears short-term as the already high cost of doing business will rise further with the incoming fiscal and monetary measures. Global economic recovery will be a mixed blessing, eventually providing opportunities for our industry but immediately raising our energy costs, current account deficit and depleting forex reserves. The impact of the internal and external security threats, though visible, is difficult to gauge or predict.

Against this unfolding and dynamic business landscape, we remain cautiously optimistic of delivering a stable performance for the full year. However, developments and factors beyond our company and control might well outweigh our best efforts.

Acknowledgement

The directors acknowledge the dedication of the company's employees, thank all our business associates and members for their confidence reposed in the company, and our regulators for their guidance and support.

On behalf of the Board

Zahid Bashir
Chairman

Karachi: October 30, 2009



PREMIER INSURANCE LIMITED

Condensed Interim Balance Sheet

As at September 30, 2009

(Amounts in Rupees '000)	Note	Unaudited September 30, 2009	Audited December 31, 2008
Share capital and reserves			
Authorised share capital			
100,000,000 ordinary shares of Rs 5 each		<u>500,000</u>	<u>500,000</u>
Issued subscribed and paid-up capital			
52,664,582 (2008: 47,876,893) ordinary shares of Rs.5 each		263,323	239,385
Retained earnings		163,813	109,464
Reserves		1,270,025	1,420,025
Total Equity		1,697,161	1,768,874
Underwriting provisions			
Provision for outstanding claims (including IBNR)		279,707	326,555
Provision for unearned premium		341,439	264,823
Commission income unearned		39,408	28,165
Total underwriting provisions		660,554	619,543
Deferred liability			
Staff retirement benefits		21,309	17,094
Creditors and accruals			
Current maturity of lease finance		-	595
Amounts due to other insurers / reinsurers		104,518	55,510
Accrued expenses		11,848	11,528
Taxation - provision less payments		80,851	87,674
Other creditors and accruals		171,847	135,318
		369,064	290,625
Other liabilities			
Unclaimed and dividend payable		6,824	5,230
TOTAL EQUITY AND LIABILITIES		<u>2,754,912</u>	<u>2,701,366</u>
CONTINGENCIES AND COMMITMENTS	6		

The annexed notes from 1 to 12 form an integral part of this interim financial information.



(Amounts in Rupees '000)	Note	Unaudited September 30, 2009	Audited December 31, 2008
Cash and bank deposits			
Cash and other equivalents		909	294
Current and other accounts		170,117	50,500
Deposits maturing within 12 months		2,749	825,777
Deposits maturing after 12 months		6,994	8,743
		180,769	885,314
Loans to employees		2,588	3,118
Investments	7	1,188,555	607,161
Investment properties		25,541	25,583
Other assets - considered good			
Premium due but unpaid		278,587	152,469
Amounts due from other insurers / reinsurers - unsecured, considered good		393,600	355,372
Accrued investment income		2,313	20,387
Accrued salvage recoveries		7,215	-
Reinsurance recoveries against outstanding claims		164,565	218,625
Deferred commission expense		46,976	36,763
Prepayments		196,805	143,080
Sundry receivables		9,103	6,635
		1,099,164	933,331
Fixed assets			
Tangible			
	8		
Land and buildings		146,545	146,781
Furniture, fixtures and office equipment		17,136	17,312
Motor vehicles		33,704	30,357
Intangible			
Computer software		2,359	1,444
Capital work in progress		58,551	50,965
		258,295	246,859
TOTAL ASSETS		<u>2,754,912</u>	<u>2,701,366</u>

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Profit and Loss Account (unaudited)

For the quarter and nine month period ended September 30, 2009

(Amounts in Rupees '000)

	Quarter ended September 30,					2009	2008
	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	Aggregate
Revenue accounts							
Net premium revenue	33,374	12,701	39,080	4,171	(4)	89,322	66,365
Net claims	(5,061)	(2,673)	(22,804)	(200)	-	(30,738)	(28,554)
Expenses	(11,984)	(4,669)	(14,006)	(1,456)	2	(32,113)	(32,465)
Net commission	(4,621)	(1,370)	(4,034)	1,669	2	(8,354)	(4,946)
Underwriting result	<u>11,708</u>	<u>3,989</u>	<u>(1,764)</u>	<u>4,184</u>	<u>-</u>	<u>18,117</u>	<u>400</u>
Investment income						38,957	20,011
Gain on disposal of fixed assets						-	273
Rental income						506	-
Other income						377	-
General and administration expenses						(7,942)	(5,582)
Impairment in value of available for sale investments						-	-
Profit before tax						<u>50,015</u>	<u>15,102</u>
Provision for taxation						(382)	(1,232)
Profit after tax						<u>49,633</u>	<u>13,870</u>
Earnings per share - basic and diluted (in Rupees)					Note 10	<u>0.94</u>	<u>0.26</u>
	Nine month period ended September 30,					2009	2008
Revenue accounts							
Net premium revenue	93,241	28,705	110,890	14,293	(10)	247,119	233,977
Net claims	(17,780)	(5,199)	(82,642)	(5,050)	(185)	(110,856)	(98,953)
Expenses	(36,111)	(11,117)	(42,947)	(5,536)	4	(95,707)	(93,821)
Net commission	(10,056)	(2,503)	(11,172)	4,425	4	(19,302)	(18,297)
Underwriting result	<u>29,294</u>	<u>9,886</u>	<u>(25,871)</u>	<u>8,132</u>	<u>(187)</u>	<u>21,254</u>	<u>22,906</u>
Investment income						111,579	136,426
Gain on disposal of fixed assets						528	964
Rental income						1,425	-
Other income						377	-
General and administration expenses						(31,296)	(22,879)
Impairment in value of available for sale investments						(126,161)	-
(Loss) / profit before tax						<u>(22,294)</u>	<u>137,417</u>
Provision for taxation						(1,542)	(14,000)
(Loss) / profit after tax						<u>(23,836)</u>	<u>123,417</u>
Profit and loss appropriation account							
Balance at commencement of year						109,464	626,693
(Loss) / profit after tax for the period						(23,836)	123,417
Cash dividend for 2008 at 20% (2007: 20%)						(47,877)	(39,897)
Bonus shares for 2008 at 10% (2007: 20%)						(23,938)	(39,897)
Transfer from / (to) general reserve						150,000	(400,000)
Balance unappropriated profit at the end of the period						<u>163,813</u>	<u>270,316</u>
(Loss) / earnings per share - basic and diluted (in Rupees)					Note 10	<u>(0.45)</u>	<u>2.34</u>

The annexed notes from 1 to 12 form an integral part of this interim financial information.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



Condensed Interim Cash Flow Statement (unaudited)

For the nine month period ended September 30, 2009

(Amounts in Rupees '000)

	Nine months period ended September 30, 2009	Nine months period ended September 30, 2008
Operating cash flows		
a) Underwriting activities		
Premium received	366,779	402,568
Reinsurance premium paid	(210,750)	(302,174)
Claims paid	(339,931)	(388,340)
Reinsurance and other recoveries received	236,287	238,522
Commissions paid	(45,387)	(37,302)
Commissions received	58,091	50,256
Net cash flow from / (used in) underwriting activities	65,089	(36,470)
b) Other operating activities		
Income tax paid	(8,365)	(6,908)
General management expenses paid	(95,707)	(93,821)
Other operating payments	(19,323)	(8,199)
Advances, deposits and sundry receivables	(8,530)	(106)
Other liabilities and accruals	4,587	(8,345)
Net cash (used in) other operating activities	(127,338)	(117,379)
Total cash (used in) operating activities	(62,249)	(153,849)
Investing activities		
Investment income	78,271	62,109
Payments for investments	(1,402,579)	(2,070,204)
Proceeds from disposal of investments	745,342	2,154,940
Fixed capital expenditure	(19,308)	(49,332)
Proceeds from disposal of fixed assets	962	3,142
Rentals received	1,517	-
Other income	377	-
Deposits matured	1,749	-
Total cash (used in) / flow from investing activities	(593,669)	100,655
Financing activities		
Dividends paid	(46,283)	(39,412)
Lease rentals paid	(595)	(949)
Total cash (used in) financing activities	(46,878)	(40,361)
Total cash (used in) all activities	(702,796)	(93,555)
Cash and cash equivalents at beginning of the period	876,571	226,186
Cash and cash equivalents at end of the period	173,775	132,631



PREMIER INSURANCE LIMITED

(Amounts in Rupees '000)

	Nine months period ended September 30, 2009	Nine months period ended September 30, 2008
Reconciliation to profit and loss account		
Operating cash flows	(62,249)	(153,849)
Depreciation expense	(7,438)	(9,592)
Investment income	111,579	136,426
Profit on disposal of fixed assets	528	964
Rental income	1,425	-
Other income	377	-
Impairment in value of available for sale investments	(126,161)	-
Increase / (decrease) in assets other than cash	181,398	(4,564)
(Increase) / decrease in liabilities	(123,295)	154,032
(Loss) / profit after taxation	(23,836)	123,417

Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits.

Cash for the purpose of cash flow statement consists of:

Cash and other equivalents

Cash	738	362
Stamps in hand	171	186
	909	548

Current and other accounts

Current accounts	25,180	17,069
Savings accounts	144,937	114,644
Statutory deposit with State Bank of Pakistan	-	370
	170,117	132,083

Deposits maturing within 12 months	2,749	-
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Total cash and cash equivalents	173,775	132,631
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The annexed notes from 1 to 12 form an integral part of this interim financial information.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



Condensed Interim Statement of Changes in Equity (unaudited)

For the nine month period ended September 30, 2009

(Amounts in Rupees '000)

	Share capital Issued, subscribed and paid-up	Capital reserves			Reserves			Total reserves	Total equity
		Reserve for exceptional losses	Devaluation reserve	Reserve for issue of bonus shares	Revenue reserves				
					General reserve	Reserve for bad and doubtful debts	Unappropriated profit		
Balance as at January 1, 2008	199,488	19,490	185	-	1,000,000	350	626,693	1,646,718	1,846,206
Profit for the nine month period ended September 30, 2008	-	-	-	-	-	-	123,417	123,417	123,417
Cash dividend for the year 2007	-	-	-	-	-	-	(39,897)	(39,897)	(39,897)
Transferred to reserve for issue of bonus shares	-	-	-	39,897	-	-	(39,897)	-	-
Bonus shares issued	39,897	-	-	(39,897)	-	-	-	(39,897)	-
Transfer to general reserve	-	-	-	-	400,000	-	(400,000)	-	-
Balance as at September 30, 2008	<u>239,385</u>	<u>19,490</u>	<u>185</u>	<u>-</u>	<u>1,400,000</u>	<u>350</u>	<u>270,316</u>	<u>1,690,341</u>	<u>1,929,726</u>
Loss for the three month period ended December 31, 2008	-	-	-	-	-	-	(160,852)	(160,852)	(160,852)
Balance at January 1, 2009	<u>239,385</u>	<u>19,490</u>	<u>185</u>	<u>-</u>	<u>1,400,000</u>	<u>350</u>	<u>109,464</u>	<u>1,529,489</u>	<u>1,768,874</u>
Loss for the nine month period ended September 30, 2009	-	-	-	-	-	-	(23,836)	(23,836)	(23,836)
Cash dividend for the year 2008	-	-	-	-	-	-	(47,877)	(47,877)	(47,877)
Transfer to reserve for issue of bonus shares	-	-	-	23,938	-	-	(23,938)	-	-
Bonus shares issued	23,938	-	-	(23,938)	-	-	-	(23,938)	-
Transfer from general reserve	-	-	-	-	(150,000)	-	150,000	-	-
Balance as at September 30, 2009	<u>263,323</u>	<u>19,490</u>	<u>185</u>	<u>-</u>	<u>1,250,000</u>	<u>350</u>	<u>163,813</u>	<u>1,433,838</u>	<u>1,697,161</u>

The annexed notes from 1 to 12 form an integral part of this interim financial information.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Statement of Premium (unaudited)

For the quarter and nine month period ended September 30, 2009

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	Quarter ended September 30,									2009	2008
	Premium written	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	Net premium revenue	
		Opening	Closing			Opening	Closing				
Direct and Facultative											
1 Fire and property damage	49,481	212,986	181,136	81,331	38,569	134,672	125,284	47,957	33,374	15,868	
2 Marine, aviation and transport	18,195	13,571	9,432	22,334	8,606	8,198	7,171	9,633	12,701	8,917	
3 Motor	29,607	96,843	85,810	40,640	2,297	4,092	4,829	1,560	39,080	38,555	
4 Miscellaneous	27,930	60,740	65,069	23,601	18,773	55,981	55,324	19,430	4,171	3,023	
Total	125,213	384,140	341,447	167,906	68,245	202,943	192,608	78,580	89,326	66,363	
Treaty											
5 Proportional	-	(12)	(8)	(4)	-	-	-	-	(4)	2	
Grand Total	125,213	384,128	341,439	167,902	68,245	202,943	192,608	78,580	89,322	66,365	
Nine month period ended September 30,											
Direct and Facultative											
1 Fire and property damage	260,626	143,788	181,136	223,278	159,013	96,308	125,284	130,037	93,241	60,012	
2 Marine, aviation and transport	60,081	7,409	9,432	58,058	29,527	6,997	7,171	29,353	28,705	41,989	
3 Motor	123,455	78,050	85,810	115,695	6,046	3,588	4,829	4,805	110,890	124,692	
4 Miscellaneous	86,981	35,576	65,069	57,488	65,172	33,347	55,324	43,195	14,293	7,272	
Total	531,143	264,823	341,447	454,519	259,758	140,240	192,608	207,390	247,129	233,965	
Treaty											
5 Proportional	(18)	-	(8)	(10)	-	-	-	-	(10)	12	
Grand Total	531,125	264,823	341,439	454,509	259,758	140,240	192,608	207,390	247,119	233,977	

The annexed notes from 1 to 12 form an integral part of this interim financial information.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



Condensed Interim Statement of Claims (unaudited)

For the quarter and nine month period ended September 30, 2009

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	Quarter ended September 30,								2009	2008
	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	Net claims expense
		Opening	Closing			Opening	Closing			
Direct and Facultative										
1 Fire and property damage	96,177	100,814	112,845	108,208	95,636	72,752	80,263	103,147	5,061	2,479
2 Marine, aviation and transport	10,917	64,749	58,388	4,556	7,525	47,712	42,070	1,883	2,673	1,922
3 Motor	21,264	46,342	48,328	23,250	186	176	436	446	22,804	24,084
4 Miscellaneous	10,621	58,028	55,089	7,682	10,147	44,461	41,796	7,482	200	69
Total	138,979	269,933	274,650	143,696	113,494	165,101	164,565	112,958	30,738	28,554
Treaty										
5 Proportional	-	5,057	5,057	-	-	-	-	-	-	-
Grand Total	138,979	274,990	279,707	143,696	113,494	165,101	164,565	112,958	30,738	28,554
	Nine month period ended September 30,								2009	2008
Direct and Facultative										
1 Fire and property damage	181,934	143,655	112,845	151,124	166,864	113,783	80,263	133,344	17,780	17,990
2 Marine, aviation and transport	48,506	84,593	58,388	22,301	39,458	64,426	42,070	17,102	5,199	8,264
3 Motor	74,013	40,886	48,328	81,455	(785)	838	436	(1,187)	82,642	70,647
4 Miscellaneous	35,293	52,364	55,089	38,018	30,750	39,578	41,796	32,968	5,050	1,250
Total	339,746	321,498	274,650	292,898	236,287	218,625	164,565	182,227	110,671	98,151
Treaty										
5 Proportional	185	5,057	5,057	185	-	-	-	-	185	802
Grand Total	339,931	326,555	279,707	293,083	236,287	218,625	164,565	182,227	110,856	98,953

The annexed notes from 1 to 12 form an integral part of this interim financial information.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



PREMIER INSURANCE LIMITED

Condensed Interim Statement of Expenses (unaudited)

For the quarter and nine month period ended September 30, 2009

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	Quarter ended September 30,						2009	2008	
	Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurers	Net underwriting expense	Net underwriting expense
Direct and Facultative									
1 Fire and property damage	9,917	35,814	31,396	14,335	11,984	26,319	9,714	16,605	8,583
2 Marine, aviation and transport	3,020	2,273	1,516	3,777	4,669	8,446	2,407	6,039	5,601
3 Motor	3,412	8,717	8,038	4,091	14,006	18,097	57	18,040	22,281
4 Miscellaneous	2,924	5,710	6,029	2,605	1,456	4,061	4,274	(213)	855
Total	19,273	52,514	46,979	24,808	32,115	56,923	16,452	40,471	37,320
Treaty									
5 Proportional	-	(5)	(3)	(2)	(2)	(4)	-	(4)	91
Grand Total	19,273	52,509	46,976	24,806	32,113	56,919	16,452	40,467	37,411
Nine month period ended September 30,									
Direct and Facultative									
1 Fire and property damage	45,755	24,564	31,396	38,923	36,111	75,034	28,867	46,167	29,328
2 Marine, aviation and transport	10,101	1,240	1,516	9,825	11,117	20,942	7,322	13,620	20,081
3 Motor	12,070	7,489	8,038	11,521	42,947	54,468	349	54,119	62,494
4 Miscellaneous	8,444	3,470	6,029	5,885	5,536	11,421	10,310	1,111	30
Total	76,370	36,763	46,979	66,154	95,711	161,865	46,848	115,017	111,933
Treaty									
5 Proportional	(7)	-	(3)	(4)	(4)	(8)	-	(8)	185
Grand Total	76,363	36,763	46,976	66,150	95,707	161,857	46,848	115,009	112,118

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

The annexed notes from 1 to 12 form an integral part of this interim financial information.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



Condensed Interim Statement of Investment Income (unaudited)

For the quarter and nine month period ended September 30, 2009

(Amounts in Rupees '000)

	Quarter ended September 30,		Nine month period ended September 30,	
	2009	2008	2009	2008
Income from non-trading investments				
Held to maturity				
Return on bank deposits	2,359	1,898	45,472	8,535
Available for sale				
Dividend income	3,245	5,053	14,848	53,516
Gain on sale of investments	33,441	13,156	51,382	74,538
	36,686	18,209	66,230	128,054
Investment management expenses	(88)	(96)	(123)	(163)
Investment income	38,957	20,011	111,579	136,426

The annexed notes from 1 to 12 form an integral part of this interim financial information.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



Notes to the Interim Financial Information (unaudited)

For the nine month period ended September 30, 2009

1. STATUS AND NATURE OF BUSINESS

Premier Insurance Limited (the company) was incorporated as a public limited company in Pakistan in May 1952 and is engaged in general insurance business. The shares of the company are listed on the Karachi, Lahore and Islamabad stock exchanges. The registered office of the company is situated at 5th Floor, State Life Building No.2A, Wallace Road, Karachi.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements i.e. 'interim financial information' has been prepared in accordance with the approved accounting standards as applicable in Pakistan, requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SECP (Insurance) Rules, 2002. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SECP (Insurance) Rules, 2002 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SECP (Insurance) Rules, 2002 or the requirement of such directives shall prevail.

The disclosures made in this interim financial information have, however, been limited based on the requirements of International Accounting Standard-34 (IAS 34): Interim Financial Reporting and in accordance with the format prescribed under SECP (Insurance) Rules, 2002.

During the current period, International Accounting Standard-1 (Revised): Presentation of Financial Statements (IAS 1) and International Financial Standard-4: Insurance Contracts (IFRS 4) became effective from January 1, 2009. The application of these standards has resulted in certain increased disclosures only. Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after January 1, 2009 and are not considered to be relevant or to have any significant effect on the company, are not detailed in this interim financial information.

3. BASIS OF PRESENTATION

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

This interim financial information has been prepared following accrual basis of accounting except for cash flow information.

4. ACCOUNTING POLICIES

The accounting policies applied in the preparation of the interim financial information are the same as those applied in the preparation of the financial statements of the company for the year ended December 31, 2008.

5. ESTIMATES AND JUDGMENTS

Preparation of the interim financial information requires management to make judgments, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.



Notes to the Interim Financial Information (unaudited)

For the nine month period ended September 30, 2009

(Amounts in Rupees '000)

In preparing the interim financial information, the significant judgments made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2008.

6. CONTINGENCIES AND COMMITMENTS

CONTINGENCY

A departmental order has been received for payment of income tax amounting to Rs 37.7 million for the tax year 2005, against which a writ petition was filed in the High Court of Sindh. A restraint order has been passed by the Honorable High Court. The management does not consider any additional provisioning to be required in this regard.

A departmental notice has been received for payment of income tax amounting to Rs 1.4 million for tax year 2009, against which a departmental appeal, as well as a writ petition has been filed in the High Court of Sindh. The management does not consider any additional provisioning to be required in this regard.

COMMITMENTS

Commitments for capital expenditure amount to Rs 23.6 million (December 31, 2008: Rs 30.7 million).

7. INVESTMENTS

Available for sale

	Unaudited September 30, 2009	Audited December 31, 2008
Shares - quoted (market value: Rs 288,389 [2008: Rs 276,195])	240,877	463,514
Shares - unquoted	119,203	119,628
Mutual funds - quoted (market value: Rs855,905 [2008: Rs 23,467])	828,475	24,019
	<u>1,188,555</u>	<u>607,161</u>

Mutual funds include statutory deposit of Rs 26.4 million (December 31, 2008: Rs 24 million) with the State Bank of Pakistan.



Notes to the Interim Financial Information (unaudited)

For the nine month period ended September 30, 2009

(Amounts in Rupees '000)

The quoted market values, as at December 31, 2008, of certain securities classified as 'available for sale' were significantly below their cost. In accordance with Circular 3 dated February 16, 2009, Rs 213.2 million was recognized as impairment in 2008, leaving Rs 187.9 million to be recognized during 2009. This balance, after price adjustments and disposals stood at Rs 126.1 million on June 30, 2009, which was fully recognized through the Profit and Loss Account for the six month period ended June 30, 2009. Accordingly, the full difference between the cost and market values of "available for sale" investments at December 31, 2008 has been adjusted through the Profit and Loss Account in 2008 and 2009.

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale. Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value in accordance with the requirements of S.R.O. 938 issued by the SECP in December 2002. Under the requirements of IAS-39, Financial Instruments: Recognition and Measurement, the investments of the company would have been higher by Rs 74.9 million (December 31, 2008: lower by Rs 187.9 million) and the corresponding amount would have either been reflected in the profits or a revaluation reserve by the same amount subject to the accounting policy adopted by the company.

8. FIXED ASSETS

During the period, the company expended Rs19.3 million (2008: Rs 49.3 million) on acquisition of fixed assets with disposals at cost of Rs 1.5 million (2008: Rs 6.3 million).

9. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated companies, entities under common control, entities with common directors, major shareholders, directors, key management personnel and funded employee retirement benefit scheme.

	Relationship	September 30, 2009	September 30, 2008
Premium written	Associated undertakings	59,735	58,056
Claims paid	Associated undertakings	25,753	52,711
Commission paid	Associated undertakings	5,077	8,296
Dividend received	Associated undertakings	45	27
Dividend paid	Associated undertakings	7,028	4,206
Claims outstanding	Associated undertakings	23,479	13,084
Premium receivable	Associated undertakings	117,284	91,560



Notes to the Interim Financial Information (unaudited)

For the nine month period ended September 30, 2009

Transactions with related parties are in the normal course of business at rates and terms consistent with the market. Other related party transactions such as those relating to key management personnel and retirement plans are in accordance with terms of employment and company policy.

10. (LOSS) / EARNINGS PER SHARE - basic and diluted

Basic (loss) / earnings per share are calculated by dividing the net profit or loss for the period by the weighted average number of shares at the period end as follows:

	Unaudited September 30, 2009	Audited December 31, 2008
(Loss) / profit after tax for the period	<u>(23,836)</u>	<u>123,417</u>
Weighted average number of shares	<u>52,664,582</u>	<u>52,664,582</u>
Basic (loss) / earnings per share of Rs.5 each	<u>(0.45)</u>	<u>2.34</u>

The company has not issued any instrument which would dilute its basic earnings per share when exercised.

Earnings per share for the corresponding period have been adjusted for the effect of subsequent issue of bonus shares.

11. DATE OF AUTHORIZATION OF ISSUE

This interim financial information was authorized for issue on October 30, 2009 by the directors of the company.

12. GENERAL

All amounts have been rounded off to the nearest thousand Rupees.

Zahid Bashir
Chairman

Nadeem Maqbool
Director

Imran Maqbool
Director

Fakhir Rahman
Chief Executive



PREMIER INSURANCE LIMITED

Locations

KARACHI

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Fax : (021) 32416572

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Fax : (091) 5277809

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Jinnah Avenue
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The Mall
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Fax : (055) 3256432

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Susan Road, Madina Town
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BHAWALPUR

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