



IGI Insurance Limited
Condensed Interim
Financial Statements
For The Nine Months Ended
September 30, 2010

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Insurance

Contents

Company Information	02
Directors' Report to the Shareholders	03
Balance Sheet	04
Profit and Loss Account	06
Statement of Changes in Equity	07
Cash Flow Statement	08
Statement of Premiums	10
Statement of Claims	11
Statement of Expenses	12
Statement of Investment Income	13
Notes to the Financial Statements	14
IGI Offices	19



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 Kashif Nisar

Company Secretary

Haider Raza

Audit Committee

Shamim Ahmad Khan (Chairman)
Syed Yawar Ali
Syed Hyder Ali
Akhtar Abbas (Secretary)

Investment Committee

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

Claims Committee

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

Underwriting Committee

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

Re-Insurance & Co-Insurance Committee

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

Human Resources & Compensation Committee

Syed Yawar Ali (Chairman)
Syed Shahid Ali
Syed Hyder Ali
Waqar Ahmed Malik
Jalees Ahmed Siddiqi (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 of Pakistan Limited
Bank Alfalah Limited
Dubai Islamic Bank Pakistan Limited
Habib Bank Limited
JS Bank Limited
KASB Bank Limited
MCB Bank Limited
Standard Chartered Bank (Pakistan) Limited
The Royal Bank of Scotland Limited
United Bank Limited

Auditors

KPMG Taseer Hadi & 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

Contact

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DIRECTORS' REVIEW REPORT TO THE SHAREHOLDERS

The Board of Directors of IGI Insurance Limited is pleased to present the un-audited condensed interim financial statements for the nine months ended September 30, 2010.

During the period under review, despite difficult market conditions, the Company was able to maintain its operational performance, reflected by an increase of 11% in Gross Written Premium from Rs. 952 million in 2009 to Rs. 1,059 million in 2010. The increased net claims, however, had an impact on the underwriting profit which reduced from Rs. 213 million in 2009 to Rs. 170 million in 2010. The Company posted Rs. 224 million investment income, mainly on account of dividend income received from its associated companies.

After accounting for the share of profit of associates, the Company's overall profitability before tax is Rs. 340 million in the period under review. The previous year exceptional profitability represented the Company's share in gain on disposal of investments by Packages Limited. Consequently, earning per share for the nine months ended September 30, 2010 is Rs. 4.04 against Rs. 11.38 for the corresponding period 2009.

The Company is conscious of the macro economic challenges currently being faced by the economy but we are hopeful that these will be addressed effectively to enable establishment of an environment conducive to the growth of the industry. We will continue to strive hard to further improve our performance in the coming months.

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



Syed Babar Ali
Chairman

Karachi: October 27, 2010



CONDENSED INTERIM BALANCE SHEET

	Note	Un-audited 30 September 2010 (Rupees in '000)	Audited 31 December 2009
Share capital and reserves			
Authorized capital 100,000,000 (2009: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital [71,842,794 (2009: 59,868,995) ordinary shares of Rs. 10 each]		718,427	598,689
Reserves		10,264,964	10,534,374
Retained earnings		46,381	(172,250)
		11,029,772	10,960,813
Underwriting provisions			
Provision for outstanding claims [including IBNR]		217,633	286,739
Provision for unearned premium		511,866	374,644
Commission income unearned		62,052	38,139
Total underwriting provisions		791,551	699,522
Deferred taxation		65,424	50,932
Creditors and accruals			
Premium received in advance		5,227	997
Amounts due to other insurers / reinsurers		150,969	31,211
Accrued expenses		35,375	37,905
		191,571	70,113
Borrowings			
Long term finance - secured	7.1	-	40,000
Short term finance - secured		607,633	487,681
Other Liabilities			
Sundry creditors		114,170	54,410
Unclaimed dividend		6,443	2,595
TOTAL LIABILITIES		1,776,792	1,405,253
TOTAL EQUITY AND LIABILITIES		12,806,565	12,366,066
Contingencies	8		


SYED BABAR ALI
Chairman


SHAMIM AHMAD KHAN
Director


SYED HYDER ALI
Director


JALEES AHMED SIDDIQI
Principal Officer & Chief Executive

AS AT 30 SEPTEMBER 2010 (UN-AUDITED)

	Note	Un-audited 30 September 2010 (Rupees in '000)	Audited 31 December 2009
Cash and bank deposits			
Cash and other equivalents		460	267
Current and other accounts		1,787	6,542
Deposits maturing within 12 months		-	-
		2,247	6,809
Investments			
	9	11,454,812	11,235,758
Other assets			
Premiums due but unpaid - unsecured		238,999	127,071
Amounts due from other insurers / reinsurers - unsecured		294,205	259,712
Accrued investment income		91,363	8,379
Reinsurance recoveries against outstanding claims		98,256	172,357
Prepayments: - prepaid reinsurance premium ceded		179,378	133,274
- others		13,865	10,225
Taxation - provision less payments		68,411	79,696
Sundry receivables		92,240	50,240
		1,076,717	840,954
Fixed assets			
Tangible			
Furniture, fixtures and office equipment	10	26,190	30,639
Building		196,854	205,847
Motor vehicles		47,745	44,059
		270,789	280,545
Intangible			
Software under development		2,000	2,000
TOTAL ASSETS		12,806,565	12,366,066

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


SYED BABAR ALI
Chairman


SHAMIM AHMAD KHAN
Director


SYED HYDER ALI
Director


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Principal Officer & Chief Executive



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Other Including Miscellaneous	July to September	
					Aggregate 2010	Aggregate 2009
	(Rupees in '000)					
Revenue account						
Net premium revenue	16,700	30,511	97,173	31,742	176,127	165,039
Net claims	(2,759)	(7,059)	(66,632)	(20,894)	(97,345)	(76,154)
Expenses	(11,263)	(6,100)	(19,546)	(8,452)	(45,361)	(38,160)
Net commission	11,979	4,710	(8,122)	2,084	10,651	7,097
Underwriting result	14,657	22,062	2,873	4,480	44,072	57,822
Investment income					98,069	165,905
Rental income					(872)	4,284
Other income					3,421	1,008
Financial charges					(16,970)	(25,739)
General and administration expenses					(23,328)	(20,964)
					60,320	124,494
Profit before tax					104,392	182,316
Taxation					(17,268)	(26,076)
Profit after tax					87,124	156,240
Basic and diluted earnings per share - (Rupees)					1.21	2.17

	Fire & Property Damage	Marine, Aviation & Transport	Motor	Other Including Miscellaneous	January to September	
					Aggregate 2010	Aggregate 2009
	(Rupees in '000)					
Revenue account						
Net premium revenue	61,452	89,135	307,158	87,522	545,268	450,308
Net claims	(21,270)	(23,739)	(168,705)	(46,202)	(259,917)	(159,738)
Expenses	(39,776)	(20,626)	(54,643)	(23,589)	(138,634)	(125,848)
Net commission	39,231	8,549	(27,356)	2,481	22,905	48,281
Underwriting result	39,637	53,319	56,454	20,212	169,622	213,003
Investment income					223,755	24,628
Rental income					8,266	13,038
Other income					6,753	5,721
Financial charges					(48,437)	(108,504)
General and administration expenses					(72,461)	(79,009)
					117,876	(144,126)
Income from associated companies - net of tax					287,498	68,877
Profit before taxation					52,976	888,626
Taxation					340,474	957,503
Profit after taxation					(50,000)	(140,000)
					290,474	817,503
Profit and loss appropriation account						
Balance at the commencement of the period					(172,250)	(376,347)
Transferred from general reserve					149,672	89,803
Final dividend Rs. 2.5 per share (2008: 1.5)					(149,672)	(89,803)
Interim dividend Rs 1 per share (2009: Rs. 1 per share)					(71,843)	(59,869)
Profit after tax for the period					290,474	817,503
Balance at the end of the period					46,381	381,287
Basic & diluted earnings per share - (Rupees)					4.04	11.38

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

 SYED BABAR ALI
Chairman
  SHAMIM AHMAD KHAN
Director
  SYED HYDER ALI
Director
  JALEES AHMED SIDDIQI
Principal Officer & Chief Executive

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

	Reserves						Unappro- Priated Profit	Total
	Share Capital Issued, Subscribed and Paid-up	Capital Reserves			Revenue Reserves			
		Premium on Issue of Shares	Reserve for Bonus Shares	Other Capital Reserves	General Reserve	General Reserve		
..... (Rupees in thousand)								
Balance as at 1 January 2009	598,689	35,762	-	33,267	10,555,148	(376,347)	10,846,519	
Changes in equity for nine months ended 30 September 2009								
Transferred from general reserves	-	-	-	-	(89,803)	89,803	-	
Final dividend for the year ended 31 December 2008 - Rs. 1.5 per share	-	-	-	-	-	(89,803)	(89,803)	
Interim dividend for the year ending 31 December 2009 - Rs. 1 per share	-	-	-	-	-	(59,869)	(59,869)	
Profit for the period after tax	-	-	-	-	-	817,503	817,503	
Balance as at 30 September 2009	<u>598,689</u>	<u>35,762</u>	<u>-</u>	<u>33,267</u>	<u>10,465,345</u>	<u>381,287</u>	<u>11,514,350</u>	
Balance as at 1 January 2010	598,689	35,762	-	33,267	10,465,345	(172,250)	10,960,813	
Changes in equity for nine months ended 30 September 2010								
Transferred from general reserves	-	-	-	-	(149,672)	149,672	-	
Final dividend for the year ended 31 December 2009 - Rs. 2.5 per share	-	-	-	-	-	(149,672)	(149,672)	
Transferred to reserve for issue of bonus shares	-	-	119,738	-	(119,738)	-	-	
Transferred to share capital	119,738	-	(119,738)	-	-	-	-	
Interim dividend for the year ending 31 December 2010 - Rs. 1 per share	-	-	-	-	-	(71,843)	(71,843)	
Profit for the period after tax	-	-	-	-	-	290,474	290,474	
Balance as at 30 September 2010	<u>718,427</u>	<u>35,762</u>	<u>-</u>	<u>33,267</u>	<u>10,195,935</u>	<u>46,381</u>	<u>11,029,772</u>	

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Director


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Principal Officer & Chief Executive



CONDENSED INTERIM CASH FLOW STATEMENT

	January to September	
	2010	2009
	(Rupees in '000)	
Operating cash flows		
Underwriting activities		
Premiums received	951,571	908,490
Reinsurance premiums paid	(337,618)	(326,173)
Claims paid	(393,554)	(278,175)
Reinsurance and other recoveries received	138,632	66,803
Commissions paid	(50,781)	(77,273)
Commissions received	128,943	126,671
Net cash inflow from underwriting activities	437,193	420,342
Other operating activities		
Income tax paid	(24,223)	(28,929)
General management expenses paid	(124,575)	(90,970)
Other operating payments	(40,996)	(57,757)
Other operating receipts	12,374	15,597
Net cash outflow from other operating activities	(177,420)	(162,058)
Total cash inflow from all operating activities	259,773	258,284
Investment activities		
Profit / return received	13,185	21,443
Dividends received	117,716	258,476
Payments for investments	(420,007)	(409,657)
Proceeds from disposal of investments	261,305	656,929
Redemption of TFCs	3,371	377
Advances given	(35,100)	-
Fixed capital expenditure	(19,679)	(14,945)
Proceeds from disposal of fixed assets	6,604	9,929
Total cash (outflow) / inflow from investing activities	(72,605)	522,554
Financing activities		
Loans paid	(40,000)	(240,000)
Dividends paid	(217,667)	(145,183)
Financial charges paid	(54,015)	(139,541)
Total cash (outflow) from financing activities	(311,682)	(524,724)
Net cash (outflow) / inflow from all activities	(124,514)	256,114
Cash and cash equivalents at the beginning of the period	(480,872)	(789,267)
Cash and cash equivalents at the end of the period	(605,386)	(533,153)


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FOR THE NINE MONTHS PERIOD ENDED

30 SEPTEMBER 2010 (UN-AUDITED)

January to September

2010 2009
(Rupees in '000)

Reconciliation to profit and loss account

Operating cash flows	259,773	258,284
Depreciation	(25,477)	(25,010)
Financial charges	(48,436)	(108,504)
Profit on disposal of fixed assets	2,645	3,161
Increase in assets other than cash	84,946	161,713
(Increase) in liabilities other than term finances	(260,585)	(386,295)
Income from associated companies - net of tax	52,976	888,626
Diminution in value of available for sale investments	-	(269,480)
Appreciation in value of held for trading investment	1,871	21,194

Others

Profit on disposal of investments	8,876	(5,500)
Dividend and other investment income	213,885	279,313

Profit after taxation	<u>290,474</u>	<u>817,503</u>
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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	199	153
- Stamps in hand	261	222
	460	375
Current and other accounts		
- Current Accounts	1,545	1,129
- PLS Accounts	242	15
	1,787	1,144
Deposits maturing within 12 months		
- Cash with State Bank of Pakistan	-	-
- Term Deposit Receipts with banks	-	-
	-	-
Short term running finance	(607,633)	(534,672)
	<u>(605,386)</u>	<u>(533,153)</u>

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CONDENSED INTERIM STATEMENT OF PREMIUMS FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

Business underwritten inside Pakistan

Class	For The Three Months Period Ended 30 September 2010										Net Premium Revenue	
	Premiums Written	Unearned Premiums Reserve		Premiums Earned	Reinsurance Ceded	Prepaid Reinsurance Premium Ceded		Reinsurance Expense	30 Sep 2010	30 Sep 2009		
		Opening	Closing			Opening	Closing					
	(Rupees in '000)											
Direct and facultative 1. Fire and property damage	116,052	143,165	166,154	93,063	91,576	109,799	125,012	76,363	16,700	20,010		
2. Marine, aviation and transport	62,097	25,247	27,369	59,975	35,641	10,199	16,376	29,464	30,511	32,444		
3. Motor	108,891	211,123	219,109	100,905	4,563	4,742	5,573	3,732	97,173	86,691		
4. Miscellaneous	81,937	67,570	99,234	50,273	23,580	27,367	32,417	18,530	31,742	25,895		
Total	368,977	447,105	511,866	304,216	155,360	152,107	179,378	128,089	176,127	165,039		

Class	For The Nine Months Period Ended 30 September 2010										Net Premium Revenue	
	Premiums Written	Unearned Premiums Reserve		Premiums Earned	Reinsurance Ceded	Prepaid Reinsurance Premium Ceded		Reinsurance Expense	30 Sep 2010	30 Sep 2009		
		Opening	Closing			Opening	Closing					
	(Rupees in '000)											
Direct and facultative 1. Fire and Property Damage	327,071	129,605	166,154	290,522	255,401	98,681	125,012	229,070	61,452	53,847		
2. Marine, Aviation and Transport	169,602	15,025	27,369	157,258	81,780	2,719	16,376	68,123	89,135	89,346		
3. Motor	368,632	166,252	219,109	315,775	13,317	873	5,573	8,617	307,158	237,204		
4. Miscellaneous	193,964	63,762	99,234	158,492	72,385	31,001	32,417	70,969	87,522	69,911		
Total	1,059,269	374,644	511,866	922,047	422,883	133,274	179,378	376,779	545,268	450,308		

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CONDENSED INTERIM STATEMENT OF CLAIMS

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

Business underwritten inside Pakistan

Class	For The Three Months Period Ended 30 September 2010									
	Claims Paid	Outstanding Claim		Claims Expense	Reinsurance and Other Recoveries Received	Reinsurance and Other Recoveries in Respect of Outstanding Claims		Reinsurance and Other Recoveries Revenue	Net Claims Expense	
		Opening	Closing			Opening	Closing		30 Sep 2010	30 Sep 2009
..... (Rupees in '000)										
Direct and facultative										
1. Fire and Property Damage	23,732	61,620	67,498	29,610	15,189	42,637	54,299	26,851	2,759	4,885
2. Marine, Aviation and Transport	15,761	35,957	32,482	12,285	6,274	16,888	15,840	5,226	7,059	4,137
3. Motor	44,457	53,995	81,066	71,529	4,897	4,406	4,406	4,897	66,632	45,339
4. Miscellaneous	37,056	45,345	36,587	28,298	2,709	19,018	23,712	7,403	20,894	21,793
Total	121,005	196,917	217,633	141,722	29,070	82,949	98,256	44,377	97,345	76,154

Class	For The Nine Months Period Ended 30 September 2010									
	Claims Paid	Outstanding Claim		Claims Expense	Reinsurance and Other Recoveries Received	Reinsurance and Other Recoveries in Respect of Outstanding Claims		Reinsurance and Other Recoveries Revenue	Net Claims Expense	
		Opening	Closing			Opening	Closing		30 Sep 2010	30 Sep 2009
..... (Rupees in '000)										
Direct and facultative										
1. Fire and Property Damage	97,933	134,453	67,498	30,978	75,198	119,789	54,298	9,708	21,270	(1,247)
2. Marine, Aviation and Transport	45,235	32,204	32,482	45,512	21,422	15,489	15,839	21,773	23,739	7,464
3. Motor	172,018	70,982	81,066	182,103	16,923	7,931	4,406	13,398	168,705	111,652
4. Miscellaneous	78,369	49,100	36,587	65,856	25,089	29,148	23,712	19,653	46,202	41,870
Total	393,554	286,739	217,633	324,449	138,633	172,357	98,256	64,531	259,917	159,738

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 Chairman


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 Director


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 Principal Officer & Chief Executive



CONDENSED INTERIM STATEMENT OF EXPENSES

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

Business underwritten inside Pakistan

Class	For The Three Months Period Ended 30 September 2010							Net Underwriting Expenses	
	Commission Paid or Payable	Deferred Commission		Net Commission Expense	Other Management Expenses	Under-writing Expenses	Commission from Reinsurers	30 Sep 2010	30 Sep 2009
		Opening	Closing						
 (Rupees in '000)								
Direct and facultative									
1. Fire and property damage	17,353	-	-	17,353	11,263	28,616	29,332	(716)	2,007
2. Marine, aviation and transport	5,408	-	-	5,408	6,100	11,508	10,118	1,390	(497)
3. Motor	8,209	-	-	8,209	19,546	27,754	87	27,668	21,426
4. Miscellaneous	4,987	-	-	4,987	8,452	13,438	7,070	6,368	8,127
Total	35,957	-	-	35,957	45,361	81,317	46,607	34,710	31,063

Class	For The Nine Months Period Ended 30 September 2010							Net Underwriting Expenses	
	Commission Paid or Payable	Deferred Commission		Net Commission Expense	Other Man-agement Expenses	Under-writing Expenses	Commission from Reinsurers	30 Sep 2010	30 Sep 2009
		Opening	Closing						
 (Rupees in '000)								
Direct and facultative									
1. Fire and Property Damage	28,874	-	-	28,874	39,776	68,650	68,105	545	(7,304)
2. Marine, Aviation and Transport	13,956	-	-	13,956	20,626	34,582	22,505	12,077	(266)
3. Motor	27,443	-	-	27,443	54,643	82,085	87	81,999	67,862
4. Miscellaneous	11,853	-	-	11,853	23,589	35,441	14,333	21,108	17,275
Total	82,126	-	-	82,126	138,634	220,759	105,030	115,729	77,567

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


 SYED BABAR ALI
 Chairman


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 Director


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 Director


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 Principal Officer & Chief Executive

CONDENSED INTERIM STATEMENT OF INVESTMENT INCOME

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

	Three Months Period Ended 30 September		Nine Months Period Ended 30 September	
	2010	2009	2010	2009
..... (Rupees in '000)				
Income from trading investments				
Gain on trading (i.e. buying and selling difference)	2,173	7,510	3,299	158
Dividend income (earned while holding the securities)	58	-	103	31
	2,231	7,510	3,402	189
Income from non-trading investments				
Held to maturity				
Return on government securities	3,233	2,259	7,749	6,891
Return on other fixed income securities and deposits	2,093	2,245	6,082	13,946
	5,326	4,504	13,831	20,837
Available for sale				
Dividend income	88,505	135,413	199,952	258,445
Gain on sale of available for sale investments	-	(16,757)	5,577	(5,657)
	88,503	118,656	205,527	252,788
Diminution in value of held for trading investments				
	2,276	1,030	1,871	21,194
Provision for diminution in value of available for sale investments				
	-	34,405	-	(269,480)
Less: Investment related expenses				
	(267)	(200)	(876)	(900)
Net investment income	98,069	165,905	223,755	24,628

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


SYED BABAR ALI
Chairman


SHAMIM AHMAD KHAN
Director


SYED HYDER ALI
Director


JALEES AHMED SIDDIQI
Principal Officer & Chief Executive



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

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

This condensed interim financial information is unaudited but subject to review by the auditors and is 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 and being presented in condensed form in accordance with the requirements of the approved accounting standard "International Accounting Standard - Interim Financial Reporting (IAS-34)" as applicable in Pakistan and in the format prescribed by Insurance Division of Securities and Exchange Commission of Pakistan (SECP) in its Circular No. 7 of 2003 dated 27 August 2003.

This condensed interim financial information do not include all the information and disclosures required in the 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 this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended December 31, 2009.

4. PREMIUM DEFICIENCY RESERVE

No provision has been made as the unearned premium reserve for each class of business as at half year ended 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.

5. SIGNIFICANT ESTIMATES AND JUDGEMENT

The preparation of the condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimating uncertainty were the same as those applies to the annual financial statements for the year ended 31 December 2009.

6. FINANCIAL & 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 2009.

7. BORROWINGS

7.1 Long term finance - secured

	Un-audited 30 September 2010	Audited 31 December 2009
	(Rupees in '000)	
Opening Balance	40,000	320,000
Add: Disbursements during the period	-	-
Less: Repaid during the period	40,000	280,000
Closing Balance	<u>-</u>	<u>40,000</u>

8. CONTINGENCIES & 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 2009, except for the following:

During the nine months period ended 30 September 2010, the DCIT has passed the amended order under section 122 (5A) pursuant to the selection of case made by the CIR LTU in terms of section 177 of the Income tax Ordinance, 2001. The major issue involved in the said order is disallowance of claim of exemption under Rule 6A of the Forth Schedule of the Ordinance in respect of gain on sales of shares of listed securities. The company aggrieved of the treatment meted out by the DCIR and has filed an appeal before the CIR (A) which is pending adjudication. Besides, LTU Karachi has also passed a penalty order under section 184/190 of the Ordinance creating demand of Rs. 444.4 million. The DCIR has passed the aforesaid order pursuant to the addition made under section 111 (1)(a)&(b) and the order passed under section 122(1) of the Ordinance. The company has also filed an appeal before the CIR (A) against the aforesaid order which is pending adjudication.

The Company has filed return for the tax year 2008 in terms of section 120 of the Ordinance whereby a "Complete return" filed under the Ordinance is taken to an assessment order passed by the Commissioner of income tax on the day the said return is furnished. The Additional Commissioner Audit Division-II, Karachi had issued notice under section 122(5A) of the Ordinance for passing an amended order on certain issues. However, company has filed a writ petition before the Honorable High court of Sindh challenging the validity of the notice. The Honorable High court while admitting the above petition has restrained the department to take up the amended proceedings.

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. The company aggrieved of the treatment meted out by the DCIR and has filed an appeal before the CIR (A) which is pending adjudication. The ACIR while passing the above order has made certain calculation errors for which rectification application has been filed for passing a rectification order. As a result of passing rectification order the impugned demand of Rs. 141 m would be reduced to Rs. 44.7 m.

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



9. INVESTMENTS

	Un-audited 30 September 2010	Audited 31 December 2009
	(Rupees in '000)	
The investments comprise of the following: Equity instruments of associated companies		
- quoted *	4,860,078	4,737,684
- unquoted	114,056	114,056
	4,974,134	4,851,740
Held to maturity	135,085	122,334
Available for sale		
- quoted *	6,097,215	6,134,658
- unquoted	127,026	127,026
	6,224,241	6,261,684
Held for trading	121,352	-
	11,454,812	11,235,758

* Market value of investments as at 30 September 2010 is Rs. 11,002 million (31 December 2009: Rs. 9,394 million).

10. FIXED ASSETS

	Un-audited 30 September 2010	Audited 31 December 2009
	(Rupees in '000)	
Opening book value	280,545	302,531
Add: Additions during the period / year	19,679	18,772
	300,224	321,303
Less: Written down value of disposal	3,958	7,371
Less: Depreciation for the period / year	25,477	33,387
	29,435	40,758
Closing book value	270,789	280,545

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	Three Months Period Ended 30 September (Un-audited)		Nine Months Period Ended 30 September (Un-audited)	
	2010	2009	2010	2009
	(Rupees in '000)			
Premium Underwritten	56,819	50,074	376,842	379,079
Premium Collected	86,979	49,938	408,908	412,779
Claims paid	8,023	12,042	26,835	51,921
Commission paid	1,038	4,273	6,689	13,496
Interest expense	-	1,147	391	12,640
Rental Income	(872)	4,284	8,266	13,038
Rent paid	2,784	-	7,886	-
Dividends received	86,508	105,604	196,051	223,907
Dividends paid	36,765	32,088	117,965	80,021
Contribution to retirement benefit fund	2,356	1,352	6,888	4,492
Key management personnel compensation	14,751	7,656	42,639	27,060
Investment in units	25,000	-	225,000	35,000
Redemption of units	73,957	10,000	123,957	236,036

Period-end balances:

	Un-audited 30 September 2010	Audited 31 December 2009
	(Rupees in '000)	
Premium receivable	66,759	76,978
Commission payable	13,067	11,700



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 2009. 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 September, 2010 are as follows:

	Fire and Property Damage		Marine, Aviation and Transport		Motor		Miscellaneous		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
 (R u p e e s i n ' 0 0 0)									
Segment assets	456,659	438,906	176,034	149,494	322,569	234,207	220,605	152,519	1,175,867	975,126
Unallocated corporate assets									11,630,698	11,390,940
Consolidated total assets									12,806,565	12,366,066

13. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information is authorised for issue by the Board of Directors of the Company on 27 October, 2010.

14. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant re-arrangements have been made.

15. GENERAL

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

SYED BABAR ALI
Chairman

SHAMIM AHMAD KHAN
Director

SYED HYDER ALI
Director

JALEES AHMED SIDDIQI
Principal Officer & Chief Executive

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