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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  
 Mr. Tariq Iqbal Khan

### Board Audit Committee

Mr. Yameen Kerai (Chairman)  
 Mr. Ghulam Muhammad  
 Mr. Rizwan Abbas  
 Mr. Muhammad Riaz

### Board Human Resource and Remuneration Committee

Mr. Tariq Iqbal Khan (Chairman)  
 Mr. Shahid Sattar  
 Mr. Tufail Jawed Ahmad  
 Mr. Ahmed Salahuddin

### Managing Director & Chief Executive Officer

Mr. Ahmed Salahuddin

### Chief Financial Officer & Company Secretary

Mr. Muhammad Haneed

### External 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 period ended September 30, 2012.

### Business Review

The gross premium written for the period was Rs.448 million as compared to Rs.481 million for the corresponding period last year. The net premium revenue for the period was Rs.224 million against Rs.162 million in the corresponding period, which is 38% 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 two segments of its business i.e. Motor, Accident and Health. During the nine months period ended, 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 during the period ended September 30, 2012 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.19 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 period ended September 30, 2012. Total expenses in the current period are Rs.138 million as against Rs.96 million in the same period last year. However, ignoring deferment, the expenses are Rs.121 million as against Rs.106 million in the same period last year. The Company adopts a conservative investment strategy with the objectives of preserving capital, maintaining liquidity and generating a stable income over the longer term. Total investments yielded income of Rs.28 million for the period ended September 30, 2012 as against Rs.21 million in the corresponding period last year. Although your Company has made a profit after tax for the quarter ended September 30, 2012 amounting to Rs.6 million, but primarily due to higher claims, the Company is reporting a loss after tax of Rs.33 million for the period ended September 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 is given challenging and aggressive targets and underwriting processes continue to be strengthened.

### Financial Highlights

The comparative financial highlights of your Company for the period ended September 30, 2012 are as follows:

	2012	2011	Variance
	Rupees in thousand		%
Gross Premium Written	447,817	480,659	(6.8)
Net Premium Revenue	224,427	162,204	38.4
Net Claims including IBNR	(154,950)	(124,311)	24.6
Premium deficiency expense	231	1,301	(82.2)
Management Expenses charged to Revenue Accounts	(68,396)	(63,784)	7.2
Net Commission earned	7,250	19,353	(62.5)
Profit / (loss) from underwriting business	8,562	(5,237)	(263.5)
Investment and Other Income	27,782	20,621	34.7
Gain on disposal of fixed assets	488	703	(30.6)
Other expenses	(69,798)	(32,259)	116.4
Loss before Taxation	(32,966)	(16,172)	103.8
Loss after Taxation	(32,966)	(16,172)	103.8
Loss per share (Rupees)	(0.94)	(0.46)	

### 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: October 25, 2012

**Ahmed Salahuddin**  
MD & Chief Executive Officer



# Condensed Interim Balance Sheet

As at September 30, 2012

	Note	(Un-audited) September 30, 2012 (Rupees in thousand)	(Audited) December 31, 2011 (Rupees in thousand)
<b>Share capital and reserves</b>			
Authorised share capital		500,000	500,000
[50,000,000 (December 31, 2011: 50,000,000) Ordinary shares of Rs.10/- each]			
Paid-up share capital			
[35,000,000 (December 31, 2011: 35,000,000) Ordinary shares of Rs.10/- each]		350,000	350,000
Accumulated loss		(140,359)	(107,393)
		209,641	242,607
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		194,825	115,046
Provision for unearned premium		338,639	348,802
Provision for premium deficiency		581	812
Commission income unearned		26,587	28,723
		560,432	493,383
<b>Creditors and accruals</b>			
Amounts due to other insurers / reinsurers		288,346	223,073
Sundry creditors and accruals		55,299	95,201
Accrued expenses		4,651	6,165
Unclaimed dividend		195	195
		348,491	324,634
<b>Borrowings</b>			
Obligation under musharakah agreement	10	2,565	6,108
<b>TOTAL LIABILITIES</b>		911,488	824,125
<b>TOTAL EQUITY AND LIABILITIES</b>		1,121,129	1,066,732
<b>Contingencies</b>	11		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

**Mohammed Basheer Janmohammed**  
Chairman

**Tariq Iqbal Khan**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

	Note	(Un-audited) September 30, 2012 (Rupees in thousand)	(Audited) December 31, 2011 (Rupees in thousand)
<b>Cash and bank deposits</b>			
Cash and other equivalents		575	410
Current and other accounts		83,190	65,863
Deposits maturing within 12 months		270,000	170,000
		353,765	236,273
<b>Investments</b>	8	60,431	54,182
<b>Deferred Taxation</b>		3,430	3,430
<b>Current Assets - Others</b>			
Premiums due but unpaid		237,630	347,096
Amounts due from other insurers / reinsurers		110,620	111,521
Accrued interest		6,287	2,051
Reinsurance recoveries against outstanding claims		90,374	44,464
Taxation - payments less provision		20,665	18,557
Deferred commission expense		29,022	31,199
Deferred acquisition costs		33,854	50,613
Prepayments		165,086	154,715
Sundry and other receivables		4,757	4,099
		698,295	764,315
<b>Fixed assets</b>	9		
<b>Tangible</b>			
Furniture and fixture		96	142
Office equipment		937	756
Computer equipment		1,353	1,529
Motor vehicles		2,549	5,893
<b>Intangible</b>			
Computer software		273	212
		5,208	8,532
<b>TOTAL ASSETS</b>		1,121,129	1,066,732

## Condensed Interim Profit and Loss Account

For the quarter and period ended September 30, 2012

(Unaudited)

Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Quarter ended	
							September 30, 2012	September 30, 2011
							Aggregate	Aggregate
(Rupees in thousand)								
<b>Revenue account</b>								
Net premium revenue	4,333	6,944	45,448	19,027	9,039	2,715	87,506	56,709
Net claims	(2,371)	(3,228)	(21,503)	(17,651)	-	(557)	(45,310)	(56,522)
Reversal of premium deficiency expense / (Premium deficiency expense)	-	513	-	-	-	-	513	-
	1,962	4,229	23,945	1,376	9,039	2,158	42,709	187
Management expenses	(4,871)	(6,336)	(6,269)	(3,686)	(3,691)	(1,629)	(26,482)	(36,159)
Net commission	2,734	1,577	(2,659)	(400)	(972)	427	707	5,239
	(2,137)	(4,759)	(8,928)	(4,086)	(4,663)	(1,202)	(25,775)	(30,920)
<b>Underwriting results</b>	(175)	(530)	15,017	(2,710)	4,376	956	16,934	(30,733)
Net investment income							2,916	370
Return on bank balances							8,387	6,211
Gain on disposal of fixed assets							460	14
Other income							43	-
							28,740	(24,138)
General and administrative expenses							(22,571)	(10,578)
Financial charges							(318)	(242)
Other charges							(37)	(25)
<b>Profit / (loss) before taxation</b>							5,814	(34,983)
Taxation							-	-
<b>Profit / (loss) after taxation</b>							5,814	(34,983)

  

Note	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and surety ship	Miscellaneous	Period ended	
							September 30, 2012	September 30, 2011
							Aggregate	Aggregate
(Rupees in thousand)								
<b>Revenue account</b>								
Net premium revenue	15,612	27,876	104,156	44,924	21,335	10,524	224,427	162,204
Net claims	(11,069)	(13,823)	(75,466)	(46,670)	(30)	(7,892)	(154,950)	(124,311)
Reversal of premium deficiency expense / (Premium deficiency expense)	-	(115)	-	-	346	-	231	1,301
	4,543	13,938	28,690	(1,746)	21,651	2,632	69,708	39,194
Management expenses	(14,809)	(14,074)	(20,764)	(6,749)	(7,101)	(4,899)	(68,396)	(63,784)
Net commission	10,513	4,332	(8,616)	(170)	(1,135)	2,326	7,250	19,353
	(4,296)	(9,742)	(29,380)	(6,919)	(8,236)	(2,573)	(61,146)	(44,431)
<b>Underwriting results</b>	247	4,196	(690)	(8,665)	13,415	59	8,562	(5,237)
Net investment income							7,809	2,529
Return on bank balances							19,323	18,092
Gain on disposal of fixed assets							488	703
Other income							650	-
							36,832	16,087
General and administrative expenses							(68,836)	(31,414)
Financial charges							(829)	(749)
Other charges							(133)	(96)
<b>Loss before taxation</b>							(32,966)	(16,172)
Taxation							-	-
<b>Loss after taxation</b>							(32,966)	(16,172)

  

<b>Loss per share -</b>								
<b>basic and diluted (Rupee)</b>	12						(0.94)	(0.46)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Mohammed Basheer Janmohammed  
Chairman

Tariq Iqbal Khan  
Director

Muhammad Riaz  
Director

Ahmed Salahuddin  
MD & Chief Executive Officer

## Condensed Interim Statement of Changes in Equity

For the period ended September 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 loss for the period	-	(16,172)	(16,172)
<b>Balance as at September 30, 2011</b>	<u>350,000</u>	<u>(135,335)</u>	<u>214,665</u>
<b>Balance as at January 01, 2012</b>	350,000	(107,393)	242,607
Net loss for the period	-	(32,966)	(32,966)
<b>Balance as at September 30, 2012</b>	<u>350,000</u>	<u>(140,359)</u>	<u>209,641</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



## Condensed Interim Statement of Cash Flows

For the period ended September 30, 2012

(Unaudited)

	September 30, 2012	September 30, 2011
	(Rupees in thousand)	
<b>OPERATING ACTIVITIES</b>		
<b>a) Underwriting activities</b>		
Premiums received	622,955	472,543
Reinsurance premiums paid	(247,459)	(264,877)
Claims paid	(166,609)	(218,650)
Reinsurance and other recoveries received	45,326	121,694
Commissions paid	(41,778)	(12,713)
Commission received	61,070	41,570
Net cash inflow from underwriting activities	273,505	139,567
<b>b) Other operating activities</b>		
Income tax paid	(2,107)	(2,864)
General management expenses paid	(138,154)	(118,648)
Operating payments - net	(29,438)	(11,604)
Bank and other charges	(133)	(96)
Net cash used in other operating activities	(169,832)	(133,212)
<b>Total cash generated from operating activities</b>	103,673	6,355
<b>INVESTMENT ACTIVITIES</b>		
Profit / return received	15,482	21,786
Dividend received	512	565
Payments for investments	(40,347)	(2,509)
Proceeds from sale / redemption of investments	41,000	3,813
Proceeds from disposal of fixed assets	3,069	731
Fixed capital expenditure	(1,525)	(2,245)
<b>Total cash generated from investing activities</b>	18,191	22,141
<b>FINANCING ACTIVITIES</b>		
Payments under musharakah agreement	(4,372)	(1,651)
<b>Total cash used in financing activities</b>	(4,372)	(1,651)
<b>Net cash inflow from all activities</b>	117,492	26,845
Cash at the beginning of the year	236,273	217,889
<b>Cash at the end of the year</b>	<b>353,765</b>	<b>244,734</b>
<b>Reconciliation to profit and loss account</b>		
Operating cash flows	103,673	6,355
Depreciation / amortisation	(2,267)	(2,841)
Gain on disposal of fixed assets	488	703
Financial charges	(829)	(749)
Investment income	7,809	2,529
Return on bank balances	19,323	18,092
(Increase) / decrease in assets other than cash	(74,611)	81,181
Increase in liabilities	(86,552)	(121,442)
<b>Loss after taxation</b>	<b>(32,966)</b>	<b>(16,172)</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	330	81
- stamps in hand	245	349
	575	430
<b>Current and other accounts</b>		
- current accounts	6,906	8,404
- saving accounts	76,284	85,900
	83,190	94,304
<b>Deposits maturing within 12 months</b>	270,000	150,000
	<b>353,765</b>	<b>244,734</b>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Mohammed Basheer Janmohammed  
Chairman

Tariq Iqbal Khan  
Director

Muhammad Riaz  
Director

Ahmed Salahuddin  
MD & Chief Executive Officer

## Condensed Interim Statement of Premiums

For the quarter and period ended September 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		
									September 30, 2012	2011	
(Rupees in thousand)											
Direct and facultative											
1. Fire and property	14,760	69,785	56,576	27,969	12,722	54,549	43,635	23,636	4,333	5,186	
2. Marine, aviation and transport	14,357	79,556	60,745	33,168	9,476	72,027	55,279	26,224	6,944	6,233	
3. Motor	33,299	109,660	97,111	45,848	(4,034)	1,099	(3,335)	400	45,448	28,664	
4. Accident and health	1,897	64,880	48,123	18,654	30	363	766	(373)	19,027	8,727	
5. Credit and surety ship	38,399	29,756	48,473	19,682	30,393	10,149	29,899	10,643	9,039	353	
6. Miscellaneous	2,243	33,651	27,611	8,283	1,307	29,648	25,387	5,568	2,715	7,546	
Total	104,955	387,288	338,639	153,604	49,894	167,835	151,631	66,098	87,506	56,709	

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue		
		Opening	Closing			Opening	Closing		September 30, 2012	Period ended September 30, 2011	
(Rupees in thousand)											
Direct and facultative											
1. Fire and property	83,209	74,914	56,576	101,547	68,958	60,612	43,635	85,935	15,612	14,836	
2. Marine, aviation and transport	126,796	38,084	60,745	104,135	98,489	33,049	55,279	76,259	27,876	19,808	
3. Motor	54,819	166,435	97,111	124,143	(1,704)	18,356	(3,335)	19,987	104,156	97,299	
4. Accident and health	69,169	24,701	48,123	45,747	450	1,139	766	823	44,924	11,861	
5. Credit and surety ship	84,767	14,971	48,473	51,265	45,359	14,470	29,899	29,930	21,335	1,948	
6. Miscellaneous	29,057	29,697	27,611	31,143	24,247	21,759	25,387	20,619	10,524	16,452	
Total	447,817	348,802	338,639	457,980	235,799	149,385	151,631	233,553	224,427	162,204	

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

**Mohammed Basheer Janmohammed**  
Chairman

**Tariq Iqbal Khan**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer



## Condensed Interim Statement of Claims

For the quarter and period ended September 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	
									September 30, 2012	September 30, 2011
(Rupees in thousand)										
Direct and facultative										
1.	8,394	29,675	38,451	17,170	5,289	22,514	32,024	14,799	2,371	6,255
2.	6,767	29,565	33,262	10,464	3,975	17,862	21,123	7,236	3,228	3,803
3.	16,046	70,690	76,224	21,580	217	12,635	12,495	77	21,503	34,213
4.	14,266	8,218	11,603	17,651	-	63	63	-	17,651	8,851
5.	-	300	300	-	-	270	270	-	-	-
6.	2,334	34,280	34,785	2,839	1,544	23,661	24,399	2,282	557	3,400
Total	47,807	172,728	194,625	69,704	11,025	77,005	90,374	24,394	45,310	56,522
(Rupees in thousand)										
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, 2012	September 30, 2011
(Rupees in thousand)										
Direct and facultative										
1.	32,126	26,143	38,451	44,434	23,895	22,554	32,024	33,365	11,069	12,435
2.	19,812	17,477	33,262	35,597	10,945	10,294	21,123	21,774	13,823	13,565
3.	67,140	54,106	76,224	89,258	1,582	285	12,495	13,792	75,466	76,520
4.	36,035	1,555	11,603	46,083	700	1,350	63	(587)	46,670	9,985
5.	2,265	-	300	2,565	2,265	-	270	2,535	30	-
6.	9,229	15,765	34,785	28,249	5,939	9,981	24,399	20,357	7,892	11,806
Total	166,607	115,046	194,625	246,186	45,326	44,464	90,374	91,236	154,950	124,311

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

**Mohammed Basheer Janmohammed**  
Chairman

**Tariq Iqbal Khan**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Condensed Interim Statement of Expenses

For the quarter and period ended September 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					September 30, 2012	September 30, 2011
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	2,440	9,003	8,177	3,266	4,871	8,137	6,000	2,137	6,640
2. Marine, aviation and transport	2,270	7,123	5,607	3,786	6,336	10,122	5,363	4,759	5,852
3. Motor	2,296	8,337	7,832	2,801	6,269	9,070	142	8,928	10,093
4. Accident and health	48	1,121	854	315	3,686	4,001	(85)	4,086	2,686
5. Credit and surety ship	2,034	4,524	4,421	2,137	3,691	5,828	1,165	4,663	1,703
6. Miscellaneous	131	2,580	2,131	580	1,629	2,209	1,007	1,202	3,946
Total	9,219	32,688	29,022	12,885	26,482	39,367	13,592	25,775	30,920

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Period ended	
		Opening	Closing					September 30, 2012	September 30, 2011
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	12,764	10,292	8,177	14,879	14,809	29,688	25,392	4,296	1,613
2. Marine, aviation and transport	14,271	3,580	5,607	12,244	14,074	26,318	16,576	9,742	7,489
3. Motor	3,893	13,872	7,832	9,933	20,764	30,697	1,317	29,380	25,297
4. Accident and health	1,152	134	854	432	6,749	7,181	262	6,919	2,131
5. Credit and surety ship	8,050	583	4,421	4,212	7,101	11,313	3,077	8,236	3,596
6. Miscellaneous	1,990	2,738	2,131	2,597	4,899	7,496	4,923	2,573	4,305
Total	42,120	31,199	29,022	44,297	68,396	112,693	51,547	61,146	44,431

\* Commission from reinsurers is arrived after taking impact of opening and closing unearned commission.  
The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

**Mohammed Basheer Janmohammed**  
Chairman

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Condensed Interim Statement of Investment Income

For the quarter and period ended September 30, 2012

(Unaudited)

	Quarter ended		Period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 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	2,503	159	4,219	(768)
Dividend income	419	17	907	565
Return on government securities	-	200	2,692	2,741
	<u>2,922</u>	<u>376</u>	<u>7,818</u>	<u>2,538</u>
Investment related expenses	(6)	(6)	(9)	(9)
<b>Net investment income</b>	<u><u>2,916</u></u>	<u><u>370</u></u>	<u><u>7,809</u></u>	<u><u>2,529</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.



## Notes to and forming part of the Condensed Interim Financial Information

For the period ended September 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.21.339 million and loss before taxation would have been lower by Rs.16.831million (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	September 30, 2012	December 31, 2011
		(Rupees in thousand)	(Rupees in thousand)
		(Un-audited)	(Audited)
<b>8 INVESTMENTS - Designated at fair value through profit or loss</b>			
Mutual funds		3,217	2,853
Listed shares		16,876	13,298
Government securities	8.1	40,338	38,031
		<u>60,431</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 11.59% (December 31, 2011: 12.49%) per annum and will mature in August 2013.

## 9 FIXED ASSETS

The details of additions and disposals during the period ended September 30, 2012 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(Rupees in thousand)			
<b>Tangible</b>				
Furniture and fixture	15	-	-	-
Office equipment	400	630	-	29
Computer equipment	833	1,040	-	-
Motor vehicles	42	575	2,581	-
<b>Intangible</b>				
Computer software	235	-	-	-
	<u>1,525</u>	<u>2,245</u>	<u>2,581</u>	<u>29</u>

	September 30, 2012	December 31, 2011
	(Rupees in thousand)	(Rupees in thousand)
	(Un-audited)	(Audited)
<b>10 OBLIGATION UNDER MUSHARAKAH AGREEMENT</b>		
Opening balance	6,108	5,816
Obtained during the period	-	1,547
	6,108	7,363
Repaid during the period	(3,543)	(1,255)
Closing Balance	<u>2,565</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 (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		Period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(Rupees in thousand)			
(Loss) / profit after tax for the period	5,814	(34,983)	(32,966)	(16,172)
	Number in thousand			
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
	(Rupees)			
Basic (loss) / earnings per share of Rs. 10 each	0.17	(1.00)	(0.94)	(0.46)

- 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:

	Period ended	
	September 30, 2012	September 30, 2011
	(Rupees in thousand)	
Transactions for the period	(Un-audited)	(Un-audited)
Premium written	7,965	10,994
Claims paid	609	6,321
Return on bank balances	3,824	4,963
Bank charges	131	150
Remuneration of key management personnel	48,041	33,182
Contribution for staff provident fund	2,550	1,476
Charge in respect of gratuity fund	2,334	-



	September 30, 2012	December 31, 2011
	(Rupees in thousand)	(Rupees in thousand)
Balances outstanding at period / year end	(Un-audited)	(Audited)
Bank deposits	83,171	65,831
Investments	2,887	2,675
Payable to gratuity fund	5,578	3,244
Premiums due but unpaid	3,004	13,045

#### 14 SEGMENT REPORTING

	September 30, 2012 (Un-audited)			December 31, 2011 (Audited)		
	Segment assets	Unallocated assets	Total assets	Segment assets	Unallocated assets	Total assets
	(Rupees in thousand)					
Fire and property damage	239,449	-	239,449	256,310	-	256,310
Marine, aviation and transport	103,702	-	103,702	74,482	-	74,482
Motor	113,888	-	113,888	259,163	-	259,163
Accident and health	23,405	-	23,405	16,102	-	16,102
Credit and surety ship	47,662	-	47,662	19,455	-	19,455
Miscellaneous	125,025	-	125,025	108,767	-	108,767
Unallocated	-	467,998	467,998	-	332,453	332,453
<b>Total</b>	<b>653,131</b>	<b>467,998</b>	<b>1,121,129</b>	<b>734,279</b>	<b>332,453</b>	<b>1,066,732</b>

	September 30, 2012 (Un-audited)			December 31, 2011 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	(Rupees in thousand)					
Fire and property damage	256,751	-	256,751	253,967	-	253,967
Marine, aviation and transport	186,816	-	186,816	119,624	-	119,624
Motor	186,974	-	186,974	257,220	-	257,220
Accident and health	59,939	-	59,939	26,881	-	26,881
Credit and surety ship	51,785	-	51,785	17,570	-	17,570
Miscellaneous	143,564	-	143,564	99,411	-	99,411
Unallocated	-	25,659	25,659	-	49,452	49,452
<b>Total</b>	<b>885,829</b>	<b>25,659</b>	<b>911,488</b>	<b>774,673</b>	<b>49,452</b>	<b>824,125</b>

- 14.1 Segment wise financial performance for the period ended September 30, 2012 have been detailed 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 October 25, 2012.

Branch Network	Branch Head / Incharge	Details
<b>Karachi Corporate Branch</b>	Mr. Aseem Ahmed	Suit No.E-1,Executive Floor, Glass Tower, Main Clifton Road, Karachi. TEL : 021-3565 3394-5,3565 5612-3 & 3563 9712-3 FAX : 021-3565 4764
<b>Lahore Branch</b>	Mr. Nadeem Qureshi	House # 13/C, Block - K Main Boulevard, Gulberg - II,Lahore. TEL : 042-3575 4154 - 4155 & 4166 FAX : 042-3575 4167
<b>Islamabad Branch</b>	Mr. Muhammed Iftikhar Awan	Office # 16, 4th Floor Malik Complex, 80-West Jinnah Avenue, Blue Area, Islamabad. Tel : 051-287 0613-14, 227 1974, 287 6452 & 287 7020 Fax : 051-287 0621
<b>Multan Branch</b>	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
<b>Faisalabad Branch</b>	Mr. Sajjad Ali	Ahmed Plaza, 4th Floor Civil Line, Bilal Road Faisalabad. Tel : 041-254 0420-22 Fax : 041-254 0423
<b>Sukkur Branch</b>	Mr. Muhammed Jamshed	Bunder Road, Upper Utility Store, Chacher House Sukkur. Tel : 071-562 7263 Fax : 071-562 7283