



**asiaINSURANCE**

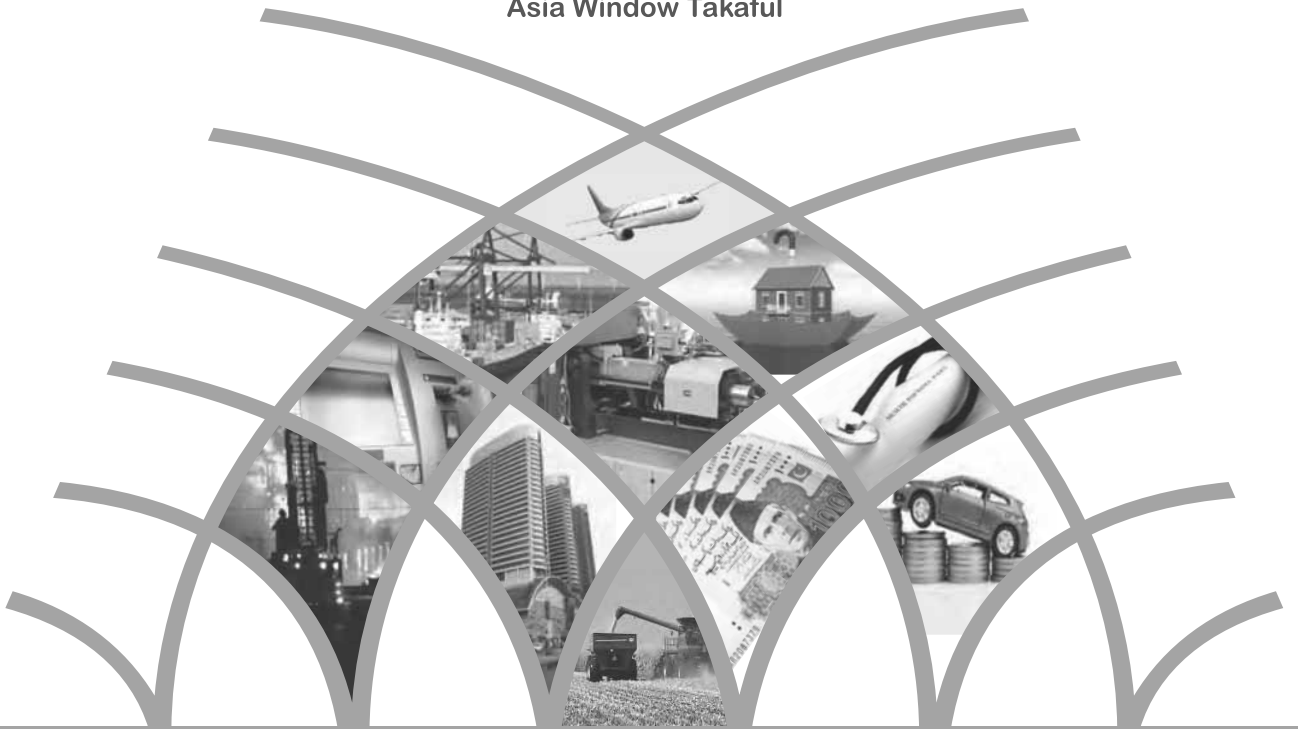
We've got You covered

company Ltd.

# Annual Report 2015



Asia Window Takaful





**asiaINSURANCE**  
We've got You covered company Ltd.

**ANNUAL REPORT  
2015**



**asiaINSURANCE**  
We've got You covered company Ltd.



Asia Window Takaful

## TABLE OF CONTENTS

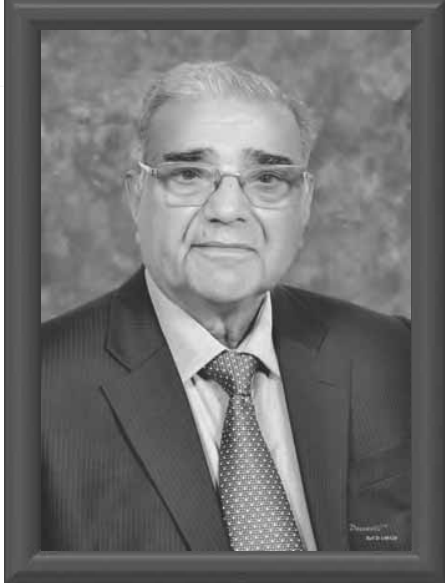
Chairman Message	1
Vision / Mission Statement	2
Company Information	3
Audit Committee	4
Management	5
Organogram	6
Statement of Ethic	7
Statement of business practice	8
Product Conventional Insurance Business	9
Product & Services B-Takaful Business	10
Financial Heights	11-12
Pattern of Shares Holding	13-14
Notice of Annual General Meeting	15-19
Director's Report to the Share Holders	20-26
Statement under section 46 (6)	27
Statement of Compliance with The Code of Corporate Governance	28-29
Review Report to the Members	30
Auditors' Report to the Members	31
Balance Sheet	32-33
Profit and Loss Account	34
Statement of Comprehensive Income	35
Statement of Changes in Equity	36
Statement of Cash Flow	37-38
Statement of Premium	39
Statement of Claim	40
Statement of Expenses	41
Statement of Investment Income	42
Notes to the Accounts	43-64

### **Window Takaful Operations**

Shariah Advisors Report	67
Shariah Auditors Report	68
Auditors' Report to the Members	69
Balance Sheet	70-71
Profit and Loss Account	72
Statement of Comprehensive Income	73
Statement of Changes in Funds	74
Statement of Cash Flows	75-76
Statement of Contributions	77
Statement of Claims	78
Statement of Expenses	79
Statement of Investment Income	80
Notes to the Accounts	81-91
Branch Network	92



## CHAIRMAN'S MESSAGE



It is of great pleasure for me to announce that your Company has made a significant improvement in 2015. Its gross premium income increased by Rs. 145.39 million representing 48% increase from previous year. The underwriting results show a growth of Rs. 65.72 million representing 109% increase from previous year. The profit before tax has increased by Rs. 33.68 million representing 57% increase from previous year. I am happy to mention that our journey of progress and accomplishments is continuing despite economic challenges faced by the country in 2015. This significant improvement in business and operations of the Company would not have been possible without the untiring hard work of the field force, back office staff and

professional management of the Company. I am confident that the Company's spirited manpower will continue their hard work to increase the market share of your Company to a well-deserved level commensurate with its peers. The new business strategy for 2016-17 approved by your Board of Directors is aimed at growth and expansion in leaps and bounds. The budgeted growth of 61% in business revenue is bound to encourage all stake holders of the Company including its employees, management, shareholders and its valued client. Under the able guidance of its illustrious Board of Directors, the management and staff of Asia insurance Company will continue to remain committed to their vision, mission and core values. Your Company will continue to capitalize the new opportunities and the development of new products and services to achieve the fulfillment of its insurance potential. In addition to our dedicated staff and management, I would like to also thank Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Members of Pakistan Banking Council, our Auditors, brokers and above all our valued clients for their continued support and confidence in us.

A handwritten signature in black ink, appearing to read 'Khalid Rashid', written over a light-colored background.

Chairman  
Khalid Rashid





## Our Vision

Asia Insurance Company Limited aims to be an ideal Insurance company with a large equity base; to provide more opportunities and options for utilization of funds and to increase profitability through economies of scale, better resource mobilization and reduction in operational cost; to achieve this while providing better service to our clients and stakeholders.

## Our Mission

Provide excellent services by way of best risk management and hassle-free settlement of claims through a nation-wide network of branches manned by a sound and dynamic team to ensure good governance.



## Core Value

Dedication towards customer services, motivated personnel, reward them and enhance their skills, Contribute towards Company's financial goals and focus on achieving results, Commitment towards excellence in quality of work.



## COMPANY INFORMATION

### Chairman

Mr. Khalid Rashid  
(Over 40 Year Experience in Insurance Industry)

### Chief Executive

Mr. Ihtsham ul Haq Qureshi  
(Prince Henrik Medal of Honour by Royal Kingdom of Denmark)

### Directors

Mr. Khawaja Suhail Iftikhar  
(Former General Manager of PIA)  
Mr. Ihtsham ul Haq Qureshi  
(Prince Henrik Medal of Honour by Royal Kingdom of Denmark)  
Mrs. Nosheen Ihtsham Qureshi  
(Tamgha-e-Imtiaz by Government of Pakistan)  
Mr. Aisam ul Haq Qureshi  
(Pride of Performance Award by President of Pakistan, Arthur Ashe Humanitarian of the Year 2002, Award by ATP Tour USA, Sitara-e-Imtiaz by Government of Pakistan)  
Mr. Zain ul Haq Qureshi  
Mr. Khalid Rashid  
(Over 40 Year Experience in Insurance Industry)  
Mr. Shahid Perviaz Noor  
(Former General Manager of Pakistan Telecom Corporation Authority)

### Audit Committee

Mr. Shahid Perviaz Noor (Chairman)  
Mr. Zain ul Haq Qureshi (Member)  
Mr. Khawaja Suhail Iftikhar (Member)  
Mrs. Nosheen Ihtsham Qureshi (Member)  
Mr. Tahir Farzand (Secretary)

### Legal Advisor

Barister Munawar-us-Salam,  
Cornelius, Lane & Mufti,  
Advocates and Solicitors,  
Nawa-e-Waqt Building,  
4-Shahra-e-Fatima Jinnah, Lahore.

### Sharia Advisor

Mufti Mhuammad Farhan

### Share Registrar

Corplink (Pvt.) Limited,  
Wings Arcade, 1-K,  
Model Town, Lahore.

### Company Secretary/CFO

Mr. Muhammad Ali Raza (ACA)

### Internal Auditor

Mr. Tahir Farzand (ACCA) (CIA)

### Auditors

Ilyas Saeed & Company  
Chartered Accountants.

The company has formulated following committees as required by the code of Corporate Governance for Insurance Companies (Listed).

**AUDIT COMMITTEE:**

Mr. Shahid Pervez Noor (Chairman)  
Mr. Zain ul Haq Qureshi  
Mrs. Nosheen Ihtsham Qureshi  
Mr. Khawaja Suhail Iftikhar  
Mr. Tahir Farzand (Secretary)

**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

Mrs. Nosheen Ihtsham Qureshi (Chairperson)  
Mr. Aisam ul Haq Qureshi  
Mr. Ihtsham ul Haq Qureshi  
Mr. Shahbaz Hameed (Secretary)

**INVESTMENT COMMITTEE**

Mr. Ihtsham ul Haq Qureshi (Chairman)  
Mr. Zain ul Haq Qureshi  
Mr. Muhammad Ali Raza (Secretary)

**UNDERWRITING COMMITTEE**

Mr. Khalid Rashid (Chairman)  
Mr. Zain ul Haq Qureshi  
Mr. Mustjab Ahmed  
Mr. Amjad Rao (Secretary)

**CLAIM SETTLEMENT COMMITTEE**

Mr. Khawaja Suhail Iftikhar (Chairman)  
Mrs. Nosheen Ihtsham Qureshi  
Mr. Muhammad Asif (Secretary)

**REINSURANCE COMMITTEE**

Mr. Khalid Rashid (Chairman)  
Mr. Zain ul Haq Qureshi  
Mr. Muhammad Masood (Secretary)



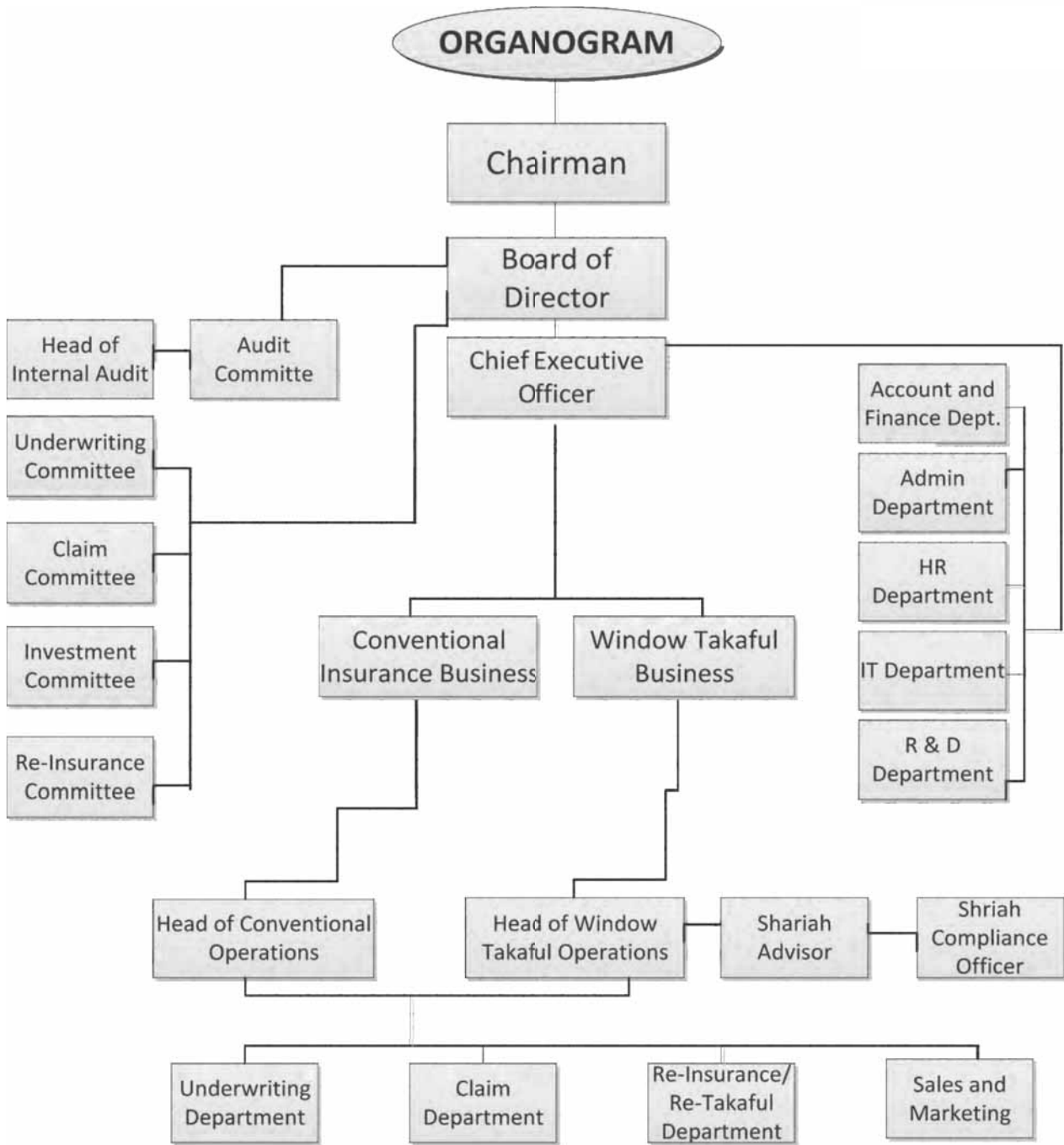
## MANAGEMENT

<b>Mr. Ihtsham ul Haq Qureshi</b>	Chief Executive Officer
<b>Mr. Zain ul Haq Qureshi</b>	Executive Director
<b>Mr. Muhammad Ali Raza</b>	Chief Financial Officer
<b>Mr. Tahir Hussain Qureshi</b>	Senior Executive Vice President
<b>Mr. Salman Mir</b>	Executive Vice President
<b>Mr. Shahbaz Hameed</b>	Assistant General Manager HR
<b>Mr. Gulfaraz Anis</b>	Assistant General Manager IT
<b>Mr. Amjad Rao</b>	Head of Takaful
<b>Mr. Tahir Farzand</b>	Internal Auditor
<b>Mr. Imran Qureshi</b>	Head of Crops & Live Stock
<b>Mr. Younas Khan</b>	Sr. Manager Travel Insurance
<b>Mr. Mustjab Ahmed</b>	Manager Underwriting
<b>Mr. Muhammad Masood</b>	Manager Reinsurance
<b>Mr. Muhammad Asif</b>	Manager Claims

**Registered & Head Office:** Asia House, 19 C/D, Block-L,  
Gulberg III, Main Ferozpur Road, Lahore  
Phone: +92-42-35865575-78  
Fax : +92-42-35865579  
UAN: 0311-111-ASIA (2742)









## STATEMENT OF ETHICS:

All Directors and staff are required to:

- Act with integrity, dignity and in an ethical manner when dealing with the public, clients and peers.
- Protect the confidentiality of client information at all times except where required by law to disclose it.
- Protect the confidentiality of information relating to the Company both during the course of Directorship or employment (as the case may be) and after its' termination (regardless of reason).
- Obtain written permission from the Company's Compliance Officer (or the Chief Executive Officer in the event that the Compliance Officer is Unavailable) to hold any position (paid or unpaid) with any outside party, firm or organization. For clarity, positions covered include but are not limited to consultant, employee, Director, representative and agent. Directors are exempt from the requirement.
- Maintain accurate records of business transactions related to the Company or its clients.
- Report any business or professional activity that may result in a conflict with or be competitive with the interest of the Company.
- Report any person or activity to the Compliance Officer or their opinion is in violation of this statement.
- Disclose their shareholding in the Company's securities upon agreement and any changes in shareholding within 24 hours of any such change.
- Every Director and employee who has knowledge of confidential material information of the Company's affairs is prohibited from trading in shares of the Company.

## STATEMENT OF BUSINESS PRACTICES

- **Uncompromising Integrity:**

Our business is founded on trust and we manage it ethically, lawfully and fairly. It is our objective to conduct business with reputable clients and business partners who are involved in lawful business activities. We do not facilitate money laundering.

- **Clients' Interest:**

Nothing we do is more important than shielding and preserving our clients' lawful interests. We hold responsibilities towards our clients in the highest regard.

- **Entrepreneurship:**

We work hard every day to hire the best people, stimulate them, reward them and endorse them to innovate. We are an equal opportunity employer.

- **Zeal for Performance:**

We contribute towards our Company's financial goals and focus on achieving better results.

- **A Culture of Distinction:**

We measure our performance on every task we undertake not just by the results but also by the quality of our work.

- **A Tradition of Success:**

While we are fair and ethical at all times, we compete fairly with the quality and the price of our innovative products and services, not by offering improper benefits to others. Employees are not permitted to use their jobs to solicit, to demand, accept, obtain or be promised advantages.



## PRODUCTS AND SERVICES

### A.CONVENTIONAL INSURANCE BUSINESS

- **Motor Insurance**

We offer complete Auto Insurance plans for both individuals and corporate clients, covering theft, snatching, armed hold up, accidental damage, third party liability and terrorism. This is backed up with the liberty to have your vehicle repaired at the workshop of your own choice.



- **Property Insurance**

This covers insurance for factories, offices and homes and coverage against fire/lightning and allied perils like Impact damage, Storms, Earthquakes Rain/Flood damage, Riot & Strike damage, Burglary and Malicious damage.



- **Marine Insurance**

Covers imports exports of consignments, loss or damage of cargo during transit by air, sea and rail/road. It also covers dispatch of finished goods from the insured's factory to anywhere within and outside Pakistan.



- **Agriculture Insurance**

We provide insurance coverage against agriculture loans disbursed by banks, which cover insurance of crops and livestock, as well as farm implements like tractors and harvesters.



- **Travel Insurance**

We provide bank guarantees for travel agents and travel insurance service for our corporate clients, individuals, students and special packages for Hajj and Ummrah tour operators and groups. Our travel insurance policies are approved for travel around the world, including the Schengen States.



- **Miscellaneous Insurance**

We also provide customized insurance solutions for our corporate clients, the covers range from the insurance of engineering projects to electrical equipment and machinery breakdown, contractor all risks, erection all risk, bonds and guarantees.



- **Health Insurance**

We provide health insurance services to corporate employees and their family to safe guard against injuries and accidents in the course of daily life. We are also providing personal accident insurance for individuals and special policy for school going children.



## PRODUCTS AND SERVICES

### b. TAKAFUL BUSINESS:

- **Motor Takaful**

We offer complete Auto Takaful plans for both individuals and corporate clients, covering theft, snatching, armed hold up, accidental damage, third party liability and terrorism. This is backed up with the liberty to have your vehicle repaired at the workshop of your own choice.



- **Property Takaful**

Property Takaful covers factories, offices and homes and provide coverage against fire & lightning and allied perils like Riot & Strike Damage, Malicious Damages, Atmospheric Disturbance, Earthquakes Rain/Flood damage, Burglary, Impact damage, Standard Explosion, Aircraft damage.



- **Marine Takaful**

Covers imports exports of consignments, loss or damage of cargo during transit by air, sea and rail/road. It also covers dispatch of finished goods from the participant's factory to anywhere within and outside Pakistan.



- **Miscellaneous Takaful**

We also provide customized takaful solutions for our corporate clients, the covers range from the takaful of engineering projects to electrical equipment and machinery breakdown, contractor all risks, erection all risk, money takaful, plate glass.



- **Health Takaful**

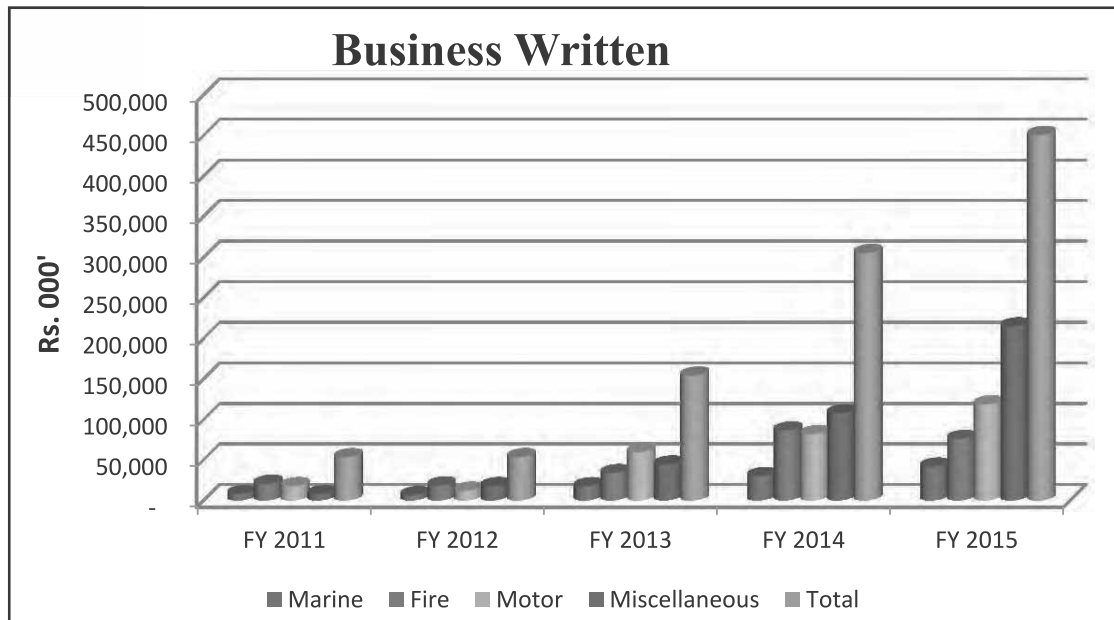
We provide health takaful services to corporate employees and their family to safe guard against injuries and accidents in the course of daily life. We are also providing personal accident takaful for individuals.



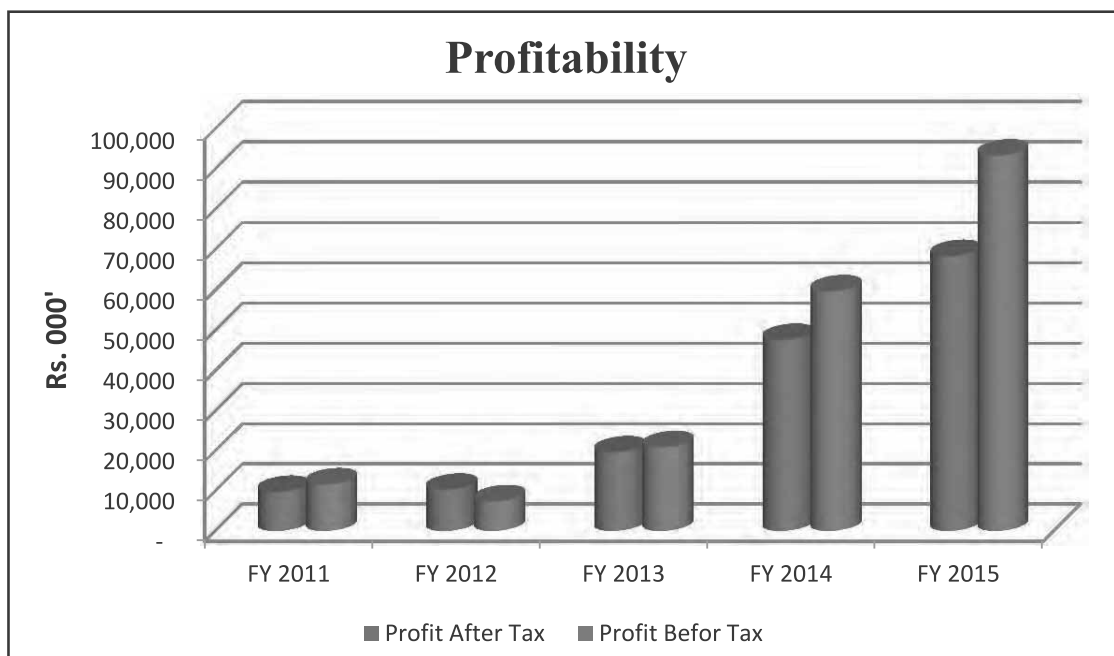
## FINANCIAL HIGHLIGHTS

### Five Year's Performance at a glance (Graphical Presentation)

(Rupees in Thousand)



Robust growth of Gross Premium Written continued for the third consecutive year. The company's consistent growth stamps the credibility of the Company among its customers and shows the bright future of the Company.

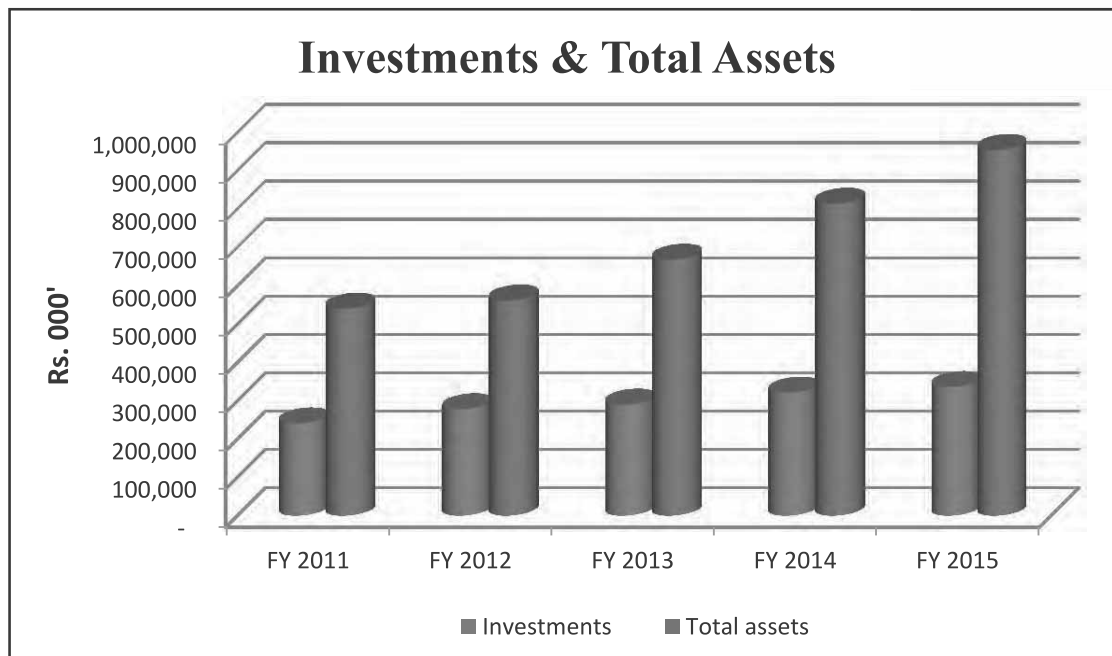


Consistent growth in profitability despite the fact that company has expanded its branch network reflects management's best utilization of resources to generate benefits for all stakeholders specially shareholders.

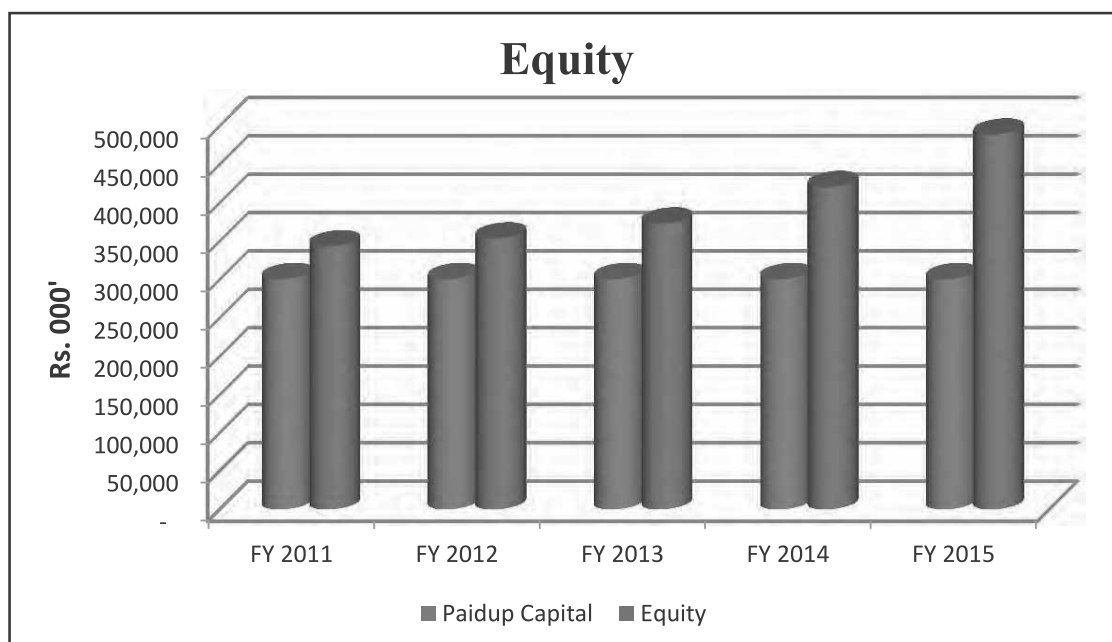
## FINANCIAL HIGHLIGHTS

### Five Year's Performance at a glance (Graphical Presentation)

(Rupees in Thousand)



Healthier increase in Total assets over 5 years shows company's prudent policies regarding safety of shareholders' investments along with growth.



Consistent hard work and diligent business strategy adopted by the Company's management resulted in persistent growth in the value of shareholder's wealth.



## PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2015

No. of Shareholders	Shareholdings		Total shares held
	From	To	
26	1	100	278
10	101	500	3,750
2	501	1,000	2,250
5	1,001	5,000	9,797
1	20,001	25,000	24,480
1	245,001	250,000	246,000
1	625,001	630,000	628,000
1	1,195,001	1,200,000	1,200,000
1	1,555,001	1,560,000	1,556,498
1	9,040,001	9,045,000	9,043,898
1	17,285,001	17,290,000	17,285,049
<b>50</b>			<b>30,000,000</b>

Categories of shareholders	Shares held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	29,335,692	97.7856%
Insurance Companies (Pakistan Reinsurance Company Limited)	24,480	0.0816%
Share holders holding 10% or more	26,328,947	87.7632%
General Public		
- Local	639,828	2.1328%
- Foreign	-	-

Sr. No.	Name	Holding	%age
1	Mr. Ihtsham ul Haq Qureshi	26,328,947	87.7632%
2	Mr. Aisam ul Haq Qureshi	1,556,498	5.1883%
3	Mr. Zain ul Haq Qureshi	1,202,123	4.0071%
4	Mrs. Nosheen Ihtsham Qureshi	246,000	0.8200%
5	Mr. Khawaja Suhail Iftikhar	1,124	0.0037%
6	Mr. Khalid Rasheed	500	0.0017%
7	Mr. Shahid Pervez Noor	500	0.0017%
		<b>29,335,692</b>	<b>97.7857%</b>





## PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2015

### Insurance Companies

Sr. No.	Name	Holding	%age
1	Pakistan Reinsurance Company Limited	24,480	0.0816%

### General Public

Shares Held By The General Public	639,828	2.1328%
-----------------------------------	---------	---------

### Shareholders Holding 5% or More of Total Capital

Sr. No.	Name	Holding	%age
1	Mr. Ihtsham ul Haq Qureshi	26,328,947	87.7632%
2	Mr. Aisam ul Haq Qureshi	1,556,498	5.1883%

During the financial year the trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children is Nil.

Key operating and financial data for the last six years are as follows:

Particulars	2015	2014	2013	2012	2011	2010
	<b>Rupees in Thousand</b>					
<b>Paid-up Capital</b>	300,000	300,000	300,000	300,000	300,000	250,000
<b>Total Assets</b>	952,689	812,950	666,687	560,422	539,269	456,013
<b>Equity</b>	488,142	419,817	372,304	352,763	342,583	282,918
<b>Cash and Bank Deposits</b>	70,764	53,813	49,162	62,903	159,876	163,401
<b>Gross Premium</b>	450,173	304,784	154,004	53,083	53,021	46,056
<b>Net Premium Revenue</b>	347,054	190,975	70,332	29,301	33,704	29,451
<b>Gross Claim Paid</b>	87,142	57,654	37,229	16,765	13,948	17,761
<b>Net Claim Expense</b>	64,193	41,954	24,625	10,136	10,916	7,474
<b>Under Writing Profit/(Loss)</b>	125,980	60,260	9,079	(3,585)	334	4,101
<b>Profit Before Tax</b>	93,261	59,581	20,830	7,301	11,545	9,043
<b>Profit After Tax</b>	68,325	47,513	19,541	10,180	9,665	4,461
<b>Investment Income</b>	12,926	33,354	37,794	28,903	24,319	21,108
<b>Earnings Per Share (Rs.)</b>	2.28	1.58	0.651	0.339	0.35	0.199



## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 35<sup>th</sup> Annual General Meeting “AGM” of the members of the Asia Insurance Company Limited (the “Company”) shall be held on Saturday, the April 30, 2016, at 11:00 AM at 19 C/D, Block L, Gulberg III, Lahore, to transact the following business:

### ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on April 30, 2015.
2. To receive, consider, and adopt the Audited Annual Accounts of the Company for the year ended December 31, 2015 together with Directors' and Auditors' report thereon.
3. To consider and approve as recommended by the Board of Directors to issue bonus shares @ 20% in proportion of 20 shares for every 100 shares held by the Company's members.
4. To appoint auditors of the Company and fix their remuneration for the year ending December 31, 2016. M/s Ilyas Saeed & Co., Chartered Accountants have retired and offered themselves for re-appointment. The audit committee has recommended M/s Ilyas Saeed & Co., Chartered Accountants for appointment as auditors for the year ended December 31, 2016

### SPECIAL BUSINESS

5. To amend Articles No. 28, 40, 44 and 76 of the Articles of Association of the Company by passing special resolution with or without modification:

“Resolved that Articles No. 28, 40, 44 and 76 of the Articles of Association of the Company be and are hereby amended to be read as follows:

28. Ten (10) members present in person representing not less than twenty five percent (25%) of the total voting power, either of their own account or as proxies, shall be a quorum for a general meeting. Furthermore, the Company may provide video conference facility to its members for attending general meeting at places other than the town in which general meeting is taking place after consideration the geographical disposal of its members, provided that if members, collectively holding ten percent (10%) or more shareholding residing at a geographical location, provided their consent to participate in the meeting through video conference at least ten (10) days prior to date of meeting, the Company shall arrange video conference facility in that city subject to availability of such facility in that city.

40. A person can be appointed as proxy and shall be qualified to vote even if he/she is not a member. Moreover, a corporation or a company being a member of the Company may by a resolution of the Directors authorize any of its officials or any other person to act as its representative at any meeting of the Company. Subject to the provisions of these Articles. An agent duly authorized under a power of attorney shall be entitled to be present and vote on behalf of his / her appointer notwithstanding that such agent may not be a member of the Company. A member may exercise his / her vote at a meeting by electronic means in the manner provided in the Ordinance or Rules or Regulations made thereunder be entitled.

44. An instrument appointing a proxy may be in the following form, or in any other form which the Directors shall approve:

ASIA INSURANCE COMPANY LIMITED

**Option 1**

**Appointing other person a Proxy**

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member of Asia Insurance Company Limited and holder of \_\_\_\_\_ (number of shares) Ordinary Shares as per Registered Folio No. \_\_\_\_\_ hereby appoint Mr./ Ms. \_\_\_\_\_ of \_\_\_\_\_ or failing whom Mr./ Ms. \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the (annual, extraordinary general meeting as the case may be) of the Company to be held on \_\_\_\_\_ and at any adjourned thereof.

Signed under my/our this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_.

\_\_\_\_\_  
Signature should agree  
With the specimen signature  
Registered with the Company

Signed in presence of:

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Witness

**Option 2**

**E-voting as per The Companies (E-voting) Regulations, 2016**

I/We, \_\_\_\_\_ Of \_\_\_\_\_ being a member of Asia Insurance Company Limited and holder of, \_\_\_\_\_ (number of shares) Ordinary Shares as per Registered Folio No. \_\_\_\_\_, hereby appoint for e-voting through intermediary and hereby consent the appointment of execution officer \_\_\_\_\_ as proxy and will exercise e-voting as per the Companies (E-voting) Regulations, 2016 and hereby demand for poll for resolution.

My secured email address is \_\_\_\_\_ Please send login details, password and electronic signature through email.

\_\_\_\_\_  
Signature should agree  
With the specimen signature  
Registered with the Company

Signed in presence of:

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature of Witness

76. A resolution passed without any meeting of Directors or of a Committee of Directors appointed under the Articles and evidenced in writing under the hands of majority of the Directors or members of the Committee for the time being in Pakistan, as the case may be, shall be as valid and effectual as a resolution duly passed at a meeting of the Directors or of such Committee called and held in accordance with the provisions of these Articles: Provided that in case one-third (1/3<sup>rd</sup>) of the total number of directors of the Company require that any resolution under circular resolution must be decided at a board meeting in person, the Chairman shall put the resolution to be decided at a meeting of the Board.”

“Resolved further that the Managing Director of the Company be and is hereby authorized and empowered to do or cause to be done all acts, deeds and things that may be necessary to give effect to these resolutions.”

6. To approve capitalization for the issue of Bonus Shares (B-01) and to pass with or without modification the following resolutions as Ordinary Resolutions:-

“Resolved that;

- a. the sum of Rs. 60,000,000/- out of the profits available for appropriation as at December 31, 2015, be capitalized and adopted to the issue of ordinary shares of Rs. 10/- each allotted as fully paid Bonus Shares (B-01) @ 20% in the proportion of 20 share for every 100 shares held to Company's members whose names appear on the register of members as at close of business on April 23, 2016.
  - b. the Bonus shares shall rank pari passu in all respects with the existing shares.
  - c. the members entitled to fraction of their share(s) shall be given sale proceeds of their fractional entitlement, for which purpose the fraction(s) shall be consolidated into whole share and sold in the stock market.
  - d. the Company Secretary be and is hereby authorized and empowered to give effect to these resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of Bonus Shares.”
7. Any other business to conduct with the permission of the Chair.

Lahore  
April 08, 2015

By order of the Board

Muhammad Ali Raza  
Company Secretary



## NOTES:

1. The financial statements and reports have been placed on the website of the Company [www.asiainsurance.com.pk](http://www.asiainsurance.com.pk)
2. The Share Transfer Books of the Company will remain closed from April 24, 2016 to April 30, 2016 (both days inclusive). Transfers received to our Shares Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore, by the close of business on April 23, 2016 will be treated as being in time for the purpose to determine entitlement to Bonus Shares and to attend the meeting.
3. In pursuance with the Securities & Exchange Commission of Pakistan (SECP) notification No. SRO 779(1)/2011 dated August 18, 2011 and SRO. 831 (1)/2012 dated July 05, 2012, the shareholders possessing physical shareholdings are requested to immediately send a copy of their Computerized National Identity Card (CNIC) to our Share Registrar, M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore. In case of non-receipt of the copy of valid CNIC and non-compliance of the above requirement, the Company will be constrained to withhold dispatch of Bonus Shares to such shareholders. Corporate entities are also requested to submit their NTN at the address of our Registrar as given above.
4. A shareholder entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
5. Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:
  - A. For Attending the Meeting
    - i) In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.
    - ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting
  - B. For Appointing Proxies
    - i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
    - ii. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
    - iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
    - iv. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
    - v. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company



6. The shareholders are requested to immediately notify change, if any, in their mailing addresses and also supply a copy of their CNIC to our Shares Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore.
7. The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' report and director's report along with notice of Annual General Meeting to its members through e-mail. Members who wish to avail this facility can give their consent through email to Company Secretary for this purpose together with their email addresses. The email address of the Company Secretary is ali.raza@asiainsurance.com.pk
8. It is informed that pursuant to the provisions of Finance Act 2015, effective from July 1, 2015 a new criteria for withholding tax on dividend income has been introduced by FBR, as per the criteria, "Filer" and "Non-Filer" shareholders shall pay tax on dividend @ 12.5% and 17.5% respectively.

Statement under Section 160(1)(b) of the Companies Ordinance 1984.

This statement sets out the material facts pertaining to the special business to be transacted in the Annual General Meeting of the Company to be held on April 30, 2016.

1. Amendment of Articles No. 28, 40, 44 and 76 in the Articles of Association. Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association which will give the members option to be part of the decision making in the general meeting of the Company through electronic means.
2. Bonus issue will be governed by rules and regulations. The Directors being satisfied with the reserves and profits of the Company as at December 31, 2015 have recommended issue of Bonus Shares.
3. The directors are not interested, directly or indirectly, in the above businesses except to the extent of their investment as has been detailed in the pattern of Shareholding annexed to the Directors' Report.
4. Original and amended copies of the Articles of Association have been kept at the Registered Office of the Company which can be inspected on any working day during usual business hour till the date of Annual General Meeting.

## DIRECTOR'S REPORT

For the year ended December 31, 2015

### Dear Shareholders!

The Directors of Asia Insurance Company Limited take pleasure in presenting the annual report of your company, together with the audited financial statements for the year ended December 31, 2015.

### Business Overview

The Company continued its growth pattern in 2015 despite the challenges faced by the general insurance industry due to slow economic growth, International economic crisis, war on terror and concerns over security situation and power outages in Pakistan. Asia Insurance Company has continued taking long strides towards improvement in overall operations and recorded a growth of 48% in Gross Premium Written during the current year, consequently the underwriting results have improved by 109%.

The Company posted a healthy profit before tax of Rs. 93.26 Million which shows a growth of 57% as compared to last year. This growth rate is expected to prevail in 2016.

The Company has been granted Window Takaful Operation through License No.10 on August 13, 2015, by Securities and Exchange Commission of Pakistan under Window Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan.

### Financial Results

Following is the overall performance of the Company for the year ended December 31, 2015.

	2015	2014
Gross Premium	450,173,622	304,784,369
Profit for the year before tax	93,261,014	59,580,566
<u>Taxation:</u>		
Current	25,724,303	8,266,081
Deferred	415,047	3,645,483
Prior years	(1,202,900)	156,318
	24,936,450	12,067,882
Profit for the year after tax	68,324,564	47,512,684
Un-appropriated profit brought forward	117,317,042	69,804,358
Un-appropriated profit carried forward	<b>185,641,606</b>	<b>117,317,042</b>

### Dividend

With immense pleasure on behalf of the board, I would like to announce a bonus dividend of 20 shares per 100 paid shares in issue.



## DIRECTOR'S REPORT

### Earnings per Share

Earning per Share is Rs. 2.28 (2014: 1.58). Earning per share has increased 44% as compared to the previous year due to stellar performance of underwriting supported by healthy performance of underlying investments.

### Construction of Head Office Building

The construction of Head Office building of your company is in process and will be completed INSHA ALLAH by the end of June 2016.

### Paid up capital

The Company increased its Authorized Capital from Rs. 300 million to Rs. 500 million during the previous financial year 2014 and is in compliance with capital requirements of the Insurance Ordinance, 2000 and directives of Securities and Exchange Commission of Pakistan. This shows the willingness, commitment and interest of your Company's Directors for the growth, development and prosperity of the company.

### Insurer Financial Rating Strength

The Pakistan Credit Rating Agency Limited (PACRA) has maintained your company's IFS rating at "A-" which denotes strong capacity to meet policyholders and contract obligations.

### Committees

The Board in compliance with the Code of Corporate Governance has established an Audit Committee and Human Resource & Remuneration Committee.

### Audit Committee

The Audit Committee assists the Board in discharging its responsibilities for corporate control. The Composition and attendance in meetings by each member of the Audit Committee is as follows:

Names	Designation	Meetings Held	Meetings Attended
Mr. Shahid Pervez Noor	Chairman	5	5
Mrs. Nosheen Ihtsham Qureshi	Member	5	2
Mr. Khawaja Suhail Iftikhar	Member	5	5
Mr. Zain ul Haq Qureshi	Member	5	4



## DIRECTOR'S REPORT

### Human Resource & Remuneration Committee

During the year 2015 following meetings of the Human Resource & Remuneration Committee were held and attended by the members as below:

Names	Designation	Meetings Held	Meetings Attended
Mrs. Nosheen Ihtsham Qureshi	Chairperson	4	4
Mr. Aisam ul Haq Qureshi	Member	4	1
Mr. Ihtsham ul Haq Qureshi	Member	4	4
Mr. Shahbaz Hameed	Member	4	4

### Branch Network

Your company is fully aware of the fact that the network of feasible and profitable branches must be established in as many cities of Pakistan as possible. Our aims and objectives of opening branches are to provide excellent services to our esteemed clients and prompt settlement of claims besides ensuring ultimate profitability for the shareholders through prudent underwriting and cost efficiency.

### Statement of Investment of Provident Fund

The company operates approved provident fund scheme covering all its permanent employees. The investment balances are as follows:

Particulars	December 31, 2015 Rupees	December 31, 2014 Rupees
Investment	8,215,440	5,214,082

### Director Training Program

As per the requirements of the Code of Corporate Governance, Mr. Shahid Pervez Noor and Mr. Khawaja Suhail Iftikhar have attended the Directors Training Program from the University of Lahore.

### Board Meetings

During the year 2015 following meetings of the Board of Directors were held and attended by the Directors as below:

Name of Directors	Meetings Held	Meetings Attended
Mr. Ihtsham ul Haq Qureshi	4	4
Mrs. Nosheen Ihtsham Qureshi	4	3
Mr. Aisam ul Haq Qureshi	4	1
Mr. Zain ul Haq Qureshi	4	3
Mr. Khalid Rashid	4	4
Mr. Khawaja Suhail Iftikhar	4	4
Mr. Shahid Pervez Noor	4	4

Leave of absence was granted to those Directors who could not attend the Board Meeting.



## DIRECTOR'S REPORT

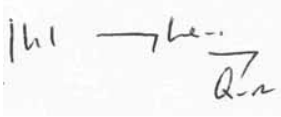
Further the Directors in their meeting held on April 05, 2016 passed the following resolution;

“Resolved that an amount of Rs. 100,000 per month be approved as monthly remuneration along with fuel limit of Rs. 50,000/- claimable on actual basis, for the period from January 01, 2016 to December 31, 2016 and any increment during the year according to company's Human Resource policy to be paid to Mr. Zain ul Haq Qureshi along with company maintained car.”

### Auditors

The present Auditors M/s. Ilyas Saeed & Company, Chartered Accountants, have completed their assignment for the year ended December 31, 2015 and shall retire on the conclusion of 35<sup>th</sup> Annual General Meeting. In accordance with the Code of Corporate Governance, the Audit Committee considered and recommended the appointment of M/s. Ilyas Saeed & Company Chartered Accountants auditors for the year ending December 31, 2016 and the Board of Directors also endorsed the recommendations of the Audit Committee.

Pattern of shareholding is attached with this report.



IHTSHAM UL HAQ QURESHI  
CHIEF EXECUTIVE

سال 2015 کے دوران بورڈ آف ڈائریکٹرز کی منعقدہ میٹنگز اور شرکت کی تفصیلات درج ذیل ہیں

نام	منعقدہ میٹنگز	میٹنگز میں حاضری / شرکت
جناب ہتھام الحق قریشی	4	4
محترمہ نوشین احتشام قریشی	4	3
جناب عصام الحق قریشی	4	1
جناب ذین الحق قریشی	4	3
جناب خالد راشد	4	4
جناب خواجہ سہیل افتخار	4	4
جناب شاہد پرویز نور	4	4

جو ڈائریکٹرز غیر حاضر رہے انکی غیر حاضری کی درخواستیں منظور کی گئیں

اس کے علاوہ میٹنگ منعقدہ 05 اپریل 2016 کو درج ذیل قرارداد منظور کی گئی۔

مدت 01 جنوری 2016 تا 31 دسمبر 2016 تک 100000 روپے ماہوار تنخواہ کیساتھ اصل بنیادوں پر حد 50,000 روپے بطور ایندھن کے معاوضے کی منظوری کی جاتی ہے اور اس سال کے دوران ہیومن ریسورس کی پالیسی کے مطابق اضافہ کیساتھ کمپنی کی گاڑی جناب ذین الحق قریشی کو فراہم کی جائے۔

آڈیٹرز

موجودہ آڈیٹرز الیاس سعید اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ نے اپنی اساتمنٹ برائے سال 31 دسمبر 2015 مکمل کر لی ہے اور 35 ویں سالانہ اجلاس عام کے اختتام بعد ریٹائر ہو جائے گی بورڈ آف کارپوریٹ گورننس کے ضابطے کے مطابق آڈٹ کمیٹی نے میسرز الیاس سعید اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ آڈیٹرز کے 31 دسمبر 2016 کیلئے تقرری کی سفارش کی اور بورڈ آف ڈائریکٹرز نے بھی آڈٹ کمیٹی کی سفارشات کی توثیق کی۔

شیر ہولڈرز کا پیٹرن اس رپورٹ کیساتھ لف کیا گیا ہے

ہتھام الحق قریشی

چیف ایگزیکٹو

چیف ایگزیکٹو





## ڈائریکٹرز رپورٹ

برائے اختتام سال 31 دسمبر، 2015

معزز شیئر ہولڈرز!

ایشیاء انشورنس کمپنی لمیٹڈ کے ڈائریکٹران کو اپنی کمپنی کی پڑتال شدہ فنانشل سٹیٹمنٹس برائے اختتام سال 31 دسمبر 2015 کو جاری کرتے ہوئے بے حد مسرت ہو رہی ہے۔

کاروبار کا مجموعی جائزہ:

کمپنی نے 2015 میں اپنی شرح نمو کو جاری رکھا باوجود جنرل انشورنس انڈسٹری کو درپیش چیلنجز، جن میں نہایت سست رفتار معاشی ترقی، بین الاقوامی معاشی بحران، دہشت گردی کے خلاف جنگ، سکیورٹی صورتحال پر خدشات، پاکستان میں جاری توانائی بحران شامل ہیں۔ ایشیاء انشورنس کمپنی مجموعی کارروائیوں میں کامیابیوں اور بہتری کی جانب گامزن ہے۔ رواں سال میں مجموعی پریمیم میں 48% شرح اضافہ ریکارڈ کیا گیا چنانچہ بامیداری نتائج میں یہ 109% بہتری ہے۔

کمپنی نے ٹیکس سے پہلے 93.26 ملین کا خالص منافع مایا ہے جو کہ پچھلے سال کی نسبت 57% ترقی کو ظاہر کرتا ہے اور ترقی کی اسی شرح کے 2016 میں جاری رہنے کی امید ہے۔ کمپنی کو ونڈو ٹاکافل آپریشن کی اجازت سکیورٹی اینڈ ایڈجسٹمنٹ آف پاکستان کے قانون ونڈو ٹاکافل رول، 2012 کے تحت بزرگ لائسنس نمبر 10 بتاریخ 13 اگست 2015 کو دی گئی ہے جس کے تحت ہم اسلامی جنرل انشورنس کرنے کے اہل ہیں۔

مالیاتی نتائج:

کمپنی کی مجموعی کارکردگی برائے گزشتہ سال 31 دسمبر 2015 تک درج ذیل ہے۔

2014	2015	
304,784,369	450,173,622	مجموعی پریمیم
59,580,566	93,261,014	ٹیکس سے پہلے منافع برائے سال
		ٹیکس کی محصولات
8,266,081	25,724,303	موجودہ
3,645,483	415,047	زیر التوا
156,318	(1,202,900)	پچھلے سال
12,067,882	24,936,450	
47,512,684	68,324,564	منافع برائے سال بعد از ٹیکس
69,804,358	117,317,042	غیر مقرر منافع آگے لائے
117,317,042	185,641,606	غیر مقرر منافع آگے لائے

محاصل کمپنی کا منافع

بورڈ کی جانب سے نہایت خوشی کیساتھ، محاصل کے 20 حصص کے فی 100 ادا کے معاملے پر بونص کا اعلان کرتا ہوں۔

فی شیئر آمدنی

فی شیئر آمدنی (2014: 1.58) Rs.2.28 ہے پچھلے سال کی نسبت فی شیئر آمدنی میں 44% اضافہ ہوا ہے اس کی بنیادی وجہ بامیداری کی شاندار کارکردگی اور بہترین بنیادی سرمایہ کاری ہے۔

ہیڈ آفس کی زیر تعمیر بلڈنگ

کمپنی کی ہیڈ آفس بلڈنگ زیر تعمیر ہے جو کہ انشاء اللہ جون 2016 کے اختتام تک مکمل ہو جائیگی۔

اداشدہ سرمایہ

کمپنی نے گزشتہ سال 2014 میں اپنے اختیاراتی سرمایہ میں 300 ملین سے 500 ملین اضافہ کیا ہے جو کہ انشورنس آرڈیننس 2000 کی ضروریات اور سکیورٹی اینڈ ایڈجسٹمنٹ آف پاکستان کی ہدایات کے عین مطابق ہے۔ کمپنی کی ترقی اور خوشحالی کے لئے آمدگی، وابستگی، اور کمپنی کے ڈائریکٹرز کی دلچسپی کو ظاہر کرتا ہے۔



## Statement Under Section 46 (6) of the Insurance Ordinance, 2000

The incharge of the management of the business was Mr. Ihtsham ul Haq Qureshi, Chief Executive Officer and the report on the affairs of business during the year 2015 signed by Mr. Ihtsham ul Haq Qureshi and approved by the Board of Directors is part of the Annual Report 2015 under the title of “Directors' Report to Members” and

- a. in our opinion the annual statutory accounts of the Asia Insurance Co. Ltd. set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder.
- b. Asia Insurance Co. Ltd. has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements; and

as at the date of the statement, the Asia Insurance Co. Ltd. continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements.



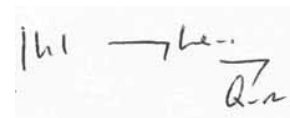
Chairman



Director



Director



Principal Officer/Chief Executive





## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2015

This statement is being presented to comply with the Code of Corporate Governance contained in rule book of the Pakistan Stock Exchange Ltd. for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	Mr. Khalid Rashid
	Mr. Shahid Parvez Noor
Executive Directors	Mr. Zain ul Haq Qureshi
	Mr. Ihtsham ul Haq Qureshi
Non-Executive Directors	Mrs. Nosheen Ihtsham
	Mr. Aisam ul Haq Qureshi
	Mr. Khawaja Suhail Iftikhar

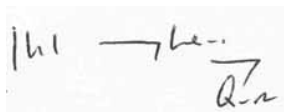
The independent directors meet the criteria of independence under the code.

2. The directors have confirmed that none of them is serving as a director of more than seven listed companies, including this company.
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year on the board.
5. The company has prepared a “Statement of Ethics and Business Practices” as “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The board arranged a training program two of its directors, Mr. Shahid Pervez Noor and Mr. Khawaja Suhail Iftikhar, from the University of Lahore. The Company intends to arrange training program for all other directors (who have not yet got this training) as provided under the Code, within the prescribed time period.
10. The board has approved the appointment of CFO, Company Secretary and Head of Internal



- Audit, including their remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
  12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
  13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
  14. The company has complied with all the corporate and financial reporting requirements of the CCG.
  15. The board has formed an Audit Committee. It presently comprises of four members, of whom three are non-executive directors and the chairman of the committee is an independent director.
  16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
  17. The board has formed an HR and Remuneration Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is a non-executive director.
  18. The Company has an effective internal audit function. The internal audit team is fully conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis.
  19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
  20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
  21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchanges.
  22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.
  23. We confirm that all other material principles enshrined in the CCG have been complied with.

For and on behalf of Board of Directors  
Asia Insurance Company Limited



IHTSHAMUL HAQ QURESHI  
CHIEF EXECUTIVE



## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices (“the Statement”) contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of Asia Insurance Company Limited (“the Company”) for the year ended December 31, 2015, to comply with the requirements of Listing Regulation No. 35 of the Lahore and also Karachi Stock Exchanges where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of its requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length transactions or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2015.

Date:  
Lahore

  
ILYAS SAEED & CO.  
Chartered Accountants  
Audit Engagement Partner: Irfan Ilyas



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in equity;
- (v) statement of cash flows;
- (vi) statement of premiums;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of Asia Insurance Company Limited (“the Company”) as at December 31, 2015 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors/ management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2015 and of the profit, its total comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Date: April 05, 2016  
Lahore

  
ILYAS SAEED & CO.  
Chartered Accountants  
Audit Engagement Partner: Irfan Ilyas



**BALANCE SHEET  
AS AT DECEMBER 31, 2015**

	Notes	2015 Rupees	2014 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital 50,000,000 (2014: 50,000,000) ordinary shares of Rs.10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Paid up share capital	6	300,000,000	300,000,000
Retained Earnings		185,641,606	117,317,042
Reserves	7	2,500,000	2,500,000
		488,141,606	419,817,042
<b>Surplus on revaluation of fixed assets</b>	8	136,060,170	136,060,170
<b>Underwriting provisions</b>			
Provision for outstanding claims (including IBNR)		44,408,023	32,366,560
Provision for unearned premium		191,631,972	147,389,333
Commission income unearned		6,660,594	5,177,462
<b>Total underwriting provisions</b>		<u>242,700,589</u>	<u>184,933,355</u>
<b>Long term financing</b>	9	1,357,121	3,784,888
<b>Deferred liabilities</b>			
Deferred taxation	16	1,563,321	1,148,274
<b>Creditors and accruals</b>			
Premiums received in advance		1,662,458	1,992,270
Amounts due to other insurers / reinsurers		7,162,914	10,174,105
Accrued expenses		390,000	425,000
Taxation - provision less payments	10	24,015,330	4,428,820
Current portion of long term financing	9	3,235,955	3,662,734
Other creditors and accruals	11	46,089,305	46,463,162
		82,555,962	67,146,091
<b>Other liabilities</b>			
Unclaimed Dividend		59,962	59,962
<b>TOTAL LIABILITIES</b>		<u>328,236,955</u>	<u>257,072,570</u>
<b>Total liabilities of window takaful operations - Operators' Fund 12</b>		250,000	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>952,688,731</u>	<u>812,949,782</u>
<b>Contingencies and Commitments</b>	13	-	-


The annexed notes 1 to 34 form an integral part of these financial statements.



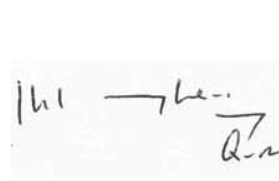
Chairman



Director



Director



Principal Officer/Chief Executive



**BALANCE SHEET  
AS AT DECEMBER 31, 2015**

	Notes	2015 Rupees	2014 Rupees
<b>ASSETS</b>			
<b>Cash and bank deposits</b>	<b>14</b>		
Cash and other equivalent		42,008	380,078
Current and other accounts		70,721,844	31,433,127
Deposits maturing within 12 months		-	22,000,000
		<b>70,763,852</b>	<b>53,813,205</b>
<b>Investments</b>	<b>15</b>	<b>233,606,779</b>	<b>228,172,862</b>
<b>Current assets - others</b>			
Premiums due but unpaid - unsecured	17	45,401,619	35,104,793
Amounts due from other insurers/reinsurers - unsecured		123,350,294	121,010,573
Accrued investment income		1,542,600	1,430,650
Reinsurance recoveries against outstanding claims		12,805,614	6,075,544
Deferred commission expense		35,995,441	28,523,000
Prepaid reinsurance premium ceded		29,377,876	26,298,438
Sundry receivables	18	32,788,234	36,059,357
		<b>281,261,678</b>	<b>254,502,355</b>
<b>Fixed assets (Tangible)</b>	<b>19</b>		
Land - freehold		160,000,000	160,000,000
Building		275,517	306,130
Furniture and fixtures		1,886,050	1,345,251
Office equipment		4,081,301	3,211,557
Motor vehicles		44,963,345	39,986,913
Computers and accessories		4,048,319	1,558,802
		<b>215,254,532</b>	<b>206,408,653</b>
Capital work in progress (Building)		101,376,557	70,052,707
<b>Total assets of window takaful operations - Operators' Fund</b>	<b>12</b>	<b>50,425,333</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>952,688,731</b>	<b>812,949,782</b>

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman



Director



Director



Principal Officer/Chief Executive

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2015

Notes	Fire & Property Damage	Marine, Aviation and Transport	Motor	Credit and Suretyship	Miscellaneous	2015	2014
-----Rupees-----							
Net premium revenue	52,633,305	32,207,754	95,282,308	43,039,537	123,891,047	<b>347,053,951</b>	190,975,352
Net claims	(4,421,438)	(7,406,981)	(37,303,267)	(94,207)	(14,966,789)	<b>(64,192,682)</b>	(41,953,551)
Expenses	(15,141,884)	(8,296,989)	(23,709,866)	(9,473,128)	(33,472,490)	<b>(90,094,357)</b>	(51,983,976)
Net commission	(15,585,165)	(7,969,863)	(16,520,122)	(7,078,029)	(19,634,083)	<b>(66,787,262)</b>	(36,777,718)
<b>Underwriting results</b>	<u>17,484,818</u>	<u>8,533,921</u>	<u>17,749,053</u>	<u>26,394,173</u>	<u>55,817,685</u>	<b>125,979,650</b>	60,260,107
Investment income						<b>12,925,962</b>	33,353,758
Other income						<b>1,480,851</b>	740,972
						<b>14,406,813</b>	34,094,730
General and administration expenses						<b>140,386,463</b>	94,354,837
Profit before tax						<b>(47,300,782)</b>	(34,774,271)
Profit before taxation from window takaful operations - Operators' Fund						<b>93,085,681</b>	59,580,566
						<b>175,333</b>	-
Provision for taxation						<b>93,261,014</b>	59,580,566
<b>Profit after tax</b>						<b>(24,936,450)</b>	(12,067,882)
<b>Earnings per share (basic and diluted)</b>						<b>68,324,564</b>	47,512,684
						<b>2.28</b>	1.58

Appropriations have been reflected in statement of changes in equity


The annexed notes 1 to 34 form an integral part of these financial statements



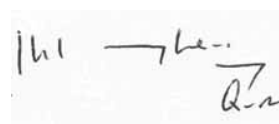
Chairman



Director



Director



Principal Officer/Chief Executive



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 Rupees	2014 Rupees
Profit after tax for the year	68,324,564	47,512,684
<b>Other comprehensive income:</b>		
Items that may be subsequently reclassified to profit or loss	-	-
Items that may not be subsequently reclassified to profit or loss	-	-
<b>Total comprehensive income for the year</b>	<b>68,324,564</b>	<b>47,512,684</b>

The annexed notes 1 to 34 form an integral part of these financial statements.



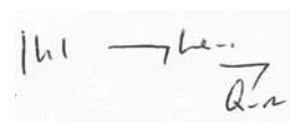
Chairman



Director



Director



Principal Officer/Chief Executive





**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Paid up share capital	Retained Earnings / Un-appropriated profit	Revenue reserves	Total share capital & reserves	Surplus on revaluation of fixed assets	Total
<b>Balance as at January 1, 2014</b>	300,000,000	69,804,358	2,500,000	372,304,358	136,060,170	508,364,528
Net profit/Total Comprehensive income for the year ended December 31, 2014	-	47,512,684	-	47,512,684	-	47,512,684
<b>Balance as at December 31, 2014</b>	<b>300,000,000</b>	<b>117,317,042</b>	<b>2,500,000</b>	<b>419,817,042</b>	<b>136,060,170</b>	<b>555,877,212</b>
<b>Balance as at January 1, 2015</b>	300,000,000	117,317,042	2,500,000	419,817,042	136,060,170	555,877,212
Net profit/Total Comprehensive income for the year ended December 31, 2015	-	68,324,564	-	68,324,564	-	68,324,564
<b>Balance as at December 31, 2015</b>	<b>300,000,000</b>	<b>185,641,606</b>	<b>2,500,000</b>	<b>488,141,606</b>	<b>136,060,170</b>	<b>624,201,776</b>

The annexed notes 1 to 34 form an integral part of these financial statements.

Chairman

Director

Principal Officer/Chief Executive

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Operating Cash Flows	Note	2015 Rupees	2014 Rupees
<b>a) Underwriting activities</b>			
Premiums received		439,546,984	284,846,213
Reinsurance premiums paid		(67,307,382)	(105,085,865)
Claims paid		(87,141,863)	(57,654,342)
Reinsurance and other recoveries received		28,260,574	21,504,938
Commissions paid		(86,520,416)	(61,845,907)
Commissions received		13,743,845	12,161,916
Other underwriting receipts/(payments)		2,609,882	(23,015,202)
<b>Net cash flow from underwriting activities</b>		<b>243,191,624</b>	<b>70,911,751</b>
<b>b) Other operating activities</b>			
Income tax paid		(4,934,893)	(2,448,984)
General management expenses paid		(123,792,161)	(52,764,409)
Other operating payments		(495,000)	(525,000)
Other receipts in respect of operating assets		1,480,851	740,972
<b>Net cash outflow from other operating activities</b>		<b>(127,741,203)</b>	<b>(54,997,421)</b>
<b>Total cash flow from operating activities</b>		<b>115,450,421</b>	<b>15,914,330</b>
<b>Investment activities</b>			
Profit / return received		10,090,298	32,559,622
Net assets in window takaful operations		(50,175,333)	-
Dividends received		2,825,695	1,420,911
Payments for investments		(534,108,624)	(127,760,666)
Proceeds from disposal of investments		528,748,059	116,349,161
Fixed capital expenditure		(52,221,572)	(40,456,455)
<b>Total cash outflow from investing activities</b>		<b>(94,841,477)</b>	<b>(17,887,427)</b>
<b>Financing activities</b>			
Financing obtained less repayments		(2,854,546)	7,447,622
Finacial charges paid		(803,751)	(823,079)
<b>Total cash outflow from financing activities</b>		<b>(3,658,297)</b>	<b>6,624,543</b>
<b>Net cash inflow from all activities</b>		<b>16,950,647</b>	<b>4,651,446</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>53,813,205</b>	<b>49,161,759</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>70,763,852</b>	<b>53,813,205</b>



**STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Note	2015 Rupees	2014 Rupees
<b>RECONCILIATION TO PROFIT AND LOSS ACCOUNT</b>			
Operating cash flows		115,450,421	15,914,330
Financial charges paid		(803,751)	(823,079)
Depreciation expense		(12,051,843)	(8,481,300)
Increase in assets other than cash		26,647,373	101,349,152
(Increase) in liabilities		(73,603,884)	(90,154,694)
Dividend		2,825,695	1,420,911
Loss from window takaful operations		175,333	-
Interest, rental and other income		10,100,267	31,932,847
Deferred taxation		(415,047)	(3,645,483)
<b>Profit after taxation</b>		<b>68,324,564</b>	<b>47,512,684</b>

**Definition of cash**

Cash comprises of cash in hand, policy stamps, bond papers, cheques in hand, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day to day basis.

**Cash for the purpose of the Statement of Cash Flows consists of:**

**Cash and cash equivalents**

Cash in Hand	42,008	380,078
Current accounts & Other Accounts	70,721,844	31,433,127
Deposits maturing within 3 months	-	22,000,000
	<b>70,763,852</b>	<b>53,813,205</b>

The annexed notes 1 to 34 form an integral part of these financial statements.



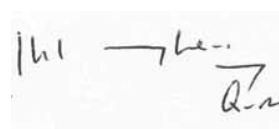
Chairman



Director



Director



Principal Officer/Chief Executive





**STATEMENT OF PREMIUMS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Class of Business	2015										2014	
	Premiums Written	Unearned Premium Reserve		Premiums Earned	Reinsurance Ceded	Prepaid Reinsurance Premium Ceded		Reinsurance Expenses	Net Premium Revenue	Net Premium Revenue		
		Opening	Closing			Opening	Closing					
Direct & Facultative												
Fire & property damage	75,659,307	43,552,013	35,354,727	83,856,593	30,526,267	16,449,988	15,752,967	31,223,288	52,633,305	41,436,494		
Marine, aviation and transport	41,457,489	3,158,892	2,641,134	41,975,247	10,366,412	1,156,074	1,754,993	9,767,493	32,207,754	20,030,200		
Motor	118,470,864	36,046,491	53,735,047	100,782,308	5,250,000	2,875,000	2,625,000	5,500,000	95,282,308	72,958,728		
Credit and suretyship	47,334,289	21,795,302	24,140,461	44,989,130	3,262,517	784,522	2,097,446	1,949,593	43,039,537	32,977,768		
Miscellaneous	167,251,673	42,836,635	75,760,603	134,327,705	12,551,274	5,032,854	7,147,470	10,436,658	123,891,047	23,572,162		
<b>Grand Total</b>	<b>450,173,622</b>	<b>147,389,333</b>	<b>191,631,972</b>	<b>405,930,983</b>	<b>61,956,470</b>	<b>26,298,438</b>	<b>29,377,876</b>	<b>58,877,032</b>	<b>347,053,951</b>	<b>190,975,352</b>		

-----R u p e e s-----

The annexed notes 1 to 34 form an integral part of these financial statements.

Chairman

Director

Director

Principal Officer/Chief Executive



**STATEMENT OF CLAIMS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Class of Business	2015										2014
	Claims Paid	Claims Outstanding		Claim Expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net Claims Expense	Net Claims Expense	
		Opening	Closing			Opening	Closing				
<b>Direct &amp; Facultative</b>											
<b>Fire &amp; property damage</b>	19,017,023	2,628,469	4,602,216	20,990,770	15,030,983	1,084,555	2,622,904	16,569,332	4,421,438	3,749,414	
<b>Marine, aviation and transport</b>	10,648,279	4,086,200	6,983,298	13,545,377	4,804,432	2,256,123	3,590,087	6,138,396	7,406,981	3,010,309	
<b>Motor</b>	36,775,328	21,061,570	23,032,721	38,746,479	863,231	1,220,019	1,800,000	1,443,212	37,303,267	27,767,962	
<b>Credit and suretyship</b>	942,068	-	-	942,068	847,861	-	-	847,861	94,207	7,146,702	
<b>Miscellaneous</b>	19,759,165	4,590,321	9,789,788	24,958,632	6,714,067	1,514,847	4,792,623	9,991,843	14,966,789	279,164	
<b>Grand Total</b>	<b>87,141,863</b>	<b>32,366,560</b>	<b>44,408,023</b>	<b>99,183,326</b>	<b>28,260,574</b>	<b>6,075,544</b>	<b>12,805,614</b>	<b>34,990,644</b>	<b>64,192,682</b>	<b>41,953,551</b>	

-----R u p e s-----

The annexed notes 1 to 34 form an integral part of these financial statements.

Chairman

Director

Principal Officer/Chief Executive



**STATEMENT OF EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

Class of Business	2015				2014				
	Commission Paid or Payable	Deferred Commission Opening	Closing	Net Commission Expense	Other Management Expenses	Underwriting Expenses /(income)	Commission from Reinsurers	Net Underwriting Expenses	Net Underwriting Expenses
-----R u p e e s-----									
<b>Direct and Facultative</b>									
Fire & property damage	18,562,221	12,869,175	8,629,793	22,801,603	15,141,884	37,943,487	7,216,438	30,727,049	27,427,619
Marine, aviation and transport	10,091,079	913,629	618,650	10,386,058	8,296,989	18,683,047	2,416,195	16,266,852	11,199,511
Motor	20,431,508	5,354,828	9,266,214	16,520,122	23,709,866	40,229,988	-	40,229,988	24,456,957
Credit and suretyship	9,079,276	3,143,416	4,638,714	7,583,978	9,473,128	17,057,106	505,949	16,551,157	13,620,454
Miscellaneous	28,356,332	6,241,952	12,842,070	21,756,214	33,472,490	55,228,704	2,122,131	53,106,573	12,057,153
<b>Grand Total</b>	<b>86,520,416</b>	<b>28,523,000</b>	<b>35,995,441</b>	<b>79,047,975</b>	<b>90,094,357</b>	<b>169,142,332</b>	<b>12,260,713</b>	<b>156,881,619</b>	<b>88,761,694</b>

Note: Commission from reinsurers is arrived at taking impact of opening and closing unearned commission.

The annexed notes 1 to 34 form an integral part of these financial statements.



Chairman

Director

Principal Officer/Chief Executive

**STATEMENT OF INVESTMENT INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 Rupees	2014 Rupees
<b>Income from trading investments:</b>		
Gain on investments at fair value through profit and loss	12,011,180	7,709,435
Dividend income	2,825,695	1,328,392
	14,836,875	9,037,827
<b>Income from non trading investments:</b>		
<b><u>Held to maturity</u></b>		
Return on government securities	3,231,950	3,215,075
Return on fixed income deposits	307,493	621,821
Amortization of discount/premium relative to par	72,872	69,229
	3,612,315	3,906,125
<b><u>Available for sale</u></b>		
Dividend income	61,093	92,519
<b>Gain/(Loss) on sale of non trading investments 'Available for Sale'</b>	73,352	(487,753)
<b>(Loss)/Gain on revaluation of trading Investments</b>	(4,976,801)	20,799,930
<b>(Provision)/ reversal of impairment in value of 'Available for Sale' investments</b>	(197,285)	479,345
<b>Investment related expenses</b>	(483,587)	(474,235)
<b>Net Investment Income</b>	<b>12,925,962</b>	<b>33,353,758</b>

The annexed notes 1 to 34 form an integral part of these financial statements.



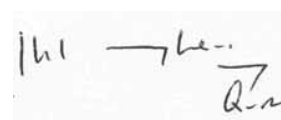
Chairman



Director



Director



Principal Officer/Chief Executive



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 1 STATUS AND NATURE OF BUSINESS

Asia Insurance Company Limited (the Company) is an quoted public limited company was incorporated in Lahore on December 06, 1979 under the repealed Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is engaged in non-life insurance business mainly comprising of fire, marine, motor and miscellaneous. The Company commenced its commercial operations in 1980. The registered and principal office of company is situated at 19 C/D, Block-L, Gulberg III, Main Ferozpur Road, Lahore Shares of the Company are quoted on Karachi and Lahore Stock Exchanges (subsequent to year end due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange).

The Company has been allowed to work as Window Takaful Operator through License No.10 on August 13, 2015 by Securities and Exchange Commission of Pakistan under Window Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan . It has not transacted any business outside Pakistan.

### 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the requirements of S.R.O. 938, dated December 12, 2002, issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

### 3 STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

SECP has allowed insurance companies to defer the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of Investments available-for-sale until suitable amendments have been made in the laws. Accordingly, the requirements of IAS-39, to the extent allowed by the SECP, have not been considered in the preparation of these financial statements.

### 3.2 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE.

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

STANDARD	Interpretation	Effective Date (annual periods beginning on or after)
IFRS-10	- Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Separate Financial Statements - Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS-10	- Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor Not yet finalized and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS-11	- Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	January 01, 2016
IAS 1	- Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

IAS-16	-	Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS-16	-	Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants	January 01, 2016
IAS-21	-	Separate Financial Statements - Equity Method in Separate Financial Statements	January 01, 2016

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

**Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan:**

STANDARD	Interpretation	IASB Effective Date (annual periods beginning on or
IFRS-9	- Financial Instruments: Classification & measurement	January 01, 2018
IFRS-14	- Regulatory Deferral Accounts	January 01, 2016
IFRS-15	- Revenue from Contracts with Customers	January 01, 2018
IFRS-16	- Leases	January 01, 2019

#### 4 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention without any adjustment for the effect of inflation except for land which is shown at revalued amount and certain investments which are stated at fair value. The financial statements, except for cash flow information, have been prepared under the accrual basis of accounting.

##### 4.1 Use of Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

- Provision for outstanding claims including incurred but not reported (IBNR). (Note 5.6)
- Provision for unearned premium. (Note 5.3)
- Classification of investments. (Note 5.10)
- Useful lives and Residual value of Fixed Assets. (Note 5.13)
- Impairment in value of investments. (Note 15)
- Premium Deficiency Reserve. (Note 5.4)
- Provision for taxation and deferred tax. (Note 5.7)

Other areas involving estimates and judgments are disclosed in respective notes to the financial statements.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 4.2 Functional Currency

These financial statements are presented in Pak Rupees which is company's functional currency, unless otherwise stated.

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. The Company enters into fire and property damage, marine, motor, health, agriculture crops and live stock, burglary, cash in transit, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedent) for losses on one or more contracts issued by the cedent are reinsurance contracts. The Company enters into reinsurance contracts with both foreign and local reinsurers. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation

### 5.2 Underwriting results

Underwriting result is calculated by deducting from Gross Premium of each class of business, reinsurance cost incurred, claims, commission, allocable expenses of management and reserve for unexpired premium.

### 5.3 Provision for un-earned premium

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage.

The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. The liability is calculated by applying 1/24 method in accordance with the provisions of S.R.O. 938 of SEC (Insurance) Rules, 2002.

### 5.4 Premium deficiency reserve

Premium deficiency reserve is to be maintained where the unearned premium for any class of business is not sufficient to cover the net liability expected to be incurred after the balance sheet date in respect of the policies in that class of business, to comply with the requirements of the S.R.O. 938 issued by the SECP in December 2002. Any movement in the reserve is to be charged to the profit and loss account.

The management considers that unearned premium reserve for all classes of business as at the year end is adequate to meet the net expected future liability after reinsurance, from claims and other expenses, expected to be incurred after balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

### 5.5 Commission

Commission income receivable from reinsurers is taken to profit and loss account in accordance with the pattern of recognition of the reinsurance premium to which they relate.

The company uses 1/24 method to calculate provision for unearned commission income, to comply with the relevant provisions of S.R.O. 938 of SEC (Insurance) Rules, 2002.

### 5.6 Provision for outstanding claims (including IBNR)

The liability in respect of outstanding claims is based on the certified statements received from the branches and represents the best estimate of the claims intimated or assessed before the end of the accounting year.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

Outstanding claims comprise of the estimated cost of claims incurred but not settled at the balance sheet date, whether reported or not. Provisions for reported claims not paid as at the balance sheet date are made on the basis of individual case estimates. Provision for incurred but not reported (IBNR) is based on the management's best estimates which takes into account past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

Claims recoveries receivable from the reinsurer are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received.

As a general policy of the company, being followed consistently over the years, no provision of claims has been made where the quantum of loss is unknown.

### 5.7 Taxation

#### 5.7.1 Current

Provision for taxation is based on taxable income at current rates of taxation after taking into account rebates or tax credits available, if any, for the year.

#### 5.7.2 Deferred

The company accounts for deferred taxation, if any, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts using the balance sheet liability method.

The amount of deferred tax recognized is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent if it is no longer probable that the related tax benefits will be realized.

### 5.8 Cash and cash equivalents

Cash and cash equivalents include cash, cheques in hand, balances with banks on current and deposit accounts and deposits maturing within twelve months.

### 5.9 Loans & advances/other receivables

These are recognized at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

### 5.10 Investments

#### 5.10.1 Recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for held for trading investments in which case transaction costs are charged to profit and loss account. These are recognized and classified into the following categories:

- Held to Maturity
- Available for Sale
- Investment at fair value through profit or loss - held for trading

All purchases and sales of financial assets are accounted for at settlement date.

#### 5.10.2 Measurement

##### 5.10.2.1 Held to maturity

Investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held to maturity.

Subsequent to initial recognition at cost, these investments are measured at amortized cost, less provision for impairment in value, if any. Amortized cost is calculated taking into account any discount or premium on acquisition, which is deferred and included in the income for the period on a straight line basis, over the term of the investments.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 5.10.2.2 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates etc. are classified as available for sale and are stated at cost.

Subsequent to initial recognition at cost these are stated at the lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O. 938 issued by SECP on aggregate portfolio basis at the balance sheet date. The company uses latest stock exchange quotations in an active market to determine the market value of its listed investments whereas, impairment of investments in unlisted companies is computed to net assets of the investee on the basis of the latest available audited financial statements.

### 5.10.2.3 Investment at fair value through profit or loss-held for trading

Investments which are acquired with the intention to trade by taking advantage of short term market / interest rate movements are considered as held for trading. After initial recognition, these are measured at fair values with any resulting gains or losses recognized directly in the profit and loss account.

### 5.11 Amount due to/from other insurers/reinsurers

Amounts due to/from other insurers/reinsurers are carried at cost which is the fair value of the consideration to be received/paid in the future for the services. However, an assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized for the difference between the recoverable amount and the carrying amount.

### 5.12 Investment properties

Investment property is held for earning rentals and capital appreciation. Investment property is accounted for under the cost model in accordance with the approved International Accounting Standard (IAS) 40, "Investment Property" and S.R.O 938 issued by the Securities and Exchange Commission of Pakistan.

Depreciation policy, subsequent capital expenditure and gain or losses on disposal, if any, are accounted for in the same manner as tangible fixed assets.

### 5.13 Fixed assets

#### 5.13.1 Owned

Fixed assets, except land which is valued at revalued amount, are stated at cost less accumulated depreciation calculated on reducing balance method using the rates given in note 19 and impairment losses, if any. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact of depreciation is significant.

Depreciation on additions to tangible fixed assets is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month of disposal.

Gains and losses on disposal of fixed assets are included in income currently. Normal repairs and maintenance is charged to income currently.

#### 5.13.2 Assets subject to finance lease

The company accounts for fixed assets acquired under finance lease by recording the asset and the related liability. These amounts are determined on the basis of discounted value of minimum lease payments or fair value whichever is lower. Financial charges are allocated to the lease term in a manner so as to provide a constant periodic rate of interest on the outstanding liability. Depreciation is charged to income applying the rates stated in fixed assets schedule.

#### 5.13.3 Capital work in progress

Capital work in progress is stated at cost accumulated up to the balance sheet date.

#### 5.13.4 Intangible

Software development costs are capitalized only to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 5.14 Financial Instruments

Financial assets and financial liabilities within the scope of IAS 39 are recognized at the time when entity becomes a party to the contractual provisions of the instrument and de-recognized when the entity loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, investments, accrued investment income, sundry receivables, provision for outstanding claims (including IBNR), premium due but unpaid, amounts due from/due to other insurers/reinsurers, reinsurance recoveries against outstanding claims, other creditors and accruals, accrued expenses and unclaimed dividend. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 5.15 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### 5.16 Foreign currency transactions and translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on transactions are recognized in the profit and loss account. All non monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

### 5.17 Revenue recognition

#### 5.17.1 Premium

Premium receivable/received under a policy is recognized at the time of issuance of policy. Similarly reinsurance premium is recorded at the time reinsurance is ceded.

Premium written under a policy is recognized as income over the period of insurance from the date of issuance of the policy to which it relates to its expiry. Where the pattern of incidence of risk varies over the period of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired period of coverage is recognized as unearned premium by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company utilizes the provision for doubtful debts to reduce the carrying amount of the receivables accordingly and recognizes that impairment loss in profit & loss account.

#### 5.17.2 Claims

Claims are considered to be incurred at the time when claims are lodged with the company. However, claims incurred but not reported at year end are determined from subsequent to year end.

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

#### 5.17.3 Dividend income and bonus shares

Dividend income and entitlement of bonus shares are recognized when the right to receive such dividend and bonus share is established.

#### 5.17.4 Acquisition cost

Commission due on Direct, Facultative and Treaty business and on Reinsurance cessions are recognized in accordance with the policy of recognizing premium revenue.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 5.18 Management Expenses

Management Expenses are allocated to Revenue Account on the basis of Gross Direct Premium.

### 5.19 Staff retirement benefits

The company operates a funded Provident Fund Scheme for its employees and contributions are made monthly equal to employees contribution @ 8.33% of basic salary and cost of living allowance.

### 5.20 Segment reporting

#### Primary segments

The company's operating business is organized and managed separately according to the nature of services provided, with each segment representing a strategic business unit that offers different services and serves different markets. The company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002.

The fire insurance segment provides cover against damages by fire, riot and strike, explosion, earthquake, burglary, atmospheric damage, flood, electric fluctuation and impact.

Marine insurance segment provides cover against cargo risk, war risk and damages occurring in sea water, on Board, at ports and during inland transit.

Motor insurance provides indemnity against third party loss and other comprehensive car coverage of motor vehicles.

Miscellaneous insurance provides cover against burglary, loss of cash in safe, cash in transit, personal accident, money, engineering losses, agriculture crop, live stock and other coverage.

Investment income, other income, general and administration expenses and income taxes are managed on an overall basis and are therefore, not allocated to any segment. The accounting policies of operating segment are the same as those described in the summary of significant accounting policies.

Assets, liabilities and capital expenditure that are directly attributable to segments have been assigned to them. Those assets and liabilities which can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

### 5.21 Dividend

Dividend distribution to the company's shareholders is recognized as liability in the period in which the dividends are approved.

6	Note	2015 Rupees	2014 Rupees
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, Subscribed and Paid up capital			
2015	2014		
<b>No. of Shares</b>			
	Paid up capital for general insurance	250,000,000	300,000,000
	Statutory fund for window Takaful operations	6.1 50,000,000	-
<b>30,000,000</b>	Ordinary shares of Rs. 10/- each fully paid up in cash	<b>300,000,000</b>	<b>300,000,000</b>
6.1	Amount of Rs. 50 million is deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission of Pakistan.		
<b>7 RESERVES</b>			
	General Reserves	7.1 2,500,000	2,500,000

7.1 These represent distributable profits transferred and utilizable at the discretion of the board of directors.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

	Note	2015 Rupees	2014 Rupees
<b>8 SURPLUS ON REVALUATION OF FIXED ASSETS</b>	<b>8.1</b>	<b>136,060,170</b>	136,060,170
<b>8.1</b>	Land is revalued periodically. The revaluation surplus of land is adjusted in the year in which disposal of the respective asset is made. The surplus represents the land located at 19-C and D, Block-L, Gulberg III, Lahore. Land was first revalued in December 2005, by an independent valuer M/s Surval which resulted in net surplus of Rs. 27,207,970/-. It was further revalued in August 06, 2008 by an independent valuer M/s AIM Associates Limited, Lahore which resulted in additional surplus of Rs 100,000,000/-. The said plot is further revalued on July 18, 2011 by an independent valuer M/s Navco (Private) Limited, Lahore. The valuation resulted in further surplus of Rs. 8,852,200/-. The valuation of land has been made on the basis of fair market value. The aforementioned surplus amounts have been credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.		
<b>9 LONG TERM FINANCING</b>			
Diminishing musharika:			
Burj Bank Limited		4,593,076	7,447,622
Less: Current Portion		(3,235,955)	(3,662,734)
		<b>1,357,121</b>	3,784,888
This represents diminishing musharika facility from Burj Bank Limited for purchase of vehicles. The term of the agreement is 3 years. The balance is repayable in monthly equal installments ending in 2017. It carries profit at the rate of one year KIBOR plus 3%. Under the agreement, the Company holds joint ownership with the bank.			
<b>10 TAXATION - PROVISION LESS PAYMENTS</b>			
Opening advance tax		(4,428,820)	1,544,595
Income tax deducted at source		4,934,893	2,448,984
Provision for tax payable		(24,521,403)	(8,422,399)
		<b>(24,015,330)</b>	(4,428,820)
<b>11 OTHER CREDITORS AND ACCRUALS</b>			
Sales tax payable		3,916,529	3,316,084
Federal insurance fee payable		333,337	272,541
Tax deducted at source		2,280,112	883,829
EOBI payable		44,160	30,499
Staff provident Fund		311,377	195,748
Outstanding agency commissions		17,874,001	27,450,317
Receipts from foreign reinsurers	11.1	7,133,952	7,133,952
Others	11.2	14,195,837	7,180,192
		<b>46,089,305</b>	46,463,162
<b>11.1</b>	It represents receipts from foreign reinsurers against settlement of treaty agreements in 2011 after adjustment of receivable balances from the reinsurers.		
<b>11.2</b>	This includes rent payable for office building, payable to CEO amounting to Rs. 480,000/- (2014: Rs. 240,000/-)		
<b>12 WINDOW TAKAFUL OPERATIONS - OPERATORS' FUND</b>			
Total assets in window takaful operations		50,425,333	-
Total liabilities in window takaful operations		250,000	-
Profit for the period		175,333	-
<b>12.1</b>	The financial statements of window takaful operations are separately prepared under the provisions of clause 11(b) of Takaful Rules, 2012 read with Circular No. 25 of 2015 issued dated July 9, 2015.		



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 13 CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

**13.1.1** Suits for recovery of approximate Rs. 27.114 million (2014: Rs. 27.114 million) have been lodged but are not accepted by the company and the cases are pending adjudication before different courts. As per company's legal advisor, such claims are untenable and accordingly management has not provided any liability in respect thereof.

**13.1.2** The company has filed suit for recovery of Rs 6.827 million (2014: Rs. 6.827 million) against insurer/reinsurer for amount due. The management of the company on the basis of the facts of the case and advice of the legal advisor believe that they have strong case and has not, therefore, made provision in the financial statements against the aforesaid claim.

#### 13.2 Commitments

##### 13.2.1 Ijarah Disclosure:

During the period the company has entered into an Car Ijarah agreement with Mezaan Bank Limited. The company has availed a facility of Rs. 6,442,596/- till the year end and payment of Rs. 1,281,446/- has been made during the year.

	Note	2015 Rupees	2014 Rupees
<u>Future Ijarah Rental Payment:</u>			
Payable not later than 1 year		1,953,360	-
Payable later than 1 year and not later than 5 years		3,207,790	-
		5,161,150	-

**13.2.2** There is no other known commitment as at December 31, 2015 except as mentioned above (2014: Nil).

### 14 CASH AND BANK DEPOSITS

Cash in hand		42,008	380,078
Current and other accounts:			
PLS savings accounts	14.1	41,137,377	7,343,245
Current accounts		29,584,467	24,089,882
		70,721,844	31,433,127
Deposits maturing within 12 months - TDR	14.2	-	22,000,000
		70,763,852	53,813,205

**14.1** PLS saving accounts carry profit rate of 3% to 4.5% (2014: 6% to 8.5%) per annum.

**14.2** The rate of return on term deposit receipts issued by various banks ranges from 9.25% to 9.5% per annum (2014: 9.25% to 9.5% per annum) and payable on maturity.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 15 INVESTMENTS

	Note	2015 Rupees	2014 Rupees
<b>Available for sale:</b>			
Marketable securities - Book value		656,057	808,685
Add/(less): Appreciation/(impairment) in value of investments		(197,285)	479,345
	15.1	458,772	1,288,030
<b>Fair value through profit and loss - held for trading:</b>			
Investments in mutual funds - fair value		182,011,289	168,532,707
Investments in ordinary shares		24,884,990	32,173,269
		206,896,279	200,705,976
<b>Held to maturity:</b>			
Defense saving certificates (DSCs)	15.2	525,000	525,000
Pakistan investment bonds (10 years)	15.3	25,726,728	25,653,856
		26,251,728	26,178,856
		233,606,779	228,172,862

#### 15.1 AVAILABLE FOR SALE

##### Marketable Securities

No. of shares / units		Face value of Shares/ Units	Company's name	Notes	Book Value (Rupees)	
2015	2014				2015	2014
5,843	5,843	10	First IBL Modaraba		24,015	107,300
-	5,500	10	Fauji Fertilizer Company Ltd.		-	681,835
5,000	5,000	10	Haseeb Waqas Sugar Mills Ltd.		29,250	116,250
210	210	10	Islamic Investment Bank Ltd.		5,000	5,000
15,170	14,375	10	N.I.T. Units		398,687	348,825
200	200	10	Suhail Jute Mills Ltd.		1,820	1,820
1,000	1,000	10	Tawakkal Polyester Ind. Ltd.	15.5	-	27,000
					458,772	1,288,030

15.2 Defence Saving Certificates carry effective profit @ 10.15% per annum and will mature in June 2018. Profit will be paid on maturity.

15.3 Pakistan Investments Bonds (PIBs) having face value of Rs. 26 million, carry interest rate @ 12% per annum. Profit is paid semi annually and these will mature in September 2019.

15.4 Company has deposited following securities with State Bank of Pakistan against statutory deposits under the Insurance Ordinance, 2000.

Pakistan investment bonds	25,726,728	25,653,856
Cash deposit (included in sundry receivables)	115,000	115,000
Pakistan income fund (included in mutual funds)	7,070,636	6,656,333
	32,912,364	32,425,189

15.5 Tawakkal Polyester Ind. Ltd has been wound up and its market value is taken at nil.



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

16 DEFERRED TAX (LIABILITY)/ ASSET	Note	2015 Rupees	2014 Rupees
Net deferred tax (liability) arrived at as under:			
(Taxable)/deductible temporary differences:			
Accelerated depreciation		(3,023,059)	(1,005,577)
Musharika finance		1,423,854	-
Rate differences		35,884	(142,697)
	16.1	<u>(1,563,321)</u>	<u>(1,148,274)</u>
16.1 Deferred tax (expense) recognized in profit and loss account has been arrived at as under:			
Opening deferred tax (liability)/asset		(1,148,274)	2,497,209
(Expense) for the year		(415,047)	(3,645,483)
Net deferred tax (liability) as at December 31		<u>(1,563,321)</u>	<u>(1,148,274)</u>
17 PREMIUMS DUE BUT UNPAID			
-Unsecured but considered good by the management		<u>45,401,619</u>	<u>35,104,793</u>
18 SUNDRY RECEIVABLES unsecured-considered good			
Security deposits		2,109,079	1,235,243
Income tax refunds due		402,745	402,745
Agents balances		324,235	324,237
Advance office rent		-	300,000
Balance with brokers		12,928,896	9,043,506
Others		17,023,279	24,753,626
		<u>32,788,234</u>	<u>36,059,357</u>



**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**19 FIXED ASSETS (Tangible)**

PARTICULARS	2015						W.D.V. As at December 31, 2015		
	COST/REVALUATION			DEPRECIATION					
	As at January 01, 2015	Additions / Adjustment	(Deletions)	Aa at December 31, 2015	Rate %	As at January 01, 2015		(Deletions)	For the year
<b>OWNED</b>									
Land - Free hold									
Cost	23,939,830	-	-	23,939,830	-	-	-	-	23,939,830
Revaluation	136,060,170	-	-	136,060,170	-	-	-	-	136,060,170
	160,000,000	-	-	160,000,000	-	-	-	-	160,000,000
Building - on freehold land	564,200	-	-	564,200	10	258,070	-	30,613	288,683
Furniture & Fixtures	2,183,194	698,510	-	2,881,704	10	837,943	-	157,711	995,654
Office Equipment	5,289,876	1,259,166	-	6,549,042	10	2,078,319	-	389,422	2,467,741
Motor Vehicles	54,882,460	15,604,190	-	70,486,650	20	23,866,022	-	8,833,663	32,699,685
Computers & Accessories	2,678,110	3,335,856	-	6,013,966	30	1,119,308	-	846,339	1,965,647
	225,597,840	20,897,722	-	246,495,562		28,159,662	-	10,257,748	38,417,410
<b>MUSHARIKA VEHICLES</b>									
Musharika Vehicles	10,423,797	-	-	10,423,797	20	1,453,322	-	1,794,095	3,247,417
	236,021,637	20,897,722	-	256,919,359		29,612,984	-	12,051,843	41,664,827

-----Rupees-----

-----Rupees-----





**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**19.1 FIXED ASSETS (Tangible) - Schedule for comparative figures**

PARTICULARS	2014							W.D.V. As at December 31, 2014		
	COST/REVALUED AMOUNT				DEPRECIATION					
	As at January 01, 2014	Additions / Adjustment	(Deletions)	As at December 31, 2014	Rate %	As at January 01, 2014	(Deletions)		For the year	As at December 31, 2014
-----Rupees-----										
<b>OWNED</b>										
Land - Free hold										
Cost	23,939,830	-	-	23,939,830	-	-	-	-	-	23,939,830
Revaluation	136,060,170	-	-	136,060,170	-	-	-	-	-	136,060,170
	160,000,000	-	-	160,000,000	-	-	-	-	-	160,000,000
Building - on freehold land	564,200	-	-	564,200	10	224,056	-	34,014	258,070	306,130
Furniture & Fixtures	1,618,098	565,096	-	2,183,194	10	724,745	-	113,198	837,943	1,345,251
Office Equipment	4,810,426	479,450	-	5,289,876	10	1,752,012	-	326,307	2,078,319	3,211,557
Motor Vehicles	44,635,850	10,246,610	-	54,882,460	20	17,862,226	-	6,003,796	23,866,022	31,016,438
Computers & Accessories	2,193,680	484,430	-	2,678,110	30	568,645	-	550,663	1,119,308	1,558,802
	213,822,254	11,775,586	-	225,597,840		21,131,684	-	7,027,978	28,159,662	197,438,178
<b>MUSHARIKA VEHICLES</b>										
Musharika Vehicles	-	10,423,797	-	10,423,797	20	-	-	1,453,322	1,453,322	8,970,475
	213,822,254	22,199,383	-	236,021,637		21,131,684	-	8,481,300	29,612,984	206,408,653

**NOTES TO THE FINANCIAL STATEMENT  
FOR THE YEAR ENDED DECEMBER 31, 2015**

20	MANAGEMENT EXPENSES	Note	2015 Rupees	2014 Rupees
	Salaries and benefits		48,061,866	27,469,474
	Rent, rates, taxes		4,344,220	2,791,051
	Utilities		2,294,441	1,650,537
	Communications		4,834,311	2,996,479
	Printing & stationery		3,656,111	2,138,900
	Travelling and conveyance		3,336,221	1,965,948
	Repairs and maintenance		5,391,178	4,183,532
	Advertisement		3,397,526	964,306
	Market development charges		1,293,381	1,746,721
	Financial charges		811,551	823,079
	Tracker charges		3,546,639	235,500
	Others		9,126,912	5,018,449
			<u>90,094,357</u>	<u>51,983,976</u>
<b>21</b>	<b>OTHER INCOME</b>			
	Income from financial assets:			
	Profit on PLS / saving accounts		1,480,851	732,638
	Income from non financial assets:			
	Miscellaneous		-	8,334
			<u>1,480,851</u>	<u>740,972</u>
<b>22</b>	<b>GENERAL AND ADMINISTRATION EXPENSES</b>			
	Directors' remuneration		1,255,200	936,000
	Salaries and other benefits		25,354,153	18,180,574
	Rent, rates and taxes		960,000	1,056,000
	Company's contribution to Provident Fund		1,734,910	929,773
	Fees and subscription		1,202,669	2,167,148
	Auditors' remuneration	22.1	460,000	460,000
	Legal & professional charges		514,860	1,625,156
	Directors/staff training		166,667	5,000
	Vehicle insurance expense		2,224,275	800,705
	Computer expenses		94,759	132,615
	Ijarah rentals		1,281,446	-
	Depreciation	19	12,051,843	8,481,300
			<u>47,300,782</u>	<u>34,774,271</u>
<b>22.1</b>	<b>Auditors' remuneration</b>			
	Ilyas Saeed & Co. Chartered Accountants			
	Audit fee		360,000	360,000
	Half year review		70,000	35,000
	Certification Charges		30,000	30,000
	Amin, Mudassar and Co. Chartered Accountants:			
	Half year review		-	35,000
	Total		<u>460,000</u>	<u>460,000</u>
<b>23</b>	<b>PROVISION FOR TAXATION</b>			
	Current:			
	For the year		25,724,303	8,266,081
	Prior year		(1,202,900)	156,318
			24,521,403	8,422,399
	Deferred	16.1	415,047	3,645,483
			<u>24,936,450</u>	<u>12,067,882</u>



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 23.1 Relationship between tax expense & accounting profit

Numerical reconciliation between the average effective tax rate and the applicable tax rate:

Applicable tax rate as per income Tax Ordinance, 2000	<b>32.00%</b>	33.00%
Prior year adjustment	<b>(4.82%)</b>	0.26%
Income taxed at reduced rate	<b>(0.92%)</b>	(12.04%)
FTR income	<b>(1.76%)</b>	(2.22%)
Others	<b>2.24%</b>	1.24%
	<b>26.74%</b>	20.25%

## 24 EARNINGS PER SHARE

### 24.1 Basic earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year as follows:

Profit after tax	<b>68,324,564</b>	47,512,684
Weighted average number of ordinary shares	<b>30,000,000</b>	30,000,000
Earnings per share	<b>2.28</b>	1.58

### 24.2 Diluted earnings per share

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.

## 25 REMUNERATION OF DIRECTORS & EXECUTIVES

	Executives		Directors	
	2015	2014	2015	2014
	Rupees		Rupees	
Managerial remuneration	11,506,440	4,074,708	792,000	576,000
Bonus	283,470	-	66,000	-
House rent and utility allowance	5,927,556	2,108,082	408,000	360,000
Commission paid	-	-	15,792,989	2,256,967
Contribution to provident fund	523,061	207,479	65,976	48,528
	<b>18,240,527</b>	<b>6,390,269</b>	<b>17,124,965</b>	<b>3,241,495</b>
Number of Persons	<b>14</b>	<b>5</b>	<b>2</b>	<b>1</b>

In addition, executives and director are also provided with free use of company's maintained car for office purpose only.

## 26 RELATED PARTY TRANSACTIONS

Balances with related parties have been disclosed in the relevant balance sheet note, if any.

Transactions with related parties are as follows:

<u>Relation</u>	<u>Transactions</u>	
	2015	2014
<u>Key Management Personnel:</u>		
Chief Executive/Directors		
Remuneration	1,255,200	936,000
Commission paid	15,792,989	2,256,967
Office rent	960,000	960,000
<u>Retirement Benefit Plan:</u>		
Contribution to Provident Fund	1,734,910	929,773

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 27 SEGMENT REPORTING

Particulars	Fire and Property Damage		Marine Aviation and Transport		Motor		Credit and Suretyship		Miscellaneous		Total	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
<b>Revenue</b>												
Premiums earned	83,856,593	62,415,904	41,975,247	31,084,001	100,782,308	75,833,728	44,989,130	40,799,065	134,327,705	30,666,681	405,930,983	240,799,379
Segment results	17,484,818	10,259,461	8,533,921	5,820,380	17,749,053	20,733,809	26,394,173	12,210,612	55,817,685	11,235,845	125,979,650	60,260,107
Investment income											12,925,962	33,353,758
Other income											1,480,851	740,972
General and administrative expense											(47,300,782)	(34,774,271)
											(32,893,969)	(679,541)
Profit before tax											93,085,681	59,580,566
Total comprehensive loss from window takaful operations - OPF											175,333	-
Provision for tax											(24,936,450)	(12,067,882)
Net profit											68,324,564	47,512,684
<b>Other information</b>												
Segment assets - conventional	61,869,809	70,868,821	23,412,677	24,480,320	55,592,314	58,610,575	25,433,872	30,373,881	80,622,171	32,678,751	246,930,843	217,012,348
Segment assets - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets - conventional	-	-	-	-	-	-	-	-	-	-	655,332,555	595,937,434
Unallocated assets - takaful OPF	-	-	-	-	-	-	-	-	-	-	50,425,333	-
Total assets											952,688,731	812,949,782
Segment liabilities - conventional	55,240,557	65,078,505	15,697,482	15,074,282	90,403,082	75,570,503	30,696,932	31,903,664	105,577,210	55,935,938	297,615,264	243,562,892
Segment liabilities - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities - conventional	-	-	-	-	-	-	-	-	-	-	30,621,691	13,509,678
Unallocated liabilities - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities											328,236,955	257,072,570
Capital expenditure - conventional	10,788,977	10,486,313	5,399,711	5,222,928	12,966,616	12,739,738	5,786,150	6,853,323	17,280,118	5,154,152	52,221,572	40,456,454
Capital expenditure - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditure											52,221,572	40,456,454
Depreciation - conventional	2,489,911	2,198,353	1,246,161	1,094,936	2,992,473	2,670,761	1,335,344	1,436,732	3,987,956	1,080,518	12,051,844	8,481,300
Depreciation - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation											12,051,844	8,481,300



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk. The Company's overall risk management process focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risks without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework and is also responsible for development of the Company's risk management policies.

#### 28.1 Credit risk and concentration of credit risk

Credit risk is the risk that arises from the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in diverse industries and by continually assessing the credit worthiness of industries/counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below:

	Category of financial assets	2015 Rupees	2014 Rupees
Current and other accounts	Loans & Receivables	70,721,844	31,433,127
Deposits maturing within 12 months	Loans & Receivables	-	22,000,000
Investments:	Available for Sale	458,772	1,288,030
	Held for Trading-Fair value through Profit or Loss	206,896,279	200,705,976
	Held to Maturity	26,251,728	26,178,856
Premiums due but unpaid	Loans & Receivables	45,401,619	35,104,793
Amounts due from other insurers / reinsurers	Loans & Receivables	123,350,294	121,010,573
Reinsurance recoveries against outstanding claims	Loans & Receivables	12,805,614	6,075,544
Accrued investment income	Loans & Receivables	1,542,600	1,430,650
Sundry receivables	Loans & Receivables	19,456,593	26,313,106
		<b>506,885,343</b>	<b>471,540,655</b>

The company did not hold any collateral against the above during the year. General provision is made for receivables according to the Company's policy. This impairment provision is utilized to write off a financial asset when it is determined that Company cannot recover the balance due.

The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating		Rating Agency	2015 Rupees	2014 Rupees
	Short term	Long term			
JS Bank Limited	A1+	A+	PACRA	10,582	10,363
BankIslami Pakistan Limited	A1	A+	PACRA	6,926	3,869,777
United Bank Limited	A-1+	AA+	JCR-VIS	90,893	40,425
Summit Bank Limited	A-1	A	JCR-VIS	14,319,393	4,803,610
Silk Bank Limited	A-2	A-	JCR-VIS	143,568	210,016
NIB Bank Limited	A1+	AA-	PACRA	5,001,728	261,612
Faysal Bank Limited	A1+	AA	PACRA	1,655,314	8,247,903
Habib bank limited	A-1+	AAA	JCR-VIS	5,064,962	-
SME bank limited	B	BB	PACRA	2,858,871	-
Soneri bank Limited	A1+	AA-	PACRA	710,266	1,467,689
Bank of Azad Jammu Kashmir*				2,153,404	860,004
Punjab Provincial Co-operative Bank*				16,943	17,413
The Bank of Punjab	A1+	AA-	PACRA	566,923	775
Bank Al- Habib Limited	A1+	AA+	PACRA	25	88
Zarai Taraqiyati Bank Limited	A-1+	AAA	JCR-VIS	38,122,046	11,535,055
				<b>70,721,844</b>	<b>31,433,127</b>

\* Credit ratings are not available

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

The following are the contractual maturities of financial liabilities on an undiscounted cash flow basis:

<b>Financial liabilities: 2015</b>	<b>Carrying Amount</b>	<b>Up to One Year</b>	<b>More Than One Year</b>
Provision for outstanding claims (including IBNR)	44,408,023	44,408,023	-
Amount due to other insurers / reinsurers	7,162,914	7,162,914	-
Accrued expenses	390,000	390,000	-
Unclaimed dividend	59,962	59,962	-
Other creditors and accruals	46,089,305	46,089,305	-
	<b>98,110,204</b>	<b>98,110,204</b>	<b>-</b>

<b>Financial liabilities: 2014</b>	<b>Carrying Amount</b>	<b>Up to One Year</b>	<b>More Than One Year</b>
Provision for outstanding claims (including IBNR)	32,366,560	32,366,560	-
Amount due to other insurers / reinsurers	10,174,105	10,174,105	-
Accrued expenses	425,000	425,000	-
Unclaimed dividend	59,962	59,962	-
Other creditors and accruals	46,463,162	46,463,162	-
	<b>89,488,789</b>	<b>89,488,789</b>	<b>-</b>

Age analysis of financial assets is as under:

<b>Financial Assets - 2015</b>	<b>Carrying Amount</b>	<b>Up to One Year</b>	<b>From 1 - 2 years</b>	<b>More than 2 years</b>
Premiums due but unpaid	45,401,619	27,694,988	15,436,550	2,270,081
Amounts due from other insurers / reinsurer	123,350,294	76,477,182	40,705,597	6,167,515
Accrued investment income	1,542,600	1,542,600	-	-
Reinsurance recoveries against outstanding claims	12,805,614	7,171,144	3,073,347	2,561,123
Sundry receivables	19,456,593	12,646,785	5,447,846	1,361,962
	<b>202,556,720</b>	<b>125,532,699</b>	<b>64,663,340</b>	<b>12,360,681</b>

<b>Financial Assets - 2014</b>	<b>Carrying Amount</b>	<b>Up to One Year</b>	<b>From 1 - 2 years</b>	<b>More than 2 years</b>
Premiums due but unpaid	35,104,793	19,307,636	12,286,678	3,510,479
Amounts due from other insurers / reinsurer	121,010,573	71,396,238	42,353,701	7,260,634
Accrued investment income	1,430,650	1,430,650	-	-
Reinsurance recoveries against outstanding claims	6,075,544	3,220,038	1,275,864	1,579,641
Sundry receivables	26,313,106	16,577,257	7,893,932	1,841,917
	<b>189,934,666</b>	<b>111,931,819</b>	<b>63,810,174</b>	<b>14,192,673</b>

The credit quality of amount due from other insurers/ reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit ratings as follows:

	<b>Amount due from other insurers / reinsurers</b>	<b>Reinsurance recoveries against outstanding claims</b>	<b>2015 Rupees</b>	<b>2014 Rupees</b>
A or above (including PRCL)	111,927,236	11,083,546	123,010,782	108,013,665
B	1,364,786	1,722,068	3,086,854	787,185
Others	10,058,272	-	10,058,272	18,285,267
Total	<b>123,350,294</b>	<b>12,805,614</b>	<b>136,155,908</b>	<b>127,086,117</b>

### 28.2 Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

On the balance sheet date, company has cash and bank balances of Rs. 70,763,852/- (2014: Rs. 31,813,205/-).

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 28.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest/mark up rate risk and price risk. The Company is not exposed to material currency risk.

#### a) Interest/mark up rate risk

Interest/mark up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest/mark up rates. Sensitivity to interest/mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The company manages these mismatches through risk management strategies.

At the balance sheet date, the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

Financial assets	2015	2014	2015	2014
	Effective interest rate (in %)		Rupees	Rupees
Saving accounts	3% to 4.5%	6% to 8.5%	41,137,377	7,343,245
Deposits maturing within 12 months - Fixed rate	-	9.25% to 9.5%	-	22,000,000
Investments				
- Interest bearing - Fixed rate	10.15% to 12%	10.15% to 12%	26,251,728	26,178,856
			<b>67,389,105</b>	<b>55,522,101</b>

#### Sensitivity analysis

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased/(increased) profit for the year by the amounts shown below.

	2015 Rupees	2014 Rupees
Cash flow sensitivity - Variable rate financial assets	<b>411,374</b>	<b>73,432</b>

It is assumed, for the purpose of sensitivity analysis, that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details. The analysis assumes that all other variables remain constant.

#### b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. 25,320,900/- (2014: Rs. 33,461,299/-) at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. The Company manages price risk by monitoring exposure in quoted equity securities and implementing strict discipline in internal risk management and investment policies.

The carrying value of investments subject to equity price risk are based on quoted market prices as of the balance sheet date and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), dated December 12, 2002.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

#### Sensitivity analysis

The table below summarizes company's equity price risk as of December 31, 2015 and 2014 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, results could be worse because of the nature of equity markets.

Had all equity investments been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase/(decrease) in profit before tax
31-Dec-15	25,343,762	10% increase	27,878,138	2,534,376	2,534,376
		10% decrease	22,809,386	(2,534,376)	(2,534,376)
31-Dec-14	33,461,299	10% increase	36,807,429	3,346,130	3,346,130
		10% decrease	30,115,169	(3,346,130)	(3,346,130)

### 28.4 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for equity and debt instruments whose fair values have been disclosed in their respective notes to these financial statements. Fair value is determined on the basis of objective evidence at each reporting date. The company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in active market for identical instrument.

Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs.

	Level-1	Level-2	Level-3	Total
	Rupees			
As at 31 December 2015				
At fair value through profit or loss-Held for trading	206,896,279	-	-	206,896,279
As at 31 December 2014				
At fair value through profit or loss-Held for trading	200,705,976	-	-	200,705,976

### 28.5 Insurance risk

The company accepts the insurance risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The company manages its risk via its underwriting and reinsurance strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. Reinsurance is purchased to mitigate the effect of potential loss to the company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Reinsurance policies are written with approved reinsurers on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single insurance contract issued to a particular demographic type of policy holder, within a geographical location or to types of commercial business. The company minimizes its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

#### Geographical concentration of insurance risk

To optimize benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risks with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/industrial/residential occupation of the insurers. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities etc. are extracted from the layout plan of the insured facility. Such details form part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan) for instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically that the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

For Marine risk, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits etc. are fed into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement. Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with the regulatory requirement, the reinsurance agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured		Reinsurance		Net	
	2015	2014	2015	2014	2015	2014
Fire	53,766,973,326	65,090,281,114	8,784,101,100	11,689,225,673	44,982,872,226	53,401,055,441
Marine	28,912,030,293	19,985,812,663	2,982,992,026	4,161,646,528	25,929,038,267	15,824,166,135
Motor	6,070,198,322	3,718,694,841	1,510,716,354	2,337,275,652.29	4,559,481,968	1,381,419,189
Miscellaneous	40,790,731,915	35,094,791,358	4,550,505,272	4,963,361,343	36,240,226,643	30,131,430,015
	<b>129,539,933,856</b>	<b>123,889,579,976</b>	<b>17,828,314,752</b>	<b>23,151,509,197</b>	<b>111,711,619,104</b>	<b>100,738,070,779</b>

### Sensitivity analysis

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. The sensitivity analysis is performed on the same basis as that of last year. The Company makes various assumptions and techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate. However, actual experience will differ from the expected outcome.

As the company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance.

Pre tax Profit		Shareholders' equity	
2015	2014	2015	2014
<b>Rupees</b>			

#### 10% decrease in Loss

Fire & Property damage	442,144	374,941	291,815	247,461
Marine, Aviation and Transport	740,698	301,031	488,861	198,680
Motor	3,730,327	2,776,796	2,462,016	1,832,685
Credit and Suretyship	9,421	714,670	6,218	471,682
Miscellaneous	1,496,679	27,916	987,808	18,425
	<b>6,419,269</b>	<b>4,195,354</b>	<b>4,236,718</b>	<b>2,768,933</b>

10% increase in loss would have the same but opposite impact on above analysis.

### Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within year. Moreover, claims with significant uncertainties are not outstanding as at December 31, 2015.

#### Analysis on gross basis

##### Accident year

	2012	2013	2014	2015	Total
<b>Rupees</b>					
Estimate of ultimate claims cost:					
At end of accident year	1,367,636	4,397,844	2,628,469	4,602,216	12,996,165
One year later	1,367,636	4,397,844	2,628,469	-	8,393,949
Two years later	1,367,636	4,397,844	-	-	5,765,480
Three years later	1,367,636	-	-	-	1,367,636
Estimate of cumulative claims	1,367,636	4,397,844	2,628,469	4,602,216	12,996,165
Cumulative payments to date	(1,068,430)	-	(1,658,458)	(246,304)	(2,973,192)
Liability recognised in the balance sheet	299,206	4,397,844	970,011	4,355,912	10,022,973

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

### 29 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2012. The company has not obtained long term finance and short term borrowings, therefore gearing ratio of the company is not applicable. In accordance with Circular No. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as

2013	2014	2015
(Rupees in Thousands)		
300,000	300,000	300,000

Minimum paid up capital

The Company currently meets the externally imposed capital limit.

### 30 PROVIDENT FUND

The following information is based on the latest audited financial statements of the Fund:

	2015 Rupees Audited	2014 Rupees Audited
Size of the fund - total assets	8,658,690	5,447,828
Cost of Investments made	8,215,440	5,214,082
Percentage of investments made	94.88%	95.71%
Fair Value of investments	8,215,440	5,214,082

The break-up of cost of investments is:

	2015		2014	
	%	(Rs.)	%	(Rs.)
Saving Account	63%	5,215,440	48%	2,514,082
Term Deposit Receipts	37%	3,000,000	52%	2,700,000
	<b>100%</b>	<b>8,215,440</b>	<b>100%</b>	<b>5,214,082</b>

The investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

### 31 NUMBER OF EMPLOYEES

- Total number of employees as at 31 December 2015 were 107 (2014: 61)
- Average number of employees during the year were 103 (2014: 54)

### 32 EVENTS AFTER BALANCE SHEET DATE

In the meeting held on April 05, 2016, the Board of Directors of the Company proposed a bonus shares in the ratio of 20 shares for every 100 shares held (2014: Nil) amounting to Rs. 60 million (2014: Nil) for the year ended December 31, 2015, for approval by the members in the Annual General Meeting to be held on April 30, 2016. There is no event causing adjustment to or disclosure in financial statements.

### 33 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorised for issue by the Board of Directors of the company on April 05, 2016.

### 34 GENERAL

- Corresponding figures have been reclassified / re-arranged, wherever necessary for better presentation. There have been no significant reclassifications/ restatements in the financial statements.
- The figures are rounded off to the nearest rupee.



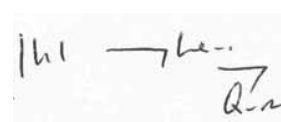
Chairman



Director



Director



Principal Officer/Chief Executive





## Asia Window Takaful



**asiaINSURANCE**  
We've got You covered

company Ltd.



Asia Window Takaful



**asiaINSURANCE**  
We've got You covered company Ltd.



Asia Window Takaful

# SHARIAH ADVISOR'S REPORT TO THE BOARD OF DIRECTORS

For the period ended December 31, 2015

الحمد لله رب العالمين و الصلوة و السلام على سيد الأنبياء و المرسلين  
و بعد

I have reviewed the Takaful products including all related documents, the Participant Takaful Fund Policies, as well as the investment policies, Re-Takaful arrangements and the transactions of **Asia Insurance Company Limited-Window Takaful Operations** (hereafter referred to as “Takaful Operator”) for the period ended 31<sup>st</sup> December 2015.

I acknowledge that as Shariah Advisor of Asia Insurance Company Limited - Window Takaful Operations, it is my responsibility to approve the above mentioned documents and ensure that the financial arrangements, contracts and transactions entered into by the Takaful Operator with its participants and stakeholders are in compliance with the requirements of Shariah rules and principles.

It is the responsibility of the Takaful Operator to ensure that rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by the Shariah Advisor.

The primary objective of Shariah Advisor's report is to inform about the Takaful Operator's compliance with Shariah Guidelines, including the appropriate evidence of transactions undertaken by the Takaful Operator during the period 2015 and to express his opinion on transactions, operational aspects of Window Takaful Operations.

In my opinion and to the best of my understanding based on the provided information and explanations:

- i. The Operator has obtained its Window Takaful Operations license from SECP, however it has not yet launched its Takaful Business underwriting. It is expected that the Takaful underwriting would start in the year 2016.
- ii. However the financial transactions undertaken by the Takaful Operator to obtain Window Takaful Operation license, for the period ended 31 December 2015 were in accordance with guidelines issued by Shariah Advisor as well as requirements of Takaful Rules 2012.
- iii. The amount of Operator's Fund has been invested with an Islamic Bank with my Shariah approval on it. Further all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with prior Shariah approval.

“And Allah Knows Best”



**Mufti Muhammad Farhan Frooq**  
Shariah Advisor



## SHARIAH AUDITORS' REPORT ON COMPLIANCE

Independent assurance report to the Board of Directors and Shariah Advisor of Asia Insurance Company Limited- Window Takaful Operations (WTO) in respect of WTO's compliance with the Shariah rules and principles

We have performed an independent assurance engagement (Shariah Compliance Audit) of ASIA Insurance Company Limited- Window Takaful Operations (WTO) to ensure that the WTO has complied with the Shariah rules and principles as prescribed by the Shariah of the WTO and the Takaful Rules, 2012, during the period ended 31<sup>st</sup> December 2015.

### MANAGEMENT RESPONSIBILITY FOR SHARIAH COMPLIANCE

It is the responsibility of the WTO to ensure that the financial arrangements, contracts, products and transactions entered into by the WTO and Asia Insurance Company Limited (Window Takaful Operations) - Participant Takaful Fund (PTF) with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Advisor and the Takaful Rules, 2012.

### Our Responsibility

Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on the sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah rules and principles as prescribed by the WTO's Shariah Advisor and the Takaful Rules, 2012.

The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the said Shariah rules and principles. In making those risk assessments, we considered such internal control procedures as were relevant to the WTO's compliance with Shariah rules and principles. Our engagement was, however, not intended for expressing opinion on the effectiveness of the WTO's internal controls for purposes of compliance with the Shariah rules and principles.

We believe that the evidence we have obtained through performing our procedures on a sample basis was sufficient and appropriate to provide a basis for our opinion.

### FRAMEWORK FOR THE ENGAGEMENT

We have conducted our engagement in accordance with international standard for Assurance Engagements 3000 (ISAE 3000) issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants. This standard requires that we comply with ethical requirements and plan and perform the engagement to obtain reasonable assurance regarding the subject matter i.e. the WTO's compliance with the Shariah rules and principles as determined by the Shariah Advisor and the Takaful Rules, 2012.

### OUR OPINION

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the WTO and the PTF, as the case may be, for the period ended 31 December 2015, are in compliance with the requirements of the Shariah Rules and principles as prescribed by the Shariah Advisor and the Takaful Rules, 2012 in all material respects.

Date: April 05, 2016  
Lahore

  
ILYAS SAEED & CO.  
Chartered Accountants  
Audit Engagement Partner: Irfan Ilyas



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of comprehensive income;
- (iv) statement of changes in funds;
- (v) statement of cash flows;
- (vi) statement of contributions;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of Window Takaful Operations ("WTO") of Asia Insurance Company Limited ("the Operator") as at December 31, 2015 together with the notes forming part thereof, for the period then ended.

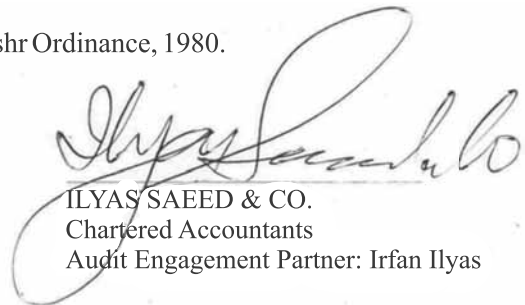
It is the responsibility of the Company's Board of Directors/ management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Insurance Ordinance, 2000 (XXXIX of 2000) and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) proper books of accounts have been kept by the WTO as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the WTO and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the WTO's affairs as at December 31, 2015 and of the profit, its total comprehensive income, its cash flows and changes in equity for the period then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- (d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Date: April 05, 2016  
Lahore

  
ILYAS SAEED & CO.  
Chartered Accountants  
Audit Engagement Partner: Irfan Ilyas



**WINDOW TAKAFUL OPERATIONS  
BALANCE SHEET  
AS AT DECEMBER 31, 2015**

	Note	December 31, 2015	December 31, 2015	December 31, 2015
			-----Rupees-----	
		Participants' Takaful Fund	Operator's Fund	Aggregate
<b>Operators' fund - (OPF)</b>				
Statutory reserve	4	-	50,000,000	50,000,000
Accumulated profit		-	175,333	175,333
		<u>-</u>	<u>50,175,333</u>	<u>50,175,333</u>
<b>Waqf / participants' takaful fund</b>				
Ceded money	5	500,000	-	500,000
Accumulated surplus		3,547	-	3,547
		<u>503,547</u>	<u>-</u>	<u>503,547</u>
<b>Creditors and accruals</b>				
Accrued expenses	6	-	250,000	250,000
<b>TOTAL LIABILITIES</b>		<u>-</u>	<u>250,000</u>	<u>250,000</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>503,547</u>	<u>50,425,333</u>	<u>50,928,880</u>
Contingencies and Commitments	7	-	-	-

The annexed notes from 1 to 18 form an integral part of these financial statements.



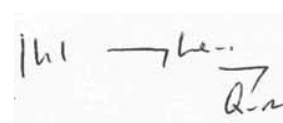
Chairman



Director



Director



Principal Officer/Chief Executive



**WINDOW TAKAFUL OPERATIONS  
BALANCE SHEET  
AS AT DECEMBER 31, 2015**

	Note	December 31, 2015	December 31, 2015 -----Rupees-----	December 31, 2015
		Participants' Takaful Fund	Operator's Fund	Aggregate
<b>Cash and bank deposits</b>				
Cash and other equivalent		-	-	-
Current and other accounts	8	503,135	50,190,579	50,693,714
		<u>503,135</u>	<u>50,190,579</u>	<u>50,693,714</u>
<b>Investments</b>		-	-	-
<b>Current assets- others</b>				
Advance tax	9	412	234,754	235,166
<b>TOTAL ASSETS</b>		<u><u>503,547</u></u>	<u><u>50,425,333</u></u>	<u><u>50,928,880</u></u>

The annexed notes from 1 to 18 form an integral part of these financial statements.



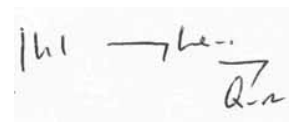
Chairman



Director



Director



Principal Officer/Chief Executive




**WINDOW TAKAFUL OPERATIONS  
PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	Notes	Fire & Property Damage	Marine, Aviation and Transport	Motor	Misc.	2015
-----Rupees-----						
<b>PTF Revenue Account</b>						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
<b>Underwriting results</b>						
		-	-	-	-	-
						-
	10					3,547
<b>Surplus for the period</b>						<b>3,547</b>
<b>OPF Revenue Account</b>						
						-
	11					(500,000)
						-
						<b>(500,000)</b>
						-
	10					2,347,542
	12					(1,672,209)
<b>Profit for the year</b>						<b>175,333</b>

Appropriations have been reflected in statement of changes in funds.  
The annexed notes from 1 to 18 form an integral part of these financial statements.



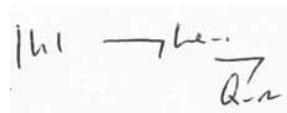
**Chairman**



**Director**



**Director**



**Principal Officer/Chief Executive**



**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	December 31, 2015 ----- Rupees -----
<b>Operators' fund - (OPF)</b>	
Profit for the year	175,333
<b>Other comprehensive income</b>	
Items that may be subsequently reclassified to profit or loss	-
Items that may not be subsequently reclassified to profit or loss	-
Total comprehensive profit for the year	<u><u>175,333</u></u>

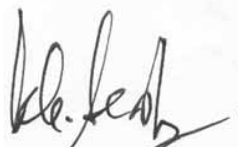
The annexed notes from 1 to 18 form an integral part of these financial statements.



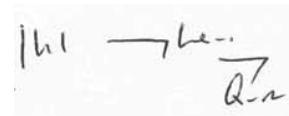
Chairman



Director



Director



Principal Officer/Chief Executive




**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF CHANGES IN FUNDS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	<b>Operator's Fund</b>		
	<b>Statutory Reserves</b>	<b>Accumulated Surplus (Rupees)</b>	<b>Total</b>
Balance as at August 13, 2015	-	-	-
Contribution made during the period	50,000,000	-	<b>50,000,000</b>
Profit for the year	-	175,333	<b>175,333</b>
Other comprehensive income for the period	-	-	-
	-	175,333	<b>175,333</b>
Balance as at December 31, 2015	<b>50,000,000</b>	<b>175,333</b>	<b>50,175,333</b>

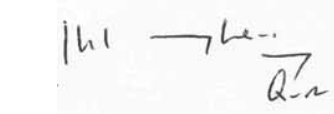
	<b>Participants' Takaful Fund</b>		
	<b>Ceded Money</b>	<b>Accumulated Surplus (Rupees)</b>	<b>Total</b>
Balance as at August 13, 2015	-	-	-
Ceded money	500,000	-	<b>500,000</b>
Surplus for the period	-	3,547	<b>3,547</b>
Distribution to contributories	-	-	-
Balance as at December 31, 2015	<b>500,000</b>	<b>3,547</b>	<b>503,547</b>

The annexed notes from 1 to 18 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Principal Officer/Chief Executive



**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	Participants' Takaful Fund	Operator's Fund	Aggregate
	December 31, 2015	December 31, 2015	December 31, 2015
	-----Rupees-----		
<b>Operating cash flows</b>			
<b>a) Takaful activities</b>			
Contribution received	-	-	-
Wakala fee received	-	-	-
Retakaful ceded	-	-	-
Claims paid	-	-	-
Retakaful and other recoveries received	-	-	-
Commissions paid	-	-	-
Rebate on retakaful	-	-	-
Other takaful payments	-	-	-
<b>Net cash flow from underwriting activities</b>	-	-	-
<b>b) Other operating activities</b>			
General and administrative expenses paid	-	(1,422,209)	(1,422,209)
Income tax paid	(412)	(234,754)	(235,166)
Other operating receipts	3,547	2,347,542	2,351,089
<b>Net cash outflow from other operating activities</b>	3,135	690,579	693,714
<b>Total cash flow from all operating activities</b>	3,135	690,579	693,714
<b>Investment activities</b>			
Profit/ return received	-	-	-
Payments for investments	-	-	-
Fixed capital expenditure	-	-	-
<b>Total cash flow from investing activities</b>	-	-	-
<b>Financing activities</b>			
Contribution to the operator's fund	-	50,000,000	50,000,000
Ceded money	500,000	(500,000)	-
<b>Total cash inflow from financing activities</b>	500,000	49,500,000	50,000,000
<b>Net cash inflow from all activities</b>	503,135	50,190,579	50,693,714
<b>Cash and cash equivalents at beginning of the period</b>	-	-	-
<b>Cash and cash equivalents at end of the period</b>	503,135	50,190,579	50,693,714

**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	Participants' Takaful Fund	Operator's Fund	Aggregate
	December 31, 2015	December 31, 2015	December 31, 2015
<b>RECONCILIATION TO PROFIT AND LOSS ACCOUNT</b>			
Operating cash flows	3,135	690,579	693,714
(Decrease) / increase in assets other than cash	412	234,754	235,166
Decrease in liabilities other than running finance	-	(750,000)	(750,000)
<b>Surplus / Profit for the Period</b>	<b>3,547</b>	<b>175,333</b>	<b>178,880</b>
<b>Attributed to</b>			
Participants' Takaful Fund	3,547	-	3,547
Operator's Fund	-	175,333	175,333
	<b>3,547</b>	<b>175,333</b>	<b>178,880</b>

**Definition of cash**

Cash comprises of cash in hand, policy stamps, bond papers cheques in hand, bank balances and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day to day basis.

**Cash for the purpose of statement of cash flows consists of :**

**Cash and cash equivalents**

Current and saving accounts	<b>503,135</b>	<b>50,190,579</b>	<b>50,693,714</b>
-----------------------------	----------------	-------------------	-------------------


The annexed notes from 1 to 18 form an integral part of these financial statements.



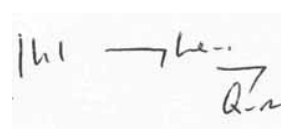
**Chairman**



**Director**



**Director**



**Principal Officer/Chief Executive**





**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF CONTRIBUTIONS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

Class of Business	Contribution written	Wakala fee	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expenses	Net contribution revenue
			Opening	Closing			Opening	Closing		
			2015							
<b>Direct &amp; Facultative</b>										
Fire and Property Damage	-	-	-	-	-	-	-	-	-	-
Marine, Aviation and Transport	-	-	-	-	-	-	-	-	-	-
Motor	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	-	-	-	-	-	-	-	-	-	-

-----R u p e e s-----

The annexed notes from 1 to 18 form an integral part of these financial statements.



  
Chairman

  
Director

  
Director

  
Principal Officer/Chief Executive





**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF CLAIMS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

Class of Business	2015									
	Claims paid		Outstanding claims		Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	Net claims expense
	Opening	Closing	Opening	Closing			Opening	Closing		
<b>Direct &amp; Facultative</b>										
Fire and Property Damage	-	-	-	-	-	-	-	-	-	-
Marine, Aviation and Transport	-	-	-	-	-	-	-	-	-	-
Motor	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	-	-	-	-	-	-	-	-	-	-

-----R u p e e s-----

The annexed notes from 1 to 18 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Principal Officer/Chief Executive



**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF EXPENSES  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

Class of Business	Commission paid / payable		Deferred commission		Net commission expense	Direct expenses	Underwriting expenses	Net rebate on re-takaful	Net takaful expenses
	Opening	Closing	Opening	Closing					
<b>2015</b>									
<b>-----R u p e e s-----</b>									
<b>Direct and facultative</b>									
Fire and Property Damage	-	-	-	-	-	-	-	-	-
Marine, Aviation and Transport	-	-	-	-	-	-	-	-	-
Motor	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-
<b>Grand total</b>	-	-	-	-	-	-	-	-	-

Note: Rebate on re-takaful is arrived after taking impact of opening and closing unearned rebate on re-takaful. The annexed notes from 1 to 18 form an integral part of these financial statements.

  
**Chairman**

  
**Director**

  
**Director**

  
**Principal Officer/Chief Executive**

**WINDOW TAKAFUL OPERATIONS  
STATEMENT OF INVESTMENT INCOME  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	Note	2015 Rupees
<b>Income from non-trading investments</b>		
<b>OPF</b>		
<b>Held to maturity</b>		
Dividend income		-
<b>Available-for-sale</b>		
Dividend income		-
Gain on sale of investment		-
<b>Investment related expenses</b>		-
<b>Net investment income</b>		-



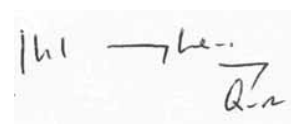
Chairman



Director



Director



Principal Officer/Chief Executive



# WINDOW TAKAFUL OPERATIONS

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE PERIOD ENDED DECEMBER 31, 2015

#### 1 STATUS AND NATURE OF BUSINESS

Asia Insurance Company Limited (the "Company") is an quoted public limited company was incorporated in Lahore on December 06, 1979 under the repealed Companies Act, 1913 ( now the Companies Ordinance, 1984). The Company is engaged in non-life insurance business mainly comprising of fire, marine, motor and miscellaneous. The Company commenced its commercial operations in 1980. The registered and principal office of company is situated at 19 C/D, Block L, Gulberg III, Main Ferozpur Roaad, Lahore-Pakistan. Shares of the Company are quoted on Karachi and Lahore Stock Exchanges (subsequent to year end due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange).

The Company has been allowed to work as Window Takaful Operator through License No.10 on August 13, 2015 by Securities and Exchange Commission of Pakistan under Window Takaful Rules, 2012 to carry on Islamic General Insurance in Pakistan. It has not transacted any business outside Pakistan.

For the purpose of carrying on the takaful business, the company has formed a waqf for participants' equity fund. The Waqf namely Asia Insurance Company Limited (Window Takaful Operations) - Waqf Fund (hereafter referred to as participant takaful fund (PTF)) was created on August 20, 2015 under a trust deed executed by the Company with a ceded money of Rs.500,000/-. Waqf deed also governs the relationship of Operators and policy holders for management of takaful operations, investment policy holders funds and investment of Operators' funds approved by shariah advisor of the company.

#### 2 STATEMENT OF COMPLIANCE

These financial statements of the window takaful operations for the period from 13 August 2015 to 31 December 2015 have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012 shall prevail.

##### 2.1 BASIS OF PREPARATION

These financial statements have been prepared in line with the format issued by the SECP through SEC (Insurance) Rules, 2002, and SECP circular no. 25 of 2015 dated 9 July 2015.

These financial statements reflect the financial position and results of operation of both the operators Fund (OPF) and participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable. These are the first set of annual financial statements of the Asia Insurance Company Ltd. Window Takaful Operations.

##### 2.2 BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost basis.

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 3.1 TAKAFUL CONTRACTS

The Takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the takaful event) adversely affects the policyholder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. The PTF underwrites non-life takaful contracts that can be categorized into Fire and Property, Marine, Aviation and Transport, Motor, Health and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator / insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the Treaty.

Fire takaful provides coverage against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and other related perils.

Marine, aviation and transport takaful provides coverage against cargo risk, terminals, damages occurred in between the points of origin and final destination and other related perils. Motor takaful provides comprehensive car coverage, indemnity against third party loss and other related covers.

Health takaful provides basic hospital care and major medical care including maternity care and outpatient care.

Miscellaneous takaful provides cover against Engineering, Health, Cash in safe, Cash in transit, ATM withdrawals snatching, Fidelity Guarantee Takaful, Personal Accident Takaful, Workmen's Compensation Takaful, Terrorism Takaful, Third party liability Takaful, Plate Glass Takaful, Home Takaful, Travel Takaful and Haj Umrah Takaful

## WINDOW TAKAFUL OPERATIONS NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015

### 3.2 CONTRIBUTIONS

Contributions including administrative surcharge received / receivable (if any) under a takaful policy are recognized as written at the time of issuance of policy. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on contributions.

Contribution due but unpaid represents the amount due from participants on account of takaful contracts. These are recognized at cost, which is the fair value of the contribution to be received less provision for impairment, if any.

### 3.3 RETAKAFUL CEDED

The Operator enters in to retakaful contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward retakaful contributions are accounted for in the same period as the related contribution for the direct or accepted retakaful business.

Retakaful liabilities represent balance due to retakaful companies. Amounts payable are estimated in a manner consistent with the related retakaful contract. Retakaful assets represent balances due from retakaful companies. Amounts recoverable from retakaful are estimated in a manner consistent with the provisions for outstanding claims or settled claims associated with the retakaful policies and are in accordance with the related retakaful contract.

Retakaful assets are not offset against related retakaful liabilities. Income or expenses from retakaful contract are not offset against expenses or income from related retakaful assets.

Retakaful assets or liabilities are derecognized when the contractual rights are extinguished or expire.

The company assesses its retakaful assets for impairment on balance sheet date. If there is objective evidence that retakaful assets are impaired, the company reduces the carrying amount of the retakaful assets to its recoverable amount and recognizes that impairment loss in the profit and loss account.

### 3.4 CLAIMS

General takaful claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years

The company recognizes liability in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of incident giving rise to the claims except as otherwise expressly indicated in an insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provisions for liability in respect of unpaid reported claims are made on the basis of individual case estimates. Provisions for IBNR is based on the management's best estimate which takes into account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

### 3.5 RESERVE FOR UNEARNED CONTRIBUTION

The unearned portion of contribution written net of wakala is set aside as a reserve and is recognized as a liability. The reserve for unearned contribution is calculated by applying 1/24 method in accordance with the provisions of S.R.O. 938 of SEC (Insurance) Rules, 2002. The Unearned portion of Health Takaful is calculated in accordance with the advice of Actuary.

### 3.6 RETAKAFUL RECOVERIES AGAINST OUTSTANDING CLAIMS

Claims recoveries recoverable from the retakaful parties are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received

### 3.7 COMMISSION EXPENSE, ACQUISITION COSTS AND REBATE

Commission expenses and other acquisition costs are charged to the profit and loss account at the time the policies are accepted. Rebate from re-takaful is spread over the tenure of the policies ceded, it is calculated by applying 1/24 method in accordance with the provisions of S.R.O. 938 of SEC (Insurance) Rules, 2002.. The unearned portion of rebate from re-takaful is set aside as a reserve. Such reserve is calculated by applying 1/24 method in accordance with the provisions of S.R.O. 938 of SEC (Insurance) Rules, 2002.

## WINDOW TAKAFUL OPERATIONS NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015

### 3.8 CONTRIBUTION DEFICIENCY RESERVES

According to the requirements of the SEC (Insurance) Rules, 2002, a contribution deficiency reserve needs to be created where the unearned contribution for any class of business is not sufficient to cover the liability after re-takaful from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the policies in that class of business. Any movement in the reserve is to be charged to the profit and loss account.

For this purpose, loss ratios for each class, excluding health are estimated based on historical claim development. Judgment is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is determined. The liability of contribution deficiency in relation to Health Takaful is calculated in accordance with the advice of actuary.

The expected ultimate net claim ratios for the unexpired periods of policies in force at balance sheet date for each class of business is as follows:

As at year end, a provision is created in respect of contribution deficiency reserve for those classes of business where it is estimated that the unearned contribution for that class will not be sufficient to provide for the expected losses and expenses attributable to the unexpired periods of policies in force at the balance sheet date.

### 3.9 CREDITORS, ACCRUALS AND PROVISIONS

Liabilities for creditors and other amounts payable are carried at cost which is fair value of the consideration to be paid in future for goods and / or services received, whether or not billed to the Operator's.

Provisions are recognized when the Operator has a present legal or constructive obligation as a result of past events, it is probable that an out flow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

### 3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, cheques, pay orders, demand drafts and balances with banks.

### 3.11 INVESTMENTS

#### RECOGNITION

All investments are initially recognized at the fair value of the consideration given and include transaction costs, except for held for trading investments in which case transaction costs are charged to profit and loss account.

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Operator's commits to purchase or sell the investments.

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Operator's has transferred substantially all risks and rewards of ownership.

The investments are classified upon recognition as follows:

#### INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

These include held for trading investments and those designated under this category upon initial recognition. Subsequent to initial recognition, these are carried at fair value. Gain/loss on re-measurement are recognized in profit and loss account.

#### HELD TO MATURITY

These are securities with fixed or determinable payments and fixed maturity that the Operator's has a positive intent and ability to hold to maturity. These are initially measured at cost including acquisition charges associated with the investments. Subsequent to initial recognition, these investments are measured at amortized cost less any accumulated impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition by using the effective yield method. These are reviewed for impairment and any losses arising from impairment in values are charged to the profit and loss account.

## WINDOW TAKAFUL OPERATIONS NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015

### AVAILABLE FOR SALE

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in return rates, equity prices or exchange rates are classified as available-for-sale. Any permanent decline recognized in profit and loss account shall not be reversed through profit and loss account.

### FAIR VALUES

The fair value of financial assets at fair value through profit or loss, held to maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

### 3.12 FIXED ASSETS AND DEPRECIATION -TANGIBLE

#### OWNED

These are stated at cost less accumulated depreciation except for freehold land, which is stated at cost, and certain buildings which are stated at revalued amount so as to keep the carrying value equal to the fair market value of the asset

Depreciation on all fixed assets is charged to profit and loss account on the reducing balance method so as to write off depreciable amount of an asset over its useful life at the rates stated in note. Depreciation on additions to fixed assets is charged on "number of months basis".

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### 3.13 REVENUE RECOGNITION

#### PARTICIPANT TAKAFUL FUND (PTF)

Contribution income under a policy is recognized over the period of takaful net off wakala fee. Administrative surcharge recovered from insurer is recognized as part of contribution in the case of co-takaful policies (Leader Follower Case) on proportionate basis.

Rebate from retakaful operators is recognized at the time of issuance of the underlying takaful policy by the Operator's. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates.

#### OPERATORS FUND (OPF)

The operator manages the general takaful operations for the participants and charges 40% on gross contribution for all classes as wakala fee against the services. It is recognized upfront on the issue of Takaful Policy

#### PTF/OPF

Profit on Islamic investment products is recognized on accrual basis.

Dividend income is recognized when the right to receive the dividend is established.

Gain / loss on sale of available for sale investments are included in profit and loss account in the period of sale.

### 3.14 STAFF RETIREMENT BENEFITS

#### DEFINED CONTRIBUTION PLAN

The company operates a funded Provident Fund Scheme for its employees and contributions are made monthly equal to employees contribution @ 8.33% of basic salary and cost of living allowance.

## WINDOW TAKAFUL OPERATIONS NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2015

---

### 3.15 OTHER MANAGEMENT EXPENSES

Expenses allocated to the "PTF" represents directly attributable expenses. Expenses not directly allocable to "PTF" are charged to Operator's Fund.

### 3.16 FOREIGN CURRENCY TRANSACTION

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

### 3.17 SEGMENT REPORTING

A business segment is a distinguishable component of the company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

Based on its classification of insurance contracts issued, the company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous. The nature and business activities of these segments are disclosed in respective notes to the Financial Statements.

Assets and liabilities are allocated to particular segments on the basis of contribution written. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities. Depreciation and amortization are allocated to a particular segment on the basis of premium written

### 3.18 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities within the scope of IAS - 39 are recognized at the time when the company becomes a party to the contractual provisions of the instrument and de-recognized when the company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognizing of the financial assets and financial liabilities is included in the profit and loss account for the year.

Financial instruments carried on the balance sheet include cash and bank deposits, investments, contribution due but unpaid, amount due from other co-takaful/retakaful, contribution and claim reserves detained by cedants, accrued investment income, retakaful recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other co-takaful/retakaful, accrued expenses, other creditors and accruals, liabilities against assets subject to finance lease.

### 3.19 TAKAFUL SURPLUS

Takaful surplus attributable to the participants is calculated after charging all direct cost and setting aside various reserves and charity. Allocation to participants, if applicable, is made after deducting the claims paid to them during the year. Further, surplus will be distributed to participants after payment of qarz e hasna to operator .

### 3.20 QARZ-E-HASNA

Qarz-e-Hasna is provided by Operators Fund to PTF in case of deficit in PTF.

### 3.21 RELATED PARTY TRANSACTIONS

Party is said to be related if they are able to influence the operating and financial decisions of the company and vice versa. The company in the normal course of business carries out transactions with related parties. Transactions with related parties are priced at comparable uncontrolled market price and are carried out at arm's length prices.

### 3.22 FUNCTIONAL AND PRESENTATION CURRENCY

These financial information's have been presented in Pakistan rupee, which is also the Company's functional currency. All financial information presented in Pakistan rupees are rounded off to nearest rupees unless otherwise stated.



**WINDOW TAKAFUL OPERATIONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	Note	December 31, 2015
<b>4 STATUTORY RESERVE</b>		
Statutory reserve	4.1	<u>50,000,000</u>
<b>4.1</b>	It represent amount of Rs 50 million deposited as statutory reserve to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50.million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".	
<b>5 CEDED MONEY</b>		
Waqf money	5.1	<u>500,000</u>
<b>5.1</b>	The amount of Rs.500,000/- has been set a part for Waqf Fund/Participant Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund/Participant Takaful Fund.	
<b>6 ACCRUED EXPENSES - (OPF)</b>		
Salaries and wages		200,000
Auditor's fee		<u>50,000</u>
		<u>250,000</u>
<b>7 CONTINGENCIES AND COMMITMENTS</b>		
There is no known contingency or commitment as at December 31, 2015.		
<b>8 CURRENT AND OTHER ACCOUNTS</b>		
<b>OPF</b>		
Current accounts		-
PLS saving accounts	8.1	<u>50,190,579</u>
		<u>50,190,579</u>
<b>PTF</b>		
Current accounts		-
PLS saving accounts	8.2	<u>503,135</u>
		<u>503,135</u>
<b>8.1</b>	These PLS saving accounts carry profit rate of 2.60% to 6.25% per annum.	
<b>8.2</b>	These PLS saving accounts carry profit rate of 6.25% per annum.	
<b>9 ADVANCE TAX</b>		
Advance tax OPF		234,754
Advance tax PTF		<u>412</u>
		<u>235,166</u>



**WINDOW TAKAFUL OPERATIONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

**10 OTHER INCOME**

**PTF**

**Income from assets other than financial assets**

Return on PLS saving accounts-(PTF)

3,547

**OPF**

**Income from assets other than financial assets**

Return on PLS saving accounts

2,347,542

**11 MANAGEMENT EXPENSES**

Ceded money

5.1

500,000

**12 GENERAL & ADMINISTRATIVE EXPENSES**

Salaries , wages and benefits

12.1

1,600,000

Audit fee

12.2

50,000

Travelling and conveyance

20,900

Bank charges

1,309

1,672,209

**12.1 REMUNERATION OF INTERNAL SHARIAH ADVISOR**

**EXECUTIVE**

**2015**

**-----Rupees-----**

Managerial remuneration

1,600,000

Number of persons

1

**12.2 AUDITOR'S FEE**

Annual audit fee

50,000



**WINDOW TAKAFUL OPERATIONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

**13 OPERATING SEGMENT**

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of Insurance Ordinance, 2000 and The SEC (Insurance) Rules, 2002. The company has four primary business segments for reporting purpose namely fire, marine, motor and miscellaneous.

Assets and liabilities, wherever possible, have been assigned to the following segments based on specific identification or allocated on the basis of gross contribution written by the segments.

2015				
Fire	Marine	Motor	Miscellaneous	Total
----- Rupees -----				

**SEGMENT ASSETS**

Segment assets	-	-	-	-	-
Unallocated corporate assets					50,928,880
<b>CONSOLIDATED TOTAL ASSETS</b>					<b>50,928,880</b>

**SEGMENT LIABILITIES**

Segment liabilities	-	-	-	-	-
Unallocated corporate liabilities					250,000
<b>CONSOLIDATED TOTAL LIABILITIES</b>					<b>250,000</b>

Capital expenditure	-	-	-	-	-
Depreciation	-	-	-	-	-



**WINDOW TAKAFUL OPERATIONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

**14 FINANCIAL RISK MANAGEMENT OBJECTIVES & POLICIES**

The Company is exposed to a variety of financial risks: credit risk, liquidity risk, market risk (comprising currency risk, Return rate risk and other price risk) that could result in a reduction in Company's net assets or a reduction in the profits. The Company's overall risk management program focuses on unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risks without any material change from previous year in the manner described in the notes below. The Board of Directors has the overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policy.

**14.1 Credit Risk**

Credit risk is the risk, which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. The Company's credit risk exposure is not significantly different from that reflected in the financial statements. The management monitors and limits the Company's exposure to credit risk through monitoring of clients exposure and conservative estimates of provision for doubtful assets, if any. The management is of the view that it is not exposed to the significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

The carrying amount of financial assets represents the maximum credit exposure, as specified below: -

	<b>2015</b>
	<b>Rupees</b>
Bank deposits	<b>50,693,714</b>

The credit quality of Company's bank balances and term deposit receipts can be assessed with reference to external credit ratings as follows: -

	<b>Ratings</b>		<b>Ratings</b>	<b>2015</b>
	<b>Short Term</b>	<b>Long Term</b>	<b>Agency</b>	<b>Rupees</b>
Meezan Bank Limited	A-1+	AA	JCR-VIS	<b>10,002,000</b>
Sindh Bank Limited	A-1+	AA	JCR-VIS	<b>40,691,714</b>
				<b><u>50,693,714</u></b>

**14.2 Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. The Company finances its operations entirely through equity.

The following are the contractual maturities of financial liabilities, including estimated Return payments on an undiscounted cash flow basis: -

**WINDOW TAKAFUL OPERATIONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

	2015		
	Carrying amount	Contractual cash flows	More than one year

----- Rupees -----

**Financial liabilities**

Accrued expenses	250,000	250,000	250,000	-
------------------	---------	---------	---------	---

**14.3 Market risk**

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in the market prices. The objective is to manage and control market risk exposures within the acceptable parameters, while optimizing the return. The market risks associated within the Company's business activities are the Return / markup rate risk and price risk. The Company is not exposed to material currency risk.

**14.3.1 Return /mark up rate risk**

Return /mark up rate risk is the risk that value of the financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market /mark up rates. Sensitivity to Return /mark up rate risk arises from the mismatch of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

At the balance sheet date, the Return rate profile of the Company's significant Return bearing financial instrument was as follows: -

Financial assets	2015 (Effective Return rate)	2015 Carrying amount - Rupees -
<b>Floating rate financial instruments</b>		
Bank deposits including term deposit receipts	2.60% to 6.25%	<u>50,693,714</u>

**14.4 Contribution risk**

The Company accepts the contribution risk through its insurance contracts where it assumes the risk of loss from persons or organizations that are directly subject to the underlying loss. The Company is exposed to the uncertainty surrounding the timing, frequency and severity of claims under these contracts.

The Company manages its risk through its contributing and retakaful strategy within an overall risk management. Retakaful is purchased to mitigate the effect of potential loss to the Company from individual large or catastrophic events and also to provide access to specialist risks and to assist in managing capital. Contribution policies are written with approved retakaful on either a proportional or excess of loss treaty basis.

A concentration of risk may also arise from a single contribution contract issued to a particular demographic type of a contributory, within a geographical location or types of commercial business. The Company minimizes its exposure to significant losses by obtaining retakaful from a number of retakaful, who are dispersed over several geographical regions.

**Geographical concentration of contribution risk**

To optimize benefits from the principal of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location, the most important of which is risk survey.

Risk surveys are carried out on a regular basis for the evaluation of physical hazard associated with the commercial/industrial/residential occupation of the insured. Details regarding the fire separation/segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters/reinsurance personnel for their evaluation. Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, Physical separation between the building within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.



**WINDOW TAKAFUL OPERATIONS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED DECEMBER 31, 2015**

Address look-up and decoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All carried underwriting information is punched into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

For Marine risks, complete underwriting details, besides sums insured and contribution, like vessel identification, voyage input (sea/air/inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are fed into the system. The retakaful module of the IT system is designed to satisfy the requirement as laid down in the proportional treaty agreement.

**Retakaful arrangements**

Keeping in view the maximum exposure in respect of key zone aggregates, number of proportional and non proportional retakaful arrangement are in place to protect the net account in case of a major catastrophic event. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above the said limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance of the regulatory requirement, the retakaful agreements are duly submitted with Securities and Exchange Commission of Pakistan (SECP) on an annual basis.

The Concentration of risk by type of contracts could not be summarized because most of the retakaful arrangements are on non-proportional basis.

**15 CAPITAL MANAGEMENT**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as the going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend to shareholders out of future profit, issue new shares and obtain new financing facilities. Further the Company meets the minimum paid-up capital requirements as required by Securities and Exchange Commission of Pakistan.

**16 NUMBER OF EMPLOYEES**

Number of employees at the year end

3

**17 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue in the Board of Directors meeting held on April 05, 2016.

**18 GENERAL**

- Figures are rounded off to the nearest rupees unless otherwise stated.



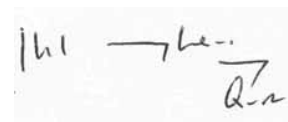
**Chairman**



**Director**



**Director**



**Principal Officer/Chief Executive**

## BRANCH NETWORK

**Head Office/Health/Travel/Agri,  
Insurance Division**  
19 C/D, Block L, Gulberg III Lahore  
Ph: 042-35865574-78  
Fax: 042-35865579  
info@asiainsurance.com.pk  
hr@asiainsurance.com.pk  
agri@asiainsurance.com.pk  
travel@asiainsurance.com.pk

### LAHORE

**Taj Arcade Office**  
Suite No 33-34, 1st Floor, Taj Arcade  
Opposite Services Hospital, Jail Road,  
Lahore.  
Ph: 042-35408325-27-29

### Gulberg Office

Office No. 104, 1st Floor, Regency  
Plaza, 120-P, M.M Alam Road,  
Gulberg-II, Lahore.  
Ph: 042-35778820-3  
gulberg@asiainsurance.com.pk

### Barket Market Office

Flat No 5, 5th Floor, 24 Civic Centre  
Shan Arcade, Barket Market, Lahore  
Ph: 042-35941822 Fax: 042-35941823

### Mumtaz Center Office

Suit # 7, 1st Floor, Mumtaz Center,  
15-A, Shahr-e-Fatima Jinnah,  
Lahore.  
Ph: 042-36299472-3  
Fax: 042-36299471  
mumtazcentre@asiainsurance.com.pk

### KARACHI

**Auto Insurance Division**  
Annum Estate Building, Suite 213, 2nd  
Floor Plot No. 49, Block 7/8, D.A.C.H.  
Society, Shahr-e-Faisal, Karachi.  
Ph: 021-3432222-4-3  
auto@asiainsurance.com.pk

### Karachi-I

Room No. 1, 1st Floor, Mian  
Chamber Opposite Sindh Madarsa,  
Shahrae-Liaquat, Karachi.  
Ph: 021-32428365, 3246690, 32465203  
Fax: 021-3243356  
k1@asiainsurance.com.pk

### Karachi II

Room No. 2, 4th Floor, Sharjah  
Trade Center, Shahr-e-Liaquat,  
New Challi, Karachi.  
Ph: 021-32469666  
K2@asiainsurance.com.pk

### Karachi II

Room No. 604, 6th Floor, Bussiness Plaza  
Plot No 8/2 Mumtaz Hassain Road, off  
I.I Chundrigar Road, Karachi.  
Ph: 021-32469584-6  
Fax: 021-32469587  
Karachi@asiainsurance.com.pk

### Faisalabad Office

Office No. 08, 4th Floor, Siddiq  
Plaza, Outside Kutchery Bazar,  
Circular Road, Faisalabad.  
Ph: 041-2605557-58  
Fax: 041-2605559  
fsd@asiainsurance.com.pk

### Sialkot II

Obrai Building, Paris Road Sialkot.  
Ph: 92-52-4591023-24-25  
Fax: 92-52-4593022

### Multan Office

1st Floor, Sargana Manzil,  
Kutchery Road, Multan  
Ph: 061-34782955, 4577143  
Fax: 061-4782955  
mnt@asiainsurance.com.pk

### Multan Office II

1st Floor, Khawar Centre, Near SP Chowk,  
Nusrat Road, Multan Cantt.  
Ph: 061-4541451-2

### Hydrabad Office

Office No. 07, 1st Floor, Junejo Market  
Latifabad, Hyderabad.

### Rawalpindi Office

Uni Plaza, 1st Floor, Office No. 49/62,  
Bank Road Saddar, Rawalpindi.  
Ph: 051-5582116-7  
Fax: 051-5582118  
rwp@asiainsurance.com.pk

### Sadiqbad Office

Mukarram Plaza, Alflah Town,  
Sadiqabad.  
Ph: 92-68-5701195  
Fax: 92-68-5702195

### Abbotabad Office

Fatima Plaza, PO Ayub Medical College  
Mandian, Abbotabad  
Contact No: 0333-5603381  
naveed.mehboob@asiainsurance.com.pk

### Muzaffarabad Office

Upper Floor Utility Store, Near Wapda Colony,  
Main Nalaouchi Highway, Gojra, Muzaffarabad, AJK  
Ph: 05822-446242, Fax: 05822-446242

### Sargodha Office

Flat No 14, Shaheen Plaza, Khayyam Chowk,  
Sargodha.  
Ph: 048-3721286

### Peshawar Office

Unit No 180-TF, Deans Trade Centre, Peshawar Cantt,  
Ph: 091-5603040  
Barkat @asiainsurance.com.pk



## PROXY FORM

Asia House, 19 C/D, Block-L,  
Gulberg III, Main Ferozpur Road, Lahore  
Phone: +92-42-35865575-78 Fax : +92-42-35865579  
UAN: 0311-111-ASIA (2742)  
E-mail: [info@asiainsurance.com.pk](mailto:info@asiainsurance.com.pk), Web: [www.asiainsurance.com.pk](http://www.asiainsurance.com.pk)

I/We, \_\_\_\_\_, of \_\_\_\_\_  
\_\_\_\_\_, being a member of Asia Insurance Company Limited., holder of \_\_\_\_\_  
Ordinary Share(s) as per Register Folio No. \_\_\_\_\_ hereby Appoint  
Mr./Mrs. \_\_\_\_\_ Folio No. \_\_\_\_\_ of  
\_\_\_\_\_ or failing him Mr./Mrs. \_\_\_\_\_ Folio No. \_\_\_\_\_ of  
\_\_\_\_\_, who is also a member of Asia Insurance Company Limited, as my / our proxy in my /  
our absence to attend and vote for me / us, and on my / our behalf at the Annual General Meeting of the  
Company to be held on April 30, 2016 and at any adjournment thereof.

Signed under my / our hand this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

Signed in the presence of:

Signature across  
Rs. 5, Revenue

Signature should agree with  
the Specimen Signature  
registered with the Company

\_\_\_\_\_  
**Signature of Witness**

### NOTES:

- 1) This instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation either under the common seal or under the hand of an official or attorney so authorized. No person shall be appointed as proxy who is not a member of the Company qualified to vote except that a corporation being a member may appoint a person who is not a member.
- 2) The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the office of the Company not less than 48 (forty eight) hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of a proxy shall not be treated as valid.

اُردو قائم مقامی فارم کے لئے براہ کرم عقی زنگ پر دیکھیں۔



**asiainsurance**  
We've got You covered  
company Ltd.



Asia Window Takaful





# Investor's Awareness

With reference to SRO 924(1)/2015 dated September 9<sup>th</sup>, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness:



## Be aware, Be alert, Be safe

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

### Key features:

- 📄 Licensed Entities Verification
- 📊 Scam meter\*
- 🎮 Jamapunji games\*
- 📊 Tax credit calculator\*
- 🔍 Company Verification
- 📄 Insurance & Investment Checklist
- ?? FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📄 Financial calculator
- 📄 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📄 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

[jamapunji.pk](http://jamapunji.pk)

[@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices



Asia Window Takaful

Asia House:19 C/D, Block L, Gulberg III, Lahore.  
Ph: 042-35865574-78 Fax: 042-35865579  
UAN: 0311-111-2742

email: [info@asiainsurance.com.pk](mailto:info@asiainsurance.com.pk)  
website: [www.asiainsurance.com.pk](http://www.asiainsurance.com.pk)