Interim Financial Report for the Six month period ended June 30, 2010 (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

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Registrar FAMCO Associates (Pvt) Limited

1st 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 report of the company for the six month period ended June 30, 2010.

Review	(Amounts in Rup	ees millions)
	2010	2009
Premium written	435.7	405.9
Net premium	177.6	157.8
Underwriting result	17.7	3.1
Investment income	70.7	72.6
Impairment in value of available for sale investments	-	(126.2)
Profit / (loss) before taxation	71.5	(72.3)
Profit / (loss) after taxation	58.0	(73.5)

Your company's written premium grew 7.4% which, though modest, is satisfying in the current economic and industry conditions. While most of this growth came from marine and miscellaneous classes, the 12.5% growth in net premium was mainly from the marine and motor businesses.

The underwriting result increased almost six fold despite the higher cost of doing business eroding a significantly improved claims ratio and a marginally lower commissions cost. Even after adjusting for the exceptional impairment in value of investments recorded in the corresponding period, and a slightly lower investment income, your company had a healthy profit before tax of Rs 71.5 million in the period under review.

Your company's balance sheet continued to gather strength with paid-up share capital exceeding Rs.300 million well before the regulatory deadline of December 31, 2011. Total assets exceeded Rs. 3 billion with more than 85% of the Rs.1.8 billion equity represented by investments, cash and bank balances. Each of your ordinary shares of Rs.5 was worth more than Rs 29 of net assets on the balance sheet date.

Outlook

Consistent with your management's policy of clear and transparent communication with all stakeholders, we currently cannot present a reliable outlook for a company in an extremely competitive business, in a country at war, facing major economic challenges, now exacerbated by the worst floods in its history. What we can commit is our very best to safeguard the interests of all the company's stakeholders in a highly dynamic and unpredictable situation.



Report of the Directors to the Members

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 20, 2010



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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Premier Insurance Limited** (the company) as at June 30, 2010, and the related condensed interim profit and loss account, condensed interim statement of cash flows, condensed interim statement of changes in equity, condensed interim statement of premium, condensed interim statement of claims, condensed interim statement of expenses, condensed interim statement of investment income and notes to the accounts for the six month period 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 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 Shahzada Saleem Chughtai

Karachi: August 20, 2010



Condensed Interim Balance Sheet

As at June 30, 2010

(Amounts in Rupees '000)	Note	Unaudited June 30, 2010	Audited December 31, 2009
SHAREHOLDERS' EQUITY AND LIABILITIES	_,		
Share capital and reserves Authorised share capital Rs 100,000,000 ordinary shares of Rs 5 each		500,000	500,000
Issued subscribed and paid-up capital 60,564,269 (2009: 52,664,582) ordinary shares of Rs.5 each Retained earnings Reserves Shareholders' equity		302,821 206,817 1,270,025 1,779,663	263,323 240,992 1,270,025 1,774,340
Underwriting provisions Provision for outstanding claims (including IBNR) Provision for unearned premium Commission income unearned Total underwriting provisions		257,364 400,322 46,616 704,302	251,112 314,524 37,206 602,842
Deferred liability Staff retirement benefits		23,928	21,068
Creditors and accruals Amounts due to other insurers / reinsurers Accrued expenses Taxation - provision less payments Other creditors and accruals	9	192,916 17,425 115,940 236,544 562,825	84,239 13,620 104,434 181,677 383,970
Other liabilities Unclaimed and dividend payable		8,096	6,499
TOTAL EQUITY AND LIABILITIES		3,078,814	2,788,719
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.



(Amounts in Rupees	s '000)	Note	Unaudited June 30, 2010	Audited December 31, 2009
Cash and bank depo Cash and other equiva Current and other acc Deposits maturing wi Deposits maturing aft	alents counts thin 12 months		896 137,339 3,497 5,246 146,978	302 211,533 3,497 5,246 220,578
Loans to employees			2,059	2,412
Investments		11	1,374,933	1,245,694
Investment properti	es		56,111	56,393
unsecured, considered Accrued investment in Accrued salvage recovering Reinsurance recovering Deferred commission Prepayments Sundry receivables Fixed assets	ther insurers / reinsurers - ed good ncome veries s against outstanding claims		442,982 362,967 428 7,608 147,156 59,057 229,280 9,930 1,259,408	276,503 362,988 2,690 9,350 138,774 43,941 173,245 29,467 1,036,958
Tangible Land and buildings Furniture, fixtures and Motor vehicles Capital work in progre	1 1		146,316 19,824 40,562 30,072	146,465 16,956 31,050 30,072
Intangible Computer software			2,551 239,325	2,141 226,684
TOTAL ASSETS			3,078,814	2,788,719
Zahid Bashir Chairman	Nadeem Maqbool Director	Imran Maql Director	oool	Fakhir Rahman Chief Executive



Condensed Interim Profit and Loss Account (unaudited) For the quarter and six month period ended June 30, 2010

(Amounts in Rupees '000)	Amounts in Rupees '000)					2010	2009
	Fire and property	Marine, aviation & transport	Motor	Others	Treaty	Aggregate	Aggregate
Revenue accounts							
Net premium revenue	28,371	13,417	41,876	5,685	-	89,349	75,526
Net claims	(3,832)	(3,197)	(29,284)	(4,818)	(1)	(41,132)	(38,748)
Expenses Net commission	(13,064) (1,996)	(6,069) (1,515)	(19,225) (4,044)	(2,622) 1,488	-	(40,980) (6,067)	(32,226) (3,827)
Underwriting result	9,479	2,636	(10,677)	(267)	(1)	1,170	725
Townston and in com-		======				22.020	21.020
Investment income Gain on disposal of fixed assets						32,939 493	31,928 392
Rental income						83	423
Other income						479	-
General and administration expenses						(10,110)	(17,104)
Impairment in value of available for sale inve	stments					-	(126,161)
Profit / (loss) before tax						25,054	(109,797)
Provision for taxation Profit / (loss) after tax						<u>(6,850)</u> 18,204	9,120 (100,677)
Earnings / (loss) per share - basic and diluted	(in Rupees)				Note 15	0.30	(1.66)
Zarimigo / (1000) per orace Salve and direct	· (iii rtupees)				11010 10		
Revenue accounts		Six month j	period ende	d June 30,		2010	2009
Net premium revenue	58,227	23,708	83,912	11,798	(4)	177,641	157,797
Net claims	(6,431)	(4,236)	(53,517)	(8,274)	(258)	(72,716)	(80,118)
Expenses	(25,079)	(10,211)	(36,141)	(5,081)	2	(76,510)	(63,596)
Net commission	<u>(4,379)</u> 22,338	- (2,245) 7,016	(8,091)	3,961 2,404	(259)	(10,753)	<u>(10,946)</u> 3,137
Underwriting result	=======================================	=	(13,837)	<u></u>	(239)	17,662	3,137
Investment income						70,720	72,623
Gain on disposal of fixed assets						1,080	528
Rental income						168	920
Other income General and administration expenses						828 (18,980)	(23,354)
Impairment in value of available for sale inve	stments					(10,700)	(126,161)
Profit / (loss) before tax						71,478	(72,307)
Provision for taxation						(13,490)	(1,160)
Profit / (loss) after tax						57,988	(73,467)
Profit and loss appropriation account							
Balance at commencement of year						240,992	109,464
Profit / (loss) after tax for the period						57,988	(73,467)
Cash dividend for 2009 Re 1 per share (2008:	Re 1 per share)					(52,665)	(47,877)
Bonus shares for 2009 at 15% (2008: 10%)						(39,498)	(23,938)
Transfer from general reserve	0.1					- 206.045	150,000
Balance unappropriated profit at the end	•				NT - 45	206,817	114,182
Earnings / (loss) per share - basic and di		11			Note 15	0.96_	(1.21)
The annexed notes from 1 to 17 form an inte	egral part of this conde	ensed interim fin	ancial report.				
Zahid Bashir Na	adeem Maqbool	1	Imran N	Maqbool		Fakhir l	Rahman
	rector		Directo	1			Executive



Condensed Interim Statement of Cash Flows (unaudited) For the six month period ended June 30, 2010

		2010	2009
OP	ERATING CASH FLOWS		
a)	Underwriting activities		
	Premium received	268,047	257,113
	Reinsurance premium paid	(115,671)	(110,169)
	Claims paid	(152,592)	(200,951)
	Reinsurance and other recoveries received	77,746	122,792
	Commissions paid	(43,805)	(29,587
	Commissions received	47,805	43,586
	Net cash flow from underwriting activities	81,530	82,784
b)	Other operating activities		
	Income tax paid	(1,984)	(7,611)
	General management expenses paid	(76,510)	(63,596
	Other operating payments	(4,922)	(14,919
	Advances, deposits and sundry receivables	(2,502)	(7,194
	Other liabilities and accruals	32,950	6,094
	Net cash used in other operating activities	(52,968)	(87,226
Tot	al cash flow from / (used in) operating activities	28,562	(4,442)
IN	VESTMENT ACTIVITIES		
	Investment income received	16,254	73,552
	Payments for investments	(2,167,190)	(1,080,783)
	Proceeds from disposal of investments	2,116,058	284,027
	Fixed capital expenditure	(19,521)	(12,424
	Proceeds from disposal of fixed assets	2,027	962
		2,021	
	Rental received	450	
	Rental received Other income received		
	Rental received Other income received Deposits matured	450 828 -	920 - 1,749
Tot	Rental received Other income received	450	920 - 1,749
	Rental received Other income received Deposits matured	450 828 -	902 920 - 1,749 (731,997
	Rental received Other income received Deposits matured al cash used in investing activities NANCING ACTIVITIES	450 828 - (51,094)	920 - 1,749
	Rental received Other income received Deposits matured al cash used in investing activities NANCING ACTIVITIES Dividends paid	450 828 -	920 - 1,749 (731,997
FIN	Rental received Other income received Deposits matured al cash used in investing activities NANCING ACTIVITIES	450 828 - (51,094)	920 - 1,749 (731,997 (46,022 (595
FIN Tot	Rental received Other income received Deposits matured al cash used in investing activities NANCING ACTIVITIES Dividends paid Payments against finance leases	(51,068) (51,068)	920 - 1,749 (731,997 (46,022 (595 (46,617
FIN Tot Tot	Rental received Other income received Deposits matured al cash used in investing activities NANCING ACTIVITIES Dividends paid Payments against finance leases al cash used in financing activities	(51,068) (51,068)	920 - 1,749 (731,997 (46,022 (595



(Amounts in Rupees '000)

	2010	2009
Reconciliation to profit and loss account		
Operating cash flows	28,562	(4,442)
Depreciation expense	(5,933)	(4,780)
Investment income	70,720	72,623
Profit on disposal of fixed assets	1,080	528
Rental income	168	920
Other income	828	-
Impairment in value of available for sale investments	-	(126,161)
Increase in assets other than cash	246,959	180,919
Increase in liabilities	(284,396)	(193,074)
Profit / (loss) after taxation	57,988	(73,467)

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	
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Cash	638		494
Stamps in hand	258		232
	896		726
Current and other accounts		г	
Current accounts	12,204		6,062
Savings accounts	125,135		84,978
	137,339		91,040
Deposits maturing within 12 months	3,497		1,749
Total cash and cash equivalents	141,732		93,515

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman
Chairman Director Director Chief Executive

SIX MONTHS 2010



Condensed Interim Statement of Changes in Equity (unaudited) For the six month period ended June 30, 2010

(Amounts in Rupees '000)

	Share capital		Reserves						
		- 0	apital reserv	es	Re	evenue reserv	es		
	Issued, subscribed and paid-up	Reserve for exceptional losses	Devaluation reserve	Reserve for issue of bonus shares	General	Reserve for bad and doubtful debts	Unappro- priated profit	Total reserves	Total equity
Balance as at January 1, 2009	239,385	19,490	185	-	1,400,000	350	109,464	1,529,489	1,768,874
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	263,323	19,490	185	-	1,250,000	350	114,182	1,384,207	1,647,530
Profit for the six month period ended December 31, 2009 Balance at January 1, 2010	263,323	19,490	185		1,250,000	350	126,810 240,992	126,810 1,511,017	126,810 1,774,340
Profit for the six month period ended June 30, 2010	-	-	-	-	-	-	57,988	57,988	57,988
Cash dividend for the year 2009	-	-	-	-	-	-	(52,665)	(52,665)	(52,665)
Transfer to reserve for issue of bonus shares	-	-	-	39,498	-	-	(39,498)	-	-
Bonus shares issued	39,498	-	-	(39,498)	-	-	-	(39,498)	-
Balance as at June 30, 2010	302,821	19,490	185		1,250,000	350	206,817	1,476,842	1,779,663

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Zahid Bashir Fakhir Rahman Nadeem Maqbool Imran Maqbool Chief Executive Chairman Director Director



Condensed Interim Statement of Premium (unaudited)

For the quarter and six month period ended June 30, 2010

(Amounts in Rupees '000)

Business underwritten inside Pakistan

			Quarter ended June 30,								2010	2009
	C	lass	Premium written	Unearned rese Opening		Premium earned	Reinsurance ceded	Prepaid re premium Opening		Reinsurance expense	Net premium revenue	Net premium revenue
Direct and Facultative		Fire and property damage	171,308	116,567	211,454	76,421	103,409	82,225	137,584	48,050	28,371	27,084
	2	Marine, aviation and transport	32,979	14,187	18,391	28,775	13,601	13,091	11,334	15,358	13,417	8,741
	3	Motor	56,575	85,446	97,726	44,295	3,492	5,372	6,445	2,419	41,876	35,275
	4	Miscellaneous	59,851	40,963	72,752	28,062	51,704	36,730	66,057	22,377	5,685	4,431
		Total	320,713	257,163	400,323	177,553	172,206	137,418	221,420	88,204	89,349	75,531
Treaty	5	Proportional	-	(1)	(1)	-	-	-	-	-	-	(5)
	G	rand Total	320,713	257,162	400,322	177,553	172,206	137,418	221,420	88,204	89,349	75,526
Direct and					Six	month perio	od ended June	30,			2010	2009
Facultative		Fire and property damage	211,508	154,578	211,454	154,632	129,047	104,942	137,584	96,405	58,227	59,867
	2	Marine, aviation and transport	59,061	11,193	18,391	51,863	29,310	10,179	11,334	28,155	23,708	16,003
	3	Motor	94,111	91,813	97,726	88,198	6,552	4,179	6,445	4,286	83,912	71,810
	4	Miscellaneous	71,048	56,944	72,752	55,240	60,661	48,838	66,057	43,442	11,798	10,123
		Total	435,728	314,528	400,323	349,933	225,570	168,138	221,420	172,288	177,645	157,803
Treaty	5	Proportional	(1)	(4)	(1)	(4)	-	-	-	-	(4)	(6)
	G	rand Total	435,727	314,524	400,322	349,929	225,570	168,138	221,420	172,288	177,641	157,797

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Zahid Bashir Chairman

Nadeem Maqbool Director

Imran Maqbool Director

Fakhir Rahman Chief Executive

SIX MONTHS 2010



Condensed Interim Statement of Claims (unaudited) For the quarter and six month period ended June 30, 2010

(Amounts in Rupees '000)

Business underwritten inside Pakistan

						Quarter en	ded June 30,				2010	2009
	C	ass	Claims paid	Outstandi	ng claims Closing	Claims expense	Reinsurance and other recoveries received	Reinsuranc recoveries in outstandin Opening	n respect of	and other	Net claims expense	Net claims expense
Direct and Facultative		Fire and property damage	24,127	86,139	85,709	23,697	21,643	59,631	57,853	19,865	3,832	8,838
	2	Marine, aviation and transport	8,661	54,196	53,957	8,422	5,978	38,448	37,695	5,225	3,197	1,347
	3	Motor	28,837	46,740	47,322	29,419	134	164	165	135	29,284	27,976
	4	Miscellaneous	21,951	65,148	65,319	22,122	16,787	50,926	51,443	17,304	4,818	531
		Total	83,576	252,223	252,307	83,660	44,542	149,169	147,156	42,529	41,131	38,692
Treaty	5	Proportional	1	5,057	5,057	1	-	-	-	-	1	56
	G	rand Total	83,577	257,280	257,364	83,661	44,542	149,169	147,156	42,529	41,132	38,748
Direct and					Six	month perio	d ended June	30,			2010	2009
Facultative		Fire and property damage	39,212	79,142	85,709	45,779	34,456	52,961	57,853	39,348	6,431	12,719
	2	Marine, aviation and transport	17,162	55,240	53,957	15,879	12,255	38,307	37,695	11,643	4,236	2,526
	3	Motor	56,985	50,839	47,322	53,468	222	436	165	(49)	53,517	59,837
	4	Miscellaneous	38,975	60,834	65,319	43,460	30,813	47,070	51,443	35,186	8,274	4,851
		Total	152,334	246,055	252,307	158,586	77,746	138,774	147,156	86,128	72,458	79,933
Treaty	5	Proportional	258	5,057	5,057	258	-	-	-	-	258	185
	G	rand Total	152,592	251,112	257,364	158,844	77,746	138,774	147,156	86,128	72,716	80,118

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Zahid Bashir Fakhir Rahman Imran Maqbool Nadeem Maqbool Director Chief Executive Chairman Director



Condensed Interim Statement of Expenses (unaudited) For the quarter and six month period ended June 30, 2010

(Amounts in Rupees '000)

Business underwritten inside Pakistan

					Quar	ter ended Jui	ne 30,			2010	2009
	Cl	ass	Commission paid or payable	deferred	Closing deferred commission	Net commission expense	Other management t expenses	Underwriting expenses	Commission from reinsurers	Net underwriting expense	Net underwriting expense
Direct and Facultative	1	Fire and property damage	30,529	20,679	38,587	12,621	13,064	25,685	10,625	15,060	13,318
	2	Marine, aviation and transport	6,063	2,419	3,196	5,286	6,069	11,355	3,771	7,584	4,476
	3	Motor	5,942	8,444	10,119	4,267	19,225	23,492	223	23,269	17,816
	4	Miscellaneous	5,898	3,944	7,155	2,687	2,622	5,309	4,175	1,134	447
		Total	48,432	35,486	59,057	24,861	40,980	65,841	18,794	47,047	36,057
Treaty	5	Proportional	-	-	-	-	-	-	-	-	(4)
	G	rand Total	48,432	35,486	59,057	24,861	40,980	65,841	18,794	47,047	36,053
					Six month	period ende	d June 30,			2010	2009
Direct and Facultative	1	Fire and property damage	37,743	27,299	38,587	26,455	25,079	51,534	22,076	29,458	29,562
	2	Marine, aviation and transport	10,470	1,891	3,196	9,165	10,211	19,376	6,920	12,456	7,582
	3	Motor	9,533	9,051	10,119	8,465	36,141	44,606	374	44,232	36,079
	4	Miscellaneous	6,516	5,701	7,155	5,062	5,081	10,143	9,023	1,120	1,323
		Total	64,262	43,942	59,057	49,147	76,512	125,659	38,393	87,266	74,546
Treaty	5	Proportional	-	(1)	-	(1)	(2)	(3)	-	(3)	(4)
	G	rand Total	64,262	43,941	59,057	49,146	76,510	125,656	38,393	87,263	74,542

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

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Zahid Bashir Chairman

Nadeem Maqbool Director

Imran Maqbool Director

Fakhir Rahman Chief Executive





Condensed Interim Statement of Investment Income (unaudited) For the quarter and six month period ended June 30, 2010

(Amounts in Rupees '000)				
	Quarter ended June 30,		Six month po	
	2010	2009	2010	2009
Income from non-trading investments				
Held to maturity				
Return on bank deposits	4,165	14,053	8,668	43,114
Available for sale				
Dividend income	1,942	5,255	5,344	11,602
	26.045	10 (20	E (E00	17.041
Gain on sale of investments	26,845 28,787	12,639	56,728 62,072	17,941 29,543
	20,/0/	17,894	02,072	29,343
Investment management expenses	(13)	(19)	(20)	(34)
Investment income	32,939	31 029	70.720	72 623
myestment income	34,939	31,928	70,720	72,623

The annexed notes from 1 to 17 form an integral part of this condensed interim financial report.

Fakhir Rahman Zahid Bashir Nadeem Maqbool Imran Maqbool Director Chief Executive Chairman Director



Notes to the Condensed Interim Financial Report (unaudited)

For the six month period ended June 30, 2010

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

This condensed interim financial report of the company for the six month period ended June 30, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - (IAS 34): Interim Financial Reporting, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and the SEC (Insurance) Rules have been followed.

As the company follows the format of financial statements prescribed by the SECP through SEC (Insurance) Rules, 2002 vide its Circular No.7 of 2003 dated August 27, 2003, the changes introduced through IAS 1 (revised): Presentation of Financial Statements have not been taken into consideration in preparation of this condensed interim financial report. Other new standards, amendments and interpretations that were mandatory for accounting periods beginning on or after January 1, 2010 and are not considered to be relevant or to have any significant effect on the company, are not detailed in this condensed interim financial report.

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

3. BASIS OF PRESENTATION

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

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

This condensed interim financial report has been prepared and presented in Pakistani Rupees, which is the company's functional and presentation currency.

4. ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report are the same as those applied in the preparation of the financial statements for the year ended December 31, 2009.



Notes to the Condensed Interim Financial Report (unaudited)

For the six month period ended June 30, 2010

5. INVESTMENTS

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the company commits to purchase or sell the investment. Subsequently, these are recognized and classified into "at fair value through profit or loss", "held to maturity" or "available for sale".

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 (market value on an individual investments basis being taken as lower if the fall is other than temporary) 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 lower by Rs. 25.4 million (December 31, 2009: higher by Rs. 1.8 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.

6. ESTIMATES AND JUDGMENTS

Preparation of the condensed interim financial report 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 condensed interim financial report, 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, 2009.

7. FINANCIAL AND INSURANCE RISK MANAGEMENT

The company's financial and insurance risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended December 31, 2009.

8. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at six months period ended is adequate to meet the expected future liability after reinsurance from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date.



Notes to the Condensed Interim Financial Report (unaudited)

For the six month period ended June 30, 2010

(Ar	nounts in Rupees '000)	Unaudited June 30,	Audited December 31, 2009	
9.	OTHER CREDITORS AND ACCRUALS	2010 LS		
	Commission payable	167,180	146,722	
	Federal excise duty	42,505	9,494	
	Federal insurance fee	511	661	
	Advance recoveries	240	297	
	Others	26,108	24,503	
		236,544	181,677	

10. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

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 Honorable 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. 197.5 million for the tax year 2009, 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.

COMMITMENTS

Commitments for capital expenditure amount to Rs. 21.3 million (December 31, 2009: Rs. 21.3 million).

11.	INVESTMENTS	Unaudited June 30,	Audited December 31,
	Available for sale	2010	2009
	Related Parties		
	Quoted shares (market value: Rs 32,322 [2009: Rs 33,211])	32,535	32,536
	Unquoted shares	4,000	4,000
	•	36,535	36,536
	Others		
	Quoted shares (market value: Rs 187,456 [2009: Rs 102,729])	220,389	108,579
	Unquoted shares	115,203	115,203
	Mutual funds (market value: Rs 1,010,532 [2009: Rs 992,393])	1,002,806	985,376
	, , , , , , , , , , , , , , , , , , , ,	1,338,398	1,209,158
		1,374,933	1,245,694

SIX MONTHS 2010



Notes to the Condensed Interim Financial Report (unaudited)

For the six month period ended June 30, 2010

(Amounts in Rupees '000)

Mutual funds include statutory deposit of Rs 30 million (December 31, 2009: Rs 28 million) with the State Bank of Pakistan.

12. FIXED ASSETS

During the period, the company expended Rs 19.5 million (2009: Rs 12.4 million) on acquisition of fixed assets with disposals at cost of Rs 3.3 million (2009: Rs 1.5 million).

13. 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 schemes.

Transactions and balances with related parties are as follows:

Associated undertakings	June 30, 2010	June 30, 2009
Premium written	71,372	60,451
Claims paid	6,659	28,281
Commission paid	4,517	4,684
Dividend received		45
Dividend paid	5,830	5,387
Claims outstanding	11,548	19,748
Premium receivable	151,272	132,612
Others		
Dividend paid	1,805	1,641
Premium receivable	61	
Rent received	450	
Other payables	352	33
Remuneration and retirement benefits to key personnel	20,334	20,309

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.



Notes to the Condensed Interim Financial Report (unaudited)

For the six month period ended June 30, 2010

(Amounts in Rupees '000)

14. SEGMENT REPORTING

The following presents segment assets and liabilities information as at June 30, 2010 and December 31, 2009.

	Fire and property		Marine, aviation & transport		Motor		Miscellaneous		Total	
-	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
-	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Segment assets	625,282	483,666	161,476	128,896	198,357	186,250	256,075	200,882	1,241,190	999,694
Unallocated corporate assets									1,837,624	1,789,025
Consolidated total assets									3,078,814	2,788,719
								•		
Segment liabilities	424,261	300,879	102,024	80,036	187,645	164,864	183,288	141,302	897,218	687,081
Unallocated corporate liab	oilities								401,933	327,298
Consolidated total liabilitie	es							-	1,299,151	1,014,379

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

Basic earnings / (loss) 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, 2010	June 30, 2009
Profit / (loss) after tax for the period	57,988	(73,467)
Weighted average number of shares	60,564,269	60,564,269
Basic earnings / (loss) per share of Rs.5 each	0.96	(1.21)

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.

16. DATE OF AUTHORIZATION OF ISSUE

This condensed interim financial report was authorized for issue on August 20, 2010 by the directors of the company.

17. GENERAL

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

Zahid Bashir	Nadeem Maqbool	Imran Maqbool	Fakhir Rahman
Chairman	Director	Director	Chief Executive

SIX MONTHS 2010



Locations

KARACHI

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

3rd Floor, Lakhani Centre, I.I. Chundrigar Road, Karachi. Phone: (021) 32210866-67

QUETTA

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

PESHAWAR

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

SIALKOT

Sahib Plaza, Saga Chowk, Agoki Road, Phones: (052) 4586268 Fax: (052) 4588526

GUJRANWALA

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

KHANPUR

Liaison office 365, Model Town – B Phone: (068) 5572834 Fax:: (068) 5572834

LAHORE

North Zone Office: 162, 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

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

MULTAN

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

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

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