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Company Information

Board of Directors

Mr. Yameen Kerai (Chairman)
Mr. Rizwan Abbas
Mr. Mohammed Basheer Janmohammed
Mr. A. Fawad Hashmi
Mr. Tariq Iqbal Khan
Mr. Tufail Jawed Ahmad
Mr. Ghulam Muhammad
Mr. Muhammad Riaz

Managing Director & Chief Executive Officer

Mr. Ahmed Salahuddin

Board Audit Committee

Mr. A. Fawad Hashmi (Chairman)
Mr. Rizwan Abbas
Mr. Ghulam Muhammad
Mr. Muhammad Riaz

Board Human Resources & Remuneration Committee

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

CFO & Company Secretary

Mr. Afroz Quraishi

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.
8-F, Next to Hotel Faran, Nursery
Block - 6, P.E.C.H.S. Shahr-e-Faisal
Karachi

Credit Rating

Triple B Plus "BBB+" by JCR-VIS

Registered & Head Office

8th Floor, Shaheen Complex,
M. R. Kayani Road, Karachi
Tel # (92-213) 2219555-60 Fax # (92-213) 2219561
Email: info@picicinsurance.com
Website: www.picicinsurance.com

Directors' Review

The Directors would like to present the condensed un-audited interim financial statements of the Company for the nine months ended September 30, 2013.

Business Review

The gross premium written for the nine months was Rs.530M as compared to Rs.448M for the corresponding period last year being 18% higher. The net premium revenue for the nine months was Rs.246M as against Rs.224M for the corresponding period, being 10% higher than last year, mainly due to increase of motor, accident & health business which are written on a net basis. The underwriting profit of the company was Rs 61M against a profit of Rs 8M in the corresponding period last year. This is mainly due to improved loss ratios in all classes of business. The difference in management and administration expenses is mainly due to the change in the basis of allocation of Deferred Acquisition Costs in line with the recommendations of the SECP. The net commission income in the nine months decreased to Rs.5M as compared to Rs.7M in the corresponding period last year.

Your Company is pleased to report a profit after tax of Rs.6.5M for the nine months ended September 30, 2013 compared to a loss after tax of Rs 33.0M in the same period last year. The Company will continuously endeavour to show improving performance in the future by not only booking new potentially profitable relationships but also by deepening business with existing customers.

Financial Highlights

The comparative financial highlights of your Company for the nine months ended September 30 are as follows:

	2013	2012
	(Rupees in thousand)	
Gross Premium Written	529,854	447,817
Net Premium Revenue	246,271	224,427
Net Claims including IBNR	(138,699)	(154,950)
Profit from underwriting business	61,207	8,562
Investment Income	18,520	27,132
Profit / (loss) after Taxation	6,510	(32,966)
Earnings / (loss) per share (Rupees)	0.19	(0.94)

Acknowledgement

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

For and on behalf of the Board

Yameen Kerai

Chairman

Karachi: October 23, 2013

Ahmed Salahuddin

MD & Chief Executive Officer

Condensed Interim Balance Sheet

As at September 30, 2013

Note	(Un-audited) September 30, 2013	(Audited) December 31, 2012 (Restated)
(Rupees in thousand)		
Share capital and reserves		
Authorised share capital [50,000,000 (December 31, 2012: 50,000,000) Ordinary shares of Rs.10/- each]	500,000	500,000
Paid-up share capital [35,000,000 (December 31, 2012: 35,000,000) Ordinary shares of Rs.10/- each]	350,000	350,000
Accumulated loss	(119,862)	(126,372)
	230,138	223,628
Underwriting provisions		
Provision for outstanding claims (including IBNR)	116,161	158,994
Provision for unearned premium	413,842	338,163
Provision for premium deficiency	2,134	2,134
Commission income unearned	17,281	23,108
	549,418	522,399
Creditors and accruals		
Amounts due to other insurers / reinsurers	206,749	164,438
Other creditors and accruals	39,732	48,208
Accrued expenses	2,662	5,500
Unclaimed dividend	195	195
	249,338	218,341
Borrowings		
Obligation under musharakah agreement	10 1,768	2,405
TOTAL LIABILITIES	800,524	743,145
TOTAL EQUITY AND LIABILITIES	1,030,662	966,773

Contingencies 11

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Kerai
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Note	(Un-audited) September 30, 2013	(Audited) December 31, 2012 (Restated)
(Rupees in thousand)		
Cash and bank deposits		
Cash and other equivalents	548	184
Current and other accounts	54,707	65,351
Deposits maturing within 12 months	65,000	180,000
	120,255	245,535
Investments	8 68,461	66,034
Deferred Taxation	2,979	2,979
Current Assets - Others		
Premiums due but unpaid	315,104	187,165
Amounts due from other insurers / reinsurers	115,335	112,313
Accrued interest	1,803	2,150
Reinsurance recoveries against outstanding claims	41,714	55,439
Taxation - payments less provision	23,395	21,596
Deferred commission expense	25,157	30,170
Deferred acquisition costs	44,037	36,689
Prepayments	261,222	197,426
Sundry and other receivables	7,575	4,630
	835,342	647,578
Fixed assets	9	
Tangible		
Furniture and fixture	27	78
Office equipment	1,075	1,014
Computer equipment	574	1,060
Motor vehicles	1,476	2,281
Intangible		
Computer software	473	214
	3,625	4,647
TOTAL ASSETS	1,030,662	966,773

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the quarter and period ended September 30, 2013

	Quarter ended September 30,		Period ended September 30,	
	2013	2012	2013	2012
	(Rupees in thousand)			
Net profit / (loss) for the period	(18,415)	5,814	6,510	(32,966)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(18,415)</u>	<u>5,814</u>	<u>6,510</u>	<u>(32,966)</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Kerai
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Changes in Equity (Unaudited)

For the period ended September 30, 2013

	Paid-up share capital	Accumulated loss (Rupees in thousand)	Total
Balance as at January 01, 2012	350,000	(107,393)	242,607
Effect of change in accounting policy with respect to accounting for remeasurement gain on defined benefit plan - in Statement of Profit and Loss Account (note 5.2)	-	(917)	(917)
Effect of change in accounting policy with respect to accounting for remeasurement gain on defined benefit plan (note 5.2)	-	8,936	8,936
Balance as at January 01, 2012 - restated	350,000	(99,374)	250,626
Total comprehensive income for the period			
Net loss for the period ended September 30, 2012	-	(32,966)	(32,966)
Balance as at September 30, 2012 - restated	350,000	(132,340)	217,660
Total comprehensive income for the period			
Net profit for the 4th quarter ended December 31, 2012	-	7,645	7,645
Effect of change in accounting policy with respect to accounting for remeasurement gain on defined benefit plan - in Statement of Profit and Loss Account (note 5.2)	-	(1,158)	(1,158)
	350,000	(125,853)	224,147
Effect of change in accounting policy with respect to accounting for remeasurement gain on defined benefit plan (note 5.2)	-	(519)	(519)
Balance as at December 31, 2012 - restated	350,000	(126,372)	223,628
Total comprehensive income for the period			
Net profit for the period ended September 30, 2013	-	6,510	6,510
Balance as at September 30, 2013	350,000	(119,862)	230,138

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Keral
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Cash Flows (Unaudited)

For the period ended September 30, 2013

	September 30, 2013	September 30, 2012 (Restated)
	(Rupees in thousand)	
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	438,101	622,955
Reinsurance premiums paid	(299,824)	(247,459)
Claims paid	(236,472)	(166,609)
Reinsurance and other recoveries received	68,665	45,326
Commissions paid	(66,969)	(41,778)
Commission received	46,704	61,070
Net cash (used in)/ inflow from underwriting activities	(49,795)	273,505
b) Other operating activities		
Income tax paid	(1,799)	(2,107)
General management expenses paid	(133,229)	(138,154)
Operating receipts / (payments) - net	44,214	(30,088)
Bank and other charges	(227)	(133)
Other income	337	650
Net cash used in other operating activities	(90,704)	(169,832)
Total cash (used in) / inflow from operating activities	(140,499)	103,673
INVESTMENT ACTIVITIES		
Profit / return received	11,866	15,482
Dividend received	807	512
Payments for investments	(41,220)	(40,347)
Proceeds from sale / redemption of investments	44,987	41,000
Proceeds from disposal of fixed assets	617	3,069
Fixed capital expenditure	(919)	(1,525)
Total cash inflow from investing activities	16,138	18,191
FINANCING ACTIVITIES		
Payments under musharakah agreement	(919)	(4,372)
Total cash used in financing activities	(919)	(4,372)
Net cash (used in)/ inflow from all activities	(125,280)	117,492
Cash at the beginning of the year	245,535	236,273
Cash at the end of the year	120,255	353,765
Reconciliation to profit and loss account		
Operating cash flows	(140,499)	103,673
Depreciation / amortisation	(1,941)	(2,267)
Gain on disposal of fixed assets	617	488
Financial charges	(282)	(829)
Investment income	7,269	7,809
Return on bank balances	11,251	19,323
Increase / (decrease) in assets other than cash	105,929	(74,611)
Decrease / (Increase) in liabilities	19,462	(99,191)
Decrease in unearned premium	4,704	12,639
Profit / (loss) after taxation	6,510	(32,966)
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	-	330
- stamps in hand	548	245
	548	575
Current and other accounts		
- current accounts	8,826	6,906
- saving accounts	45,881	76,284
	54,707	83,190
Deposits maturing within 12 months	65,000	270,000
	120,255	353,765

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Kerali
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Premiums (Unaudited)

For the quarter and period ended September 30, 2013

Business underwritten inside Pakistan

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, 2013	Quarter ended September 30, 2012
(Rupees in thousand)											
Direct and facultative											
1.	Fire and property	66,966	62,565	99,336	30,195	63,540	55,332	91,854	27,018	3,177	4,333
2.	Marine, aviation and transport	8,210	12,467	13,621	7,056	4,396	10,600	10,803	4,193	2,863	6,944
3.	Motor	31,638	101,574	90,792	42,420	2,615	11,201	9,478	4,338	38,082	45,448
4.	Accident and health	(10,225)	84,112	49,536	24,351	78	222	169	131	24,220	19,027
5.	Credit and surety ship	29,136	9,816	27,175	11,777	28,401	6,830	24,483	10,748	1,029	9,039
6.	Miscellaneous	2,651	158,388	133,382	27,657	2,640	145,555	122,543	25,652	2,005	2,715
Total		128,376	428,922	413,842	143,456	101,670	229,740	259,330	72,080	71,376	87,506

Class		Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
			Opening	Closing			Opening	Closing		Period ended September 30, 2013	Period ended September 30, 2012
(Rupees in thousand)											
Direct and facultative											
1.	Fire and property	127,296	50,105	99,336	78,065	115,323	42,134	91,854	65,603	12,462	15,612
2.	Marine, aviation and transport	48,318	40,627	13,621	75,324	35,272	36,790	10,803	61,259	14,065	27,876
3.	Motor	141,310	78,142	90,792	128,660	16,768	7,983	9,478	15,273	113,387	104,156
4.	Accident and health	81,297	49,094	49,536	80,855	517	154	169	502	80,353	44,924
5.	Credit and surety ship	34,731	34,836	27,175	42,392	31,218	20,320	24,483	27,055	15,337	21,335
6.	Miscellaneous	96,902	85,359	133,382	48,879	89,189	71,566	122,543	38,212	10,667	10,524
Total		529,854	338,163	413,842	454,175	288,287	178,947	259,330	207,904	246,271	224,427

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Kerai
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Claims (Unaudited)

For the quarter and period ended September 30, 2013

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	Quarter ended
									September 30, 2013	September 30, 2012
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	1,754	8,386	8,926	2,294	1,565	6,913	6,550	1,202	1,092	2,371
2. Marine, aviation and transport	8,447	23,797	28,215	12,865	6,019	17,634	24,507	12,892	(27)	3,228
3. Motor	17,395	41,633	49,120	24,882	126	413	2,287	2,000	22,882	21,503
4. Accident and health	29,286	27,433	17,892	19,745	-	63	-	(63)	19,808	17,651
5. Credit and surety ship	14,119	700	700	14,119	14,119	270	312	14,161	(42)	-
6. Miscellaneous	4,436	11,830	11,308	3,914	3,475	8,345	8,058	3,188	726	557
Total	75,437	113,779	116,161	77,819	25,304	33,638	41,714	33,380	44,439	45,310

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	Period ended
									September 30, 2013	September 30, 2012
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	14,743	17,942	8,926	5,727	12,393	14,883	6,550	4,060	1,667	11,069
2. Marine, aviation and transport	32,573	35,425	28,215	25,363	20,742	23,701	24,507	21,548	3,815	13,823
3. Motor	67,568	65,121	49,120	51,567	-	944	2,287	1,343	50,224	75,466
4. Accident and health	80,779	18,057	17,892	80,614	-	63	-	(63)	80,677	46,670
5. Credit and surety ship	20,844	300	700	21,244	20,844	270	312	20,886	358	30
6. Miscellaneous	19,965	22,149	11,308	9,124	14,686	15,578	8,058	7,166	1,958	7,892
Total	236,472	158,994	116,161	193,639	68,665	55,439	41,714	54,940	138,699	154,950

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Kerai
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

PICIC
Insurance Limited

Condensed Interim Statement of Expenses (Unaudited)

For the quarter and period ended September 30, 2013

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	Quarter ended
								September 30, 2013	September 30, 2012
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	1,058	8,937	6,666	3,329	4,751	8,080	4,638	3,442	2,137
2. Marine, aviation and transport	639	657	982	314	1,079	1,393	870	523	4,759
3. Motor	2,393	8,978	8,147	3,224	6,663	9,887	(62)	9,949	8,928
4. Accident and health	708	3,739	2,781	1,666	4,197	5,863	37	5,826	4,086
5. Credit and surety ship	143	505	552	96	1,577	1,673	1,095	578	4,663
6. Miscellaneous	125	6,639	6,029	735	5,947	6,682	1,648	5,034	1,202
Total	5,066	29,455	25,157	9,364	24,214	33,578	8,226	25,352	25,775

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					Period ended	Period ended
								September 30, 2013	September 30, 2012
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	9,119	7,863	6,666	10,316	9,019	19,335	19,702	(367)	4,296
2. Marine, aviation and transport	4,082	3,820	982	6,920	8,331	15,251	10,263	4,988	9,742
3. Motor	12,119	6,418	8,147	10,390	14,529	24,919	1,000	23,919	29,380
4. Accident and health	3,059	2,089	2,781	2,367	9,094	11,461	143	11,318	6,919
5. Credit and surety ship	367	3,445	552	3,260	4,749	8,009	2,946	5,063	8,236
6. Miscellaneous	2,036	6,535	6,029	2,542	5,842	8,384	6,940	1,444	2,573
Total	30,782	30,170	25,157	35,795	51,564	87,359	40,994	46,365	61,146

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

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Kerai
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Condensed Interim Statement of Investment Income (Unaudited)

For the quarter and period ended September 30, 2013

	Quarter ended		Period ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousand)			
Income from investments classified as investments at fair value through profit or loss account				
Net unrealised gain / (loss) on revaluation of investments	(1,370)	2,503	3,037	4,219
Dividend income	440	419	1,075	907
Return on government securities	2,596	-	2,596	2,692
Income from investments classified as investments held to maturity				
Return on government securities	571	-	571	-
	<u>2,237</u>	<u>2,922</u>	<u>7,279</u>	<u>7,818</u>
Investment related expenses	(7)	(6)	(10)	(9)
Net investment income	<u>2,230</u>	<u>2,916</u>	<u>7,269</u>	<u>7,809</u>

The annexed notes 1 to 18 form an integral part of this condensed interim financial information.

Yameen Kerai
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Notes to and forming part of the Condensed Interim Financial Information (Unaudited)

For the period ended September 30, 2013

1 STATUS AND NATURE OF BUSINESS

PICIC Insurance Limited (the Company) was incorporated on April 23, 2004 under the Companies Ordinance, 1984 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. It is engaged in providing all classes of non-life insurance business. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Shaheen Complex, M.R. Kayani Road, Karachi. The Company operates with 6 (December 31, 2012: 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, 2012.

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, 2012 except as explained in note 5.2 below:

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

The company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 1 - Presentation of financial statements - Presentation of items of other comprehensive income (Amendment)

IAS 19 - Employee Benefits - (Revised)

IFRS 7 - Financial instruments: Disclosure - (Amendment)

Amendments enhancing disclosures about offsetting of financial assets and financial liabilities.

The adoption of the above revision and amendments of the standards did not have any effect on the financial statements except as described in note 5.2 below.

Further, certain new standards have been issued by the IASB which are effective for accounting periods beginning on or after January 1, 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

5.2 Change in accounting policy:

IAS 19 (revised) 'Employee benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the balance sheet immediately, with a charge or credit to other comprehensive income in the periods in which they occur.

Following the application of IAS 19 (revised), the company's policy for Staff Retirement Benefits - Defined Benefit Plans stands amended as follows:

The company operates a funded gratuity scheme for all its permanent employees who have completed the minimum qualifying eligible period of service of 5 years. The benefit under the gratuity scheme are payable on resignation or retirement. The latest actuarial valuation was conducted as at December 31, 2012. Contributions to the fund are made on the basis of actuarial recommendations. Projected Unit Cost method is used for the actuarial valuations. The amount arising on the result of remeasurement is recognised in the Balance Sheet immediately, with a charge or credit to other comprehensive income in the period in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The company's condensed interim financial information is affected only by the 'remeasurement' relating to prior years. The effects have been summarised below:

	December 31, 2012	December 31, 2011
	(Rupees in thousand)	
Impact on Balance Sheet		
(Decrease) / increase in other liabilities	(6,342)	(8,019)
Decrease / (increase) in unappropriated profit	(6,342)	(8,019)
Impact on Statement of Changes in Equity		
Decrease / (increase) in unappropriated profit		
- Cumulative effect from prior years		(8,019)
- Impact for the year ended December 31, 2012	1,677	
Impact on Profit and Loss Account		
Decrease / (increase) in profit and loss account		
- Impact for the year ended December 31, 2011		917
- Impact for the year ended December 31, 2012	1,158	

The company has a consistent practice to conduct the actuarial valuation annually at the year end. Hence, the impact on this and comparative condensed interim financial statements are not quantifiable.

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, 2012.

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, 2012.

8	INVESTMENTS	Note	September 30, 2013	December 31, 2012
			(Rupees in thousand)	(Rupees in thousand)
			(Un-audited)	(Audited)
	AT FAIR VALUE THROUGH PROFIT OR LOSS			
	Mutual funds		3,599	3,351
	Listed shares		23,081	17,709
	Government securities		-	44,974
			<u>26,680</u>	<u>66,034</u>
	HELD TO MATURITY			
	Government securities	8.1	41,781	-
			<u>68,461</u>	<u>66,034</u>

8.1 Government securities - Market treasury bills

These securities have been deposited with the State Bank of Pakistan in compliance with the requirements of section 29 of the Insurance Ordinance, 2000. These carry rate of return of 9.10% (December 31, 2012: 11.59%) per annum and will mature in June 2014.

9 FIXED ASSETS

The details of additions and disposals during the period ended September 30, 2013 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousand)			
Tangible				
Office equipment	348	400	-	-
Computer equipment	91	833	-	-
Motor vehicles	-	42	-	2,581
Furniture & Fixture	-	15	-	-
Intangible				
Computer software	480	235	-	-
	<u>919</u>	<u>1,525</u>	<u>-</u>	<u>2,581</u>

10 OBLIGATION UNDER MUSHARAKAH AGREEMENT

Opening balance	2,405	6,108
Obtained during the period	-	-
	<u>2,405</u>	<u>6,108</u>
Repaid during the period	(637)	(3,703)
Closing balance	<u>1,768</u>	<u>2,405</u>

	September 30, 2013		December 31, 2012	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	(Rupees in thousand)			
Not later than one year	1,291	1,082	1,201	849
Later than one year and not later than five years	816	686	1,817	1,556
	<u>2,107</u>	<u>1,768</u>	<u>3,018</u>	<u>2,405</u>
Less: Amount representing future finance charges	339	-	613	-
	<u>1,768</u>	<u>1,768</u>	<u>2,405</u>	<u>2,405</u>
Less: Current portion	1,291	1,291	1,201	1,201
	<u>477</u>	<u>477</u>	<u>1,204</u>	<u>1,204</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, 2012: Ranges between 17.00% to 17.50%).

11 CONTINGENCIES

The income tax assessments of the Company have been finalised upto and including the tax year 2012. 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 condensed interim financial information, as the management is confident of a favorable outcome.

12 TAXATION

No provision for current taxation has been made in this condensed interim financial information for the period ended September 30, 2013 as the Company has brought forward aggregate tax losses amounting to Rs. 128,448 million. The deferred tax asset on unabsorbed tax losses, provision against premium due but unpaid and other temporary differences amounting to Rs. 44.957 million (December 31, 2012: Rs. 50.30 million) while the net deferred tax liability arising on remeasurement gains on defined benefit plan amounts to Rs. 2.220 million, out of the above net deferred tax debit balance of Rs. 42.737 million, Rs. 2.979 million has been recognised in this condensed interim financial information based on management's projections for future profits.

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

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

	Quarter ended		Period ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Rupees in thousand)			
Profit / (Loss) after tax for the period	(18,415)	5,814	6,510	(32,966)
	Number in thousand			
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
	Rupees			
Basic earnings / (loss) per share of Rs. 10 each	(0.53)	0.17	0.19	(0.94)

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

14 TRANSACTIONS WITH RELATED PARTIES

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

Transactions for the period	Period ended	
	September 30, 2013	September 30, 2012
	(Rupees in thousand)	
	(Un-audited)	(Un-audited)
Premium written	14,459	7,965
Claims paid	4,792	609
Return on bank balances	4,133	3,824
Bank charges	227	131
Remuneration of key management personnel	38,694	48,041
Contribution for staff provident fund	2,584	2,550
Charge in respect of gratuity fund	2,540	2,334

Balances outstanding at period / year end

	September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
Bank deposits	54,489	65,204
Investments	3,124	2,951
Payable to gratuity fund	3,802	764
Premiums due but unpaid	3,238	3,731

15 SEGMENT REPORTING

	September 30, 2013 (Un-audited)			December 31, 2012 (Audited)		
	Segment assets	Unallocated assets	Total assets	Segment assets	Unallocated assets	Total assets
	(Rupees in thousand)					
Fire and property damage	280,675		280,675	172,250		172,250
Marine, aviation and transport	79,642		79,642	92,574		92,574
Motor	110,480		110,480	101,916		101,916
Accident and health	39,280		39,280	31,402		31,402
Credit and surety ship	59,298		59,298	34,214		34,214
Miscellaneous	231,302		231,302	168,367		168,367
Unallocated	-	229,985	229,985	-	366,050	366,050
Total	800,677	229,985	1,030,662	600,723	366,050	966,773

	September 30, 2013 (Un-audited)			December 31, 2012 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	(Rupees in thousand)					
Fire and property damage	261,797		261,797	179,337		179,337
Marine, aviation and transport	52,162		52,162	103,337		103,337
Motor	145,941		145,941	143,771		143,771
Accident and health	69,288		69,288	67,195		67,195
Credit and surety ship	31,095		31,095	37,079		37,079
Miscellaneous	226,544		226,544	195,496		195,496
Unallocated	-	13,697	13,697	-	16,930	16,930
Total	786,827	13,697	800,524	726,215	16,930	743,145

15.1 Segment wise financial performance for the period ended September 30, 2013 has been given in the condensed interim profit and loss account.

16 GENERAL

Figures have been rounded off to the nearest thousand rupees.

17 AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue by the Board of Directors of the Company on October 23, 2013.

18 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant reclassifications were made during the current year, except as explained in note 5.2.

Yameen Kerai
Chairman

Tariq Iqbal Khan
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Branch Network	Branch Head / Incharge	Details
Karachi Corporate Branch	Mr. Bilal Aftab	Suit No. E- 1, Executive Floor, Glass Tower, Main Clifton Road, Karachi. TEL : 021-3565 3394-5, 3565 5612-3 & 3563 9712-13 FAX :021-3565 4764
Lahore Branch	Mr. Mannan Pervaiz Malik	House # 13/C, Block K Main Boulevard, Gulberg-II, Lahore TEL : 042-3575 4154 - 4155 & 4166 FAX : 042-3575 4167
Islamabad Branch	Mr. Muhammed Iftikhar Awan	Office # 16, 4th Floor Malik Complex, 80-West Jinnah Avenue, Blue Area, Islamabad Tel : 051-287 0613-14, 227 1974, 287 6452 & 287 7020 Fax : 051-287 0621
Multan Branch	Mr. Muhammed Waheed Zafar	1st Floor Al- Razzaq Plaza, Opp. Children Complex Hospital, Abdali Road, 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 : 041-554 0423
Sukkur Branch	Mr. Muhammed Jamshed	Bunder Road, Upper Utility Store, Chacher House Sukkur. Tel : 071-562 7263 Fax : 071-562 7283