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HALF YEAR 2011



Company Information

Board of Directors Syed Arshad Ali

Khalid Bashir

Zahid Bashir (Chairman)

Imran Maqbool Nadeem Maqbool

Shams Rafi

Fakhir Rahman (Chief Executive)

Company Secretary Afroz Quraishi

Audit Committee Khalid Bashir (Chairman)

Imran Maqbool Nadeem Maqbool

Auditors Ernst & Young Ford Rhodes Sidat Hyder

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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Email : info@pil.com.pk
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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 statements of the company for the half year ended June 30, 2011.

Review	(Amounts in Rupees 2011	s millions) 2010
Premium written	492.7	435.7
Net premium	212.6	177.6
Underwriting result	7.1	17.7
Investment income	86.9	70.7
Profit before taxation	72.1	71.5
Profit after taxation	61.0	58.0

Significant growth in written and net premium, 13% and 20% respectively, and a flat expense ratio were achieved during the six month period, despite a difficult economic and business environment. However, these could not flow to the underwriting result due to higher claims and commission costs.

Likewise, a 29% increase in investment income was restricted to 23% by impairment charges of Rs 4.4 million. As a matter of further prudence, impairment of Rs 5.2 million was also recorded for other financial assets.

Our higher business and investment income for the review period would have delivered similarly improved profits but for the extraneously driven costs highlighted above. Therefore, the increase in profit after tax and in the earnings per share (Rs 1.01 per ordinary share of Rs 5 each; comparable to Rs 2.02 per ordinary share of Rs 10 each), though an apparently modest 5%, remains noteworthy.

Outlook

Our considerable financial and operational resources and efforts are reflected in the foregoing performance review. These have also been independently evaluated and endorsed recently by JCR-VIS while reaffirming our IFS Rating of "A" with Stable Outlook, denoting "a high capacity to meet policyholder and contract obligations".

While we continue our endeavors to build the company's business and the infrastructure to support it, various uncertainties around our business and operating environment, regularly reported by us, also continue to multiply as reported by the media. Accordingly, presenting a whole year outlook vulnerable to predominant external drivers would be imprudent, and also not useful.

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, 2011

HALF YEAR 2011



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

Introduction

We have reviewed the accompanying

- (i) Condensed interim balance sheet;
- (ii) Condensed interim profit and loss account;
- (iii) Condensed interim statement of comprehensive income;
- (iv) Condensed interim statement of changes in equity;
- (v) Condensed interim statement of cash flows;
- (vi) Condensed interim statement of premiums;
- (vii) Condensed interim statement of claims;
- (viii) Condensed interim statement of expenses; and
- (ix) Condensed interim statement of investment income

and notes to the accounts of Premier Insurance Limited (the Company) as at June 30, 2011 and 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. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of condensed Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed 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 condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for condensed interim financial reporting.

Other Matters

The financial statements of the Company for the six months ended June 30, 2010 and for the year ended December 31, 2010 were reviewed and audited respectively by another firm of Chartered Accountants, whose review report dated August 20, 2010 and audit report dated April 01, 2011 expressed an unmodified conclusion and unmodified opinion on those statements respectively.

Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants

Karachi: August 20, 2011



Condensed Interim Balance Sheet

As at June 30, 2011

(Amount in Rupees '000)	Note	Unaudited June 30, 2011	Audited December 31, 2010
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 ordinary shares of Rs.5 each Retained earnings Reserves Shareholders' equity		302,821 180,097 1,345,025 1,827,943	302,821 269,812 1,270,025 1,842,658
Underwriting provisions Provision for outstanding claims (including IBNR) Provision for unearned premium Commission income unearned Total underwriting provisions		353,960 455,363 51,703 861,026	339,603 386,246 43,641 769,490
Deferred liability Staff retirement benefits		23,611	23,079
Creditors and accruals Amounts due to other insurers / reinsurers Accrued expenses Taxation - provision less payments Other creditors and accruals	8	141,950 19,527 116,528 244,323 522,328	117,981 15,359 116,482 208,531 458,353
Other liabilities Unclaimed and dividend payable		12,177	7,700
TOTAL EQUITY AND LIABILITIES		3,247,085	3,101,280
CONTINGENCIES AND COMMITMENTS	9		

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



(Amount in Rupees '0	000)	Note	Unaudited June 30, 2011	Audited December 31, 2010
ASSETS				
Cash and bank depose Cash and other equivale Current and other accord Deposits maturing after	ents unts		645 132,749 - 133,394	443 148,158 5,246 153,847
Loans - Considered g	ood, secured		4 252	1.707
To employees			1,353	1,706
Investments		10	1,350,431	1,343,391
Investment properties	3		55,558	55,825
unsecured, considered Accrued investment inc Accrued salvage recove	d er insurers / reinsurers - good ome ries against outstanding claims		526,184 352,799 10,818 7,671 219,733 73,017 249,122 8,255 1,447,599	439,701 333,027 10,826 8,260 209,006 58,538 219,062 15,558 1,293,978
Tangible Land and buildings Furniture, fixtures and o Motor vehicles Capital work in progres Intangible Computer software			146,023 28,166 49,019 32,128 3,414 258,750	146,164 22,770 51,391 30,072 2,136 252,533
TOTAL ASSETS			3,247,085	3,101,280
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 half year ended June 30, 2011

Property Revenue account Property Retails Revenue account Property Retails Revenue account Ret permium revenue Retails Reta	(Amount in Rupees '000)	Quarter ended June 30, Marine, Fire and aviation					2011	2010
Note to present prevenue				Motor	Others	Treaty	Aggregate	Aggregate
Note claims	Revenue account							
Capacity	1						,	,
Canomission						(4)		
Investment income				. , ,		-	`	` ´ ´
Rental income						(4)		
Rental income 750 83 Other income 6,999 10,100 General and administration expenses 6,246 1,246 Frofit before tax 32,79 25,054 Profit retrax 6,5332 0,850 Profit after tax 126,847 18,000 Earnings per share- basic and diluted (in Rupees) 144 0.03 Revenue account 70,630 30,992 99,947 11,933 - 121,600 177,614 Net claims (9,831) (9,921) (67,321) 0,994 (4 (97,07) (27,164 Expenses (9,831) (9,921) (67,321) 0,994 (4 (97,07) (27,164 Expenses (30,265) (12,894) (42,827) (51,31) 0 (91,999) (76,510) Net commission (75,61) 2,698 (21,117) 619 3,30 7,141 17,60 Expenses (80,901) (39,901) (39,903) (39,121) (30,902) (39,903) (39,91) (39,90	Investment income						43,584	32,939
General and administration expenses 5,09 mode) 479 mode) General and administration expenses 6,990 mode) 10,100 mode) Profit before tax 3,379 mode) 25,584 mode) Profit after tax 25,847 mode) 18,204 mode) Earnings per share - basic and diluted (in Rupes) Half year roled June 30 mode) 20,011 mode) 2010 mode) Revenue account 70,630 mode) 90,947 mode) 4 mode) 17,641 mode) 77,641 mode) <td< td=""><td>Gain on disposal of fixed assets</td><td></td><td></td><td></td><td></td><td></td><td>338</td><td>493</td></td<>	Gain on disposal of fixed assets						338	493
Control and administration expenses 1,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0								
Profit before tax Profit per tax for the period for tax for the tax for the period for tax for the tax for the period for the tax for the period for tax for the p								
Profit before tax 32,379 25,045 Provision for taxation (5,532) (6,850) (8,800) Transfer tax 20,447 18,204 Earnings per share - basic and diluted (in Rupees) Half year-ended Junc 30 0.04 0.03 Revenue account Half year-ended Junc 30 0.092 99.947 11,933 0 212,602 177,641 Net penium revenue 70,630 30,092 99.947 11,933 0 212,602 177,641 Net commission (9,831) (9,21) (6,721) (9,994) (4) (97,071) (27,101) Expenses (30,265) (12,894) (42,827) (5,113) 0 (19,099) (6,510) Net commission (7,561) (2,908) (19,10) 3,73 7,141 17,600 Underwriting result 22,973 4,669 21,117 619 3 7,141 17,600 Gain on disposal of fixed assets 1,432 1,689 1,624 1 1 1,624 <td></td> <td>vestments</td> <td></td> <td></td> <td></td> <td></td> <td>. , ,</td> <td>(10,110)</td>		vestments					. , ,	(10,110)
Profit after tax Profit aft							32,379	,
Part								
Net premium revenue 70,630 30,092 99,947 11,933 - 212,602 177,641 172,616 177,616 172,716 172,		n Rupees)						
Net premium revenue 70,630 30,092 99,947 11,933 - 212,602 177,641 172,616 177,616 172,716 172,			Half ye	ar ended Ju	ne 30,		2011	2010
Net claims		-0.440						
Expenses \$\frac{30,265}{(12,894)} \frac{12,894}{(42,827)} \frac{(5,113)}{(5,113)} - \frac{99,099}{(70,510)} \frac{(75,510)}{(75,510)} \rrac{(75,611)}{(10,753)} \rrac{(2,608)}{(10,916)} \frac{3,793}{3,793} & 1 \frac{(17,291)}{(17,291)} \frac{(10,753)}{(10,753)} \rrac{(10,753)}{(10,753)} \rrac{(10,916)}{(10,753)} \rrac{3,793}{(10,916)} & 3,793 & 1 \frac{(17,291)}{(17,291)} \rrac{(10,753)}{(10,753)} \rrac{(10,753)}{(10,753)} \rrac{(10,916)}{(10,753)} \rrac{(10,916)}{(10,753)} & 3,793 & 1 \frac{(17,291)}{(17,291)} \rrac{(10,753)}{(10,753)} \rrac{(10,916)}{(10,753)} \rrac{(10,916)}{(10,753)} \rrac{(10,916)}{(10,753)} & 3,793 & 1 \frac{(17,291)}{(17,291)} \rrac{(10,753)}{(10,753)} \rrac{(10,916)}{(10,753)} \rrac{(10,916)}{(10,753)} \rrac{(10,916)}{(10,753)} & 3,793 & 1 \rrac{(17,201)}{(17,201)} \rrac{(10,916)}{(10,916)} & 3,793 & 1 \rrac{(10,750)}{(10,753)} \rracc{(10,916)}{(10,916)} & 3,793 & 1 \rracc{(10,916)}{(10,916)} & 3,793 & 1 \rraccc{(10,916)}{(10,916)} & 3,793 & 1 \rraccccccccccccccccccccccccccccccccccc	1						,	,
Net commission						(4)		
Underwriting result 22,973 4,669 (21,117) 619 (3) 7,141 17,662 Investment income 86,901 70,720						1		
Gain on disposal of fixed assets 340 1,080 Rental income 1,431 168 Other income 1,020 828 General and administration expenses (19,449) (18,980) Impairment of financial assets other than investments (5,246) - Profit before tax 72,138 71,478 Provision for taxation (11,148) (13,490) Profit after tax 60,990 57,988 Palance at commencement of period 269,812 240,992 Profit after tax for the period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) (75,705) (52,665) Bonus shares for 2010 @ Nil (2009: 15%) - (39,498) Transfer to general reserve (75,000) - Balance unappropriated profit at the end of the period 180,097 206,817 Earnings per share - basic and diluted (in Rupees) Note 14 1.01 0.96 The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Fakhir Rahman						(3)		
Rental income 1,431 168 1,020 828 Other income 1,020 828 General and administration expenses (19,449) (18,980) Impairment of financial assets other than investments 72,138 71,478 Profit before tax 72,138 71,478 Provision for taxation (11,148) (13,490) Profit and loss appropriation account 269,812 240,992 Profit after tax for the period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009; Re 1 per share) (75,705) (52,665) Bonus shares for 2010 @ Nil (2009; 15%) - (39,498) Transfer to general reserve (75,000) - Balance unappropriated profit at the end of the period 180,097 206,817 Earnings per share - basic and diluted (in Rupees) Note 14 1.01 0.96 The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Fakhir Rahman	Investment income						86,901	70,720
Other income 1,020 828 General and administration expenses (19,449) (18,980) Impairment of financial assets other than investments (5,246) - Profit before tax 72,138 71,478 Prosit after tax (11,148) (13,490) Profit after tax 60,990 57,988 Profit and loss appropriation account 269,812 240,992 Profit after tax for the period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) (75,705) (52,665) Bonus shares for 2010 @ Nil (2009: 15%) - (39,498) Transfer to general reserve (75,000) - (39,498) Earnings per share - basic and diluted (in Rupees) Note 14 1.01 0.96 The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Fakhir Rahman	1							,
General and administration expenses (19,449) (18,980) Impairment of financial assets other than investments (5,246) - Profit before tax 72,138 71,478 Provision for taxation (11,148) (13,490) Profit after tax 60,990 57,988 Profit and loss appropriation account 269,812 240,992 Profit after tax for the period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) (75,705) 52,665 Bonus shares for 2010 @ Nil (2009: 15%) - 39,498 Transfer to general reserve (75,000) - Balance unappropriated profit at the end of the period 180,097 206,817 Earnings per share - basic and diluted (in Rupees) Note 14 1.01 0.96 The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Fakhir Rahman								
Impairment of financial assets other than investments (5,246) - Profit before tax 72,138 71,478 Provision for taxation (11,148) (13,490) Profit after tax 60,990 57,988 Profit and loss appropriation account 269,812 240,992 Profit after tax for the period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) (75,705) (52,665) Bonus shares for 2010 @ Nil (2009: 15%) - 39,498 Transfer to general reserve (75,000) - Balance unappropriated profit at the end of the period 180,097 206,817 Earnings per share - basic and diluted (in Rupees) Note 14 1.01 0.96 The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Fakhir Rahman								
Profit before tax 72,138 (1,478) Provision for taxation (11,148) (13,490) Profit after tax 60,990 (57,988) Profit and loss appropriation account 269,812 (240,992) Profit after tax for the period (Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) 60,990 (75,705) (52,665) Bonus shares for 2010 @ Nil (2009: 15%) (75,705) (52,665) Transfer to general reserve (75,000) (75,000) (75,000) Balance unappropriated profit at the end of the period 180,097 (206,817) Earnings per share - basic and diluted (in Rupees) Note 14 (1.01) (0.96) The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Fakhir Rahman	1	vestments						(10,700)
Profit after tax 60,990 57,988 Profit and loss appropriation account 269,812 240,992 Balance at commencement of period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) (75,705) (52,665) Bonus shares for 2010 @ Nil (2009: 15%) - (39,498) Transfer to general reserve (75,000) - (75,000) Balance unappropriated profit at the end of the period 180,097 206,817 Earnings per share - basic and diluted (in Rupees) Note 14 1.01 0.96 The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Fakhir Rahman								71,478
Profit and loss appropriation account Balance at commencement of period 269,812 240,992 Profit after tax for the period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) (75,705) (52,665) Bonus shares for 2010 @ Nil (2009: 15%) - (39,498) Transfer to general reserve (75,000) - Balance unappropriated profit at the end of the period 180,097 206,817 Earnings per share - basic and diluted (in Rupees) Note 14 1.01 0.96 The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman								
Balance at commencement of period Profit after tax for the period Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) Bonus shares for 2010 @ Nil (2009: 15%) Transfer to general reserve Balance unappropriated profit at the end of the period Earnings per share - basic and diluted (in Rupees) The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman	Profit after tax						60,990	57,988
Profit after tax for the period 60,990 57,988 Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) (75,705) (52,665) Bonus shares for 2010 @ Nil (2009: 15%) (20,681) (75,000) (75,	Profit and loss appropriation account							
Cash dividend for 2010 @ Rs 1.25 per share (2009: Re 1 per share) Bonus shares for 2010 @ Nil (2009: 15%) Transfer to general reserve Balance unappropriated profit at the end of the period Earnings per share - basic and diluted (in Rupees) The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman	Balance at commencement of period						269,812	240,992
Bonus shares for 2010 @ Nil (2009: 15%) Transfer to general reserve Balance unappropriated profit at the end of the period Earnings per share - basic and diluted (in Rupees) The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman							,	,
Transfer to general reserve Balance unappropriated profit at the end of the period Earnings per share - basic and diluted (in Rupees) The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman		(2009: Re 1 per share)					(75,705)	111
Balance unappropriated profit at the end of the period Earnings per share - basic and diluted (in Rupees) The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman	- · · · · · · · · · · · · · · · · · · ·						(75,000)	(39,498)
The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements. Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman	O .	of the period						206,817
Zahid Bashir Nadeem Maqbool Imran Maqbool Fakhir Rahman	Earnings per share - basic and diluted (in	n Rupees)				Note 14	1.01	0.96
1	The annexed notes from 1 to 16 form an inte	egral part of these cond	densed interim fi	inancial staten	nents.			
1 1	Zahid Bashir Na	adeem Maqbool		Imran N	Maqbool		Fakhir l	Rahman
	Chairman Di	irector		Director	r		Chief E	Executive



Condensed Interim Statement of Comprehensive Income (Unaudited) For the half year ended June 30, 2011

(Amount in Rupees '000)

	2011	2010
Net profit for the period	60,990	57,988
Other comprehensive income for the period	-	-
Total comprehensive income for the period	60,990	57,988

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Zahid Bashir Chairman

Nadeem Maqbool Director

Imran Maqbool Director

Fakhir Rahman Chief Executive



Condensed Interim Statement of Cash Flows (Unaudited) For the half year ended June 30, 2011

(Aı	mount in Rupees '000)	June 30, 2011	June 30, 2010
OP	ERATING CASH FLOWS		
a)	Underwriting activities		
	Premium received Reinsurance premium paid Claims paid Reinsurance and other recoveries received Commissions paid Commissions received Net cash inflow from underwriting activities	386,452 (215,433) (225,440) 131,999 (50,577) 54,296	268,047 (115,671) (152,592) 77,746 (43,805) 47,805 81,530
b)	Other operating activities		
	Income tax paid General management expenses paid Other operating payments Advances, deposits and sundry receivables Other liabilities and accruals Net cash used in other operating activities	(11,102) (91,099) (5,922) 912 4,905 (102,306)	(1,984) (76,510) (4,922) (2,502) 32,950 (52,968)
Tot	tal cash (used in) / flow from operating activities	(21,009)	28,562
IN	VESTMENT ACTIVITIES		
Tot	Investment income received Payments for investments Proceeds from disposal of investments Fixed capital expenditure Proceeds from disposal of fixed assets Rental income received Other income received ral cash flow from / (used in) investing activities	76,985 (502,381) 512,742 (14,751) 1,716 1,699 1,020	16,254 (2,167,190) 2,116,058 (19,521) 2,027 450 828 (51,094)
FIN	NANCING ACTIVITIES		
Tot Cas	Dividends paid tal cash used in financing activities tal cash used in all activities th and cash equivalents at beginning of the period sh and cash equivalents at the end of the period	(71,228) (71,228) (15,207) 148,601 133,394	(51,068) (51,068) (73,600) 215,332 141,732





Condensed Interim Statement of Cash Flows (Unaudited) For the half year ended June 30, 2011

(Amount in Rupees '000)	June 30, 2011	June 30, 2010
Reconciliation to profit and loss account		
Operating cash flows	(21,009)	28,562
Depreciation expense	(7,158)	(5,933)
Investment income	86,901	70,720
Profit on disposal of fixed assets	340	1,080
Rental income	1,431	168
Other income	1,020	828
Impairment of financial assets other than investments	(5,246)	-
Increase in assets other than cash	158,963	246,959
Increase in liabilities	(154,252)	(284,396)
Profit after taxation	60,990	57,988

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	427	638
Stamps in hand	218	258
	645	896
Current and other accounts		
Current accounts	4,646	12,204
Savings accounts	128,103	125,135
	132,749	137,339
Deposits maturing within 12 months	-	3,497
Total cash and cash equivalents	133,394	141,732

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Condensed Interim Statement of Changes in Equity (Unaudited) For the half year ended June 30, 2011

(Amount in Rupees '000)

	Share capital				Reserves				
			Capital 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	Reserve for bad and doubtful debts	Unappro- priated profit	Total reserves	Total equity
Balance as at January 1, 2010	263,323	19,490	185	-	1,250,000	350	240,992	1,511,017	1,774,340
Total comprehensive income for the half year ended June 30, 2010	-	-	-	-	-	-	57,988	57,988	57,988
Cash dividend for the year ended December 31, 2009 declared subsequent to the year end	-	-	-	-	-	-	(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 at June 30, 2010	302,821	19,490	185	-	1,250,000	350	206,817	1,476,842	1,779,663
Total comprehensive income for the half year ended December 31, 2010 Balance at January 1, 2011	302,821	19,490	185		1,250,000	350	62,995 269,812	62,995 1,539,837	62,995 1,842,658
Total comprehensive income for the half year ended June 30,2011	-	-	-	-	-	-	60,990	60,990	60,990
Cash dividend for the year ended December 31, 2010 declared subsequent to the year end	-	-	-	-	-	-	(75,705)	(75,705)	(75,705)
Transferred to general reserve	-	-	-	-	75,000	-	(75,000)	-	-
Balance as at June 30, 2011	302,821	19,490	185		1,325,000	350	180,097	1,525,122	1,827,943

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Zahid Bashir Chairman

Nadeem Maqbool Director

Imran Maqbool Director

Fakhir Rahman Chief Executive



Condensed Interim Statement of Premium (Unaudited)

For the quarter and half year ended June 30, 2011

(Amount in Rupees '000)

Business underwritten inside Pakistan

						Quarter en	ded June 30,				2011	2010
	С	lass	Premium written	Unearned reserved Opening		Premium earned	Reinsurance ceded	Prepaid rei premium Opening		Reinsurance expense	Net premium revenue	Net premium revenue
Direct and Facultative		Fire and property damage	178,534	157,743	242,332	93,945	102,651	108,939	154,045	57,545	36,400	28,371
	2	Marine, aviation and transport	40,240	17,147	23,351	34,036	18,424	15,851	15,353	18,922	15,114	13,417
	3	Motor	75,446	105,140	125,651	54,935	6,124	7,127	9,858	3,393	51,542	41,876
	4	Miscellaneous	48,020	47,343	64,030	31,333	42,604	44,353	61,446	25,511	5,822	5,685
		Total	342,240	327,373	455,364	214,249	169,803	176,270	240,702	105,371	108,878	89,349
Treaty	5	Proportional	-	(1)	(1)	-	-	-	-	-	-	-
	G	rand Total	342,240	327,372	455,363	214,249	169,803	176,270	240,702	105,371	108,878	89,349
Direct and Facultative		Fire and property damage	243,167	182,302	242,332	Half year er	nded June 30,	125,713	154,045	112,507	2011 70,630	2010
	2	Marine, aviation and	,		,	,	,	,		ŕ	,	58,227
	3	transport Motor	72,940 116,509	20,985 115,965	23,351 125,651	70,574 106,823	,	18,390 8,506	15,353 9,858	40,482 6,876	30,092 99,947	23,708 83,912
		Miscellaneous	60,091	66,995	64,030	63,056	,	59,680	61,447	51,123	11,933	11,798
		Total	492,707	386,247	455,364	423,590	239,402	212,289	240,703	210,988	212,602	177,645
Treaty	5	Proportional	-	(1)	(1)	-	-	-	-	-	-	(4)
	G	rand Total	492,707	386,246	455,363	423,590	239,402	212,289	240,703	210,988	212,602	177,641

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

Zahid BashirNadeem MaqboolImran MaqboolFakhir RahmanChairmanDirectorDirectorChief Executive



Condensed Interim Statement of Claims (Unaudited) For the quarter and half year ended June 30, 2011

(Amount in Rupees '000)

Business underwritten inside Pakistan

						Quarter en	ded June 30, Reinsurance	Reinsuranc	e and other	Reinsurance	2011	2010
	С	lass	Claims paid	Outstandin Opening	ng claims Closing	Claims expense	and other recoveries received	outstandin Opening		and other recoveries revenue	Net claims expense	Net claims expense
Direct and Facultative		Fire and property damage	33,747	107,541	132,300	58,506	29,993	78,775	97,819	49,037	9,469	3,832
	2	Marine, aviation and transport	15,893	60,027	59,494	15,360	9,808	39,756	39,338	9,390	5,970	3,197
	3	Motor	32,327	57,336	58,003	32,994	562	936	236	(138)	33,132	29,284
	4	Miscellaneous	25,117	97,044	99,106	27,179	19,444	77,574	82,340	24,210	2,969	4,818
		Total	107,084	321,948	348,903	134,039	59,807	197,041	219,733	82,499	51,540	41,131
Treaty	5	Proportional	4	5,057	5,057	4	-	-	-	-	4	1
	G	rand Total	107,088	327,005	353,960	134,043	59,807	197,041	219,733	82,499	51,544	41,132
D						Half year er	nded June 30,				2011	2010
Direct and Facultative		Fire and property damage	89,936	135,527	132,300	86,709	80,472	101,413	97,819	76,878	9,831	6,431
	2	Marine, aviation and transport	24,406	56,327	59,494	27,573	14,682	36,368	39,338	17,652	9,921	4,236
	3	Motor	62,516	53,066	58,003	67,453	591	695	236	132	67,321	53,517
	4	Miscellaneous	48,578	89,626	99,106	58,058	36,254	70,530	82,340	48,064	9,994	8,274
		Total	225,436	334,546	348,903	239,793	131,999	209,006	219,733	142,726	97,067	72,458
Treaty	5	Proportional	4	5,057	5,057	4	-	-	-	-	4	258
	G	rand Total	225,440	339,603	353,960	239,797	131,999	209,006	219,733	142,726	97,071	72,716

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Condensed Interim Statement of Expenses (Unaudited) For the quarter and half year ended June 30, 2011

(Amount in Rupees '000)

Business underwritten inside Pakistan

		Quarter ended June 30,						2011	2010	
	Class	Commission paid or payable	Opening deferred commission	Closing deferred commission	Net commission expense	Other management expenses		Commission from reinsurers	Net underwriting expense	Net underwriting expense
Direct and Facultative	1 Fire and property damage	30,681	29,673	44,808	15,546	15,877	31,423	13,205	18,218	15,060
	2 Marine, aviation and transport	7,037	3,097	4,160	5,974	6,598	12,572	4,564	8,008	7,584
	3 Motor	8,098	14,437	17,016	5,519	22,479	27,998	337	27,661	23,269
	4 Miscellaneous	6,252	4,586	7,033	3,805	2,545	6,350	5,346	1,004	1,134
	Total	52,068	51,793	73,017	30,844	47,499	78,343	23,452	54,891	47,047
Treaty	5 Proportional	-	-	-	-	-	-	-	-	-
	Grand Total	52,068	51,793	73,017	30,844	47,499	78,343	23,452	54,891	47,047
				Half y	vear ended Ju	nne 30,			2011	2010
Direct and Facultative	1 Fire and property damage	44,336	33,322	44,808	32,850	30,265	63,115	25,289	37,826	29,458
	2 Marine, aviation and transport	12,790	3,767	4,160	12,397	12,894	25,291	9,789	15,502	12,456
	3 Motor	13,257	15,314	17,016	11,555	42,827	54,382	639	53,743	44,232
	4 Miscellaneous	7,621	6,136	7,033	6,724	5,113	11,837	10,517	1,320	1,120
	Total	78,004	58,539	73,017	63,526	91,099	154,625	46,234	108,391	87,266
Treaty	5 Proportional	-	(1)	-	(1)	-	(1)	-	(1)	(3)
	Grand Total	78,004	58,538	73,017	63,525	91,099	154,624	46,234	108,390	87,263

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

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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



Condensed Interim Statement of Investment Income (Unaudited) For the half year ended June 30, 2011

(Amount in Rupees '000)					
	Quarter June		Half year ended June 30,		
	2011	2010	2011	2010	
Income from non-trading investments					
Held to maturity					
Return on bank deposits	3,377	4,165	6,139	8,668	
Available for sale					
Dividend income	38,658	1,942	70,854	5,344	
Gain on sale of investments	5,958 44,616	26,845	14,323	56,728	
Provision for Impairment in value of investments	44,010	28,787	85,177	62,072	
Provision for diminution in the value of available for sale investments	(4,399)	-	(4,399)	-	
Investment management expenses	(10)	(13)	(16)	(20)	
Investment income	43,584	32,939	86,901	70,720	

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.

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

HALF YEAR 2011



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2011

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 are unaudited but subject to a limited scope review by the auditors. These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standards - 34 "Interim Financial Reporting" as applicable in Pakistan in accordance with the format prescribed under SEC (Insurance) Rules 2002. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2010.

The Securities and Exchange Commission of Pakistan (SECP) has allowed the insurance companies to defer the application of International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" in respect of valuation of "available-for-sale investments". Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these condensed interim financial statements.

3. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared under the historical cost convention, except that obligations under employee benefits are measured at present value.

These condensed interim financial statements have been prepared and presented in Pakistani Rupees, which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2010, except as follows:

The company has adopted the following new amended IFRS and IFRIC interpretations which became effective during the period.

IAS 24 - Related Party Disclosure (Revised)

IAS 32 - Financial Instruments: Presentation - Classification of Right Issues (Amendment)

IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2011

(Amount in Rupees '000)

Improvements to various standards issued by IASB in April 2010

IFRS 3 - Business Combinations

IFRS 7 - Financial Instruments Disclosures

IAS 27 - Consolidated and Separate Financial Statements

IAS 1 - Presentation of Financial Statements

IFRIC 13 - Customer Loyalty Programmes

IAS 34 - Interim Financial Reporting

The adoption of the above standards, amendments and interpretations did not have any material effect on the financial statements.

5. ESTIMATES AND JUDGMENTS

Preparation of these condensed interim financial statements 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 these condensed interim financial statements, 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, 2010.

6. 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 for the year ended December 31, 2010.

7. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at June 30, 2011 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.

Unaudited

Audited

8.	OTHER CREDITORS AND ACCRUALS	June 30, 2011	December 31, 2010
	Commission payable	198,588	171,161
	Federal excise duty	12,749	11,065
	Federal insurance fee	188	181
	Advance recoveries	154	254
	Others	32,644	25,870
		244,323	208,531



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2011

(Amount in Rupees '000)

9. CONTINGENCIES AND COMMITMENTS

CONTINGENCY

There is no change during the half year ended June 30, 2011 in the status of the contingency as disclosed in the financial statements for the year ended December 31, 2010.

COMMITMENTS

Commitments for capital expenditure amount to Rs 21.4 million (December 31, 2010: Rs 21.3 million).

10.	INVESTMENTS	Unaudited June 30, 2011	Audited December 31, 2010
	Available for sale		
	Related Parties Quoted shares [market value: Rs 36.906 million (2010: Rs 40.177 million)] Unquoted shares	33,692 4,000 37,692	33,692 4,000 37,692
	Others Quoted shares [market value: Rs 234.054 million (2010: Rs 150.416 million)] Unquoted shares Mutual funds [market value: Rs 947.967 million (2010: Rs 1,031.524 million)] (Note 10.1)	253,717 115,203 943,819 1,312,739	160,056 115,203 1,030,440 1,305,699
		1,350,431	1,343,391

10.1 Mutual funds include Rs 24.7 million (2010: Rs 24.1 million) placed as statutory deposit with the State Bank of Pakistan (market value: Rs 33.8 million [2010: Rs 31.2 million]).

11. FIXED ASSETS-TANGIBLE AND INTANGIBLE

During the period, the Company acquired fixed assets for Rs 14.8 million (2010: Rs 19.5 million). Disposals at cost amounted to Rs 5.2 million (2010: Rs 3.3 million).



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2011

(Amount in Rupees '000)

12. 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.

Transactions and balances with related parties, including remuneration and retirement benefits, are as follows:

Transaction for the period	June 30, 2011	June 30, 2010
Associated undertakings		
Premium written	73,400	71,372
Claims paid	27,697	6,659
Commission paid	6,039	4,517
Dividend received	89	
Dividend paid	9,312	5,830
Others		
Premium written	47	-
Dividend paid	2,894	1,805
Rent received	450	450
Remuneration and retirement benefit to key personnel	28,186	20,334
	June 30,	June 30,
Period-end balances	2011	2010
Associated undertakings		
Claims outstanding	17,645	37,394
Premium receivable	174,660	128,272
Others		
Premium receivable	78	
Other payables	102	147

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 Statements (Unaudited)

For the half year ended June 30, 2011

(Amount in Rupees '000)

13. SEGMENT REPORTING

The following presents segment assets and liabilities as at June 30, 2011 and December 31, 2010.

	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,
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Segment assets	734,265	596,972	190,111	178,401	236,774	225,635	258,958	259,813	1,420,108	1,260,821
Unallocated corporate ass	ets								1,826,977	1,840,459
Consolidated total asset	s								3,247,977	3,101,280
								-		
Segment liabilities	483,129	395,168	108,319	99,915	218,501	200,202	193,027	192,186	1,002,976	887,471
Unallocated corporate liab	oilities								416,166	371,151
Consolidated total liabil	ities								1,419,142	1,258,622

14. EARNINGS PER SHARE - basic and diluted

Basic 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,
2011
2010

Profit after tax for the period	60,990	57,988
Weighted average number of shares	60,564,269	60,564,269
Basic earnings per share of Rs.5 each - Rupees	1.01	0.96

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



Notes to the Condensed Interim Financial Statements (Unaudited)

For the half year ended June 30, 2011

15. DATE OF AUTHORIZATION OF ISSUE

These condensed interim financial statements were authorized for issue on August 20, 2011 by the Board of Directors of the Company.

16. GENERAL

- 16.1 All amounts have been rounded off to the nearest thousand Rupees, unless otherwise stated.
- **16.2** Figures of condensed interim profit and loss account for the quarters ended June 30, 2011 and June 30, 2010 have not been subjected to limited scope review of the auditors.

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



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