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Company Information

Board of Directors	Mr. Mohammed Basheer Janmohammed (Chairman) Mr. Muhammad Rafiq Tumbi Mr. Yameen Kerai Mr. Rizwan Abbas Mr. Muhammad Riaz Mr. Faisal Chisti Mr. Ahmed Salahuddin (MD & Chief Executive Officer)
Board Audit Committee	Mr. Yameen Kerai Mr. Rizwan Abbas Mr. Muhammad Rafiq Tumbi
CFO & Company Secretary	Mr. Muhammad Haneed
Auditors	Ernst & Young Ford Rhodes Sidat Hyder 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. Kiyani Road Karachi Tel # (92-213) 2219555-60 Fax # (92-213) 2219561

Directors' Review

The Directors would like to present the condensed un-audited financial statements of the Company as at 30 June 2010. The auditors of the Company have performed the limited scope review on these financial statements.

Business Review

The Directors would like to report a profit after tax of Rs.0.55 million for half year 2010. The gross premium written for half year 2010 is Rs.340 million as compared to Rs.318 million for the corresponding period last year, showing a growth of around 7%. However, the retained premium for the period has declined by 28% to Rs.72 million as compared to Rs.99.9 million for the corresponding period last year. This was due to higher cession in accident & health business. However, the net commission for the period has increased by 1,474% to Rs.6.5 million as compared to Rs.0.4 million for the corresponding period last year. While gross premium and net commission has shown significant growth, the Company has suffered losses in all the segments except Accident & Health and Credit and Surety business during the period. However, it is pertinent to note that the Company has a second quarter profit of Rs.13.8 million. The management is committed to generating quarter on quarter profits and eliminate previous years' losses.

	30 June 2010		30 June 2009	
	Amount (Rs. in '000)	Claims Ratio (%)	Amount (Rs. in '000)	Claims Ratio (%)
Fire	1,626	19.7	(2,900)	(22.3)
Marine	5,418	80.6	6,877	56.5
Motor	40,381	87.2	29,327	63.1
Miscellaneous	4,086	80.1	6,729	79.7

In the first half of the year, the Company had experienced increases in both the quantum and frequency of losses in view of deteriorating law and order situation in the country especially in Motor and Marine classes of business. Underwriting guidelines have been tightened and rates on selected high risk vehicles increased. Your Company is also exercising greater restraint and caution in insuring leased automobiles.

The company is exercising cost controls covering all areas of expenses with strict quarterly targets to be revisited in case premium generation falls short of agreed upon targets. This exercise resulted in reduction of 12% in aggregate expenses between the half year 2010 compared to half year 2009.

The decrease in mark up rates and volatility in the stock market have reduced investment income by approximately 11% between half year 2010 and half year 2009.

Financial Highlights

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

	2010	2009	Variance %
	Rupees in thousand		
Gross Premium Written	340,045	317,552	7.1
Net Premium Revenue	71,671	99,949	(28.3)
Net Claims including IBNR	53,172	60,670	(12.4)
Premium deficiency expense	700	-	-
Management Expenses charged to Revenue Accounts	22,097	26,700	(17.2)
Net Commission earned	6,469	411	1,473.9
Profit from underwriting business	2,171	12,990	(83.3)
Investment Income	11,074	12,434	(10.9)
Gain on disposal of fixed assets	53	8,972	(99.4)
Other expenses	12,748	12,875	0.99
Profit before Taxation	550	21,521	(97.4)
Profit after Taxation	550	21,521	(97.4)
Earnings per share (Rupees)	0.02	0.61	

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.

Mohammed Basheer Janmohammed
Chairman

Ahmed Salahuddin
MD & Chief Executive Officer

Karachi: 23 August 2010

Auditors' report to the members on review of Interim financial information

Introduction

We have reviewed the accompanying interim condensed balance sheet of PICIC Insurance Limited as at 30 June 2010 and the related interim condensed profit and loss account, interim condensed statements of changes in equity, cash flows, premiums, claims, expenses and investment income and explanatory notes (here-in-after referred to as the "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with 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.

Karachi: 23 August 2010

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Interim Condensed Balance Sheet

As at 30 June 2010

	Note	(Un-audited) 30 June 2010	(Audited) 31 December 2009
(Rupees in thousand)			
Share capital and reserves			
Authorised share capital		500,000	500,000
50,000,000 Ordinary shares of Rs.10/- each			
Issued, subscribed and paid up capital		350,000	350,000
35,000,000 Ordinary shares of Rs.10/- each		(123,640)	(124,190)
Accumulated loss		226,360	225,810
Underwriting provisions			
Provision for outstanding claims (including IBNR)		106,176	121,053
Provision for unexpired risk / premium deficiency reserve		700	-
Provision for unearned premium		292,680	176,216
Commission income unearned		30,370	15,773
		429,926	313,042
Creditors and accruals			
Amounts due to other insurers / re-insurers		244,615	122,024
Sundry creditors and accruals		101,490	70,018
		346,105	192,042
Other liability			
Unclaimed dividend		195	195
TOTAL EQUITY AND LIABILITIES		1,002,586	731,089
CONTINGENCIES			

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The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Rafiq Tumbi
Director

Ahmed Salahuddin
MD & Chief Executive Officer

	Note	(Un-audited) 30 June 2010	(Audited) 31 December 2009
(Rupees in thousand)			
Cash and bank deposits			
Cash and other equivalent		322	190
Current and other accounts		87,084	45,820
Deposits maturing within 12 months		125,000	115,000
		212,406	161,010
Investments	4	45,101	45,118
Other assets			
Premiums due but unpaid		333,960	198,407
Amounts due from other insurers / re-insurers		74,045	91,844
Accrued interest		6,750	4,695
Re-insurance recoveries against outstanding claims		32,386	47,456
Taxation - payments less provision		13,464	12,135
Deferred commission expense		24,390	14,410
Deferred acquisition costs		43,301	28,033
Prepayments - prepaid re-insurance premium ceded		209,912	117,015
- others		4,523	7,883
		742,731	521,878
Fixed assets			
Tangible			
Owned			
Furniture and fixture		869	1,148
Office equipment		660	896
Computers		240	290
Motor vehicles		329	416
Intangible - Computer software		250	333
		2,348	3,083
TOTAL ASSETS		1,002,586	731,089

Interim Condensed Profit and Loss Account

For the half year ended 30 June 2010

(Unaudited)

Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Quarter ended	
							30 June 2010	30 June 2009
							Aggregate	Aggregate
(Rupees in thousand)								
Revenue account								
Net premium revenue	3,098	3,752	26,114	2,507	1,574	2,723	39,768	50,014
Net claims	187	(3,260)	(19,034)	(1,467)	-	(830)	(24,404)	(28,849)
Premium deficiency expense	-	-	(700)	-	-	-	(700)	-
Management expenses	(1,522)	(560)	(1,104)	(2,312)	3,278	(2,542)	(4,762)	(4,027)
Net commission	1,342	1,986	(2,520)	1,969	733	841	4,351	(4,528)
	7	(1,834)	(23,358)	(1,810)	4,011	(2,531)	(25,515)	(37,404)
Underwriting results	3,105	1,918	2,756	697	5,585	192	14,253	12,610
Investment income							1,023	1,951
Return on bank balances							5,865	3,304
Gain on disposal of fixed assets							-	8,972
							21,141	26,837
General and administration expenses							(7,002)	(6,925)
Financial charges							(44)	(137)
Other charges							(282)	-
Profit before taxation							13,813	19,775
Taxation							-	-
Profit after taxation							13,813	19,775
Half year ended								
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	30 June 2010	30 June 2009
							Aggregate	Aggregate
(Rupees in thousand)								
Revenue account								
Net premium revenue	8,255	6,720	46,303	3,555	1,735	5,103	71,671	99,949
Net claims	(1,626)	(5,418)	(40,381)	(1,661)	-	(4,086)	(53,172)	(60,670)
Premium deficiency expense	-	-	(700)	-	-	-	(700)	-
Management expenses	(4,370)	(4,266)	(5,222)	(4,926)	(464)	(2,849)	(22,097)	(26,700)
Net commission	2,013	2,909	(4,160)	2,933	862	1,912	6,469	411
	(3,983)	(6,775)	(50,463)	(3,654)	398	(5,023)	(69,500)	(86,959)
Underwriting results	4,272	(55)	(4,160)	(99)	2,133	80	2,171	12,990
Investment income							1,207	3,269
Return on bank balances							9,867	9,165
Gain on disposal of fixed assets							53	8,972
							13,298	34,396
General and administration expenses							(12,636)	(12,640)
Financial charges							(101)	(235)
Other charges							(11)	-
Profit before tax							550	21,521
Taxation	5						-	-
Profit after taxation							550	21,521
Earnings per share - basic and diluted (Rupee)							0.02	0.61

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Rafiq Tumbi
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Changes in Equity

For the half year ended 30 June 2010

(Unaudited)

	Issued, subscribed and paid-up capital	Accumulated loss	Total
	(Rupees in thousand)		
Balance as at 01 January 2009	350,000	(141,044)	208,956
Net profit for the period	-	21,521	21,521
Balance as at 30 June 2009	<u>350,000</u>	<u>(119,523)</u>	<u>230,477</u>
Balance as at 01 January 2010	350,000	(124,190)	225,810
Net profit for the period	-	550	550
Balance as at 30 June 2010	<u>350,000</u>	<u>(123,640)</u>	<u>226,360</u>

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed Chairman
Yameen Kerai Director
Muhammad Rafiq Tumbi Director
Ahmed Salahuddin MD & Chief Executive Officer

Interim Condensed Statement of Cash Flows

For the half year ended 30 June 2010

(Unaudited)

	30 June 2010	30 June 2009
	(Rupees in thousand)	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	346,201	253,630
Re-insurance premiums paid	(244,807)	(187,091)
Claims paid	(97,083)	(125,424)
Re-insurance and other recoveries received	44,104	55,047
Commission paid	(52,531)	(16,519)
Commission received	38,221	14,053
Net cash inflow from / (used in) underwriting activities	34,105	(6,304)
b) Other operating activities		
Income tax paid	(1,329)	(732)
General management expenses paid	(20,480)	(29,230)
Operating receipts - net	30,266	23,522
Bank charges paid	(101)	-
Net cash inflow from / (used in) other operating activities	8,356	(6,440)
Total cash inflow from / (used in) all operating activities	42,461	(12,744)
INVESTMENT ACTIVITIES		
Profit / return received	7,812	4,412
Dividend received	371	554
Payments for investments	(34,201)	(47,841)
Proceeds from sale / redemption of investments	35,056	46,734
Fixed capital expenditure	(192)	(763)
Proceeds from disposal of assets	89	5,739
Total cash inflow from investing activities	8,935	8,835
FINANCING ACTIVITIES		
Payments on finance leases	-	(2,768)
Net cash inflow from / (used in) all activities	51,396	(6,677)
Cash at the beginning of the period	161,010	187,410
Cash at the end of the period	212,406	180,733
Reconciliation to profit and loss account		
Operating cash flows	42,461	(12,744)
Depreciation	(889)	(1,658)
Gain on disposal of fixed assets	53	8,972
Financial charges	-	(64)
Investment income	1,207	3,269
Return on bank balances	9,867	9,165
Increase in assets other than cash	218,798	222,354
Increase in liabilities	(270,947)	(207,773)
Profit after taxation	550	21,521
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	185	253
Stamps in hand	137	100
	322	353
Current and other accounts		
Current accounts	3,991	16,712
Saving accounts	83,093	48,668
	87,084	65,380
Deposits maturing within 12 months	125,000	115,000
	212,406	180,733

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed Chairman
Yameen Kerai Director
Muhammad Rafiq Tumbi Director
Ahmed Salahuddin MD & Chief Executive Officer

Interim Condensed Statement of Premiums

For the half year ended 30 June 2010
(Unaudited)

Business underwritten inside Pakistan

Business underwritten inside Pakistan											
Class	Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded		Prepaid re-insurance premium ceded		Re-insurance expense	Net premium revenue	
		Opening	Closing		Opening	Closing	Opening	Closing		30 June 2010	Quarter ended 30 June 2009
(Rupees in thousand)											
Direct and facultative											
1. Fire and property	47,281	36,393	55,835	27,839	41,529		30,134	46,922	24,741	3,098	3,892
2. Marine, aviation and transport	67,428	17,913	61,414	23,927	56,954		16,140	52,919	20,175	3,752	5,852
3. Motor	46,364	42,326	62,601	26,089	1,108		2,119	3,252	(25)	26,114	26,164
4. Accident and health	26,298	35,401	35,815	25,884	23,283		34,865	34,771	23,377	2,507	9,658
5. Credit and surety ship	2,897	61,415	46,838	17,474	2,010		58,244	44,354	15,900	1,574	4
6. Miscellaneous	34,560	5,031	30,177	9,414	29,721		4,664	27,694	6,691	2,723	4,444
	224,828	196,479	292,680	130,627	154,605		146,166	209,912	90,859	39,768	50,014

Class	(Rupees in thousand)										Net premium revenue	
	Premiums written	Unearned premium reserve		Premiums earned	Re-insurance ceded		Prepaid re-insurance premium ceded		Re-insurance expense	Half year ended		
		Opening	Closing		Opening	Closing	Opening	Closing		30 June 2010	30 June 2009	
Direct and facultative												
1. Fire and property	60,971	37,184	55,835	42,320	50,259		30,728	46,922	34,065	8,255	12,999	
2. Marine, aviation and transport	75,891	31,329	61,414	45,806	63,478		28,527	52,919	39,086	6,720	12,166	
3. Motor	62,672	48,375	62,601	48,446	2,896		2,499	3,252	2,143	46,303	46,458	
4. Accident and health	33,459	40,930	35,815	38,574	30,258		39,532	34,771	35,019	3,555	19,885	
5. Credit and surety ship	67,223	32	46,838	20,417	63,015		21	44,354	18,682	1,735	80	
6. Miscellaneous	39,829	18,366	30,177	28,018	34,901		15,708	27,694	22,915	5,103	8,361	
	340,045	176,216	292,680	223,581	244,807		117,015	209,912	151,910	71,671	99,949	

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Rafiq Tumbi
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Claims

For the half year ended 30 June 2010
(Unaudited)

Business underwritten Inside Pakistan

Business underwritten Inside Pakistan									
Class	Claims paid	Outstanding claims		Claims expense	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	Net claims expense Quarter ended 30 June 2010
		Opening	Closing			Opening	Closing		
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	13,617	24,628	16,640	5,629	12,245	19,905	13,476	5,816	(187)
2. Marine, aviation and transport	4,657	13,018	14,054	5,693	3,249	7,195	6,379	2,433	3,260
3. Motor	18,943	57,528	57,590	19,005	296	272	(53)	(29)	19,034
4. Accident and health	339	836	1,964	1,467	-	-	-	-	1,467
5. Credit and surety ship	-	-	-	-	-	-	-	-	-
6. Miscellaneous	11,118	22,076	15,928	4,970	7,684	16,128	12,584	4,140	830
	48,674	118,086	106,176	36,764	23,474	43,500	32,386	12,360	24,404
									28,849

Class	Claims paid		Outstanding claims		Claims expense	Re-insurance and other recoveries received	Re-insurance and other recoveries in respect of outstanding claims		Re-insurance and other recoveries revenue	Net claims expense	
	Opening	Closing	Opening	Closing			2010	2009			
(Rupees in thousand)											
Direct and facultative											
1. Fire and property	30,431	30,262	16,640	16,809	16,809	26,181	24,474	13,476	15,183	1,626	(2,900)
2. Marine, aviation and transport	7,926	11,654	14,054	10,326	10,326	5,424	6,895	6,379	4,908	5,418	6,877
3. Motor	40,782	57,677	57,590	40,695	40,695	1,074	707	(53)	314	40,381	29,327
4. Accident and health	1,526	1,829	1,964	1,661	1,661	-	-	-	-	1,661	20,637
5. Credit and surety ship	-	-	-	-	-	-	-	-	-	-	-
6. Miscellaneous	16,418	19,631	15,928	12,715	12,715	11,425	15,380	12,584	8,629	4,086	6,729
	97,083	121,053	106,176	82,206	82,206	44,104	47,456	32,386	29,034	53,172	60,670

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Rafiq Tumbi
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Expenses

For the half year ended 30 June 2010
(Unaudited)

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other commission management expenses	Underwriting expense	Commission from re-insurers *	Underwriting expenses	
		Opening	Closing					30 June 2010	30 June 2009
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	7,982	5,251	9,416	3,817	1,522	5,339	5,159	180	1,239
2. Marine, aviation and transport	5,156	1,297	4,366	2,087	560	2,647	4,073	(1,426)	(1,739)
3. Motor	4,418	4,089	5,936	2,571	1,104	3,675	51	3,624	6,724
4. Accident and health	220	776	590	406	2,312	2,718	2,375	343	(1,174)
5. Credit and surety ship	93	1,883	1,451	525	(3,278)	(2,753)	1,258	(4,011)	25
6. Miscellaneous	2,443	282	2,631	94	2,542	2,636	935	1,701	3,480
	20,312	13,578	24,390	9,500	4,762	14,262	13,851	411	8,555
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	9,523	5,766	9,416	5,873	4,370	10,243	7,886	2,357	6,317
2. Marine, aviation and transport	6,311	2,166	4,366	4,111	4,266	8,377	7,020	1,357	3,130
3. Motor	5,570	4,543	5,936	4,177	5,222	9,399	17	9,382	11,460
4. Accident and health	719	489	590	618	4,926	5,544	3,551	1,993	1,018
5. Credit and surety ship	2,065	2	1,451	616	464	1,080	1,478	(398)	41
6. Miscellaneous	2,947	1,444	2,631	1,760	2,849	4,609	3,672	937	4,323
	27,135	14,410	24,390	17,155	22,097	39,252	23,624	15,628	26,289

* Commission from reinsurers is arrived after taking impact of opening and closing unearned commission.
The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kera
Director

Muhammad Rafiq Tumbi
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Investment Income

For the half year ended 30 June 2010
(Unaudited)

	Quarter ended 30 June 2010	30 June 2009	Half year ended 30 June 2010	30 June 2009
	(Rupees in thousand)			
Income from investments classified as investments at fair value through profit and loss account				
(Loss)/ gain on sale of securities	-	130	(78)	862
Net unrealised loss on revaluation of investments	(880)	(1,041)	(1,044)	(473)
Dividend income	273	534	371	554
Return on Government securities	1,636	2,371	1,966	2,371
	1,029	1,994	1,215	3,314
Investment related expenses	(6)	(43)	(8)	(45)
Net investment income	1,023	1,951	1,207	3,269

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed Chairman
Yameen Kerai Director
Muhammad Rafiq Tumbi Director
Ahmed Salahuddin MD & Chief Executive Officer

Notes to the Interim Condensed Financial Statements

For the half year ended 30 June 2010

(Unaudited)

1. STATUS AND NATURE OF BUSINESS

PICIC Insurance Limited (the Company) was incorporated on 23 April 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. Kiyani Road, Karachi. The Company operates with 6 (31 December 2009: 8) branches in Pakistan.

2. BASIS OF PREPARATION

2.1 These interim condensed financial statements of the Company for the half year ended 30 June 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where requirements differ, the provisions of the Companies Ordinance 1984 and the said directives prevail.

2.2 These interim condensed financial statements do 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 31 December 2009.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended 31 December 2009.

In addition to the above, following new / revised standards, amendments and interpretations to accounting standards became effective during the period:

IFRS 2 - Share Based Payment : Amendments relating to Group Cash-settled Share based Payment Transactions

IFRS 3 - Business Combinations (Revised)

IAS 27 - Consolidated and Separate Financial Statements (Amendment)

IAS 39 - Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendments)

IFRIC 17 - Distributions of Non-cash Assets to owners

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

Note	30 June 2010	31 December 2009
	(Rupees in thousand) (Un-audited)	(Audited)
4. INVESTMENTS - at fair value through profit and loss account		
Mutual funds	180	197
Listed shares	10,959	10,251
Government securities	4.1 33,962	34,670
	<u>45,101</u>	<u>45,118</u>

4.1 Government securities - market treasury bills

These securities are deposited with State Bank of Pakistan in compliance with the requirements of section 29 of the Insurance Ordinance, 2000. These carry rate of return of 11.95% (31 December 2009: 14%) per annum and will mature in October 2010.

5. TAXATION AND CONTINGENCIES

5.1 In view of the tax loss for the period, no provision for current taxation has been made in the financial statements. Deferred tax asset amounting to Rs.55.53 (31 December 2009: Rs.54.90) million including Rs.45.44 (31 December 2009: Rs. 44.57) million in respect of tax losses of Rs. 129.82 (31 December 2009: Rs. 127.35) million has not been recognised in these interim condensed financial statements in accordance with the accounting policy as disclosed in note 5.11 to the annual financial statements of the Company for the year ended 31 December 2009.

- 5.2 During the tax year 2009, the Taxation Officer passed an order alongwith notice of demand under section 161/205 of the Income Tax Ordinance 2001, on alleged default of non deduction of withholding tax on payments of insurance premium to non resident reinsurer. The company filed an appeal alongwith other insurance companies in the High Court of Sindh against the order which was decided on 8 March 2010 in favour of the insurance companies. However, the tax department has filed an appeal against the decision of High Court in the Supreme Court of Pakistan which is pending adjudication. The tax impact of the above amounts to Rs. 5.48 million against which no provision is considered necessary in these interim condensed financial statements as the management is confident about the favourable outcome of the matter.
- 5.3 The tax assessment of the Company has been finalised upto and including the tax year 2009. 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 has 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 these interim condensed financial statements.

6. 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:

	30 June 2010 (Un-audited)	31 December 2009 (Audited)
Balances outstanding at period / year end		
Bank deposits	84,334	45,130
Premiums due but unpaid	7,117	6,610
Half year ended		
	30 June 2010 (Un-audited)	30 June 2009 (Un-audited)
Transactions for the period		
Premium income	6,905	6,462
Claims paid	1,797	3,534
Lease payments	-	2,768
Sale of fixed assets	-	3,655
Return on bank deposits	1,632	4,113
Rent expenses	-	60
Bank charges	101	171
Remuneration of key management personnel	16,715	13,841
Contribution for staff provident fund	1,360	1,413

7. SEGMENT REPORTING

	30 June 2010 (Un-audited)			31 December 2009 (Audited)		
	Segment assets	Unallocated assets	Total assets	Segment assets	Unallocated assets	Total assets
(Rupees in thousand)						
Fire and property	213,495	-	213,495	195,930	-	195,930
Marine, aviation and transport	132,070	-	132,070	70,557	-	70,557
Motor	115,139	-	115,139	81,290	-	81,290
Accident and health	78,673	-	78,673	62,741	-	62,741
Credit and surety ship	55,131	-	55,131	523	-	523
Miscellaneous	123,485	-	123,485	86,123	-	86,123
Unallocated	-	284,593	284,593	-	233,925	233,925
Total	717,993	284,593	1,002,586	497,164	233,925	731,089

8. GENERAL

Figures for the quarter ended 30 June 2010 and 30 June 2009 have not been subject to limited scope review by the statutory auditors.

9. AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors of the Company on 23 August 2010.

Mohammed Basheer Janmohammed	Yameen Kerai	Muhammad Rafiq Tumbi	Ahmed Salahuddin
Chairman	Director	Director	MD & Chief Executive Officer

Branch Network	Branch Head / Incharge	Details
Karachi Corporate Branch	Mr. Aseem Ahmed	Suit No.E-1,Executive Floor, Glass Tower, Main Clifton Road, Karachi. TEL : 021-3565 3394-5,3565 5612-3 & 3563 9713 FAX : 021-3565 4764
Lahore Branch	Mr. Nadeem Quraishi	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	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	State Life Building, 12th Floor, 2 Lquat Raod, Faisalabad. TEL :041-254 0418-21 FAX : 041-254 0423
Sukkur Branch	Mr. Muhammed Jamshed	Bunder Road, Upper Utility Store, Chacher House Sukkur. Tel : 071-562 7263 Fax : 071-562 7283