



PICIC  
INSURANCE

Financial Statements  
(Un-Audited)  
Half Year ended  
June 30, 2015



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## Company Information

<b>Board of Directors</b>	Mr. Irshad Ali Shaban Ali Kassim (Chairman) Mr. Shahid Ahmad Mr. Abu Ahmed Mr. Munawar Ali Kassim Mr. Muzaffar Ali Shah Bukhari Ms. Ayesha Mohammad Mr. Ghulam Muhammad Mr. Khalid Nawaz Awan
<b>Managing Director / CEO</b>	Mr. Jalees Ahmed Siddiqi
<b>Board Audit Committee</b>	Mr. Muzaffar Ali Shah Bukhari (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim Mr. Ghulam Muhammad
<b>Board Human Resources &amp; Remuneration Committee</b>	Ms. Ayesha Mohammad (Chairperson) Mr. Munawar Ali Kassim Mr. Khalid Nawaz Awan Mr. Jalees Ahmed Siddiqi
<b>CFO &amp; Company Secretary</b>	Mr. Afroz Quraishi
<b>Auditors</b>	Muniff Ziauddin & Co. Chartered Accountants
<b>Legal Advisor</b>	Abdul Majeed & Co
<b>Bankers</b>	Habib Metropolitan Bank Limited NIB Bank Limited Silk Bank Limited Bank Al Habib Limited
<b>Shares Registrar</b>	FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block - 6, P.E.C.H.S. Shahra-e-Faisal Karachi
<b>Credit Rating</b>	Triple B Plus "BBB+" by JCR-VIS
<b>Registered &amp; Head Office</b>	1204, 12th Floor, Emerald Towers, Clifton, Block-5, Karachi - 75600, Pakistan UAN: 11 12 PICIC (111-274-242) Landline: +92 21 35147651-5 Fax: +92 21 35147656 <a href="http://www.picicinsurance.com">www.picicinsurance.com</a>

## 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, 2015.

Please note that the Company's external auditor's review of the financial statements was limited in scope.

### Business Review

The gross premium written for the six-month period ended June 30, 2015 was Rs.264.2 million compared to Rs.287.6 million for the corresponding period last year, a decrease of approximately 8.1%. This was mainly due to reduction of Sindh sales tax from 15% to 14% resulting in business being shifted to July. The underwriting profit of the Company stood at Rs.36.9 million against a loss of Rs.20.9 million during the corresponding period, contributed by improved loss ratios in all classes of business and reduction of the management & general administrative expenses by Rs.23.2 million from the corresponding six-month period last year, even though that the deferred acquisition costs reduced by Rs.10.8 million. The net commission expense in the six-months increased to Rs.21.0 million as compared to Rs.5.0 million in the corresponding period last year.

The company has adopted a prudent investment strategy with primary focus on preserving capital, maintaining liquidity and generating a stable income stream over the longer term. Due to market fluctuations there is a reduction in net investment income.

During the period your Company's authorized capital was increased from Rs.0.50 billion to Rs.1.25 billion, duly approved by the relevant authorities.

The Company's real strength is its motivated management team. Marketing teams have been given challenging and aggressive goal and targets and underwriting processes have been strengthened to meet the changing market dynamics.

### Future Plan

The Board and the shareholders approved the issuance of Rs.700 million right shares at a discount of Rs.5 per share. The Company had made a request to the Securities & Exchange Commission of Pakistan seeking relaxation from the requirement of Rule 5(ii) of the Companies (issue of capital) Rules, 1996 which has not been acceded to by the SECP. The Board of Directors' are very keen to find a solution to overcome the issue and various available options, not restricted to right issue, are in the consideration of the Board.

This will provide fresh equity to the Company and will improve the profitability for the advantage of all the stakeholders of the Company. In addition, this will enable the Company to meet its minimum solvency requirement.

### Financial Highlights

The comparative financial highlights of your Company for the six month period ended June 30 are as follows:

	2015	2014
----- Rupees in thousand -----		
Gross Premium Written	<b>264,198</b>	287,565
Net Premium Revenue	<b>157,783</b>	158,374
Net Claims including IBNR	<b>(61,926)</b>	(116,320)
Profit / (loss) from underwriting business	<b>36,916</b>	(20,852)
Investment Income	<b>2,111</b>	9,158
(Loss) after Taxation	<b>(3,271)</b>	(57,229)
(Loss) per share (Rupees)	<b>(0.09)</b>	(1.64)

### Acknowledgement

The Company would like to thank the shareholders of the Company for the confidence they have shown in us. We express our sincere thanks to the employees, strategic partners, 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.

For and on behalf of the Board

**Irshad Ali Shaban Ali Kassim**  
 Chairman

**Jalees Ahmed Siddiqi**  
 Managing Director / CEO

Karachi: August 27, 2015

## Auditor's Report to Members on Review of Condensed Interim Financial Information

### Introduction

We have reviewed the accompanying:

- i. condensed interim balance sheet;
- ii. condensed interim profit and loss account;
- iii. condensed interim statement of comprehensive income;
- iv. condensed interim statement of cash flows;
- v. condensed interim statement of changes in equity;
- vi. condensed interim statement of premiums;
- vii. condensed interim statement of claims;
- viii. condensed interim statement of expenses; and
- ix. condensed interim statement of investment income

of **PICIC Insurance Limited** ("the Company") together with notes to the accounts for the six month period then ended June 30, 2015 (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.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for Interim Financial Reporting.

### Emphasis of Matter

We draw attention to the following:

- i. note 1.2 to the condensed interim financial information which describes the matter relating to non-compliance by the Company with the minimum solvency requirement as specified by the Securities and Exchange Commission of Pakistan (SECP).
- ii. note 1.3 to the condensed interim financial information which highlights that Company has incurred a loss after taxation amounting to Rs. 3.271 million during the period and its accumulated losses amounted to Rs. 253.713 million as at June 30, 2015. These circumstances, along with the shortfall in minimum solvency requirement, indicate that there exists a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company is planning to inject fresh equity to meet the minimum solvency requirement and to hold valid the management's assessment that the Company would continue as a going concern.

Our conclusion is not qualified in respect of the above matters.

### Other Matters

The figures for the three months period ended June 30, 2015 in the accompanying condensed interim financial information have not been reviewed and we do not express conclusion thereon.

The financial statements of the Company for the year ended December 31, 2014 and six months period June 30, 2014 were audited / reviewed by another firm of chartered accountants who have expressed unmodified opinion / conclusion dated April 08, 2015 and August 26, 2014 thereon respectively.

Karachi:  
Dated: August 27, 2015

**MUNIFF ZIAUDDIN & CO**  
**CHARTERED ACCOUNTANTS**  
(Muhammad Moin Khan)

## Condensed Interim Balance Sheet

As At June 30, 2015

	Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
----- Rupees in thousand -----			
<b>Share capital and reserves</b>			
Authorised share capital [125,000,000 (December 31, 2014: 50,000,000) Ordinary shares of Rs.10/- each]		<b>1,250,000</b>	500,000
Paid-up share capital [35,000,000 (December 31, 2014: 35,000,000) Ordinary shares of Rs.10/- each]		<b>350,000</b> <b>(253,713)</b>	350,000 (250,442)
Accumulated loss		<b>96,287</b>	99,558
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		<b>157,941</b>	185,953
Provision for unearned premium		<b>274,558</b>	286,037
Provision for premium deficiency		<b>7,781</b>	7,781
Commission income unearned		<b>15,831</b>	20,380
		<b>456,111</b>	500,151
<b>Creditors and accruals</b>			
Premium received in advance		<b>3,236</b>	-
Amounts due to other insurers / reinsurers		<b>215,483</b>	284,089
Other creditors and accruals		<b>34,531</b>	56,582
Accrued expenses		<b>8,178</b>	12,129
Unclaimed dividend		<b>195</b>	195
		<b>261,623</b>	352,995
<b>TOTAL LIABILITIES</b>		<b>717,734</b>	853,146
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>814,021</b>	952,704

Contingencies and Commitments

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The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

	Note	(Un-audited) June 30, 2015	(Audited) December 31, 2014
		----- Rupees in thousand -----	
<b>Cash and bank deposits</b>			
Cash and other equivalents		500	236
Current and other accounts		70,230	21,197
Deposits maturing within 12 months		-	20,000
		<b>70,730</b>	<b>41,433</b>
<b>Investments</b>	8	<b>65,302</b>	<b>75,572</b>
<b>Deferred Taxation</b>		<b>2,619</b>	<b>2,619</b>
<b>Current Assets - Others</b>			
Premiums due but unpaid		140,929	292,421
Amounts due from other insurers / reinsurers		189,875	199,834
Accrued interest		181	120
Reinsurance recoveries against outstanding claims		53,993	72,172
Taxation - payments less provision		25,580	24,543
Deferred commission expense		25,109	18,224
Deferred acquisition costs		24,770	35,520
Prepayments		189,934	170,572
Sundry and other receivables		8,073	6,820
		<b>658,444</b>	<b>820,226</b>
<b>Fixed assets</b>			
<b>Tangible</b>			
Furniture and fixture		11,420	7
Office equipment		3,127	641
Computer equipment		2,098	1,263
Motor vehicles		169	195
Capital work in progress		-	10,557
<b>Intangible</b>			
Computer software		112	191
		<b>16,926</b>	<b>12,854</b>
<b>TOTAL ASSETS</b>		<b>814,021</b>	<b>952,704</b>

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Abu Ahmed**  
Director

**Muzaffar Ali Shah Bukhari**  
Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO



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

For the Quarter and Half Year Ended June 30, 2015

							Quarter ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	June 30, 2015 Aggregate	June 30, 2014 Aggregate	
Note	Rupees in thousand							
<b>Revenue account</b>								
Net premium revenue	14,903	2,667	27,026	11,050	7,548	63,194	77,156	
Net claims	(2,965)	(999)	(7,971)	(13,993)	(796)	(26,724)	(62,046)	
Reversal of premium deficiency expense / (Premium deficiency expense)	-	-	-	-	-	-	-	
	11,938	1,668	19,055	(2,943)	6,752	36,470	15,110	
Management expenses	(13,922)	(1,080)	(3,734)	(1,056)	(2,579)	(22,371)	(25,471)	
Net commission	(3,168)	329	(1,822)	(701)	(1,007)	(6,369)	(2,082)	
	(17,090)	(751)	(5,556)	(1,757)	(3,586)	(28,740)	(27,553)	
<b>Underwriting results</b>	(5,152)	917	13,499	(4,700)	3,166	7,730	(12,443)	
Net investment income						3,241	3,570	
Return on bank balances						1,245	1,066	
Gain on disposal of fixed assets						87	45	
Other income						-	(157)	
						12,303	(7,919)	
General and administrative expenses						(9,638)	(24,638)	
Financial charges						-	(56)	
Other charges						(176)	(64)	
<b>Profit / (loss) before taxation</b>						2,489	(32,677)	
Taxation						(330)	(80)	
<b>Profit / (loss) after taxation</b>						2,159	(32,757)	

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Abu Ahmed**  
Director

**Muzaffar Ali Shah Bukhari**  
Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO

Note						Half year ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	June 30, 2015 Aggregate	June 30, 2014 Aggregate
	Rupees in thousand						
<b>Revenue account</b>							
Net premium revenue	40,940	6,638	53,041	30,117	27,047	157,783	158,374
Net claims	(5,221)	(940)	(25,499)	(29,015)	(1,251)	(61,926)	(116,320)
Reversal of premium deficiency expense / (Premium deficiency expense)	-	-	-	-	-	-	-
	35,719	5,698	27,542	1,102	25,796	95,857	42,054
Management expenses	(26,657)	(1,187)	(4,690)	(2,006)	(3,370)	(37,910)	(57,915)
Net commission	(12,430)	913	(4,151)	(2,413)	(2,950)	(21,031)	(4,991)
	(39,087)	(274)	(8,841)	(4,419)	(6,320)	(58,941)	(62,906)
Underwriting results	(3,368)	5,424	18,701	(3,317)	19,476	36,916	(20,852)
Net investment income						167	6,189
Return on bank balances						1,944	2,969
Gain on disposal of fixed assets						622	45
Other income						-	247
						39,649	(11,402)
General and administrative expenses						(42,314)	(45,492)
Financial charges						-	(122)
Other charges						(248)	(133)
<b>Loss before taxation</b>						(2,913)	(57,149)
Taxation 11						(358)	(80)
<b>Loss after taxation</b>						(3,271)	(57,229)
<b>Loss per share - basic and diluted (Rupees) 12</b>						(0.09)	(1.64)

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Abu Ahmed**  
Director

**Muzaffar Ali Shah Bukhari**  
Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO

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

For the Quarter and Half Year Ended June 30, 2015

	Quarter ended June 30,		Half year ended June 30,	
	2015	2014	2015	2014
	Rupees in thousand			
Net loss for the period	2,159	(32,757)	(3,271)	(57,229)
<b>Items that will not be classified to profit or loss</b>				
Remeasurement of post retirement benefits obligations	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>2,159</b>	<b>(32,757)</b>	<b>(3,271)</b>	<b>(57,229)</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

Irshad Ali Shaban Ali Kassim  
Chairman

Abu Ahmed  
Director

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Director

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Managing Director / CEO

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

For the Half Year Ended June 30, 2015

	Paid-up share capital	Accumulated loss	Total
	----- Rupees in thousand -----		
<b>Balance as at January 01, 2014</b>	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)
<b>Balance as at June 30, 2014</b>	<u>350,000</u>	<u>(178,624)</u>	<u>171,376</u>
<b>Total comprehensive income for the half year</b>			
Net loss for the half year ended December 31, 2014	-	(73,733)	(73,733)
<b>Other comprehensive income for the year</b>			
- Re-measurement of post employment benefit obligations	-	1,915	1,915
<b>Balance as at December 31, 2014</b>	<u>350,000</u>	<u>(250,442)</u>	<u>99,558</u>
<b>Total comprehensive income for the half year</b>			
Net loss for the half year ended June 30, 2015	-	(3,271)	(3,271)
<b>Balance as at June 30, 2015</b>	<u><u>350,000</u></u>	<u><u>(253,713)</u></u>	<u><u>96,287</u></u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

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Chairman

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Managing Director / CEO

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

For the Half Year Ended June 30, 2015

### OPERATING ACTIVITIES

#### a) Underwriting activities

Premiums received	378,092	275,893
Reinsurance premiums paid	(144,382)	(117,527)
Claims paid	(106,582)	(108,468)
Reinsurance and other recoveries received	34,823	13,751
Commissions paid	(49,597)	(51,738)
Commission received	17,174	25,179
Net cash inflow from underwriting activities	129,528	37,090

#### b) Other operating activities

Income tax impact	(1,395)	(801)
General management expenses paid	(91,807)	(91,124)
Operating receipts - net	(13,860)	14,726
Bank and other charges	(248)	(133)
Other income	-	247
Net cash used in other operating activities	(107,310)	(77,085)

#### Total cash inflow / (used in) from operating activities

22,218 (39,995)

### INVESTMENT ACTIVITIES

Profit / return received	1,863	3,119
Dividend received	3,596	819
Receipts for investments	6,861	3,915
Payment for investment made	-	(16)
Proceeds from disposal of fixed assets	622	45
Fixed capital expenditure	(5,863)	(253)
Total cash inflow from investing activities	7,079	7,629

### FINANCING ACTIVITIES

Payments under musharakah agreement

#### Total cash used in financing activities

- (546)

- (546)

#### Net cash inflow / (used in) all activities

Cash at the beginning of the year

#### Cash at the end of the year

29,297 (32,912)

41,433 102,162

70,730 69,250

#### Reconciliation to profit and loss account

Operating cash flows	22,218	(39,995)
Depreciation / amortisation	(1,791)	(1,072)
Gain on disposal of fixed assets	622	45
Financial charges	-	(122)
Investment income	167	6,189
Return on bank balances	1,944	2,969
Increase in assets other than cash	(180,355)	110,934
Increase in liabilities	124,970	(115,500)
Increase in unearned premium	28,954	(20,677)
(Loss) after taxation	(3,271)	(57,229)

#### Definition of cash

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

#### Cash for the purpose of statement of cash flows consists of:

#### Cash and other equivalents

- cash in hand	-	-
- stamps in hand	500	561
	500	561

#### Current and other accounts

- current accounts	70,187	14,368
- saving accounts	43	34,321
	70,230	48,689

#### Deposits maturing within 12 months

- 20,000

70,730 69,250

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Abu Ahmed**  
Director

**Muzaffar Ali Shah Bukhari**  
Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO

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

For the Quarter and Half Year Ended June 30, 2015

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, 2015	June 30, 2014
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	10,286	214,471	160,487	64,270	13,002	145,538	109,173	49,367	14,903	4,279
2. Marine, aviation and transport	6,797	1,815	2,729	5,883	3,873	1,527	2,184	3,216	2,667	654
3. Motor	19,505	47,631	37,209	29,927	(2,108)	7,510	2,501	2,901	27,026	38,659
4. Accident and health	896	25,208	18,032	8,072	2,191	401	5,570	(2,978)	11,050	31,149
5. Miscellaneous	12,582	47,472	56,101	3,953	6,941	56,874	67,410	(3,595)	7,548	2,415
Total	50,066	336,597	274,558	112,105	23,899	211,850	186,838	48,911	63,194	77,156

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		June 30,	June 30,
									2015	2014
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	185,775	97,820	160,487	123,108	105,158	86,183	109,173	82,168	40,940	9,215
2. Marine, aviation and transport	8,272	20,467	2,729	26,010	4,872	16,684	2,184	19,372	6,638	4,069
3. Motor	32,682	72,506	37,209	67,979	5,337	12,102	2,501	14,938	53,041	70,033
4. Accident and health	13,983	31,112	18,032	27,063	2,195	321	5,570	(3,054)	30,117	66,291
5. Miscellaneous	23,486	64,132	56,101	31,517	17,807	54,073	67,410	4,470	27,047	8,766
Total	264,198	286,037	274,558	275,677	135,369	169,363	186,838	117,894	157,783	158,374

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**Irshad Ali Shaban Ali Kassim**  
Chairman

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Director

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Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO

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

For the Quarter and Half Year Ended June 30, 2015

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, 2015	June 30, 2014
----- Rupees in thousand -----										
<b>Direct and facultative</b>										
1. Fire and property	3,994	17,766	22,484	8,712	3,666	15,861	17,942	5,747	<b>2,965</b>	1,166
2. Marine, aviation and transport	16,100	33,892	19,052	1,260	13,299	25,363	12,325	261	<b>999</b>	1,043
3. Motor	14,625	59,218	54,860	10,267	2,198	6,966	7,064	2,296	<b>7,971</b>	19,018
4. Accident and health	11,957	38,862	40,898	13,993	-	-	-	-	<b>13,993</b>	40,299
5. Miscellaneous	1,797	19,655	20,647	2,789	1,276	15,945	16,662	1,993	<b>796</b>	520
Total	48,473	169,393	157,941	37,021	20,439	64,135	53,993	10,297	<b>26,724</b>	62,046

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, 2015	June 30, 2014
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	11,959	19,879	22,484	14,564	9,780	18,379	17,942	9,343	5,221	1,438
2. Marine, aviation and transport	18,402	36,498	19,052	956	15,325	27,634	12,325	16	940	1,780
3. Motor	36,147	61,139	54,860	29,868	6,542	9,237	7,064	4,369	25,499	36,479
4. Accident and health	36,094	47,977	40,898	29,015	-	-	-	-	29,015	75,836
5. Miscellaneous	3,980	20,460	20,647	4,167	3,176	16,922	16,662	2,916	1,251	787
Total	106,582	185,953	157,941	78,570	34,823	72,172	53,993	16,644	61,926	116,320

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Abu Ahmed**  
Director

**Muzaffar Ali Shah Bukhari**  
Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO

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

For the Quarter and Half Year Ended June 30, 2015

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, 2015	June 30, 2014
Rupees in thousand									
<b>Direct and facultative</b>									
1. Fire and property	1,338	32,324	24,255	9,407	13,922	23,329	6,239	17,090	7,405
2. Marine, aviation and transport	785	140	216	709	1,080	1,789	1,038	751	1,366
3. Motor	2,065	3,373	3,006	2,432	3,734	6,166	610	5,556	11,377
4. Accident and health	(7)	(1,807)	(2,010)	196	1,056	1,252	(505)	1,757	1,620
5. Miscellaneous	1,130	55	(358)	1,543	2,579	4,122	536	3,586	5,785
Total	5,311	34,085	25,109	14,287	22,371	36,658	7,918	28,740	27,553

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, 2015	June 30, 2014
Rupees in thousand									
<b>Direct and facultative</b>									
1. Fire and property	34,262	10,163	24,255	20,170	26,657	46,827	7,740	39,087	11,098
2. Marine, aviation and transport	1,171	1,648	216	2,603	1,187	3,790	3,516	274	3,117
3. Motor	2,897	5,096	3,006	4,987	4,690	9,677	836	8,841	24,163
4. Accident and health	169	(293)	(2,010)	1,886	2,006	3,892	(527)	4,419	13,443
5. Miscellaneous	2,127	1,610	(358)	4,095	3,370	7,465	1,145	6,320	11,085
Total	40,626	18,224	25,109	33,741	37,910	71,651	12,710	58,941	62,906

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

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Abu Ahmed**  
Director

**Muzaffar Ali Shah Bukhari**  
Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO



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

For the Quarter and Half Year Ended June 30, 2015

	Quarter ended June 30,		Half year ended June 30,	
	2015	2014	2015	2014
	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	1,000	(644)	(3,350)	560
Dividend income	3,296	320	3,576	799
Gain / (loss) on sale / redemption of investments	1,112	(312)	1,112	(312)
	5,408	(636)	1,338	1,047
<b>Income from investments classified as investments Held to maturity</b>				
Net unrealised (loss) / gain on revaluation of investments	(5,202)	994	(4,174)	1,936
Return on government securities	3,038	3,219	3,038	3,219
	(2,164)	4,213	(1,136)	5,155
	3,244	3,577	202	6,202
Investment related expenses	(3)	(7)	(35)	(13)
<b>Net investment income</b>	<b>3,241</b>	<b>3,570</b>	<b>167</b>	<b>6,189</b>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Abu Ahmed**  
Director

**Muzaffar Ali Shah Bukhari**  
Director

**Jalees Ahmed Siddiqi**  
Managing Director / CEO

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

For the Half Year Ended June 30, 2015

### **1 STATUS AND NATURE OF BUSINESS**

**1.1** 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. The company is a subsidiary of KM Enterprises (Pvt) Ltd. 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 1204, 12th floor, Emerald Tower, Clifton Block - 5, Karachi. The Company operates with 4 (December 31, 2014: 6) branches in Pakistan.

**1.2** In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Securities and Exchange Commission (Insurance) Rules, 2002 "Rules" (amended vide SRO 16(1)/2012, the company is not meeting the minimum solvency requirement. The Company is in the process to inject fresh equity amounting to Rs. 350 million by way of right issue which was approved by the Board of Directors and members in the Annual General Meeting held on April 30, 2015. The Company had made a request to the Securities and Exchange Commission of Pakistan seeking relaxation from the requirement of Rule 5(ii) of the Companies (Issue of Capital) Rules, 1996 which has not been acceded by the SECP. The Board of Directors are very keen to find a solution to overcome the issue and various available options not restricted to right issue are in the consideration of the Board.

**1.3** The Company has incurred a loss after taxation of Rs. 3.271 million during the current period and accumulated losses as at June 30, 2015 amounted to Rs. 253.713 million resulting its net equity of Rs. 96.287 as at June 30, 2015. These circumstances, together with the non-compliance of minimum solvency requirement as mentioned in note 1.2 above, indicate existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The injection of capital as planned by the Company would result in the Company's compliance with the minimum solvency requirement prescribed by the Commission and help in improving the Company's rating which would consequently result in acquisition of the profitable businesses in future.

### **2 STATEMENT OF COMPLIANCE**

**2.1** These condensed interim financial information have 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, 2014.

### **3 BASIS OF MEASUREMENT**

These condensed interim financial statements have been prepared under the historical cost convention except for investments and certain staff retirement benefits which are carried at fair value and at present value respectively.

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, 2014.

### **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, 2014.

### **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, 2014.

	Note	June 30, 2015	December 31, 2014
----- Rupees in thousand -----			
		(Un-audited)	(Audited)
<b>8 INVESTMENTS</b>			
<b>Designated at fair value through profit or loss</b>			
Mutual funds	8.1	<b>39,763</b>	4,203
Listed shares		<b>25,539</b>	27,920
<b>Held to maturity</b>			
Government securities	8.2	-	43,449
		<b>65,302</b>	<b>75,572</b>

#### 8.1 Mutual Funds

The mutual fund investments includes Rs.35.4 million invested during the year in Pakistan Income Fund and deposited with the State Bank of Pakistan in compliance with the requirement of section 29 of the insurance Ordinance, 2000.

#### 8.2 Government securities - Market treasury bills

These securities were deposited in corresponding year 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% per annum.

### 9 FIXED ASSETS

The details of additions and disposals / transfers during the half year ended June 30, 2015 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
----- Rupees in thousand -----				
<b>Tangible</b>				
Furniture and fixture *	<b>12,305</b>	-	<b>3,319</b>	-
Office equipment *	<b>2,896</b>	23	<b>273</b>	-
Computer equipment *	<b>1,219</b>	61	<b>512</b>	-
Motor vehicles	-	172	-	-
Capital work in progress	-	-	<b>10,557</b>	-
<b>Intangible</b>				
Computer software	-	-	-	-
	<b>16,420</b>	256	<b>14,661</b>	-

\* The capital work in progress has been transferred to various fixed assets accounts w.e.f. February 19, 2015.

## 10 CONTINGENCIES AND COMMITMENTS

### 10.1 Contingencies

The tax assessment 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. 3.128 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. 1.51 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.

Return of income for the tax year 2013 has been selected for audit under section 214C of the Ordinance by the FBR. The audit proceedings have been concluded and an order under section 122(1) of the Ordinance dated 21 May 2015 has been passed. In the amended order, the ACIR has added back the sum of Rs. 22,149,000 on account of provision for IBNR to the income of the company. Consequently a loss of Rs. 11,970,761 has been assessed as against declared loss of Rs. 34,119,760. The company has contested the above order by filling an appeal before the CIR(A) which is pending adjudication.

### 10.2 Commitments

Commitments for capital expenditure

Half year ended	
June 30, 2015	December 31, 2014
----- Rupees in thousand -----	
(Un-audited)	(Audited)
-	4,607

## 11 TAXATION

Provision of Rs 358,610 (on dividend income) for current taxation has been made in this condensed interim financial information for the half year ended June 30, 2015. The Company has an aggregate amount of Rs 236.079 million in respect of tax losses as at December 31, 2014 on which deferred tax assets amounting to Rs 82.628 million is available to the Company. The management carries out periodic assessment to assess the benefit of these losses whether the Company would be able to set off the profits earned in future years against these losses. Although the Company is expected to acquire new business which will result in increase in taxable profits in future years, but the determination of future taxable profit is most sensitive to certain key assumptions such as gross premium written, reinsurance ceded, net claim expenses, investment returns, net commission expense and related expenses. Any significant change in the key assumptions may have a significant effect on the realisability of the deferred tax asset. Considering these factors along with the uncertainty regarding the timing and extent of future taxable profits against which such benefits can be utilized, the management has adopted a prudent approach and has not recognized further deferred tax asset during the current period. The amount of deferred tax asset recognised as at December 31, 2014 amounted to Rs. 2.619 million as the Company has brought forward aggregate tax losses amounting to Rs. 236.079 million.

## 12 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, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Rupees in thousand			
Profit / (Loss) after tax for the period	2,159	(32,757)	(3,271)	(57,229)
	Number in thousand			
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
	Rupees			
Basic earnings / (loss) per share of Rs. 10 each	0.06	(0.94)	(0.09)	(1.64)

- 12.1** 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.

**13 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, 2015	June 30, 2014
	----- Rupees in thousand ----- (Un-audited)	(Un-audited)
Premium written	3,746	6,809
Claims paid	29	2,905
Return on bank balances	-	1,164
Bank charges	-	112
Remuneration of key management personnel	11,516	30,724
Contribution for staff provident fund	1,337	1,852
Charge in respect of gratuity fund	1,857	2,815

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, 2015	December 31, 2014
	----- Rupees in thousand ----- (Un-audited)	(Audited)
Payable to gratuity fund	1,857	(1,795)
Premiums due but unpaid	4,561	1,630

## 14 SEGMENT REPORTING

The following presents segment assets and liabilities as at June 30, 2015 and December 31, 2014.

	June 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	Rupees in thousand					
Fire and property damage	278,080		278,080	303,427		303,427
Marine, aviation and transport	56,953		56,953	122,501		122,501
Motor	98,024		98,024	131,954		131,954
Accident and health	19,337		19,337	29,691		29,691
Miscellaneous	169,120		169,120	199,961		199,961
Unallocated	-	192,507	192,507	-	165,170	165,170
Total	621,514	192,507	814,021	787,534	165,170	952,704

	June 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	Rupees in thousand					
Fire and property damage	304,216		304,216	272,861		272,861
Marine, aviation and transport	46,543		46,543	103,966		103,966
Motor	105,816		105,816	152,775		152,775
Accident and health	68,867		68,867	88,195		88,195
Miscellaneous	167,643		167,643	186,577		186,577
Unallocated	-	24,648	24,648	-	48,772	48,772
Total	693,085	24,648	717,733	804,374	48,772	853,146

14.1 Segment wise financial performance for the half year ended June 30, 2015 has been given in the condensed interim profit and loss account.

## 15 GENERAL

Figures have been rounded off to the nearest thousand rupees.

## 16 AUTHORISATION FOR ISSUE

This condensed interim financial information were authorised for issue by the Board of Directors of the Company on August 27, 2015.

## 17 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.

Irshad Ali Shaban Ali Kassim  
Chairman

Abu Ahmed  
Director

Muzaffar Ali Shah Bukhari  
Director

Jalees Ahmed Siddiqi  
Managing Director / CEO



## Branch Network

Branch Network	Branch Head / Incharge	Details
<b>Lahore Branch</b>	Mr. Shakeel Ahmed	Office # 615, 6th Floor, Plot # 82-D/1 Al Hafeez Shopping Main Boulevard, Gulberg-III, Lahore Tel : 042-3577 4921 - 22 Fax : 042-3577 4687
<b>Islamabad Branch</b>	Mr. Jaffar Awan	Office # 1, Plot # 1917, Atta Arcade, National Police Foundation, Main PWD - Bahria Road, Tel : 051-5194092 Fax : 051-5194083
<b>Multan Branch</b>	Mr. Muhammed Waheed Zafar	1st Floor Al Razzak Plaza Opp. Children Complex Hospital, Abdali Road, Multan Tel : 061-4589398 - 99 & 4586665 Fax : 061-4585896
<b>Faisalabad Branch</b>	Mr. Sajjad Ali	Ahmed Plaza, 4th Floor Civil Line, Bilal Road Faisalabad Tel : 041-254 0420-22 Fax : 041-254 0423



**PICIC Insurance Limited**

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