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Company Information

Board of Directors

Mr. Mohammed Basheer Janmohammed
(Chairman)
Mr. Yameen Kerai
Mr. Ghulam Muhammad
Mr. Shahid Sattar
Mr. Habib Yousuf Habib
Mr. Rizwan Abbas
Mr. Muhammad Riaz
Mr. Abdul Qadir

Managing Director & Chief Executive Officer

Mr. Ahmed Salahuddin

Board Audit Committee

Mr. Yameen Kerai
Mr. Ghulam Muhammad
Mr. Rizwan Abbas
Mr. Muhammad Riaz

Chief Financial Officer & Company Secretary

Mr. Muhammad Haneed

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

Syed Ali Hyder

Bankers

NIB Bank Limited
Habib Metropolitan Bank Limited

Shares Registrar

FAMCO Associates (Pvt.) Ltd.
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. Kayani Road, Karachi
Tel # (92-213) 2219555-60
Fax # (92-213) 2219561

Directors' Review

The Directors would like to present the condensed un-audited financial statements of the Company for the 3 months ended 31st March 2011.

Corporate Affairs

The election for directors was held on 5th April 2011 at the seventh Annual General Meeting of the Company. As a result, the following directors were elected / re-elected.

1. Mr. Mohammed Basheer Janmohammed
2. Mr. Yameen Kerai
3. Mr. Ghulam Muhammad
4. Mr. Shahid Sattar
5. Mr. Habib Yousuf Habib
6. Mr. Rizwan Abbas
7. Mr. Muhammad Riaz
8. Mr. Abdul Qadir

The new Board of Directors have elected Mr. Mohammed Basheer Janmohammed to be the Chairman of the Board. The Board of Directors are fully committed to achieving your Company's ambition to become a market leader for non life insurance products in the country, while at the same time providing market competitive returns to its shareholders.

Business Review

We are happy to report a first quarter 2011 profit after tax of Rs.10.4 mn compared to loss after tax of Rs.13.5 mn in the same period last year. We hope this momentum will continue in the future.

Your Company has been achieving consistent growth in terms of both gross premium written and net premium earned. The gross premium written for the first quarter of the year was Rs.125 mn as compared to Rs.115 mn for the corresponding period last year, a growth of 8.4%. The net premium revenue for the quarter was Rs.51 mn being 61% higher than in the corresponding period last year. This was both due to higher gross premium written during Q1 2011 and Q4 2010 as well as higher growth in classes of business where the Company has a higher retention. The net commission for the period has increased by Rs.11.3 mn as compared to Rs.2.1 mn for the corresponding period last year. The underwriting result has shown considerable improvement due to an improved claims ratio. The claims ratio fell substantially from 90% in Q1 2010 to 51% in Q1 2011, driving underwriting profit higher by 205% between Q1 2010 and Q1 2011.

This is due to stricter underwriting and exiting from lines of business with higher claims ratios. The claims ratio in Marine increased as compared to the corresponding period last year due to a rise in both the quantum and frequency of claims, particularly with respect to inland transit business as a consequence of the deteriorating law and order situation. Total expenses in the current period were restricted to Rs.31.6 mn despite high inflation in the country through the reporting period.

The client base of the Company includes some of prestigious industry names and is growing rapidly. The Company's real strength is a highly motivated management team. The marketing staff is given challenging and aggressive targets and underwriting processes have also been strengthened.

Your management is planning to do business in market segments that are growing as well as having a potential to generate profits for the Company.

Financial Highlights

The comparative financial highlights of your Company for the quarter ended 31 March 2011 are as follows:

	2011	2010	Variance
	Rupees in thousand		%
Gross Premium Written	124,902	115,217	8.4
Net Premium Revenue	51,259	31,903	60.7
Net Claims including IBNR	(26,388)	(28,768)	(8.3)
Management Expenses	(23,565)	(17,335)	35.9
Net Commission earned	11,318	2,118	434.4
Profit / (loss) from underwriting business	12,624	(12,082)	(204.5)
Investment Income	5,867	4,186	40.2
Gain on disposal of fixed assets	18	53	(66.0)
Other expenses	(8,063)	(5,691)	41.7
Profit / (loss) before Taxation	10,446	(13,534)	(177.2)
Profit / (loss) after Taxation	10,446	(13,534)	(177.2)
Profit / (loss) per share (Rupees)	0.30	(0.39)	

Acknowledgement

The Directors express their sincere appreciation to all the 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. The Directors would also like to thank the employees for their efforts in achieving profitable growth in 2010 and in the first quarter of 2011.

For and on behalf of the Board

Mohammed Basheer Janmohammed
Chairman

Ahmed Salahuddin
MD & Chief Executive Officer

Karachi: 22 April 2011

As at 31 March 2011

Note	(Un-audited) 31 March 2011	(Audited) 31 December 2010

Cash and bank deposits	595	129
Cash and other equivalent	103,127	67,760
Current and other accounts	115,000	150,000
Deposits maturing within 12 months	218,712	217,889
Investments	50,322	50,654

5	50.322	50.654
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Other assets		
Premiums due but unpaid	220,984	248,161
Amounts due from other insurers / reinsurers	115,955	119,653
Accrued interest	5,622	9,958
Reinsurance recoveries against outstanding claims	57,885	53,713
Taxation - payments less provision	15,729	14,649
Deferred commission expense	16,902	20,621
Deferred acquisition costs	34,745	34,547
Prepayments - prepaid reinsurance premium ceded	142,543	136,772
- others	5,406	4,962
	615,381	643,136

Fixed assets	6
Tangible	
Furniture and fixture	500
Office equipment	526
Computer equipment	1,467
Motor vehicles	5,178
Intangible	
Computer software	294
	<u>7,965</u>
	892,380
TOTAL ASSETS	<u>919,927</u>

TOTAL ASSETS	892,380	919,922
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	(Un-audited) 31 March 2011	(Audited) 31 December 2010
Note		

Share capital and reserves		
Authorised share capital [50,000,000 Ordinary shares of Rs. 10/- each]	500,000	500,000
Paid-up share capital [35,000,000 Ordinary shares of Rs. 10/- each]	350,000	350,000
Accumulated loss	(108,717)	(119,163)
	241,283	230,837

Underwriting provisions		
Provision for outstanding claims (including IBNR)		
Provision for premium deficiency	126,821	128,089
Provision for unearned premium	1,301	1,301
Commission income unearned	207,953	220,972
	21,186	23,138
	357,261	373,500
Debitors and accruals		
Amounts due to other insurers / reinsurers	221,853	228,581
Sundry creditors and accruals	66,273	80,993
	288,126	309,574

Borrowings		
Obligation under musharakah agreement	5,515	5,816
Other liability		
Unclaimed dividend	195	195
	<u>892,380</u>	<u>919,922</u>
TOTAL EQUITY AND LIABILITIES		

TOTAL EQUITY AND LIABILITIES	892,380	919,922
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The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Profit and Loss Account

For the quarter ended 31 March 2011

(Unaudited)

	Fire and property	Marine, aviation and transport	Motor	Accident and health	Credit and Surety Ship	Miscellaneous	Quarter ended	
							31 March 2011	31 March 2010
							Aggregate	Aggregate
(Rupees in thousand)								
Revenue account								
Net premium revenue	8,164	5,565	33,370	(713)	1,443	3,430	51,259	31,903
Net claims	(2,519)	(5,698)	(12,399)	(178)	-	(5,594)	(26,388)	(28,768)
	5,645	(133)	20,971	(891)	1,443	(2,164)	24,871	3,135
Management expenses	(6,197)	(4,999)	(5,801)	(864)	(3,726)	(1,978)	(23,565)	(17,335)
Net commission	9,214	2,821	(3,350)	525	803	1,305	11,318	2,118
	3,017	(2,178)	(9,151)	(339)	(2,923)	(673)	(12,247)	(15,217)
Underwriting results	8,662	(2,311)	11,820	(1,230)	(1,480)	(2,837)	12,624	(12,082)
Net investment income							(187)	184
Return on bank balances							6,054	4,002
Gain on disposal of fixed assets							18	53
							18,509	(7,843)
General and administrative expenses							(7,772)	(5,634)
Financial charges							(291)	(57)
Profit / (loss) for the period							10,446	(13,534)
Earnings / (loss) per share - basic and diluted (Rupee)							0.30	(0.39)

The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Changes in Equity

For the quarter ended 31 March 2011
(Unaudited)

	Paid-up share capital	Accumulated loss	Total
	(Rupees in thousand)		
Balance as at 01 January 2010	350,000	(124,190)	225,810
Net loss for the period	-	(13,534)	(13,534)
Balance as at 31 March 2010	350,000	(137,724)	212,276
Balance as at 01 January 2011	350,000	(119,163)	230,837
Net profit for the period	-	10,446	10,446
Balance as at 31 March 2011	350,000	(108,717)	241,283

The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Cash Flows

For the quarter ended 31 March 2011

(Unaudited)

	31 March 2011	31 March 2010
	(Rupees in thousand)	
OPERATING ACTIVITIES		
(a) Underwriting activities		
Premiums received	148,301	182,212
Reinsurance premiums paid	(76,176)	(91,444)
Claims paid	(89,634)	(48,409)
Reinsurance and other recoveries received	57,806	20,630
Commission paid	(11,443)	(14,077)
Commission received	7,678	12,244
Net cash inflow from underwriting activities	36,532	61,156
(b) Other operating activities		
Income tax paid	(1,080)	(996)
General management expenses paid	(41,504)	(13,733)
Operating (payments) / receipts - net	(2,418)	7,826
Bank charges	(26)	(57)
Net cash used in other operating activities	(45,028)	(6,960)
Total cash (used in) / inflow from all operating activities	(8,496)	54,196
INVESTMENT ACTIVITIES		
Profit / return received	10,291	5,184
Dividend received	147	98
Payments for investments	(1)	(234)
Proceeds from redemption/disposal of investments	-	-
Proceeds from disposal of fixed assets	20	90
Fixed capital expenditure	(573)	-
Total cash inflow from investing activities	9,884	5,138
FINANCING ACTIVITIES		
Payments on finance leases	(565)	-
Net cash inflow from all activities	823	59,334
Cash at the beginning of the period	217,889	161,010
Cash at the end of the period	218,712	220,344
Reconciliation to profit and loss account		
Operating cash flows	(8,496)	54,196
Depreciation / amortization	(849)	(432)
Gain on sale of fixed assets	18	53
Financial charges	(265)	-
Investment (loss) / income	(187)	184
Return on bank balances	6,054	4,002
Decrease in assets other than cash	(30,370)	(17,809)
Decrease / (increase) in liabilities	25,748	(60,616)
Decrease in unearned premium	18,793	6,888
Profit / (loss) after taxation	10,446	(13,534)
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 equivalent		
- cash in hand	209	200
- stamps in hand	376	239
	585	439
Current and other accounts		
- current accounts	5,695	7,363
- saving accounts	97,432	22,542
	103,127	29,905
Deposits maturing within 12 months	115,000	190,000
	218,712	220,344

The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Premiums

For the quarter ended 31 March 2011
(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		31 March 2011	Quarter ended 31 March 2010
(Rupees in thousand)										
Direct and facultative										
1. Fire and property	30,218	56,932	50,592	36,558	24,768	43,281	39,655	28,394	8,164	5,157
2. Marine, aviation and transport	14,355	33,047	17,348	30,054	11,162	28,144	14,817	24,489	5,565	2,968
3. Motor	25,872	76,997	66,786	36,083	4,324	17,141	18,752	2,713	33,370	20,189
4. Accident and health	3,439	14,591	12,399	5,631	4,109	14,028	11,793	6,344	(713)	1,048
5. Credit and Surety Ship	47,093	16,682	46,935	16,840	46,211	15,345	46,159	15,397	1,443	2,350
6. Miscellaneous	3,925	22,723	13,893	12,755	1,859	18,833	11,367	9,325	3,430	191
Total	124,902	220,972	207,953	137,921	92,433	136,772	142,543	86,662	51,259	31,903

The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Claims

For the quarter ended 31 March 2011
(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	
		Opening	Closing		Opening	Closing	Opening	Closing		Quarter ended 31 March 2011	Quarter ended 31 March 2010
(Rupees in thousand)											
Direct and facultative											
1. Fire and property	12,988	20,493	27,130	19,625	11,530	17,173	22,749	17,106	2,519	1,813	
2. Marine, aviation and transport	5,570	10,047	17,421	12,944	3,405	6,385	10,226	7,246	5,698	2,158	
3. Motor	27,480	65,255	50,580	12,805	2,511	2,416	311	406	12,399	21,347	
4. Accident and health	247	9,144	9,888	991	197	9,144	9,760	813	178	194	
5. Credit and Surety Ship	-	-	-	-	-	-	-	-	-	-	
6. Miscellaneous	43,349	23,150	21,802	42,001	40,163	18,595	14,839	36,407	5,594	3,256	
Total	89,634	128,089	126,821	88,366	57,806	53,713	57,885	61,978	26,388	28,768	

The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Expenses

For the quarter ended 31 March 2011
(Unaudited)

Business underwritten inside Pakistan

Class	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers *	Underwriting expense	
		Opening	Closing					31 March 2011	31 March 2010
(Rupees in thousand)									
Direct and facultative									
1. Fire and property	4,994	8,711	7,658	6,047	6,197	12,244	15,261	(3,017)	2,177
2. Marine, aviation and transport	2,006	2,473	1,274	3,205	4,999	8,204	6,026	2,178	2,783
3. Motor	2,857	6,280	5,890	3,247	5,801	9,048	(103)	9,151	5,758
4. Accident and health	336	267	520	83	864	947	608	339	1,650
5. Credit and Surety Ship	171	694	429	436	3,726	4,162	1,239	2,923	2,635
6. Miscellaneous	487	2,196	1,131	1,552	1,978	3,530	2,857	673	214
Total	10,851	20,621	16,902	14,570	23,565	38,135	25,888	12,247	15,217

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

The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Interim Condensed Statement of Investment Income

For the quarter ended 31 March 2011
(Unaudited)

	Quarter ended	
	31 March 2011	31 March 2010
	(Rupees in thousand)	
(Loss) / income from investments classified as investments at fair value through profit and loss account		
Net loss on sale / redemption of investments	-	(78)
Net unrealised loss on revaluation of investments	(933)	(164)
Dividend income	147	98
Return on government securities	600	330
	(186)	186
Investment related expenses	(1)	(2)
Net investment (loss) / income	(187)	184

The annexed notes form an integral part of these interim condensed financial statements.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerali
Director

Muhammad Riaz
Director

Ahmed Salahuddin
MD & Chief Executive Officer

Notes to the Interim Condensed Financial Statements

For the quarter ended 31 March 2011

(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. Kayani Road, Karachi. The Company operates with 6 (31 December 2010: 6) 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 2010.

4. CONTINGENCIES

- 4.1 The tax assessment of the Company has been finalised upto and including the tax year 2010. 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 has disallowed certain expenses claimed by the Company and raised a demand of Rs. 3.17 million. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) against the impugned order which is pending adjudication. The management, based on the advice of its tax advisor, is confident of a favourable outcome and accordingly, no provision in this respect has been made in these interim condensed financial statements.

31 March 2011	31 December 2010
(Rupees in thousand)	
(Un-audited)	(Audited)

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

Mutual funds	209	207
Listed shares	12,743	13,677
Government securities	37,370	36,770
	<u>50,322</u>	<u>50,654</u>

	31 March 2011 (Rupees in thousand) (Un-audited)	31 December 2010 (Rupees in thousand) (Audited)
6. FIXED ASSETS		
Opening book value	8,243	3,082
Additions during the quarter / year - at cost	573	9,007
Disposals / adjustment during the quarter / year	(2)	(46)
	<u>8,814</u>	<u>12,043</u>
Depreciation / amortisation for the quarter / year	(849)	(3,800)
Closing book value	<u>7,965</u>	<u>8,243</u>

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:

	31 March 2011 (Rupees in thousand) (Un-audited)	31 March 2010 (Rupees in thousand) (Un-audited)
Transactions for the period		
Premium written	3,168	4,782
Claims expense	29,359	-
Return on bank deposits	1,310	819
Bank charges	80	57
Remuneration of key management personnel	10,879	7,433
Contribution to staff provident fund	848	589

The transaction of related parties are in the normal course of business and basis determined on commercial terms.

	31 March 2011 (Rupees in thousand) (Un-audited)	31 December 2010 (Rupees in thousand) (Audited)
Balances outstanding at quarter / year end		
Bank deposits	103,091	67,724
Premiums due but unpaid	8,978	11,429
Accrued interest	1,310	-

8. SEGMENT REPORTING

	31 March 2011 (Un-audited)			31 December 2010 (Audited)		
	Segment assets	Unallocated assets	Total assets	Segment assets	Unallocated assets	Total assets
	(Rupees in thousand)					
Fire and property	178,069	-	178,069	184,244	-	184,244
Marine, aviation and transport	75,120	-	75,120	87,015	-	87,015
Motor	145,525	-	145,525	156,652	-	156,652
Accident and health	34,845	-	34,845	35,331	-	35,331
Miscellaneous	155,065	-	155,065	150,425	-	150,425
Unallocated	-	303,756	303,756	-	306,255	306,255
Total	588,624	303,756	892,380	613,667	306,255	919,922

9. GENERAL

Figures have been rounded off to the nearest thousand rupees.

10. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors of the Company on 22 April 2011.

Mohammed Basheer Janmohammed
Chairman

Yameen Kerai
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, Main Clifton Road, Karachi. TEL : 021-3565 3394-5,3565 5612-3 & 3563 9712 FAX : 021-3565 4764
Lahore Branch	Mr. Nadeem Qureshi	House # 13/C, Block - K Main Boulevard, Gulberg - II,Lahore. TEL : 042-3575 4154 - 4155 & 4166 FAX : 042-3575 4167
Islamabad Branch	Mr. Muhammed Iftikhar Awan	Office # 16, 4th Floor Malik Complex, 80-West Jinnah Avenue, Blue Area, Islamabad. Tel : 051-287 0613-14, 227 1974, 287 6452 & 287 7020 Fax : 051-287 0621
Multan Branch	Mr. Muhammed Waheed Zafar	Ground floor, Commercial Plaza No. 1 Opp.Civil Hospital, Multan TEL : 061-458 9398 - 99 & 458 6665 FAX : 061-458 5896
Faisalabad Branch	Mr. Sajjad Ali	Ahmed Plaza, 4th Floor Civil Line, Bilal Road Faisalabad. Tel : 041-254 0420-22 Fax : 041-554 0423
Sukkur Branch	Mr. Muhammed Jamshed	Bunder Road, Upper Utility Store, Chacher House Sukkur. Tel : 071-562 7263 Fax : 071-562 7283