

PICIC INSURANCE LIMITED



FINANCIAL STATEMENTS
(UN-AUDITED)
PERIOD ENDED
SEPTEMBER 30, 2016



PICIC
INSURANCE

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Company Information

Board of Directors	<p>Mr. Irshad Ali Shaban Ali Kassim (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim Mr. Muzaffar Ali Shah Bukhari Mr. Abdul Sultan * Mr. Manzoor Ali Natha * Mr. Shahnawaz Madhani * Syed Zaigham Raza *</p> <p>(*Approval for appointment of directors are pending with SECP.)</p>
Managing Director / CEO	Mr. Jalees Ahmed Siddiqi
Board Audit Committee	<p>Mr. Muzaffar Ali Shah Bukhari (Chairman) Mr. Abu Ahmed Mr. Munawar Ali Kassim</p>
Board Human Resources & Remuneration Committee Board of Directors	<p>Mr. Munawar Ali Kassim (Chairman) Mr. Irshad Ali Shaban Ali Kassim Mr. Jalees Ahmed Siddiqi</p>
CFO & Company Secretary	Mr. Afroz Quraishi
Compliance Officer	Mr. Afroz Quraishi
Auditors	Muniff Ziauddin & Co. Chartered Accountants
Legal Advisor	Jameel Khan & Associates
Bankers	<p>Habib Metropolitan Bank Limited NIB Bank Limited Silk Bank Limited Bank Al Habib Limited</p>
Shares Registrar	<p>FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery Block - 6, P.E.C.H.S. Shahra-e-Faisal, Karachi</p>
Credit Rating	Triple B Plus "BBB+" by JCR-VIS
Registered & Head Office	<p>1204, 12th Floor, Emerald Tower Clifton, Block-5, Karachi - 75600, Pakistan t +92-21-35147651-5 UAN: 1112 PICIC (111-274-242) f +92-21-35147656 www.picicinsurance.com</p>

Directors' Review

The Directors would like to present the condensed, un-audited financial statements of the Company for the nine-month period ended September 30, 2016.

Business Review

The gross premium written for the nine-month period ended September 30, 2016 was PKR.(17.7) million due to reversal of business of a client. Underwriting profit of the Company, which stood at PKR.23.2 million against a profit of PKR.43.3 million during the corresponding period, is attributable to the reduction in all classes of business. There is a noticeable reduction of the management & general administrative expenses by PKR.49.3 million, from the corresponding nine-month period last year, even though the deferred acquisition costs (PKR 10.6M), pertaining to 2015, were charged off during the current period as per SECP instructions. The net commission expense in the nine-months decreased to PKR.(4.0) million, as compared to PKR.13.6 million in the same period in 2015.. Net claims of PKR 22.6 M in the review period registered a significant reduction, compared to PKR.85.5 million in the corresponding period last year.

In the interim, due to present situation of the company, financial rating and bank limits continued to restrict business acquisition and growth for the company affecting the Gross Written Premium.

Due to market fluctuations there is a reduction in net investment income. The Company's real strength is its management team. Keeping them engaged and motivated during the transition has been managed well.

Future Plan

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 approvals, including that of the Securities & Exchange Commission of Pakistan, Competition Commission of Pakistan and other relevant authorities. On the instructions of the High Court of Sindh the company held the Extra Ordinary General Meeting on August 29, 2016 for seeking shareholders' approval for the SWAP ratio of 4:1, which was unanimously approved.

Pursuant to the Order dated July 1, 2016, passed by the High Court of Sindh at Karachi in Civil Miscellaneous Application No. 286 of 2016, in Petition bearing J. C. M. No. 28 of 2016, under sections 284 and 287 of the Companies Ordinance, 1984, the Court had directed, inter alia, that a meeting of the members of PICIC Insurance Limited (the "Company") be convened for the sanction of the Scheme of Arrangement,

pertaining to the merger, by way of amalgamation, of the Company with and into Crescent Star Insurance Limited ("CSIL"), along with all ancillary matters thereto, as approved by the Board of Directors of the Company on June 29, 2016 (the "Scheme of Arrangement").

The principal object of the Scheme of Arrangement is to effect the merger, by way of amalgamation, of the Company with and into CSIL. The said merger shall be with effect from the calendar quarter immediately preceding the date of filing of certified true copies of the order of the Court (sanctioning the Scheme of Arrangement) with the Registrar of Companies, or at such other date stated by the Court (the "Effective Date"), by transfer to and vesting in CSIL the entire business and undertaking of the Company, together with all assets, properties, rights, liabilities and obligations of every description of the Company, subsisting immediately preceding the Effective Date, without any further act or deed or documents being required to be carried out, executed, registered or filed in respect of such transfer, vesting, and / or assumption, in the manner stipulated under the Scheme of Arrangement. Thereafter the Company shall be dissolved without going into winding up, in the manner prescribed under the Scheme of Arrangement.

In consideration for the merger, shares of CSIL shall be issued to the shareholders of the Company, in the manner contemplated under the Scheme of Arrangement. In the meanwhile, company had 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 nine month period ended September 30 are as follows:

	2016	2015
	----- Rupees in thousand -----	
Gross Premium Written	(17,727)	389,073
Net Premium Revenue	69,863	196,778
Net Claims including IBNR	(22,581)	(85,460)
Profit from underwriting business	23,238	43,288
Investment Income	930	1,966
(Loss) after Taxation	(14,542)	(16,601)
(Loss) per share (Rupees)	(0.42)	(0.47)

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 support and guidance.

The Board acknowledges and appreciates the hard work of the management team and staff of the Company during the adverse business phase which emerged early this year & continues to dominate the horizon.

For and on behalf of the Board.

Irshad Ali Shaban Ali Kassim
Chairman

Jalees Ahmed Siddiqi
Managing Director / CEO

Karachi: October 28, 2016

کے تحت بیان کردہ طریقے کے تحت کمپنی بند ہوئے بغیر تحلیل ہو جائے گی۔

انضمام کے لحاظ سے CSIL کے شیئر کمپنی کے شیئر ہولڈرز کو اسکیم آف اریٹمنٹ کے تحت جاری کئے جائیں گے۔

اس دوران کمپنی نے SECP کو سالوینسی کی کم سے کم سطح کو بر کرنے کے لئے توسیعی درخواست بھی دے دی ہے۔ اب اس کی منظوری کا انتظار ہے۔

مالیاتی جھلکیاں

آپ کی کمپنی کا 30 ستمبر کو پورا ہونے والے عرصے کا موازنہ درج ذیل ہے۔

2015	2016
...000 ملین روپے میں...	
389,073	(17,727)
196,778	69,863
(85,460)	(22,581)
43,288	23,238
1,966	930
(16,601)	(14,542)
(0.47)	(0.42)

مجموعی پربیم

خالص پربیم آمدنی

خالص مطالبات زربشمول IBNR

انڈر رائٹنگ کاروبار سے منافع

سرمایہ کاری کی آمدنی

بعد از ٹیکس (خسارہ)

فی شیئر (خسارہ) (روپے میں)

اعتراف

ڈائریکٹرز، محترم صارفین، ری انشورنس، بروکرز، کاروباری پارٹنرز اور معاونین، PSE، SECP اور CDC کو خراج تحسین پیش کرتے ہیں اور ان کی رہنمائی کے شکر گزار ہیں۔

بورڈ آف مینجمنٹ ٹیم اور عملے کی تہذیبی اور محنت کا معترف ہے، باوجود ناموافق کاروباری حالات کے جو اس دوران میں موجود رہے۔

بورڈ کی جانب سے۔

جلیس احمد صدیقی
مینجنگ ڈائریکٹر / سی ای او

ارشاد علی شعبان علی قاسم
چیرمین

کراچی: 28 اکتوبر 2016

ڈائریکٹروں کا جائزہ

30 ستمبر 2016 کو ختم ہونے والے عرصے کے لئے کمپنی کے ڈائریکٹرز منجند اور غیر آڈٹ شدہ فنانشل اسٹیٹمنٹ پیش کرنا چاہتے ہیں۔

کاروباری جائزہ

30 ستمبر کو ختم ہونے والے عرصے میں منفی 17.7 ملین پاکستانی روپے کا مجموعی پرہیم لکھا گیا، اس کی بنیادی وجہ ایک بزنس جو کہ پہلے لکھا گیا تھا اس کا کینسل ہونا ہے۔ انڈر رائٹنگ منافع 23.2 ملین رہا، جبکہ اسی مدت کے دوران 2015 کا منافع 43.3 ملین تھا۔ اس کی وجہ بزنس کے مختلف شعبوں میں کمی کا ہونا ہے۔ انتظامی اور عام اخراجات میں واضح کمی ہوئی۔ 49.3 ملین کی مجموعی کمی اس مد میں واقع ہوئی اس کے باوجود کہ (10.6) ملین کی Deferred Acquisition Costs کی رقم اس میں شامل کی گئی۔ خالص کمیشن کے اخراجات کم ہو کر (4.0) ملین ہے۔ اس مد میں 2015 کے اخراجات 13.6 ملین تھے۔

اس درمیانی عرصے میں کمپنی کے موجودہ حالات کی وجہ سے مالیاتی درجہ بندی اور بینک کی حدود نے کاروبار کے حصول اور کمپنی کی ترقی پر پابندی کو طویل دیا جس کی وجہ سے مجموعی پرہیم پر فرق پڑا۔

مارکیٹ میں اتار چڑھاؤ کی وجہ سے خالص سرمایہ کاری کی آمدنی میں کمی واقع ہوئی۔ کمپنی کی اصل طاقت اس کی انتظامی ٹیم ہے۔ ارتقائی اور چیلنجنگ عرصے کے دوران انہیں بہتر طریقے سے مصروف اور متحرک رکھا گیا۔

مستقبل کا منصوبہ

7 اپریل 2016 میں PICIC بورڈ نے اصولی طور پر کریڈٹ اسٹار انشورنس کمپنی لمیٹڈ میں PICIC انشورنس لمیٹڈ کے انضمام کا فیصلہ کیا جو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر متعلقہ اتھارٹیز کی تمام ضروری منظوری سے مشروط تھا۔ سندھ ہائی کورٹ کی ہدایت پر بعد میں ختم ہونے والے سال میں کمپنی 19 اگست 2016 کو غیر معمولی جنرل میٹنگ منعقد کرنے کا فیصلہ کر چکی تھی تاکہ SWAP کی 4:1 کی شرح کی شہر ہولڈرز سے منظوری حاصل کی جاسکے۔

کراچی میں سندھ ہائی کورٹ کی جولائی 2016 کے حکم کے مطابق 2016 کی سول متفرق درخواست نمبر 286 میں، 2016 کی پٹیشن جس کا JCM نمبر 28 تھا، کمپنیز آرڈیننس 1984 کے سیکشن 284 اور 287 کے تحت بشمول دیگر اشیاء حکم دی چکا تھا کہ PICIC انشورنس لمیٹڈ ("کمپنی") کے ممبران کی میٹنگ، اکیڈم آف انشورنس کی منظوری کے لئے منعقد کی جائے جو انضمام کے مطابق، اتحاد کے طریقے کے ذریعے، مزید تمام ضمنی امور کے ساتھ کریڈٹ اسٹار انشورنس کمپنی لمیٹڈ ("CSIL") میں کمپنی کا انضمام کرے، جس کی منظوری کمپنی کے بورڈ آف ڈائریکٹرز نے 29 جون 2016 کو دی تھی ("اکیڈم آف انشورنس")۔

اکیڈم آف انشورنس کا اہم ترین مقصد یہ تھا کہ کمپنی کا کریڈٹ اسٹار انشورنس کمپنی لمیٹڈ کی ساتھ انضمام، اتحاد کے طریقے کے ذریعے موثر بنایا جائے۔ مذکورہ انضمام، کورٹ کے حکم کی مصدقہ اصل نقول کی کمپنی کے رجسٹرار کے پاس فائلنگ کی تاریخ سے پہلے، کلیڈر کی سہ ماہی سے فوری طور پر نافذ العمل ہوگا، یا کورٹ کی جانب سے بیان کی گئی ایسی دیگر کسی تاریخ ("نافذ العمل تاریخ") پر CSIL کو تمام کاروباری منتقلی اور ضمانت، بمعہ کمپنی تمام اثاثہ جات، جائیدادوں، حقوق، ذمہ داریوں اور احسانات کی ہر تفصیل کے ساتھ فوری طور پر باقی رہنے والی نافذ العمل تاریخ سے پہلے مطلوبہ استعمال، انجام دہی، یا اس طرح کے درج شدہ یا فائل شدہ منتقلی، نافذ اور یا مفروضے میں آنے والے مزید کسی بھی کام، عمل یا دستاویزات کے بغیر، اکیڈم آف انشورنس کے تحت مشروط انداز میں بیان کیا گیا ہے۔ بعد ازاں اکیڈم آف انشورنس

Condensed Interim Balance Sheet

AS AT SEPTEMBER 30, 2016

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		----- Rupees in thousand -----	
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		(290,883)	(280,289)
		59,117	69,711
Underwriting provisions			
Provision for outstanding claims (including IBNR)		136,824	141,549
Provision for unearned premium		27,285	183,932
Provision for premium deficiency		225	225
Commission income unearned		(12,027)	11,954
		152,307	337,660
Creditors and accruals			
Amounts due to other insurers / reinsurers		122,720	180,343
Other creditors and accruals		25,032	21,029
Accrued expenses		7,174	8,813
Unclaimed dividend		195	195
		155,121	210,380
TOTAL LIABILITIES		307,428	548,040
TOTAL EQUITY AND LIABILITIES		366,545	617,751
Contingencies and Commitments	10		

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

	Note	(Un-audited) September 30, 2016	(Audited) December 31, 2015
		----- Rupees in thousand -----	
Cash and bank deposits		178	283
Cash and other equivalents		674	30,129
Current and other accounts			
		852	30,412
Investments	8	35,943	53,701
Deferred Taxation		2,619	2,619
Current Assets - Others			
Premiums due but unpaid		24,059	88,132
Amounts due from other insurers / reinsurers		166,556	173,909
Reinsurance recoveries against outstanding claims		61,492	68,565
Taxation - payments less provision		26,296	25,715
Deferred commission expense		3,460	23,984
Deferred acquisition costs		-	10,567
Prepayments		24,234	113,817
Sundry and other receivables		6,360	7,376
		312,457	512,065
Fixed assets			
Tangible			
Furniture and fixture		8,386	10,248
Office equipment		2,351	3,063
Computer equipment		2,178	3,384
Motor vehicles		1,759	2,228
Intangible			
Computer software		-	31
		14,674	18,954
TOTAL ASSETS		366,545	617,751

Irshad Ali Shaban Ali Kassim
Chairman

Munawar Ali Kassim
Director

Abu Ahmed
Director

Jalees Ahmed Siddiqi
Managing Director / CEO



PICIC
INSURANCE

Quarter Report 2016

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Condensed Interim Profit and Loss Account (Un-Audited)

For the Quarter and period ended September 30, 2016

For the quarter and period ended September 30, 2016							Quarter ended	
	Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	September 30, 2016 Aggregate	September 30, 2015 Aggregate	
Note	Rupees in thousand							
Revenue account								
Net premium revenue	4,942	225	3,688	724	1,483	11,062	38,995	
Net claims	14	(120)	1,087	(126)	4,108	4,963	(23,535)	
	4,956	105	4,775	598	5,591	16,025	15,460	
Management expenses	(55,376)	22,190	25,506	161	2,599	(4,920)	(16,524)	
Net commission	(789)	145	(540)	(33)	16,433	15,216	7,436	
	(56,165)	22,335	24,966	128	19,032	10,296	(9,088)	
Underwriting results	(51,209)	22,440	29,741	726	24,623	26,321	6,372	
Net investment income						213	(412)	
Return on bank balances						23	267	
Gain on disposal of fixed assets						130	107	
						26,687	6,334	
General and administrative expenses						(12,215)	(19,604)	
Other charges						(12)	(61)	
Profit / (loss) before taxation						14,459	(13,331)	
Taxation						-	-	
Profit / (loss) after taxation						14,459	(13,331)	

						Period ended		
		Fire and property	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	September 30, 2016 Aggregate	September 30, 2015 Aggregate
Note		Rupees in thousand						
Revenue account								
Net premium revenue		31,244	1,865	24,232	5,392	7,130	69,863	196,778
Net claims		(851)	(2,177)	(16,522)	(5,093)	2,061	(22,581)	(85,460)
		30,393	(312)	7,710	299	9,191	47,282	111,318
Management expenses		(60,465)	14,916	16,314	(261)	1,425	(28,071)	(54,435)
Net commission		(11,455)	822	(2,829)	118	17,371	4,027	(13,595)
		(71,920)	15,738	13,485	(143)	18,796	(24,044)	(68,030)
Underwriting results		(41,527)	15,426	21,195	156	27,987	23,238	43,288
Net investment income							405	(245)
Return on bank balances							525	2,211
Gain on disposal of fixed assets							298	729
							24,466	45,983
General and administrative expenses							(38,967)	(61,917)
Other charges							(40)	(309)
Loss before taxation							(14,542)	(16,243)
Taxation	11						-	(358)
Loss after taxation							(14,542)	(16,601)
Loss per share - basic and diluted (Rupees)	12						(0.42)	(0.47)

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, 2016

	Quarter ended September, 2016		Period ended September 30, 2016	
	2016	2015	2016	2015
	Rupees in thousand			
Net loss for the period	14,459	(13,331)	(14,542)	(16,601)
Items that will not be classified to profit or loss				
Remeasurement of post retirement benefits obligations	-	-	3,948	-
Total comprehensive loss for the period	14,459	(13,331)	(10,594)	(16,601)

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, 2016

	Paid-up share capital	Accumulated loss	Total
	----- Rupees in thousand -----		
Balance as at January 01, 2015	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
Total comprehensive income for the period			
Net loss for the 4th quarter ended December 31, 2015	-	(15,161)	(15,161)
Other comprehensive income for the year			
- Re-measurement of post employment benefit obligations	-	1,915	1,915
Balance as at December 31, 2015	350,000	(280,289)	69,711
Total comprehensive income for the period			
Net loss for the period ended September 30, 2016	-	(14,542)	(14,542)
Other comprehensive income for the half year			
- Re-measurement of post employment benefit obligations	-	3,948	3,948
Balance as at September 30, 2016	350,000	(290,883)	59,117

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, 2016

	September 30, 2016	September 30, 2015
----- Rupees in thousand -----		
OPERATING ACTIVITIES		
a) Underwriting activities		
Premiums received	17,836	473,234
Reinsurance premiums paid	11,266	(229,224)
Claims paid	(46,608)	(190,674)
Reinsurance and other recoveries received	26,376	85,916
Commissions paid	(101,048)	(59,941)
Commission received	12,645	33,180
Net cash (used in) / inflow from underwriting activities	(79,533)	112,491
b) Other operating activities		
Income tax impact	(581)	(1,777)
General management expenses paid	(17,207)	(128,683)
Operating receipts - net	48,575	(22,708)
Bank and other charges	(40)	(309)
Net cash inflow / (used in) other operating activities	30,747	(153,477)
Total cash used in from operating activities	(48,786)	(40,986)
INVESTMENT ACTIVITIES		
Profit / return received	525	2,329
Dividend received	2,056	3,576
Receipts for investments	16,107	18,557
Proceeds from disposal of fixed assets	298	797
Fixed capital expenditure	240	(8,302)
Total cash inflow from investing activities	19,226	16,957
Net cash used in all activities	(29,560)	(24,029)
Cash at the beginning of the year	30,412	41,433
Cash at the end of the period	852	17,404
Reconciliation to profit and loss account		
Operating cash flows	(48,786)	(40,986)
Depreciation / amortisation	(4,039)	(3,007)
Gain on disposal of fixed assets	298	729
Investment income	405	(245)
Return on bank balances	525	2,211
Increase in assets other than cash	(114,801)	(147,219)
Increase in liabilities	84,545	144,000
Increase in unearned premium	67,311	27,916
Loss after taxation	(14,542)	(16,601)
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	50	-
- stamps in hand	178	367
	228	367
Current and other accounts		
- current accounts	619	16,999
- saving accounts	5	38
	624	17,037
Deposits maturing within 12 months		
	852	17,404

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, 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	
									September 30, 2016	September 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	(43,568)	44,349	(4,804)	5,585	(40,120)	36,281	(4,482)	643	4,942	25,401
2. Marine, aviation and transport	1,723	646	384	1,985	1,576	546	362	1,760	225	2,614
3. Motor	575	8,835	5,877	3,533	(61)	2,136	2,230	(155)	3,688	18,531
4. Accident and health	(611)	898	52	235	(546)	98	41	(489)	724	6,059
5. Miscellaneous	(343)	29,225	25,776	3,106	693	26,312	25,382	1,623	1,483	(13,610)
Total	<u>(42,224)</u>	<u>83,953</u>	<u>27,285</u>	<u>14,444</u>	<u>(38,458)</u>	<u>65,373</u>	<u>23,533</u>	<u>3,382</u>	<u>11,062</u>	<u>38,995</u>

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, 2016	September 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	(38,184)	90,735	(4,804)	57,355	(34,784)	56,413	(4,482)	26,111	31,244	66,341
2. Marine, aviation and transport	9,420	3,448	384	12,484	8,630	2,351	362	10,619	1,865	9,252
3. Motor	10,302	25,181	5,877	29,606	4,853	2,751	2,230	5,374	24,232	71,572
4. Accident and health	(165)	6,324	52	6,107	11	745	41	715	5,392	36,176
5. Miscellaneous	900	58,244	25,776	33,368	1,011	50,609	25,382	26,238	7,130	13,437
Total	<u>(17,727)</u>	<u>183,932</u>	<u>27,285</u>	<u>138,920</u>	<u>(20,279)</u>	<u>112,869</u>	<u>23,533</u>	<u>69,057</u>	<u>69,863</u>	<u>196,778</u>

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, 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	
									September 30, 2016	September 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	2,842	20,788	16,308	(1,638)	2,813	18,613	14,176	(1,624)	(14)	2,629
2. Marine, aviation and transport	223	14,897	15,094	420	111	11,077	11,266	300	120	1,549
3. Motor	(2,722)	48,774	45,454	(6,042)	(4,945)	670	660	(4,955)	(1,087)	6,988
4. Accident and health	296	21,714	21,544	126	-	-	-	-	126	12,299
5. Miscellaneous	433	44,209	38,424	(5,352)	405	37,039	35,390	(1,244)	(4,108)	70
Total	1,072	150,382	136,824	(12,486)	(1,616)	67,399	61,492	(7,523)	(4,963)	23,535

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 premium revenue	
		Opening	Closing			Opening	Closing		Period ended	
									September 30, 2016	September 30, 2015
----- Rupees in thousand -----										
Direct and facultative										
1. Fire and property	17,463	19,618	16,308	14,153	16,704	17,578	14,176	13,302	851	7,850
2. Marine, aviation and transport	6,491	16,710	15,094	4,875	2,908	11,476	11,266	2,698	2,177	2,489
3. Motor	10,572	40,777	45,454	15,249	520	2,453	660	(1,273)	16,522	32,487
4. Accident and health	5,429	21,880	21,544	5,093	-	-	-	-	5,093	41,314
5. Miscellaneous	6,654	42,564	38,424	2,514	6,243	37,058	35,390	4,575	(2,061)	1,320
Total	46,608	141,549	136,824	41,884	26,376	68,565	61,492	19,303	22,581	85,461

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



Quarter Report 2016

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Condensed Interim Statement of Expenses (Un-Audited)

For the Quarter and period ended September 30, 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	
								September 30, 2016	September 30, 2015
Rupees in thousand									
Direct and facultative									
1. Fire and property	(629)	8,766	113	8,024	55,376	63,400	7,235	56,165	11,841
2. Marine, aviation and transport	274	115	67	322	(22,190)	(21,868)	467	(22,335)	1,134
3. Motor	52	965	493	524	(25,506)	(24,982)	(16)	(24,966)	4,100
4. Accident and health	(62)	14	57	(105)	(161)	(266)	(138)	(128)	(4,141)
5. Miscellaneous	66	1,423	2,730	(1,241)	(2,599)	(3,840)	15,192	(19,032)	(3,846)
Total	(299)	11,283	3,460	7,524	4,920	12,444	22,740	(10,296)	9,088

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Net premium revenue	
		Opening	Closing					Period ended	
								September 30, 2016	September 30, 2015
Rupees in thousand									
Direct and facultative									
1. Fire and property	325	17,069	113	17,281	60,465	77,746	5,826	71,920	50,928
2. Marine, aviation and transport	1,655	567	67	2,155	(14,916)	(12,761)	2,977	(15,738)	1,408
3. Motor	871	2,592	493	2,970	(16,314)	(13,344)	141	(13,485)	12,941
4. Accident and health	(2)	65	57	6	261	267	124	143	279
5. Miscellaneous	213	3,691	2,730	1,174	(1,425)	(251)	18,545	(18,796)	2,474
Total	3,062	23,984	3,460	23,586	28,072	51,658	27,613	24,045	68,029

* 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, 2016

	Quarter ended September 30, 2016	2015	Period ended September 30, 2016	2015
	----- Rupees in thousand -----			
Income from investments classified as investments at fair value through profit or loss				
Net unrealised loss on revaluation of investments	0	(1,952)	(121)	(5,302)
Dividend income	-	-	2,056	3,576
Loss on redemption of investments	-	(2,040)	(547)	(928)
	0	(3,992)	1,388	(2,654)
Income from investments classified as investments Held to maturity				
Net unrealised gain / (loss) on revaluation of investments	400	3,711	(729)	(463)
Return on government securities	-	-	-	3,038
	400	3,711	(729)	2,575
	400	(281)	659	(79)
Investment related expenses	(187)	(131)	(254)	(166)
Net investment income	213	(412)	405	(245)

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, 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 2 (2015: 4) 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 as at September 30, 2016.
- 1.3. Further, The Company has incurred a loss after tax of Rs. 14.5 million during the current period and its accumulated losses as at September 30, 2016 amounted to Rs 290.9 million resulting in net equity of Rs 59.1 million as at September 30, 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.

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.

On the instructions of the High Court of Pakistan the company held the Extra Ordinary General Meeting on August 29, 2016 for seeking members approval for the SWAP ratio of 1 : 4. which were duly approved.

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 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, 2015.

3 BASIS OF MEASUREMENT

This condensed interim financial information have 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, 2015.

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, 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	September 30, 2016	December 31, 2015
		----- Rupees in thousand -----	
		(Un-audited)	(Audited)
8 INVESTMENTS			
Designated at fair value through profit or loss			
Mutual funds	8.1	35,943	41,039
Listed shares		-	12,662
		35,943	53,701

8.1 Mutual Funds

The mutual fund investments includes Rs.35.9 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 / transfers during the period ended September 30, 2016 are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	----- Rupees in thousand -----			
Tangible				
Furniture and fixture *	-	12,305	-	1
Office equipment *	-	2,985	113	67
Computer equipment *	-	1,269	31	-
Motor vehicles	-	2,300	96	-
Capital work in progress	-	-	-	10,557
Intangible				
Computer software	-	-	-	-
	-	18,859	240	10,625

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,

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.

		Period ended	
		September 30, 2016	December 31, 2015
		----- Rupees in thousand -----	
		(Un-audited)	(Audited)
10.2 Commitments			
	Commitments for capital expenditure	-	-

No provision for taxation has been made during the period due to losses. The Company has an aggregate amount of Rs 270.747 million (2014: Rs 236.079 million) in respect of tax losses as at December 31, 2015 and deferred tax assets amounting to Rs 78.396 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 year. The amount of deferred tax asset recognised as at December 31, 2015 amounted to Rs. 2.619 million (2014: Rs 2.619 million).

12 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, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	----- Rupees in thousand -----			
Loss after tax for the period	14,459	(13,331)	(14,542)	(16,601)
	----- 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	0.41	(0.38)	(0.42)	(0.47)

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, 2016	September 30, 2015
	----- Rupees in thousand -----	
Transactions for the period	(Un-audited)	(Un-audited)
Premium written	1,912	2,875
Claims paid	69	48
Remuneration of key management personnel	15,508	19,187

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

	September 30, 2016	December 31, 2015
	----- Rupees in thousand ----- (Un-audited)	(Audited)
Balances outstanding at period / year end		
Payable to gratuity fund	2,874	2,034

14 SEGMENT REPORTING

The following presents segment assets and liabilities as at September 30, 2016 and December 31, 2015

	September 30, 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	27,168	27,168	187,067			187,067
Marine, aviation and transport	54,285	54,285	50,118			50,118
Motor	74,437	74,437	81,600			81,600
Accident and health	1,857	1,857	6,439			6,439
Miscellaneous	121,352	121,352	152,802			152,802
Unallocated	-	87,446	87,446	-	139,725	139,725
Total	279,099	87,446	366,545	478,026	139,725	617,751

	September 30, 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	73,066		73,066	232,295		232,295
Marine, aviation and transport	27,597		27,597	29,877		29,877
Motor	59,866		59,866	75,348		75,348
Accident and health	22,687		22,687	29,502		29,502
Miscellaneous	104,538		104,538	165,391		165,391
Unallocated	-	19,673	19,673	-	15,627	15,627
Total	287,754	19,673	307,427	532,413	15,627	548,040

14.1 Segment wise financial performance for the period ended September 30, 2016 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 28, 2016.

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

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