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## Company Information

### Board of Directors

Mr. Mohammed Basheer Janmohammed  
(Chairman)  
Mr. Muhammad Rafiq Tumbi  
Mr. Yameen Kerai  
Syed Naseer ul Hassan  
Mr. Rizwan Abbas  
Mr. Muhammad Riaz  
Mr. Ahmed Salahuddin  
(MD & Chief Executive Officer)

### Board Audit Committee

Mr. Yameen Kerai  
Mr. Rizwan Abbas  
Mr. Muhammad Rafiq Tumbi  
Syed Naseer ul Hassan

### CFO & Company Secretary

Mr. Abdul Aziz Siwani

### Auditors

Ford Rhodes Sidat Hyder & Co  
Chartered Accountants

### Legal Advisor

Syed Ali Hyder

### Bankers

NIB Bank Limited  
Habib Metropolitan Bank Limited

### Shares Registrar

FAMCO Associates (Pvt.) Ltd.  
State Life Building # 1-A, 1st Floor  
I.I Chundrigar Road  
Karachi, Pakistan

### Credit Rating

Single A Minus "A-" by JCR-VIS

### Registered & Head Office

8th Floor , Shaheen Complex  
M.R Kiyani Road Karachi  
Tel # (92-213) 221 9555-60  
Fax # (92-213) 221 9561

## Directors' Review

The Directors would like to present the condensed un-audited financial statements of the Company as at 30 September 2009.

### Business Review

PICIC Insurance has recorded gross premium of Rs. 396.2 million in the first 9 months of 2009, an increase of 8.3% over the same period last year. During the period the Company has continuously improved risk management through better underwriting, reinsurance and only focusing on profitable lines of business. As a result the claims ratio during the period has reduced to 61% from 66% in the same period last year, generating an underwriting profit of Rs. 2.3 million in the first 9 months of 2009 compared to an underwriting loss of Rs. 4.7 million in the same period last year.

The Company has also focused on operational efficiency and expense management resulting in a 15.4% reduction in aggregate management and general and administrative expenses between the first 9 months of 2009 and 2008. Investment and other income have also seen a substantial improvement through improved cash flows, while following a prudent investment approach.

JCR-VIS Credit Rating Company Limited has revised the Company's rating from "BBB+" to "A-" with stable outlook thereby reaffirming the improved performance during 2009 compared to last year.

### Financial Highlights

The comparative financial highlights of your Company for the 9 months ended 30 September 2009 are as follows:

|  | 2009                 | 2008   | Variance % |
|--|----------------------|--------|------------|
|  | (Rupees in thousand) |        |            |
| Gross Premium Written                          | 396.2                | 365.9  | 8.3        |
| Net Premium Revenue                            | 145.8                | 173.1  | (15.8)     |
| Net Claims including IBNR                      | 88.3                 | 114.3  | (22.7)     |
| Management Expenses charged to Revenue Account | 56.2                 | 61.9   | (9.2)      |
| Profit / (loss) from underwriting business     | 2.3                  | (4.7)  | 149        |
| Investment & Other Income                      | 19.8                 | 1.8    | 1,000      |
| Disposal on sale of fixed assets               | 9                    | -      | 100        |
| Profit / (loss) after Taxation                 | 12.4                 | (29.5) | 142        |
| Profit / (loss) per share (Rupees)             | 0.35                 | (1.05) |            |

### Acknowledgement

We are grateful to our valued customers of their confidence and continued support in our Company. We would like to thank the Securities & Exchange Commission of Pakistan, Stock Exchanges, panel of reinsurance companies. We also thank the management and all our staff of the Company for their sincere services.

For and on behalf of the Board

**Ahmed Salahuddin**  
Chief Executive Officer

Karachi: Wednesday, 28 October 2009

## Interim Condensed Balance Sheet

As at 30 September 2009

|   | Note | (Un-audited)<br>30 September<br>2009 | (Audited)<br>31 December<br>2008 |
|---|------|--------------------------------------|----------------------------------|
|   |      | (Rupees in thousand)                 |                                  |
| <b>Share capital and reserves</b>                   |      |                                      |                                  |
| Authorised share capital                            |      |                                      |                                  |
| 50,000,000 Ordinary shares of Rs.10/- each          |      | 500,000                              | 500,000                          |
| Issued, subscribed and paid up capital              |      |                                      |                                  |
| 35,000,000 Ordinary shares of Rs.10/- each          |      | 350,000                              | 350,000                          |
| Accumulated loss                                    |      | (128,642)                            | (141,044)                        |
|   |      | 221,358                              | 208,956                          |
| <b>Underwriting provisions</b>                      |      |                                      |                                  |
| Provision for outstanding claims (including IBNR)   |      | 169,667                              | 155,531                          |
| Provision for unearned premium                      |      | 227,003                              | 162,378                          |
| Commission income unearned                          |      | 20,784                               | 14,669                           |
|   |      | 417,454                              | 332,578                          |
| <b>Creditors and accruals</b>                       |      |                                      |                                  |
| Amounts due to other insurers / reinsurers          |      | 181,302                              | 107,854                          |
| Sundry creditors and accruals                       |      | 66,619                               | 50,228                           |
|   |      | 247,921                              | 158,082                          |
| <b>Borrowing</b>                                    |      |                                      |                                  |
| Liabilities against assets subject to finance lease |      | -                                    | 4,425                            |
| <b>Other liability</b>                              |      |                                      |                                  |
| Unclaimed dividend                                  |      | 195                                  | 195                              |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | 886,928                              | 704,236                          |

### CONTINGENCY

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The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

|   | Note | (Un-audited)<br>30 September<br>2009 | (Audited)<br>31 December<br>2008 |
|---|------|--------------------------------------|----------------------------------|
| <b>(Rupees in thousand)</b>                       |      |                                      |                                  |
| <b>Cash and bank deposits</b>                     |      |                                      |                                  |
| Cash and other equivalent                         |      | 460                                  | 399                              |
| Current and other accounts                        |      | 63,155                               | 52,011                           |
| Deposits maturing within 12 months                |      | 115,000                              | 135,000                          |
|   |      | <b>178,615</b>                       | <b>187,410</b>                   |
| <b>Investments</b>                                | 5    | 40,137                               | 37,107                           |
| <b>Security deposits</b>                          |      | 3,115                                | 6,357                            |
| <b>Other assets</b>                               |      |                                      |                                  |
| Premiums due but unpaid                           |      | 260,285                              | 167,964                          |
| Amounts due from other insurers / reinsurers      |      | 83,682                               | 78,086                           |
| Accrued interest                                  |      | 6,040                                | 2,781                            |
| Reinsurance recoveries against outstanding claims |      | 83,596                               | 61,962                           |
| Taxation - payments less provision                |      | 11,354                               | 9,974                            |
| Deferred commission expense                       |      | 19,384                               | 16,005                           |
| Deferred acquisition costs                        |      | 39,080                               | 35,660                           |
| Prepayments - prepaid reinsurance premium ceded   |      | 152,444                              | 82,020                           |
| - others  |      | 5,366                                | 5,194                            |
|   |      | <b>661,231</b>                       | <b>459,646</b>                   |
| <b>Fixed assets</b>                               | 6    |                                      |                                  |
| <b>Tangible</b>                                   |      |                                      |                                  |
| <b>Owned</b>                                      |      |                                      |                                  |
| Furniture and fixture                             |      | 1,489                                | 2,367                            |
| Office equipment                                  |      | 1,264                                | 1,886                            |
| Computers   |      | 513                                  | 1,145                            |
| Motor vehicles                                    |      | 189                                  | 5,356                            |
| <b>Leased</b>                                     |      |                                      |                                  |
| Motor vehicles                                    |      | -                                    | 2,962                            |
| <b>Intangible</b> - Computer software             |      | 375                                  | -                                |
|   |      | <b>3,830</b>                         | <b>13,716</b>                    |
| <b>TOTAL ASSETS</b>                               |      | <b>886,928</b>                       | <b>704,236</b>                   |

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Interim Condensed Profit and Loss Account

For the period ended 30 September 2009

(Unaudited)

|                                     | Fire and property    | Marine, aviation and transport | Motor    | Accident and health | Miscellaneous | Quarter ended     |                   |
|-------------------------------------|----------------------|--------------------------------|----------|---------------------|---------------|-------------------|-------------------|
|                                     |                      |                                |          |                     |               | 30 September 2009 | 30 September 2008 |
|                                     |                      |                                |          |                     |               | Aggregate         | Aggregate         |
|                                     | (Rupees in thousand) |                                |          |                     |               |                   |                   |
| <b>Revenue account</b>              |                      |                                |          |                     |               |                   |                   |
| Net premium revenue                 | 6,045                | 4,554                          | 28,867   | 2,617               | 3,779         | 45,862            | 51,853            |
| Net claims                          | (3,062)              | (1,887)                        | (15,750) | (4,026)             | (2,969)       | (27,694)          | (32,748)          |
| Management expenses                 | (7,515)              | (6,362)                        | (6,316)  | (5,320)             | (3,949)       | (29,462)          | (24,254)          |
| Net commission                      | 1,107                | 435                            | (2,745)  | 774                 | 1,024         | 595               | (162)             |
|                                     | (9,470)              | (7,814)                        | (24,811) | (8,572)             | (5,894)       | (56,561)          | (57,164)          |
| <b>Underwriting results</b>         | (3,425)              | (3,260)                        | 4,056    | (5,955)             | (2,115)       | (10,699)          | (5,311)           |
| Investment income / (loss)          |                      |                                |          |                     |               | 2,193             | (5,500)           |
| Return on bank balances             |                      |                                |          |                     |               | 5,123             | 3,715             |
| Gain on disposal of fixed assets    |                      |                                |          |                     |               | 35                | -                 |
|                                     |                      |                                |          |                     |               | (3,348)           | (7,096)           |
| General and administration expenses |                      |                                |          |                     |               | (5,739)           | (8,483)           |
| Financial charges                   |                      |                                |          |                     |               | (32)              | (1,222)           |
| <b>Net loss for the period</b>      |                      |                                |          |                     |               | (9,119)           | (16,801)          |

|  | Fire and property    | Marine, aviation and transport | Motor    | Accident and health | Miscellaneous | Period ended      |                   |
|--|----------------------|--------------------------------|----------|---------------------|---------------|-------------------|-------------------|
|  |                      |                                |          |                     |               | 30 September 2009 | 30 September 2008 |
|  |                      |                                |          |                     |               | Aggregate         | Aggregate         |
|  | (Rupees in thousand) |                                |          |                     |               |                   |                   |
| <b>Revenue account</b>   |                      |                                |          |                     |               |                   |                   |
| Net premium revenue  | 19,044               | 16,720                         | 75,325   | 22,502              | 12,220        | 145,811           | 173,140           |
| Net claims   | (162)                | (8,764)                        | (45,077) | (24,663)            | (9,698)       | (88,364)          | (114,313)         |
| Management expenses  | (15,720)             | (9,929)                        | (13,773) | (6,019)             | (10,721)      | (56,162)          | (61,937)          |
| Net commission   | 2,995                | 872                            | (6,748)  | 455                 | 3,432         | 1,006             | (1,613)           |
|  | (12,887)             | (17,821)                       | (65,598) | (30,227)            | (16,987)      | (143,520)         | (177,863)         |
| <b>Underwriting results</b>                                    | 6,157                | (1,101)                        | 9,727    | (7,725)             | (4,767)       | 2,291             | (4,723)           |
| Investment income / (loss)                                     |                      |                                |          |                     |               | 5,462             | (3,520)           |
| Return on bank balances  |                      |                                |          |                     |               | 14,288            | 5,329             |
| Gain on disposal of fixed assets                               |                      |                                |          |                     |               | 9,007             | -                 |
|  |                      |                                |          |                     |               | 31,048            | (2,914)           |
| General and administration expenses                            |                      |                                |          |                     |               | (18,379)          | (24,933)          |
| Financial charges  |                      |                                |          |                     |               | (267)             | (1,612)           |
| <b>Net profit / (loss) for the period</b>                      |                      |                                |          |                     |               | 12,402            | (29,459)          |
| <b>Earnings / (loss) per share - basic and diluted (Rupee)</b> |                      |                                |          |                     |               | 0.35              | (1.05)            |

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Interim Condensed Statement of Changes in Equity

For the period ended 30 September 2009  
(Unaudited)

|  | Issued,<br>subscribed<br>and paid-up capital | Accumulated<br>loss | Total          |
|--|--|---------------------|----------------|
|  | (Rupees in thousand)                         |                     |                |
| Balance as at 01 January 2008          | 200,000                                      | (87,792)            | 112,208        |
| Issue of right shares                  | 150,000                                      | -                   | 150,000        |
| Net loss for the period                | -  | (29,459)            | (29,459)       |
| <b>Balance as at 30 September 2008</b> | <b>350,000</b>                               | <b>(117,251)</b>    | <b>232,749</b> |
| Balance as at 01 January 2009          | 350,000                                      | (141,044)           | 208,956        |
| Net profit for the period              | -  | 12,402              | 12,402         |
| <b>Balance as at 30 September 2009</b> | <b>350,000</b>                               | <b>(128,642)</b>    | <b>221,358</b> |

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Interim Condensed Statement of Cash Flows

For the period ended 30 September 2009  
(Unaudited)

|   | 30 September<br>2009 | 30 September<br>2008 |
|---|----------------------|----------------------|
|   | (Rupees in thousand) |                      |
| <b>OPERATING ACTIVITIES</b>   |                      |                      |
| <b>a) Underwriting activities</b>   |                      |                      |
| Premiums received   | 369,176              | 349,237              |
| Reinsurance premiums paid   | (237,727)            | (168,772)            |
| Claims paid   | (160,492)            | (291,036)            |
| Reinsurance and other recoveries received   | 64,630               | 114,140              |
| Commission paid   | (23,425)             | (31,979)             |
| Commission received   | 21,704               | 916                  |
| Net cash inflow from / (used in) underwriting activities  | 33,866               | (27,494)             |
| <b>b) Other operating activities</b>  |                      |                      |
| Income tax paid   | (1,380)              | (6,315)              |
| General management expenses paid  | (70,490)             | (80,567)             |
| Operating payments - net  | 5,552                | 256                  |
| Net cash used in other operating activities   | (66,318)             | (86,626)             |
| <b>Total cash used in all operating activities</b>  | <b>(32,452)</b>      | <b>(114,120)</b>     |
| <b>INVESTMENT ACTIVITIES</b>  |                      |                      |
| Profit / return received  | 11,028               | 5,599                |
| Dividend received   | 554                  | 125                  |
| Payments for investments  | (61,612)             | (36,057)             |
| Proceeds from sale / redemption of investments  | 63,378               | 125,810              |
| Fixed capital expenditure   | (870)                | (2,194)              |
| Proceeds from disposal of assets  | 13,947               | 10                   |
| <b>Total cash inflow from investing activities</b>  | <b>26,425</b>        | <b>93,293</b>        |
| <b>FINANCING ACTIVITIES</b>   |                      |                      |
| Share capital received  | -                    | 150,000              |
| Payments on finance leases  | (2,768)              | (2,702)              |
| <b>Net cash (used in) / inflow from all activities</b>  | <b>(8,795)</b>       | <b>126,471</b>       |
| Cash at the beginning of the period   | 187,410              | 60,747               |
| <b>Cash at the end of the period</b>  | <b>178,615</b>       | <b>187,218</b>       |
| <b>Reconciliation to profit and loss account</b>  |                      |                      |
| Operating cash flows  | (32,452)             | (114,120)            |
| Depreciation  | (2,503)              | (7,323)              |
| Gain / (loss) on disposal of fixed assets   | 9,007                | (6)                  |
| Financial charges   | (64)                 | (283)                |
| Investment income   | 5,462                | (3,520)              |
| Return on bank balances   | 14,288               | 5,329                |
| Increase in assets other than cash  | 121,625              | 93,624               |
| Increase in liabilities   | (102,961)            | (3,160)              |
| <b>Profit / (loss) after taxation</b>   | <b>12,402</b>        | <b>(29,459)</b>      |
| <b>Definition of cash</b>   |                      |                      |
| Cash comprises of cash in hand and at banks,<br>stamps in hand and short term placements with banks |                      |                      |
| <b>Cash for the purpose of statement of cash flows consists of:</b>                                 |                      |                      |
| <b>Cash and other equivalent</b>  |                      |                      |
| Cash in hand  | 215                  | 171                  |
| Stamps in hand  | 245                  | 304                  |
|   | 460                  | 475                  |
| <b>Current and other accounts</b>   |                      |                      |
| Current accounts  | 9,155                | 18,278               |
| Saving accounts   | 54,000               | 25,965               |
|   | 63,155               | 44,243               |
| <b>Deposits maturing within 12 months</b>   | <b>115,000</b>       | <b>142,500</b>       |
|   | <b>178,615</b>       | <b>187,218</b>       |

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer



## Interim Condensed Statement of Premiums

For the period ended 30 September 2009  
(Unaudited)

Business underwritten inside Pakistan

| Class                             | Premiums written | Unearned premium reserve |         | Premiums earned | Reinsurance ceded | Prepaid reinsurance premium ceded |         | Reinsurance expense | Net premium revenue |                   |
|-----------------------------------|------------------|--------------------------|---------|-----------------|-------------------|-----------------------------------|---------|---------------------|---------------------|-------------------|
|                                   |                  | Opening                  | Closing |                 |                   | Opening                           | Closing |                     | 30 September 2009   | 30 September 2008 |
| (Rupees in thousand)              |                  |                          |         |                 |                   |                                   |         |                     |                     |                   |
| Direct and facultative            |                  |                          |         |                 |                   |                                   |         |                     |                     |                   |
| 1. Fire and property              | 12,139           | 73,651                   | 54,814  | 30,976          | 9,495             | 59,708                            | 44,272  | 24,931              | 6,045               | 5,550             |
| 2. Marine, aviation and transport | 9,697            | 63,309                   | 47,595  | 25,411          | 6,157             | 57,591                            | 42,891  | 20,857              | 4,554               | 5,179             |
| 3. Motor                          | 22,591           | 62,814                   | 57,220  | 28,185          | 949               | 808                               | 2,439   | (862)               | 28,867              | 29,718            |
| 4. Accident and health            | 33,225           | 24,853                   | 42,321  | 15,757          | 32,469            | 20,849                            | 40,178  | 13,140              | 2,617               | 8,594             |
| 5. Miscellaneous                  | 1,016            | 38,514                   | 25,053  | 14,477          | 55                | 33,307                            | 22,664  | 10,698              | 3,779               | 2,812             |
|                                   | 78,668           | 263,141                  | 227,003 | 114,806         | 48,125            | 172,263                           | 152,444 | 68,944              | 45,862              | 51,853            |

| Class                             | Premiums written | Unearned premium reserve |         | Premiums earned | Reinsurance ceded | Prepaid reinsurance premium ceded |         | Reinsurance expense | Net premium revenue |                   |
|-----------------------------------|------------------|--------------------------|---------|-----------------|-------------------|-----------------------------------|---------|---------------------|---------------------|-------------------|
|                                   |                  | Opening                  | Closing |                 |                   | Opening                           | Closing |                     | 30 September 2009   | 30 September 2008 |
| (Rupees in thousand)              |                  |                          |         |                 |                   |                                   |         |                     |                     |                   |
| Direct and facultative            |                  |                          |         |                 |                   |                                   |         |                     |                     |                   |
| 1. Fire and property              | 97,338           | 47,691                   | 54,814  | 90,215          | 78,997            | 38,446                            | 44,272  | 71,171              | 19,044              | 21,392            |
| 2. Marine, aviation and transport | 88,616           | 21,603                   | 47,595  | 62,624          | 69,527            | 19,268                            | 42,891  | 45,904              | 16,720              | 15,275            |
| 3. Motor                          | 92,860           | 45,140                   | 57,220  | 80,780          | 4,179             | 3,715                             | 2,439   | 5,455               | 75,325              | 98,129            |
| 4. Accident and health            | 60,539           | 18,630                   | 42,321  | 36,848          | 54,387            | 137                               | 40,178  | 14,346              | 22,502              | 25,742            |
| 5. Miscellaneous                  | 56,867           | 29,314                   | 25,053  | 61,128          | 49,118            | 22,454                            | 22,664  | 48,908              | 12,220              | 12,602            |
|                                   | 396,220          | 162,378                  | 227,003 | 331,595         | 256,208           | 82,020                            | 152,444 | 185,784             | 145,814             | 173,140           |

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Interim Condensed Statement of Claims

For the period ended 30 September 2009  
(Unaudited)

Business underwritten inside Pakistan

| Class                             | Claims paid | Outstanding claims |         | Claims expense | Reinsurance and other recoveries received | Reinsurance and other recoveries in respect of outstanding claims |         | Reinsurance and other recoveries revenue | Net claims expense and other recoveries |                   |
|-----------------------------------|-------------|--------------------|---------|----------------|---|---|---------|--|---|-------------------|
|                                   |             | Opening            | Closing |                |   | Opening   | Closing |  | 30 September 2009                       | 30 September 2008 |
| (Rupees in thousand)              |             |                    |         |                |   |   |         |  |   |                   |
| Direct and facultative            |             |                    |         |                |   |   |         |  |   |                   |
| 1. Fire and property              | 5,395       | 31,093             | 47,910  | 22,212         | 4,692                                     | 24,802  | 39,260  | 19,150                                   | 3,062                                   | 6,769             |
| 2. Marine, aviation and transport | 4,435       | 17,353             | 16,949  | 4,031          | 2,518                                     | 10,061  | 9,687   | 2,144                                    | 1,887                                   | 3,541             |
| 3. Motor                          | 12,067      | 52,766             | 56,542  | 15,843         | 387                                       | 1,344   | 1,050   | 93                                       | 15,750                                  | 13,634            |
| 4. Accident and health            | 9,668       | 13,570             | 7,928   | 4,026          | -   | -   | -       | -  | 4,026                                   | 6,691             |
| 5. Miscellaneous                  | 3,503       | 36,272             | 40,338  | 7,569          | 1,986                                     | 30,985  | 33,599  | 4,600                                    | 2,969                                   | 2,113             |
|                                   | 35,068      | 151,054            | 169,667 | 53,681         | 9,583                                     | 67,192  | 83,596  | 25,987                                   | 27,694                                  | 32,748            |

| 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 and other recoveries |                   |
|-----------------------------------|-------------|--------------------|---------|----------------|---|---|---------|--|---|-------------------|
|                                   |             | Opening            | Closing |                |   | Opening   | Closing |  | 30 September 2009                       | 30 September 2008 |
| (Rupees in thousand)              |             |                    |         |                |   |   |         |  |   |                   |
| Direct and facultative            |             |                    |         |                |   |   |         |  |   |                   |
| 1. Fire and property              | 55,189      | 55,737             | 47,910  | 47,362         | 44,212                                    | 36,272  | 39,260  | 47,200                                   | 162                                     | 10,950            |
| 2. Marine, aviation and transport | 18,309      | 13,505             | 16,949  | 21,753         | 11,324                                    | 8,022   | 9,687   | 12,989                                   | 8,764                                   | 8,482             |
| 3. Motor                          | 42,104      | 52,535             | 56,542  | 46,111         | 494                                       | 510   | 1,050   | 1,034                                    | 45,077                                  | 70,150            |
| 4. Accident and health            | 29,885      | 13,150             | 7,928   | 24,653         | -   | -   | -       | -  | 24,663                                  | 20,559            |
| 5. Miscellaneous                  | 15,005      | 20,604             | 40,338  | 34,739         | 8,600                                     | 17,158  | 33,599  | 25,041                                   | 9,698                                   | 4,272             |
|                                   | 160,492     | 155,531            | 169,667 | 174,628        | 64,630                                    | 61,962  | 83,596  | 86,264                                   | 88,364                                  | 114,313           |

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Interim Condensed Statement of Expenses

For the period ended 30 September 2009  
(Unaudited)

Business underwritten inside Pakistan

| Class                             | Commission paid or payable | Deferred commission Opening | Deferred commission Closing | Net commission expense | Other management expenses | Underwriting expense | Commission from reinsurers * | Underwriting expense Quarter ended 30 September 2009 | Underwriting expense Quarter ended 30 September 2008 |
|-----------------------------------|----------------------------|-----------------------------|-----------------------------|------------------------|---------------------------|----------------------|------------------------------|--|--|
| <b>Direct and facultative</b>     |                            |                             |                             |                        |                           |                      |                              |  |  |
| 1. Fire and property              | 2,872                      | 10,335                      | 8,549                       | 4,658                  | 7,515                     | 12,173               | 5,765                        | 6,408  | 4,594  |
| 2. Marine, aviation and transport | 1,593                      | 4,724                       | 3,665                       | 2,652                  | 6,362                     | 9,014                | 3,087                        | 5,927  | 4,932  |
| 3. Motor                          | 1,776                      | 5,927                       | 5,193                       | 2,510                  | 6,316                     | 8,828                | (235)                        | 9,061  | 8,959  |
| 4. Accident and health            | 735                        | 110                         | 706                         | 139                    | 5,320                     | 5,459                | 913                          | 4,546  | 1,816  |
| 5. Miscellaneous                  | 253                        | 2,208                       | 1,271                       | 1,190                  | 3,949                     | 5,139                | 2,214                        | 2,925  | 4,115  |
|                                   | 7,229                      | 23,304                      | 19,384                      | 11,149                 | 29,462                    | 40,611               | 11,744                       | 28,867   | 24,416   |
| <b>Direct and facultative</b>     |                            |                             |                             |                        |                           |                      |                              |  |  |
| 1. Fire and property              | 15,054                     | 7,862                       | 8,549                       | 14,367                 | 15,720                    | 30,087               | 17,362                       | 12,725   | 11,853   |
| 2. Marine, aviation and transport | 8,484                      | 1,695                       | 3,665                       | 6,514                  | 9,929                     | 16,443               | 7,396                        | 9,057  | 10,168   |
| 3. Motor                          | 7,913                      | 4,319                       | 5,193                       | 7,039                  | 13,773                    | 20,812               | 291                          | 20,521   | 25,935   |
| 4. Accident and health            | 1,027                      | 291                         | 706                         | 612                    | 6,019                     | 6,631                | 1,067                        | 5,564  | 6,157  |
| 5. Miscellaneous                  | 3,965                      | 1,838                       | 1,271                       | 4,532                  | 10,721                    | 15,253               | 7,964                        | 7,289  | 9,437  |
|                                   | 38,443                     | 16,005                      | 19,384                      | 33,064                 | 56,162                    | 89,228               | 34,070                       | 55,156   | 63,550   |

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

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Interim Condensed Statement of Investment Income

For the period ended 30 September 2009  
(Unaudited)

|   | Quarter ended<br>30 September<br>2009 | 30 September<br>2008 | Period ended<br>30 September<br>2009 | 30 September<br>2008 |
|---|---------------------------------------|----------------------|--------------------------------------|----------------------|
|   | (Rupees in thousand)                  |                      |                                      |                      |
| <b>Income / (loss) from investments classified as investments<br/>at fair value through profit and loss account</b> |                                       |                      |                                      |                      |
| Gain / (loss) on sale of securities   | 79                                    | (3,212)              | 941                                  | (2,556)              |
| Net unrealised gain / (loss) on<br>revaluation of investments   | 2,453                                 | (2,304)              | 1,687                                | (1,080)              |
| Dividend income   | -                                     | 22                   | 554                                  | 125                  |
| Return on Government securities   | (293)                                 | -                    | 2,371                                | -                    |
|   | <b>2,239</b>                          | <b>(5,494)</b>       | <b>5,553</b>                         | <b>(3,511)</b>       |
| Investment related expenses   | (46)                                  | (6)                  | (91)                                 | (9)                  |
| <b>Net investment income / (loss)</b>   | <b>2,193</b>                          | <b>(5,500)</b>       | <b>5,462</b>                         | <b>(3,520)</b>       |

The annexed notes from 1 to 9 form an integral part of these interim condensed financial statements.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

## Notes to the Interim Condensed Financial Statements

For the period ended 30 September 2009  
(Unaudited)

### 1. STATUS AND NATURE OF BUSINESS

PICIC Insurance Limited (the Company) was incorporated on 23 April 2004 under the Companies Ordinance, 1984 as a public limited company and registered as a non-life insurance company by the Securities and Exchange Commission of Pakistan (SECP) under the Insurance Ordinance, 2000. It is engaged in providing all classes of non-life insurance business. The Company is listed on Karachi, Lahore and Islamabad Stock Exchanges. The registered office of the Company is situated at Shaheen Complex, M.R. Kiyani Road, Karachi. The Company operates with 8 (31 December 2008: 8) branches in Pakistan.

### 2. BASIS OF PRESENTATION

These interim condensed financial statements are unaudited and are being submitted to the shareholders as required under Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges and have been prepared in accordance with the requirements of the International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan and in the format prescribed by the Securities and Exchange Commission of Pakistan in its Circular No. 7 of 2003.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the audited financial statements of the Company for the year ended 31 December 2008.

### 4. CONTINGENCY

During the period, the taxation officer has passed an order alongwith notice of demand under section 161/205 of the Income Tax Ordinance, 2001, on account of non deduction of withholding tax on payments of insurance premium to non-resident reinsurer for tax year 2009. The Company has filed a writ petition alongwith other insurance companies in the High Court of Sindh against the order on which the stay has been granted by the Court. The Company has also filed an appeal with the Commissioner Income Tax (Appeals) which is pending adjudication. The tax impact of the above amounts to Rs.5.48 million against which no provision is considered necessary in these interim condensed financial statements, as the Company is confident of favourable outcome.

| 30 September<br>2009 | 31 December<br>2008 |
|----------------------|---------------------|
| (Rupees in thousand) |                     |
| (Un-audited)         | (Audited)           |

### 5. INVESTMENTS - at fair value through profit and loss account

|                       |               |               |
|-----------------------|---------------|---------------|
| Mutual funds          | 214           | 129           |
| Listed shares         | 7,195         | 1,704         |
| Government securities | 32,728        | 35,274        |
|                       | <u>40,137</u> | <u>37,107</u> |

### 6. FIXED ASSETS

During the period ended 30 September 2009 the Company has acquired fixed assets amounting to Rs. 870 thousand (30 September 2008: Rs. 1.7 million) and made disposal of Rs. 25.27 million (30 September 2008: Rs. 20,000).

## 7. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of associated entities, entities under common control or influence, entities with common directors, major shareholders, directors and key management personnel. The transactions with related parties, are as follows:

|   | 30 September<br>2009<br>(Rupees in thousand)<br>(Un-audited) | 31 December<br>2008<br>(Rupees in thousand)<br>(Audited) |
|---|--|--|
| <b>Balances outstanding at period / year end</b>    |  |  |
| Bank deposits                                       | 78,147   | 92,020   |
| Premiums due but unpaid                             | 8,390  | 9,230  |
| Liabilities against assets subject to finance lease | -  | 4,425  |

|  | 30 September<br>2009<br>(Rupees in thousand)<br>(Un-audited) | 30 September<br>2008<br>(Rupees in thousand)<br>(Un-audited) |
|--|--|--|
| <b>Transactions for the period</b>       |  |  |
| Premium income                           | 7,030  | 19,072   |
| Claims paid                              | 4,258  | 9,198  |
| Lease payments                           | 2,768  | 2,702  |
| Sale of fixed assets                     | 7,963  | -  |
| Return on bank deposits                  | 7,244  | 3,778  |
| Rent expenses                            | 80   | 90   |
| Bank charges                             | 203  | 1,073  |
| Remuneration of key management personnel | 20,070   | 27,367   |
| Contribution for - staff provident fund  | 2,085  | 2,395  |
| - staff gratuity fund                    | -  | 2,505  |

## 8. GENERAL

Figures have been rounded off to the nearest thousand rupees.

## 9. AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors of the Company on 28 October 2009.

**Yameen Kerai**  
Director

**Rizwan Abbas**  
Director

**Muhammad Riaz**  
Director

**Ahmed Salahuddin**  
MD & Chief Executive Officer

| Branch Network           | Branch Head / Incharge     | Details   |
|--------------------------|----------------------------|---|
| Karachi Corporate Branch | Mr. Aseem Ahmed            | Suit No.E-1,Executive Floor, Glass Tower,<br>Main Clifton Road, Karachi.<br>TEL : 021-3565 3394-5,3565 5612-3 & 3563 9713<br>FAX : 021-3565 4764          |
| Lahore Branch            | Mr. Nadeem Quraishi        | 3rd Floor, PICIC House, 14-A,<br>Shahrah-e-Aiwan-e-Tijarat, Lahore.<br>TEL :042-920 3890 & 920 3670-1<br>FAX : 042-920 3714                               |
| Islamabad Branch         | Mr. Muhammed Iftikhar Awan | 4th Floor Malik Complex, 80-West<br>Jinnah Avenue, Blue Area, Islamabad<br>TEL : 051-287 0613 -14, 227 1974,<br>287 6452 & 287 7020<br>FAX : 051-287 0621 |
| Multan Branch            | Mr. Muhammed Waheed Zafar  | Ground floor, Commercial Plaza No. 1<br>Opp.Civil Hospital, Multan<br>TEL : 061-458 9398 - 99 & 458 6665<br>FAX : 061-458 5896                            |
| Faisalabad Branch        | Mr. Sajjad Ali             | State Life Building, 12th Floor, 2 Lquat Raod,<br>Faisalabad.<br>TEL :041-254 0419-21 & 254 0418<br>FAX : 041-254 0423                                    |
| Sukkur Branch            | Mr. Muhammed Jamshed       | Mezanine Floor , Madina Complex,<br>Opp.Makki Masjid, Minara Road, Sukkur.<br>TEL : 071-562 7263<br>FAX :071-562 7283                                     |
| Rahim Yar Khan Branch    | Mr. Muhammad Nadeem Zia    | 1st Floor , Near Saudi Pak Commercial Bank Ltd<br>26-Shahi Road, Rahim Yar Khan.<br>Tel :06858-83055 & 73083<br>Cell :0300-9670626                        |
| Bahawalpur Branch        | Mr. Muhammad Azam Sabir    | 1st Floor , Aga Khan Lab, Cricular Road,<br>Bahawalpur.<br>Cell :0300-6809913 & 0321-6815829  |