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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. Kayani Road, Karachi Tel # (92-213) 2219555-60 Fax # (92-213) 2219561

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 9712 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	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

Directors' Review

The Directors would like to present the condensed un-audited financial statements of the Company for the quarter and nine months ended 30 September 2010.

Business Review

Depressed economic conditions, the recent floods, intense competition and a conscious decision by the management to move out of loss making customers have led to the gross premium written for the nine months ended 30 September 2010 at Rs.392 mn being almost the same as that for the corresponding period last year. The net premium for the period has declined by 24.5% to Rs.110 mn as compared to Rs.146 mn for the same period last year. This was due to higher cession in Health and Miscellaneous classes of business. However, the net commission for the period has increased to Rs.8 mn, almost 8 times compared to the corresponding period last year. Higher claims have led to underwriting losses in all classes of business except, Fire.

	30 September 2010		30 September 2009	
	Amount (Rs. in '000)	Claims Ratio (%)	Amount (Rs. in '000)	Claims Ratio (%)
Fire	2,964	23.2	162	1
Marine	9,551	69.1	8,764	52.4
Motor	59,439	84.1	45,077	59.8
Miscellaneous	7,205	113.1	9,698	79.4

During the nine month period, the Company experienced an increase in both the quantum and frequency of losses in view of the deteriorating law and order situation in the country. This was more pronounced in Motor and Marine classes of business. To address this, underwriting guidelines have been tightened and rates on selected high risk vehicles increased.

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 has resulted in expenses showing a marginal decrease in the nine months ended 30 September 2010 compared to the corresponding period last year, despite high inflation.

Decrease in mark up rates and volatility in the stock market has led to a 20% decrease in investment income between the two nine month periods.

As a result the Company has reported an after tax loss of Rs.20.2 mn for the nine months ended 30 September 2010. The management believes that higher gross premiums will significantly improve the Company's performance and reviewing the current pipeline, a significant improvement in performance is expected in the last quarter.

Financial Highlights

The comparative financial highlights of your Company for the nine months ended 30 September 2010 are as follows:

	2010	2009	Variance %
	Rupees in thousand		
Gross Premium Written	391,666	396,220	(1.1)
Net Premium Revenue	110,045	145,811	(24.5)
Net Claims including IBNR	(80,594)	(88,364)	(8.8)
Premium deficiency expense	(700)	-	-
Management Expenses charged to Revenue Accounts	(53,990)	(56,162)	(3.9)
Net Commission earned	8,119	1,006	707.1
(Loss) / Profit from underwriting business	(17,120)	2,291	(847.3)
Investment Income	15,832	19,750	(19.8)
Gain on disposal of fixed assets	75	9,007	(99.2)
Other expenses	(19,031)	(18,646)	2.1
(Loss) / Profit before Taxation	(20,244)	12,402	(263.2)
(Loss) / Profit after Taxation	(20,244)	12,402	(263.2)
(Loss) / Earnings per share (Rupees)	(0.58)	0.35	

Acknowledgement

The Board of Directors would like to express its sincere appreciation to all the Company's valued customers, reinsurers, brokers and business partners. The Board would also like to thank the SECP, the Stock Exchanges and the Central Depository Company for their continued support and guidance.

For and on behalf of the Board

Mohammed Basheer Janmohammed
Chairman

Ahmed Salahuddin
MD & Chief Executive Officer

Karachi: 25 October 2010

Interim Condensed Balance Sheet

As at 30 September 2010

Note	(Un-audited) 30 September 2010	(Audited) 31 December 2009
(Rupees in thousand)		
Share capital and reserves		
Authorised share capital 50,000,000 Ordinary shares of Rs.10/- each	<u>500,000</u>	<u>500,000</u>
Issued, subscribed and paid up capital 35,000,000 Ordinary shares of Rs.10/- each	350,000	350,000
Accumulated loss	<u>(144,434)</u>	<u>(124,190)</u>
	205,566	225,810
Underwriting provisions		
Provision for outstanding claims (including IBNR)	144,361	121,053
Provision for unexpired risk / premium deficiency reserve	700	-
Provision for unearned premium	222,177	176,216
Commission income unearned	<u>22,458</u>	<u>15,773</u>
	389,696	313,042
Creditors and accruals		
Amounts due to other insurers / re-insurers	192,053	122,024
Sundry creditors and accruals	<u>64,637</u>	<u>70,018</u>
	256,690	192,042
Other liability		
Unclaimed dividend	195	195
TOTAL EQUITY AND LIABILITIES	<u>852,147</u>	<u>731,089</u>

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

	(Un-audited) 30 September 2010	(Audited) 31 December 2009
Note	(Rupees in thousand)	
Cash and bank deposits		
Cash and other equivalent	373	190
Current and other accounts	75,698	45,820
Deposits maturing within 12 months	95,000	115,000
	171,071	161,010
Investments	4	82,963
		45,118
Other assets		
Premiums due but unpaid	230,328	198,407
Amounts due from other insurers / re-insurers	87,493	91,844
Accrued interest	7,635	4,695
Re-insurance recoveries against outstanding claims	55,661	47,456
Taxation - payments less provision	13,955	12,135
Deferred commission expense	19,503	14,410
Deferred acquisition costs	31,504	28,033
Prepayments - prepaid re-insurance premium ceded	148,471	117,015
- others	1,203	7,883
	595,753	521,878
Fixed assets		
Tangible		
Owned		
Furniture and fixture	745	1,148
Office equipment	568	896
Computers	353	290
Motor vehicles	268	416
Intangible - Computer software	426	333
	2,360	3,083
TOTAL ASSETS	852,147	731,089

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Profit and Loss Account

For the period ended 30 September 2010
(Unaudited)

	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Quarter ended	
							30 September 2010 Aggregate	30 September 2009 Aggregate
Rupees in thousand								
Revenue account								
Net premium revenue	4,532	7,110	24,415	176	872	1,269	38,374	45,862
Net claims	(1,338)	(4,133)	(19,058)	226	-	(3,119)	(27,422)	(27,694)
Management expenses	(5,926)	(7,888)	(6,372)	(3,626)	(4,987)	(3,094)	(31,893)	(29,462)
Net commission	188	1,290	(1,770)	1,314	671	(43)	1,650	595
	(7,076)	(10,731)	(27,200)	(2,086)	(4,316)	(6,256)	(57,665)	(56,561)
Underwriting results	(2,544)	(3,621)	(2,785)	(1,910)	(3,444)	(4,987)	(19,291)	(10,699)
Investment (loss) / income							(573)	2,193
Return on bank balances							5,331	5,123
Gain on disposal of fixed assets							22	35
							(14,511)	(3,348)
General and administration expenses							(6,254)	(5,739)
Financial charges							(40)	(32)
Other charges							11	-
Loss before taxation							(20,794)	(9,119)
Taxation							-	-
Loss after taxation							(20,794)	(9,119)

	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Period ended	
							30 September 2010 Aggregate	30 September 2009 Aggregate
Rupees in thousand								
Revenue account								
Net premium revenue	12,787	13,830	70,718	3,731	2,607	6,372	110,045	145,811
Net claims	(2,964)	(9,551)	(59,439)	(1,435)	-	(7,205)	(80,594)	(88,364)
Premium deficiency expense	-	-	(700)	-	-	-	(700)	-
Management expenses	(10,296)	(12,154)	(11,594)	(8,552)	(5,451)	(5,943)	(53,990)	(56,162)
Net commission	2,201	4,199	(5,930)	4,247	1,533	1,869	8,119	1,006
	(11,059)	(17,506)	(77,663)	(5,740)	(3,918)	(11,279)	(127,165)	(143,520)
Underwriting results	1,728	(3,676)	(6,945)	(2,009)	(1,311)	(4,907)	(17,120)	2,291
Investment income							634	5,462
Return on bank balances							15,198	14,288
Gain on disposal of fixed assets							75	9,007
							(1,213)	31,048
General and administration expenses							(18,890)	(18,379)
Financial charges							(141)	(267)
Other charges							-	-
(Loss) / profit before taxation							(20,244)	12,402
Taxation							-	-
(Loss) / profit after taxation							(20,244)	12,402
(Loss) / Earnings per share - basic and diluted (Rupee)							(0.58)	0.35

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Changes in Equity

For the period ended 30 September 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	-	12,402	12,402
Balance as at 30 September 2009	350,000	(128,642)	221,358
Balance as at 01 January 2010	350,000	(124,190)	225,810
Net loss for the period	-	(20,244)	(20,244)
Balance as at 30 September 2010	350,000	(144,434)	205,566

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Cash Flows

For the period ended 30 September 2010
(Unaudited)

	30 September 2010	30 September 2009
	Rupees in thousand	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	433,845	369,176
Re-insurance premiums paid	(268,972)	(237,727)
Claims paid	(113,042)	(160,492)
Re-insurance and other recoveries received	47,551	64,630
Commission paid	(31,814)	(23,425)
Commission received	45,668	21,704
Net cash inflow from underwriting activities	113,236	33,866
b) Other operating activities		
Income tax paid	(1,820)	(1,380)
General management expenses paid	(78,414)	(70,490)
Operating receipts - net	2,831	5,552
Bank charges paid	(141)	-
Net cash used in other operating activities	(77,544)	(66,318)
Total cash inflow from / (used in) all operating activities	35,692	(32,452)
INVESTMENT ACTIVITIES		
Profit / return received	12,258	11,028
Dividend received	401	554
Payments for investments	(69,998)	(61,612)
Proceeds from sale / redemption of investments	32,386	63,378
Fixed capital expenditure	(797)	(870)
Proceeds from disposal of assets	120	13,947
Total cash (used in) / inflow from investing activities	(25,630)	28,425
FINANCING ACTIVITIES		
Payments on finance leases	-	(2,768)
Net cash inflow from / (used in) all activities	10,062	(8,795)
Cash at the beginning of the period	161,010	187,410
Cash at the end of the period	171,072	178,615
Reconciliation to profit and loss account		
Operating cash flows	35,692	(32,452)
Depreciation	(1,476)	(2,503)
Gain on disposal of fixed assets	75	9,007
Financial charges	-	(64)
Investment income	634	5,462
Return on bank balances	15,198	14,288
Increase in assets other than cash	70,936	121,625
Increase in liabilities	(141,303)	(102,961)
(Loss) / profit after taxation	(20,244)	12,402
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	215	215
Stamps in hand	158	245
	373	460
Current and other accounts		
Current accounts	10,906	9,155
Saving accounts	64,792	54,000
	75,698	63,155
Deposits maturing within 12 months	95,000	115,000
	171,071	178,615

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Premiums

For the period ended 30 September 2010
(Unaudited)

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		30 September 2010	Quarter ended 30 September 2009
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	12,014	55,835	44,817	23,032	8,926	46,922	37,348	18,500	4,532	6,045
2. Marine, aviation and transport	19,413	61,414	48,335	32,492	14,002	52,919	41,539	25,382	7,110	4,554
3. Motor	19,586	62,601	56,390	25,797	1,383	3,252	3,253	1,382	24,415	28,867
4. Accident and health	197	35,815	20,845	15,167	749	34,771	20,529	14,991	176	2,617
5. Credit and surety ship	(1,654)	46,838	29,587	15,597	(1,600)	44,354	28,029	14,725	872	79
6. Miscellaneous	2,065	30,177	22,203	10,039	(1,151)	27,694	17,773	8,770	1,269	3,700
	51,621	292,680	222,177	122,124	22,309	209,912	148,471	83,750	38,374	45,862
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	72,985	37,184	44,817	65,352	58,185	30,728	37,348	52,565	12,787	19,044
2. Marine, aviation and transport	95,304	31,329	48,335	78,298	77,480	28,527	41,539	64,468	13,830	16,720
3. Motor	82,258	48,375	56,390	74,243	4,279	2,499	3,253	3,525	70,718	75,325
4. Accident and health	33,656	40,930	20,845	53,741	31,007	39,532	20,529	50,010	3,731	22,502
5. Credit and surety ship	65,569	32	29,587	36,014	61,415	21	28,029	33,407	2,607	159
6. Miscellaneous	41,894	18,366	22,203	38,057	33,750	15,708	17,773	31,685	6,372	12,061
	391,666	176,216	222,177	345,705	267,116	117,015	148,471	235,660	110,045	145,811

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

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Claims

For the period ended 30 September 2010
(Unaudited)

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	
	Opening	Closing	Opening	Closing			Opening	Closing		30 September 2010	30 September 2009
Direct and facultative											
1. Fire and property	846	16,640	28,165	12,371	632	13,476	23,877	11,033	1,338	3,062	
2. Marine, aviation and transport	4,543	14,054	18,543	9,032	1,882	6,379	9,396	4,899	4,133	1,987	
3. Motor	9,026	57,590	67,635	19,071	17	(63)	(57)	13	19,058	15,750	
4. Accident and health	199	1,964	1,539	(226)	-	-	-	-	(226)	4,028	
5. Credit and surety ship	-	-	-	-	-	-	-	-	-	-	
6. Miscellaneous	1,345	15,928	28,479	13,896	916	12,584	22,445	10,777	3,119	2,969	
	15,959	108,176	144,361	54,144	3,447	32,338	55,661	26,722	27,422	27,694	

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			Opening	Closing		30 September 2010	30 September 2009
Direct and facultative											
1. Fire and property	31,277	30,262	28,165	29,180	26,813	24,474	23,877	26,216	2,964	162	
2. Marine, aviation and transport	12,469	11,654	18,543	19,358	7,306	6,895	9,396	9,807	9,551	8,764	
3. Motor	49,808	57,677	67,635	59,766	1,091	707	(57)	327	59,439	45,077	
4. Accident and health	1,725	1,829	1,539	1,435	-	-	-	-	1,435	24,663	
5. Credit and surety ship	-	-	-	-	-	-	-	-	-	-	
6. Miscellaneous	17,763	19,631	28,479	26,611	12,341	15,380	22,445	19,406	7,205	9,698	
	113,042	121,053	144,361	136,350	47,551	47,456	55,661	55,756	80,594	88,364	

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

Mohammed Basheer Jannohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Expenses

For the period ended 30 September 2010
(Unaudited)

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses (Rupees in thousand)	Underwriting expense	Underwriting expense	
		Opening	Closing				30 September 2010	Quarter ended 30 September 2009
Direct and facultative								
1. Fire and property	2,278	9,416	7,398	4,296	5,926	10,222	4,484	5,738
2. Marine, aviation and transport	2,640	4,366	3,855	3,651	7,888	11,539	4,941	6,598
3. Motor	1,161	5,936	5,163	1,934	6,372	8,306	164	8,142
4. Accident and health	17	590	352	255	3,626	3,881	1,569	2,312
5. Credit and surety ship	(45)	1,451	920	486	4,987	5,473	1,157	4,316
6. Miscellaneous	916	2,631	2,315	1,232	3,084	4,326	1,189	3,137
	6,967	24,390	19,503	11,854	31,883	43,747	13,504	30,243
								28,967
Direct and facultative								
1. Fire and property	11,801	5,766	7,398	10,169	10,296	20,465	12,370	8,095
2. Marine, aviation and transport	8,951	2,166	3,855	7,762	12,154	19,916	11,961	7,955
3. Motor	6,731	4,543	5,163	6,111	11,594	17,705	181	17,524
4. Accident and health	736	489	352	873	8,552	9,425	5,120	4,305
5. Credit and surety ship	2,020	2	920	1,102	5,451	6,553	2,635	3,918
6. Miscellaneous	3,863	1,444	2,315	2,992	5,943	8,935	4,861	4,074
	34,102	14,410	19,503	29,009	53,990	82,999	37,128	45,871
								55,156

* 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 Jannohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Investment Income

For the period ended 30 September 2010
(Unaudited)

	Quarter ended		Period ended	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
	Rupees in thousand			
Income from investments classified as investments at fair value through profit and loss account				
(Loss) / gain on sale of securities	-	79	(78)	941
Net unrealised (loss) / profit on revaluation of investments	(997)	2,160	(1,641)	1,687
Dividend income	30	-	401	554
Return on Government securities	-	-	1,966	2,371
	<u>(567)</u>	<u>2,239</u>	<u>648</u>	<u>5,553</u>
Investment related expenses	(6)	(46)	(14)	(91)
Net investment income	<u>(573)</u>	<u>2,193</u>	<u>634</u>	<u>5,462</u>

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

Mohammed Basheer Jammohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Notes to the Interim Condensed Financial Statements

For the period ended 30 September 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. Kayani 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 period ended 30 September 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.

4. INVESTMENTS - at fair value through profit and loss account

	30 September 2010 (Un-audited)	31 December 2009 (Audited)
Mutual funds	241	197
Listed shares	10,297	10,251
Government securities	72,425	34,670
	<u>82,963</u>	<u>45,118</u>

5. CONTINGENCIES

5.1 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.

5.2 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 September 2010	31 December 2009
	(Rupees in thousand)	
	(Un-audited)	(Audited)
Balances outstanding at period / year end		
Bank deposits	75,662	45,130
Premiums due but unpaid	7,854	6,610
Accrued Interest	1,639	716
	Period ended	
	30 September 2010	30 September 2009
	(Rupees in thousand)	
	(Un-audited)	(Un-audited)
Transactions for the period		
Premium income	9,936	7,030
Claims paid	2,229	4,258
Lease payments	-	2,768
Sale of fixed assets	-	7,963
Return on bank deposits	3,272	7,244
Rent expenses	-	80
Bank charges	142	203
Remuneration of key management personnel	23,041	20,070
Contribution for staff provident fund	1,831	2,085

7. SEGMENT REPORTING

	30 September 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	189,877	-	189,877	195,930	-	195,930
Marine, aviation and transport	94,510	-	94,510	70,557	-	70,557
Motor	106,433	-	106,433	81,290	-	81,290
Accident and health	41,041	-	41,041	62,741	-	62,741
Credit and surety ship	33,939	-	33,939	523	-	523
Miscellaneous	107,160	-	107,160	86,123	-	86,123
Unallocated	-	279,187	279,187	-	233,925	233,925
Total	572,960	279,187	852,147	497,164	233,925	731,089

8. GENERAL

Figures have been rounded off to the nearest thousand rupees.

9. AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors of the Company on 25 October 2010.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Rizwan Abbas
Director

Ahmed Salahuddin
MD & Chief Executive Officer