PICIC INSURANCE

PICIC Insurance Limited
3rd Floor, Nadir House,
I.I. Chundrigar Road
Karachi.

Tel : 021-32410781
Fax : 021-32410782

Trading and TR

April 28, 2022

Mr. Hafiz Maqsood Munshi,
Senior Manager
Listed Companies Compliance Department - RAD,
Pakistan Stock Exchange Limited,
Stock Exchange Building,
Stock Exchange Road,
Karachi.

Sub: **Independent Auditors' Report for the year ended December 31, 2021**

Ref: **PSX/Gen-840 dated April 22, 2022**

Dear Sir,

We refer your above letter, wherein you have asked us to comment on the adverse opinion given by the auditors. We have to state as follows.

1. The company (PICIC) being an insurance company was having difficulty in meeting the stringent regulatory requirements such as paid up capital, solvency, under the Insurance Ordinance 2000. As such the Board of Directors decided to surrender the company's insurance license and merge the company with Crescent Star Foods (Pvt.) Limited (CSF) whereby CSF will merge with and into the company. PICIC being the surviving entity.
2. The Scheme of Arrangement was approved by the EOGM held on July 06, 2017.
3. As per merger petition, the principle line of business of the company will change, currently Insurance to FMCG.
4. The merger petition which was delayed due to suspension of all Court proceedings due to Covid, is in the final stages of hearing now and we expect the Court to sanction the merger very soon.
5. The company will resume FMCG operations as well as unfold other business plans as soon as the merger is sanctioned which will enable the auditors to remove the adverse opinion.

The management is making all efforts for an early sanction of the merger by the High Court enabling the company to start operations and thereby rectification of PSX Regulation 5.11.1(b)

Thanking you for your cooperation.

Best regards,

Moiz Ali
Managing Director / CEO

28/4/22