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## COMPANY INFORMATION

### Board of Directors

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi

### Chief Executive Officer

Jalees Ahmed Siddiqi

### Chief Financial Officer

Muhammad Ali

### Company Secretary

Haider Raza

### Audit Committee

Shamim Ahmad Khan (Chairman)  
Syed Yawar Ali  
Syed Hyder Ali  
Haider Raza (Secretary)

### Investment Committee

Syed Hyder Ali (Chairman)  
Shamim Ahmad Khan  
Syed Kamal Ali  
Syed Yawar Ali  
Jalees Ahmed Siddiqi  
Muhammad Ali (Secretary)

### Claims Committee

Shamim Ahmad Khan (Chairman)  
Shahbaz Haider Agha  
Muhammad Ali  
Mir Mehmood Ali (Secretary)

### Underwriting Committee

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Shahbaz Haider Agha  
Syed Matin Ahmed  
Haider Ali  
Yasmin Sadiq (Secretary)

### Re-Insurance & Co-Insurance Committee

Syed Hyder Ali (Chairman)  
Jalees Ahmed Siddiqi  
Faisal Khan (Secretary)

### Human Resources & Compensation Committee

Syed Yawar Ali (Chairman)  
Syed Shahid Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi  
Fauzia Ahmad (Secretary)

### Strategy Committee

Syed Babar Ali (Chairman)  
Shamim Ahmad Khan  
Syed Yawar Ali  
Syed Hyder Ali  
Waqar Ahmed Malik  
Jalees Ahmed Siddiqi (Secretary)

### Bankers

Allied Bank Limited  
Habib Bank Limited  
JS Bank Limited  
KASB Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
Faysal Bank Limited

### Auditors

KPMG Taseer Hadi & Co.  
Chartered Accountants

### Internal Auditors

A. F. Ferguson & Co.  
Chartered Accountants

### Legal Advisors

Hassan & Hassan  
Lari & Company  
Ramday Law Associate  
J. H. Rahimtoola and Company Advocates

### Share Registrar

FAMCO Associates (Private) Limited  
State Life Building No. 1 A,  
1st Floor, Off I.I. Chundrigar Road,  
Karachi - 74000

### Registered & Head Office

7th Floor, The Forum,  
Suite Nos. 701-713, G-20, Block 9,  
Khayaban-e-Jami, Clifton,  
Karachi-75600, Pakistan

### Web Presence

[www.igiinsurance.com.pk](http://www.igiinsurance.com.pk)

### Contact

UAN: 111-308-308  
Toll Free No. 0800-2-3434  
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## IGI INSURANCE BRANCH OFFICES

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Gulberg, Lahore - 54660.  
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: 92-42-35763542  
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### Islamabad

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Mubarik Pura, Sialkot.  
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### Faisalabad

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### Gujranwala

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G. T. Road, Gujranwala.  
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E-mail : insurance.gujranwala@igi.com.pk

### Multan

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Abdali Tower, Abdali Road,  
Chowk Nawa Shehar, Multan.  
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## DIRECTORS' REVIEW TO THE SHAREHOLDERS

The Board of Directors of IGI Insurance Limited is pleased to present the un-audited condensed interim financial statements for half year ended 30 June 2011.

Despite tough market conditions, first half 2011 recorded a significant increase of 43% in Gross Written Premium over the same period, 2010 translating to 984 million (2010: 690 million). This is better than the growth envisaged in the strategic plan 2011-14 approved by the Board. The plan lays down strategy for growth and a roadmap of new business areas. The Company continued to grow in existing as well as new market segments and 31% of the total business came from new clients. Your Company also remained focus on exploring and capitalizing opportunities in the market. The six months' results are reflective of the efforts in this area.

The underwriting profit was only marginally higher by 7% owing to higher net claims which increased by 64% to Rs. 267 million. One of the main causes contributing to this increase is that the Company has initiated an extensive reconciliation exercise to clear long outstanding dues with other co-insurers. You will be glad to hear that the initiative has been a success, reflected by reduction in total receivables by over 50%. Another important step taken to strengthen the operations of the Company is acquisition of a new web-based insurance system.

Your Company posted Rs. 156 million investment income, mainly on account of dividend received from its associated companies. General and administrative expenses rose by 55%, inclusive of a donation to a premier educational institution. Excluding donation, the increase over last year is only 14%.

This year, the Company's financial results are adversely affected by share of loss of Rs. 132 million of the associated companies compared to a profit of Rs. 53 million last year. Due to unfavorable business environment for investment banking, IGI Investment Bank figures have negatively impacted our results. Similarly, due to energy situation, another group company numbers adversely affected our profitability. After accounting for the share of loss of associates, overall profitability before tax is Rs. 78 million. Consequently, earning per share for the half year ended 30 June 2011 is Rs. 0.54 against Rs. 2.10 for the corresponding period 2010.

We are confident that with the sustained efforts, the Company will be able to achieve higher goals.

We are grateful to our business partners and all stakeholders for their continued patronage and the Company employees for their dedicated efforts.

**For and on behalf of the Board**



JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

Lahore: 26 August 2011

# INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF IGI INSURANCE LIMITED

## Introduction

We have reviewed the accompanying:

- I. Condensed interim balance sheet;
- II. Condensed interim profit and loss account;
- III. Condensed interim statement of changes in equity;
- IV. Condensed interim statement of cash flows;
- V. Condensed interim statement of premium;
- VI. Condensed interim statement of claims;
- VII. Condensed interim statement of expenses; and
- VIII. Condensed interim statement of investment income

of IGI Insurance Limited ("the Company") as at 30 June 2011 together with notes forming part thereof for the six months period then ended (here-in-afterreferred to as condensed interim financial statements). Management is responsible for the preparation and presentation of this condensed interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements 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 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 statements are not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## Other Matters

The figures for three months period ended 30 June 2011 in the accompanying condensed interim financial statement have not been reviewed and we do not express a conclusion on them.



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Mohammad Mahmood Hussain

Karachi : 26 August 2011

## CONDENSED INTERIM BALANCE SHEET

	Note	Un-audited 30 June 2011 (Rupees in '000)	Audited 31 December 2010
<b>Share capital and reserves</b>			
Authorized share capital 200,000,000 (2010: 100,000,000) ordinary shares of Rs. 10 each		<u>2,000,000</u>	<u>1,000,000</u>
Issued, subscribed and paid up share capital		<u>969,877</u>	718,427
Reserves		<u>9,772,841</u>	10,264,964
Unappropriated profits		<u>644,970</u>	592,463
		<b>11,387,688</b>	11,575,854
<b>Underwriting provisions</b>			
Provision for outstanding claims [including IBNR]		<u>305,388</u>	228,421
Provision for unearned premium		<u>646,812</u>	423,939
Commission income unearned		<u>71,742</u>	49,006
		<b>1,023,942</b>	701,366
<b>Deferred liabilities</b>			
Deferred taxation		<b>52,585</b>	68,145
<b>Creditors and accruals</b>			
Premium received in advance		<u>5,368</u>	344
Amounts due to other insurers / reinsurers		<u>238,964</u>	76,221
Accrued expenses		<u>39,850</u>	44,713
Sundry creditors		<u>139,609</u>	94,013
		<b>423,791</b>	215,291
<b>Borrowings</b>			
Long term finance - secured		<u>-</u>	-
Short term finance - secured		<u>273,405</u>	396,327
		<b>273,405</b>	396,327
<b>Other liabilities</b>			
Unclaimed dividend		<b>5,609</b>	3,468
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>13,167,020</b></u>	<u><b>12,960,451</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## AS AT 30 JUNE 2011 (UN-AUDITED)

	Note	Un-audited 30 June 2011 (Rupees in '000)	Audited 31 December 2010
<b>Cash and bank deposits</b>			
Cash and other equivalents		276	231
Current and other accounts		4,682	190
Deposits maturing within 12 months		-	-
		<b>4,958</b>	421
<b>Investments</b>	8	<b>11,796,991</b>	11,905,802
<b>Investments property</b>		<b>93,930</b>	96,928
<b>Deferred taxation</b>		-	-
<b>Current assets - others</b>			
Premiums due but unpaid - unsecured		353,991	132,000
Amounts due from other insurers / reinsurers - unsecured		137,473	212,475
Accrued investment income		5,984	8,827
Reinsurance recoveries against outstanding claims		152,391	95,371
Prepayments:- prepaid reinsurance premium ceded		316,216	147,998
- others		6,547	8,953
Taxation - provision less payments		76,566	76,560
Sundry receivables	9	50,310	101,222
		<b>1,099,478</b>	783,406
<b>Fixed assets</b>			
<b>Tangible</b>			
Furniture, fixtures and office equipments	10	21,892	25,181
Building		93,930	96,928
Motor vehicles		44,069	45,132
		<b>159,891</b>	167,241
<b>Intangible</b>			
Computer softwares		11,772	2,877
Software under development		-	3,776
		<b>11,772</b>	6,653
<b>TOTAL ASSETS</b>		<b>13,167,020</b>	12,960,451

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UN-AUDITED)

	Three Months Period Ended 30 June					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Others Including Miscellaneous	Aggregate 2011	Aggregate 2010
	(Rupees in '000)					
<b>Revenue account</b>						
Net premium revenue	31,331	37,675	119,744	40,891	229,641	190,553
Net claims expense	(3,338)	(28,435)	(86,271)	(35,693)	(153,737)	(85,106)
Expenses	(14,676)	(6,208)	(6,914)	(6,222)	(34,020)	(49,086)
Net commission	8,179	10,090	(7,600)	4,999	15,668	14,325
<b>Underwriting result</b>	<u>21,496</u>	<u>13,122</u>	<u>18,959</u>	<u>3,975</u>	<u>57,552</u>	<u>70,686</u>
Investment income					(4,406)	15,051
Rental income					5,045	9,138
Other income					785	(1,966)
Financial charges					(7,272)	(16,631)
General and administration expenses					(24,887)	(19,519)
					<u>(30,735)</u>	<u>(13,927)</u>
					26,817	56,759
Share of loss of associates					(201,458)	(62,432)
Loss before taxation					(174,641)	(5,673)
Taxation					9,838	(12,733)
Loss after taxation					<u>(164,803)</u>	<u>(18,406)</u>
					<b>(Rupees)</b>	
<b>Loss per share - basic and diluted</b>					<u>(1.70)</u>	<u>(0.19)</u>
	Six Months Period Ended 30 June					
	Fire & Property Damage	Marine, Aviation & Transport	Motor	Others Including Miscellaneous	Aggregate 2011	Aggregate 2010
	(Rupees in '000)					
<b>Revenue account</b>						
Net premium revenue	55,453	75,662	229,671	85,455	446,241	369,141
Net claims	(4,484)	(37,767)	(160,669)	(63,631)	(266,551)	(162,572)
Expenses	(32,392)	(12,602)	(23,625)	(14,005)	(82,624)	(93,273)
Net commission	31,098	14,976	(17,135)	7,761	36,700	12,254
<b>Underwriting result</b>	<u>49,675</u>	<u>40,269</u>	<u>28,242</u>	<u>15,580</u>	<u>133,766</u>	<u>125,550</u>
Investment income					155,687	125,686
Rental income					9,640	9,138
Other income					3,828	3,332
Financial charges					(16,186)	(31,467)
General and administrative expenses					(76,085)	(49,133)
					<u>76,884</u>	<u>57,556</u>
					210,650	183,106
Share of (loss) / profit of associates					(132,981)	52,976
Profit before taxation					77,669	236,082
Taxation					(25,162)	(32,733)
Profit after taxation					52,507	203,349
Other comprehensive income					-	-
Total comprehensive income					<u>52,507</u>	<u>203,349</u>
<b>Profit and loss appropriation account</b>						
Balance at the commencement of six months					592,463	(172,250)
Profit after taxation					52,507	203,349
Transferred from general reserve					240,673	149,672
Interim dividend for the quarter ended 31 March 2011 Rs. 1 per share (2010: Nil)					(96,988)	-
Final dividend for the year ended 31 December 2010 Rs. 2 per share (2009: Rs. 1.5 per share)					(143,685)	(149,672)
					<u>52,507</u>	<u>203,349</u>
Balance of unappropriated profits at the end of six months					<u>644,970</u>	<u>31,099</u>
					<b>(Rupees)</b>	
<b>Earnings per share - basic and diluted</b>					<u>0.54</u>	<u>2.10</u>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UN-AUDITED)

Share Capital Issued, Subscribed and Paid-up	Reserves					Unappropriated Profit	Total
	Capital Reserves			Revenue Reserves			
	Premium on Issue of Shares	Reserve for Bonus Shares	Other Capital Reserves	General Reserve	General Reserve		
..... (Rupees in thousand) .....							
<b>Balance as at 1 January 2010</b>	598,689	35,762	-	33,267	10,465,345	(172,250)	<b>10,960,813</b>
<b>Total comprehensive income for the period ended 30 June 2010</b>							
Net profit for the period	-	-	-	-	-	203,349	<b>203,349</b>
Transferred from general reserves	-	-	-	-	(149,672)	149,672	-
Transferred to reserve for issue of bonus shares	-	-	119,738	-	(119,738)	-	-
	-	-	119,738	-	(269,410)	353,021	<b>203,349</b>
<b>Transactions with owners, recorded directly in equity</b>							
<b>Distribution to owners</b>							
Final dividend for the year ended 31 December 2009 - Rs. 2.5 per share	-	-	-	-	-	(149,672)	<b>(149,672)</b>
Bonus shares issued for the year ended 31 December 2010 - Rs. 2 per share	119,738	-	(119,738)	-	-	-	-
	119,738	-	(119,738)	-	-	(149,672)	<b>(149,672)</b>
<b>Balance as at 30 June 2010</b>	<b>718,427</b>	<b>35,762</b>	<b>-</b>	<b>33,267</b>	<b>10,195,935</b>	<b>31,099</b>	<b>11,014,490</b>
<b>Balance as at 1 January 2011</b>	718,427	35,762	-	33,267	10,195,935	592,463	<b>11,575,854</b>
<b>Total comprehensive income for the period ended 30 June 2011</b>							
Net profit for the period	-	-	-	-	-	52,507	<b>52,507</b>
Transferred from general reserves	-	-	-	-	(240,673)	240,673	-
Transferred to reserve for issue of bonus shares	-	-	251,450	-	(251,450)	-	-
	-	-	251,450	-	(492,123)	293,180	<b>52,507</b>
<b>Transactions with owners, recorded directly in equity</b>							
<b>Distribution to owners</b>							
Final dividend for the year ended 31 December 2010 - Rs. 2 per share	-	-	-	-	-	(143,685)	<b>(143,685)</b>
Interim dividend for the quarter ended 31 March 2011 - Re. 1 per share	-	-	-	-	-	(96,988)	<b>(96,988)</b>
Bonus shares issued for the year ended 31 December 2010 @ 35%	251,450	-	(251,450)	-	-	-	-
	251,450	-	(251,450)	-	-	(240,673)	<b>(240,673)</b>
<b>Balance as at 30 June 2011</b>	<b>969,877</b>	<b>35,762</b>	<b>-</b>	<b>33,267</b>	<b>9,703,812</b>	<b>644,970</b>	<b>11,387,688</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## CONDENSED INTERIM CASH FLOW STATEMENT

	January to June	
	2011	2010
	(Rupees in '000)	
<b>Operating cash flows</b>		
<b>Underwriting activities</b>		
Premiums received	766,926	581,353
Reinsurance premiums paid	(225,252)	(124,348)
Claims paid	(347,268)	(272,549)
Reinsurance and other recoveries received	100,664	109,562
Commissions paid	(57,092)	(45,179)
Commissions received	110,928	79,480
Net cash inflow from underwriting activities	348,906	328,319
<b>Other operating activities</b>		
Income tax paid	(40,728)	(23,439)
General management expenses paid	(105,689)	(68,266)
Other operating payments	(17,169)	(17,969)
Other operating receipts	10,728	11,284
Net cash (outflow) from other operating activities	(152,858)	(98,390)
Total cash inflow from all operating activities	196,048	229,929
<b>Investment activities</b>		
Profit / return received	9,199	8,815
Dividends received	162,149	115,704
Payments for investments	(352,546)	(325,199)
Proceeds from disposal of investments	315,436	159,938
Redemption of Term Finance Certificates	1,876	1,495
Fixed capital expenditure	(10,521)	(15,528)
Proceeds from disposal of fixed assets	6,437	3,507
Total cash inflow / (outflow) from investing activities	132,030	(51,268)
<b>Financing activities</b>		
Loans paid	-	(40,000)
Advances Received	54,630	(30,100)
Dividends paid	(238,534)	(147,941)
Financial charges paid	(16,715)	(35,838)
Total cash outflow from financing activities	(200,619)	(253,879)
Net cash outflow from all activities	127,459	(75,217)
<b>Cash and cash equivalents at beginning of the period</b>	<b>(395,906)</b>	<b>(480,872)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>(268,447)</b>	<b>(556,089)</b>

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## FOR THE SIX MONTHS PERIOD ENDED

30 JUNE 2011 (UN-AUDITED)

	January to June	
	2011	2010
	(Rupees in '000)	
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	196,048	229,930
Depreciation	(17,978)	(17,000)
Financial charges	(16,186)	(31,467)
Profit on disposal of fixed assets	2,741	1,186
Increase in other assets	373,545	(64,812)
Increase in liabilities other than term finances	(510,123)	(93,761)
Diminution in value of available for sale investments	(3,981)	-
(Diminution) in value of held for trading investment	(19,313)	(405)
<b>Others</b>		
Profit on disposal of investments	12,230	6,704
Dividend and other investment income	168,505	119,998
Share of (loss) / profit of associates	(132,981)	52,976
<b>Profit after taxation</b>	<b>52,507</b>	<b>203,349</b>

### Definition of cash

Cash comprises of cash in hand and at bank balances, stamps in hand and short term placements with banks

Cash for the purposes of the Statement of Cash Flows consists of:

Cash and other equivalents		
- Cash in hand	41	-
- Stamps in hand	235	-
	276	-
Current and other accounts		
- Current Accounts	4,435	127
- PLS Accounts	247	2,040
	4,682	2,167
Deposits maturing within 12 months		
Cash with State Bank of Pakistan	-	-
Term Deposit Receipts with banks	-	-
	-	-
Short term running finance	(273,405)	(558,256)
	<b>(268,447)</b>	<b>(556,089)</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## CONDENSED INTERIM STATEMENT OF PREMIUMS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UN-AUDITED)

### Business underwritten inside Pakistan

Class	For The Three Months Period Ended 30 June 2011										Net Premium Revenue	
	Premiums Written	Unearned Premiums Reserve		Premiums Earned	Reinsurance Ceded	Prepaid Reinsurance Premium Ceded		Reinsurance Expense	30 June 2011	30 June 2010		
		Opening	Closing			Opening	Closing					
(Rupees in '000)												
<b>Direct and facultative</b>												
1. Fire and Property Damage	171,930	219,532	276,001	115,461	156,210	173,622	245,702	84,130	<b>31,331</b>		20,695	
2. Marine, Aviation and Transport	72,906	33,892	25,420	81,378	31,781	26,248	14,326	43,703	<b>37,675</b>		25,443	
3. Motor	116,922	242,918	237,004	122,836	-	7,688	4,596	3,092	<b>119,744</b>		113,043	
4. Miscellaneous	72,842	115,807	108,387	80,262	33,935	57,028	51,592	39,371	<b>40,891</b>		31,372	
<b>Total</b>	<b>434,600</b>	<b>612,149</b>	<b>646,812</b>	<b>399,937</b>	<b>221,926</b>	<b>264,586</b>	<b>316,216</b>	<b>170,296</b>	<b>229,641</b>		<b>190,553</b>	

### Business underwritten inside Pakistan

Class	For The Six Months Period Ended 30 June 2011										Net Premium Revenue	
	Premiums Written	Unearned Premiums Reserve		Premiums Earned	Reinsurance Ceded	Prepaid Reinsurance Premium Ceded		Reinsurance Expense	30 June 2011	30 June 2010		
		Opening	Closing			Opening	Closing					
(Rupees in '000)												
<b>Direct and facultative</b>												
1. Fire and Property Damage	385,722	131,915	276,001	241,636	330,335	101,550	245,702	186,183	<b>55,453</b>		44,752	
2. Marine, Aviation and Transport	150,067	24,969	25,420	149,616	76,076	12,204	14,326	73,954	<b>75,662</b>		58,624	
3. Motor	281,331	192,232	237,004	236,559	7,794	3,690	4,596	6,888	<b>229,671</b>		209,985	
4. Miscellaneous	166,773	74,823	108,387	133,209	68,792	30,554	51,592	47,754	<b>85,455</b>		55,780	
<b>Total</b>	<b>983,893</b>	<b>423,939</b>	<b>646,812</b>	<b>761,020</b>	<b>482,997</b>	<b>147,998</b>	<b>316,216</b>	<b>314,779</b>	<b>446,241</b>		<b>369,141</b>	

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## CONDENSED INTERIM STATEMENT OF CLAIMS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UN-AUDITED)

### Business underwritten inside Pakistan

Class	For The Three Months Period Ended 30 June 2011									
	Claims Paid	Outstanding Claims Opening	Outstanding Claims Closing	Claims Expense	Reinsurance and Other Recoveries Received	Reinsurance and Other Recoveries in Respect of Outstanding Claims Opening	Reinsurance and Other Recoveries in Respect of Outstanding Claims Closing	Reinsurance and Other Recoveries Revenue	Net Claims Expense	
									30 June 2011	30 June 2010
	(Rupees in '000)									
<b>Direct and facultative</b>										
1. Fire and property damage	21,304	58,656	58,429	21,077	14,011	38,643	42,371	17,739	3,338	6,800
2. Marine, aviation and transport	23,304	30,190	68,475	61,589	12,769	12,558	32,943	33,154	28,435	7,157
3. Motor	59,002	56,603	92,323	94,722	221	4,540	12,770	8,451	86,271	62,274
4. Miscellaneous	68,967	95,802	86,161	59,326	19,484	60,158	64,307	23,633	35,693	8,875
<b>Total</b>	<b>172,577</b>	<b>241,251</b>	<b>305,388</b>	<b>236,714</b>	<b>46,485</b>	<b>115,899</b>	<b>152,391</b>	<b>82,977</b>	<b>153,737</b>	<b>85,106</b>

### Business underwritten inside Pakistan

Class	For The Six Months Period Ended 30 June 2011									
	Claims Paid	Outstanding Claims Opening	Outstanding Claims Closing	Claims Expense	Reinsurance and Other Recoveries Received	Reinsurance and Other Recoveries in Respect of Outstanding Claims Opening	Reinsurance and Other Recoveries in Respect of Outstanding Claims Closing	Reinsurance and Other Recoveries Revenue	Net Claims Expense	
									30 June 2011	30 June 2010
	(Rupees in '000)									
<b>Direct and facultative</b>										
1. Fire and property damage	42,428	64,487	58,429	36,370	37,820	48,305	42,371	31,886	4,484	18,511
2. Marine, aviation and transport	38,675	27,882	68,475	79,268	18,977	10,419	32,943	41,501	37,767	16,680
3. Motor	166,126	79,401	92,323	179,048	9,366	3,757	12,770	18,379	160,669	102,073
4. Miscellaneous	100,039	56,651	86,161	129,549	34,501	32,890	64,307	65,918	63,631	25,308
<b>Total</b>	<b>347,268</b>	<b>228,421</b>	<b>305,388</b>	<b>424,235</b>	<b>100,664</b>	<b>95,371</b>	<b>152,391</b>	<b>157,684</b>	<b>266,551</b>	<b>162,572</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## CONDENSED INTERIM STATEMENT OF EXPENSES

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UN-AUDITED)

### Business underwritten inside Pakistan

Class	For The Three Months Period Ended 30 June 2011								
	Commission Paid or Payable	Deferred Commission		Net Commission Expense	Other Management Expenses	Underwriting Expenses	Commission from Reinsurers	Net Underwriting Expenses	
		Opening	Closing					30 June 2011	30 June 2010
..... (Rupees in '000) .....									
<b>Direct and facultative</b>									
1. Fire and property damage	8,667	-	-	8,667	14,676	23,343	16,846	6,497	(5,026)
2. Marine, aviation and transport	5,900	-	-	5,900	6,208	12,108	15,990	(3,882)	5,007
3. Motor	8,054	-	-	8,054	6,914	14,968	454	14,514	26,626
4. Miscellaneous	4,262	-	-	4,262	6,222	10,484	9,261	1,223	8,155
<b>Total</b>	<b>26,883</b>	<b>-</b>	<b>-</b>	<b>26,883</b>	<b>34,020</b>	<b>60,903</b>	<b>42,551</b>	<b>18,352</b>	<b>34,762</b>

### Business underwritten inside Pakistan

Class	For The Six Months Period Ended 30 June 2011								
	Commission Paid or Payable	Deferred Commission		Net Commission Expense	Other Management Expenses	Underwriting Expenses	Commission from Reinsurers	Net Underwriting Expenses	
		Opening	Closing					30 June 2011	30 June 2010
..... (Rupees in '000) .....									
<b>Direct and facultative</b>									
1. Fire and property damage	15,249	-	-	15,249	32,392	47,641	46,347	1,294	1,261
2. Marine, aviation and transport	10,932	-	-	10,932	12,602	23,534	25,908	(2,374)	10,687
3. Motor	17,546	-	-	17,546	23,625	41,171	411	40,760	54,331
4. Miscellaneous	7,764	-	-	7,764	14,005	21,769	15,525	6,244	14,740
<b>Total</b>	<b>51,491</b>	<b>-</b>	<b>-</b>	<b>51,491</b>	<b>82,624</b>	<b>134,115</b>	<b>88,191</b>	<b>45,924</b>	<b>81,019</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

## CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UN-AUDITED)

	Three Months Period Ended 30 June		Six Months Period Ended 30 June	
	2011	2010	2011	2010
	..... (Rupees in '000) .....			
<b>Income from trading investments</b>				
Gain on trading (i.e. buying and selling difference)	1,097	483	12,230	1,126
Dividend income (earned while holding the securities)	79	45	3,169	45
	<b>1,176</b>	528	<b>15,399</b>	1,171
<b>Income from non-trading investments</b>				
<b>Held to maturity</b>				
Return on Government Securities	3,651	1,580	6,312	4,516
Return on other fixed income securities and deposits	2,183	2,621	4,219	3,989
	<b>5,834</b>	4,201	<b>10,531</b>	8,505
<b>Available for sale</b>				
Dividend income	965	5,783	154,805	111,447
Gain on sale of available for sale investments	-	5,577	-	5,577
	<b>965</b>	11,360	<b>154,805</b>	117,024
<b>Loss on revaluation of held for trading investments</b>	<b>(7,201)</b>	(838)	<b>(19,313)</b>	(405)
<b>Provision for diminution in value of available for sale investments</b>	<b>(3,981)</b>	-	<b>(3,981)</b>	-
<b>Less: Investment related expenses</b>	<b>(1,199)</b>	(200)	<b>(1,754)</b>	(609)
<b>Net investment income</b>	<b>(4,406)</b>	15,051	<b>155,687</b>	125,686

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2011 (UN-AUDITED)

## 1. THE COMPANY AND ITS OPERATIONS

IGI Insurance Limited ("the Company"), a Packages Group company, was incorporated as a public limited company in 1953 under Companies Ordinance, 1984 and is quoted on the Karachi and Lahore Stock Exchanges in Pakistan. The Company is engaged in providing general insurance services in spheres of Fire, Marine, Motor and Miscellaneous. The registered office of the Company is situated at 7th floor, The Forum, Suite No. 701-713, G-20, Block 9, Khayaban-e-Jami, Clifton, Karachi.

## 2. BASIS OF PRESENTATION

These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with the listing regulations of Karachi and Lahore Stock Exchanges and section 245 of the Companies Ordinance, 1984. These condensed interim financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003.

These condensed interim 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 2010. There are no comprehensive income to be reported for the period ended 30 June 2011.

## 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended 31 December 2010.

## 4. SIGNIFICANT ESTIMATES AND JUDGEMENT

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect 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 judgements made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applied to the annual financial statements for the year ended 31 December 2010.

## 5. FINANCIAL AND INSURANCE RISK MANAGEMENT

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

## 6. PREMIUM DEFICIENCY RESERVE

No provision has been made in respect of premium deficiency reserve as the unearned premium reserve for each class of business as at 30 June 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.

## 7. CONTINGENCIES AND COMMITMENTS

There is no change in the status of contingencies as disclosed in the annual financial statements of the Company for the year ended 31 December 2010, except for the following:

The DCIR has passed the amended order under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax year 2009 by disallowing certain provisions on account of IBNR, unearned commission and allocation of expenses relating to exempt income. As a result of the amended assessment demand of Rs. 141.26 million was created. The DCIR has made certain errors in the order for which application for rectification was filed. Rectified order under section 221 has been passed and as a result thereof demand has been reduced to Rs. 51.11 million. Against the disallowance made by the DCIR the Company has also filed an appeal before the Commissioner Inland Revenue (Appeals).



The learned CIR (A) vide appellate order dated 28 February 2011 has granted partial relief in respect of certain issue and confirmed certain disallowances. Pursuant to the said appellate order, the Taxation Officer has passed appeal effect order wherein an amount of refund of Rs. 7.65 million has been created. However, the Taxation Officer while passing said order has omitted to allow relief granted by the CIT on account of deletion of financial charges for which a rectification letter has been filed. However, no rectified order has been passed to date. Further, in respect of the issues confirmed by the CIT (A), the company has filed a further appeal before the ITAT.

For the tax year 2004, an appeal was filed before the CIT(A) against the order passed by the Taxation Officer under section 122(1) of the Income Tax Ordinance, 2001 (the Ordinance) which was decided against the Company. Against the order of the CIT(A) further appeal was filed with the ITAT. In respect of the issue of provision for the diminution in the value of investment, the issue is decided in favour of the Company by a specially constituted Larger Bench of the ITAT. For the remaining issues the learned ITAT vide appellate order No. 252 KB of 2008 has confirmed the treatment accorded by the Taxation Officer with the specific directions. The Taxation Officer in line with the direction given by the ITAT through the above appellate order has passed the appeal effect order under section 124 of the Income Tax Ordinance 2001. As a result of passing the appeal effect order an amount of refund of Rs. 3.48 million is due to the Company which is available to the company for future adjustment. However, the Taxation Officer while passing the above appeal effect order has omitted to allow tax credit of Rs. 0.65 million for which rectification letter is filed which is pending.

The management is confident that above will not result in any unfavorable outcome for the Company.

#### 8. INVESTMENTS

		<b>30 June 2011</b>	31 December 2010
		( Rupees in '000 )	
The investments comprise of the following:			
Investments in associates - Equity accounting			
- Quoted	8.1	<b>4,555,009</b>	4,731,032
- Unquoted		<b>152,899</b>	129,569
		<b>4,707,908</b>	4,860,601
Held to maturity			
- Government securities		<b>102,551</b>	78,475
- Term Finance Certificates		<b>105,487</b>	57,363
		<b>208,038</b>	135,838
Available for sale			
- Quoted	8.1	<b>6,717,285</b>	6,703,648
- Unquoted		<b>113,992</b>	117,973
		<b>6,831,277</b>	6,821,621
At fair value through profit or loss - Held for trading			
		<b>49,768</b>	87,742
		<b>11,796,991</b>	11,905,802

**8.1** Market value of investments as at 30 June 2011 is Rs. 26,883 million (31 December 2010: Rs. 13,866 million).

#### 9. SUNDRY RECEIVABLES

		<b>30 June 2011</b>	31 December 2010
		( Rupees in '000 )	
Advances - considered good		<b>28,569</b>	26,617
Security deposits		<b>6,693</b>	6,296
Agent balances		<b>7,979</b>	6,412
Receivable against reverse repo agreement		-	54,630
Receivable from defined benefit plan		<b>5,655</b>	5,655
Sales tax recoverable		<b>1,414</b>	1,612
		<b>50,310</b>	101,222

## 10. FIXED ASSETS - Tangible

	<u>30 June 2011</u>	<u>31 December 2010</u>
	(Rupees in '000)	
Opening book value	167,241	280,545
Add: Additions during the period / year	10,523	22,615
	<u>177,764</u>	<u>303,160</u>
Less: Net book value of disposal	3,696	5,634
Less: Transferred to investment property	-	96,928
Less: Depreciation for the period / year	14,177	33,357
	<u>17,873</u>	<u>135,919</u>
Closing book value	<u>159,891</u>	<u>167,241</u>

## 11. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise associated undertakings, other related companies, directors of the Company and post employment benefit plans. The company in the normal course of business carries out transactions with various related parties. All transactions with related parties have been carried out on commercial terms and conditions.

Description	<u>Three Months Period Ended 30 June</u>		<u>Six Months Period Ended 30 June</u>	
	<u>2011</u>	2010	<u>2011</u>	2010
	(Rupees in '000)			
Premium Underwritten	<u>120,031</u>	<u>72,376</u>	<u>424,333</u>	<u>320,023</u>
Premium Collected	<u>184,880</u>	<u>108,760</u>	<u>427,284</u>	<u>321,929</u>
Claims paid	<u>48,146</u>	<u>11,881</u>	<u>57,298</u>	<u>18,812</u>
Commission paid	<u>4,535</u>	<u>3,178</u>	<u>13,071</u>	<u>5,651</u>
Interest expense	<u>-</u>	<u>121</u>	<u>-</u>	<u>391</u>
Rental Income	<u>5,045</u>	<u>4,782</u>	<u>9,640</u>	<u>9,138</u>
Rent paid	<u>-</u>	<u>-</u>	<u>5,858</u>	<u>5,102</u>
Donation	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Dividends received	<u>75,159</u>	<u>4,872</u>	<u>227,561</u>	<u>109,543</u>
Dividends paid	<u>-</u>	<u>-</u>	<u>126,630</u>	<u>81,200</u>
Contribution to retirement benefit fund	<u>2,459</u>	<u>2,303</u>	<u>4,896</u>	<u>4,532</u>
Key management personnel compensation	<u>14,579</u>	<u>13,852</u>	<u>29,946</u>	<u>27,888</u>
Investment in mutual fund units	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>200,000</u>
Redemption of mutual fund units	<u>-</u>	<u>50,000</u>	<u>76,043</u>	<u>50,000</u>
Investment in shares	<u>-</u>	<u>-</u>	<u>45,780</u>	<u>-</u>

### Period-end balances:

	<u>30 June 2011</u>	<u>31 December 2010</u>
	(Rupees in '000)	
Premium receivable	<u>103,802</u>	<u>26,551</u>
Commission payable	<u>12,074</u>	<u>12,409</u>

## 12. SEGMENT REPORTING

There has been no change in the basis of segmentation or the measurement basis of segment profit or loss since 31 December 2010. Class of business wise revenue and results have been disclosed in the condensed interim statement of premiums and profit and loss account, respectively, prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002.

Segment wise assets as of 30 June 2011 are as follows:

	Fire and Property Damage		Marine, Aviation and Transport		Motor		Miscellaneous		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
..... ( R u p e e s i n ' 0 0 0 ) .....										
Segment assets	567,764	308,518	156,085	110,953	221,365	191,343	236,829	157,074	<b>1,182,043</b>	767,888
Unallocated corporate assets									<b>11,984,977</b>	12,192,563
Consolidated total assets									<b>13,167,020</b>	<u>12,960,451</u>

## 13. EARNINGS PER SHARE

	<b>Six Months Period Ended 30 June</b>	
	<b>2011</b>	2010
<b>13.1 Basic earnings per share</b>		
Profit for the period	<b>52,507</b>	203,349
	(Number of shares)	
Weighted average number of ordinary shares	<b>96,987,772</b>	96,987,772
	(Rupees)	
Earnings per share	<b>0.54</b>	2.10

**13.1.1** The comparative figures of weighted average number of ordinary shares and earnings per share have been restated from 71,842,794 to 96,987,772 and Rs. 2.83 to Rs. 2.10 respectively as a result of bonus shares issued by the Company during the period.

### 13.2 Weighted average number of ordinary shares (Number of shares)

Number of shares outstanding as at 1 January 2011	71,842,794
Bonus shares issued during the period	25,144,978
Weighted average number of ordinary shares as at 30 June 2011	<u>96,987,772</u>

**14. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements are authorised for issue by the Board of Directors of the Company on 26 August 2011.

- 14.1** The Board of Directors has declared 10% interim cash dividend for the half year ended 30 June 2011 amounting to Rs. 97 million and bonus shares at 15% amounting to Rs. 145.5 million at their meeting held on 26 August 2011. These condensed interim financial statements do not include the effect of above appropriation.

**15. GENERAL**

Figures in these condensed interim financial statements have been rounded off to the nearest thousand of rupees.

  
SHAMIM AHMAD KHAN  
Director

  
SYED HYDER ALI  
Director

  
JALEES AHMED SIDDIQI  
Principal Officer & Chief Executive