

PICIC INSURANCE LIMITED



INTERIM FINANCIAL REPORT
(UN-AUDITED)
FIRST QUARTER ENDED
MARCH 31, 2016



PICIC
INSURANCE

Contents

Company Information	03
Director's Review (English)	04
Director's Review (Urdu)	07
Condensed Interim Balance Sheet	08
Condensed Interim Profit and Loss Account	10
Condensed Interim Statement of Comprehensive Income	11
Condensed Interim Statement of Changes in Equity	12
Condensed Interim Statement of Cash Flows	13
Condensed Interim Statement of Premium	14
Condensed Interim Statement of Claims	15
Condensed Interim Statement of Expenses	16
Condensed Interim Statement of Investment Income	17
Notes to the Condensed Interim Financial Information	18
Branch Network	24

Company Information

Board of Directors	Mr. Irshad Ali Shaban Ali Kassim (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim Mr. Muzaffar Ali Shah Bukhari (The casual vacancy created due to resignation of 4 Directors will be filled within the given time limit)
Managing Director / CEO	Mr. Jalees Ahmed Siddiqi
Board Audit Committee	Mr. Muzaffar Ali Shah Bukhari (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim
Board Human Resources & Remuneration Committee Board of Directors	Mr. Munawar Ali Kassim (Chairman) Mr. Irshad Ali Shaban Ali Kassim Mr. Jalees Ahmed Siddiqi
CFO & Company Secretary	Mr. Afroz Quraishi
Compliance Officer	Mr. Nizar Somani
Auditors	Muniff Ziauddin & Co. Chartered Accountants
Legal Advisor	Jameel Khan & Associates
Bankers	Habib Metropolitan Bank Limited NIB Bank Limited Silk Bank Limited Bank Al Habib Limited
Shares Registrar	FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block - 6, P.E.C.H.S. Shahra-e-Faisal Karachi
Credit Rating	Triple B Plus "BBB+" by JCR-VIS
Registered & Head Office	1204, 12th Floor, Emerald Tower Clifton, Block-5, Karachi - 75600, Pakistan t +92-21-35147651-5 UAN: 11 12 PICIC (111-274-242) f +92-21-35147656 www.picicinsurance.com

Directors' Review

We are pleased to present the condensed un-audited interim financial statements of the Company for the first quarter ended March 31, 2016.

Business Review

The gross premium written for the first quarter was Rs.11.5 million. This was due to decrease of gross premium written during the period in various classes of business. The net premium revenue for the quarter reached Rs.39.98 million against Rs.94.59 million. The underwriting results of the Company maintained the positive trend of financial year 2015 and an underwriting profit of Rs.11.9 million was achieved against a profit of Rs.29.2 million in the corresponding quarter last year. Continuing with the efforts to optimize resources, management expenses and general & administrative expenses were reduced by Rs.30.1 million compared to the corresponding period last year. The loss after tax reduced from 5.4 million in 2015 to 0.8 million during the review period.

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

The company adopts a conservative investment strategy with a primary objective of preserving capital, maintaining liquidity and generating a stable income over the longer term. Due to market downward fluctuations there is a net unrealized loss on revaluation.

The Company's real strength is its management team. Keeping them engaged and motivated during the transitory phase is a challenge which has been well managed.

Future Plan

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

The company has initiated the process to complete the formalities required in this respect including but not limited to conducting due diligence and valuation for the consideration of the Board as well as finalizing any memorandum of understandings required to be entered into as well as the scheme of amalgamation and related petitions and applications.

We are confident that once the merger phase, followed by financial rating and bank limits is completed, business cycle will move forwards and accordingly solvency gap will be met.

In the meanwhile, we have applied to SECP for extension of meeting the minimum solvency level. Its approval is awaited.

Financial Highlights

The comparative financial highlights of your Company for the quarter ended March 31, 2016 compared with March 31, 2015 are as follows:

	2016	2015
	----- Rupees in thousand -----	
Gross Premium Written	11,461	214,132
Net Premium Revenue	39,977	94,589
Net Claims including IBNR	(11,486)	(35,202)
Profit from underwriting business	11,921	29,186
Investment Income / (loss)	103	(2,375)
Loss after Taxation	(841)	(5,430)
Loss per share (Rupees)	(0.02)	(0.16)

Acknowledgement

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

For and on behalf of the Board

Munawar Ali Kassim
Director

Jalees Ahmed Siddiqi
MD & Chief Executive Officer

Karachi: May 26, 2016

اس دوران ہم نے SECP میں سالانہ سی کی کم از کم سطح پر آنے کے لیے توسیع کی درخواست دے رکھی ہے۔ جس کا جواب متوقع ہے۔
مالی جھلکیاں:

کمپنی کے ۳۱ مارچ ۲۰۱۵ء، ۳۱ مارچ ۲۰۱۶ء کے مقابلے میں مالی جھلکیاں مندرجہ ذیل ہیں:

۲۰۱۵ء	۲۰۱۶ء	
روپے ہزار میں		
۲۱۴،۱۳۲	۱۱،۴۶۱	1- مجموعی تحریری پریمیم
۹۴،۵۸۹	۳۹،۹۷۷	2- خالص پریمیم کا جائزہ
(۳۵،۲۰۲)	(۱۱،۴۸۶)	3- خالص کلیم بشمول IBNR
۲۹،۱۸۶	۱۱،۹۲۱	4- انڈر رائٹنگ آمدنی
(۲،۳۷۵)	۱۰۳	5- سرمایہ کاری آمدنی (نقصان)
(۵،۴۳۰)	(۸۴۱)	6- فیکسیشن کے بعد نقصان
(۰،۱۶)	(۰،۰۲)	7- فی حصص نقصان (روپے)

تسلیمات:

تمام ڈائریکٹر حضرات اپنے گراں قدر صارفین، ری انشورنسز، بروکرز، کاروباری شراکت داروں اور الحاق شدگان، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج اور سینٹرل ڈیپازٹری کمپنی کو ان کے پیشہ ورانہ نقطہ نظر اور رہنمائی پر خراج تحسین پیش کرتے ہیں۔ بورڈ مینجمنٹ ٹیم اور کمپنی کے اسٹاف کی سخت محنت کی بھی تعریف کرتا ہے۔
بورڈ کی طرف سے

جلیس احمد صدیقی
ایم۔ ڈی اینڈ چیف ایگزیکٹو آفیسر

منور علی قاسم
ڈائریکٹر

کراچی: ۲۶ مئی ۲۰۱۶ء

ڈائریکٹروں کا جائزہ

ہم ۳۱ مارچ ۲۰۱۶ء کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کی غیر آڈٹ شدہ مالی اسٹیٹمنٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کاروباری جائزہ:

پہلی سہ ماہی کے لیے مجموعی پریمیم ۱۱.۵ ملین روپے رہی۔ اس تنازل کی وجہ اس مدت کے دوران مختلف کاروباری کلاسز میں مجموعی پریمیم کا کم ہونا تھا۔ اس سہ ماہی میں خالص پریمیم کا جائزہ لیا جائے تو وہ ۹۴.۵۹ ملین روپے کے مقابلے میں ۳۹.۹۸ ملین روپے رہا۔ کمپنی کے انڈرائٹنگ نتائج کے مطابق کمپنی نے مالی سال ۲۰۱۶ء میں مثبت رجحان کو قائم رکھا اور پچھلے سال کے مقابلے میں ۲۹.۲ ملین روپے کے منافع کے مقابلے میں ۱۱.۹ ملین روپے کا انڈرائٹنگ منافع حاصل کیا۔ وسائل کو بڑھانا اور انتظامی اور عام اخراجات میں کمی لانے کی کوششوں کو جاری رکھتے ہوئے پچھلے سال کے مقابلے میں ۳۰.۱ ملین روپے کے اخراجات میں کمی لائی گئی۔ ۲۰۱۵ء کے ۵.۴ ملین روپے بعد از ٹیکس ادائیگی نقصان کے مقابلے میں جائزے کی مدت کے دوران ۰.۸ ملین روپے کا بعد از ٹیکس خسارہ رہا۔

اس مدت کے دوران کمپنی کی صورت حال کے پیش نظر مالیاتی ریٹنگ اور بینکاری کی حد بندی کا اثر کاروبار کے حصول اور مجموعی تحریری پریمیم پر پڑا۔

کمپنی نے قدامت پسند سرمایہ کاری کی منصوبہ بندی کو اپنایا اور سرمایہ کے تحفظ، ذمہ داری اور لمبے عرصے کے لیے مستحکم آمدنی کو برقرار رکھنے کے حصول کے لیے کام کیا۔ مارکیٹ کی تنزلی اور غیر ہمواری اتار چڑھاؤ کی وجہ سے منصوبہ بندیوں کی تکمیل میں مشکلات ہوئی۔

مینیجمنٹ ٹیم کمپنی کی اصل طاقت ہے۔ درپیش چیلنجز کا سامنا کرنے کے لئے ان کو مصروف عمل رکھنے اور ان کی حوصلہ افزائی کرتے رہنا ایک چیلنج ہے جس کو بطور احسن حاصل کیا جا رہا ہے۔ مستقبل کی منصوبہ بندی:

سہ ماہی کے اختتام پر، ۷ اپریل ۲۰۱۶ء کو PICIC بورڈ نے PICIC انشورنس لمیٹڈ کو کریسٹل انشورنس لمیٹڈ میں ضم کرنے کا فیصلہ کیا، بشرط کہ بشمول سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، کمپنیشن کمیشن آف پاکستان اور دیگر متعلقہ مجاز اداروں سے ضروری منظوریوں مل جائیں۔

کمپنی نے اس سلسلے میں ابتدائی اقدامات اٹھائے ہیں جس کے ذریعہ بورڈ ابتدائی اور تدریجی مراحل کو جتنی شکل دے گا اور متعلقہ درخواست اور پیشیز جمع کرانے کی منصوبہ بندی کرے گا۔

ہم پُر امید ہیں کہ ضم کے عمل کے ساتھ مالی ریٹنگ اور بینکاری کی حد حاصل ہو جائے گی اور کاروبار آگے کی طرف بڑھے گا اور خلاء کو پُر کرنے میں مدد ملے گی۔

Condensed Interim Balance Sheet

As at March 31, 2016

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
----- Rupees in thousand -----			
Share capital and reserves			
Authorised share capital [125,000,000 (December 31, 2015: 125,000,000) Ordinary shares of Rs.10/- each]		1,250,000	1,250,000
Paid-up share capital [35,000,000 (December 31, 2015: 35,000,000) Ordinary shares of Rs.10/- each]		350,000	350,000
Accumulated loss		(281,130)	(280,289)
		68,870	69,711
Underwriting provisions			
Provision for outstanding claims (including IBNR)		153,885	141,549
Provision for unearned premium		133,187	183,932
Provision for premium deficiency		225	225
Commission income unearned		16,641	11,954
		303,938	337,660
Creditors and accruals			
Amounts due to other insurers / reinsurers		176,034	180,343
Other creditors and accruals		20,872	21,029
Accrued expenses		7,637	8,813
Unclaimed dividend		195	195
		204,738	210,380
TOTAL LIABILITIES		508,676	548,040
TOTAL EQUITY AND LIABILITIES		577,546	617,751
Contingencies and Commitments	10		

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

	Note	(Un-audited) March 31, 2016	(Audited) December 31, 2015
		----- Rupees in thousand -----	
Cash and bank deposits			
Cash and other equivalents		381	283
Current and other accounts		10,588	30,129
Deposits maturing within 12 months		10,000	-
		20,969	30,412
Investments	8	37,203	53,701
Deferred Taxation		2,619	2,619
Current Assets - Others			
Premiums due but unpaid		79,151	88,132
Amounts due from other insurers / reinsurers		171,620	173,909
Accrued profit		5	-
Reinsurance recoveries against outstanding claims		82,387	68,565
Taxation - payments less provision		25,755	25,715
Deferred commission expense		17,393	23,984
Deferred acquisition costs		12,951	10,567
Prepayments		102,929	113,817
Sundry and other receivables		6,999	7,376
		499,190	512,065
Fixed assets	9		
Tangible			
Furniture and fixture		9,629	10,248
Office equipment		2,845	3,063
Computer equipment		2,991	3,384
Motor vehicles		2,100	2,228
Capital work in progress		-	-
Intangible			
Computer software		-	31
		17,565	18,954
TOTAL ASSETS		577,546	617,751

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



Condensed Interim Profit and Loss Account (Un-Audited)

For the Quarter ended March 31, 2016

						Quarter ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	March 31, 2016 Aggregate	March 31, 2015 Aggregate
Note	Rupees in thousand						
Revenue account							
Net premium revenue	26,143	741	8,709	2,479	1,905	39,977	94,589
Net claims	(1,053)	(1,527)	(3,500)	(3,328)	(2,078)	(11,486)	(35,202)
Management expenses	(1,666)	(714)	(2,546)	82	(409)	(5,253)	(15,539)
Net commission	(10,405)	326	(1,147)	79	(170)	(11,317)	(14,662)
Underwriting results	13,019	(1,174)	1,516	(688)	(752)	11,921	29,186
Net investment loss						(208)	(3,074)
Return on bank balances						311	699
Gain on disposal of fixed assets						24	535
						12,048	27,346
General and administrative expenses						(12,873)	(32,676)
Other charges						(16)	(72)
Loss before taxation						(841)	(5,402)
Taxation							
- Current						-	(28)
Loss after taxation						(841)	(5,430)
Loss per share -							
basic and diluted (Rupees)	11					(0.02)	(0.16)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter ended March 31, 2016

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	----- Rupees in thousand -----	
Net loss for the quarter	(841)	(5,430)
Other comprehensive income for the quarter	-	-
Total comprehensive loss for the quarter	(841)	(5,430)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



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

For the Quarter ended March 31, 2016

	Paid-up share capital	Accumulated loss	Total
	----- Rupees in thousand -----		
Balance as at January 01, 2015	350,000	(250,442)	99,558
Net loss for the quarter ended March 31, 2015	-	(5,430)	(5,430)
Balance as at March 31, 2015	350,000	(255,872)	94,128
Total comprehensive loss for the nine months 2015	-	(29,356)	(29,356)
Other comprehensive income for the year			
- Re-measurement of post employment benefit obligations	-	4,939	4,939
	-	(24,417)	(24,417)
Balance as at December 31, 2015	350,000	(280,289)	69,711
Net loss for the quarter ended March 31, 2016	-	(841)	(841)
Balance as at March 31, 2016	350,000	(281,130)	68,870

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Cash Flows (Un-Audited)

For the Quarter ended March 31, 2016

	March 31, 2016	March 31, 2015
----- Rupees in thousand -----		
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	18,422	301,499
Reinsurance premiums paid	(47,312)	(148,257)
Claims paid	(13,960)	(58,109)
Reinsurance and other recoveries received	988	14,384
Commissions paid	(5,654)	(25,539)
Commission received	38,190	39,978
Net cash (used in) / inflow from underwriting activities	(9,326)	123,956
b) Other operating activities		
Income tax paid	(40)	(57)
General management expenses paid	(14,952)	(70,072)
Operating payments	(2,408)	(1,232)
Other charges	(16)	(72)
Net cash used in other operating activities	(17,416)	(71,433)
Total cash (used in) / inflow from operating activities	(26,742)	52,523
INVESTMENT ACTIVITIES		
Profit / return received	306	418
Dividend received	-	280
Receipts / (payments) for investments	16,956	(33)
Proceeds from disposal of fixed assets	37	541
Fixed capital expenditure	-	(5,386)
Total cash inflow / (used in) from investing activities	17,299	(4,180)
Net cash (used in) / inflow from all activities	(9,443)	48,343
Cash at the beginning of the year	30,412	41,433
Cash at the end of the year	20,969	89,776
Reconciliation to profit and loss account		
Operating cash flows	(26,742)	52,523
Depreciation / amortisation	(1,389)	(638)
Gain on disposal of fixed assets	24	535
Net investment loss	(208)	(3,074)
Return on bank balances	311	699
Decrease in assets other than cash	(1,216)	(12,287)
Increase in liabilities	(10,662)	(35,317)
Decrease / (increase) in unearned premium	39,041	(7,871)
Loss after taxation	(841)	(5,430)
Definition of cash		
Cash comprises of cash in hand and at banks, stamps in hand and short term placements with banks		
Cash for the purpose of statement of cash flows consists of:		
Cash and other equivalents		
- cash in hand	-	-
- stamps in hand	381	718
	381	718
Current and other accounts		
- current accounts	2,237	381
- saving accounts	8,351	11,677
	10,588	12,058
Deposits maturing within 12 months	10,000	77,000
	20,969	89,776

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



QUARTERLY REPORT 2016

13

Condensed Interim Statement of Premiums (Un-Audited)

For the Quarter ended March 31, 2016

Business underwritten inside Pakistan

Class	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		Quarter ended	
									March 31, 2016	March 31, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	3,635	90,735	67,316	27,054	4,001	56,413	59,503	911	26,143	26,037
2. Marine, aviation and transport	1,559	3,448	1,361	3,646	1,572	2,351	1,018	2,905	741	3,971
3. Motor	5,555	25,181	17,151	13,585	4,475	2,751	2,350	4,876	8,709	26,015
4. Accident and health	(180)	6,324	2,919	3,225	2	745	1	746	2,479	19,067
5. Miscellaneous	892	58,244	44,440	14,696	475	50,609	38,293	12,791	1,905	19,499
Total	<u>11,461</u>	<u>183,932</u>	<u>133,187</u>	<u>62,206</u>	<u>10,525</u>	<u>112,869</u>	<u>101,165</u>	<u>22,229</u>	<u>39,977</u>	<u>94,589</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Claims (Un-Audited)

For the Quarter ended March 31, 2016

Business underwritten inside Pakistan

Class	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing			Opening	Closing		Quarter ended	
									March 31, 2016	March 31, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	-	19,618	33,617	13,999	-	17,578	30,524	12,946	1,053	2,256
2. Marine, aviation and transport	2,622	16,710	17,190	3,102	916	11,476	12,135	1,575	1,527	(59)
3. Motor	6,260	40,777	37,696	3,179	(329)	2,453	2,461	(321)	3,500	17,528
4. Accident and health	4,633	21,880	20,575	3,328	-	-	-	-	3,328	15,022
5. Miscellaneous	445	42,564	44,807	2,688	401	37,058	37,267	610	2,078	455
Total	13,960	141,549	153,885	26,296	988	68,565	82,387	14,810	11,486	35,202

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



QUARTERLY REPORT 2016

15

Condensed Interim Statement of Expenses (Un-Audited)

For the Quarter ended March 31, 2016

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					Quarter ended	
								March 31, 2016	March 31, 2015
Rupees in thousand									
Direct and facultative									
1. Fire and property	664	17,069	12,724	5,009	1,666	6,675	(5,396)	12,071	21,997
2. Marine, aviation and transport	227	567	208	586	714	1,300	912	388	(477)
3. Motor	529	2,592	1,931	1,190	2,546	3,736	43	3,693	3,285
4. Accident and health	(4)	65	8	53	(82)	(29)	132	(161)	2,662
5. Miscellaneous	26	3,691	2,522	1,195	409	1,604	1,025	579	2,734
Total	1,442	23,984	17,393	8,033	5,252	13,286	(3,284)	16,570	30,201

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

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Investment Income (Un-Audited)

For the Quarter ended March 31, 2016

	Quarter ended March 31, 2016	Quarter ended March 31, 2015
	----- Rupees in thousand -----	
Income from non trading investments		
Held to maturity		
Net unrealised gain on revaluation of investments	-	1,028
Loss on sale of redemption of investments	(547)	-
	(547)	1,028
At fair value through profit or loss		
Net unrealised gain / (loss) on revaluation of investments	404	(4,350)
Dividend income	-	280
	404	(4,070)
	(143)	(3,042)
Investment related expenses	(65)	(32)
Net investment loss	(208)	(3,074)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



QUARTERLY REPORT 2016

17

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

For the Quarter ended March 31, 2016

1 STATUS AND NATURE OF BUSINESS

- 1.1. PICIC Insurance Limited (the Company) was incorporated on April 23, 2004 under the Companies Ordinance, 1984 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. The company is a subsidiary of KM Enterprises (Pvt) Ltd. It is engaged in providing all classes of non-life insurance business. The Company is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at 1204, 12th floor, Emerald Tower, Clifton Block - 5, Karachi. The Company operates with 5 (2015: 5) branches in Pakistan.
- 1.2. In accordance with the requirements of the Insurance Ordinance, 2000 and as mentioned in the Securities and Exchange Commission (Insurance) Rules, 2002 "Rules" (amended vide SRO 16(1)/2012 dated January 09, 2012), the minimum solvency requirement (i.e excess of admissible assets over liabilities) is Rs 150 million. The Company is not meeting the minimum solvency requirement.
- 1.3. The Company has incurred a loss after tax of Rs. 0.8 million during the current period and its accumulated losses as at March 31, 2016 amounted to Rs 281.1 million resulting in net equity of Rs 68.9 million as at March 31, 2016. Further, the operating cash flows of the Company are also negative since 2011. These circumstances, together with the non-compliance of minimum solvency requirement as mentioned in note 1.2 above, indicate existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

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

The Company has initiated the process to complete the formalities required in this respect including, but not limited to, conducting due diligence and valuation for the consideration of the Board as well as finalizing any memorandum of understandings required to be entered into as well as the scheme of amalgamation and related petitions and applications.

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

2 STATEMENT OF COMPLIANCE

- 2.1** These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 - 'Interim Financial Reporting', provisions of the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of the Companies Ordinance 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and the said directives prevail.
- 2.2** These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2015

3 BASIS OF MEASUREMENT

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

These condensed interim financial statements have 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 statements are measured using the currency of the primary economic environment in which the Company operates. These condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended December 31, 2015.

6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2015.

7 INSURANCE AND FINANCIAL RISK MANAGEMENT

The Company's insurance and financial risk management objectives and policies are consistent with those disclosed in the financial statements for the year ended December 31, 2015.

	Note	March 31, 2016	December 31, 2015
----- Rupees in thousand -----			
		(Un-audited)	(Audited)
8 INVESTMENTS			
Designated at fair value through profit and loss account			
Mutual funds	8.1	37,203	41,039
Listed shares		-	12,662
		37,203	53,701

8.1 Mutual Funds

The mutual fund investments includes Rs.37.2 million invested in Pakistan Income Fund and deposited with the State Bank of Pakistan in compliance with the requirement of section 29 of the insurance ordinance 2000.

9 FIXED ASSETS

The details of additions and disposals during the quarter ended March 31, 2016 compared with March 31, 2015 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
----- Rupees in thousand -----				
Tangible				
Office equipment *	-	2,859	13	6
Computer equipment *	-	779	-	-
Motor vehicles	-	-	-	-
Furniture & Fixture *	-	12,305	-	-
Capital work in progress	-	-	-	10,557
Intangible				
Computer software	-	-	-	-
	-	15,943	13	10,563

* The capital work in progress has been transferred to various fixed assets accounts on February 19, 2015.

10.1 CONTINGENCIES

During the year ended 2009, the Taxation Officer had passed an order along with notice of demand under section 161/205 of the Income Tax Ordinance, 2001, on alleged default of non-deduction of withholding tax on payments of insurance premium to non-resident reinsurer for the tax year 2009. The tax authorities had filed a writ petition against the Company along with other insurance companies in the High Court of Sindh. The petition has been dismissed by the Court and favorable outcome has been given in favor of the Company along with other insurance companies. The Company had also filed an appeal with the Commissioner Income Tax Appeals which is pending adjudication, to date. The tax impact of the above amounts to Rs 5.48 million against which no provision has been made in these financial statements, as the Company is confident of a favorable outcome.

10.2 Commitments

Period ended	
March 31, 2016	March 31, 2015
----- Rupees in thousand -----	
(Un-audited)	(Un-audited)
-	-

11 LOSS PER SHARE

Basic loss per share are calculated by dividing the net loss for the quarter by the weighted average number of shares as at the quarter end as follows:

	Quarter ended	
	March 31, 2016	March 31, 2015
	----- Rupees in thousand -----	
Loss after tax for the quarter	(841)	(5,430)
	----- Number in thousand -----	
Weighted average number of shares of Rs. 10 each	35,000	35,000
	----- (Rupees) -----	
Basic loss per share of Rs. 10 each	(0.02)	(0.16)

- 11.1 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.

12 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:

	Quarter ended	
	March 31, 2016	March 31, 2015
	----- Rupees in thousand -----	
	(Un-audited)	(Un-audited)
Transactions for the quarter		
Premium written	290	164
Claims paid	24	33
Remuneration of key management personnel	6,209	7,069
Contribution for staff provident fund	487	658
Charge in respect of gratuity fund	518	929

Balances outstanding at period / year end

Payable to gratuity fund
Premiums due but unpaid

March 31, 2016	December 31, 2015
----- Rupees in thousand ----- (Un-audited)	(Audited)
420	937
1,628	2,113

13 SEGMENT REPORTING

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

	March 31, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	----- Rupees in thousand -----					
Fire and property damage	191,620		191,620	187,067		187,067
Marine, aviation and transport	51,466		51,466	50,118		50,118
Motor	79,644		79,644	81,600		81,600
Accident and health	3,284		3,284	6,439		6,439
Miscellaneous	138,654		138,654	152,802		152,802
Unallocated	-	112,878	112,878	-	139,725	139,725
Total	464,668	112,878	577,546	478,026	139,725	617,751

	March 31, 2016 (Un-audited)			December 31, 2015 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	----- Rupees in thousand -----					
Fire and property damage	225,838		225,838	232,295		232,295
Marine, aviation and transport	25,448		25,448	29,877		29,877
Motor	65,527		65,527	75,348		75,348
Accident and health	24,584		24,584	29,502		29,502
Miscellaneous	152,530		152,530	165,391		165,391
Unallocated	-	14,749	14,749	-	15,627	15,627
Total	493,927	14,749	508,676	532,413	15,627	548,040

14 GENERAL

Figures have been rounded off to the nearest thousand rupees.

15 AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue by the Board of Directors of the Company on May 26, 2016.

Munawar Ali Kassim
Director

Muzaffar Ali Shah Bukhari
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Branch Network

Branch Network	Address
Lahore Branch	Office # 615, 6th Floor, Plot # 82-D/1 Al Hafeez Shopping Main Boulevard, Gulberg-III, Lahore Tel : 042-3577 4921 Fax : 042-3577 4922
Multan Branch	1st Floor Al Razzak Plaza Opp. Children Hospital, Abdali Road, Multan Tel : 061-4589398 - 99 & 4586665 Fax : 061-4585896
Faisalabad Branch	Ahmed Plaza, 4th Floor Civil Line, Bilal Road Faisalabad Tel : 041-254 0420-22 Fax : 041-254 0423
Karachi Export Processing Zone Branch	Plot # N-2, Sector B-III, Landhi Industrial Area Extension, Mehran Highway, Karachi Tel: 021-35130702 Fax: 021-35130701
Karachi Office	Suit No. E-1, Executive Floor, Glass Tower, Main Clifton Road, Karachi. Tel: 021-35654764, 35639712



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