



PICIC
INSURANCE

Financial Statements
(Un-Audited)
Period ended
September 30, 2015

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Company Information

Board of Directors

Mr. Irshad Ali Shaban Ali Kassim (Chairman)
 Mr. Shahid Ahmad
 Mr. Abu Ahmed
 Mr. Munawar Ali Kassim
 Mr. Muzaffar Ali Shah Bukhari
 Ms. Ayesha Mohammad
 Mr. Ghulam Muhammad
 Mr. Khalid Nawaz Awan

Managing Director / CEO

Mr. Jalees Ahmed Siddiqi

Board Audit Committee

Mr. Muzaffar Ali Shah Bukhari (Chairman)
 Mr. Abu Ahmed
 Mr. Munawar Ali Kassim
 Mr. Ghulam Muhammad

Board Human Resources & Remuneration Committee

Ms. Ayesha Mohammad (Chairperson)
 Mr. Munawar Ali Kassim
 Mr. Khalid Nawaz Awan
 Mr. Jalees Ahmed Siddiqi

CFO & Company Secretary

Mr. Afroz Quraishi

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
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Directors' Review

The Directors would like to present the condensed, un-audited interim financial statements of the Company for the nine-month period ended September 30, 2015.

Business Review

The gross premium written for the nine-month period ended September 30, 2015 was Rs.389.1 million compared to Rs.399.9 million for the corresponding period last year, a decrease of approximately 2.7%. The underwriting profit of the Company stood at Rs.43.3 million against a loss of Rs.9.5 million during the corresponding period, contributed by improved loss ratios in all classes of business except fire & marine classes and reduction of the management & general administrative expenses by Rs.35.8 million from the corresponding nine-month period last year, even though that the deferred acquisition costs reduced by Rs.18.3 million. The net commission expense in the nine-month period increased by Rs.3.2 million as compared to the corresponding period last year.

The company has adopted a prudent investment strategy with primary focus on preserving capital, maintaining liquidity and generating a stable income stream over the longer term. Due to market fluctuations there is a reduction in net investment income. During the period your Company's authorized capital was increased from Rs.0.50 billion to Rs.1.25 billion, duly approved by the relevant authorities.

The Company's real strength is its motivated management team. Greater effort is being made to capitalize on market opportunities & build relations with industry players to enhance business. Underwriting processes have been strengthened to meet the twin requirement of speedy response and optimal pricing.

Future Plan

The Board of Directors in their meeting held on September 29, 2015 had approved the issuance of Rs.350 million right shares at par. In addition to this Extra Ordinary General Meeting is called on October 30, 2015.

This will provide fresh equity to the Company and will improve the profitability for the advantage of all the stakeholders of the Company. Additionally, this will enable the Company to meet its minimum solvency requirement.

Financial Highlights

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

	2015	2014
	----- Rupees in thousand -----	
Gross Premium Written	389,073	399,891
Net Premium Revenue	196,778	241,661
Net Claims including IBNR	(85,460)	(152,655)
Profit / (loss) from underwriting business	43,288	(9,472)
Investment Income	1,966	11,911
(Loss) after Taxation	(16,601)	(61,901)
(Loss) per share (Rupees)	(0.47)	(1.77)

Acknowledgement

The Company would like to thank the shareholders of the Company for the confidence they have shown in us. We express our sincere thanks to the employees, strategic partners, Company's valued clients, reinsurers, brokers, business partners and collaborators, 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.

For and on behalf of the Board

Irshad Ali Shaban Ali Kassim
 Chairman

Karachi: October 27, 2015

Jalees Ahmed Siddiqi
 Managing Director / CEO

Condensed Interim Balance Sheet

As At September 30, 2015

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- Rupees in thousand -----			
Share capital and reserves			
Authorised share capital			
[125,000,000 (December 31, 2014: 50,000,000)			
Ordinary shares of Rs.10/- each]		1,250,000	500,000
Paid-up share capital			
[35,000,000 (December 31, 2014: 35,000,000)			
Ordinary shares of Rs.10/- each]		350,000	350,000
Accumulated loss		(267,043)	(250,442)
		82,957	99,558
Underwriting provisions			
Provision for outstanding claims (including IBNR)		146,653	185,953
Provision for unearned premium		275,961	286,037
Provision for premium deficiency		7,781	7,781
Commission income unearned		9,265	20,380
		439,660	500,151
Creditors and accruals			
Premium received in advance		2,962	-
Amounts due to other insurers / reinsurers		228,425	284,089
Other creditors and accruals		25,547	56,582
Accrued expenses		3,700	12,129
Unclaimed dividend		195	195
		260,829	352,995
TOTAL LIABILITIES		700,489	853,146
TOTAL EQUITY AND LIABILITIES		783,446	952,704

Contingencies and Commitments

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

	Note	(Un-audited) September 30, 2015	(Audited) December 31, 2014
----- Rupees in thousand -----			
Cash and bank deposits			
Cash and other equivalents		367	236
Current and other accounts		17,037	21,197
Deposits maturing within 12 months		-	20,000
		17,404	41,433
Investments	8	53,194	75,572
Deferred Taxation		2,619	2,619
Current Assets - Others			
Premiums due but unpaid		127,786	292,421
Amounts due from other insurers / reinsurers		245,419	199,834
Accrued interest		2	120
Reinsurance recoveries against outstanding claims		52,170	72,172
Taxation - payments less provision		25,963	24,543
Deferred commission expense		26,834	18,224
Deferred acquisition costs		17,209	35,520
Prepayments		188,993	170,572
Sundry and other receivables		7,773	6,820
		692,149	820,226
Fixed assets			
Tangible			
Furniture and fixture		10,799	7
Office equipment		2,956	641
Computer equipment		1,897	1,263
Motor vehicles		2,357	195
Capital work in progress		-	10,557
Intangible			
Computer software		71	191
		18,080	12,854
TOTAL ASSETS		783,446	952,704

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Profit and Loss Account (Un-Audited)

For the Quarter and Period Ended September 30, 2015

							Quarter ended	
		Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	September 30, 2015 Aggregate	September 30, 2014 Aggregate
Revenue account	Note	Rupees in thousand						
Net premium revenue		25,401	2,614	18,531	6,059	(13,610)	38,995	83,287
Net claims		(2,629)	(1,549)	(6,988)	(12,299)	(70)	(23,535)	(36,335)
Reversal of premium deficiency expense / (Premium deficiency expense)		-	-	-	-	-	-	-
		22,772	1,065	11,543	(6,240)	(13,680)	15,460	46,952
Management expenses		(7,133)	(1,272)	(2,429)	(670)	(5,020)	(16,524)	(30,150)
Net commission		(4,708)	138	(1,671)	4,811	8,866	7,436	(5,422)
		(11,841)	(1,134)	(4,100)	4,141	3,846	(9,088)	(35,572)
Underwriting results		10,931	(69)	7,443	(2,100)	(9,834)	6,372	11,380
Net investment income							(412)	1,880
Return on bank balances							267	873
Gain on disposal of fixed assets							107	(37)
Other income							-	(59)
							6,334	14,037
General and administrative expenses							(19,604)	(18,611)
Financial charges							-	(51)
Other charges							(61)	(41)
Loss before taxation							(13,331)	(4,666)
Taxation							-	(6)
Loss after taxation							(13,331)	(4,672)

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Note						Period ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	September 30, 2015 Aggregate	September 30, 2014 Aggregate
	Rupees in thousand						
Revenue account							
Net premium revenue	66,341	9,252	71,572	36,176	13,437	196,778	241,661
Net claims	(7,850)	(2,489)	(32,487)	(41,314)	(1,320)	(85,460)	(152,655)
Reversal of premium deficiency expense / (Premium deficiency expense)	-	-	-	-	-	-	-
	58,491	6,763	39,085	(5,138)	12,117	111,318	89,006
Management expenses	(33,790)	(2,459)	(7,119)	(2,677)	(8,390)	(54,435)	(88,065)
Net commission	(17,138)	1,051	(5,822)	2,398	5,916	(13,595)	(10,413)
	(50,928)	(1,408)	(12,941)	(279)	(2,474)	(68,030)	(98,478)
Underwriting results	7,563	5,355	26,144	(5,417)	9,643	43,288	(9,472)
Net investment income						(245)	8,069
Return on bank balances						2,211	3,842
Gain on disposal of fixed assets						729	8
Other income						-	188
						45,983	2,635
General and administrative expenses						(61,917)	(64,103)
Financial charges						-	(173)
Other charges						(309)	(174)
Loss before taxation						(16,243)	(61,815)
Taxation 11						(358)	(86)
Loss after taxation						(16,601)	(61,901)
Loss per share -							
basic and diluted (Rupees) 12						(0.47)	(1.77)

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the Quarter and Period Ended September 30, 2015

	Quarter ended September 30, 2015	2014	Period ended September 30, 2015	2014
	Rupees in thousand			
Net loss for the period	(13,331)	(4,672)	(16,601)	(61,901)
Items that will not be classified to profit or loss				
Remeasurement of post retirement benefits obligations	-	-	-	-
Total comprehensive loss for the period	(13,331)	(4,672)	(16,601)	(61,901)

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

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

For the Period Ended September 30, 2015

	Paid-up share capital	Accumulated loss	Total
	----- Rupees in thousand -----		
Balance as at January 01, 2014	350,000	(121,395)	228,605
Total comprehensive income for the period			
Net loss for the period ended September 30, 2014	-	(61,901)	(61,901)
Balance as at September 30, 2014	350,000	(183,296)	166,704
Total comprehensive income for the period			
Net loss for the 4th quarter ended December 31, 2014	-	(69,061)	(69,061)
Other comprehensive income for the year			
- Re-measurement of post employment benefit obligations	-	1,915	1,915
Balance as at December 31, 2014	350,000	(250,442)	99,558
Total comprehensive income for the period			
Net loss for the period ended September 30, 2015	-	(16,601)	(16,601)
Balance as at September 30, 2015	350,000	(267,043)	82,957

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Cash Flows (Un-Audited)

For the Period Ended September 30, 2015

OPERATING ACTIVITIES

a) Underwriting activities

Premiums received	473,234	415,009
Reinsurance premiums paid	(229,224)	(176,084)
Claims paid	(190,674)	(163,711)
Reinsurance and other recoveries received	85,916	32,792
Commissions paid	(59,941)	(56,252)
Commission received	33,180	35,840
Net cash inflow from underwriting activities	112,491	87,594

b) Other operating activities

Income tax impact	(1,777)	(881)
General management expenses paid	(128,683)	(146,827)
Operating receipts - net	(22,708)	2,966
Bank and other charges	(309)	(174)
Other income	-	188
Net cash used in other operating activities	(153,477)	(144,728)

Total cash used in from operating activities

	(40,986)	(57,134)
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INVESTMENT ACTIVITIES

Profit / return received	2,329	3,704
Dividend received	3,576	881
Receipts for investments	18,557	3,908
Payment for investment made	-	(16)
Proceeds from disposal of fixed assets	797	8
Fixed capital expenditure	(8,302)	(921)
Total cash inflow from investing activities	16,957	7,564

FINANCING ACTIVITIES

Payments under musharakah agreement	-	(1,167)
Total cash used in financing activities	-	(1,167)

Net cash used in all activities

	(24,029)	(50,737)
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Cash at the beginning of the year

	41,433	102,162
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Cash at the end of the period

	17,404	51,425
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Reconciliation to profit and loss account

Operating cash flows	(40,986)	(57,134)
Depreciation / amortisation	(3,007)	(1,622)
Gain on disposal of fixed assets	729	8
Financial charges	-	(173)
Investment income	(245)	8,069
Return on bank balances	2,211	3,842
Increase in assets other than cash	(147,219)	84,551
Increase in liabilities	144,000	(108,283)
Increase in unearned premium	27,916	8,841
Loss after taxation	(16,601)	(61,901)

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	367	421
	367	421

Current and other accounts

- current accounts	16,999	6,010
- saving accounts	38	24,994
	17,037	31,004

Deposits maturing within 12 months

	-	20,000
	17,404	51,425

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Premiums (Un-Audited)

For the Quarter and Period Ended September 30, 2015

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	
									2015	2014
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	55,741	160,487	150,792	65,436	44,611	109,173	113,749	40,035	25,401	3,704
2. Marine, aviation and transport	9,305	2,729	4,231	7,803	6,280	2,184	3,275	5,189	2,614	3,456
3. Motor	18,200	37,209	35,713	19,696	58	2,501	1,394	1,165	18,531	38,403
4. Accident and health	5,149	18,032	12,765	10,416	60	5,570	1,273	4,357	6,059	39,092
5. Miscellaneous	36,480	56,101	72,460	20,121	33,833	67,410	67,512	33,731	(13,610)	(1,368)
Total	124,875	274,558	275,961	123,472	84,842	186,838	187,203	84,477	38,995	83,287

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 2015	2014
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	241,516	97,820	150,792	188,544	149,769	86,183	113,749	122,203	66,341	12,919
2. Marine, aviation and transport	17,577	20,467	4,231	33,813	11,152	16,684	3,275	24,561	9,252	7,525
3. Motor	50,882	72,506	35,713	87,675	5,395	12,102	1,394	16,103	71,572	108,436
4. Accident and health	19,132	31,112	12,765	37,479	2,255	321	1,273	1,303	36,176	105,383
5. Miscellaneous	59,966	64,132	72,460	51,638	51,640	54,073	67,512	38,201	13,437	7,398
Total	389,073	286,037	275,961	399,149	220,211	169,363	187,203	202,371	196,778	241,661

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Claims (Un-Audited)

For the Quarter and Period Ended September 30, 2015

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	
									2015	2014
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	54,004	22,484	15,647	47,167	48,129	17,942	14,351	44,538	2,629	40
2. Marine, aviation and transport	2,263	19,052	22,675	5,886	1,572	12,325	15,090	4,337	1,549	411
3. Motor	7,825	54,860	54,353	7,318	656	7,064	6,738	330	6,988	19,568
4. Accident and health	19,107	40,898	34,090	12,299	-	-	-	-	12,299	15,571
5. Miscellaneous	893	20,647	19,888	134	735	16,662	15,991	64	70	745
Total	84,092	157,941	146,653	72,804	51,092	53,993	52,170	49,269	23,535	36,335

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 2015	2014
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	65,963	19,879	15,647	61,731	57,909	18,379	14,351	53,881	7,850	1,478
2. Marine, aviation and transport	20,666	36,498	22,675	6,843	16,898	27,634	15,090	4,354	2,489	2,191
3. Motor	43,972	61,139	54,353	37,186	7,198	9,237	6,738	4,699	32,487	56,047
4. Accident and health	55,201	47,977	34,090	41,314	-	-	-	-	41,314	91,407
5. Miscellaneous	4,872	20,460	19,888	4,300	3,911	16,922	15,991	2,980	1,320	1,532
Total	190,674	185,953	146,653	151,374	85,916	72,172	52,170	65,914	85,460	152,655

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Expenses (Un-Audited)

For the Quarter and Period Ended September 30, 2015

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					Quarter ended September 30	
								2015	2014
Rupees in thousand									
Direct and facultative									
1. Fire and property	11,222	24,255	18,159	17,318	7,133	24,451	12,610	11,841	8,044
2. Marine, aviation and transport	1,662	216	475	1,403	1,272	2,675	1,541	1,134	1,300
3. Motor	2,309	3,006	3,504	1,811	2,429	4,240	140	4,100	11,323
4. Accident and health	(13)	(2,010)	1,961	(3,984)	670	(3,314)	827	(4,141)	9,614
5. Miscellaneous	1,681	(358)	2,735	(1,412)	5,020	3,608	7,454	(3,846)	5,291
Total	16,861	25,109	26,834	15,136	16,524	31,660	22,572	9,088	35,572

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net underwriting expense	
		Opening	Closing					Period ended	
								September 30 2015	September 30 2014
----- Rupees in thousand -----									
Direct and facultative									
1. Fire and property	45,484	10,163	18,159	37,488	33,790	71,278	20,350	50,928	19,142
2. Marine, aviation and transport	2,833	1,648	475	4,006	2,459	6,465	5,057	1,408	4,417
3. Motor	5,206	5,096	3,504	6,798	7,119	13,917	976	12,941	35,486
4. Accident and health	156	(293)	1,961	(2,098)	2,677	579	300	279	23,057
5. Miscellaneous	3,808	1,610	2,735	2,683	8,390	11,073	8,599	2,474	16,376
Total	57,487	18,224	26,834	48,877	54,435	103,312	35,282	68,030	98,478

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

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Condensed Interim Statement of Investment Income (Un-Audited)

For the Quarter and Period Ended September 30, 2015

	Quarter ended September 30, 2015		Period ended September 30, 2015	
	2015	2014	2015	2014
	Rupees in thousand			
Income from investments classified as investments at fair value through profit or loss				
Net unrealised (loss) / gain on revaluation of investments	(1,952)	1,157	(5,302)	1,717
Dividend income	-	62	3,576	861
Gain / (loss) on sale / redemption of investments	(2,040)	-	(928)	(312)
	(3,992)	1,219	(2,654)	2,266
Income from investments classified as investments Held to maturity				
Net unrealised (loss) / gain on revaluation of investments	3,711	667	(463)	2,603
Return on government securities	-	-	3,038	3,219
	3,711	667	2,575	5,822
	(281)	1,886	(79)	8,088
Investment related expenses	(131)	(6)	(166)	(19)
Net investment income	(412)	1,880	(245)	8,069

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

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

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

For the Quarter and Period Ended September 30, 2015

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 Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at 1204, 12th floor, Emerald Tower, Clifton Block - 5, Karachi. The Company operates with 5 (December 31, 2014: 6) branches in Pakistan.

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, the company is not meeting the minimum solvency requirement. The Company is in process to inject fresh equity amounting to Rs. 350 million by way of right issue at par which has been approved by the Board of Directors in the Board Meeting held on September 29, 2015. Extra Ordinary General Meeting for the same will be held on October 30, 2015."

- 1.2** The injection of capital in the Company by way of right issue would result in the Company's compliance with the minimum solvency requirement prescribed by the Commission and help to improving the Company's rating which would consequently result in acquisition of the profitable business in future.

2 STATEMENT OF COMPLIANCE

- 2.1** This condensed interim financial information 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** 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, 2014.

3 BASIS OF MEASUREMENT

This condensed interim financial information has 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.

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, 2014.

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, 2014.

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, 2014.

	Note	September 30, 2015	December 31, 2014
----- Rupees in thousand -----			
		(Un-audited)	(Audited)
8 INVESTMENTS			
Designated at fair value through profit or loss			
Mutual funds	8.1	40,655	4,203
Listed shares		12,539	27,920
Held to maturity			
Government securities	8.2	-	43,449
		53,194	75,572

8.1 Mutual Funds

The mutual fund investments includes Rs.36.3 million invested during the year 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.

8.2 Government securities - Market treasury bills

These securities were deposited in corresponding year with the State Bank of Pakistan in compliance with the requirements of section 29 of the Insurance Ordinance, 2000. They carried rate of return of 9.96% per annum.

9 FIXED ASSETS

The details of additions and disposals / transfers during the period ended September 30, 2015 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	Rupees		in thousand	
Tangible				
Furniture and fixture *	12,305	-	1	-
Office equipment *	2,985	23	67	41
Computer equipment *	1,269	900	-	8
Motor vehicles	2,300	172	-	123
Capital work in progress	-	-	10,557	-
Intangible				
Computer software	-	-	-	-
	18,859	1,095	10,625	172

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

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

The tax assessment of the Company has been finalised upto and including the tax year 2013. The tax returns filed are to be taken as deemed assessment in terms of Section 120 of the Income Tax Ordinance, 2001. However, while finalising the tax audit for the tax year 2007, the Taxation Officer had disallowed certain expenses claimed by the Company and increased the tax charge by Rs. 3.128 million. The Company has contested the amended order by filing an appeal before the Commissioner Inland Revenue (Appeals) which has been decided whereby substantial relief has been allowed. However, a second appeal has been filed before the Appellate Tribunal Inland Revenue for the remaining disallowed amount which is pending adjudication. Further, while finalising the tax audit for the tax year 2008, the Taxation Officer has charged minimum taxation on gross receipts of the Company and increased the tax charge by Rs. 1.51 million. The Company has contested the amended order by filing an appeal before the Commissioner Inland Revenue (Appeals) which is pending adjudication. The management, based on the advice of its tax advisor, is confident of a favourable outcome in both cases and, accordingly, no provision in this respect has been made.

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, as the Company is confident of a favorable outcome.

Return of income for the tax year 2013 has been selected for audit under section 214C of the Ordinance by the FBR. The audit proceedings have been concluded and an order under section 122(1) of the Ordinance dated 21 May 2015 has been passed. In the amended order, the ACIR has added back the sum of Rs. 22,149,000 on account of provision for IBNR to the income of the company. Consequently a loss of Rs. 11,970,761 has been assessed as against declared loss of Rs. 34,119,760. The company has contested the above order by filing an appeal before the CIR(A) which is pending adjudication."

10.2 Commitments

	Period ended	
	September 30, 2015	December 31, 2014
	----- Rupees in thousand -----	
	(Un-audited)	(Audited)
Commitments for capital expenditure	-	4,607

11 TAXATION

Provision of Rs 358,610 (on dividend income) for current taxation has been made in this condensed interim financial information for the period ended September 30, 2015. The Company has an aggregate amount of Rs 236.079 million in respect of tax losses as at December 31, 2014 on which deferred tax assets amounting to Rs 82.628 million is available to the Company. The management carries out periodic assessment to assess the benefit of these losses whether the Company would be able to set off the profits earned in future years against these losses. Although the Company is expected to acquire new business which will result in increase in taxable profits in future years, but the determination of future taxable profit is most sensitive to certain key assumptions such as gross premium written, reinsurance ceded, net claim expenses, investment returns, net commission expense and related expenses. Any significant change in the key assumptions may have a significant effect on the realisability of the deferred tax asset. Considering these factors along with the uncertainty regarding the timing and extent of future taxable profits against which such benefits can be utilized, the management has adopted a prudent approach and has not recognized further deferred tax asset during the current period. The amount of deferred tax asset recognised as at December 31, 2014 amounted to Rs. 2.619 million as the Company has brought forward aggregate tax losses amounting to Rs. 236.079 million.

12 LOSS PER SHARE - basic and diluted

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

	Quarter ended		Period ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	----- Rupees in thousand -----			
Loss after tax for the period	(13,331)	(4,672)	(16,601)	(61,901)
	----- Number in thousand -----			
Weighted average number of shares of Rs. 10 each	35,000	35,000	35,000	35,000
	----- Rupees -----			
Basic loss per share of Rs. 10 each	(0.38)	(0.13)	(0.47)	(1.77)

- 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, 2015	September 30, 2014
Transactions for the period	----- Rupees in thousand -----	
	(Un-audited)	(Un-audited)
Premium written	2,875	6,809
Claims paid	48	2,905
Return on bank balances	-	1,164
Bank charges	-	112
Remuneration of key management personnel	19,187	30,724
Contribution for staff provident fund	2,187	1,852
Charge in respect of gratuity fund	2,786	2,815

The above includes transactions made with various parties which ceased to be the related party of the Company from June 6, 2014.

	September 30, 2015	December 31, 2014
	----- Rupees in thousand ----- (Un-audited)	(Audited)
Balances outstanding at period / year end		
Payable to gratuity fund	2,786	(1,795)
Premiums due but unpaid	2,034	1,630

14 SEGMENT REPORTING

The following presents segment assets and liabilities as at September 30, 2015 and December 31, 2014.

	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	----- Rupees in thousand -----					
Fire and property damage	297,971		297,971	303,427		303,427
Marine, aviation and transport	65,887		65,887	122,501		122,501
Motor	103,001		103,001	131,954		131,954
Accident and health	15,746		15,746	29,691		29,691
Miscellaneous	174,016		174,016	199,961		199,961
Unallocated	-	126,825	126,825	-	165,170	165,170
Total	656,621	126,825	783,446	787,534	165,170	952,704

	September 30, 2015 (Un-audited)			December 31, 2014 (Audited)		
	Segment liabilities	Unallocated liabilities	Total liabilities	Segment liabilities	Unallocated liabilities	Total liabilities
	----- Rupees in thousand -----					
Fire and property damage	292,680		292,680		272,861	272,861
Marine, aviation and transport	48,772		48,772		103,966	103,966
Motor	97,464		97,464		152,775	152,775
Accident and health	55,808		55,808	88,195	88,195	
Miscellaneous	190,640		190,640	186,577	186,577	
Unallocated	-	15,125	15,125	-	48,772	48,772
Total	685,364	15,125	700,489	804,374	48,772	853,146

14.1 Segment wise financial performance for the period ended September 30, 2015 has been given 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 27, 2015.

17 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. No significant reclassifications were made during the current period.

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO

Branch Network

Branch Network	Branch Head / Incharge	Details
Lahore Branch	Mr. Shakeel Ahmed	Office # 615, 6th Floor, Plot # 82-D/1 Al Hafeez Shopping Main Boulevard, Gulberg-III, Lahore Tel : 042-3577 921 - 22 Fax : 042-3577 4687
Islamabad Branch	Mr. Jaffar Awan	Office # 1, Plot # 1917, Atta Arcade, National Police Foundation, Main PWD - Bahria Road, Tel : 051-5194092 Fax : 051-5194083
Multan Branch	Mr. Muhammed Waheed Zafar	1st Floor Al Razzak Plaza Opp. Children Hospital, Abdali Road, Multan Tel : 061-4589398 - 99 & 4586665 Fax : 061-4585896
Faisalabad Branch	Mr. Sajjad Ali	Ahmed Plaza, 4th Floor Civil Line, Bilal Road Faisalabad Tel : 041-254 0420-22 Fax : 041-254 0423
Karachi Export Processing Zone Branch	Mr. Imran Tahir Burnee	Plot # N-2, Sector B-III, Landhi Industrial Area Extension, Mehran Highway, Karachi Cell : 0300-2143339



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CORPORATE