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## Company Information

### Board of Directors

Mr. Mohammed Basheer Janmohammed  
 (Chairman)  
 Mr. Yameen Kerai  
 Mr. Shahid Sattar  
 Mr. Tufail Jawed Ahmad  
 Mr. Rizwan Abbas  
 Mr. Muhammad Riaz  
 Mr. Ghulam Muhammad

### Board Audit Committee

Mr. Yameen Kerai  
 Mr. Ghulam Muhammad  
 Mr. Rizwan Abbas  
 Mr. Muhammad Riaz

### Managing Director & Chief Executive Officer

Mr. Ahmed Salahuddin

### CFO & Company Secretary

Mr. Muhammad Haneed

### Auditors

A.F. Ferguson & Co.  
 Chartered Accountants

### Legal Advisor

Syed Ali Hyder

### Bankers

NIB Bank Limited  
 Habib Metropolitan Bank Limited

### Shares Registrar

FAMCO Associates (Pvt.) Ltd.  
 State Life Building # 1-A, 1st floor  
 I.I. Chundrigar Road Karachi Pakistan.

### Credit Rating

Single A Minus "A-" by JCR-VIS

### Registered & Head Office

8th Floor, Shaheen Complex,  
 M.R. Kayani Road, Karachi  
 Tel # (021) 3221 9555-60  
 Fax # (021) 3221 9561

## Directors' Review

The Directors would like to present the condensed un-audited financial statements of the Company for the half year ended June 30, 2012. The external auditors of the Company have performed a limited scope review on these financial statements.

### Business Review

The gross premium written for half year was Rs.343 million as compared to Rs.430 million for the corresponding period last year. The net premium revenue for the half year was Rs.137 million against Rs.105 million in the corresponding period, which is 30% higher than in the corresponding period last year. This was due to higher gross premium written during Q4 2011 as well as higher growth in classes of business where the Company has a higher retention. However, while net premiums have shown significant growth, the Company has suffered losses in three segments of its business i.e. Motor, Miscellaneous, Accident and Health. In the first half of the year, the Company experienced increases in both the quantum and frequency of losses. The Company also saw an increase in the incidence of Motor theft claims in the first half of the year as a consequence of the deteriorating law and order situation. Underwriting guidelines have been tightened and rates on selected high risk vehicles increased. The net commission for the period has decreased to Rs.7 million as compared to Rs.14 million for the corresponding period last year. The Company discontinued allocating certain expenses to deferred acquisition cost and has also changed the allocation percentage of certain other management expenses. This change is explained in Note 5.3 to the financial statements for the half year ended June 30, 2012. Total expenses in the current period are Rs.89 million as against Rs.49 million in the same period last year. However, ignoring deferment the expenses are Rs.79 million as against Rs.70 million in the same period last year. The Company adopts a conservative investment strategy with the objective of preserving capital, maintaining liquidity and generating a stable income over the longer term. Total investments yielding income of Rs.16 million for the first half of the year as against Rs.14 million in the corresponding period last year. Primarily due to higher claims, the Company is reporting a loss after tax of Rs.39 million for the half year ended June 30, 2012. However, the management of your Company will endeavor to recover this loss in future by growing business with customers and segments which are more profitable.

The Company's management team is highly motivated, the marketing staff are given challenging and aggressive targets and underwriting processes continue to be strengthened.

### Financial Highlights

The comparative financial highlights of your Company for the half year ended June 30, 2012 are as follows:

	2012	2011	Variance
	Rupees in thousand		%
Gross Premium Written	342,862	429,602	(20.2)
Net Premium Revenue	136,921	105,495	29.8
Net Claims including IBNR	(109,640)	(67,789)	61.7
Premium deficiency expense	(282)	1,301	121.7
Management Expenses charged to Revenue Accounts	(41,914)	(27,625)	51.7
Net Commission earned	6,543	14,114	(53.6)
(Loss) / profit from underwriting business	(8,372)	25,496	(132.8)
Investment and Other Income	16,436	14,040	17.1
Gain on disposal of fixed assets	28	689	(95.9)
Other expenses	(46,872)	(21,414)	118.9
(Loss) / profit before Taxation	(38,780)	18,811	(306.2)
(Loss) / profit after Taxation	(38,780)	18,811	(306.2)
(Loss) / earning per share (Rupees)	(1.11)	0.54	

### Acknowledgement

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

For and on behalf of the Board

**Mohammed Basheer Janmohammed**  
Chairman

Karachi: August 27, 2012

**Ahmed Salahuddin**  
MD & Chief Executive Officer



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

### Introduction

We have reviewed the accompanying condensed interim balance sheet of **PICIC Insurance Limited** (the Company) as at June 30, 2012, condensed interim profit and loss account, condensed interim statement of changes in equity, condensed interim statement of cash flows, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account, condensed interim statement of premiums, condensed interim statement of claims, condensed interim statement of expenses and condensed interim statement of investment income for the quarters ended June 30, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2012.

### Scope of Review

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

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**A. F. Ferguson & Co.**  
Chartered Accountants

**Engagement Partner: Rashid A. Jafer**  
Karachi : August 29, 2012



## Condensed Interim Profit and Loss Account

For the quarter and half year ended June 30, 2012

(Unaudited)

	Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Quarter ended	
								June 30, 2012	June 30, 2011
								Aggregate	Aggregate
(Rupees in thousand)									
Revenue account									
Net premium revenue		673	11,200	18,421	14,799	10,837	5,059	60,989	54,236
Net claims		(5,963)	(6,918)	(26,196)	(12,175)	(30)	(4,561)	(55,843)	(41,401)
Reversal of premium deficiency expense / (Premium deficiency expense)		-	(136)	-	-	1,448	-	1,312	1,301
		(5,290)	4,146	(7,775)	2,624	12,255	498	6,458	14,136
Management expenses		(994)	1,289	(7,520)	(755)	7,037	(2,547)	(3,490)	(4,060)
Net commission		2,750	626	(1,887)	194	(1,964)	1,210	929	2,796
		1,756	1,915	(9,407)	(561)	5,073	(1,337)	(2,561)	(1,264)
Underwriting results		(3,534)	6,061	(17,182)	2,063	17,328	(839)	3,897	12,872
Net investment income								2,651	2,346
Return on bank balances								5,666	5,827
Gain on disposal of fixed assets								13	671
Other income								607	-
								12,834	21,716
General and administrative expenses								(33,255)	(13,064)
Financial charges								(247)	(216)
Other charges								(22)	(71)
(Loss) / profit before taxation								(20,690)	8,365
Taxation								-	-
(Loss) / profit after taxation								(20,690)	8,365
(Rupees in thousand)									
Half year ended									
		Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	June 30, 2012	June 30, 2011
								Aggregate	Aggregate
Revenue account									
Net premium revenue		11,279	20,932	58,708	25,897	12,296	7,809	136,921	105,495
Net claims		(8,698)	(10,595)	(53,963)	(29,019)	(30)	(7,335)	(109,640)	(67,789)
Reversal of premium deficiency expense / (Premium deficiency expense)		-	(628)	-	-	346	-	(282)	1,301
		2,581	9,709	4,745	(3,122)	12,612	474	26,999	39,007
Management expenses		(9,938)	(7,738)	(14,495)	(3,063)	(3,410)	(3,270)	(41,914)	(27,625)
Net commission		7,779	2,755	(5,957)	230	(163)	1,899	6,543	14,114
		(2,159)	(4,983)	(20,452)	(2,833)	(3,573)	(1,371)	(35,371)	(13,511)
Underwriting results		422	4,726	(15,707)	(5,955)	9,039	(897)	(8,372)	25,496
Net investment income								4,893	2,159
Return on bank balances								10,936	11,881
Gain on disposal of fixed assets								28	689
Other income								607	-
								8,092	40,225
General and administrative expenses								(46,265)	(20,836)
Financial charges								(511)	(507)
Other charges								(96)	(71)
(Loss) / profit before taxation								(38,780)	18,811
Taxation	12							-	-
(Loss) / profit after taxation								(38,780)	18,811
(Loss) / earning per share - basic and diluted (Rupee)	13							(1.11)	0.54

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

Mohammed Basheer Janmohammed  
Chairman

Yameen Kerai  
Director

Ghulam Muhammad  
Director

Ahmed Salahuddin  
MD & Chief Executive Officer



## Condensed Interim Statement of Changes in Equity

For the half year ended June 30, 2012

(Unaudited)

	Paid-up share capital	Accumulated loss (Rupees in thousand)	Total
<b>Balance as at January 01, 2011</b>	350,000	(119,163)	230,837
Net profit for the period	-	18,811	18,811
<b>Balance as at June 30, 2011</b>	<u>350,000</u>	<u>(100,352)</u>	<u>249,648</u>
<b>Balance as at January 01, 2012</b>	350,000	(107,393)	242,607
Net loss for the period	-	(38,780)	(38,780)
<b>Balance as at June 30, 2012</b>	<u>350,000</u>	<u>(146,173)</u>	<u>203,827</u>

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

## Condensed Interim Statement of Cash Flows

For the half year ended June 30, 2012

(Unaudited)

	June 30, 2012	June 30, 2011
	(Rupees in thousand)	
<b>OPERATING ACTIVITIES</b>		
<b>a) Underwriting activities</b>		
Premiums received	434,644	320,902
Reinsurance premiums paid	(199,757)	(219,095)
Claims paid	(118,800)	(160,868)
Reinsurance and other recoveries received	34,301	96,762
Commissions paid	(45,024)	(36,662)
Commission received	54,518	10,520
Net cash inflow from underwriting activities	159,882	11,559
<b>b) Other operating activities</b>		
Income tax paid	(1,182)	(1,778)
General management expenses paid	(75,699)	(45,564)
Operating (payments) / receipts - net	(7,958)	26,510
Bank and other charges	(96)	(71)
Other income	607	-
Net cash used in other operating activities	(84,328)	(20,903)
<b>Total cash generated from / (used in) operating activities</b>	75,554	(9,344)
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	10,866	18,407
Dividend received	488	401
Payments for investments	(3)	(2,504)
Proceeds from disposal of fixed assets	28	718
Fixed capital expenditure	(1,187)	(1,375)
<b>Total cash generated from investing activities</b>	10,192	15,647
<b>FINANCING ACTIVITIES</b>		
Payments under musharakah agreement	(1,267)	(1,109)
<b>Total cash used in financing activities</b>	(1,267)	(1,109)
<b>Net cash inflow from all activities</b>	84,479	5,194
Cash at the beginning of the year	236,273	217,889
<b>Cash at the end of the year</b>	320,752	223,083
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	75,554	(9,344)
Depreciation / amortisation	(1,794)	(1,799)
Gain on disposal of fixed assets	28	689
Financial charges	(511)	(507)
Investment income	4,893	2,159
Return on bank balances	10,936	11,881
Increase in assets other than cash	39,029	302,369
Increase in liabilities	(146,597)	(231,806)
Increase in unearned premium	(20,318)	(54,831)
<b>(Loss) / Profit after taxation</b>	(38,780)	18,811
<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	138	154
- stamps in hand	218	121
	356	275
<b>Current and other accounts</b>		
- current accounts	17,268	86,649
- saving accounts	133,128	3,639
	150,396	90,288
<b>Deposits maturing within 12 months</b>	170,000	132,520
	320,752	223,083

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

Mohammed Basheer Janmohammed  
Chairman

Yameen Kerai  
Director

Ghulam Muhammad  
Director

Ahmed Salahuddin  
MD & Chief Executive Officer



## Condensed Interim Statement of Premiums

For the quarter and half year ended June 30, 2012

(Unaudited)

### 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, 2012	June 30, 2011	
(Rupees in thousand)											
Direct and facultative											
1.	Fire and property	52,258	52,350	69,785	34,823	45,196	43,503	54,549	34,150	673	1,486
2.	Marine, aviation and transport	90,854	29,328	79,556	40,626	76,180	25,273	72,027	29,426	11,200	8,010
3.	Motor	19,438	120,712	109,660	30,490	2,219	10,949	1,099	12,069	18,421	35,265
4.	Accident and health	64,858	14,400	64,880	14,378	420	(478)	363	(421)	14,799	3,847
5.	Credit and surety ship	13,926	23,989	29,756	8,159	(15,876)	23,347	10,149	(2,678)	10,837	152
6.	Miscellaneous	24,574	29,373	33,651	20,296	22,074	22,811	29,648	15,237	5,059	5,476
	Total	265,908	270,152	387,288	148,772	130,213	125,405	167,835	87,783	60,989	54,236
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, 2012	June 30, 2011	
(Rupees in thousand)											
Direct and facultative											
1.	Fire and property	68,449	74,914	69,785	73,578	56,236	60,612	54,549	62,299	11,279	9,650
2.	Marine, aviation and transport	112,439	38,084	79,556	70,967	89,013	33,049	72,027	50,035	20,932	13,575
3.	Motor	21,520	166,435	109,660	78,295	2,330	18,356	1,099	19,587	58,708	68,635
4.	Accident and health	67,272	24,701	64,880	27,093	420	1,139	363	1,196	25,897	3,134
5.	Credit and surety ship	46,368	14,971	29,756	31,583	14,966	14,470	10,149	19,287	12,296	1,595
6.	Miscellaneous	26,814	29,697	33,651	22,860	22,940	21,759	29,648	15,051	7,809	8,906
	Total	342,862	348,802	387,288	304,376	185,905	149,385	167,835	167,455	136,921	105,495

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

**Mohammed Basheer Janmohammed**  
Chairman

**Yameen Kerai**  
Director

**Ghulam Muhammad**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Condensed Interim Statement of Claims

For the quarter and half year ended June 30, 2012  
(Unaudited)

### 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, 2012	June 30, 2011			
(Rupees in thousand)											
Direct and facultative											
1. Fire and property	16,440	24,097	29,675	22,018	13,787	20,246	22,514	16,055	5,963	3,661	
2. Marine, aviation and transport	6,756	19,468	29,565	16,853	3,311	11,238	17,862	9,935	6,918	4,064	
3. Motor	23,459	56,096	70,690	38,053	21	799	12,635	11,857	26,196	29,908	
4. Accident and health	10,689	7,229	8,218	11,678	-	560	63	(497)	12,175	956	
5. Credit and surety ship	-	-	300	300	-	-	270	270	30	-	
6. Miscellaneous	4,391	21,237	34,280	17,434	2,556	13,344	23,661	12,873	4,561	2,812	
Total	61,735	128,127	172,728	106,336	19,675	46,187	77,005	50,493	55,843	41,401	

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	Opening	Closing		Half year ended June 30, 2012	June 30, 2011
(Rupees in thousand)											
Direct and facultative											
1.	Fire and property	23,732	26,143	29,675	27,264	18,606	22,554	22,514	18,566	8,698	6,180
2.	Marine, aviation and transport	13,045	17,477	29,565	25,133	6,970	10,294	17,862	14,538	10,595	9,762
3.	Motor	51,094	54,106	70,690	67,678	1,365	285	12,635	13,715	53,963	42,307
4.	Accident and health	21,769	1,555	8,218	28,432	700	1,350	63	(587)	29,019	1,134
5.	Credit and surety ship	2,265	-	300	2,565	2,265	-	270	2,535	30	-
6.	Miscellaneous	6,895	15,765	34,280	25,410	4,395	9,981	23,661	18,075	7,335	8,406
Total		118,800	115,046	172,728	176,482	34,301	44,464	77,005	66,842	109,640	67,789

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

**Mohammed Basheer Janmohammed**  
Chairman

**Yameen Keral**  
Director

**Ghulam Muhammad**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Condensed Interim Statement of Expenses

For the quarter and half year ended June 30, 2012  
(Unaudited)

### Business underwritten inside Pakistan

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					June 30, 2012	Quarter ended June 30, 2011	
(Rupees in thousand)										
Direct and facultative										
1.	Fire and property	7,800	6,877	9,003	5,674	994	6,668	8,424	(1,756)	(2,010)
2.	Marine, aviation and transport	8,610	2,787	7,123	4,274	(1,289)	2,985	4,900	(1,915)	(541)
3.	Motor	1,395	9,844	8,337	2,902	7,520	10,422	1,015	9,407	6,053
4.	Accident and health	878	34	1,121	(209)	755	546	(15)	561	(894)
5.	Credit and surety ship	3,094	1,606	4,524	176	(7,037)	(6,861)	(1,788)	(5,073)	(1,030)
6.	Miscellaneous	1,661	2,683	2,580	1,764	2,547	4,311	2,974	1,337	(314)
	Total	23,438	23,831	32,688	14,581	3,490	18,071	15,510	2,561	1,264

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Half year ended	
		Opening	Closing					June 30, 2012	June 30, 2011
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	10,324	10,292	9,003	11,613	9,938	21,551	19,392	2,159	(5,027)
2. Marine, aviation and transport	12,001	3,580	7,123	8,458	7,738	16,196	11,213	4,983	1,637
3. Motor	1,597	13,872	8,337	7,132	14,495	21,627	1,175	20,452	15,204
4. Accident and health	1,104	134	1,121	117	3,063	3,180	347	2,833	(555)
5. Credit and surety ship	6,016	583	4,524	2,075	3,410	5,485	1,912	3,573	1,893
6. Miscellaneous	1,859	2,738	2,580	2,017	3,270	5,287	3,916	1,371	359
Total	32,901	31,199	32,688	31,412	41,914	73,326	37,955	35,371	13,511

\* 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.

**Mohammed Basheer Jannohammed**  
Chairman

**Yameen Kerali**  
Director

**Ghulam Muhammad**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer



## Condensed Interim Statement of Investment Income

For the quarter and half year ended June 30, 2012

(Unaudited)

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in thousand)			
<b>Income from investments classified as investments at fair value through profit or loss account</b>				
Net unrealised gain / (loss) on revaluation of investments	(209)	6	1,716	(927)
Dividend income	170	401	488	548
Return on government securities	2,692	1,941	2,692	2,541
	<u>2,653</u>	<u>2,348</u>	<u>4,896</u>	<u>2,162</u>
Investment related expenses	(2)	(2)	(3)	(3)
<b>Net investment income</b>	<u><u>2,651</u></u>	<u><u>2,346</u></u>	<u><u>4,893</u></u>	<u><u>2,159</u></u>

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

For the half year ended June 30, 2012

(Unaudited)

### 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 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, 2011: 6) branches in Pakistan.

### 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, 2011.

### 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, 2011 except as explained in 5.3 below.

#### 5.1 New and amended standards and interpretations that are effective in the current period

There are certain new and amended standards and interpretations that are mandatory for accounting periods beginning on or before January 1, 2012 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial information.

#### 5.2 New and amended standards and interpretations that are not yet effective:

The following new standards, amendments and interpretations have been issued but are not effective for the financial year beginning January 1, 2012 and not early adopted:

The amendment to International Accounting Standard 1 'Financial Presentations' requires an entity to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit and loss subsequently (reclassification adjustments). The amendment will not have any significant impact on the Company's financial statements as currently no items are being reported in other comprehensive income.

There are other new and amended standards and interpretations that are mandatory for accounting periods beginning after January 1, 2012 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in this condensed interim financial information.



### 5.3 Change in accounting estimate:

During the current period the company discontinued allocating certain expenses to deferred acquisition cost and has also changed the allocation percentage of certain other management expenses. In the opinion of the management, the revised methodology results in a more accurate reflection of acquisition cost in the financial statements. This has been accounted for as a change in accounting estimate as required under International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had the company followed the previous methodology of allocating expenses, the deferred acquisition costs would have been higher by Rs 28.695 million and loss before taxation would have been lower by Rs 20.458 million (net of premium deficiency reserve).

## 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, 2011.

## 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, 2011.

	Note	June 30, 2012 (Rupees in thousand)	December 31, 2011 (Audited)
<b>8 INVESTMENTS - Designated at fair value through profit or loss</b>		(Un-audited)	(Audited)
Mutual funds		3,128	2,853
Listed shares		15,185	13,298
Government securities	8.1	40,276	38,031
		<u>58,589</u>	<u>54,182</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 12.49% (December 31, 2011: 12.49%) per annum and will mature in August 2012.

## 9 FIXED ASSETS

The details of additions and disposals during the half year ended June 30, 2012 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	(Rupees in thousand)			
<b>Tangible</b>				
Furniture and fixture	-	-	-	-
Office equipment	292	447	52	29
Computer equipment	617	928	269	-
Motor vehicles	43	-	37	-
<b>Intangible</b>				
Computer software	235	-	-	-
	<u>1,187</u>	<u>1,375</u>	<u>358</u>	<u>29</u>

	June 30, 2012 (Rupees in thousand)	December 31, 2011 (Audited)
<b>10 OBLIGATION UNDER MUSHARAKAH AGREEMENT</b>	(Un-audited)	(Audited)
Opening balance	6,108	5,816
Obtained during the period	-	1,547
	<u>6,108</u>	<u>7,363</u>
Repaid during the period	(756)	(1,255)
Closing Balance	<u>5,352</u>	<u>6,108</u>



- 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% to 17.5% per annum (December 31, 2011: Ranges between 18.24% to 18.40%).

## 11 CONTINGENCIES

The tax assessment of the Company has been finalised upto and including the tax year 2011. 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 raised a demand of Rs. 3.17 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 preferred before the Appellate Tribunal Inland Revenue which is pending adjudication. The management, based on the advice of its tax advisor, is confident of a favourable outcome 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 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 financial information, as the Company is confident of a favorable outcome.

## 12 TAXATION

No provision for current taxation has been made in this condensed interim financial information for the half year ended June 30, 2012 as the Company had brought forward aggregate tax losses amounting to Rs. 172.909 million. Deferred tax asset on unabsorbed tax losses, provision against premium due but unpaid and other temporary differences amounting to Rs. 60.519 million (December 31, 2011: Rs. 37.983 million) has not been recognized in this condensed interim financial information as sufficient taxable profits to utilize the deferred tax asset would not be available, based on management's projections.

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

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

	Quarter ended		Half year ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
	<b>(Rupees in thousand)</b>			
(Loss) / profit after tax for the period	(20,690)	8,365	(38,780)	18,811
	<b>Number in thousand</b>			
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
	<b>(Rupees)</b>			
Basic (loss) / earnings per share of Rs. 10 each	(0.59)	0.24	(1.11)	0.54

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

## 14 TRANSACTIONS WITH RELATED PARTIES

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

**Transactions for the period**

	Half year ended	
	June 30, 2012	June 30, 2011
	(Rupees in thousand)	
	(Un-audited)	(Un-audited)
Premium written	7,062	6,794
Claims paid	467	5,039
Return on bank balances	2,034	2,989
Bank charges	96	127
Remuneration of key management personnel	31,454	21,326
Contribution for staff provident fund	1,848	1,668
Contribution to gratuity fund	-	15,000
Charge in respect of gratuity fund	1,434	1,800

**Balances outstanding at period / year end**

	June 30, 2012	
	2012	December 31, 2011
	(Rupees in thousand)	
	(Un-audited)	(Audited)
Bank deposits	150,369	65,831
Investments	2,813	2,675
Payable to gratuity fund	4,678	3,244
Premiums due but unpaid	4,130	13,045

**15 SEGMENT REPORTING**

	June 30, 2012			December 31, 2011		
	(Un-audited)			(Audited)		
	Segment assets	Unallocated assets	Total assets	Segment assets	Unallocated assets	Total assets
	(Rupees in thousand)					
Fire and property damage	253,731	-	253,731	256,310	-	256,310
Marine, aviation and transport	163,084	-	163,084	74,482	-	74,482
Motor	144,056	-	144,056	259,163	-	259,163
Accident and health	63,705	-	63,705	16,102	-	16,102
Credit and surety ship	20,582	-	20,582	19,455	-	19,455
Miscellaneous	137,088	-	137,088	108,767	-	108,767
Unallocated	-	431,496	431,496	-	332,453	332,453
<b>Total</b>	<b>782,246</b>	<b>431,496</b>	<b>1,213,742</b>	<b>734,279</b>	<b>332,453</b>	<b>1,066,732</b>

  

	June 30, 2012			December 31, 2011		
	(Un-audited)			(Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	(Rupees in thousand)					
Fire and property damage	268,783	-	268,783	253,967	-	253,967
Marine, aviation and transport	227,192	-	227,192	119,624	-	119,624
Motor	200,951	-	200,951	257,220	-	257,220
Accident and health	74,142	-	74,142	26,881	-	26,881
Credit and surety ship	33,428	-	33,428	17,570	-	17,570
Miscellaneous	155,314	-	155,314	99,411	-	99,411
Unallocated	-	50,105	50,105	-	49,452	49,452
<b>Total</b>	<b>959,810</b>	<b>50,105</b>	<b>1,009,915</b>	<b>774,673</b>	<b>49,452</b>	<b>824,125</b>

**15.1** Segment wise financial performance for the half year ended June 30, 2012 have been detailed in the condensed interim profit and loss account.

**16 GENERAL**

Figures have been rounded off to the nearest thousand rupees.

**17 AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on August 27, 2012.

Mohammed Basheer Janmohammed  
Chairman

Yameen Kerai  
Director

Ghulam Muhammad  
Director

Ahmed Salahuddin  
MD & Chief Executive Officer

Branch Network	Branch Head / Incharge	Details
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Lahore Branch	Mr. Nadeem Qureshi	House # 13/C, Block - K Main Boulevard, Gulberg - II,Lahore. TEL : 042-3575 4154 - 4155 & 4166 FAX : 042-3575 4167
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Multan Branch	Mr. Muhammed Waheed Zafar	Ground floor, Commercial Plaza No. 1 Opp.Civil Hospital, Multan TEL : 061-458 9398 - 99 & 458 6665 FAX : 061-458 5896
Faisalabad Branch	Mr. Sajjad Ali	Ahmed Plaza, 4th Floor Civil Line, Bilal Road Faisalabad. Tel : 041-254 0420-22 Fax : 041-254 0423
Sukkur Branch	Mr. Muhammed Jamshed	Bunder Road, Upper Utility Store, Chacher House Sukkur. Tel : 071-562 7263 Fax : 071-562 7283