



Contents

Company Information	2
Report of the Directors to the Members.....	3
Auditor's Report to the Members on Review of	
Interim Financial Information	5
Condensed Interim Balance Sheet	6
Condensed Interim Profit and Loss Account	8
Condensed Interim Cash Flow Statement	9
Condensed Interim Statement of Changes in Equity	11
Condensed Interim Statement of Premium	12
Condensed Interim Statement of Claims.....	13
Condensed Interim Statement of Expenses.....	14
Condensed Interim Statement of Investment Income	15
Notes to the Interim Financial Information.....	16
Locations.....	20



PREMIER INSURANCE LIMITED

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) 2416331-4
Fax : (21) 2416572
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 six months ended June 30, 2009.

Review

(Amounts in Rupees millions)

	2009	2008
Premium written	405.9	323.2
Net premium	157.8	167.6
Underwriting result	3.1	22.5
Investment income	72.6	116.4
Impairment in value of available for sale investments	(126.2)	-
(Loss) / profit before taxation	(72.3)	122.3
(Loss) / profit after taxation	(73.5)	109.5

Premium written increased by Rs 83 million (26%) over the corresponding period. Considering the nominal or negative growth in various economic sectors, this growth is particularly satisfying. Fire and property grew 28% and miscellaneous 126% with marginal growth in marine and motor classes.

Net premium declined by 6% due mainly to most of the second quarter's written premium being carried forward against unexpired risk. The lower underwriting profit basically resulted from the lower net premium and the overall claim ratio rising to 50% from 42%. Although claims growth was only Rs 10 million, the higher ratio derives from the lower net premium and motor claims increasing more than the reduction in other classes. Expenses reduced to 16% from 19% of written premium and the net commission expense decreased by 19%.

Investment income reduced by 38% due to a greater proportion being invested in lower yielding but safer bank deposits. Accordingly, return from bank deposits was 6.5 times the return in the corresponding period; dividend income and gains on investments were lower by 73%. Investments were reallocated from equities and mutual funds to bank deposits in the last quarter of 2008. This decision saved us from erosion in mutual fund values and much of the stock market turbulence.

However, we could not completely escape the massive fall in the stock markets. Out of a total impairment of Rs 401.1 million, Rs 213.2 million was recognized in 2008. Active management reduced the remaining Rs 187.9 million to 140 million in the first quarter and to Rs 126.2 million in the second quarter. Keeping in view the slower pace of recovery and the overall state of the economy, the management elected to recognize the entire impairment amount in the quarter and six months ended June 30, 2009. Although this converted a profit before taxation of Rs 53.9 million into a loss of Rs 72.3 million, our loss from the 2008 stock market debacle has now been capped and fully recorded.

Consequently, our investments value was Rs 1,306 million against a cost of Rs 1,295 million at June 30, 2009. Unrealized gains on mutual fund holdings exceeded Rs 9 million.

Despite the recorded loss, explained earlier, our equity exceeds Rs 1.6 billion with a book value exceeding Rs 31 per share of Rs 5 each. Almost 90% of the equity is represented by investments, cash and bank balances.



Report of the Directors to the Members

We would also like to draw attention to a healthy improvement in our cash flows. The apparent overall cash outflow is entirely due to reallocation from bank deposits to investments, mostly mutual funds.

The Board has decided to transfer Rs 150 million from general reserves to unappropriated profit following the full recognition of the impairment in the value of investments.

Outlook

The economic and political challenges and threats we face are well documented, published and known. Short-term stabilization, unless translated into capacity building, is not sustainable. At a micro level, this also applies to the insurance industry.

The last budget raised the excise duty applicable to our services by 60% to 16% from 10%, and placed it under the sales tax regime. The industry's representations to the taxation authorities regarding various practical difficulties peculiar to our business have gone unheeded. Similarly representations regarding taxation of reinsurance premiums remitted to jurisdictions with Double Taxation Treaties with Pakistan have also gone unheeded. Complicated and excessive sales tax collection, accounting and reporting procedures have added to our cost of doing business, created confusion and exposure to penalties. The taxation authorities have shown no willingness to appreciate the ground realities of our business. Indeed, several insurers have been issued demand notices for taxes whose levy itself is violative of income tax law. The matter is now before the superior courts.

As a socially responsible and regulated sector that contributes substantially to the exchequer, the insurance sector deserves better treatment and facilitation to grow. This is the type of capacity building mentioned earlier that will lead to sustainable growth.

On a company level, we remain optimistic of delivering a stable performance while much depends on developments extraneous to our company.

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: August 25, 2009



Auditor's Report to the Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Premier Insurance Limited** (the company) as at June 30, 2009, and the related condensed interim profit and loss account, condensed interim cash flow statement, condensed interim statement of changes in equity, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income together with the notes forming part thereof (here-in-after referred to as the "interim financial information"), for the six month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Anjum Asim Shahid Rahman
Chartered accountants

Karachi: August 25, 2009



PREMIER INSURANCE LIMITED

Condensed Interim Balance Sheet

As at June 30, 2009

(Amounts in Rupees '000)	Note	Unaudited June 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		114,182	109,464
Reserves		1,270,025	1,420,025
Total Equity		1,647,530	1,768,874
Underwriting provisions			
Provision for outstanding claims (including IBNR)		274,990	326,555
Provision for unearned premium		384,128	264,823
Commission income unearned		41,354	28,165
Total underwriting provisions		700,472	619,543
Deferred liability			
Staff retirement benefits		20,127	17,094
Creditors and accruals			
Current maturity of lease finance		-	595
Amounts due to other insurers / reinsurers		136,854	55,510
Accrued expenses		12,150	11,528
Taxation - provision less payments		81,222	87,674
Other creditors and accruals		168,914	135,318
		399,140	290,625
Other liabilities			
Unclaimed and dividend payable		7,085	5,230
Total Liabilities		1,126,824	932,492
TOTAL EQUITY AND LIABILITIES		2,774,354	2,701,366
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 June 30, 2009	Audited December 31, 2008
Cash and bank deposits			
Cash and other equivalents		726	294
Current and other accounts		91,040	50,500
Deposits maturing within 12 months		1,749	825,777
Deposits maturing after 12 months		6,994	8,743
		100,509	885,314
Loans to employees		2,765	3,118
Investments	7	1,295,115	607,161
Investment properties		25,555	25,583
Other assets - considered good			
Premium due but unpaid		295,938	152,469
Amounts due from other insurers / reinsurers - unsecured, considered good		360,702	355,372
Accrued investment income		1,517	20,387
Accrued salvage recoveries		7,830	-
Reinsurance recoveries against outstanding claims		165,101	218,625
Deferred commission expense		52,509	36,763
Prepayments		204,180	143,080
Sundry receivables		8,537	6,635
		1,096,314	933,331
Fixed assets			
Tangible			
	8		
Land and buildings		146,624	146,781
Furniture, fixtures and office equipment		17,637	17,312
Motor vehicles		30,398	30,357
Intangible			
Computer software		2,576	1,444
Capital work in progress		56,861	50,965
		254,096	246,859
TOTAL ASSETS		<u>2,774,354</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 six month period ended June 30, 2009

(Amounts in Rupees '000)

	Quarter ended June 30,					2009	2008
	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	Aggregate
Revenue accounts							
Net premium revenue	27,084	8,741	35,275	4,431	(5)	75,526	81,276
Net claims	(8,838)	(1,347)	(27,976)	(531)	(56)	(38,748)	(23,665)
Expenses	(11,626)	(3,681)	(15,011)	(1,910)	2	(32,226)	(31,597)
Net commission	(1,692)	(795)	(2,805)	1,463	2	(3,827)	(6,274)
Underwriting result	<u>4,928</u>	<u>2,918</u>	<u>(10,517)</u>	<u>3,453</u>	<u>(57)</u>	<u>725</u>	19,740
Investment income						31,928	56,289
Gain on disposal of fixed assets						392	691
Rental income						423	-
General and administration expenses						(17,104)	(11,539)
Impairment in value of available for sale investments						(126,161)	-
(Loss) / profit before tax						<u>(109,797)</u>	65,181
Provision for taxation						9,120	(7,884)
(Loss) / profit after tax						<u>(100,677)</u>	<u>57,297</u>
(Loss) / earnings per share - basic and diluted (in Rupees)					Note 10	<u>(1.91)</u>	<u>1.09</u>
Revenue accounts							
Net premium revenue	59,867	16,003	71,810	10,123	(6)	157,797	167,613
Net claims	(12,719)	(2,526)	(59,837)	(4,851)	(185)	(80,118)	(70,399)
Expenses	(24,127)	(6,449)	(28,942)	(4,080)	2	(63,596)	(61,355)
Net commission	(5,435)	(1,133)	(7,137)	2,757	2	(10,946)	(13,351)
Underwriting result	<u>17,586</u>	<u>5,895</u>	<u>(24,106)</u>	<u>3,949</u>	<u>(187)</u>	<u>3,137</u>	22,508
Investment income						72,623	116,415
Gain on disposal of fixed assets						528	691
Rental income						920	633
General and administration expenses						(23,354)	(17,930)
Impairment in value of available for sale investments						(126,161)	-
(Loss) / profit before tax						<u>(72,307)</u>	122,317
Provision for taxation						(1,160)	(12,768)
(Loss) / profit after tax						<u>(73,467)</u>	<u>109,549</u>
Profit and loss appropriation account							
Balance at commencement of year						109,464	626,693
(Loss) / Profit after tax for the period						(73,467)	109,549
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>114,182</u>	<u>256,448</u>
(Loss) / earnings per share - basic and diluted (in Rupees)					Note 10	<u>(1.39)</u>	<u>2.08</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 six month period ended June 30, 2009

(Amounts in Rupees '000)

	Six month period ended June 30, 2009	Six month period ended June 30, 2008
Operating cash flows		
a) Underwriting activities		
Premium received	257,113	247,323
Reinsurance premium paid	(110,169)	(201,082)
Claims paid	(200,951)	(274,712)
Reinsurance and other recoveries received	122,792	170,907
Commissions paid	(29,587)	(20,834)
Commissions received	43,586	35,600
Net cash flow from / (used in) underwriting activities	82,784	(42,798)
b) Other operating activities		
Income tax paid	(7,611)	(5,946)
General management expenses paid	(63,596)	(60,722)
Other operating payments	(14,919)	(8,733)
Advances, deposits and sundry receivables	(7,194)	2,072
Other liabilities and accruals	6,094	(6,880)
Net cash (used in) other operating activities	(87,226)	(80,209)
Total cash (used in) operating activities	(4,442)	(123,007)
Investing activities		
Investment income	73,552	55,153
Payments for investments	(1,080,783)	(1,765,504)
Proceeds from disposal of investments	284,027	1,859,343
Fixed capital expenditure	(12,424)	(38,321)
Proceeds from disposal of fixed assets	962	1,594
Rentals received	920	-
Deposits matured	1,749	-
Total cash (used in) / flow from investing activities	(731,997)	112,265
Financing activities		
Dividends paid	(46,022)	(39,031)
Lease rentals paid	(595)	(690)
Total cash (used in) financing activities	(46,617)	(39,721)
Total cash (used in) all activities	(783,056)	(50,463)
Cash and cash equivalents at beginning of the period	876,571	226,186
Cash and cash equivalents at end of the period	93,515	175,723



PREMIER INSURANCE LIMITED

(Amounts in Rupees '000)

	Six month period ended June 30, 2009	Six month period ended June 30, 2008
Reconciliation to profit and loss account		
Operating cash flows	(4,442)	(123,007)
Depreciation expense	(4,780)	(6,296)
Investment income	72,623	116,415
Profit on disposal of fixed assets	528	691
Rental income	920	-
Impairment in value of available for sale investments	(126,161)	-
Increase in assets other than cash	180,919	33,854
(Increase) / decrease in liabilities	(193,074)	87,892
(Loss) / profit after taxation	(73,467)	109,549

Definition of cash

Cash comprises cash in hand, stamps in hand, current and saving accounts and short-term deposits.
Cash for the purpose of the statement of cash flows consists of:

Cash and other equivalents

Cash	494	341
Stamps in hand	232	214
	726	555

Current and other accounts

Current accounts	6,062	16,488
Savings accounts	84,978	158,310
Statutory deposit with State Bank of Pakistan	-	370
	91,040	175,168

Deposits maturing within 12 months	1,749	-
------------------------------------	-------	---

Total cash and cash equivalents	93,515	175,723
--	---------------	----------------

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 six month period ended June 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 six month period ended June 30, 2008	-	-	-	-	-	-	109,549	109,549	109,549
Cash dividend for the year 2007	-	-	-	-	-	-	(39,897)	(39,897)	(39,897)
Transfer 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 June 30, 2008	<u>239,385</u>	<u>19,490</u>	<u>185</u>	<u>-</u>	<u>1,400,000</u>	<u>350</u>	<u>256,448</u>	<u>1,676,473</u>	<u>1,915,858</u>
Loss for the six month period ended December 31, 2008	-	-	-	-	-	-	(146,984)	(146,984)	(146,984)
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 six month period ended June 30, 2009	-	-	-	-	-	-	(73,467)	(73,467)	(73,467)
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 June 30, 2009	<u><u>263,323</u></u>	<u><u>19,490</u></u>	<u><u>185</u></u>	<u><u>-</u></u>	<u><u>1,250,000</u></u>	<u><u>350</u></u>	<u><u>114,182</u></u>	<u><u>1,384,207</u></u>	<u><u>1,647,530</u></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 six month period ended June 30, 2009

(Amounts in Rupees '000)

Business underwritten inside Pakistan

		Quarter ended June 30,								2009	2008
Class		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	168,065	116,605	212,986	71,684	100,738	78,534	134,672	44,600	27,084	26,383
	2 Marine, aviation and transport	23,730	9,459	13,571	19,618	9,838	9,237	8,198	10,877	8,741	10,012
	3 Motor	65,764	67,844	96,843	36,765	3,302	2,280	4,092	1,490	35,275	41,819
	4 Miscellaneous	55,188	23,685	60,740	18,133	47,422	22,261	55,981	13,702	4,431	3,057
	Total	312,747	217,593	384,140	146,200	161,300	112,312	202,943	70,669	75,531	81,271
Treaty	5 Proportional	-	(17)	(12)	(5)	-	-	-	-	(5)	5
	Grand Total	312,747	217,576	384,128	146,195	161,300	112,312	202,943	70,669	75,526	81,276
		Six month period ended June 30,								2009	2008
Direct and Facultative	1 Fire and property damage	211,145	143,788	212,986	141,947	120,444	96,308	134,672	82,080	59,867	44,144
	2 Marine, aviation and transport	41,886	7,409	13,571	35,724	20,922	6,997	8,198	19,721	16,003	33,073
	3 Motor	93,848	78,050	96,843	75,055	3,749	3,588	4,092	3,245	71,810	86,137
	4 Miscellaneous	59,051	35,576	60,740	33,887	46,398	33,347	55,981	23,764	10,123	4,249
	Total	405,930	264,823	384,140	286,613	191,513	140,240	202,943	128,810	157,803	167,603
Treaty	5 Proportional	(18)	-	(12)	(6)	-	-	-	-	(6)	10
	Grand Total	405,912	264,823	384,128	286,607	191,513	140,240	202,943	128,810	157,797	167,613

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 six month period ended June 30, 2009

(Amounts in Rupees '000)

Business underwritten inside Pakistan

Class	Quarter ended June 30,								2009	2008
	Claims paid	Outstanding claims Opening	Outstanding claims Closing	Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims Opening	Reinsurance and other recoveries in respect of outstanding claims Closing	Reinsurance and other recoveries revenue	Net claims expense	Net claims expense
Direct and Facultative										
1 Fire and property damage	47,148	115,438	100,814	32,524	35,829	84,895	72,752	23,686	8,838	5,596
2 Marine, aviation and transport	7,044	63,911	64,749	7,882	5,926	47,103	47,712	6,535	1,347	3,040
3 Motor	20,702	40,714	46,342	26,330	(1,538)	284	176	(1,646)	27,976	13,892
4 Miscellaneous	10,488	54,796	58,028	13,720	9,505	40,777	44,461	13,189	531	1,137
Total	85,382	274,859	269,933	80,456	49,722	173,059	165,101	41,764	38,692	23,665
Treaty										
5 Proportional	56	5,057	5,057	56	-	-	-	-	56	-
Grand Total	85,438	279,916	274,990	80,512	49,722	173,059	165,101	41,764	38,748	23,665
	Six month period ended June 30,								2009	2008
Direct and Facultative										
1 Fire and property damage	85,757	143,655	100,814	42,916	71,228	113,783	72,752	30,197	12,719	15,511
2 Marine, aviation and transport	37,588	84,593	64,749	17,744	31,932	64,426	47,712	15,218	2,526	6,342
3 Motor	52,749	40,886	46,342	58,205	(970)	838	176	(1,632)	59,837	46,563
4 Miscellaneous	24,672	52,364	58,028	30,336	20,602	39,578	44,461	25,485	4,851	1,181
Total	200,766	321,498	269,933	149,201	122,792	218,625	165,101	69,268	79,933	69,597
Treaty										
5 Proportional	185	5,057	5,057	185	-	-	-	-	185	802
Grand Total	200,951	326,555	274,990	149,386	122,792	218,625	165,101	69,268	80,118	70,399

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

Karachi : August 25, 2009



Condensed Interim Statement of Investment Income (unaudited)

For the quarter and six month period ended June 30, 2009

(Amounts in Rupees '000)

	Quarter ended June 30,		Six month period ended June 30,	
	2009	2008	2009	2008
Income from non-trading investments				
Held to maturity				
Return on bank deposits	14,053	2,547	43,114	6,637
Available for sale				
Dividend income	5,255	15,681	11,602	48,464
Gain on sale of investments	12,639	38,099	17,941	61,382
	17,894	53,780	29,543	109,846
Investment management expenses	(19)	(38)	(34)	(68)
Investment income	<u>31,928</u>	<u>56,289</u>	<u>72,623</u>	<u>116,415</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



Notes to the Interim Financial Information (unaudited)

For the six month period ended June 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.

This interim financial information is unaudited but has been reviewed by the external auditors of the company.

3. BASIS OF PRESENTATION

This interim information has been prepared under the historical cost convention.

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.



Notes to the Interim Financial Information (unaudited)

For the six month period ended June 30, 2009

(Amounts in Rupees '000)

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.

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 25.1 million (December 31, 2008: Rs 30.7 million).

7. INVESTMENTS	Unaudited June 30, 2009	Audited December 31, 2008
Available for sale		
Shares - quoted (market value: Rs 349,531 [2008: Rs 276,195])	347,482	463,514
Shares - unquoted	119,203	119,628
Mutual funds - quoted (market value: Rs 837,641 [2008: Rs 23,467])	828,430	24,019
	<u>1,295,115</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 six month period ended June 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 during the six months stood at Rs 126.1 million on June 30, 2009, which has been 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.

8. FIXED ASSETS

During the period, the company expended Rs 6.5 million (2008: Rs 38.3 million) on acquisition of fixed assets and disposed off Rs 1.5 million (2008: Rs 0.9 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	June 30, 2009	June 30, 2008
Premium written	Associated undertakings	60,451	48,932
Claims paid	Associated undertakings	28,281	25,520
Commission paid	Associated undertakings	4,684	3,209
Dividend received	Associated undertakings	45	27
Dividend paid	Associated undertakings	7,028	4,206
Claims outstanding	Associated undertakings	19,748	15,219
Premium receivable	Associated undertakings	132,612	116,364

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:

	June 30, 2009	December 31, 2008
(Loss) / profit after tax for the period	<u>(73,467)</u>	<u>109,549</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>(1.39)</u>	<u>2.08</u>



Notes to the Interim Financial Information (unaudited)

For the six month period ended June 30, 2009

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 August 25, 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

Head Office:
State Life Building No. 2A
5th Floor, Wallace Road
Phones: (021) 32416331-3
Fax: (021) 32416572

QUETTA

43-Regal Plaza
2nd Floor, Circular Road
Phones: (081) 2842883

PESHAWAR

Rehman Building
Saddar Road Cantt
Phones: (091) 5273757
Fax: (091) 5277809

ISLAMABAD

Masco Plaza
64-E, Blue Area
Jinnah Avenue
Phones: (051) 2270134, 2270135, 2876967
Fax: (051) 2829654

RAWALPINDI

32, Service Plaza
The Mall
Phones: (051) 5562113, 5568907
Fax: (051) 5566900

SIALKOT

Fazal Market
Mujahid Road
Phones: (052) 4586268
Fax: (052) 4588526

GUJRANWALA

Block "L" Trust Plaza G.T. Road
Phones: (055) 3859718-19
Fax: (055) 3256432

SAHIWAL

Room No.1, Sattar Complex
Stadium Road
Phones: (040) 4220918
Fax: (040) 4220790

LAHORE

North Zone Office:
163-A, Shadman II
Phones: (042) 37563160-63
Fax: (042) 37579334

Hafeez Centre, Gulberg
Phones: (042) 35874271/35873636
Fax: (042) 35750749

23, Shahrah-e-Quaid-e-Azam
P. O. Box No. 355
Phones: (042) 37230602-5
Fax: (042) 37235557

FAISALABAD

Regency Arcade, 949, Mall Road
P. O. Box No. 105
Phones: (041) 2632211-13
Fax: (041) 2617802

2nd Floor, 18-S.M. Plaza
Chenab Market
Susan Road, Madina Town
Ph: (041) 8503541-42

DERA GHAZI KHAN

House No. 60, St. No.1, Block "B"
P. O. Box No. 12
Phones: (064) 2471233

MULTAN

Hasan Arcade, Nusrat Road
Multan Cantt.
Phones: (061) 4515007 - 4515009 - 4585006
Fax: (061) 4587143

BHAWALPUR

1/A, Model Town "B"
Saraiki Chowk
Phones: (0621) 2875468
Fax: (0621) 2875458

RAHIM YAR KHAN

17, Shahi Road
Phones: (068) 5870751