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Company Information

Board of Directors

Mr. Mohammed Basheer Janmohammed
(Chairman)
Mr. Yameen Kerai
Mr. Shahid Sattar
Mr. Habib Yousuf Habib
Mr. Rizwan Abbas
Mr. Muhammad Riaz
Mr. Abdul Qadir
Mr. Ghulam Muhammad

Managing Director & Chief Executive Officer

Mr. Ahmed Salahuddin

Board Audit Committee

Mr. Yameen Kerai
Mr. Ghulam Muhammad
Mr. Rizwan Abbas
Mr. Muhammad Riaz

Chief Financial Officer & Company Secretary

Mr. Muhammad Haneed

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Syed Ali Hyder

Bankers

NIB Bank Limited
Habib Metropolitan Bank Limited

Shares Registrar

FAMCO Associates (Pvt.) Ltd.
State Life Building # 1-A, 1st floor
I.I. Chundrigar Road Karachi Pakistan.

Credit Rating

Single A Minus "A-" by JCR-VIS

Registered & Head Office

8th Floor, Shaheen Complex,
M.R. Kayani Road, Karachi
Tel # (92-213) 2219555-60
Fax # (92-213) 2219561

Directors' Review

The Directors are pleased to present the condensed un-audited financial statements of the Company for the half year ended June 30, 2011. The external auditors of the Company have performed a limited scope review on these financial statements.

Business Review

We are happy to convey to you that your Company is reporting a profit of Rs. 18.8 million for H1 2011 compared to Rs.0.55 million in the same period last year.

Your Company has been achieving consistent growth in terms of both gross premium written and net premium earned. The gross premium written for half year 2011 is Rs.430 million as compared to Rs.340 million for the corresponding period last year showing a growth of 26.3%. The net premium revenue for the half year 2011 is Rs.105 million being 47% higher than in the corresponding period last year. This was both due to higher gross premium written during H1 2011 and Q4 2010 as well as higher growth in classes of business where the Company has a higher retention. The net commission for the period has increased to Rs.14 million as compared to Rs.6.5 million for the corresponding period last year. The claims ratio fell from 74% in H1 2010 to 64% in H1 2011, driving underwriting profit higher by 1,074% between H1 2010 and H1 2011. Total expenses in the current period were restricted to Rs.49 million (after accounting for deferment) despite high inflation.

The client base of the Company already includes some prestigious industry names and is growing rapidly. The Company is also fortunate to have highly motivated management team. The marketing staff is given challenging and aggressive targets and underwriting processes have also been strengthened. Your management would like to focus on doing business in market segments that are not only growing but also have a potential to generate profits for the Company.

Financial Highlights

The comparative financial highlights of your Company for the half year ended June 30, 2011 and June 30, 2010 are as follows:

	2011	2010	Variance
	Rupees in thousand		%
Gross Premium Written	429,602	340,045	26.3
Net Premium Revenue	105,495	71,671	47.2
Net Claims including IBNR	(67,789)	(53,172)	27.5
Premium deficiency expense	1,301	(700)	285.9
Management Expenses charged to Revenue Accounts	(27,625)	(22,097)	25.0
Net Commission earned	14,114	6,469	118.2
Profit from underwriting business	25,496	2,171	1,074.4
Investment Income	14,040	11,074	26.8
Gain on disposal of fixed assets	689	53	1,200.0
Other expenses	(21,414)	(12,748)	67.9
Profit before Taxation	18,811	550	3,320.2
Profit after Taxation	18,811	550	3,320.2
Earnings per share (Rupees)	0.54	0.02	

Acknowledgement

The Board of Directors expresses its sincere appreciation to all our valued clients, reinsurers, brokers, business partners and collaborators, the Securities and Exchange Commission of Pakistan, Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange and Central Depository Company for their professional approach and guidance. The Board looks forward to the continued encouragement of all these parties in the future.

For and on behalf of the Board

Mohammed Basheer Janmohammed
Chairman

Ahmed Salahuddin
MD & Chief Executive Officer

Karachi: August 24, 2011

Independent Auditors' Report on Review of Condensed Interim Financial Information to the Members

Introduction

We have reviewed the accompanying condensed interim balance sheet of PICIC Insurance Limited (the Company) as at June 30, 2011, condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim statement of cash flows, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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 condensed interim financial information based on our review. The figures of the condensed interim profit and loss account, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended June 30, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2011. The financial statements of the Company for the year ended December 31, 2010 and half year ended June 30, 2010 were audited and reviewed respectively by another auditor. Their audit report dated February 19, 2011 contained an unqualified opinion and the review report dated August 23, 2010 contained an unqualified conclusion.

Scope of Review

We conducted our review in accordance with 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 condensed interim financial information as of and for the half year ended June 30, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Karachi: August 24, 2011

A. F. Ferguson & Co.
Chartered Accountants

Condensed Interim Profit and Loss Account

For the quarter and half year ended June 30, 2011

(Unaudited)

	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Quarter ended	
							June 30, 2011	June 30, 2010
							Aggregate	Aggregate
(Rupees in thousand)								
Revenue account								
Net premium revenue	1,486	8,010	35,265	3,847	152	5,476	54,236	39,768
Net claims	(3,661)	(4,064)	(29,908)	(956)	-	(2,812)	(41,401)	(24,404)
Premium deficiency expense	-	579	-	100	435	187	1,301	(700)
	(2,175)	4,525	5,357	2,991	587	2,851	14,136	14,664
Management expenses	(1,009)	(70)	(2,738)	-	-	(243)	(4,060)	(4,762)
Net commission	3,019	611	(3,315)	894	1,030	557	2,796	4,351
	2,010	541	(6,053)	894	1,030	314	(1,264)	(411)
Underwriting results	(165)	5,066	(696)	3,885	1,617	3,165	12,872	14,253
Net investment income							2,346	1,023
Return on bank balances							5,827	5,865
Gain on disposal of fixed assets							671	-
							21,716	21,141
General and administrative expenses							(13,064)	(7,002)
Financial charges							(216)	(44)
Other charges							(71)	(282)
Profit before tax							8,365	13,813
Taxation							-	-
Profit after taxation							8,365	13,813

	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Half year ended	
							June 30, 2011	June 30, 2010
							Aggregate	Aggregate
(Rupees in thousand)								
Revenue account								
Net premium revenue	9,650	13,575	68,635	3,134	1,595	8,906	105,495	71,671
Net claims	(6,180)	(9,762)	(42,307)	(1,134)	-	(8,406)	(67,789)	(53,172)
Premium deficiency expense	-	579	-	100	435	187	1,301	(700)
	3,470	4,392	26,328	2,100	2,030	687	39,007	17,799
Management expenses	(7,206)	(5,069)	(8,539)	(864)	(3,726)	(2,221)	(27,625)	(22,097)
Net commission	12,233	3,432	(6,665)	1,419	1,833	1,862	14,114	6,469
	5,027	(1,637)	(15,204)	555	(1,893)	(359)	(13,511)	(15,628)
Underwriting results	8,497	2,755	11,124	2,655	137	328	25,496	2,171
Net investment income							2,159	1,207
Return on bank balances							11,881	9,867
Gain on disposal of fixed assets							689	53
							40,225	13,298
General and administrative expenses							(20,836)	(12,636)
Financial charges							(507)	(101)
Other charges							(71)	(11)
Profit before tax							18,811	550
Taxation	12						-	-
Profit after taxation							18,811	550
Earning per share - basic and diluted (Rupee)	13						0.54	0.02

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2011
(Unaudited)

	Paid-up share capital	Accumulated loss	Total
	(Rupees In thousand)		
Balance as at January 01, 2010	350,000	(124,190)	225,810
Net profit for the period	-	550	550
Balance as at June 30, 2010	<u>350,000</u>	<u>(123,640)</u>	<u>226,360</u>
Balance as at January 01, 2011	350,000	(119,163)	230,837
Net profit for the period	-	18,811	18,811
Balance as at June 30, 2011	<u>350,000</u>	<u>(100,352)</u>	<u>249,648</u>

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Cash Flows

For the half year ended June 30, 2011
(Unaudited)

	June 30, 2011	June 30, 2010
	(Rupees in thousand)	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	320,902	346,201
Reinsurance premiums paid	(219,095)	(244,807)
Claims paid	(160,868)	(97,083)
Reinsurance and other recoveries received	96,762	44,104
Commission paid	(36,662)	(52,531)
Commission received	10,520	38,221
Net cash inflow from underwriting activities	11,559	34,105
b) Other operating activities		
Income tax paid	(1,778)	(1,329)
General management expenses paid	(45,564)	(20,480)
Operating receipts - net	26,510	30,266
Bank charges	(71)	(101)
Net cash (used in) / generated from other operating activities	(20,903)	8,356
Total cash (used in) / generated from operating activities	(9,344)	42,461
INVESTMENT ACTIVITIES		
Profit / return received	18,407	7,812
Dividend received	401	371
Payments for investments	(2,504)	(34,201)
Proceeds from sale / redemption of investments	-	35,056
Fixed capital expenditure	(1,375)	(192)
Proceeds from disposal of fixed assets	718	89
Total cash generated from investing activities	15,647	8,935
FINANCING ACTIVITIES		
Payments under musharakah Agreement	(1,109)	-
Total cash used in financing activities	(1,109)	-
Net cash inflow from all activities	5,194	51,396
Cash at the beginning of the period	217,889	161,010
Cash at the end of the period	223,083	212,406
Reconciliation to profit and loss account		
Operating cash flows	(9,344)	42,461
Depreciation / amortisation	(1,799)	(889)
Gain on disposal of fixed assets	689	53
Financial charges	(507)	-
Investment income	2,159	1,207
Return on bank balances	11,881	9,867
Increase in assets other than cash	302,369	218,798
Increase in liabilities	(286,637)	(270,947)
Profit after taxation	18,811	550
Definition of cash		
Cash comprises of cash in hand and at banks, stamps in hand and short term placements with banks		
Cash for the purpose of statement of cash flows consists of:		
Cash and other equivalent		
Cash in hand	154	185
Stamps in hand	121	137
	275	322
Current and other accounts		
Current accounts	86,649	3,991
Saving accounts	3,639	83,093
	90,288	87,084
Deposits maturing within 12 months	132,520	125,000
	223,083	212,406

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Premiums

For the quarter and half year ended June 30, 2011
(Unaudited)

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded (Rupees in thousand)	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Quarter ended June 30, 2011	Half year ended June 30, 2011
Direct and facultative										
1. Fire and property	90,870	50,592	102,872	38,590	79,980	39,655	82,531	37,104	1,486	3,098
2. Marine, aviation and transport	71,788	17,348	65,785	23,351	61,396	14,817	60,872	15,341	8,010	3,752
3. Motor	58,360	66,786	87,053	38,093	3,786	18,752	19,710	2,828	35,265	26,114
4. Accident and health	35,711	12,399	39,325	8,785	(1,522)	11,793	5,333	4,938	3,847	2,507
5. Credit and surety ship	2,024	46,935	36,068	12,891	1,747	46,159	35,167	12,739	152	1,574
6. Miscellaneous	45,947	13,893	46,601	13,239	30,155	11,367	33,759	7,763	5,476	2,723
	<u>304,700</u>	<u>207,953</u>	<u>377,704</u>	<u>134,949</u>	<u>175,542</u>	<u>142,543</u>	<u>237,372</u>	<u>80,713</u>	<u>54,236</u>	<u>39,768</u>

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded (Rupees in thousand)	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Half year ended June 30, 2011	Half year ended June 30, 2011
Direct and facultative										
1. Fire and property	121,088	56,932	102,872	75,148	104,748	43,281	82,531	65,498	9,650	8,255
2. Marine, aviation and transport	86,143	33,047	65,785	53,405	72,558	28,144	60,872	39,830	13,575	6,720
3. Motor	84,232	76,997	87,053	74,176	8,110	17,141	19,710	5,541	68,635	46,303
4. Accident and health	39,150	14,591	39,325	14,416	2,587	14,028	5,333	11,282	3,134	3,555
5. Credit and surety ship	49,117	16,682	36,068	29,731	47,958	15,345	35,167	28,136	1,595	1,735
6. Miscellaneous	49,872	22,723	46,601	25,994	32,014	18,833	33,759	17,088	8,906	5,103
	<u>429,602</u>	<u>220,972</u>	<u>377,704</u>	<u>272,870</u>	<u>267,975</u>	<u>136,772</u>	<u>237,372</u>	<u>167,375</u>	<u>105,495</u>	<u>71,671</u>

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kera
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Claims

For the quarter and half year ended June 30, 2011
(Unaudited)

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims	Reinsurance and other recoveries revenue	Net claims expense
	Opening	Closing		Opening		Quarter ended June 30, 2011
Direct and facultative						
1. Fire and property	13,292	27,130	11,009	22,749	8,267	3,661 (187)
2. Marine, aviation and transport	5,919	17,421	3,228	10,226	5,181	4,064 3,260
3. Motor	24,931	50,580	363	311	227	29,908 19,034
4. Accident and health	935	10,622	301	9,760	713	956 1,467
5. Credit and surety ship	16,325	-	16,325	-	16,325	- -
6. Miscellaneous	9,832	21,802	7,730	14,839	8,551	2,812 830
	71,234	126,821	38,956	57,885	39,264	41,401
						24,404

Class	Claims paid	Outstanding claims	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims	Reinsurance and other recoveries revenue	Net claims expense
	Opening	Closing		Opening		Half year ended June 30, 2011
Direct and facultative						
1. Fire and property	26,280	20,493	22,539	17,173	25,373	6,180 1,626
2. Marine, aviation and transport	11,489	10,047	6,633	6,385	12,427	9,762 5,418
3. Motor	52,411	65,255	2,874	2,416	633	42,307 40,381
4. Accident and health	1,182	9,144	498	9,144	1,526	1,134 1,661
5. Credit and surety ship	16,325	-	16,325	-	16,325	- -
6. Miscellaneous	53,181	23,150	47,893	18,595	44,958	8,406 4,086
	160,868	128,089	96,762	53,713	101,242	67,789
						53,172

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerali
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Expenses

For the quarter and half year ended June 30, 2011
(Unaudited)

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					June 30, 2011	June 30, 2010
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	13,870	7,658	15,962	5,566	1,009	6,575	8,585	(2,010)	180
2. Marine, aviation and transport	6,210	1,274	5,760	1,724	70	1,794	2,335	(541)	(1,426)
3. Motor	5,370	5,890	7,442	3,818	2,738	6,556	503	6,053	3,624
4. Accident and health	(309)	520	128	83	-	83	977	(894)	343
5. Credit and surety ship	143	429	472	100	-	100	1,130	(1,030)	(4,011)
6. Miscellaneous	3,873	1,131	4,330	674	243	917	1,231	(314)	1,701
	29,157	16,902	34,094	11,965	4,060	16,025	14,761	1,264	411

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					June 30, 2011	June 30, 2010
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	18,864	8,711	15,962	11,613	7,206	18,819	23,846	(5,027)	2,357
2. Marine,aviation and transport	8,216	2,473	5,760	4,929	5,069	9,998	8,361	1,637	1,357
3. Motor	8,227	6,280	7,442	7,065	8,539	15,604	400	15,204	9,382
4. Accident and health	27	267	128	166	864	1,030	1,585	(555)	1,993
5. Credit and surety ship	314	694	472	536	3,726	4,262	2,369	1,893	(398)
6. Miscellaneous	4,360	2,196	4,330	2,226	2,221	4,447	4,088	359	937
	40,008	20,621	34,094	26,535	27,625	54,160	40,649	13,511	15,628

* Commission from reinsurers is arrived after taking impact of opening and closing unearned commission.
The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Investment Income

For the quarter and half year ended June 30, 2011
(Unaudited)

	Quarter ended June 30, 2011	June 30, 2010	Half year ended June 30, 2011	June 30, 2010
	(Rupees in thousand)			
Income from investments classified as investments at fair value through profit or loss account				
Net loss on sale / redemption of investments	-	-	-	(78)
Net unrealised gain / (loss) on revaluation of investments	6	(880)	(927)	(1,044)
Dividend income	401	273	548	371
Return on Government securities	1,941	1,636	2,541	1,966
	<u>2,348</u>	<u>1,029</u>	<u>2,162</u>	<u>1,215</u>
Investment related expenses	(2)	(6)	(3)	(8)
Net investment income	<u><u>2,346</u></u>	<u><u>1,023</u></u>	<u><u>2,159</u></u>	<u><u>1,207</u></u>

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Notes to and forming part of the Condensed Interim Financial Information

For the half year ended June 30, 2011

(Unaudited)

1 STATUS AND NATURE OF BUSINESS

PICIC Insurance Limited (the Company) was incorporated on April 23, 2004 under the Companies Ordinance, 1984 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. It is engaged in providing all classes of non-life insurance business. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Shaheen Complex, M.R. Kayani Road, Karachi. The Company operates with 6 (December 31, 2010: 6) branches in Pakistan.

2 STATEMENT OF COMPLIANCE

2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of the Companies Ordinance 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the said directives prevail.

2.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2010.

3 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except for investments which are carried at fair value.

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

4 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Company operates. This condensed interim financial information is presented in Pakistani Rupees, which is the Company's functional and presentation currency.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed 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, 2010.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2010.

7 INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2010.

8 INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS ACCOUNT	Note	June 30, 2011	December 31, 2010
		(Rupees in thousand) (Un-audited)	(Audited)
Mutual funds		2,731	207
Listed shares		12,830	13,677
Government securities	8.1	39,208	36,770
		<u>54,769</u>	<u>50,654</u>

8.1 Government securities - Market treasury bills

These securities have been deposited with the State Bank of Pakistan in compliance with the requirements of section 29 of the Insurance Ordinance, 2000. These carry rate of return of 12.78% (December 31, 2010: 12.78%) per annum and will mature in August 2011.

9 FIXED ASSETS

The details of additions and disposals during the six months period ended June 30, 2011 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in thousand)			
Tangible				
Furniture and fixture	-	-	-	29
Office equipment	447	46	29	-
Computer equipment	928	108	-	-
Motor vehicles	-	38	-	7
Intangible				
Computer software	-	-	-	-
	<u>1,375</u>	<u>192</u>	<u>29</u>	<u>36</u>

10 OBLIGATION UNDER MUSHARAKAH AGREEMENT

	June 30, 2011 (Un-audited)	December 31, 2010 (Audited)
Opening balance	5,816	-
Obtained during the period	-	6,017
	<u>5,816</u>	<u>6,017</u>
Repaid during the period	(602)	(201)
Closing Balance	<u>5,214</u>	<u>5,816</u>

- 10.1 This represents obligation under Musharakah Agreement with a Modaraba for purchase of vehicles. The share of the Modaraba in the musharakah asset is payable in monthly installments and mark up rate on this arrangement is 18.24% per annum (December 31, 2010: Ranges between 17.83% to 18% per annum).

11 CONTINGENCY

The tax assessment of the Company has been finalised upto and including the tax year 2010. The tax returns filed are to be taken as deemed assessment in terms of Section 120 of the Income Tax Ordinance, 2001. However, while finalising the tax audit for the tax year 2007, the Taxation Officer had disallowed certain expenses claimed by the Company and raised a demand of Rs. 3.17 million. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the impugned order which is pending adjudication. The management, based on the advice of its tax advisor, is confident of a favourable outcome and accordingly, no provision in this respect has been made in this condensed interim financial information.

12 TAXATION

No provision for current taxation has been made in this condensed interim financial information for the half year ended June 30, 2011 as the Company had brought forward aggregate tax losses as at December 31, 2010 amounting to Rs. 116.1 million against which taxable income for the current period has been set off. Deferred tax asset on unabsorbed tax losses, provision against premium due but unpaid and other temporary differences amounting to Rs. 43.389 million (December 31, 2010: Rs. 47.007 million) has not been recognized in this condensed interim financial information as sufficient taxable profits to utilize the deferred tax asset would not be available, based on management's projections.

13 EARNING PER SHARE

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

	Three months period		Six months period ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	(Rupees in thousand)			
Profit after tax for the period	<u>8,365</u>	<u>13,813</u>	<u>18,811</u>	<u>550</u>
	Number in thousand			
Weighted average number of shares of Rs. 10 each	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
	Rupees			
Basic earnings per share of Rs. 10 each	<u>0.24</u>	<u>0.39</u>	<u>0.54</u>	<u>0.02</u>

- 13.1 No figure for diluted earnings per share has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

14 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated entities, entities under common control or influence, entities with common directors, major shareholders, directors and key management personnel. The transactions with related parties, are as follows:

	June 30, 2011 (Un-audited)	December 31, 2010 (Audited)
Balances outstanding at period / year end		
Bank deposits	90,253	67,724
Premiums due but unpaid	10,223	11,429
Investments	2,524	-
Half year ended		
	June 30, 2011 (Un-audited)	June 30, 2010 (Un-audited)
Transactions for the period		
Premium written	6,794	6,905
Claims expense	5,039	1,797
Return on bank deposits	2,989	1,632
Bank charges	127	101
Remuneration of key management personnel	21,326	16,715
Contribution for staff provident fund	1,668	1,360

15 SEGMENT REPORTING

	June 30, 2011 (Un-audited)			December 31, 2010 (Audited)		
	Segment assets	Unallocated assets	Total assets	Segment assets	Unallocated assets	Total assets
(Rupees in thousand)						
Fire and property	360,924	-	360,924	184,244	-	184,244
Marine, aviation and transport	202,232	-	202,232	87,015	-	87,015
Motor	178,034	-	178,034	156,652	-	156,652
Accident and health	64,414	-	64,414	35,331	-	35,331
Credit and surety ship	44,128	-	44,128	19,312	-	19,312
Miscellaneous	167,073	-	167,073	131,113	-	131,113
Unallocated	-	310,341	310,341	-	306,255	306,255
Total	1,016,805	310,341	1,327,146	613,667	306,255	919,922

	June 30, 2011 (Un-audited)			December 31, 2010 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
(Rupees in thousand)						
Fire and property	331,308	-	331,308	203,071	-	203,071
Marine, aviation and transport	199,263	-	199,263	106,828	-	106,828
Motor	183,991	-	183,991	174,257	-	174,257
Accident and health	51,262	-	51,262	26,252	-	26,252
Credit and surety ship	39,751	-	39,751	18,711	-	18,711
Miscellaneous	201,508	-	201,508	110,916	-	110,916
Unallocated	-	70,415	70,415	-	49,050	49,050
Total	1,007,083	70,415	1,077,498	640,035	49,050	689,085

- 15.1 Segment wise financial performance for the half year ended June 30, 2011 have been detailed in the condensed interim profit and loss account.

16 GENERAL

Figures have been rounded off to the nearest thousand rupees.

17 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on August 24, 2011.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Branch Network	Branch Head / Incharge	Details
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Lahore Branch	Mr. Nadeem Qureshi	House # 13/C, Block - K Main Boulevard, Gulberg - II,Lahore. TEL : 042-3575 4154 - 4155 & 4166 FAX : 042-3575 4167
Islamabad Branch	Mr. Muhammed Iftikhar Awan	Office # 16, 4th Floor Malik Complex, 80-West Jinnah Avenue, Blue Area, Islamabad. Tel : 051-287 0613-14, 227 1974, 287 6452 & 287 7020 Fax : 051-287 0621
Multan Branch	Mr. Muhammed Waheed Zafar	Ground floor, Commercial Plaza No. 1 Opp.Civil Hospital, Multan TEL : 061-458 9398 - 99 & 458 6665 FAX : 061-458 5896
Faisalabad Branch	Mr. Sajjad Ali	Ahmed Plaza, 4th Floor Civil Line, Bilal Road Faisalabad. Tel : 041-254 0420-22 Fax : 041-554 0423
Sukkur Branch	Mr. Muhammed Jamshed	Bunder Road, Upper Utility Store, Chacher House Sukkur. Tel : 071-562 7263 Fax : 071-562 7283