

Financial Statements  
(Un-Audited)  
Period ended  
September 30, 2014



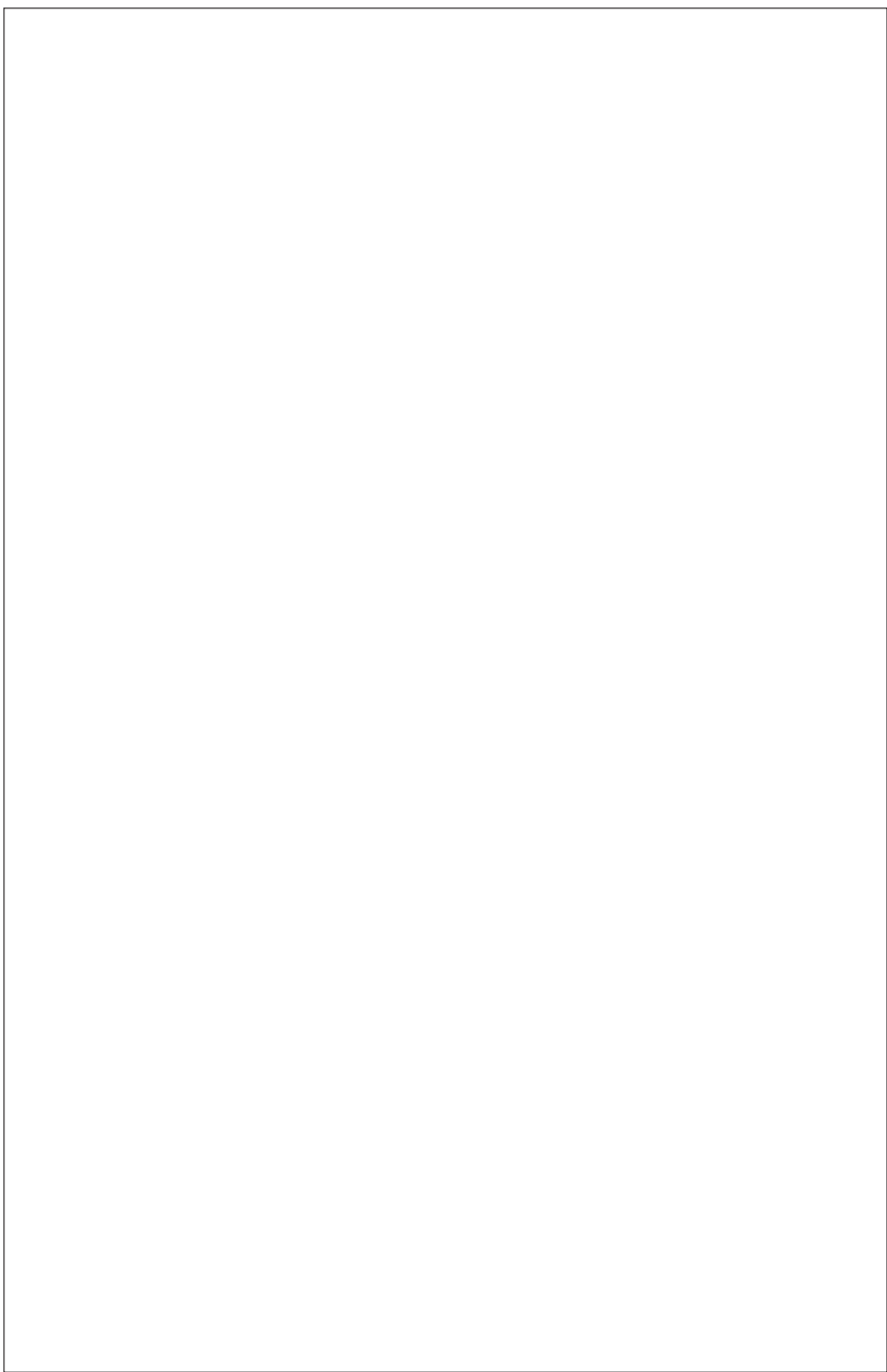
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## Company Information

<b>Board of Directors</b>	Mr. Irshad Ali Shaban Ali Kassim (Chairman) Mr. Shahid Ahmad Mr. Abu Ahmed Mr. Munawar Ali Kassim Ms. Ayesha Mohammad Mr. Ghulam Muhammad Mr. Khalid Nawaz Awan (Approval of one Director is awaited from SECP)
<b>Managing Director / CEO</b>	Mr. Afroz Quraishi
<b>Board Audit Committee</b>	Mr. Abu Ahmed (Chairman) 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. Afroz Quraishi
<b>Acting CFO &amp; Company Secretary</b>	Syed Zaigham Raza
<b>Auditors</b>	A.F. Ferguson & Co. Chartered Accountants
<b>Legal Advisor</b>	Syed Ali Hyder
<b>Bankers</b>	NIB Bank Limited Habib Metropolitan Bank 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>	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 period ended September 30, 2014.

### Business Review

The gross premium written for the nine months was Rs.400M as compared to Rs.530M for the corresponding period last year. The net premium revenue for the nine months was Rs.242M as against Rs.246M for the corresponding period last year, a decrease of approximately 2%. The underwriting result of the Company stood at a loss of Rs 9M against a profit of Rs 61M during the corresponding period in 2013, in all the class except the fire and Accident & Health classes the claim ratios have been increased. The net commission income in the nine months period has decreased by Rs.16M as compared to the corresponding period in 2013. Management and General administrative expenses have increased by Rs.27M compared to the corresponding nine-month period last year, mainly due to the reduction of deferred acquisition costs because of lower premium written, however, Management is hopeful that this shortfall of gross premium will be reconciled soon and 2015 will be a better year.

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.

Management believes that the acquisition by KM Enterprises (Private) Limited 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 better investment policy without compromising the risk.

### Financial Highlights

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

	2014	2013
	Rupees in thousand	
Gross Premium Written	399,891	529,854
Net Premium Revenue	241,661	246,271
Net Claims including IBNR	(152,655)	(138,699)
(Loss) / profit from underwriting business	(9,472)	61,207
Investment Income	11,911	18,520
(Loss) / profit after Taxation	(61,901)	6,510
(Loss) / earnings per share (Rupees)	(1.77)	0.19

### **Acknowledgement**

The Directors express their sincere appreciation to the Company's valued customers, reinsurers, brokers, business partners and other stakeholders. Thanks also to The Securities and Exchange Commission of Pakistan, Karachi Stock Exchange, Lahore Stock Exchange, Islamabad Stock Exchange and Central Depository Company for their support and guidance. The Board would also like to take this opportunity to appreciate the dedication and hard work put in by the Company's management and staff.

For and on behalf of the Board,

**Irshad Ali Shaban Ali Kassim**  
Chairman

**Afroz Quraishi**  
Managing Director / CEO

Karachi: October 24, 2014

## Condensed Interim Balance Sheet

As at September 30, 2014

	Note	(Un-audited) September 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		(183,296)	(121,395)
		166,704	228,605
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		155,009	123,548
Provision for unearned premium		280,914	387,447
Provision for premium deficiency		-	-
Commission income unearned		19,299	15,002
		455,222	525,997
<b>Creditors and accruals</b>			
Amounts due to other insurers / reinsurers		194,339	112,320
Other creditors and accruals		46,156	50,046
Accrued expenses		2,220	7,029
Unclaimed dividend		195	195
		242,910	169,590
<b>Borrowings</b>			
Obligation under musharakah agreement	10	562	1,556
<b>TOTAL LIABILITIES</b>		698,694	697,143
<b>TOTAL EQUITY AND LIABILITIES</b>		865,398	925,748
<b>Contingencies and commitments</b>	11		

	Note	(Un-audited) September 30, 2014	(Audited) December 31, 2013
		----- Rupees in thousand -----	
<b>Cash and bank deposits</b>			
Cash and other equivalents		421	268
Current and other accounts		31,004	66,894
Deposits maturing within 12 months		20,000	35,000
		51,425	102,162
<b>Investments</b>	8	76,939	73,623
<b>Deferred Taxation</b>		2,619	2,619
<b>Current Assets - Others</b>			
Premiums due but unpaid		294,848	255,563
Amounts due from other insurers / reinsurers		169,276	120,613
Accrued interest		293	175
Reinsurance recoveries against outstanding claims		64,847	55,122
Taxation - payments less provision		24,425	23,630
Deferred commission expense		24,402	26,282
Deferred acquisition costs		36,629	42,301
Prepayments		110,514	214,331
Sundry and other receivables		6,294	5,739
		731,528	743,756
<b>Fixed assets</b>	9		
<b>Tangible</b>			
Furniture and fixture		8	12
Office equipment		791	1,042
Computer equipment		1,482	1,084
Motor vehicles		355	1,020
<b>Intangible</b>			
Computer software		251	430
		2,887	3,588
<b>TOTAL ASSETS</b>		865,398	925,748

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

For the quarter and period ended September 30, 2014

						Quarter ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	September 30, 2014 Aggregate	September 30, 2013 Aggregate
	----- Rupees in thousand -----						
<b>Revenue account</b>							
Net premium revenue	3,704	3,456	38,403	39,092	(1,368)	83,287	71,376
Net claims	(40)	(411)	(19,568)	(15,571)	(745)	(36,335)	(44,439)
	3,664	3,045	18,835	23,521	(2,113)	46,952	26,937
<b>Management expenses</b>	(7,440)	(1,857)	(8,599)	(6,015)	(6,239)	(30,150)	(24,214)
Net commission	(604)	557	(2,724)	(3,599)	948	(5,422)	(1,138)
	(8,044)	(1,300)	(11,323)	(9,614)	(5,291)	(35,572)	(25,352)
<b>Underwriting results</b>	(4,380)	1,745	7,512	13,907	(7,404)	11,380	1,585
Net investment income						1,880	2,230
Return on bank balances						873	2,633
Gain on disposal of fixed assets						(37)	608
Other income						(59)	83
						14,037	7,139
General and administrative expenses						(18,611)	(25,384)
Financial charges						(51)	(85)
Other charges						(41)	(85)
<b>(Loss) before taxation</b>						(4,666)	(18,415)
<b>Taxation</b>						(6)	-
<b>(Loss) after taxation</b>						(4,672)	(18,415)

							period ended ended	
	Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	September 30, 2014 Aggregate	September 30, 2013 Aggregate
		----- Rupees in thousand -----						
<b>Revenue account</b>								
Net premium revenue		12,919	7,525	108,436	105,383	7,398	241,661	246,271
Net claims		(1,478)	(2,191)	(56,047)	(91,407)	(1,532)	(152,655)	(138,699)
		11,441	5,334	52,389	13,976	5,866	89,006	107,572
Management expenses		(19,887)	(5,381)	(26,998)	(18,145)	(17,654)	(88,065)	(51,564)
Net commission		745	964	(8,488)	(4,912)	1,278	(10,413)	5,199
		(19,142)	(4,417)	(35,486)	(23,057)	(16,376)	(98,478)	(46,365)
Underwriting results		(7,701)	917	16,903	(9,081)	(10,510)	(9,472)	61,207
Net investment income							8,069	7,269
Return on bank balances							3,842	11,251
Gain on disposal of fixed assets							8	617
Other income							188	337
							2,635	80,681
General and administrative expenses							(64,103)	(73,662)
Financial charges							(173)	(282)
Other charges							(174)	(227)
(Loss) / profit before taxation							(61,815)	6,510
Taxation	12						(86)	-
(Loss) / profit after taxation							(61,901)	6,510
(Loss) / Earnings per share - basic and diluted (Rupees)	13						(1.77)	0.19

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

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

For the quarter and period ended September 30, 2014

	Quarter ended September 30,		Period ended September 30,	
	2014	2013	2014	2013
	----- Rupees in thousand -----			
Net (loss) / profit for the period	(4,672)	(18,415)	(61,901)	6,510
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>(4,672)</b>	<b>(18,415)</b>	<b>(61,901)</b>	<b>6,510</b>

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

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

For the quarter and period ended September 30, 2014

	Paid-up share capital	Accumulated loss	Total
	Rupees in thousand		
Balance as at January 01, 2013	350,000	(126,372)	223,628
Total comprehensive income for the period			
Net profit for the period ended September 30, 2013	-	6,510	6,510
Balance as at September 30, 2013	350,000	(119,862)	230,138
Total comprehensive income for the period			
Net profit for the 4th quarter ended December 31, 2013	-	2,913	2,913
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 period			
Net loss for the period ended September 30, 2014	-	(61,901)	(61,901)
Balance as at September 30, 2014	350,000	(183,296)	166,704

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

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

For the period ended September 30, 2014

	September 30, 2014	September 30, 2013
<b>OPERATING ACTIVITIES</b>		
<b>a) Underwriting activities</b>		
Premiums received	415,009	438,101
Reinsurance premiums paid	(176,084)	(299,824)
Claims paid	(163,711)	(236,472)
Reinsurance and other recoveries received	32,792	68,665
Commissions paid	(56,252)	(66,969)
Commission received	35,840	46,704
Net cash inflow / (used in) from underwriting activities	87,594	(49,795)
<b>b) Other operating activities</b>		
Income tax impact	(881)	(1,799)
General management expenses paid	(146,827)	(133,229)
Operating receipts - net	2,966	44,214
Bank and other charges	(174)	(227)
Other income	188	337
Net cash used in other operating activities	(144,728)	(90,704)
<b>Total cash used in from operating activities</b>	<b>(57,134)</b>	<b>(140,499)</b>
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	3,704	11,866
Dividend received	881	807
Receipts for investments	3,908	-
Payment for investment made	(16)	(41,220)
Proceeds from sale / redemption of investments	-	44,987
Proceeds from disposal of fixed assets	8	617
Fixed capital expenditure	(921)	(919)
<b>Total cash inflow from investing activities</b>	<b>7,564</b>	<b>16,138</b>
<b>FINANCING ACTIVITIES</b>		
Payments under musharakah agreement	(1,167)	(919)
<b>Total cash used in financing activities</b>	<b>(1,167)</b>	<b>(919)</b>
<b>Net cash used in all activities</b>	<b>(50,737)</b>	<b>(125,280)</b>
Cash at the beginning of the year	102,162	245,535
<b>Cash at the end of the year</b>	<b>51,425</b>	<b>120,255</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	(57,134)	(140,499)
Depreciation / amortisation	(1,622)	(1,941)
Gain on disposal of fixed assets	8	617
Financial charges	(173)	(282)
Investment income	8,069	7,269
Return on bank balances	3,842	11,251
Increase in assets other than cash	84,551	105,929
Increase in liabilities	(108,283)	19,462
Decrease in unearned premium	8,841	4,704
<b>(Loss) / Profit after taxation</b>	<b>(61,901)</b>	<b>6,510</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	421	548
	421	548
<b>Current and other accounts</b>		
- current accounts	6,010	8,826
- saving accounts	24,994	45,881
	31,004	54,707
<b>Deposits maturing within 12 months</b>	<b>20,000</b>	<b>65,000</b>
	<b>51,425</b>	<b>120,255</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

Munawar Ali Kassim  
Director

Afroz Quraishi  
Managing Director / CEO

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

For the quarter and period ended September 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	
									September 30, 2014	September 30, 2013
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	35,589	57,181	56,414	36,356	30,068	51,749	49,165	32,652	3,704	3,177
2. Marine, aviation and transport	7,939	8,348	7,135	9,152	4,983	5,521	4,808	5,696	3,456	2,863
3. Motor	34,575	108,266	98,693	44,148	2,946	22,214	19,415	5,745	38,403	38,082
4. Accident and health	12,398	102,368	75,473	39,293	140	245	184	201	39,092	24,220
5. Miscellaneous	21,825	57,173	43,199	35,799	20,420	50,690	33,943	37,167	(1,368)	3,034
Total	112,326	333,336	280,914	164,748	58,557	130,419	107,515	81,461	83,287	71,376

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Period ended	
									September 30, 2014	September 30, 2013
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	81,322	96,056	56,414	120,964	71,023	86,187	49,165	108,045	12,919	12,462
2. Marine, aviation and transport	24,857	10,900	7,135	28,622	17,447	8,458	4,808	21,097	7,525	14,065
3. Motor	156,020	70,718	98,693	128,045	30,751	8,273	19,415	19,609	108,436	113,387
4. Accident and health	84,491	96,885	75,473	105,903	374	330	184	520	105,383	80,353
5. Miscellaneous	53,201	112,888	43,199	122,890	47,476	101,959	33,943	115,492	7,398	26,004
Total	399,891	387,447	280,914	506,424	167,071	205,207	107,515	264,763	241,661	246,271

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

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

For the quarter and period ended September 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	
									September 30, 2014	September 30, 2013
					Rupees in thousand					
Direct and facultative										
1. Fire and property	15,319	32,594	15,370	(1,905)	14,266	30,590	14,379	(1,945)	40	1,092
2. Marine, aviation and transport	1,560	32,983	34,718	3,295	1,129	28,174	29,929	2,884	411	(27)
3. Motor	13,551	44,538	53,745	22,758	391	1,278	4,077	3,190	19,568	22,882
4. Accident and health	20,828	36,411	31,132	15,549	-	22	-	(22)	15,571	19,808
5. Miscellaneous	3,985	20,699	20,044	3,330	3,255	17,132	16,462	2,585	745	684
Total	55,243	167,225	155,009	43,027	19,041	77,196	64,847	6,692	36,335	44,439

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		Period ended	
									September 30, 2014	September 30, 2013
					Rupees in thousand					
Direct and facultative										
1. Fire and property	21,022	14,584	15,370	21,808	19,638	13,687	14,379	20,330	1,478	1,667
2. Marine, aviation and transport	6,584	27,138	34,718	14,164	5,625	23,581	29,929	11,973	2,191	3,815
3. Motor	50,892	44,006	53,745	60,631	2,306	1,799	4,077	4,584	56,047	50,224
4. Accident and health	78,675	18,400	31,132	91,407	-	-	-	-	91,407	80,677
5. Miscellaneous	6,538	19,420	20,044	7,162	5,223	16,055	16,462	5,630	1,532	2,316
Total	163,711	123,548	155,009	195,172	32,792	55,122	64,847	42,517	152,655	138,699

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

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

For the quarter and period ended September 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	
								September 30, 2014	September 30, 2013
----- Rupees in thousand -----									
Direct and facultative									
1. Fire and property	5,061	4,591	7,521	2,131	7,440	9,571	1,527	8,044	3,442
2. Marine, aviation and transport	1,040	672	706	1,006	1,857	2,863	1,563	1,300	523
3. Motor	2,430	7,632	6,834	3,228	8,599	11,827	504	11,323	9,949
4. Accident and health	835	7,840	5,019	3,656	6,015	9,671	57	9,614	5,826
5. Miscellaneous	630	3,673	4,322	(19)	6,239	6,220	929	5,291	5,612
Total	9,996	24,408	24,402	10,002	30,150	40,152	4,580	35,572	25,352

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					Period ended	
								September 30, 2014	September 30, 2013
----- Rupees in thousand -----									
Direct and facultative									
1. Fire and property	10,799	7,789	7,521	11,067	19,887	30,954	11,812	19,142	(367)
2. Marine, aviation and transport	2,953	843	706	3,090	5,381	8,471	4,054	4,417	4,988
3. Motor	10,540	6,059	6,834	9,765	26,998	36,763	1,277	35,486	23,919
4. Accident and health	4,202	5,877	5,019	5,060	18,145	23,205	148	23,057	11,318
5. Miscellaneous	2,569	5,714	4,322	3,961	17,654	21,615	5,239	16,376	6,507
Total	31,063	26,282	24,402	32,943	88,065	121,008	22,530	98,478	46,365

\* 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.

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

For the quarter and period ended September 30, 2014

	Quarter ended		Period ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 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	1,157	(1,370)	1,717	3,037
Dividend income	62	440	861	1,075
(Loss) on sale / redemption of investments	0	0	(312)	0
	1,219	(930)	2,266	4,112
<b>Income from investments classified as investments Held to maturity</b>				
Net unrealised gain on revaluation of investments	667	571	2,603	571
Return on government securities	0	2,596	3,219	2,596
	667	3,167	5,822	3,167
	1,886	2,237	8,088	7,279
Investment related expenses	(6)	(7)	(19)	(10)
<b>Net investment income</b>	<b>1,880</b>	<b>2,230</b>	<b>8,069</b>	<b>7,269</b>

The annexed notes 1 to 17 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 period ended September 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	September 30, 2014	December 31, 2013
		----- Rupees in thousand ----- (Un-audited)	(Audited)
<b>Designated at fair value through profit or loss</b>			
Mutual funds		4,053	3,740
Listed shares		30,464	26,616
<b>Held to maturity</b>			
Government securities	8.1	42,422	43,267
		<u>76,939</u>	<u>73,623</u>

### 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 period ended September 30, 2014 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	----- Rupees in thousand -----			
<b>Tangible</b>				
Office equipment	23	348	41	-
Computer equipment	900	91	8	-
Motor vehicles	172	-	123	-
<b>Intangible</b>				
Computer software	-	480	-	-
	<u>1,095</u>	<u>919</u>	<u>172</u>	<u>-</u>

# 10 OBLIGATION UNDER MUSHARAKAH AGREEMENT

	September 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	(994)	(849)
Closing balance	562	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

	Period ended	
	September 30, 2014	December 31, 2013
	Rupees in thousand (Un-audited)	thousand (Audited)
Commitments for capital expenditure	621	1,817

## 12 TAXATION

Provision of Rs 86,079 (on dividend income) for current taxation has been made in this condensed interim financial information for the period ended September 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 (LOSS) / EARNING 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		Period ended	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
	Rupees in thousand		thousand	
(Loss) / profit after tax for the period	(4,672)	(18,415)	(61,901)	6,510
	Number in thousand		thousand	
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
	Rupees		Rupees	
Basic (loss) / earnings per share of Rs. 10 each	(0.13)	(0.53)	(1.77)	0.19

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	Period ended	
	September 30, 2014	September 30, 2013
	Rupees in thousand (Un-audited)	Rupees in thousand (Un-audited)
Premium written	8,263	14,459
Claims paid	2,911	4,792
Return on bank balances	1,164	4,133
Bank charges	112	227
Remuneration of key management personnel	42,047	38,694
Contribution for staff provident fund	2,949	2,584
Charge in respect of gratuity fund	4,223	2,540

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	September 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	4,223	(1,588)
Premiums due but unpaid	978	7,764

## 15 SEGMENT REPORTING

	September 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	197,997		197,997	227,968		227,968
Marine, aviation and transport	90,943		90,943	79,429		79,429
Motor	147,839		147,839	83,499		83,499
Accident and health	95,852		95,852	117,382		117,382
Miscellaneous	164,886		164,886	196,810		196,810
Unallocated	-	167,881	167,881	-	220,660	220,660
Total	697,517	167,881	865,398	705,088	220,660	925,748

	September 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	171,058		171,058	200,443		200,443
Marine, aviation and transport	82,264		82,264	83,314		83,314
Motor	164,463		164,463	126,667		126,667
Accident and health	112,696		112,696	122,837		122,837
Miscellaneous	144,378		144,378	137,099		137,099
Unallocated	-	23,835	23,835	-	26,783	26,783
<b>Total</b>	<b>674,859</b>	<b>23,835</b>	<b>698,694</b>	<b>670,360</b>	<b>26,783</b>	<b>697,143</b>

**15.1** Segment wise financial performance for the period ended September 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 October 24, 2014.

## 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. Childern Complex Hospital, Abdali Road, Multan Tel : 061-4589398 - 99 & 4586665 Fax : 061-4585896
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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