

PICIC INSURANCE LIMITED



INTERIM FINANCIAL REPORT
(UN-AUDITED)
HALF YEAR ENDED
JUNE 30, 2016



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Company Information

Board of Directors	<p>Mr. Irshad Ali Shaban Ali Kassim (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim Mr. Muzaffar Ali Shah Bukhari Mr. Abdul Sultan * Mr. Manzoor Ali Natha * Mr. Shahnawaz Madhani *</p> <p>(*Approval for appointment of directors are pending with SECP. One casual vacancy created due to resignation of director will be filled in due course)</p>
Managing Director / CEO	Mr. Jalees Ahmed Siddiqi
Board Audit Committee	<p>Mr. Muzaffar Ali Shah Bukhari (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim</p>
Board Human Resources & Remuneration Committee Board of Directors	<p>Mr. Munawar Ali Kassim (Chairman) Mr. Irshad Ali Shaban Ali Kassim Mr. Jalees Ahmed Siddiqi</p>
CFO & Company Secretary	Mr. Afroz Quraishi
Compliance Officer	Mr. Nizar Somani
Auditors	Muniff Ziauddin & Co. Chartered Accountants
Legal Advisor	Jameel Khan & Associates
Bankers	<p>Habib Metropolitan Bank Limited NIB Bank Limited Silk Bank Limited Bank Al Habib Limited</p>
Shares Registrar	<p>FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block - 6, P.E.C.H.S. Shahra-e-Faisal, Karachi</p>
Credit Rating	Triple B Plus "BBB+" by JCR-VIS
Registered & Head Office	<p>1204, 12th Floor, Emerald Tower Clifton, Block-5, Karachi - 75600, Pakistan t +92-21-35147651-5 UAN: 1112 PICIC (111-274-242) f +92-21-35147656 www.picicinsurance.com</p>

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, 2016. 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, 2016 was PKR.24.5 million. Underwriting loss of the Company, which stood at PKR.3.1 million against a profit of PKR.36.9 million during the corresponding period, is attributable to the reduction in all classes of business. There is a noticeable reduction of the management & general administrative expenses by PKR.30.3 million, from the corresponding six-month period last year, even though the deferred acquisition costs (PKR 10.6M), pertaining to 2015, were charged off during the six month period as per SECP instructions. The net commission expense in the six-months decreased to PKR.11.2 million, as compared to PKR.21.0 million in the same period in 2015. Net claims of PKR 27.5 M in the review period registered a significant reduction, compared to PKR.61.9 million in the corresponding period last year.

In the interim, due to present situation of the company, financial rating and bank limits prolonged the restraint on business acquisition and growth for the company impacting the Gross Written Premium.

Due to market fluctuations there is a reduction in net investment income. The Company's real strength is its management team. Keeping them engaged and motivated during the transitory and challenging phase has been well managed.

Future Plan

On April 07, 2016 PICIC Board, in principle agreed to a merger of PICIC Insurance Limited with, and into, Crescent Star Insurance Limited, subject to all necessary approvals, including that of the Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan and other relevant authorities. Subsequent to the half year ended on the instructions of the High Court of Sindh the company has decided to hold the Extra Ordinary General Meeting on August 29, 2016 for seeking shareholders' approval for the SWAP ratio of 4:1.

Pursuant to the Order dated July 1, 2016, passed by the High Court of Sindh at Karachi in Civil Miscellaneous Application No. 286 of 2016, in Petition bearing J. C. M. No. 28 of 2016, under sections 284 and 287 of the Companies Ordinance, 1984, the Court has directed, inter alia, that a meeting of the members of PICIC Insurance Limited (the "Company") be convened for the sanction of the Scheme of Arrangement,

pertaining to the merger, by way of amalgamation, of the Company with and into Crescent Star Insurance Limited ("CSIL"), along with all ancillary matters thereto, as approved by the Board of Directors of the Company on June 29, 2016 (the "Scheme of Arrangement").

The principal object of the Scheme of Arrangement is to effect the merger, by way of amalgamation, of the Company with and into CSIL. The said merger shall be with effect from the calendar quarter immediately preceding the date of filing of certified true copies of the order of the Court (sanctioning the Scheme of Arrangement) with the Registrar of Companies, or at such other date stated by the Court (the "Effective Date"), by transfer to and vesting in CSIL the entire business and undertaking of the Company, together with all assets, properties, rights, liabilities and obligations of every description of the Company, subsisting immediately preceding the Effective Date, without any further act or deed or documents being required to be carried out, executed, registered or filed in respect of such transfer, vesting, and / or assumption, in the manner stipulated under the Scheme of Arrangement. Thereafter the Company shall be dissolved without going into winding up, in the manner prescribed under the Scheme of Arrangement.

In consideration for the merger, shares of CSIL shall be issued to the shareholders of the Company, in the manner contemplated under the Scheme of Arrangement. In the meanwhile, company had applied to SECP for extension of meeting the minimum solvency level. Its approval is awaited.

Financial Highlights

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

	2016	2015
	----- Rupees in thousand -----	
Gross Premium Written	24,497	264,198
Net Premium Revenue	58,801	157,783
Net Claims including IBNR	(27,544)	(61,926)
(Loss) / Profit from underwriting business	(3,083)	36,916
Investment Income	696	2,111
(Loss) after Taxation	(28,999)	(3,271)
(Loss) per share (Rupees)	(0.83)	(0.09)

Acknowledgement

The Directors express their sincere appreciation to Company's valued clients, reinsurers, brokers, business partners and collaborators, the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange and Central Depository Company for their professional approach and guidance.

The Board acknowledges and appreciates the hard work of the management team and staff of the Company during the adverse business phase which emerged during the early part of this year.

For and on behalf of the Board.

Irshad Ali Shaban Ali Kassim
Chairman

Jalees Ahmed Siddiqi
Managing Director / CEO

Karachi: September 06, 2016

سے پہلے ، کیلنڈر کی سہ ماہی سے فوری طور پر نافذ العمل ہوگا، یا کورٹ کی جانب سے بیان کی گئی ایسی دیگر کسی تاریخ ("نافذ العمل تاریخ") پر CSIL کو تمام کاروبار کی منتقلی اور ضمانت ، بمعہ کمپنی کے تمام اثاثہ جات ، جائیدادوں، حقوق، ذمہ داریوں اور احسانات کی ہر تفصیل کے ساتھ، فوری طور پر باقی رہنے والی نافذ العمل تاریخ سے پہلے، مطلوبہ استعمال، انجام دہی، یا اس طرح کے درج شدہ یا فائل شدہ منتقلی، نفاذ اور/یا مفروضے میں آنے والے مزید کسی بھی کام، عمل یا دستاویزات کے بغیر ، اسکیم آف اریجنمنٹ کے تحت مشروط انداز میں بیان کیا گیا ہے بعد ازاں اسکیم آف اریجنمنٹ کے تحت بیان کردہ طریقے کے تحت کمپنی بند ہونے بغیر تحلیل ہو جائے گی۔

انضمام کے لحاظ سے CSIL کے سینئر کمپنی کے سینئر ہولڈرز کو اسکیم آف اریجنمنٹ کے تحت جاری کیے جائیں گے۔

اس دوران کمپنی نے SECP کو سالوینسی کی کم سے کم سطح کو پُر کرنے کے لیے توسیع کی درخواست بھی دے دی ہے۔ اب اس کی منظوری کا انتظار ہے۔

مالیاتی جھلکیاں

آپ کی کمپنی کی 30 جون کو ختم ہونے والے چھ ماہ کی مدت کی مالیاتی جھلکیوں کا موازنہ درج ذیل ہے:

2015	2016	
..... 000 ' ملین روپے میں.....		مجموعی پریمیم
264,198	24,497	خالص پریمیم آمدنی
157,783	58,801	خالص مطالبات زر بشمول IBNR
(61,926)	(27,544)	انٹر رائٹنگ کاروبار سے (خسارہ)/منافع
36,916	(3,083)	سرمایہ کاری کی آمدنی
2,111	696	بعد از ٹیکس (خسارہ)
(3,271)	(28,999)	فی سینئر (خسارہ) (روپے میں)
(0.09)	(0.83)	

اعتراف

محترم صارفین ، ری انشوررز، بروکرز، کاروباری پارٹنرز اور معاونین، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج اور سینٹرل ٹیلازٹری کمپنی کی پیشہ ورانہ سوچ اور رہنمائی پر کمپنی کے ڈائریکٹرز اپنا خراج تحسین پیش کرتے ہیں۔

اس سال کے آغاز میں پیدا ہونے والے کاروبار کے ناموافق عرصے میں کمپنی کی انتظامی ٹیم اور عملے کی سخت جدوجہد کا بھی بورڈکھلے دل سے اعتراف اور تعریف کرتا ہے ۔

بورڈ کی جانب سے۔

جلیس احمد صدیقی
مینجنگ ڈائریکٹر/سی ای او

ارشاد علی شعبان علی قاسم
چیئر مین

کراچی: 6 ستمبر 2016

ڈائریکٹروں کا جائزہ

30 جون 2016 کو ختم ہونے والی ششماہی کے لیے کمپنی کے ڈائریکٹرز ضخیم اور غیر آڈٹ شدہ ر فنانشل اسٹیٹمنٹ پیش کرنا چاہتے ہیں۔ برائے مہربانی اس بات کو نوٹ کریں کہ فنانشل اسٹیٹمنٹس کے بارے میں کمپنی کے بیرونی آڈیٹرز کا جائزہ محدود نوعیت کا تھا۔

کاروباری جائزہ

30 جون کو ختم ہونے والے عرصے میں 24.5 ملین پاکستانی روپے کا مجموعی پریمیم لکھا گیا۔ اسی عرصے میں 36.9 ملین پاکستانی روپے کے مقابلے میں کمپنی کا انٹرنلٹنگ خسارہ 3.1 ملین پاکستانی روپے رہا جو کاروبار کے تمام شعبوں میں کمی کی وجہ سے ہوا۔ کمپنی کے انتظامی اور عام اخراجات میں پچھلے سال کے اسی عرصے کے مقابلے میں قابل ذکر کمی ہوئی حالانکہ 2015 سے متعلق ملٹوی محصول کی لاگت 10.6 ملین پاکستانی روپے رہی اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق چھ ماہ کے عرصے میں انہیں ظاہر کیا گیا۔ چھ ماہ میں خالص کمیشن کے اخراجات 2015 کے اسی عرصے کے مقابلے میں 21.0 ملین پاکستانی روپے سے کم ہو کر 11.2 ملین پاکستانی روپے ہو گئے۔ زیر نظر عرصے میں 27.5 ملین پاکستانی روپے کے خالص مطالبات زرمیں قابل ذکر کمی ریکارڈ کی گئی جو پچھلے سال کے اسی عرصے میں 61.9 ملین پاکستانی روپے تھے۔

اس درمیانی عرصے میں کمپنی کے موجودہ حالات کی وجہ سے مالیاتی درجہ بندی اور بینک کی حدود نے کاروباری کے حصول اور کمپنی کی ترقی پر پابندی کو طول دیا جس کی وجہ سے مجموعی پریمیم پر فرق پڑا۔

مارکیٹ میں اتار چڑھاؤ کی وجہ سے خالص سرمایہ کاری کی آمدنی میں کمی واقع ہوئی۔

کمپنی کی اصل طاقت اس کی انتظامی ٹیم ہے۔ ارتقائی اور چیلنجنگ عرصے کے دوران انہیں بہتر طریقے سے مصروف اور متحرک رکھا گیا۔

مستقبل کا منصوبہ

7 اپریل 2016 میں PICIC بورڈ نے اصولی طور پر کریسٹن اسٹار انشورنس کمپنی میں PICIC انشورنس لمیٹڈ کے انضمام کا فیصلہ کیا جو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، کمپنیشن کمیشن آف پاکستان اور دیگر متعلقہ اتھارٹیز کی تمام ضروری منظوری سے مشروط تھا۔ سندھ ہائی کورٹ کی ہدایات پر بعد میں ختم ہونے والے سال میں کمپنی 29 اگست 2016 کو غیر معمولی جنرل میٹنگ منعقد کرنے کا فیصلہ کر چکی تھی تاکہ SWAP کی 4:1 کی شرح کی شیئر ہولڈرز سے منظوری حاصل کی جاسکے۔

کراچی میں سندھ ہائی کورٹ کے یکم جولائی 2016 کے حکم کے مطابق 2016 کی سول متفرق درخواست نمبر 286 میں، 2016 کی پٹیشن جس کا نمبر 28 تھا، کمپنیز آرڈیننس 1984 کے سیکشن 284 اور 287 کے تحت کورٹ بشمول دیگر اشیاء حکم دے چکا تھا کہ PICIC انشورنس لمیٹڈ ("کمپنی") کے ممبران کی میٹنگ، اسکیم آف ارینجمنٹ کی منظوری کے لیے منعقد کی جائے جو انضمام کے مطابق، اتحاد کے طریقے کے ذریعے، مزید تمام ضمنی امور کے ساتھ کریسٹن اسٹار انشورنس کمپنی لمیٹڈ ("CSIL") میں کمپنی کا انضمام کرے، جس کی منظوری کمپنی کے بورڈ آف ڈائریکٹرز نے 29 جون 2016 کو دی تھی ("اسکیم آف ارینجمنٹ")۔

اسکیم آف ارینجمنٹ کا اہم ترین مقصد یہ تھا کہ کمپنی کا کریسٹن اسٹار انشورنس کمپنی لمیٹڈ کے ساتھ انضمام، اتحاد کے طریقے کے ذریعے مؤثر بنایا جائے۔ منکوره انضمام، کورٹ کے حکم کی مصدقہ اصل نقول کی کمپنیز کے رجسٹرار کے پاس فائلنگ کی تاریخ

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, 2016 (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. 29 million during the period and its accumulated losses amounted to Rs. 305.3 million as at June 30, 2016. 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, 2016 in the accompanying condensed interim financial information have not been reviewed and we do not express conclusion thereon.

Karachi:
Dated: September 06, 2016

MUNIFF ZIAUDDIN & CO
CHARTERED ACCOUNTANTS
(Muhammad Moin Khan)

Condensed Interim Balance Sheet

As at June 30, 2016

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
----- Rupees in thousand -----			
Share capital and reserves			
Authorised share capital [125,000,000 (December 31, 2015: 125,000,000) Ordinary shares of Rs.10/- each]		1,250,000	1,250,000
Paid-up share capital [35,000,000 (December 31, 2015: 35,000,000) Ordinary shares of Rs.10/- each]		350,000	350,000
Accumulated loss		(305,340)	(280,289)
		44,660	69,711
Underwriting provisions			
Provision for outstanding claims (including IBNR)		150,382	141,549
Provision for unearned premium		83,953	183,932
Provision for premium deficiency		225	225
Commission income unearned		10,478	11,954
		245,038	337,660
Creditors and accruals			
Amounts due to other insurers / reinsurers		163,835	180,343
Other creditors and accruals		15,474	21,029
Accrued expenses		7,319	8,813
Unclaimed dividend		195	195
		186,823	210,380
TOTAL LIABILITIES		431,861	548,040
TOTAL EQUITY AND LIABILITIES		476,521	617,751
Contingencies and commitments	10		

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

	Note	(Un-audited) June 30, 2016	(Audited) December 31, 2015
----- Rupees in thousand -----			
Cash and bank deposits			
Cash and other equivalents		304	283
Current and other accounts		3,469	30,129
		3,773	30,412
Investments	8	37,090	53,701
Deferred Taxation		2,619	2,619
Current Assets - Others			
Premiums due but unpaid		73,842	88,132
Amounts due from other insurers / reinsurers		165,251	173,909
Accrued interest		173	-
Reinsurance recoveries against outstanding claims		67,399	68,565
Taxation - payments less provision		26,292	25,715
Deferred commission expense		11,283	23,984
Deferred acquisition costs		-	10,567
Prepayments		65,802	113,817
Sundry and other receivables		6,810	7,376
		416,852	512,065
Fixed assets	9		
Tangible			
Furniture and fixture		9,011	10,248
Office equipment		2,631	3,063
Computer equipment		2,599	3,384
Motor vehicles		1,946	2,228
Intangible			
Computer software		-	31
		16,187	18,954
TOTAL ASSETS		476,521	617,751

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



PICIC
INSURANCE

HALF YEAR 2016

11

Condensed Interim Profit and Loss Account (Un-Audited)

For the Quarter and Half Year ended June 30, 2016

							Quarter ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	June 30, 2016 Aggregate	June 30, 2015 Aggregate	
Note	Rupees in thousand							
Revenue account								
Net premium revenue	159	899	11,835	2,189	3,742	18,824	63,194	
Net claims	188	(530)	(14,109)	(1,638)	31	(16,058)	(26,724)	
	347	369	(2,274)	551	3,773	2,766	36,470	
Management expenses	(3,422)	(6,560)	(6,646)	(504)	(766)	(17,898)	(22,371)	
Net commission	(261)	351	(1,142)	72	1,108	128	(6,369)	
	(3,683)	(6,209)	(7,788)	(432)	342	(17,770)	(28,740)	
Underwriting results	(3,336)	(5,840)	(10,062)	119	4,115	(15,004)	7,730	
Net investment income						401	3,241	
Return on bank balances						(196)	1,245	
Gain on disposal of fixed assets						(367)	87	
						(15,166)	12,303	
General and administrative expenses						5,924	(9,638)	
Other charges						44	(176)	
(Loss) / profit before taxation						(9,198)	2,489	
Taxation						28	(330)	
(Loss) / profit after taxation						(9,170)	2,159	

							Half year ended		
		Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	June 30, 2016 Aggregate	June 30, 2015 Aggregate	
Note		Rupees in thousand							
Revenue account									
Net premium revenue		26,302	1,640	20,544	4,668	5,647	58,801	157,783	
Net claims		(865)	(2,057)	(17,609)	(4,966)	(2,047)	(27,544)	(61,926)	
		25,437	(417)	2,935	(298)	3,600	31,257	95,857	
Management expenses		(5,088)	(7,274)	(9,192)	(422)	(1,175)	(23,151)	(37,910)	
Net commission		(10,666)	677	(2,289)	151	938	(11,189)	(21,031)	
		(15,754)	(6,597)	(11,481)	(271)	(237)	(34,340)	(58,941)	
Underwriting results		9,683	(7,014)	(8,546)	(569)	3,363	(3,083)	36,916	
Net investment income							193	167	
Return on bank balances							503	1,944	
Gain on disposal of fixed assets							168	622	
							(2,219)	39,649	
General and administrative expenses							(26,752)	(42,314)	
Other charges							(28)	(248)	
Loss before taxation							(28,999)	(2,913)	
Taxation	11						-	(358)	
Loss after taxation							(28,999)	(3,271)	
Loss per share - basic and diluted (Rupees)	12						(0.83)	(0.09)	

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Half Year ended June 30, 2016

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	Rupees in thousand			
Net loss for the period	(9,170)	2,159	(28,999)	(3,271)
Items that will not be classified to profit or loss				
Remeasurement of post retirement benefits obligations	3,948	-	3,948	-
Total comprehensive loss for the period	(5,222)	2,159	(25,051)	(3,271)

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

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

For the Half Year ended June 30, 2016

	Paid-up share capital	Accumulated loss	Total
	----- Rupees in thousand -----		
Balance as at January 01, 2015	350,000	(250,442)	99,558
Total comprehensive income for the half year			
Net loss for the half year ended June 30, 2015	-	(3,271)	(3,271)
Balance as at June 30, 2015	350,000	(253,713)	96,287
Total comprehensive income for the half year			
Net loss for the half year ended December 31, 2015	-	(31,515)	(31,515)
Other comprehensive income for the year			
- Re-measurement of post employment benefit obligations	-	4,939	4,939
Balance as at December 31, 2015	350,000	(280,289)	69,711
Total comprehensive income for the half year			
Net loss for the half year ended June 30, 2016	-	(25,051)	(25,051)
Other comprehensive income for the half year			
- Re-measurement of post employment benefit obligations	-	3,948	3,948
Balance as at June 30, 2016	350,000	(305,340)	44,660

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Cash Flows (Un-Audited)

For the Half Year ended June 30, 2016

	June 30, 2016	June 30, 2015
----- Rupees in thousand -----		
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	48,750	378,092
Reinsurance premiums paid	(27,192)	(144,382)
Claims paid	(45,536)	(106,582)
Reinsurance and other recoveries received	27,991	34,823
Commissions paid	(37,987)	(49,597)
Commission received	12,410	17,174
Net cash (used in) / inflow from underwriting activities	(21,564)	129,528
b) Other operating activities		
Income tax paid	(577)	(1,395)
General management expenses paid	(39,064)	(91,807)
Operating receipts - net	17,234	(13,860)
Bank and other charges	(28)	(248)
Net cash used in other operating activities	(22,435)	(107,310)
Total cash (used in) / inflow from operating activities	(43,999)	22,218
INVESTMENT ACTIVITIES		
Profit / return received	330	1,863
Dividend received	2,056	3,596
Receipts for investments	14,748	6,861
Proceeds from disposal of fixed assets	168	622
Fixed capital expenditure	58	(5,863)
Total cash inflow from investing activities	17,360	7,079
Net cash (used in) / inflow all activities	(26,639)	29,297
Cash at the beginning of the year	30,412	41,433
Cash at the end of the year	3,773	70,730
Reconciliation to profit and loss account		
Operating cash flows	(43,999)	22,218
Depreciation / amortisation	(2,709)	(1,791)
Gain on disposal of fixed assets	168	622
Investment income	193	167
Return on bank balances	503	1,944
Increase in assets other than cash	(52,415)	(180,355)
Increase in liabilities	16,777	124,970
Increase in unearned premium	52,483	28,954
Loss after taxation	(28,999)	(3,271)
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	38	-
- stamps in hand	266	500
	304	500
Current and other accounts		
- current accounts	3,453	70,187
- saving accounts	16	43
	3,469	70,230
Deposits maturing within 12 months		
	-	-
	3,773	70,730

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Premiums (Un-Audited)

For the Half Year ended June 30, 2016

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, 2016	June 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	1,749	67,316	44,349	24,716	1,335	59,503	36,281	24,557	159	14,903
2. Marine, aviation and transport	6,138	1,361	646	6,853	5,482	1,018	546	5,954	899	2,667
3. Motor	4,172	17,151	8,835	12,488	439	2,350	2,136	653	11,835	27,026
4. Accident and health	626	2,919	898	2,647	555	1	98	458	2,189	11,050
5. Miscellaneous	351	44,440	29,225	15,566	-157	38,293	26,312	11,824	3,742	7,548
Total	13,036	133,187	83,953	62,270	7,654	101,165	65,373	43,446	18,824	63,194

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, 2016	June 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	5,384	90,735	44,349	51,770	5,336	56,413	36,281	25,468	26,302	40,940
2. Marine, aviation and transport	7,697	3,448	646	10,499	7,054	2,351	546	8,859	1,640	6,638
3. Motor	9,727	25,181	8,835	26,073	4,914	2,751	2,136	5,529	20,544	53,041
4. Accident and health	446	6,324	898	5,872	557	745	98	1,204	4,668	30,117
5. Miscellaneous	1,243	58,244	29,225	30,262	318	50,609	26,312	24,615	5,647	27,047
Total	24,497	183,932	83,953	124,476	18,179	112,869	65,373	65,675	58,801	157,783

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Claims (Un-Audited)

For the Half Year ended June 30, 2016

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, 2016	June 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	14,621	33,617	20,788	1,792	13,891	30,524	18,613	1,980	(188)	2,965
2. Marine, aviation and transport	3,646	17,190	14,897	1,353	1,881	12,135	11,077	823	530	999
3. Motor	7,034	37,696	48,774	18,112	5,794	2,461	670	4,003	14,109	7,971
4. Accident and health	499	20,575	21,714	1,638	-	-	-	-	1,638	13,993
5. Miscellaneous	5,776	44,807	44,209	5,178	5,437	37,267	37,039	5,209	(31)	796
Total	31,576	153,885	150,382	28,073	27,003	82,387	67,399	12,015	16,058	26,724

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 premium revenue	
		Opening	Closing			Opening	Closing		Half year ended	
									June 30, 2016	June 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	14,621	19,618	20,788	15,791	13,891	17,578	18,613	14,926	865	5,221
2. Marine, aviation and transport	6,268	16,710	14,897	4,455	2,797	11,476	11,077	2,398	2,057	940
3. Motor	13,294	40,777	48,774	21,291	5,465	2,453	670	3,682	17,609	25,499
4. Accident and health	5,132	21,880	21,714	4,966	-	-	-	-	4,966	29,015
5. Miscellaneous	6,221	42,564	44,209	7,866	5,838	37,058	37,039	5,819	2,047	1,251
Total	45,536	141,549	150,382	54,369	27,991	68,565	67,399	26,825	27,544	61,926

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



HALF YEAR 2016

17

Condensed Interim Statement of Expenses (Un-Audited)

For the Half Year ended June 30, 2016

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, 2016	June 30, 2015
Rupees in thousand									
Direct and facultative									
1. Fire and property	290	12,724	8,766	4,248	3,422	7,670	3,987	3,683	17,090
2. Marine, aviation and transport	1,154	208	115	1,247	6,560	7,807	1,598	6,209	751
3. Motor	290	1,931	965	1,256	6,646	7,902	114	7,788	5,556
4. Accident and health	64	8	14	58	504	562	130	432	1,757
5. Miscellaneous	121	2,522	1,423	1,220	766	1,986	2,328	(342)	3,586
Total	1,919	17,393	11,283	8,029	17,898	25,927	8,157	17,770	28,740

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net premium revenue	
		Opening	Closing					Half year ended	
								June 30, 2016	June 30, 2015
Rupees in thousand									
Direct and facultative									
1. Fire and property	954	17,069	8,766	9,257	5,088	14,345	(1,409)	15,754	39,087
2. Marine, aviation and transport	1,381	567	115	1,833	7,274	9,107	2,510	6,597	274
3. Motor	819	2,592	965	2,446	9,192	11,638	157	11,481	8,841
4. Accident and health	60	65	14	111	422	533	262	271	4,419
5. Miscellaneous	147	3,691	1,423	2,415	1,175	3,590	3,353	237	6,320
Total	3,361	23,984	11,283	16,062	23,151	39,213	4,873	34,340	58,941

* 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

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Investment Income (Un-Audited)

For the Half Year ended June 30, 2016

	Quarter ended June 30,		Half year ended June 30,	
	2016	2015	2016	2015
	----- Rupees in thousand -----			
Income from investments classified as investments at fair value through profit or loss				
Net unrealised (loss) / gain on revaluation of investments	(0)	1,000	(120)	(3,350)
Dividend income	2,056	3,296	2,056	3,576
(Loss) on sale / redemption of investments	-	1,112	(547)	1,112
	2,056	5,408	1,389	1,338
Income from investments classified as investments Held to maturity				
Net unrealised gain on revaluation of investments	(1,653)	(5,202)	(1,129)	(4,174)
Return on government securities	-	3,038	-	3,038
	(1,653)	(2,164)	(1,129)	(1,136)
	403	3,244	260	202
Investment related expenses	(2)	(3)	(67)	(35)
Net investment income	401	3,241	193	167

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
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, 2016

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 Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1204, 12th floor, Emerald Tower, Clifton Block - 5, Karachi. The Company operates with 4 (2015: 4) 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 dated January 09, 2012), the minimum solvency requirement (i.e excess of admissible assets over liabilities) is Rs 150 million. The Company is not meeting the minimum solvency requirement as at June 30, 2016.
- 1.3. Further, the Company has incurred a loss after tax of Rs. 29 million during the current period and its accumulated losses as at June 30, 2016 amounted to Rs 305.3 million resulting in net equity of Rs 44.7 million as at June 30, 2016. Further, the operating cash flows of the Company are also negative since 2011. 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.

On April 07, 2016 PICIC Board, in principle agreed to a merger of PICIC Insurance Limited with, and into, Crescent Star Insurance Limited, subject to all necessary regulatory approvals, including that of the Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan and other relevant authorities.

Subsequent to the half year ended on the instructions of the High Court of Pakistan the company held the Extra Ordinary General Meeting on August 29, 2016 for seeking members approval for the SWAP ratio of 1 : 4. which was duly approved.

This follows the earlier process, initiated in September 29, 2015 for 35 million Right shares at par, which could not move forward because of non-availability of Underwriters for the issue. However, SECP vide letter No. ID/PRDD/026-APPROVALS/2016/3760 dated January 21, 2016, based on Board decision of January 13, 2016 to go for rights at a discount, had also allowed to apply to the Commission for sanctioning the issuance of right shares at a discount of Rs.5 per share.

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, 2015.

3 BASIS OF MEASUREMENT

This condensed interim financial information have 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, 2015.

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, 2015.

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, 2015.

	Note	June 30, 2016	December 31, 2015
		----- Rupees in thousand -----	
		(Un-audited)	(Audited)
8 INVESTMENTS			
Designated at fair value through profit or loss			
Mutual funds	8.1	37,090	41,039
Listed shares		-	12,662
		37,090	53,701

8.1 Mutual Funds

The mutual fund investments includes Rs.37.1 million invested 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.

9 FIXED ASSETS

The details of additions and disposals during the half year ended June 30, 2016 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Tangible	----- Rupees in thousand -----			
Furniture and fixture	-	12,305	-	3,319
Office equipment	-	2,896	28	273
Computer equipment	-	1,219	-	512
Motor vehicles	-	-	28	-
Capital work in progress	-	-	-	10,557
	-	16,420	56	14,661

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,

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 these financial statements, as the Company is confident of a favorable outcome.

10.2 Commitments

Half year ended	
June 30, 2016	December 31, 2015
----- Rupees in thousand ----- (Un-audited)	(Un-audited)
-	-

11 TAXATION

No provision for taxation has been made during the period due to losses. The Company has an aggregate amount of Rs 270.747 million (2014: Rs 236.079 million) in respect of tax losses as at December 31, 2015 and deferred tax assets amounting to Rs 78.396 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 year. The amount of deferred tax asset recognised as at December 31, 2015 amounted to Rs. 2.619 million (2014: Rs 2.619 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, 2016	June 30, 2015	June 30, 2016	June 30, 2015
(Loss) / Profit after tax for the period	(9,170)	2,159	(28,999)	(3,271)
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
Basic (loss) / earnings per share of Rs. 10 each	(0.26)	0.06	(0.83)	(0.09)

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, 2016	June 30, 2015
	(Un-audited)	(Un-audited)
Premium written	1,632	3,746
Claims paid	24	29
Remuneration of key management personnel	11,686	11,516
Contribution for staff provident fund	933	1,337
Charge in respect of gratuity fund	163	1,857

The above includes transactions made with various parties which ceased to be the related party of the Company from June 6, 2016.

	June 30, 2015	December 31, 2014
	----- Rupees in thousand ----- (Un-audited)	(Audited)
Balances outstanding at period / year end		
Payable to gratuity fund	(4,723)	1,857
Premiums due but unpaid	2,902	4,561

14 SEGMENT REPORTING

The following presents segment assets and liabilities as at June 30, 2016 and December 31, 2015.

	June 30, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	----- Rupees in thousand -----					
Fire and property damage	128,551	128,551	187,067		187,067	
Marine, aviation and transport	54,320	54,320	50,118		50,118	
Motor	75,033	75,033	81,600		81,600	
Accident and health	2,525	2,525	6,439		6,439	
Miscellaneous	122,719	122,719	152,802		152,802	
Unallocated	-	93,373	93,373	-	139,725	139,725
Total	383,148	93,373	476,521	478,026	139,725	617,751

	June 30, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	----- Rupees in thousand -----					
Fire and property damage	176,748	176,748	232,295		232,295	
Marine, aviation and transport	24,458	24,458	29,877		29,877	
Motor	68,368	68,368	75,348		75,348	
Accident and health	23,795	23,795	29,502		29,502	
Miscellaneous	129,250	129,250	165,391		165,391	
Unallocated	-	9,242	9,242	-	15,627	15,627
Total	422,619	9,242	431,861	532,413	15,627	548,040

14.1 Segment wise financial performance for the half year ended June 30, 2016 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 was authorised for issue by the Board of Directors of the Company on September 06, 2016.

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

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Branch Network

Branch Network	Address
Lahore Branch	Office # 615, 6th Floor, Plot # 82-D/1 Al Hafeez Shopping Main Boulevard, Gulberg-III, Lahore Tel : 042-3577 4921 Fax : 042-3577 4922
Multan Branch	1st Floor Al Razzak Plaza Opp. Children Hospital, Abdali Road, Multan Tel : 061-4589398 - 99 & 4586665 Fax : 061-4585896
Karachi Export Processing Zone Branch	Plot # N-2, Sector B-III, Landhi Industrial Area Extension, Mehran Highway, Karachi Tel: 021-35130702 Fax: 021-35130701
Karachi Office	Suit No. E-1, Executive Floor, Glass Tower, Main Clifton Road, Karachi. Tel: 021-35654764, 35639712



PICIC Insurance Limited
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