

Financial Statements  
(Un-Audited)  
Half year ended  
June 30, 2014



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## Company Information

Board of Directors	Mr. Irshad Ali Shaban Ali Kassim (Chairman) Mr. Shahid Ahmad Mr. Abu Ahmed Mr. Munawer Ali Kassim Ms. Ayesha Mohammad Mr. Ghulam Muhammad Mr. Khalid Nawaz Awan (There is a casual vacancy which will be filled in due course)
Managing Director & Chief Executive Officer	Mr. Ahmed Salahuddin
Board Audit Committee	Mr. Abu Ahmed (Chairman) Mr. Shahid Ahmad Mr. Munawer Ali Kassim Mr. Ghulam Muhammad
Board Human Resources & Remuneration Committee	Ms. Ayesha Mohammad (Chairperson) Mr. Munawer Ali Kassim Mr. Khalid Nawaz Awan Mr. Afroz Quraishi
CFO & Company Secretary	Mr. Afroz Quraishi
Auditors	A.F. Ferguson & Co. Chartered Accountants
Legal Advisor	Syed Ali Hyder
Bankers	NIB Bank Limited Habib Metropolitan Bank Limited
Shares Registrar	FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block - 6, P.E.C.H.S. Shahra-e-Faisal Karachi
Credit Rating	Triple B Plus "BBB+" by JCR-VIS
Registered & Head Office	8th Floor, Shaheen Complex, M. R. Kayani Road Karachi Tel # (92-213) 2219555-60 Fax # (92-213) 2219561 Email: info@picicinsurance.com Website: www.picicinsurance.com

## Directors' Review

The Directors would like to present the condensed, un-audited financial statements of the Company for the six-month period ended June 30, 2014. Please note that the Company's external auditors review of the financial statements was limited in scope.

### Business Review

The gross premium written for the six-month period ended June 30, 2014, was Rs.288 million compared to Rs.401 million for the corresponding period last year, a decrease of approximately 28.4%. This was mainly due to a decrease of gross premium written. The decrease in the gross premium written was primarily, although not exclusively, a product of several one-time policies that were issued in 2013 to the following companies: (1) Foundation Wind Energy in the amount of Rs.75.7 million, (2) Hashoo Group in the amount of Rs.50 million, and Pakistan International Containers Terminal in the amount of Rs.37.2 million. The net premium revenue for the six-month period ended on June 30, 2014 was Rs.158 million compared to Rs.175 million during the corresponding period last year, a decrease of approximately 9.4%. The underwriting results of the Company stood at a loss of Rs.21 million against a profit of Rs.60 million during the corresponding period in 2013, in all the classes except the Miscellaneous class the claims ratios have increased. Management and General administrative expenses have increased by Rs.27.8 million compared to the corresponding six-month period last year, largely due to the reduction of deferred acquisition costs because of lower premium written, however, Management is hopeful that in the coming quarters this shortfall of gross premium will be reconciled.

Currently, the company has chosen to adopt a conservative investment strategy with a primary objective to preserve capital, maintain liquidity, and generate stable income over the long-term.

On June 6, 2014, KM Enterprises (Private) Limited acquired approximately 59.43% ordinary shares of the Company from NIB Bank Limited and other shareholders from the stock market. Accordingly, new representatives were appointed to fill the casual vacancies arising on the Board of Directors after Company received approval of the Securities and Exchange Commission of Pakistan. Management believes that the acquisition has created shareholder confidence and the Company, following the acquisition, is experiencing an upward trend in premium written. We are hopeful that this trend will continue through the following six-month period that will end on December 31, 2014.

### Financial Highlights

The comparative financial highlights of the Company for the six-month fiscal period ended on June 30, 2014 compared to the corresponding six-month period in 2013 are as follows:

	2014	2013
	----- Rupees in thousand -----	
Gross Premium Written	287,565	401,478
Net Premium Revenue	158,374	174,895
Net Claims including IBNR	(116,320)	(94,260)
(Loss) / profit from underwriting business	(20,852)	59,622
Investment Income	9,158	13,657
(Loss) / profit after Taxation	(57,229)	24,925
(Loss) / earnings per share (Rupees)	(1.64)	0.71

#### Acknowledgement

The Directors express their sincere appreciation to all of the Company's valued clients, reinsurers, brokers, business partners and collaborators, the Securities and Exchange Commission of Pakistan, Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange and Central Depository Company, for their professional approach and guidance. The Board also appreciates the hard work of the Management team and staff of the Company.

For and on behalf of the Board,

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Ahmed Salahuddin**  
MD & Chief Executive Officer

Karachi: August 26, 2014

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

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **PICIC Insurance Limited** (the Company) as at June 30, 2014, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended June 30, 2014 and 2013 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2014.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2014 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## Condensed Interim Balance Sheet

As at June 30, 2014

	Note	(Un-audited) June 30, 2014	(Audited) December 31, 2013
		----- Rupees in thousand -----	
<b>Share capital and reserves</b>			
Authorised share capital [50,000,000 (December 31, 2013: 50,000,000) Ordinary shares of Rs.10/- each]		500,000	500,000
Paid-up share capital [35,000,000 (December 31, 2013: 35,000,000) Ordinary shares of Rs.10/- each]		350,000	350,000
Accumulated loss		(178,624)	(121,395)
		171,376	228,605
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		167,225	123,548
Provision for unearned premium		333,336	387,447
Provision for premium deficiency		-	-
Commission income unearned		13,218	15,002
		513,779	525,997
<b>Creditors and accruals</b>			
Amounts due to other insurers / reinsurers		177,171	112,320
Other creditors and accruals		58,730	50,046
Accrued expenses		7,822	7,029
Unclaimed dividend		195	195
		243,918	169,590
<b>Borrowings</b>			
Obligation under musharakah agreement	10	1,132	1,556
<b>TOTAL LIABILITIES</b>		758,829	697,143
<b>TOTAL EQUITY AND LIABILITIES</b>		930,205	925,748
<b>Contingencies and commitments</b>	11		

	Note	(Un-audited) June 30, 2014	(Audited) December 31, 2013
		----- Rupees in thousand -----	
<b>Cash and bank deposits</b>			
Cash and other equivalents		561	268
Current and other accounts		48,689	66,894
Deposits maturing within 12 months		20,000	35,000
		<b>69,250</b>	<b>102,162</b>
<b>Investments</b>	8	<b>75,114</b>	<b>73,623</b>
<b>Deferred Taxation</b>		<b>2,619</b>	<b>2,619</b>
<b>Current Assets - Others</b>			
Premiums due but unpaid		315,948	255,563
Amounts due from other insurers / reinsurers		154,564	120,613
Accrued interest		5	175
Reinsurance recoveries against outstanding claims		77,196	55,122
Taxation - payments less provision		24,351	23,630
Deferred commission expense		24,408	26,282
Deferred acquisition costs		41,879	42,301
Prepayments		136,114	214,331
Sundry and other receivables		5,988	5,739
		<b>780,453</b>	<b>743,756</b>
<b>Fixed assets</b>	9		
<b>Tangible</b>			
Furniture and fixture		9	12
Office equipment		905	1,042
Computer equipment		844	1,084
Motor vehicles		700	1,020
<b>Intangible</b>			
Computer software		311	430
		<b>2,769</b>	<b>3,588</b>
<b>TOTAL ASSETS</b>		<b>930,205</b>	<b>925,748</b>



## Condensed Interim Profit and Loss Account (Un-Audited)

For the quarter and half year ended June 30, 2014

						Quarter ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	June 30, 2014 Aggregate	June 30, 2013 Aggregate
	----- Rupees in thousand -----						
<b>Revenue account</b>							
Net premium revenue	4,279	654	38,659	31,149	2,415	77,156	89,863
Net claims	(1,166)	(1,043)	(19,018)	(40,299)	(520)	(62,046)	(40,419)
Reversal of premium deficiency expense / (Premium deficiency expense)	-	-	-	-	-	-	-
	3,113	(389)	19,641	(9,150)	1,895	15,110	49,444
Management expenses	(7,188)	(1,572)	(8,364)	1,480	(9,827)	(25,471)	1,247
Net commission	(217)	206	(3,013)	(3,100)	4,042	(2,082)	1,464
	(7,405)	(1,366)	(11,377)	(1,620)	(5,785)	(27,553)	2,711
<b>Underwriting results</b>	(4,292)	(1,755)	8,264	(10,770)	(3,890)	(12,443)	52,155
Net investment income						3,570	4,760
Return on bank balances						1,066	3,853
Gain on disposal of fixed assets						45	8
Other income						(157)	(258)
						(7,919)	60,518
General and administrative expenses						(24,638)	(27,455)
Financial charges						(56)	(94)
Other charges						(64)	(78)
<b>(Loss) / profit before taxation</b>						(32,677)	32,891
Taxation						(80)	-
<b>(Loss) / profit after taxation</b>						(32,757)	32,891

							Half year ended	
	Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	June 30, 2014 Aggregate	June 30, 2013 Aggregate
		Rupees in thousand						
<b>Revenue account</b>								
Net premium revenue		9,215	4,069	70,033	66,291	8,766	158,374	174,895
Net claims		(1,438)	(1,780)	(36,479)	(75,836)	(787)	(116,320)	(94,260)
Reversal of premium deficiency expense / (Premium deficiency expense)		-	-	-	-	-	-	-
		7,777	2,289	33,554	(9,545)	7,979	42,054	80,635
Management expenses		(12,447)	(3,524)	(18,399)	(12,130)	(11,415)	(57,915)	(27,350)
Net commission		1,349	407	(5,764)	(1,313)	330	(4,991)	6,337
		(11,098)	(3,117)	(24,163)	(13,443)	(11,085)	(62,906)	(21,013)
<b>Underwriting results</b>		(3,321)	(828)	9,391	(22,988)	(3,106)	(20,852)	59,622
Net investment income							6,189	5,039
Return on bank balances							2,969	8,618
Gain on disposal of fixed assets							45	9
Other income							247	254
							(11,402)	73,542
General and administrative expenses							(45,492)	(48,278)
Financial charges							(122)	(197)
Other charges							(133)	(142)
<b>(Loss) / profit before taxation</b>							(57,149)	24,925
Taxation	12						(80)	-
<b>(Loss) / profit after taxation</b>							(57,229)	24,925
<b>(Loss) / earnings per share - basic and diluted (Rupees)</b>	13						(1.64)	0.71

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

## Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the quarter and half year ended June 30, 2014

	Quarter ended June 30,		Half year ended June 30,	
	2014	2013	2014	2013
	----- Rupees in thousand -----			
Net (loss) / profit for the period	(32,757)	32,891	(57,229)	24,925
Items that will not be classified to profit or loss				
Remeasurement of post retirement benefits obligations	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(32,757)</b>	<b>32,891</b>	<b>(57,229)</b>	<b>24,925</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

## Condensed Interim Statement of Changes In Equity (Un-Audited)

For the quarter and half year ended June 30, 2014

	Paid-up share capital	Accumulated loss	Total
	Rupees in thousand		
Balance as at January 01, 2013	350,000	(126,373)	223,627
Total comprehensive income for the half year			
Net profit for the half year ended June 30, 2013	-	24,925	24,925
Balance as at June 30, 2013	350,000	(101,448)	248,552
Total comprehensive income for the half year			
Net loss for the half year ended December 31, 2013	-	(15,501)	(15,501)
Other comprehensive income for the year			
- Re-measurement of post employment benefit obligations	-	(4,446)	(4,446)
Balance as at December 31, 2013	350,000	(121,395)	228,605
Total comprehensive income for the half year			
Net loss for the half year ended June 30, 2014	-	(57,229)	(57,229)
Balance as at June 30, 2014	350,000	(178,624)	171,376

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

## Condensed Interim Statement of Cash Flows (Un-Audited)

For the half year ended June 30, 2014

	June 30, 2014	June 30, 2013
<b>OPERATING ACTIVITIES</b>		
<b>a) Underwriting activities</b>		
Premiums received	275,893	233,511
Reinsurance premiums paid	(117,527)	(198,154)
Claims paid	(108,468)	(161,035)
Reinsurance and other recoveries received	13,751	43,361
Commissions paid	(51,738)	(56,325)
Commission received	25,179	40,027
Net cash inflow / (used in) from underwriting activities	37,090	(98,615)
<b>b) Other operating activities</b>		
Income tax impact	(801)	(1,144)
General management expenses paid	(91,124)	(65,468)
Operating receipts - net	14,726	44,446
Bank and other charges	(133)	(142)
Other income	247	254
Net cash used in other operating activities	(77,085)	(22,054)
<b>Total cash used in from operating activities</b>	<b>(39,995)</b>	<b>(120,669)</b>
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	3,119	10,490
Dividend received	819	638
Receipts for investments	3,915	(4)
Payment for investment made	(16)	-
Proceeds from disposal of fixed assets	45	9
Fixed capital expenditure	(253)	(612)
<b>Total cash inflow from investing activities</b>	<b>7,629</b>	<b>10,521</b>
<b>FINANCING ACTIVITIES</b>		
Payments under musharakah agreement	(546)	(622)
<b>Total cash used in financing activities</b>	<b>(546)</b>	<b>(622)</b>
<b>Net cash used in all activities</b>	<b>(32,912)</b>	<b>(110,770)</b>
Cash at the beginning of the year	102,162	245,535
<b>Cash at the end of the year</b>	<b>69,250</b>	<b>134,765</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(39,995)	(120,669)
Depreciation / amortisation	(1,072)	(1,265)
Gain on disposal of fixed assets	45	9
Financial charges	(122)	(197)
Investment income	6,189	5,039
Return on bank balances	2,969	8,618
Increase in assets other than cash	110,934	207,499
Increase in liabilities	(115,500)	(34,143)
Increase in unearned premium	(20,677)	(39,966)
<b>(Loss) / profit after taxation</b>	<b>(57,229)</b>	<b>24,925</b>
<b>Definition of cash</b>		
Cash comprises of cash in hand and at banks, stamps in hand and short term placements with banks		
<b>Cash for the purpose of statement of cash flows consists of:</b>		
<b>Cash and other equivalents</b>		
- cash in hand	-	-
- stamps in hand	561	503
	561	503
<b>Current and other accounts</b>		
- current accounts	14,368	9,888
- saving accounts	34,321	39,374
	48,689	49,262
<b>Deposits maturing within 12 months</b>	<b>20,000</b>	<b>85,000</b>
	<b>69,250</b>	<b>134,765</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Irshad Ali Shaban Ali Kassim  
Chairman

Abu Ahmed  
Director

Khalid Nawaz Awan  
Director

Ahmed Salahuddin  
MD & Chief Executive Officer

## Condensed Interim Statement of Premiums (Un-Audited)

For the quarter and half year ended June 30, 2014

### Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Quarter ended	
									June 30, 2014	June 30, 2013
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	24,440	73,145	57,181	40,404	22,037	65,837	51,749	36,125	4,279	5,288
2. Marine, aviation and transport	9,014	8,317	8,348	8,983	7,529	6,321	5,521	8,329	654	5,837
3. Motor	80,814	68,803	108,266	41,351	14,656	10,250	22,214	2,692	38,659	43,846
4. Accident and health	16,987	116,674	102,368	31,293	210	179	245	144	31,149	28,607
5. Miscellaneous	24,947	72,960	57,173	40,734	22,139	66,870	50,690	38,319	2,415	6,285
Total	156,202	339,899	333,336	162,765	66,571	149,457	130,419	85,609	77,156	89,863

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Half year ended	
									June 30, 2014	June 30, 2013
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	45,733	96,056	57,181	84,608	40,955	86,187	51,749	75,393	9,215	9,285
2. Marine, aviation and transport	16,918	10,900	8,348	19,470	12,464	8,458	5,521	15,401	4,069	11,202
3. Motor	121,445	70,718	108,266	83,897	27,805	8,273	22,214	13,864	70,033	75,305
4. Accident and health	72,093	96,885	102,368	66,610	234	330	245	319	66,291	56,133
5. Miscellaneous	31,376	112,888	57,173	87,091	27,056	101,959	50,690	78,325	8,766	22,970
Total	287,565	387,447	333,336	341,676	108,514	205,207	130,419	183,302	158,374	174,895

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

## Condensed Interim Statement of Claims (Un-Audited)

For the quarter and half year ended June 30, 2014

### Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		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		Quarter ended		
										June 30, 2014	June 30, 2013
					Rupees in thousand						
Direct and facultative											
1. Fire and property	1,696	12,269	32,594	22,021	1,634	11,369	30,590	20,855	1,166	(21)	
2. Marine, aviation and transport	966	29,447	32,983	4,502	784	25,499	28,174	3,459	1,043	2,008	
3. Motor	18,247	42,937	44,538	19,848	503	951	1,278	830	19,018	7,840	
4. Accident and health	21,112	17,202	36,411	40,321	-	-	22	22	40,299	33,838	
5. Miscellaneous	1,093	21,365	20,699	427	739	17,964	17,132	(93)	520	(3,246)	
Total	43,114	123,220	167,225	87,119	3,660	55,783	77,196	25,073	62,046	40,419	

Class	Claims paid	Outstanding claims		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		Half year ended	
									June 30, 2014	June 30, 2013
					Rupees in thousand					
Direct and facultative										
1. Fire and property	5,703	14,584	32,594	23,713	5,372	13,687	30,590	22,275	1,438	575
2. Marine, aviation and transport	5,024	27,138	32,983	10,869	4,496	23,581	28,174	9,089	1,780	3,842
3. Motor	37,341	44,006	44,538	37,873	1,915	1,799	1,278	1,394	36,479	27,342
4. Accident and health	57,847	18,400	36,411	75,858	-	-	22	22	75,836	60,869
5. Miscellaneous	2,553	19,420	20,699	3,832	1,968	16,055	17,132	3,045	787	1,632
Total	108,468	123,548	167,225	152,145	13,751	55,122	77,196	35,825	116,320	94,260

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

## Condensed Interim Statement of Expenses (Un-Audited)

For the quarter and half year ended June 30, 2014

### Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					Quarter ended	
								June 30, 2014	June 30, 2013
----- Rupees in thousand -----									
Direct and facultative									
1. Fire and property	3,328	5,049	4,591	3,786	7,188	10,974	3,569	7,405	(790)
2. Marine, aviation and transport	894	708	672	930	1,572	2,502	1,136	1,366	1,682
3. Motor	5,500	5,666	7,632	3,534	8,364	11,898	521	11,377	3,570
4. Accident and health	3,366	7,615	7,840	3,141	(1,480)	1,661	41	1,620	(773)
5. Miscellaneous	(2,680)	3,878	3,673	(2,475)	9,827	7,352	1,567	5,785	(6,400)
Total	10,408	22,916	24,408	8,916	25,471	34,387	6,834	27,553	(2,711)

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					Half year ended	
								June 30, 2014	June 30, 2013
----- Rupees in thousand -----									
Direct and facultative									
1. Fire and property	5,738	7,789	4,591	8,936	12,447	21,383	10,285	11,098	(3,809)
2. Marine, aviation and transport	1,913	843	672	2,084	3,524	5,608	2,491	3,117	4,465
3. Motor	8,110	6,059	7,632	6,537	18,399	24,936	773	24,163	13,970
4. Accident and health	3,367	5,877	7,840	1,404	12,130	13,534	91	13,443	5,492
5. Miscellaneous	1,939	5,714	3,673	3,980	11,415	15,395	4,310	11,085	895
Total	21,067	26,282	24,408	22,941	57,915	80,856	17,950	62,906	21,013

\* Commission from reinsurers is arrived after taking impact of opening and closing unearned commission.

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



## Condensed Interim Statement of Investment Income (Un-Audited)

For the quarter and half year ended June 30, 2014

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- Rupees in thousand -----			
<b>Income from investments classified as investments at fair value through profit or loss</b>				
Net unrealised (loss) / gain on revaluation of investments	(644)	4,470	560	4,407
Dividend income	320	292	799	635
(Loss) on sale / redemption of investments	(312)	-	(312)	-
	(636)	4,762	1,047	5,042
<b>Income from investments classified as investments Held to maturity</b>				
Net unrealised gain on revaluation of investments	994	-	1,936	-
Return on government securities	3,219	-	3,219	-
	4,213	-	5,155	-
	3,577	4,762	6,202	5,042
Investment related expenses	(7)	(2)	(13)	(3)
<b>Net investment income</b>	<b>3,570</b>	<b>4,760</b>	<b>6,189</b>	<b>5,039</b>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

## Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

For the quarter and half year ended June 30, 2014

### 1 STATUS AND NATURE OF BUSINESS

PICIC Insurance Limited (the Company) was incorporated on April 23, 2004 under the Companies Ordinance, 1984 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. It is engaged in providing all classes of non-life insurance business. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Shaheen Complex, M.R. Kayani Road, Karachi. The Company operates with 6 (December 31, 2013: 6) branches in Pakistan.

The Company received a letter dated June 6, 2014 from KM Enterprises (Private) Limited regarding the acquisition of ordinary shares representing approximately 59.43% of the issued and paid up capital of the Company from NIB Bank Limited and other shareholders from the stock market. This has resulted in the change of ownership of the Company.

### 2 STATEMENT OF COMPLIANCE

- 2.1 This condensed interim financial information has been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of the Companies Ordinance 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the said directives prevail.
- 2.2 This condensed interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013.

### 3 BASIS OF MEASUREMENT

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

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

### 4 FUNCTIONAL AND PRESENTATION CURRENCY

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

### 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2013.

## 6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2013.

## 7 INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2013.

8 INVESTMENTS	Note	June 30, 2014	December 31, 2013
		----- Rupees in thousand ----- (Un-audited)	(Audited)
<b>Designated at fair value through profit or loss</b>			
Mutual funds		3,953	3,740
Listed shares		29,741	26,616
<b>Held to maturity</b>			
Government securities	8.1	41,420	43,267
		<b>75,114</b>	<b>73,623</b>

### 8.1 Government securities - Market treasury bills

These securities have been deposited with the State Bank of Pakistan in compliance with the requirements of section 29 of the Insurance Ordinance, 2000. These carry rate of return of 9.96% (December 31, 2013: 9.10%) per annum and will mature in May 2015.

## 9 FIXED ASSETS

The details of additions and disposals during the half year ended June 30, 2014 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- Rupees in thousand -----			
<b>Tangible</b>				
Office equipment	23	31	-	-
Computer equipment	61	101	-	-
Motor vehicles	172	-	-	-
<b>Intangible</b>				
Computer software	-	480	-	-
	<b>256</b>	<b>612</b>	<b>-</b>	<b>-</b>

**10 OBLIGATION UNDER MUSHARAKAH AGREEMENT**

	June 30, 2014	December 31, 2013
	----- Rupees in thousand -----	
	(Un-audited)	(Audited)
Opening balance	1,556	2,405
Obtained during the period	-	-
	1,556	2,405
Repaid during the period	(424)	(849)
Closing balance	1,132	1,556

- 10.1** This represents obligation under Musharakah agreement with a Modaraba for purchase of vehicles. The share of the Modaraba in the musharakah asset is payable in monthly installments and mark up rate on this arrangement ranges between 17.5% to 18.5% per annum (December 31, 2013: 17.50% per annum).

**11 CONTINGENCIES AND COMMITMENTS**
**11.1 Contingencies**

The tax assessments of the Company has been finalised upto and including the tax year 2013. The tax returns filed are to be taken as deemed assessment in terms of Section 120 of the Income Tax Ordinance, 2001. However, while finalising the tax audit for the tax year 2007, the Taxation Officer had disallowed certain expenses claimed by the Company and increased the tax charge by Rs. 3.175 million. The Company has contested the amended order by filing an appeal before the Commissioner Inland Revenue (Appeals) which has been decided whereby substantial relief has been allowed. However, a second appeal has been filed before the Appellate Tribunal Inland Revenue for the remaining disallowed amount which is pending adjudication. Further, while finalising the tax audit for the tax year 2008, the Taxation Officer has charged minimum taxation on gross receipts of the Company and increased the tax charge by Rs. 1.61 million. The Company has contested the amended order by filing an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The management, based on the advice of its tax advisor, is confident of a favourable outcome in both cases and, accordingly, no provision in this respect has been made in this condensed interim financial information.

During the year ended 2009, the Taxation Officer had passed an order along with 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 for the tax year 2009. The tax authorities had filed a writ petition against the Company along with other insurance companies in the High Court of Sindh. The petition has been dismissed by the Court and favorable outcome has been given in favor of the Company along with other insurance companies. The Company had also filed an appeal with the Commissioner Income Tax Appeals which is pending adjudication, to date. The tax impact of the above amounts to Rs 5.48 million against which no provision has been made in this condensed interim financial information, as the Company is confident of a favorable outcome.

## 11.2 Commitments

	Half year ended	
	June 30, 2014	December 31, 2013
	Rupees in thousand (Un-audited)	thousand (Audited)
Commitments for capital expenditure	1,273	1,817

## 12 TAXATION

Provision of Rs 79,984 (on dividend income) for current taxation has been made in this condensed interim financial information for the half year ended June 30, 2014 as the Company has brought forward aggregate tax losses amounting to Rs. 153.589 million. The deferred tax asset on unabsorbed tax losses, provision against premium due but unpaid and other temporary differences amounts to Rs. 59.153 million (December 31, 2013: Rs. 45.792 million) while Rs. 2.619 million has been recognised in this condensed interim financial information based on management's projections for future profits.

## 13 EARNING / (LOSS) PER SHARE - basic and diluted

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

	Quarter ended		Half year ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	Rupees in thousand			
(Loss) / profit after tax for the period	(32,757)	32,891	(57,229)	24,925
	Number in thousand			
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
	Rupees			
Basic (loss) / earnings per share of Rs. 10 each	(0.94)	0.94	(1.64)	0.71

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

## 14 TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated entities having directors in common, major share holders, directors and key management personnel. The transactions with related parties are as follows:

Transactions for the period	Half year ended	
	June 30, 2014	June 30, 2013
	----- Rupees in thousand ----- (Un-audited)	----- Rupees in thousand ----- (Un-audited)
Premium written	6,809	9,391
Claims paid	2,905	4,032
Return on bank balances	1,164	2,745
Bank charges	112	142
Remuneration of key management personnel	30,724	25,210
Contribution for staff provident fund	1,852	1,592
Charge in respect of gratuity fund	2,815	1,693

The above includes transactions made with various parties which ceased to be the related party of the Company from June 6, 2014.

Balances outstanding at period / year end	June 30, 2014	December 31, 2013
	----- Rupees in thousand ----- (Un-audited)	----- Rupees in thousand ----- (Audited)
	(Un-audited)	(Audited)
Bank deposits	-	66,769
Investments	-	3,187
Payable to gratuity fund	2,815	(1,588)
Premiums due but unpaid	32	7,764

## 15 SEGMENT REPORTING

	June 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Segment assets	Unallocated assets	Total assets	Segment assets	Unallocated assets	Total assets
	----- Rupees in thousand -----					
Fire and property damage	210,606		210,606	227,968		227,968
Marine, aviation and transport	83,948		83,948	79,429		79,429
Motor	156,305		156,305	83,499		83,499
Accident and health	103,225		103,225	117,382		117,382
Miscellaneous	190,330		190,330	196,810		196,810
Unallocated	-	185,791	185,791	-	220,660	220,660
<b>Total</b>	<b>744,414</b>	<b>185,791</b>	<b>930,205</b>	<b>705,088</b>	<b>220,660</b>	<b>925,748</b>

	June 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	----- Rupees in thousand -----					
Fire and property damage	180,890		180,890	200,443		200,443
Marine, aviation and transport	68,281		68,281	83,314		83,314
Motor	182,940		182,940	126,667		126,667
Accident and health	145,968		145,968	122,837		122,837
Miscellaneous	143,602		143,602	137,099		137,099
Unallocated	-	37,148	37,148	-	26,783	26,783
<b>Total</b>	<b>721,681</b>	<b>37,148</b>	<b>758,829</b>	<b>670,360</b>	<b>26,783</b>	<b>697,143</b>

**15.1** Segment wise financial performance for the half year ended June 30, 2014 has been given in the condensed interim profit and loss account.

## **16 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

## **17 AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on August 26, 2014.

## **18 CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant reclassifications were made during the current period.

## Branch Network

Branch	Branch Head / Incharge	Details
Karachi Corporate Branch	Mr. Bilal Aftab	Suit No. E- 1, Executive Floor, Glass Tower, Main Clifton Road, Karachi. Tel: 021-3565 3394-5, 3565 5612-3 & 3563 9712-13 Fax: 021-3565 4764
Lahore Branch	Mr. Mannan Pervaiz Malik	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 : 051-215 0066-67 051-215 0065 Fax: 051-215 0068
Multan Branch	Mr. Muhammed Waheed Zafar	1st Floor Al-Razzak Plaza, Opp. Children Complex Hospital Abdali Road, 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





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CORPORATE