



ANNUAL REPORT 2017

We've Got You Covered

TABLE OF CONTENTS

Chairman's Message	1
Vision / Mission Statement	2
Company Information	3
Board Committees	4
Management	5
Organogram	6
Statements of Ethics	7
Statement of Business Practices	8
Product & Services	9-10
Financial Highlights	11-13
Notice of Annual General Meeting	14-22
Directors' Report to the Share Holders including Pattern of Shares Holding	23-42
Statement under section 46 (6)	43
Statement of Compliance with The Code of Corporate Governance	44-49
Review Report to the Members	50
Auditors' Report to the Members	51
Statement of Financial Position	52
Statement of Comprehensive Income	53
Cash Flow Statement	54-55
Statement of Changes in Equity	56
Notes to and Forming Part of the Financial Statements	57-90
Window Takaful Operations	
Shariah Advisor's Report	92
Shariah Auditors' Report	93
Auditors' Report to the Members	94
Statement of Financial Position	95
Statement of Comprehensive Income	96
Cash Flow Statement	97
Statement of Changes in Funds	98
Notes to and Forming Part of the Financial Statements	99-121
Branch Network	122-123
Jama Punji	124
Proxy Form	125-127

CHAIRMAN'S MESSAGE



It is of great pleasure for me to announce that your Company has made a significant improvement in 2017. Its gross premium income increased by Rs. 119.085 million representing 22% increase from previous year. The profit after tax show a growth of Rs. 5.696 million representing 8% increase from previous year. The profit before tax has increased by Rs.10.714 million representing 14.5% 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 2017. 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 2018-19 approved by your Board of Directors is aimed at growth and expansion in leaps and bounds. The prevailing growth rate will be sustained 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 blue ink, appearing to read 'KRV', with a long horizontal line extending to the right.

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. Zain ul Haq Qureshi Mr. Khalid Rashid (Over 40 Year Experience in Insurance Industry) Mr. Hassan Ahmed Khan
Audit Committee	Mr. Khawaja Suhail Iftikhar (Chairman) Mr. Khalid Rashid (Member) Mr. Zain ul Haq Qureshi (Member) Mr. Hassan Ahmed Khan (Member) Mr. Iftikhar Ahmed (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 Muhammad Farhan
Share Registrar	Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore.
CFO	Mr. Muhammad Ali Raza (ACA)
Company Secretary/ Compliance Officer	Ms. Shazia Hafeez (B.Sc.)(LL.B.)
Internal Auditor	Mr. Iftikhar Ahmed (CICA)(CAF)
Auditors	Ilyas Saeed & Company Chartered Accountants.
Actuary	Anwar Associates

The company has formulated following committees as required by the code of corporate Governance for listed companies and insurers.

BOARD COMMITTEES

AUDIT COMMITTEE:

Mr. Khawaja Suhail Iftikhar (Chairman)
Mr. Khalid Rashid
Mr. Zain ul Haq Qureshi
Mr. Hassan Ahmed Khan
Mr. Iftikhar Ahmed (Secretary)

ETHIC, HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Hassan Ahmed Khan (Chairman)
Mr. Ihtisham ul Haq Qureshi
Mr. Shahbaz Hameed (Secretary)

INVESTMENT COMMITTEE

Mr. Ihtisham ul Haq Qureshi (Chairman)
Mr. Zain ul Haq Qureshi
Mr. Hassan Ahmed Khan
Mr. Muhammad Ali Raza (Secretary)

MANAGEMENT COMMITTEES

UNDERWRITING COMMITTEE

Mr. Khalid Rasheed (Chairman)
Mr. Zain ul Haq Qureshi
Mr. Mustajab Ahmed
Mr. Amjad Rao (Secretary)

CLAIM SETTLEMENT COMMITTEE

Mr. Khawaja Suhail Iftikhar (Chairman)
Mr. Hassan Ahmed Khan
Mr. Shahbaz Hameed
Mr. Asif Ali Mughal (Secretary)

REINSURANCE & CO-INSURANCE COMMITTEE

Mr. Khalid Rasheed (Chairman)
Mr. Zain ul Haq Qureshi
Mr. Muhammad Ali Raza
Mr. Muhammad Masood (Secretary)

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Mr. Zain ul Haq Qureshi (Chairman)
Mr. Shahbaz Hameed
Mr. Muhammad Masood
Ms. Shazia Hafeez (Secretary)

MANAGEMENT

Mr. Ihtsham ul Haq Qureshi	Chief Executive Officer
Mr. Zain ul Haq Qureshi	Executive Director
Mr. Muhammad Ali Raza	Chief Financial Officer
Ms. Shazia Hafeez	Company Secretary & Compliance Officer
Mr. Riaz Hussain Shah	Deputy Managing Director
Mr. Shahbaz Hameed	Assistant General Manager HR/Admin & Legal
Mr. Gulfaraz Anis	Assistant General Manager MIS
Mr. M.Amjad Rao	Head of Takaful
Mr. Abdul Hamid	AGM Window Takaful Operations
Mr. Imran Qureshi	Agri & Corporate Head
Dr. Asrar Hussain Ch.	VP Live Stock Projects
Mr. Muhammad Ahmad Chauhan	Head of Corporate Health
Mr. Ifikhar Ahmed	Head of Internal Audit
Mr. Mustjab Ahmed	Manager Underwriting
Mr. Muhammad Masood	Manager Reinsurance
Mr. Asif Ali Mughal	Manager Claims
Mr. Omer Yousaf	Manager Accounts
Mr. Amjad Hussain	Manager Special Assignments

Registered & Head Office:

Asia House, 19 C/D Block-L, Gulberg III, Main Ferozpur Road, Lahore, Pakistan.

Phone:

+92-42-35865575-78

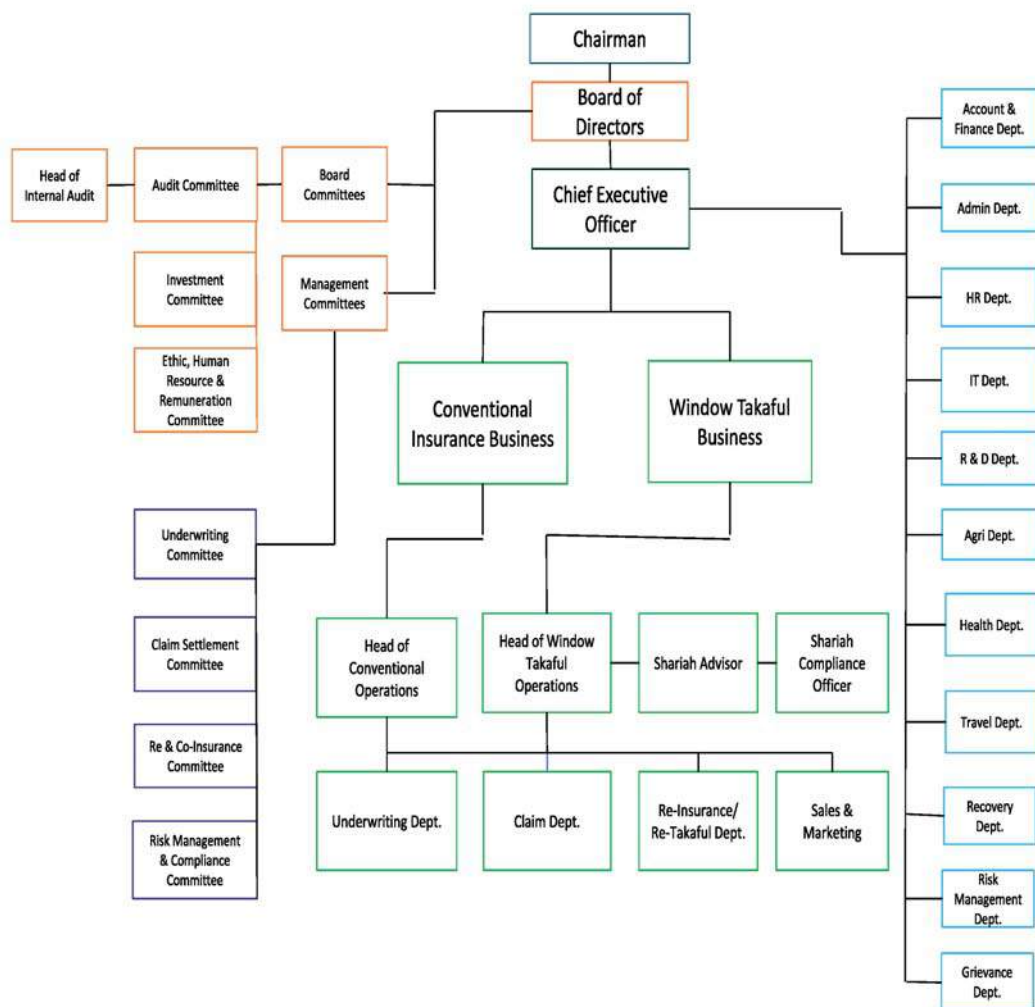
Fax:

+92-42-35865579

UAN:

+92-311-111-ASIA (2742)

ORGANOGRAM



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.

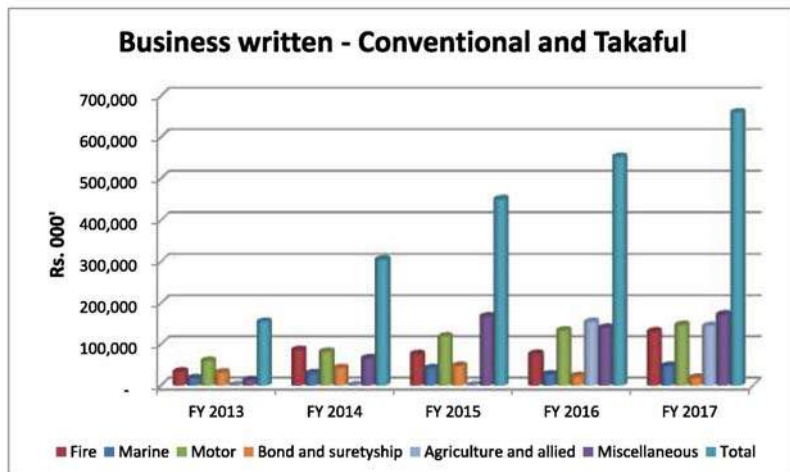
- **Miscellaneous Takaful**

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.

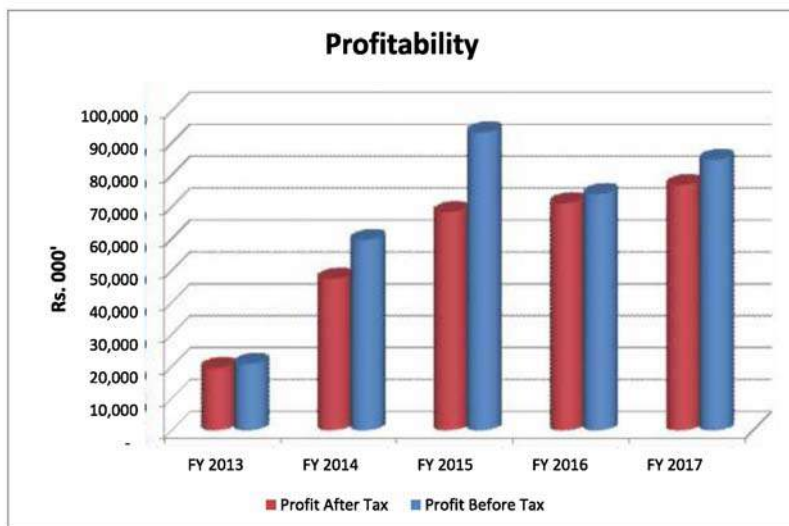
- **Health Takaful**

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 – Performance at a glance
(Graphical Presentation)
(Rupees in Thousand)

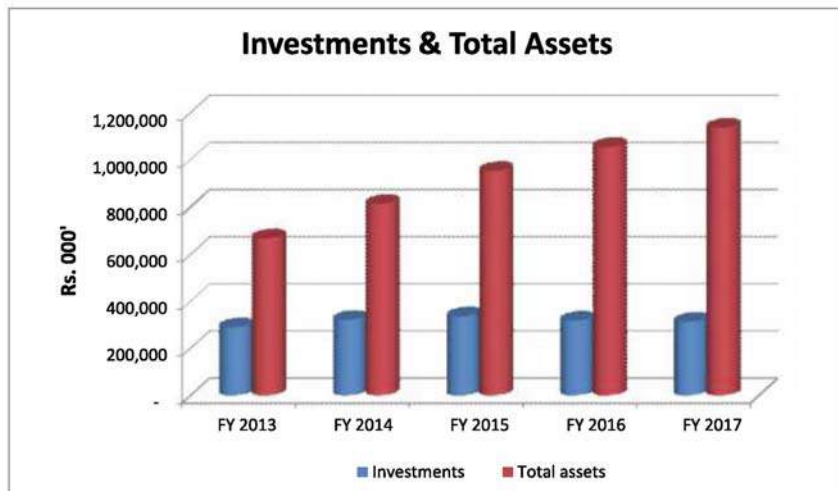


Robust growth of Gross Premium Written continued for the fifth consecutive year. The company's consistent growth stamps the credibility of the Company among its customers and shows the bright future of the Company.

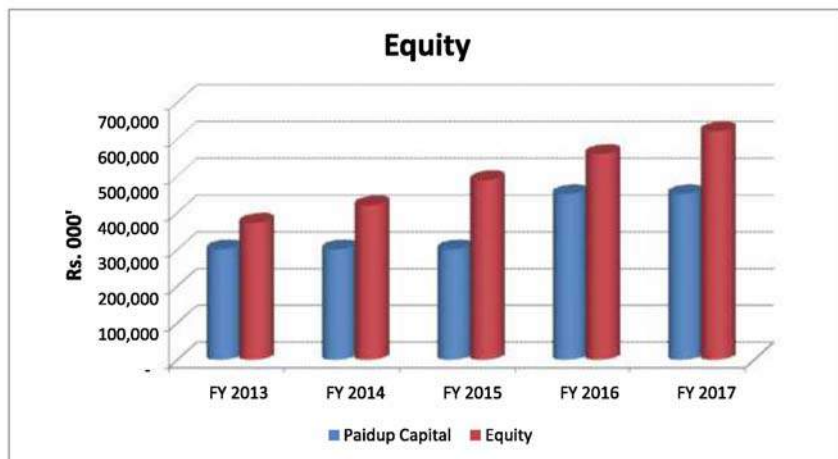


Consistent growth in profitability despite the fact that company has expanded its branch network reflects management's best utilization of resources to generate benefits for all stakeholders specially shareholders.

Financial Highlights – 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.

Financial Highlights – Performance at a glance

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

Particulars	2017	2016	2015	2014	2013	2012
Rupees in Thousands						
CONVENTIONAL						
Paidup Capital	450,000	450,000	300,000	300,000	300,000	300,000
Total Assets	1,136,324	1,039,241	952,688	812,950	666,687	560,422
Equity	621,087	543,829	488,142	419,817	372,304	352,763
Cash and Bank Deposits	243,196	116,140	70,721	31,813	29,162	12,903
Gross Premium	659,319	540,234	450,173	304,784	154,004	53,083
Net Premium Revenue	527,728	420,122	347,054	190,975	70,332	29,301
Gross Claim Paid	188,544	124,004	87,142	57,654	37,229	16,765
Net Claim Expense	179,238	95,338	64,193	41,954	24,625	10,136
Under Writing Profit/(Loss)	(17,495)	15,394	80,341	28,113	(15,456)	(20,151)
Profit/(Loss) Before Tax	84,669	73,955	93,261	59,581	20,830	7,301
Profit/(Loss) After Tax	76,795	71,099	68,325	47,513	19,541	10,180
Investment Income/(Loss)	(30,084)	51,676	12,926	33,354	37,794	28,903
Earnings Per Share(Rs.)	1.71	1.58	1.52	1.06	0.43	0.23
TAKAFUL						
PTF						
Gross Contribution	27,579	11,801	-	-	-	-
Net Contribution Revenue	(1,490)	(6,967)	-	-	-	-
Gross Claim Paid	2,751	1,585	-	-	-	-
Net Claim Expense	4,055	1,976	-	-	-	-
Under Writing Profit/(Loss)	(5,563)	(9,024)	-	-	-	-
Investment Income	-	-	-	-	-	-
OPF						
Investment Income	79	318	-	-	-	-

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 37th Annual General Meeting "AGM" of the members of the Asia Insurance Company Limited (the "Company") shall be held on Saturday, the April 28, 2018, 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 29, 2017.
2. To receive, consider, and adopt the Audited Annual Accounts of the Company for the year ended December 31, 2017 together with Directors' and Auditors' report thereon.
3. To appoint auditors of the Company and fix their remuneration for the year ending December 31, 2018. 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, 2018.
4. To consider any other business of the Company with the permission of the Chair.

SPECIAL BUSINESS

5. To consider and, if through fit, pass the following resolution as Special Resolution with or without modification to amend the Articles of Association of the Company:

RESOLVED THAT subject to obtaining the requisite approvals, following amendment shall be made in Article 46 of the Articles of Association of the Company:

In Article 46, the following shall be added after the existing text:

"This requirement of holding shares by a Director in his own name is not applicable on the Nominee Director."

RESOLVED FURTHER that the Chief Executive Officer and Secretary of the Company be and is hereby authorized to take necessary steps and execute documents as may be necessary or expedient for the purpose of giving effect to the spirit and intent of above resolutions and take steps necessary for filing of documents with Registrar Concerned for the amendment in the Articles of Association of the Company.

6. Any other business to conduct with the permission of the Chair.

Attached to this notice of meeting being sent to the members is a statement under Section 134 (3) of the Companies Act, 2017 setting forth all material facts concerning the resolutions contained in items 5 of the notice.

Lahore
April 06, 2018

By order of the Board

Shazia Hafeez
Company Secretary

NOTES:

1. The financial statements and reports have been placed on the website of the Company www.asiainsurance.com.pk
2. The Share Transfer Books of the Company will remain closed from April 22, 2018 to April 28, 2018 (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 21, 2018 will be treated as being in time for the purpose and to attend the meeting.
3. A Member entitled to attend and vote at the meeting may appoint another Member as his/her proxy to attend the meeting and vote for him/her. Instruments appointing proxies, in order to be effective, must reach the Registered Office of the Company not less than 48 hours before the meeting, duly signed / notarized certified copy, as the case may be.
4. Shareholders are required to immediately notify the company of any change to their postal addresses.
5. CDC Account Holders are required to follow guidelines provided in Circular 1, dated January 26, 2000 (issued by the Securities and Exchange Commission of Pakistan):

Attending the Meeting

- i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall authenticate their identity by showing their original CNIC or original passport at the time of attending the meeting.
- ii. In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (along with CNIC) shall be produced at the time of the meeting.

Appointing Proxies

- i. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as provided above.
 - ii. The proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - v. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen signature (and attested copy of CNIC of nominee) shall be submitted along with proxy form to the Company.
6. Members are requested to notify/submit the following in case of book entry securities in CDC to respective CDC participants and in case of physical shares to the Company's Share Registrar, if not earlier provided/notified:
 - a. Change in their addresses
 - b. Valid and legible photocopies of CNIC, for individual and NTN both for individual & Corporate entities.
 7. The members holding in aggregate 10% or more shareholding residing in the city, can also avail video conference facility under the provisions of section 134 (1) (b) of the Act to participate in the meeting. The consent of such members must reach at the registered office of the Company at least 10 days before the meeting.
 8. Pursuant to Notification vide SRO787(10/2014 dated September 8, 2014, the Securities and Exchange Commission of Pakistan has directed all the companies to facilitate their members receiving annual financial statements and notice of AGM through electronic mail system. The Company is pleased to

offer this facility to its valued members who desire to receive annual financial statements and notices through email in future.

In this regard, those members who wish to avail this facility are hereby requested to convey their consent via email on a standard request form which is available on the Company's website.

9. Pursuant to SECP directives vide Circular No.19/2014 dated October 24, 2014 SECP has directed all companies to inform shareholders about changes made in the section 150 of the Income Tax Ordinance, we hereby advise shareholder as under;

(i) The Government of Pakistan through Finance Act has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

- a. for filers of income tax returns: 15 %
- b. for non-filers of income tax returns: 20 %

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @20% instead @15%.

(ii) In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint-holder shall be presumed to have an equal number of shares.

(iii) For any query / problem / information, the investors may contact the Company and / or the Share Registrar at the following phone numbers & email address. The contact number of Company Secretary is 042-35865574-78 & email (as given above) and the contact numbers of Shares Registrar M/s Corplink (Pvt.) Limited, is (042) 35916714, 35916719, 35839182 and email: corplink786@gmail.com/shares@corplink.com.pk.

(iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

Statement under Section 134(3) of the Companies Act, 2017.

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 28, 2018.

Item 5 Amendment in Articles of Association of the Company

In pursuance of Share Subscription Agreement dated September 13, 2017, InsuResilience Investment Fund (IIF) has become the shareholder of the Company and holds 25.42% of total paid up capital, therefore, a Nominee of IIF shall Co-opt the Board of Directors of the Company as Nominee Director and IIF's representative.

Approval is being sought for the amendment in Article 46 of the Articles of Association of the Company in order to bring the Article 46 in conformity of the Companies Act, 2017, which clearly

specify that a Nominee Director does not required to be the member of the Company, therefore, he does not require to hold shares in his own name.

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.

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 hours till the date of Annual General Meeting.

اُس ڈائریکٹر کو اپنے نام پر حصص رکھنے کی ضرورت نہ ہے۔

مذکورہ بالا کارروائی میں ڈائریکٹرز براہ راست یا بالواسطہ اس میں دلچسپی نہیں رکھتے ماسوائے اپنی سرمایہ دار کی حد تک جس کی تفصیلات ڈائریکٹرز رپورٹ کے ساتھ منسلک شیئر ہولڈنگ کی وضع میں بیان کی گئی ہیں۔

آریکلز آف ایسوسی ایشن کی اصلی اور ترمیم شدہ نقول کمپنی کے رجسٹرڈ آفس میں رکھی گئی ہیں اور سالانہ اجلاس عام کے انعقاد سے قبل معمول کے مطابق کاروباری دنوں اور اوقات کار میں ان کا جائزہ لیا جاسکتا ہے۔

ذیل ہیں:

- a. انکم ٹیکس گوشوارے جمع کرانے والوں کے لئے: 15 فی صد
b. انکم ٹیکس گوشوارے جمع نہ کرانے والوں کے لئے: 20 فی صد

کمپنیوں کو 20 فی صد کی بجائے 15 فی صد کی شرح سے نقد منافع منقسمہ کی رقم پر ٹیکس کوٹنی کی غرض سے کمپنی کو اس قابل بنانے کے لئے ایسے تمام حصص داران، جن کا نام انکم ٹیکس گوشوارے جمع کرانے کے باوجود FBR کی ویب سائٹ پر موجودہ ٹیکس ادا کنندہ کی فہرست (ATL) میں شامل نہیں، کو تجویز دی جاتی ہے کہ وہ نقد منافع منقسمہ کی ادائیگی سے پیشتر ATL میں اپنے نام کا اندراج یقینی بنائیں وگرنہ ان کے نقد منافع منقسمہ پر 15 فی صد کی شرح کی بجائے 20 فی صد کی شرح سے ٹیکس کی کوٹنی ہوگی۔

(ii) دو یا زائد حصص داران کے نام پر حصص کے اندراج کی صورت میں مشترکہ حصص کے حامل افراد کو انفرادی طور پر زیر غور لایا جائے گا چاہے وہ فائرم یا نان فائرم ہوں اور مشترکہ حصص کے حامل افراد کی شیئر ہولڈنگ، جیسا کہ کمپنی کو تحریری طور پر آگاہ کیا گیا ہو، کی بنیاد پر کمپنی کی جانب سے ٹیکس کی کوٹنی ہوگی۔ مشترکہ حصص کے حامل افراد سے التماس کی جاتی ہے کہ اپنی شیئر ہولڈنگ کی تفصیلات جمع کرائیں وگرنہ مشترکہ حصص کے حامل افراد کو مساوی حصص کا مالک تصور کیا جائے گا۔

(iii) کسی بھی سوال/مسئلہ/معلومات کے لئے سرمایہ دار کمپنی اور/یا شیئر رجسٹرار سے مندرجہ ذیل فون نمبرز اور ای میل ایڈریس رابطہ کر سکتے ہیں۔ کمپنی سیکریٹری کا رابطہ نمبر 78-35865574-042 ہے اور ای میل (نذکرہ بالا) اور شیئر رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ کا فون نمبر 3583918، 35916719، 35916714 (042) اور ای میل shares@corplink.com.pk اور corplink786@gmail.com ہے۔

(iv) CDC کاؤنٹس کے حامل کاروباری حصص داران سے درخواست کی جاتی ہے کہ اپنے متعلقہ شرکاء کے ساتھ اپنے قومی ٹیکس نمبر (NTN) کی تجدید نو کروالیں۔ جب کہ کاروباری طبعی حصص داران اپنے NTN شمولیت کی نقل کمپنی اور اس کے شیئر رجسٹرار کو ارسال کریں۔ NTN یا NTN سرٹیفیکیٹس، کوئی بھی معاملہ ہو، ارسال کرتے وقت حصص داران اپنی کمپنی کا نام اور متعلقہ فوئیو نمبر لازمی ظاہر کریں۔

کمپنیز ایکٹ 2017ء کے سیکشن (3) 134 کے تحت بیان

مؤرخہ 13 ستمبر 2017ء کے شیئر سبسکریپشن معاہدہ کی پیروی میں انشوریر پبلینس انویسٹمنٹ فنڈ (IIF) کمپنی کا شیئر ہولڈر بن چکا ہے اور کل ادا شدہ سرمایہ کے 25.42 فی صد کا مالک ہے۔ اس لئے، IIF کا نامزد شخص کمپنی کے بورڈ آف ڈائریکٹرز کے ساتھ نامزد ڈائریکٹر اور IIF کے نمائندہ کی حیثیت سے تعاون کرے گا۔

کمپنی کے آرٹیکلز آف ایسوسی ایشن کی شق 46 میں ترمیم کے لئے کمپنیز ایکٹ 2017 کے ماتحت آرٹیکل 46 کو لانے کی غرض سے منظور کی مطلوب ہے۔ جس میں شفاف انداز میں بیان کیا گیا ہے کہ ایک نامزد ڈائریکٹر کے لئے کمپنی کا رکن ہونا لازمی نہ ہے اس لئے

- i. افرادی صورت میں، اکاؤنٹ اور/یا ذیلی اکاؤنٹ ہولڈر جس کی رجسٹریشن کی تفصیلات CDC ضوابط کے تحت اپ لوڈ کر دی گئی ہوں، کو مندرجہ بالا پراکسی فارم جمع کرنا لازمی ہوگا۔
 - ii. پراکسی فارم کی شہادت دو افراد دیں گے جن کے نام، پتا اور CNIC نمبر فارم پر موجود ہونے چاہئیں۔
 - iii. اصلی مالک (beneficial owner) کے CNIC یا پاسپورٹ کی مصدقہ نقول اور پراکسی یا نمائندہ کی تفصیل پراکسی فارم کے ساتھ پیش کرنا ہوگی۔
 - iv. اجلاس کے انعقاد کے وقت پراکسی/نمائندہ کو اپنا اصلی CNIC یا پاسپورٹ پیش کرنا ہوگا۔
 - v. کاروباری ادارہ کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ بمعہ نمونہ دستخط (اور نامزد شخص کے CNIC کی مصدقہ نقول) کمپنی کو پراکسی فارم کے ہمراہ جمع کرنا ہوگا۔
6. متعلقہ CDC کا ذکر CDC میں بک انٹری سکور شیڈ کی صورت میں کمپنی کے شیئر رجسٹر کارٹریج حصص کی منتقلی کی صورت میں (اگر یہ پہلے مطلع/جمع نہ کرائے گئے ہوں) اراکین سے مندرجہ ذیل دستاویزات جمع/سے آگاہ کرنے کی التماس کی جاتی ہے۔
- a. اپنے تپاں تبدیلی
 - b. فرد کی صورت میں جائز اور کارآمد CNIC کی نقل اور کاروباری ادارہ کی صورت میں NTN اور CNIC دونوں
7. ایسے اراکین جو کل شیئر ہولڈنگ کے مجموعی طور پر 10 فی صد یا زائد شیئر ہولڈنگ کے حامل ہوں اور کسی دوسرے شہر میں مقیم ہوں تو اجلاس میں شرکت کی غرض سے ایکٹ کے سیکشن (b)(1) 134 کے تحت ویڈیو کانفرنس کی سہولت حاصل کر سکتے ہیں۔ ایسے اراکین کی درخواست اجلاس کے انعقاد سے 10 (دس) روز قبل کمپنی کے رجسٹرڈ آفس میں پہنچ جانی چاہئے۔
8. سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مورخہ 8 ستمبر 2014ء کے مراسلہ نمبر 10/2014 SRO 787 کے تحت ہدایت جاری کی جاتی ہے کہ تمام کمپنیاں اپنے اراکین کو بذریعہ برقی ڈاک سسٹم سالانہ مالیاتی اسٹیٹمنٹس اور سالانہ اجلاس عام کا نوٹس فراہم کریں گی۔ کمپنی اپنے معزز اراکین جو مستقبل میں بذریعہ برقی ڈاک سالانہ مالی اسٹیٹمنٹس اور نوٹس وصول کرنے کے خواہش مند ہیں، کو ایسی سہولت فراہم کرنے پر فخر محسوس کرتی ہے۔
- اس لحاظ سے، ایسے اراکین جو ایسی سہولت حاصل کرنے کے خواہش مند ہیں ان کو حسب ضابطہ التماس کی جاتی ہے کہ وہ کمپنی کی ویب سائٹ پر موجود معیاری درخواست فارم پر بذریعہ برقی ڈاک اپنی رضامندی سے آگاہ کریں۔
9. SECP کے مورخہ 24 اکتوبر 2014ء کے مراسلہ نمبر 19/2014 کے تحت SECP تمام کمپنیوں کو انکم ٹیکس آرڈیننس کے سیکشن 150 میں کی گئی تبدیلیوں سے متعلق اپنے حصص داران کو آگاہ کرنی کی ہدایت کرتی ہے۔ ہم اپنے حصص داران کو حسب ذیل تجویز دیتے ہیں:
- (i) بذریعہ فائٹس ایکٹ حکومت پاکستان نے انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 میں کچھ ترامیم کی ہیں جس میں کمپنیوں کی جانب سے ادا کئے گئے منافع مقسمہ کی رقم پر وہ ہولڈنگ ٹیکس کی کٹوتی کے لئے مختلف شرح بیان کی گئی ہیں: ٹیکس شرح حسب

کمپنیز ایکٹ 2017ء کے سیکشن (3) 134 کے تحت جزو 5 میں بیان کردہ قرارداد سے متعلقہ تمام مادی حقائق پر مشتمل بیان اراکین کو ارسال کئے جانے والے اس اجلاس کے نوٹس کے ساتھ منسلک ہے۔

بھکم پورڈ

لاہور

اپریل 06، 2018

شازیہ حفیظ
کمپنی سیکریٹری

نوٹس:

1. مالی بیانات اور رپورٹس کمپنی کی ویب سائٹ www.asiainsurance.com.pk پر رکھ دی گئی ہیں۔
2. کمپنی کی شیئرز انسفر بکس 22 اپریل 2018ء سے 28 اپریل 2018ء (بشمول دونوں ایام) تک بند رہیں گی۔ ہمارے شیئر رجسٹرار میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ K-1، ماڈل ٹاؤن لاہور کو 21 اپریل 2018ء کو کاروباری اوقات کے اختتام تک موصول شدہ فرانسفرز اجلاس میں شرکت کی غرض سے بروقت تصوری کی جائیں گی۔
3. اجلاس میں شرکت اور ووٹ کرنے کا اہل رکن کسی بھی رکن کو اپنی جگہ اجلاس میں شرکت اور ووٹ کرنے کے لئے اپنا پراکسی مقرر کر سکتا / سکتی ہے۔ پراکسی کی توثیق کی غرض سے حسب ضابطہ دستخط شدہ اور نوٹرائزڈ مصدقہ نقل، کوئی بھی معاملہ ہو، پر مشتمل تقرری کا دستاویز کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے 48 گھنٹے پیش پہنچ جانا چاہئے۔
4. ڈاک کے پتہ میں تبدیلی کی صورت میں شیئرز ہولڈرز کمپنی کو فوراً آگاہ کریں گے۔
5. CDC کاؤنٹ ہولڈرز (سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ) مورخہ 26 جنوری 2000ء کے سرکولر نمبر 1 میں فراہم کردہ ہدایات پر عمل کرنے کے پابند ہیں۔

اجلاس میں شرکت کرنا:

- i. افراد کی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر/ یا ایسا شخص جس کی سیکیورٹیز گروپ اکاؤنٹ میں موجود ہوں اور ان کی رجسٹریشن کی تفصیلات CDC ضوابط کے تحت اپ لوڈ کر دی گئی ہوں، اجلاس میں شرکت کے وقت اپنا اصلی CNIC یا پاسپورٹ ظاہر کر کے اپنی شناخت کی تصدیق کرائیں گے۔
 - ii. کارپوریٹ ادارہ ہونے کی صورت میں، اجلاس کے انعقاد کے وقت نامزد شخص کے نمونہ دستخط کے ہمراہ (مخ CNIC) پورڈ آف ڈائریکٹرز کی قرارداد/ اختیار نامہ پیش کرنا ہوگا۔
- نمائندوں کی تقرری کے لئے

اطلاع سالانہ اجلاس عام

نوٹس ہذا سے مطلع کیا جاتا ہے کہ ایسیا انشورنس کمپنی لمیٹڈ ("کمپنی") کے اراکین کا 37 واں سالانہ اجلاس عام "AGM" 28 اپریل 2018ء بروز ہفتہ دن 11:00 بجے بمقام 19 سی/ڈی بلاک L، گلبرگ II، لاہور میں مندرجہ ذیل امور پر بحث کے لئے منعقد ہوگا:

عمومی امور:

1. 29 اپریل 2017ء کو منعقدہ سالانہ اجلاس عام کی روئیداد کی توثیق کرنا۔
2. 31 دسمبر 2017ء کو اختتام پذیر سال کے لئے کمپنی کے پڑتال شدہ سالانہ کھاتوں کو وصول اور ان پر غور و خوض کرنا اور منظوری دینا۔
3. 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے کمپنی کے آڈیٹرز کی تقرری اور ان کا معاوضہ متعین کرنا۔ میسرز الیاس سعید اینڈ کو، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو چکے ہیں اور اپنی دوبارہ تقرری کی پیش کش کی ہے۔ اور 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے آڈٹ کمیٹی نے میسرز الیاس سعید اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی سفارش کی ہے۔
4. چیئرمین کی منظوری سے کمپنی کے دیگر امور کو زیر غور لانا۔

خصوصی امور

5. مندرجہ ذیل قرارداد کو خصوصی قرارداد کے طور پر منظوری کے لئے غور و خوض کرنا
- طے کیا جاتا ہے کہ مطلوب منظوری کے حصول سے مشروط کمپنی کے آرٹیکل آف ایسوسی ایشن کی شق 46 میں مندرجہ ذیل ترمیم
- جائے گی:
- شق 46 میں موجودہ تحریر کے بعد مندرجہ ذیل اضافہ کیا جائے گا:
- "ڈائریکٹر کی جانب سے اپنے نام پر حصص رکھنے کی یہ شرط نامزد کردہ ڈائریکٹر پر لاگو نہیں ہوگی۔"

مزید یہ طے کیا جاتا ہے کہ کمپنی کے چیف ایگزیکٹو آفیسر اور سیکریٹری مذکورہ بالا قرارداد پر من و عن عمل کرنے کی غرض سے حسب ضابطہ ضروری اقدامات اور دستاویزات کی توثیق کرنے کے مجاز ہیں اور کمپنی کے آرٹیکل آف ایسوسی ایشن میں ترمیم کے لئے متعلقہ رجسٹر اراکودستازات درج کرنے کے لئے ضروری اقدامات کریں گے۔

6. چیئرمین کی منظوری سے دیگر کارروائیوں کو عمل میں لانا۔

Directors' Report

For the year ended December 31, 2017

Dear Shareholders!

The Directors of Asia Insurance Company Limited ("the Company") take pleasure in presenting the annual report of your company, together with the audited financial statements for the year ended December 31, 2017.

The Director's Report prepared under Section 227 of the Companies Act, 2017 and Code of Corporate Governance, will be put forward to the members at the 37th Annual General Meeting of the Company to be held on April 28, 2018.

Business Overview

During the period under review, despite the political uncertainties prevailing in the country, the Economy by and large has improved. The Stock Exchange Index has been substantially volatile, the Company has been able to maintain its operational performance. Consequent to higher business volumes, the outgoings on claims and expenses have also recorded increase, but overall claim expense ratios are at satisfactory level

The Company posted a healthy profit before tax of Rs. 84.67 Million which shows an increase of 14.5% as compared to last year. This growth rate is expected to prevail in 2018.

Window Takaful Operations

The written contribution for the year was Rs. 27.58 million; while net contribution revenue was Rs. (1.49) million. Participants' Takaful Fund deficit for the year was Rs. (5.12) million and profit from Operator's Funds (for shareholders) for the year was Rs. 5.56 million.

Financial Results

Following is the overall performance of the Company for the year ended December 31, 2017.

	2017	2016
Gross Premium	659,318,726	540,234,011
Profit for the year before tax	84,669,190	73,955,106
Taxation:		
Current	8,465,649	18,519,359
Deferred	(813,228)	(3,985,954)
Prior years	221,742	(11,676,820)
	7,874,163	2,856,585
Profit for the year after tax	76,795,027	71,098,521
Un-appropriated profit brought forward	91,329,127	185,641,606
Qard-e-Hasna	-	(15,411,000)
Issue of fully paid bonus shares	-	(150,000,000)
Un-appropriated profit carried forward	168,124,154	91,329,127

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the Year ended December 31, 2017.

Earnings per Share

Earnings per share is Rs.1.71. Earnings per share has increased by 8% as compared to the previous year.

Authorized and Issued, Subscribed Capital

In 36th Annual General Meeting of the Company held on April 29, 2017 the shareholders, approved the increase in authorized share capital of the Company, from Rupees Five Hundred Million (Rs. 500,000,000), divided into 50,000,000 ordinary shares of the denomination of Rs. 10/- each, to Rs. One Billion (1,000,000,000), divided into 100,000,000 Ordinary Shares of the denomination of Rs. 10/- each.

As per the Insurance Rules the Company had to meet the requirement of minimum paid up capital of Rs. 500 million till December 31, 2017, which unfortunately could not be met with in the stipulated time despite our best efforts. The Company was in negotiation with a foreign investor since mid of 2017, this process required approvals of various Government authorities which was time taking. We are pleased to inform you that subsequent to the year end the contract of issue of shares to foreign investor was materialized and the Company has issued paid up capital of Rs. 153,373,910/- and resultantly complying with all the legal requirements and the revised paid up capital is now Rs. 603,373,910/-. The Auditors of the Company issued a modified report in this regard.

Equity Investment

During the year 2017 the Company entered into Share Subscription Agreement dated September 13, 2017 ("SSA") with InsuResilience Investment Fund, SICAV RAIF ("IIF") and under the terms of the SSA, the Company issued 15,337,391 (Fifteen Million Three Hundred and Thirty-Seven Thousand Three Hundred and Ninety-One only) ordinary shares other than right to IIF at a premium of Rs. 12.82 i.e. at the subscription price of Rs. 22.82/- per ordinary share aggregating to a sum of Rs. 350,000,000/- (Pakistani Rupees Three Hundred and Fifty Million only) (the "Capitalisation").

Pursuant to the aforesaid Capitalisation, IIF will hold 25.42% of the issued and paid-up capital of the Company and paid up capital of the Company will increase upto Rs. 603,373,910/- divided into 60,337,391 ordinary shares of Rs. 10/- each. Consequent upon the aforesaid subscription at least One (01) nominee of IIF to the Board of Directors of the Company shall be co-opted as Nominee Director.

The investment made by IIF will provide equity capital to the Company so that the latter is able to support its risk capital and grow its business further by increasing its insurance underwriting activity. This shows the willingness, commitment and interest of your Company's Directors for the growth, development and prosperity of the company.

Material Information

In order to generate sufficient liquidity and the cash to be utilized in making more deposit arrangements with different banks to enhance the bank limits of the Company which will enable the Company to generate insurance business from those banks and for further establishment of new

branches of the Company in different cities of Pakistan, the Board of Directors recommended to dispose off Company owned property, situated at 19 C/D, Block L, Gulberg III, Lahore (the "Property"). The Board and Shareholders accorded their consent to dispose off the Property and accept the offer of Mr. Ihtsham ul Haq Qureshi, Mrs. Nosheen Ihtsham and Aisam ul Haq Qureshi, jointly, to buy the Property in the EOGM dated June 19, 2017.

Insurer Financial Rating Strength

The Pakistan Credit Rating Agency Limited (PACRA) has upgraded the IFS rating of the Company as "A" (Single A) from "A-". This rating denotes a strong capacity to meet policyholders' and contractual obligations and reflects the gains achieved by the management in core insurance business.

Related Party Transactions

At each board meeting the Board of Directors approves Company's transactions with Associated Companies / Related parties. All the transactions executed with related parties are on arm's length basis.

Committees

The Board in compliance with the Code of Corporate Governance has established following committees;

Management Committees

Risk Management & Compliance Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Zain ul Haq Qureshi	Chairman	3	3
Mr. Shahbaz Hameed	Member	3	3
Mr. Muhammad Masood	Member	3	3
Ms. Shazia Hafeez	Secretary	3	3

Underwriting committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khalid Rasheed	Chairman	4	4
Mr. Zain ul Haq Qureshi	Member	4	3
Mr. Mustajab Ahmed	Member	4	4
Mr. Amjad Rao	Secretary	4	4

Claim settlement Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khawaja Suhail Ifrikhar	Chairman	4	4
Mr. Shahbaz Hameed	Member	4	4
Mr. Hassan Ahmad Khan	Member	4	4
Mr. Asif Ali Mughal	Secretary	4	4

Reinsurance & Co-insurance Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khalid Rasheed	Chairman	4	4
Mr. Zain ul Haq Qureshi	Member	4	4
Mr. Mohammad Ali Raza	Member	4	2
Mr. Muhammad Masood	Secretary	4	4

Board Committees**Ethic, Human Resource & Remuneration Committee**

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Hassan Ahmad Khan	Chairman	4	4
Mr. Aisam ul Haq Qureshi	Member	4	4
Mr. Ihtisham ul Haq Qureshi	Member	4	4
Mr. Shahbaz Hameed	Secretary	4	4

Investment Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Ihtisham ul Haq Qureshi	Chairman	4	4
Mr. Zain ul Haq Qureshi	Member	4	4
Mr. Aisam ul Haq Qureshi	Member	4	2
Mr. Hassan Ahmed Khan	Member	4	4
Mr. Mohammad Ali Raza	Secretary	4	4

Audit Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khawaja Suhail Iftikhar	Chairman	6	6
Mr. Zain ul Haq Qureshi	Member	6	6
Mr. Khalid Rashid	Member	6	6
Mr. Hassan Ahmed Khan	Member	6	6
Mr. Iftikhar Ahmed (appointed as Secretary since Sept 1, 2017)	Secretary	6	1

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, 2017 Rupees	December 31, 2016 Rupees
Investment	15,678,940	11,873,538

Annual Evaluation of Board's Performance

The Board has placed a mechanism to evaluate its performance annually as required by the Code of Corporate Governance. The mechanism devised is based on the emerging and leading trends on the functioning of the Board and improving its effectiveness.

Principal Risks and Uncertainties

The principal risk the Company faces under insurance contracts is the possibility that the insured event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling. The underwriting strategy aims to minimise insurance risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Company underwrites mainly property, motor, marine cargo and transportation and other miscellaneous general Insurance business. These classes of insurance are generally regarded as short term insurance contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate insurance risk.

Risk Management Function

Your Company established Risk Management Function in 2017. It is overseen by Risk Management and Compliance Committee to identify and monitor risks associated with various operations of the Company.

Asia Insurance Company is committed to enhancing its overall profitability through optimization of value added activities, while maintaining a strong risk-adjusted capitalization.

Statement of Ethics and Business Practices

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this statement and are required to observe these rules of conduct in relation to business and regulations

Corporate and Financial Reporting Framework

- (a) The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity,
- (b) Proper books of accounts have been maintained by the Company,
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
- (d) The International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statement and any departure from there has been adequately disclosed,
- (e) The system of internal control is sound in design and has been effectively implemented and monitored,
- (f) There are no significant doubts upon the Company's ability to continue as a going concern,
- (g) There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations,
- (h) The key operating and financial data for the last six years is annexed,

- (i) The value of investments of provident based on their audited accounts as on December 31, 2017 was Rs. 15,678,940.
- (j) The statement of pattern of shareholding in the Company as at 31 December 2017 is included with the Report.

Key Financial Data

Key operational and financial data for the last 6 years is as follows;

Particulars	2017	2016	2015	2014	2013	2012
Rupees in Thousands						
CONVENTIONAL						
Paidup Capital	450,000	450,000	300,000	300,000	300,000	300,000
Total Assets	1,136,324	1,039,241	952,688	812,950	666,687	560,422
Equity	621,087	543,829	488,142	419,817	372,304	352,763
Cash and Bank Deposits	243,196	116,140	70,721	31,813	29,162	12,903
Gross Premium	659,319	540,234	450,173	304,784	154,004	53,083
Net Premium Revenue	527,728	420,122	347,054	190,975	70,332	29,301
Gross Claim Paid	188,544	124,004	87,142	57,654	37,229	16,765
Net Claim Expense	179,238	95,338	64,193	41,954	24,625	10,136
Under Writing Profit/(Loss)	(17,495)	15,394	80,341	28,113	(15,456)	(20,151)
Profit/(Loss) Before Tax	84,669	73,955	93,261	59,581	20,830	7,301
Profit/(Loss) After Tax	76,795	71,099	68,325	47,513	19,541	10,180
Investment Income/(Loss)	(30,084)	51,676	12,926	33,354	37,794	28,903
Earnings Per Share(Rs.)	1.71	1.58	1.52	1.06	0.43	0.23
TAKAFUL						
PTF						
Gross Contribution	27,579	11,801	-	-	-	-
Net Contribution Revenue	(1,490)	(6,967)	-	-	-	-
Gross Claim Paid	2,751	1,585	-	-	-	-
Net Claim Expense	4,055	1,976	-	-	-	-
Under Writing Profit/(Loss)	(5,563)	(9,024)	-	-	-	-
Investment Income	-	-	-	-	-	-
OPF						
Investment Income	79	318	-	-	-	-

Board Meetings

During the year 2017 following meetings of the Board of Directors were held and attended by the Directors as below:

Name of Directors	Meetings Held	Meetings Attended
Mr. Khalid Rasheed	6	6
Mr. Ihtisham ul Haq Qureshi	6	6
Mr. Khawaja Suhail Iftikhar	6	6
Mr. Zain ul Haq Qureshi	6	5
Mr. Aisam ul Haq Qureshi	6	2
Mrs. Nosheen Ihtisham	6	4
Mr. Hassan Ahmad Khan	6	5

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

Company's relations with stakeholders

We have very positive and practical approach towards relations with various stakeholders particularly with regulatory authorities i.e. Securities and Exchange Commission of Pakistan (SECP), Federal Board of Revenue (FBR), State Bank of Pakistan (SBP), other Insurance Companies, the Reinsurers and the Insurance Association of Pakistan (IAP). The Company Secretary is responsible for adhering and implementing all the applicable laws, regulations and conventions in order to keep the organization at its highest

Future Outlook

With the CPEC taking shape and a possible end to the power crisis, economic outlook is positive, major gains are already being witnessed by the service industry, construction sector and the auto industry with global players entering the Pakistani market. The insurance sector is also confident of growth being spurred by rising customer needs and confidence.

Moreover, the equity investment will strengthen Company's capital base, lead to further growth of its insurance underwriting activity as well as further product development - especially in the area of agriculture insurance – using IIF's technical expertise and knowledge of the sector.

The Company will continue to focus its momentum of growth in premium while at the same time maintaining profitability of decent standard.

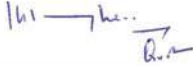
Auditors

The present Auditors M/s. Ilyas Saeed & Company, Chartered Accountants, have completed their assignment for the year ended December 31, 2017, and shall retire on the conclusion of 37th 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, as auditors for the year ending December 31, 2018 and the Board of Directors also endorsed the recommendations of the Audit Committee.

Pattern of shareholding is attached with this report.

We would like to thank our valued customers for their continued patronage and support and to Pakistan Reinsurance Company Limited, Securities and Exchange Commission of Pakistan and State Bank of Pakistan for their guidance and assistance.

It is a matter of deep gratification for your Directors to place on record their appreciation of the efforts made by officers, field force and staff who had contributed to the growth of the Company and the continued success of its operations.



Chief Executive Officer



Director

PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2017

No. of Shareholders	Shareholdings		Total shares held
	From	To	
24	1	100	127
7	101	500	1,710
7	501	1,000	4,850
8	1,001	5,000	19,984
1	30,001	35,000	33,104
1	360,001	365,000	362,265
1	820,001	825,000	821,202
1	920,001	925,000	924,808
1	1,765,001	1,770,000	1,767,150
1	2,290,001	2,295,000	2,292,137
1	13,315,001	13,320,000	13,318,269
1	25,450,001	25,455,000	25,454,394
54			45,000,000

Categories of shareholders	Holding	%age
Directors, Chief Executive Officer, and their spouse and minor children	43,200,833	96.0019%
Insurance Companies	33,104	0.0736%
Shareholders holding 10% or more	38,772,663	86.1615%
General Public		
- Local	944,861	2.0996%
- Foreign	-	-
Government Holding	821,202	1.8249%

Sr. No.	Name	Holding	%age
1	Mr. Ihtsham ul Haq Qureshi	38,772,663	86.1615 %
2	Mr. Aisam ul Haq Qureshi	2,292,137	5.0936%
3	Mr. Zain ul Haq Qureshi	1,770,275	3.9339%
4	Mrs. Nosheen Ihtsham Qureshi	362,265	0.8050%
5	Mr. Khawaja Suhail Ifikhar	1,654	0.0037%
6	Mr. Hassan Ahmed Khan	1,103	0.0025%
7	Mr. Khalid Rasheed	736	0.0016%
		43,200,833	96.0019%

PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2017

Insurance Companies

Sr. No.	Name	Holding	%age
1	Pakistan Reinsurance Company Limited	33,104	0.0736%

Government Holding

Sr. No.	Name	Holding	%age
1	Federal Board of Revenue	821,202	1.8249%

General Public

Sr. No.	Name	Holding	%age
1	Shares held by the General Public - Local	944,861	2.0996%

Shareholders Holding 5% or More of Total Capital

Sr. No.	Name	Holding	%age
1	Mr. Ihtsham ul Haq Qureshi	38,772,663	86.1615 %
2	Mr. Aisam ul Haq Qureshi	2,292,137	5.0936%
		41,064,800	91.2551%

During the financial year there has been no trading in shares of the company by the Directors, CEO, CFO, Company Secretary and their spouses and minor children

مستقبل کا نقطہ نظر

CPEC کے آغاز اور توانائی بحران کے ممکنہ خاتمہ، مثبت معاشی پس منظر، بھاری آمدنی کی وجہ سے خدمات کے شعبہ، تعمیراتی شعبہ اور آٹو انڈسٹری اور غیر ملکی سرمایہ داروں کی پاکستانی منڈیوں تک رسائی کی وجہ سے انشورنس سیکٹر نمو کے لئے پرعزم ہے جو صارفین کی ضروریات اور اعتماد میں اضافہ کا باعث ہے۔

مزید برآں، ایکوینیٹی سرمایہ داری کمپنی کے بنیادی سرمایہ میں اضافہ کا باعث ہوگی۔ جو اس کی انشورنس انڈر رائٹنگ سرگرمی بشمول مزید پروڈکٹ کی تیاری خصوصاً زرعی انشورنس کے شعبہ میں IIF تکنیکی مہارت کے استعمال میں اہم کردار ادا کرے گی۔

کمپنی ہمہ وقت منافع کو موزوں سطح پر برقرار رکھتے ہوئے پرییم میں اضافہ کی رفتار پر بھرپور توجہ مرکوز کئے ہوئے ہے۔


آڈیٹرز


موجودہ آڈیٹرز میسرز الیاس اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے 31 دسمبر 2017ء کو اختتام پذیر سال کے لئے اپنی مدت پوری کر لی ہے اور 37 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ کارپوریٹ گورننس ضابطہ کے تحت، 31 دسمبر 2018ء کو اختتام پذیر سال کے لئے آڈٹ کمیٹی نے میسرز الیاس سعید اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی آڈیٹرز کے طور پر تقرری کی سفارش کی ہے۔ اور بورڈ نے بھی آڈٹ کمیٹی کی سفارشات کی توثیق کی ہے۔

شیئر ہولڈنگ کی وضع اس رپورٹ کے ساتھ منسلک ہے۔

ہم اپنے معزز صارفین کی مسلسل پیروی اور سپورٹ اور پاکستان ری انشورنس کمپنی لمیٹڈ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سیٹ بینک آف پاکستان کی رہنمائی اور معاونت کے لئے شکر گزار ہیں۔

آپ کے ڈائریکٹرز کے لئے یہ بات انتہائی قابل ستائش ہے کہ آفیسرز، فیلڈ فورس اور سٹاف کی کاوشوں کو قدر کی نگاہ سے دیکھتے ہیں جنہوں نے کمپنی کی نمو اور اس کے آپریشنز میں مسلسل کامیابی میں اہم کردار ادا کیا ہے۔


ڈائریکٹر


چیف ایگزیکٹو آفیسر

-	-	-	-	(6,967)	(1,490)	خالص حصہ کی آمدنی
-	-	-	-	1,585	2,751	مجموعی ادا شدہ کلیم
-	-	-	-	1,976	4,055	خالص کلیم اخراجات
-	-	-	-	(9,024)	(5,563)	انڈر رائٹنگ نفع / (نقصان)
-	-	-	-	-	-	انوسٹمنٹ آمدنی

OPF

2012	2013	2014	2015	2016	2017	تفصیلات
-	-	-	-	318	78	انوسٹمنٹ آمدنی

بورڈ کے اجلاس

سال 2017ء میں بورڈ آف ڈائریکٹرز کے حسب ذیل تعداد میں اجلاس منعقد ہوئے اور ڈائریکٹرز کی حاضری بھی مندرجہ ذیل ہے:

نام ڈائریکٹرز	منعقدہ اجلاس کی تعداد	حاضری
محترم خالد رشید	6	6
محترم اعتشام الحق قریشی	6	6
محترم خولید سہیل افتخار	6	6
محترم زین الحق قریشی	6	5
محترم اعصام الحق قریشی	6	2
محترم مدوین اعتشام	6	4
محترم حسن احمد خان	6	5

جو ڈائریکٹرز بورڈ اجلاس میں شرکت نہ کر سکے انہیں رخصت عنایت کی گئی۔

سیٹیک ہولڈرز کے ساتھ کمپنی کے تعلقات

ہمارے متعدد سیٹیک ہولڈرز خصوصاً ریگولیٹری اتھارٹیز یعنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، فیڈرل بورڈ آف ریونیو (FBR)، سٹیٹ بینک آف پاکستان (SBP)، دیگر انشورنس کمپنیز، بری انشوررز اور انشورنس ایسوسی ایشن آف پاکستان (IAP) کے ساتھ تعلقات میں مثبت اور عملی رویہ ہے۔ کمپنی سیکریٹری ادارے کو معیاری بنانے کے لئے تمام لاگو قوانین، ضوابط اور کنونشن پر عمل درآمد کرانے کا ذمہ دار ہے۔

(h) گذشتہ چھ سال کے بنیادی آپریٹنگ اور مالی اعداد و شمار ساتھ منسلک ہیں۔

(i) 31 دسمبر 2017ء کو ان کے پڑتال شدہ کھاتوں کی بنیاد پر پروجیکٹ فنڈز کے سرمایہ کی قدر 15,678,940 روپے ہے۔

(j) 31 دسمبر 2017ء تک کمپنی میں شیئر ہولڈنگ کے پیٹرن کا بیان اس رپورٹ میں شامل ہے۔

بنیادی مالی اعداد و شمار

گذشتہ چھ سال کے لئے بنیادی آپریٹنگ اور مالی اعداد و شمار حسب ذیل ہیں:

2012	2013	2014	2015	2016	2017	تفصیلات
روایتی						
300,000	300,000	300,000	300,000	450,000	450,000	اداشدہ سرمایہ
560,422	666,687	812,950	952,688	1,039,241	1,136,324	کل اثاثہ جات
352,763	372,304	419,817	488,142	543,829	621,087	نصفیت
12,903	29,162	31,813	70,722	116,140	243,196	کیش اور بینک ڈیپازٹس
53,083	154,004	304,784	450,173	540,234	659,318	مجموعی پریمیم
29,301	70,332	190,975	347,054	420,122	527,728	خالص پریمیم آمدنی
16,765	37,229	57,654	87,142	124,004	188,544	مجموعی اداشدہ کلیم
10,136	24,625	41,954	64,193	95,338	179,238	خالص کلیم اخراجات
(20,151)	(15,456)	28,113	80,341	15,393	(17,495)	انڈر رائٹنگ نفع/(نقصان)
7,301	20,830	59,581	93,261	73,955	84,669	نفع/(نقصان) بمعدہ ٹیکس
10,180	19,541	47,513	68,325	71,099	76,795	نفع/(نقصان) علاوہ ٹیکس
28,903	37,794	33,354	12,926	51,676	(30,084)	سرمایہ داری آمدنی/(خسارہ)
0.23	0.43	1.06	1.52	1.58	1.71	فی حصص آمدنی (روپے)

مکافیل

PTF

2012	2013	2014	2015	2016	2017	تفصیلات
-	-	-	-	11,801	27,579	مجموعی حصہ

کمپنی انڈر رائٹنگ حکمت عملی، مناسب ری انشورنس ترتیبات اور قبل از وقت دعووں کی پیڈمنگ کے ذریعے اس خدشہ سے نبرد آزما ہوتی ہے۔ انڈر رائٹنگ حکمت عملی کا مقصد متوازن کاروباری درجوں کو اکٹھا کر کے اور انڈر رائٹنگ ہدایات اور حدود کو مد نظر رکھ کر انشورنس خدشات کو کم کرنا ہے۔ کمپنی عموماً پراپرٹی، موٹر، میرین کارگو اور نقل و حمل اور دیگر متفرق عمومی انشورنس امور کو انڈر رائٹ کرتی ہے۔ انشورنس کے یہ درجے عموماً قلیل مدتی انشورنس منصوبے تصور کئے جاتے ہیں جہاں دعووں کو عموماً قلیل مدت یعنی ایک سال میں ادا کیا جاتا ہے۔ اس سے انشورنس خدشات سے نبرد آزما ہونے میں مدد ملتی ہے۔

رسک مینجمنٹ فنکشن

آپ کی کمپنی نے سال 2017ء میں رسک مینجمنٹ فنکشن تشکیل دیا ہے۔ اس کی نگرانی رسک مینجمنٹ اور کپلائنس کمیٹی کرتی ہے تاکہ کمپنی کے متعدد افعال سے متعلقہ خدشات کی نشاندہی اور نگرانی کی جاسکے۔

ایشیا انشورنس کمپنی اپنی گراں قدر سرگرمیوں کے ذریعے مجموعی نفع کر بڑھانے کے لئے پرعزم ہے۔ مزید برآں کمپنی خدشات کو قابو کر کے سرمایہ داری کو برقرار رکھنے کو ہدف ہے۔

اخلاقیات اور کاروباری امور کا بیان

بورڈ نے اخلاقیات اور کاروباری امور کی شیئرفٹ اپنا رکھی ہے۔ تمام ملازمین کو اس بیان سے آگاہ کیا گیا ہے اور کاروبار اور ضوابط سے متعلقہ ضابطہ اخلاق کی تعمیل ان پر لازم ہے۔

کارپوریٹ اور فائنانسشیل رپورٹنگ فریم ورک

(a) کمپنی انتظامیہ کی جانب سے مرتب کردہ مالی اسٹیٹمنٹس اپنے امور، آپریشنز کے نتائج، کیش فلو اور نصفت میں تبدیلی کو احسن انداز میں بیان کرتی ہیں۔

(b) کمپنی نے موزوں بس آف اکاؤنٹس مرتب کی ہیں۔

(c) مالی اسٹیٹمنٹس اور اکاؤنٹنگ تخمینوں کی تیاری میں موزوں اکاؤنٹنگ پالیسیاں اپنائی گئی ہیں۔ جو موزوں اور محتاط فیصلوں کی بنیاد پر ہیں۔

(d) مالی اسٹیٹمنٹس کی تیاری میں پاکستان میں لاگو انٹرنیشنل فائنانسشیل رپورٹنگ سٹینڈرڈز (IFRS) کو مد نظر رکھا گیا ہے اور اس میں کی گئی تبدیلیوں کو مناسب انداز میں ظاہر کیا گیا ہے۔

(e) اندرونی ضبط کا نظام بہت اعلیٰ ہے اور اس کو موثر انداز میں لاگو کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔

(f) کاروبار جاری رکھنے کی کمپنی کی صلاحیت میں کوئی ابہام موجود نہیں۔

(g) لسٹنگ ریگولیشنز میں بیان کردہ کارپوریٹ گورننس کی بہترین عمل داری میں کوئی مادی اخراج موجود نہیں۔

آڈٹ کمیٹی

رکن کا نام	درجہ	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت
محترم خواجہ سبیل افتخار	چیئرمین	6	6
محترم زین الحق قریشی	رکن	6	6
محترم خالد رشید	رکن	6	6
محترم حسن احمد خان	رکن	6	6
محترم افتخار احمد (01 ستمبر 2017ء کو سیکریٹری مقرر ہوئے)	سیکرٹری	6	1

برائج نیٹ ورک

آپ کی کمپنی اس حقیقت سے آگاہ ہے کہ قابل بحروس اور منافع بخش شاخیں پاکستان کے جتنے شہروں میں ممکن ہوں قائم کی جائیں۔ شاخوں کے قیام کا ہمارا مقصد اپنے معزز کلائنٹس کو بہترین خدمات فراہم کرنا اور حصص داران کو فوری منافع کی فراہمی کو یقینی بنا کر گلیمر کی فوری ادائیگی کرنا ہے۔

پراویڈنٹ فنڈ

کمپنی اپنے مستقل ملازمین کے لئے منظور شدہ پراویڈنٹ فنڈ سکیم پر عمل کر رہی ہے۔ سرمایہ داری میزانیہ حسب ذیل ہے:

تفصیلات	31 دسمبر 2017	31 دسمبر 2016
	روپے	روپے
سرمایہ داری	15,678,940	11,873,538

بورڈ کی کارکردگی کا سالانہ جائزہ

کوڈ آف کارپوریشن گورننس کے تحت بورڈ نے سالانہ کارکردگی کے جائزہ کے لئے میکنگم تیار کیا ہے۔ بورڈ کے افعال اور اسے مؤثر بنانے کی غرض سے یہ میکنگم جدید اور بنیادی رجحانات کو مد نظر رکھ کر مرتب کیا گیا ہے۔

بنیادی خدمات اور غیر یقینی کی صورت حال

انشورنس معاہدوں کے تحت کمپنی کو درپیش بنیادی خدمات میں یہ امکان موجود ہے کہ انشورڈ ایونٹ کے انعقاد پر، موجودہ دعووں کی رقم میں غیر یقینی یعنی دعووں کی گردش اور شدت بہت زیادہ ہو سکتی ہے اور یہ کہ حقیقی گلیمر اور معاوضہ کی ادائیگی انشورنس واجبات سے تجاوز کر سکتی ہے۔ انشورنس معاہدہ کی فطرت کی وجہ سے یہ خدشہ سامنے آتا رہتا ہے اور اس لئے یہ خلاف توقع ہے۔ کمپنی کا مقصد یہ یقینی بنانا ہے کہ ان واجبات کو پورا کرنے کے لئے مناسب ذرائع دستیاب ہوں۔

ری انشورنس اینڈ کوانشورنس کمیٹی

رکن کا نام	درجہ	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت
محترم خالد رشید	چیرمین	4	4
محترم زین الحق قریشی	رکن	4	4
محترم محمد علی رضا	رکن	4	2
محترم محمد مسعود	سیکرٹری	4	4

بورڈ کمیٹیاں

نسلی، انسانی وسائل اور مشاہیرہ کمیٹی

رکن کا نام	درجہ	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت
محترم حسن احمد خان	چیرمین	4	4
محترم اعصام الحق قریشی	رکن	4	4
محترم احتشام الحق قریشی	رکن	4	4
محترم شہباز حمید	سیکرٹری	4	4

انویسٹمنٹ کمیٹی

رکن کا نام	درجہ	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت
محترم احتشام الحق قریشی	چیرمین	4	4
محترم زین الحق قریشی	رکن	4	4
محترم اعصام الحق قریشی	رکن	4	2
محترم حسن احمد خان	رکن	4	4
محترم محمد علی رضا	سیکرٹری	4	4

کمیٹیاں

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ نے مندرجہ ذیل کمیٹیاں تشکیل دی ہیں:

انتظامی کمیٹیاں

رسک مینجمنٹ اور کمپلائنس کمیٹی

رکن کا نام	درجہ	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت
محترم زین الحق قریشی	چیئر مین	3	3
محترم شہباز حمید	رکن	3	3
محترم محمد مسعود	رکن	3	3
محترمہ شازیہ حفیظ	سیکرٹری	3	3

انڈر رائٹنگ کمیٹی

رکن کا نام	درجہ	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت
محترم خالد رشید	چیئر مین	4	4
محترم زین الحق قریشی	رکن	4	4
محترم مستجاب احمد	رکن	4	4
محترم امجد راول	سیکرٹری	4	4

کلیم سیٹلمنٹ کمیٹی

رکن کا نام	درجہ	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت
محترم خواجہ سہیل افتخار	چیئر مین	4	4
محترم شہباز حمید	رکن	4	4
محترم حسن احمد خان	رکن	4	4
محترم آصف علی مغل	سیکرٹری	4	4

نصفی سرمایہ داری

سال 2017ء کے دوران کمپنی نے 13 ستمبر 2017ء کو انشوریز پبلنٹس فیڈریشن (SICAV RAIF "IIF") سے شیئر سبسکریپشن معاہدہ ("SSA") اور SSA کی شرائط کے مطابق کمپنی نے IIF 12.82 کروڑ روپے پر پیمنٹ کے استحقاق کے علاوہ 15,337,391 (15 ملین تین سو تیس ہزار تین سو نوے) عمومی شیئر جاری کئے۔ جس کی سبسکریپشن پر اس 22.82 کروڑ روپے فی حصص تھی جس کا مجموعہ 350,000,000 (تین سو پچاس ملین روپے) ہے "سرمایہ کاری"۔

مذکورہ بالا سرمایہ کاری کی پیروی میں IIF کمپنی کے ادا شدہ اور جاری کردہ سرمایہ کے 25.42 فی صد کا مالک ہوگا۔ اور کمپنی کا ادا شدہ سرمایہ میں 10 روپے فی حصص کی شرح سے 60,337,391 حصص میں منقسم 603,373,910 روپے اضافہ ہوا۔ نتیجتاً مذکورہ بالا سبسکریپشن کی بنیاد پر کمپنی کے بورڈ آف ڈائریکٹرز میں IIF کے کم از کم ایک نامزد ڈائریکٹر کا درجہ دیا جائے گا۔

IIF کی جانب سے کی گئی سرمایہ داری کمپنی میں نصفی سرمایہ فراہم کر گی تاکہ کمپنی اپنے رسک سرمایہ سے نپٹ سکے اور اپنی انشورنس انڈر رائٹنگ سرگرمیوں میں اضافہ کر کے اپنے کاروبار کو بڑھاسکے۔ اس سے ظاہر ہوتا ہے کہ آپ کی کمپنی کے ڈائریکٹرز اپنی کمپنی کی نمو، ترقی اور خوش حالی کے خواہش مند اور پر عزم ہیں۔

مادی معلومات

موزوں ایصالیت پیدا کرنے کی غرض سے اور کمپنی کی بینک لمٹ میں اضافہ کے لئے مختلف بینکوں سے مزید ڈیپازٹ معاہدے طے کرنے میں استعمال کی جانے والی رقم تاکہ کمپنی ان بینکوں کے ساتھ انشورنس کے امور طے کرنے کے قابل ہو جائے اور پاکستان کے مختلف شہروں میں کمپنی کی نئی شاخوں کے قیام کے لئے بورڈ آف ڈائریکٹرز کمپنی کی املاک واقع C/D بلاک ایل، گلبرگ III، لاہور ("پراپرٹی") کو فروخت کرنے کی تجویز دیتے ہیں۔ بورڈ اور حصص داران نے پراپرٹی کی فروخت کے لئے رضامندی ظاہر کی ہے اور مورخہ 19 جون، 2017ء کے غیر معمولی اجلاس عام میں محترم احتشام الحق قریشی، مجتہدہ نشین احتشام اور اعصام الحق قریشی کی پراپرٹی خریدنے کی مشترکہ پیش کش کو قبول کیا۔

انشور فائٹنگ ریسٹریکٹڈ کارپوریشن

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی IFS ریٹنگ کی "A-" سے "A" میں تجدید کی ہے۔ یہ ریٹنگ پولیسی ہولڈرز اور معاہدہ سے متعلق فراخ کو پورا کرنے کی بہترین صلاحیت کو ظاہر کرتی ہے۔ اور بنیادی انشورنس کاروبار میں انتظامیہ کی جانب سے حاصل کی گئی آمدنی کو ظاہر کرتی ہے۔

متعلقہ پارٹی لین دین

بورڈ کے ہر اجلاس میں بورڈ آف ڈائریکٹرز کمپنی کی ملحقہ کمپنیوں/متعلقہ فریقین سے لین دین کی منظوری دیتے ہیں۔ متعلقہ فریقین سے کئے گئے لین دین قریبی فریقین کی بنیاد پر کئے جائیں گے۔

ٹیکسیشن		
حالیہ	8,465,649	18,519,359
مؤخر	(813,228)	(3,985,954)
گزشتہ برس	221,742	(11,676,820)
	7,874,163	2,856,585
سال بھر میں منافع علاوہ ٹیکس	76,795,027	71,098,521
آگے بھیجا گیا لا دعویٰ نفع	91,329,127	185,641,606
کلی طور پر ادا کئے گئے بونس حصص کا اجرا	-	(15,411,000)
آگے لایا گیا لا دعویٰ نفع	168,124,154	91,329,127

منافع مقسمہ

آپ کے ڈائریکٹر محسوس کرتے ہیں کہ کمپنی کی آئندہ کمی کے لئے نفع کو کاروبار میں وسعت کیلئے لگانا مناسب ہوگا اس لئے 31 دسمبر 2017ء کو اختتام پذیر سال کے لئے منافع مقسمہ کی تجویز نہیں دی گئی ہے۔

نی حصص آمدنی

نی حصص آمدنی 1.71 روپے ہے۔ جو گزشتہ سال کے مقابلہ میں 8 فی صد زائد ہے۔

مجاز اور جاری کردہ، سبسکرائبر سرمایہ

29 اپریل 2017ء کو کمپنی کے متفقہ 36 ویں سالانہ اجلاس عام میں حصص داران نے کمپنی کے مجاز حصص سرمایہ میں اضافہ کی منظوری دی۔ جو 10 روپے فی حصص کی شرح سے 50,000,000 عموئی حصص میں منقسم پانچ سو ملین روپے (500,000,000 روپے) سے 10 روپے فی حصص کی شرح سے 100,000,000 عموئی حصص میں منقسم ایک بلین روپے (1,000,000,000 روپے) کیا گیا۔

انشورنس قواعد کے تحت 31 دسمبر 2017ء تک کمپنی کو کم از کم 500 ملین روپے کا ادا شدہ سرمایہ درکار ہونا چاہئے تھا جو بد قسمتی سے ہماری بہترین کوششوں کے باوجود مقررہ مدت تک ممکن نہ ہو سکا۔ 2017ء کے وسط سے کمپنی ایک غیر ملکی سرمایہ دار سے رابطہ میں ہے، اس پر عمل درآمد کے لئے کئی حکومتی اداروں سے منظوری درکار تھا جس میں کافی وقت صرف ہونا تھا۔ ہم آپ کو آگاہ کرنے پر فخر محسوس کرتے ہیں کہ سال کے اختتام تک غیر ملکی سرمایہ دار سے حصص کے اجرا کا معاہدہ طے پا گیا اور کمپنی نے 153,373,910 روپے کا ادا شدہ سرمایہ جاری کیا اور نتیجتاً قانونی ضروریات پر عمل کرتے ہوئے نظر ثانی شدہ ادا شدہ سرمایہ اب 603,373,910 روپے ہے۔ آڈیٹرز نے اس تناظر میں کمپنی کی ترمیم شدہ رپورٹ جاری کی ہے۔

ڈائریکٹرز کی رپورٹ

31 دسمبر 2017ء کو اختتام پذیر سال کے لئے

معزز حصص داران!

ایشیا انشورنس کمپنی لمیٹڈ ("کمپنی") کے ڈائریکٹرز 31 دسمبر 2017ء کو اختتام پذیر سال کے لئے پڑتال شدہ مالی اسٹیٹمنٹس کے ہمراہ سالانہ رپورٹ پیش کرنے میں فخر محسوس کرتے ہیں۔

کمپنیز ایکٹ 2017 کے سیکشن 227 اور ضابطہ کارپوریٹ گورننس کے تحت ڈائریکٹرز کی رپورٹ مرتب کی گئی ہے۔ اس رپورٹ کو 28 اپریل 2018ء کو منعقدہ کمپنی کے 37 ویں سالانہ اجلاس عام میں اراکین کے سامنے پیش کی جائیگی۔

کاروباری جائزہ

زیر جائزہ مدت کے دوران، ملک میں جاری سیاسی غیر یقینی کی صورت حال کے باوجود معیشت بہتر ہوئی ہے۔ سٹاک ایکسچینج انڈیکس نمایاں طور پر مستحکم رہی اور کمپنی اپنی آپریشنل کارکردگی کو برقرار رکھنے میں کامیاب رہی۔ اعلیٰ سطحی کاروباری حجم کی وجہ سے کلیمز اور اخراجات میں بھی اضافہ ریکارڈ کیا گیا۔ لیکن مجموعی طور پر کلیم اخراجات کی شرح تسلی بخش رہی۔

گذشتہ سال کے مقابلہ میں کمپنی نے 84.67 ملین روپے بمعہ ٹیکس کا بھاری منافع درج کیا اور اس کی مد میں 14.5 فی صد اضافہ ظاہر ہوا۔ یہ شرح نموسال 2018ء میں برقرار رہنے کی توقع ہے۔

وٹرز کا فائل آپریشنز

سال بھر میں تحریری تقسیم 27.58 ملین روپے تھی جب کہ خالص منقسمہ آمدنی (1.49) ملین روپے رہی۔ سال بھر کے لئے شرکاء کا فائل فنڈ خسارہ (5.12) ملین روپے جب کہ (حصص داران کے لئے) آپریٹرز فنڈ سے منافع 5.56 ملین روپے تھا۔

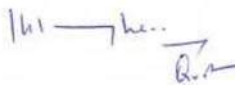
مالیاتی نتائج

تفصیلات	2017ء	2016ء
مجموعی پریمیم	659,318,726	540,234,011
سال میں منافع بمعہ ٹیکس	84,669,190	90,161,217

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 2017 signed by Mr. Ihtsham ul Haq Qureshi and a Director, Mr. Khwaja Suhail Iftikhar and approved by the Board of Directors is part of the Annual Report 2017 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, solvency and re-insurance arrangements except the paid-up capital and;
- c. 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 solvency and re-insurance arrangements and above exception regarding paid up capital has also duly complied with.


Chief Executive Officer


Director


Director


Chairman

Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 & Code of Corporate Governance, 2012 For the year ended December 31, 2017

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance and the Code of Corporate Governance 2012 (CCG 2012) as contained in Regulation no. 5.19.24 of the rule book of the Pakistan Stock Exchange.

The Company has applied the principles contained in the Code 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
Executive Directors	Mr. Zain ul Haq Qureshi
	Mr. Ihtsham ul Haq Qureshi
Non-Executive Directors	Mrs. Nosheen Ihtsham
	Mr. Aisam ul Haq Qureshi
	Mr. Hassan Ahmad Khan
	Mr. Khawaja Suhail Iftikhar

The independent director meets the criteria of independence as laid down under the Code and CCG, 2012.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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, DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. A casual vacancy occurred on the Board on February 8, 2017 was filled up by the directors within 12 days that is on February 20, 2017.

5. The Company has prepared a “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 insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All 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 Chief Executive Officer, other executive directors and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and 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 meeting. The minutes of the meeting were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.

10. Out of seven, three directors have earlier obtained certificate of Directors. While one is exempted from the requirement, the remaining will undertake the Directors Training Program within the stipulated time.

11. There was no new appointment of Chief Financial Officer (CFO) & Corporate Secretary. However the new appointment of Head of Internal Audit was made during the year. The Board approved the remuneration of Head of Internal Audit Department on the recommendation of Audit Committee.

12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and CCG 2012 and fully describes the salient matters required to be disclosed.

13. The financial statements of the company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and executives do not hold any interest in the shares of the company other than disclosed in the pattern of shareholding.

15. The company has complied with all the corporate and financial reporting requirements of Code and CCG 2012.

16. The Board has formed the following Board Committees:

Ethics, Human Resource & Remuneration Committee:

The board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 2 are non-executive directors and the chairman of the committee is a non-Executive director.

Name of Member	Category
Mr. Hassan Ahmed Khan	Chairman
Mr. Aisam ul Haq Qureshi	Member
Mr. Ihtisham ul Haq Qureshi	Member
Mr. Shahbaz Hameed	Secretary

Investment Committee:

Name of Member	Category
Mr. Ihtisham ul Haq Qureshi	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Aisam ul Haq Qureshi	Member
Mr. Hassan Ahmed Khan	Member
Mr. Mohammad Ali Raza	Secretary

17. The Board has formed an Audit Committee. It comprises of five (5) members, of whom one (1) is independent director and two (2) are non-executive directors. The chairman of the Committee is a non-executive director. The composition of the Audit Committee is as follows:

Audit Committee:

Name of Member	Category
Mr. Khawaja Suhail Iftikhar	Chairman
Mr. Khalid Rashid	Member
Mr. Zain ul Haq Qureshi	Member
Mr. Hassan Ahmed Khan	Member
Mr. Iftikhar Ahmed	Secretary

18. The Board has formed the following Management Committees:

Underwriting Committee:

Name of Member	Category
Mr. Khalid Rasheed	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Mustajab Ahmed	Member
Mr. Amjad Rao	Secretary

Claims Settlement Committee:

Name of Member	Category
Mr. Khawaja Suhail iftikhar	Chairman
Mr. Hassan Ahmed Khan	Member
Shahbaz Hameed	Member
Mr. Asif Ali Mughal	Secretary

Reinsurance & Co-insurance Committee:

Name of Member	Category
Mr. Khalid Rasheed	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Ali Raza (CFO)	Member
Mr. Muhammad Masood	Secretary

Risk Management & Compliance Committee:

Name of Member	Category
Zain ul Haq Qureshi	Chairman
Shahbaz Hameed	Member
Mr. Muhammad Masood	Member
Shazia Hafeez	Secretary

19. The meetings of the Ethics, Human Resource & Remuneration Committee, Underwriting, Claims, Re-insurance & Co-insurance, Risk Management, Investment & Audit Committees were held at every quarter prior to approval of interim and final results of the company and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the aforesaid Committees have been formed and advised to the Committees for compliance.

20. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the company and are involved in the internal audit function on a regular basis.

21. The Chief Executive Officer, Chief Financial Officer & Corporate Secretary, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

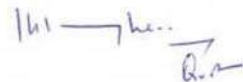
Name of the Person	Designation
Mr. Ihtisham ul Haq Qureshi	Chief Executive officer
Mr. Mohammad Ali Raza	Chief Financial Officer
Ms. Shazia Hafeez	Company Secretary / Compliance officer
Mr. Iftikhar Ahmed	Head of Internal Audit
Mr. Mustajab Ahmed	Head of Underwriting
Mr. Asif Ali Mughal	Head of Claims / Head of Grievance Department
Mr. Muhammad Masood	Head of Reinsurance / Head of Risk Management

The Head of Internal Audit Mr. Tahir Farzand resigned on April 27, 2017 and on recommendation of Audit Committee, the Board appointed Mr. Iftikhar Ahmed as new Head of Internal Audit.

22. The statutory auditors of the company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No, XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the institute of Chartered Accountants of Pakistan

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
24. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provisions of the Code of Corporate Governance for Insurer 2016.
25. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurer, 2016.
26. The Board has set up a risk management function, which carries out its tasks as covered under Code of Corporate Governance for Insurers, 2016.
27. The Company has been rated by PACRA and the rating assigned by this rating agency on March 10, 2017 from (A-) to (A) with stable outlook.
28. The Board has set up Grievance function in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016.
29. The Company has not obtained any exemption from the Securities and Exchange Commission of Pakistan in respect of the requirements of the Code of Corporate Governance for Insurers, 2016.
30. 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 exchange as required by CCG 2012.
31. Material / price sensitive information has been disseminated among all market participants at once through the Pakistan Stock Exchange as required by CCG 2012.
32. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
33. We confirm that all other material principles contained in the Code and CCG, 2012 have been complied.

For & on behalf of the Board



Chief Executive Officer

Date: April 03, 2018

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

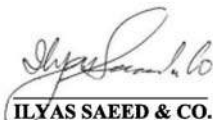
We have reviewed the enclosed Statement of Compliance with the best practices (the Statement) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of **ASIA INSURANCE COMPANY LIMITED** (the Company) for the year ended December 31, 2017 to comply with the requirements of Listing Regulations of the Pakistan Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 a 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 the 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 for their review and approval its related party transactions distinguishing between transaction 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 this requirement to the extent of approval of the related party transactions by the Board upon recommendation of the audit Committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement 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, 2017.



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 03, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **ASIA INSURANCE COMPANY LIMITED** ("the Company") as at December 31, 2017 and the related statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of 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 conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- a) in our opinion, proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) in our opinion -
 - i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.13 and 3.28 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2017 and of the comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention towards Note number 15.3 read with Note 38.4 to the financial statements which mention that the Company failed to meet with certain applicable regulatory requirements as at the year end. However, the Company became compliant subsequent to the year end.



ILYAS SAEED & CO.

Chartered accountants

Engagement Partner: Muhammad Ilyas

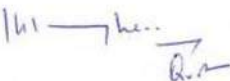
LAHORE

Date: April 03, 2018

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Notes	2017 Rupees	2016 Rupees Re-stated
Assets			
Property and equipment	5	99,281,744	250,276,386
Investments			
Equity securities	6	161,040,582	192,860,361
Debt securities	7	26,397,472	26,324,600
Term deposits	8	125,000,000	98,100,000
Total assets of window takaful operations - OPF	9	44,395,767	39,403,444
Loans and other receivables	10	54,788,933	36,110,409
Insurance / reinsurance receivables	11	229,459,744	166,239,113
Reinsurance recoveries against outstanding claims	25	36,192,756	27,463,241
Deferred commission expense / acquisition cost	26	46,793,366	49,026,189
Deferred taxation	19	3,037,643	2,422,633
Taxation - payments less provision	12	15,636,171	-
Prepayments	13	51,103,150	34,874,455
Cash & Bank	14	243,196,263	116,139,910
Total Assets		1,136,323,591	1,039,240,741
EQUITY AND LIABILITIES			
Capital and reserves attributable to Company's equity holders			
Ordinary share capital	15	450,000,000	450,000,000
Reserves	16	2,500,000	2,500,000
Unappropriated profit		168,124,154	91,329,127
Available for sale reserve		462,510	-
Total equity		621,086,664	543,829,127
Surplus on revaluation of fixed assets	17	-	91,060,170
Liabilities			
Total liabilities of window takaful operations - OPF	9	972,879	1,545,198
Underwriting provisions			
Outstanding claims including IBNR	25	113,121,068	75,038,239
Unearned premium reserve	24	292,730,189	246,062,718
Premium deficiency reserves		7,575,862	329,087
Unearned reinsurance commission	26	6,477,419	7,388,674
Retirement benefit obligations	18	488,113	425,527
Borrowings	20	-	1,354,013
Premiums received in advance		3,422,615	3,259,458
Insurance / reinsurance payables	21	36,808,865	9,001,093
Other creditors and accruals	22	53,639,917	57,828,033
Taxation - provision less payment	12	-	2,119,404
Total Liabilities		515,236,927	404,351,444
Total Equity and Liabilities		1,136,323,591	1,039,240,741
Contingency(ies) and commitment(s)	23	-	-

The annexed notes 1 to 45 form an integral part of these financial statements.


 Chief Executive Officer


 Director

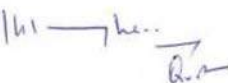

 Director


 Chairman

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

	Notes	2017 Rupees	2016 Rupees
Net insurance premium	24	527,727,754	420,121,717
Net insurance claims	25	(179,238,162)	(95,338,056)
Premium deficiency		(7,246,775)	(329,087)
Net commission and other acquisition costs	26	(92,107,966)	(81,595,578)
Insurance Claims and acquisition expenses		(278,592,903)	(177,262,721)
Management Expenses	27	(266,630,223)	(227,465,466)
Underwriting results		(17,495,372)	15,393,530
Investment (loss)/income	28	(30,084,338)	51,676,090
Other income	29	129,312,550	6,976,170
Other expenses	30	(2,584,137)	(2,865,797)
Results of operating activities		79,148,703	71,179,993
Finance cost	31	(44,155)	(318,800)
Profit from Window Takaful Operations	9	5,564,642	3,093,913
Profit before tax		84,669,190	73,955,106
Income tax expense	32	(7,874,163)	(2,856,585)
Profit after tax		76,795,027	71,098,521
Other comprehensive income:			
Item to be re-classified to profit and loss account in subsequent period:			
Reversal of revaluation surplus		-	(45,000,000)
Unrealized gains on available for sale investments			
- Re-measurement of investment - available for sale		660,728	-
- Related tax thereon		(198,218)	-
Other comprehensive income for the year		462,510	-
Total comprehensive income for the year		77,257,537	26,098,521
Earnings (after tax) per share - Rupees	33	1.71	1.58

The annexed notes 1 to 45 form an integral part of these financial statements.


Chief Executive Officer


Director


Director


Chairman


ASIA INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Rupees	2016 Rupees Re-stated
Operating Cash Flows		
a) Underwriting activities		
Insurance premium received	597,829,978	517,066,489
Reinsurance premiums paid	(68,723,025)	(42,062,626)
Claims paid	(188,543,753)	(124,004,159)
Reinsurance and other recoveries received	38,658,905	44,638,692
Commission paid	(108,882,709)	(111,434,172)
Commission received	14,037,460	14,850,936
Management expenses paid	(252,286,281)	(158,897,270)
Other underwriting (payments)/receipts	(15,913,477)	3,073,138
Net cash flow from underwriting activities	16,177,098	143,231,028
b) Other operating activities		
Income tax paid	(26,244,748)	(28,738,465)
Other operating (payments)	(6,190,125)	(390,000)
Other receipts in respect of operating assets	16,465,096	11,302,404
Net cash flow from other operating activities	(15,969,777)	(17,826,061)
Total cash flow from all operating activities	207,321	125,404,967
Investment activities		
Profit / return received	18,914,496	1,891,306
Dividends received	12,807,033	8,142,156
Increase in net assets in window takaful operations	(5,564,642)	(3,093,913)
Payments for investments/investment properties	(628,372,136)	(434,805,057)
Proceeds from investments/investment properties	577,980,535	386,944,620
Fixed capital expenditure	(52,219,964)	(36,242,158)
Proceeds from sale of property, plant and equipment	204,701,878	692,000
Total cash flow from investing activities	128,247,200	(76,471,046)
Financing activities		
Financing obtained less repayments	(1,354,013)	(3,239,063)
Financial charges paid	(44,155)	(318,800)
Total cash flow from financing activities	(1,398,168)	(3,557,863)
Net cash flow from all activities	127,056,353	45,376,058
Cash and cash equivalents at the beginning of the year	116,139,910	70,763,852
Cash and cash equivalents at the end of the year	243,196,263	116,139,910

ASIA INSURANCE COMPANY LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Rupees	2016 Rupees Re-stated
Reconciliation to Profit and Loss Account		
Operating cash flows	207,321	125,404,967
Depreciation expense	(20,300,012)	(14,050,507)
Financial charges expense	(44,155)	(318,800)
Profit on disposal of investments/investment properties	112,847,454	69,245
Dividend income	12,807,033	8,071,838
Other investment income	(42,891,371)	39,208,773
Profit from window takaful operations	5,564,642	3,093,913
Impairment expense	-	(42,923,599)
Increase in assets other than cash	120,800,920	27,928,412
Increase in liabilities other than borrowings	(112,811,815)	(79,371,675)
Deferred taxation	615,010	3,985,954
Profit after taxation	76,795,027	71,098,521

The annexed notes 1 to 45 form an integral part of these financial statements.


 Chief Executive Officer


 Director






 Director


 Chairman

ASIA INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017

	Share Capital	Capital reserves	Revenue reserves	Un-appropriated profit Re-stated	Available for sale reserve	Total share capital and reserves	Surplus on revaluation of fixed assets	Total
Balance as at January 1, 2016	300,000,000	-	2,500,000	185,641,606	-	488,141,606	136,060,170	624,201,776
Issue of fully paid bonus shares	150,000,000	-	-	(150,000,000)	-	-	-	-
Total comprehensive income for the year	-	-	-	71,098,521	-	71,098,521	(45,000,000)	26,098,521
Quid e Hasna payment to PTF	-	-	-	(15,411,000)	-	(15,411,000)	-	(15,411,000)
Balance as at December 31, 2016 (Re-stated)	450,000,000	-	2,500,000	91,329,127	-	543,829,127	91,060,170	634,889,297
Balance as at January 1, 2017	450,000,000	-	2,500,000	91,329,127	-	543,829,127	91,060,170	634,889,297
Total comprehensive income for the year	-	-	-	76,795,027	462,510	77,257,537	-	77,257,537
Disposal of land	-	-	-	-	-	-	(91,060,170)	(91,060,170)
Balance as at December 31, 2017	450,000,000	-	2,500,000	168,124,154	462,510	621,086,664	-	621,086,664

The annexed notes 1 to 45 form an integral part of these financial statements.

Chief Executive Officer Director Director Chairman

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

Asia Insurance Company Limited ('the Company') is a quoted public limited company which was incorporated in Pakistan on December 06, 1979 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is engaged in non-life insurance business mainly comprising of fire, marine, motor, bond and suretyship, agriculture and allied and miscellaneous. The Company commenced its commercial operations in 1980. The registered and principal office of the Company is situated at 19 C/D, Block L, Gulberg III, Main Ferozpur Road, Lahore-Pakistan. Shares of the Company are quoted on 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 AND STATEMENT OF COMPLIANCE

During the year, the Companies Ordinance, 1984, has been repealed and the Companies Act, 2017 ('the Act') has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 04, 2017, has communicated Commission's decision that "the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984."

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 International Accounting Standard Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 shall prevail.

Except the Company currently does not meet the externally imposed capital limit, whereas, the Company was in negotiation with a foreign investor since mid year of 2017 and subsequent to the year end the contract of issue of shares to foreign investor was materialized and the Company has issued paid up capital of Rs. 153,373,910/- and resultant complying with all the legal requirements and the revised paid up capital is now Rs. 603,373,910/-.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator Fund of the General Takaful operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

A separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

2.1 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.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in (current year)

The following standards, interpretations and amendments to standards and interpretations have been effective and are mandatory for the financial statements of the Company for the periods beginning on or after January 01, 2017 and, therefore, have been applied in preparing these financial statements.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- Annual improvements - 2014-2016 cycle:

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standard:

• IFRS 12: Disclosure of Interests in Other Entities

Clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 – 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Company's financial statements.

- IAS 7 Statement of Cash Flows:

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a significant impact on Company's financial statements except for certain presentational amendments.

- IAS 12 Income taxes:

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Company's financial statements.

- IFRS 5: Non-current Assets Held for Sale and Discontinued Operations:

Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The amendments are not likely to have an impact on Company's financial statements.

- IFRS - 7: Financial Instruments: Disclosures:

Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS - 7 on offsetting disclosures to condensed interim financial statements. The amendments are not likely to have any material impact on Company's financial statements.

- IFRS 10, IFRS 12 and IAS 28 Investment Entities:

The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments are not likely to have any material impact on Company's financial statements.

2.4 Standards, interpretations and amendments becoming effective in current year but not relevant:

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Company's beginning on or after January 01, 2017 but are considered not to be relevant to the Company's operations and are, therefore, not disclosed in these financial statements.

2.5 Standards, interpretations and amendments not effective at year end:

The following standards, amendments to standards and interpretations have been published IASB and are mandatory for the Company's accounting period beginning on or after their respective effective dates.

- Annual improvements - 2014-2016 cycle:

The improvements address amendments to following approved accounting standards:

- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IAS 28: Investments in Associates and Joint Ventures

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Effective for annual period beginning on or after January 01, 2018. The application of these amendments is not expected to have any material impact on the Company's financial statements.

- Annual Improvements 2015–2017 Cycle:

The improvements address amendments to following approved accounting standards:

• IFRS 3 Business Combinations and IFRS 11 Joint Arrangement

The amendment clarify the accounting treatment when a Company increases its interest in a joint operation that meets the definition of a business.

• IAS 12 Income Taxes

The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

• IAS 23 Borrowing Costs

The amendment clarifies that a Company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after January 01, 2019. The application of these amendments are not expected to have any material impact on the Company's financial statements.

- IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. Management is in the process of assessing the impact of adoption of this standard on the financial statements.

The standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- IFRS 2 - Share based payments:

The amendments to IFRS 2 address the main areas of vesting conditions, classification and accounting for modification to the terms and conditions.

The amendment is effective for accounting period beginning on or after January 01, 2018. The application of amendments is not expected to have any material impact on the Company's financial statements.

- IFRS 4 - Insurance Contracts:

Amended by applying IFRS 9 "Financial Instruments" along with IFRS 4 "Insurance Contracts", allowing an entity to apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9 or chooses to apply the deferral approach for annual periods beginning on or after January 01 2018.

The management is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 9 Financial Instruments (2014):

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Company is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 16 Leases:

Replaces the current IAS - 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- IAS 40 - Investment Property:

Provides guidance on transfers of investments property. The Standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Company's financial statements.

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration:

The amendments clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The Standard is effective for accounting periods beginning on or after January 01, 2018. The application of interpretation is not likely to have an impact on Company's financial statements.

- IFRIC 23 - Uncertainty over Income Tax Treatments

The amendments clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

The Standard is effective for accounting periods beginning on or after January 01, 2019. The application of interpretation is not likely to have an impact on Company's financial statements.

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to the Company's operations, therefore not disclosed in these financial statements.

2.7 Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017

During the period SECP has issued the Insurance Rules, 2017 including the new Insurance Accounting Regulations, 2017 and format for the preparation of the financial statements. The new Insurance Rules are effective for the current period financial statements. The significant changes resulting from such new rules effecting these financial statements are as follows:

2.7.1 Certain changes have been made to the presentation of the financial statements which includes the following:

- Changes in sequence of assets / liabilities in the statement of financial position;
- Discontinuation of separate statements of premium, claims, commission and investment income, which are now presented (on aggregate basis) into the notes of financial statements (Notes 24, 25, 26 & 28);
- Underwriting results in relation to various classes of business which were previously presented on the face of the profit and account are now presented in a separate note (Note 36).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property and equipment

3.1.1 Operating assets

3.1.1.1 Owned assets

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 5 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.

3.1.1.2 Lease assets

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.

- Ijarah contracts

Ijarah rentals (Ujrah) under Ijarah contracts are recognized as an expense in the profit and loss on a straight-line basis over the Ijarah term.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3.1.1.3 Capital work in progress

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

3.2 Intangible

Intangible assets cost 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.

3.3 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 cedents 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 features.

3.4 Deferred Commission expense / 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. Commission expenses and other acquisition costs are spread over the tenure of the policies, it is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017. Commission income from re-insurance is spread over the tenure of the policies ceded, it is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017. The deferred commission expenses and other acquisition costs and unearned portion of commission income from re-insurance is set aside as a reserve. Such reserve is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017.

3.5 Unearned 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 as specified in the Insurance Accounting Regulations, 2017.

3.6 Premium deficiency

According to the requirements of the Insurance Rules, 2017, a premium deficiency reserve needs to be created where the unearned premium for any class of business is not sufficient to cover the liability after re-insurance 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.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, premium deficiency is determined. The liability of premium deficiency in relation to health and personal accident is calculated in accordance with the advice of actuary.

As at year end, a provision is created in respect of premium deficiency reserve for those classes of business where it is estimated that the unearned premium 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.

3.7 Reinsurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts.

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.

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

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contracts are not offset against expenses or income from related insurance assets.

Reinsurance assets or liabilities are derecognized when the contractual rights are extinguished or expired.

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

3.8 Receivables and payables related to insurance contracts

Receivables and payables related to insurance contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

3.8.1 Insurance / reinsurance receivables

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.

3.8.2 Reinsurance recoveries against outstanding claims

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

3.9 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 the Insurance Rules, 2017.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

Marine, aviation and transport 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.

Bond and suretyship insurance acts as coverage for the loss of an obligee when a principal fails to perform according to the terms agreed upon between the obligee and the principal.

Crop insurance provides financial protection against natural disasters, fire and lightning and insect/ pets attack on standing crop.

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

Investment income, other income, other 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.

3.10 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.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash, cheques in hand, balances with banks on current and deposit accounts.

3.12 Revenue recognition

3.12.1 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 Insurance Rules, 2017.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3.12.2 Commission income

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and recognized as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission. Profit/ commission, if any, which the Company may be entitled to under the terms of reinsurance is recognized on accrual basis.

3.12.3 Investment income

Return on investments and fixed deposits are recognized using the effective interest rate method. Profit or loss on sale of investments is recognized at the time of sale.

3.12.4 Dividend Income and other income

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

3.13 Investments

3.13.1 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:

- In equity securities
- In debt securities
- In term deposits

3.13.2 Measurement

In equity securities

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.

Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value. Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

In debt security

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.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

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.

In Term deposits

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.

3.14 Offsetting of financial assets and 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.

3.15 Provisions

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.

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

The provision for claims incurred but not reported (IBNR) is consistently made at the balance sheet date in accordance with the SECP Circular no. 9 of 2016. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

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.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

3.16 Taxation

3.16.1 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.

3.16.2 Deferred

The company accounts for deferred taxation, if any, on all temporary differences at the balance sheet date between the tax basis 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.

3.17 Staff retirement benefits

3.17.1 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.

3.18 Leases

The policy relating to leased assets is given under note 3.1.1.2 to the financial statements.

3.19 Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

In addition, impairment on available for sale investments and reinsurance assets are recognized as follows:

3.19.1 Available for sale

The Company determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

3.19.2 Reinsurance assets

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition the Company also monitors the financial ratings of its reinsurers on each reporting date.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3.20 Dividend distribution

Dividend to shareholders is recognized as liability in the period in which it is approved. Similarly, reserve for issue of bonus shares is recognized in the year in which such issue is approved.

3.21 Management expenses

Management expenses include expenses incurred for the purpose of business and are recorded in the financial statements as and when accrued.

3.22 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 Company.

Provisions are recognized when the Company 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.

3.23 Claims expense

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.

3.24 Loans and 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.

3.25 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.

3.26 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.

3.27 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat and Ushr Ordinance, 1980.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3.28 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.29 Change in accounting policies

The company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS - 39 "Financial Instruments - Recognition and measurement". These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On de-recognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within statement of comprehensive income. Previously the investments were carried at lower of cost and market value. This change in accounting policy has been applied prospectively as allowed in para 16(b) of the IAS - 8 "Accounting Policies, Change in Accounting Estimates and Errors" as the impact of the restatement was immaterial.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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:

- Useful lives and residual value of fixed assets. (Note 3.1)
- Unearned premium. (Note 3.5)
- Premium deficiency. (Note 3.6)
- Classification of investments. (Note 3.13)
- Outstanding claims including IBNR. (Note 3.15)
- Provision for taxation and deferred tax. (Note 3.16)

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

5	PROPERTY AND EQUIPMENT	NOTE	2017 RUPEES	2016 RUPEES
	Operating assets	5.1	99,281,744	250,276,386
	Capital work-in-progress		-	-
			<u>99,281,744</u>	<u>250,276,386</u>

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

5.1 OPERATING ASSETS

PARTICULARS	COST/REVALUATION					2017 DEPRECIATION						W.D.V.	
	As at 1 January	Additions	(Deletions)	Adjustment	As at 31 December	Rate %	As at 1 January	For the year	(Deletions)	Adjustment	As at 31 December	As at 31 December	As at 31 December
	RUPEES					RUPEES							
OWNED													
Land - Free hold													
Cost	23,939,830	-	(23,939,830)	-	-	-	-	-	-	-	-	-	-
Revaluation	91,060,170	-	(91,060,170)	-	-	-	-	-	-	-	-	-	-
	115,000,000	-	(115,000,000)	-	-	-	-	-	-	-	-	-	-
Building - on Freehold land	68,462,520	803,551	(68,761,871)	-	564,206	18	3,003,928	3,798,811	(4,461,698)	-	341,833	223,167	
Furniture and Fixtures	9,416,772	1,349,644	-	-	10,766,416	18	1,346,118	966,714	-	-	3,253,833	8,507,284	
Office Equipment	16,919,511	1,647,847	-	-	18,566,558	18	3,179,754	1,477,908	-	-	4,657,662	13,908,896	
Motor Vehicles	75,317,910	47,871,882	(6,859,670)	-	116,753,839	20	39,769,683	12,945,492	(2,445,249)	-	55,185,707	71,568,132	
Computers and Accessories	9,631,965	1,288,120	-	-	10,920,085	30	3,928,061	1,917,919	-	-	5,845,928	5,074,168	
	254,742,678	52,219,964	(189,821,541)	-	117,140,101		50,287,396	20,006,844	(5,986,947)	-	68,283,154	99,281,744	
MUNSHARAKA VEHICLES													
Munsharaka Vehicles	18,423,797	-	-	(18,423,797)	-	20	4,682,693	293,168	-	(4,975,861)	-	-	-
	305,166,475	52,219,964	(189,821,541)	-	167,564,898		54,990,089	20,300,012	(5,986,947)	-	68,283,154	99,281,744	

PARTICULARS	COST/REVALUATION					2016 DEPRECIATION						W.D.V.	
	As at 1 January	Additions	(Deletions)	Adjustment	As at 31 December	Rate %	As at 1 January	For the year	(Deletions)	Adjustment	As at 31 December	As at 31 December	As at 31 December
	RUPEES					RUPEES							
OWNED													
Land - Free hold													
Cost	23,939,830	-	-	-	23,939,830	-	-	-	-	-	-	-	23,939,830
Revaluation	135,060,170	-	-	(15,000,000)	91,060,170	-	-	-	-	-	-	-	91,060,170
	160,000,000	-	-	(15,000,000)	115,000,000	-	-	-	-	-	-	-	115,000,000
Building - on Freehold land	564,206	110,821,919	-	(42,923,599)	68,462,520	18	288,683	1,715,237	-	-	2,003,920	66,458,600	
Furniture and fixtures	2,881,704	6,529,068	-	-	9,416,772	18	995,654	966,644	-	-	1,966,118	8,024,654	
Office equipment	6,549,042	10,770,469	-	-	16,919,511	18	2,467,741	712,013	-	-	3,179,754	13,739,757	
Motor vehicles	70,486,650	6,279,260	(1,448,000)	-	75,317,910	20	32,699,885	7,835,163	(825,245)	-	39,769,683	55,608,207	
Computers and accessories	6,013,966	3,617,999	-	-	9,631,965	30	1,963,647	1,962,354	-	-	3,928,001	5,703,964	
	246,495,562	137,618,715	(1,448,000)	(87,923,599)	294,742,678		38,417,410	12,615,231	(825,245)	-	50,287,396	244,515,282	
MUNSHARAKA VEHICLES													
Munsharaka vehicles	18,423,797	-	-	-	18,423,797	20	3,247,417	1,435,276	-	-	4,682,693	5,741,104	
	255,919,359	137,618,715	(1,448,000)	(87,923,599)	305,166,475		41,664,827	14,050,507	(825,245)	-	54,990,089	250,276,386	

5.1.1 Disposal of fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To	Status
Vehicles								
LJE-07-5079 - Suzuki Cultus	623,000	(319,796)	303,204	395,000	91,796	Negotiation	Sheikh Abul Hussain	Outsider
ANT-228 - Suzuki Cultus	685,000	(363,117)	321,883	335,000	13,117	Negotiation	Muhammad Abubakar	Outsider
LJF-479 - Suzuki Cultus	353,670	(223,092)	130,578	245,000	114,422	Negotiation	Muhammad Saqib	Outsider
LJ23-17-3449 - Honda Civic	2,637,000	(130,383)	2,506,615	2,712,000	205,383	Negotiation	Farhan Raheem	Outsider
Land & Building								
Cost	183,761,871	(4,461,698)	179,300,173	200,000,000	20,699,827	As per board approval	Basham ul Haq Qureshi Noorhan Basham Ahsam ul Haq Qureshi	Directors - Related Parties
Revaluation Surplus	-	-	-	-	91,060,170			
19 C/D, Block L, Gulberg III, Lahore	183,761,871	(4,461,698)	179,300,173	200,000,000	111,759,997			
Sub-Total	188,060,541	(5,498,088)	182,562,453	203,687,000	112,184,717			

The following assets with book value below Rs. 50,000/- were disposed off during the year:

Particulars	Cost	Accumulated depreciation	Written down value	Sales proceeds	Gain/(loss)	Mode of disposal	Sold To	Status
Vehicles								
	1,761,000	(1,408,857)	352,143	1,014,880	662,737	Negotiation	Various	Outsider
Sub-Total	1,761,000	(1,408,857)	352,143	1,014,880	662,737			
Grand Total 2017	189,821,541	(6,906,945)	182,914,596	204,701,880	112,847,454			
Grand Total 2016	1,448,000	(825,245)	622,755	692,000	69,245			

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

6	INVESTMENTS IN EQUITY SECURITIES	NOTE	2017 RUPEES	2016 RUPEES
	Investments in equity securities	6.1 & 6.2	161,040,582	192,860,361
6.1	Available for sale			
	Listed shares			
	Cost		109,120	43,680
	Less: unrealized loss on revaluation of investment		(86,867)	54,986
	Carrying value	6.1.1	22,253	98,666
	Mutual funds			
	Cost		513,896	454,726
	Less: unrealized loss on revaluation of investment		668,341	-
	Carrying value	6.1.2	1,182,237	454,726
			1,204,490	553,392
	2017 Number of Shares	2016 Market value per share	2017 RUPEES	2016 RUPEES
6.1.1	Listed shares			
	5,843	5,843	3.42	4.80
	-	5,000	-	13.76
	200	200	11.35	9.10
	6,043	11,043	22,253	98,666
6.1.2	Mutual funds			
	16,753	16,046	70.57	28.34
			N.I.T. Units	
			1,182,237	454,726
6.2	Held for trading			
	Listed shares			
	Cost		79,929,729	82,746,051
	Less: unrealized loss on revaluation of investment		(16,776,472)	5,641,233
	Carrying value	6.2.1	63,153,257	88,387,284
	Mutual funds			
	Cost		116,656,593	101,642,539
	Less: unrealized loss on revaluation of investment		(19,973,758)	2,277,146
	Carrying value	6.2.2	96,682,835	103,919,685
			159,836,092	192,306,969
	2017 Number of shares/units	2016 Market value per shares/units	2017 RUPEES	2016 RUPEES
6.2.1	Listed shares			
	1,150,000	953,000	8.74	13.32
	299,500	223,500	25.01	45.08
	10,000	-	167.09	-
	150,000	-	12.80	-
	6,200	-	512.41	-
	1,100	-	1,680.17	-
	36,200	-	517.41	-
	72,000	-	133.72	-
	50,000	-	53.90	-
	1,320	-	314.86	-
	25,000	-	35.54	-
	54,400	150,000	68.44	127.58
	20,000	150,800	45.77	62.43
	-	100,000	-	55.48
	-	100,000	-	37.96
	-	100,000	-	64.09
	-	150,000	-	142.09
	1,875,720	1,927,300	63,153,257	88,387,284

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

2017	2016	2017	2016	Name of investee company	2017	2016
Number of shares/units		Market value per shares/units			RUPEES	RUPEES
6.2.2 Mutual funds						
234	280	102.85	102.76	UBL Money Market Fund	24,069	28,754
1,275,566	-	13.90	-	ABL Stock Fund	17,732,282	-
316,887	-	15.36	-	Nafa Asset Allocation Fund	4,866,790	-
1,349,792	-	14.05	-	Nafa Stock Fund	18,968,089	-
429,974	409,710	54.90	54.87	Pakistan Income Fund	23,606,834	22,480,793
73,468	-	91.02	-	MCB Pakistan Stock Market Fund	6,687,191	-
402,540	199,842	60.77	100.97	Alfalsh GHP Value Fund B	24,463,267	20,177,137
3,205	3,062	104.32	103.99	UBL Money Market Fund	334,313	318,386
-	58,118	-	103.04	UBL Liquidity Plus Fund	-	5,988,711
-	2,133,897	-	10.30	ABL Cash Fund	-	21,980,841
-	1,482,623	-	11.06	Nafa Income Opportunity Fund	-	16,395,712
-	3,063	-	54.30	MCB Pakistan Sovereign Market Fund	-	166,321
-	73,392	-	102.95	MCB Cash Management Optimizer	-	7,555,706
-	85,669	-	103.04	Faysal MTS Fund - Type B	-	8,827,324
3,851,667	4,449,655				96,682,835	103,919,685

7	INVESTMENTS IN DEBT SECURITIES	NOTE	2017 RUPEES	2016 RUPEES
	Held to maturity			
	Defence Saving Certificates (DSCs)	7.1	525,000	525,000
	Pakistan Investment Bonds (10 years)	7.2	25,872,472	25,799,600
			26,397,472	26,324,600

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

7.2 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.

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

Pakistan investment bonds	25,872,472	25,799,600
Cash deposit (included in Loans and other receivables)	115,000	115,000
Pakistan income fund	23,606,834	22,480,793
	49,594,306	48,395,393

8	INVESTMENTS IN TERM DEPOSITS	NOTE	2017 RUPEES	2016 RUPEES
	Held to maturity			
	Deposits maturing within 12 months		125,000,000	98,100,000

8.1 The rate of return on Term Deposit Certificated maintained at various banks ranges from 6.15% to 8.5% per annum (2016 : 10% per annum). These Term Deposit Certificates have maturity upto November 2018.

9	TOTAL ASSETS OF WINDOW TAKAFUL OPERATIONS - OPF	NOTE	2017 RUPEES	2016 RUPEES Re-stated
	Total liabilities in window takaful		972,879	1,545,198
	Total assets in window takaful operations		44,395,767	39,403,444
	Profit for the year		5,564,642	3,093,913

9.1 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.

9.2 "Qard-e-Hasna" has been reclassified on the direction of SECP vide letter no.ID/OSM/Asia/2017/12505, dated October 27, 2017 and letter no.ID/Ent/Asia/2018/13549, dated February 02, 2018.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

10	LOANS AND OTHER RECEIVABLES - Considered good	NOTE	2017 RUPEES	2016 RUPEES
	Accrued investment income		5,525,710	6,065,917
	Security deposits		11,303,216	3,330,177
	Income tax refunds due		402,745	402,745
	Balance with brokers		22,152,227	9,151,936
	Other receivable		15,405,035	17,159,634
	Less: provision for impairment of loans and receivables		-	-
			<u>54,788,933</u>	<u>36,110,409</u>
11	INSURANCE / REINSURANCE RECEIVABLES - Unsecured and considered good	NOTE	2017 RUPEES	2016 RUPEES
	Due from insurance contract holders		86,450,219	70,166,141
	Less : Provision for impairment of receivables from insurance contract holders		-	-
	Due from other insurers / reinsurers		143,009,525	96,072,972
	Less : Provision for impairment of due from other insurers / reinsurers		-	-
			<u>229,459,744</u>	<u>166,239,113</u>
12	TAXATION - PAYMENTS LESS PROVISION	NOTE	2017 RUPEES	2016 RUPEES
	Opening		2,119,404	24,015,330
	Income tax deducted at source / payments		(28,340,629)	(42,509,485)
	Provision for tax payable		10,585,054	20,613,559
			<u>(15,636,171)</u>	<u>2,119,404</u>
13	PREPAYMENTS	NOTE	2017 RUPEES	2016 RUPEES
	Prepaid reinsurance premium ceded		44,913,025	34,874,455
	Prepaid rent	13.1	6,190,125	-
			<u>51,103,150</u>	<u>34,874,455</u>
13.1	Prepaid rent includes rent for the office building paid to the director amounting to Rs. 2,062,500/- (2016: Nil)			
14	CASH & BANK	NOTE	2017 RUPEES	2016 RUPEES
	Cash and Cash Equivalent			
	Cash in hand		209,891	75,649
	Cash at bank			
	- Current accounts		42,898,622	66,139,938
	- Saving accounts	14.1	200,087,750	49,924,323
			<u>243,196,263</u>	<u>116,139,910</u>
14.1	The rate of return on PLS saving accounts maintained at various banks ranges from 3.75% to 6.00% per annum (2016: 2.26% to 4.05% per annum).			
14.2	Cash and short term borrowing include the following for the purpose of the cash flow statement.			
	Cash and cash equivalents		243,196,263	116,139,910
	Short term borrowings of upto three months including running finance, if any		-	-
			<u>243,196,263</u>	<u>116,139,910</u>

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

15	SHARE CAPITAL	NOTE	2017 RUPEES	2016 RUPEES												
15.1	Authorized share capital															
	<table><tr><th>2017</th><th>2016</th></tr><tr><th>No. of Shares</th><th>No. of Shares</th></tr><tr><td>100,000,000</td><td>50,000,000</td></tr></table>	2017	2016	No. of Shares	No. of Shares	100,000,000	50,000,000	Ordinary shares of Rs. 10/- each fully paid in cash	1,000,000,000	500,000,000						
2017	2016															
No. of Shares	No. of Shares															
100,000,000	50,000,000															
15.2	Issued, subscribed and paid-up share capital															
	<table><tr><th>2017</th><th>2016</th></tr><tr><th>No. of Shares</th><th>No. of Shares</th></tr><tr><td>25,000,000</td><td>25,000,000</td></tr><tr><td>15,000,000</td><td>15,000,000</td></tr><tr><td>5,000,000</td><td>5,000,000</td></tr><tr><td>45,000,000</td><td>45,000,000</td></tr></table>	2017	2016	No. of Shares	No. of Shares	25,000,000	25,000,000	15,000,000	15,000,000	5,000,000	5,000,000	45,000,000	45,000,000	Ordinary shares of Rs. 10/- each fully paid in cash Paid up capital for general insurance fully paid bonus issue Statutory fund for window takaful operations	250,000,000 150,000,000 50,000,000 450,000,000	250,000,000 150,000,000 50,000,000 450,000,000
2017	2016															
No. of Shares	No. of Shares															
25,000,000	25,000,000															
15,000,000	15,000,000															
5,000,000	5,000,000															
45,000,000	45,000,000															
15.3	The Company, as the year end, does not meet the externally imposed capital limit. However, the Company was in negotiation with a foreign investor since mid year of 2017. Subsequently to the year end, the contract of issue of shares to foreign investor was materialized and the Company issued paid up capital of Rs. 153,373,910/- and resiliency, have become compliant with all the legal requirements and the revised paid up capital now, stated at Rs. 603,373,910/-.															
16	RESERVES	NOTE	2017 RUPEES	2016 RUPEES												
	Revenue reserve															
	General reserves	16.1	2,500,000	2,500,000												
16.1	These represent general reserves utilizable at the discretion of the board of directors.															
17	SURPLUS ON REVALUATION OF FIXED ASSETS	NOTE	2017 RUPEES	2016 RUPEES												
	Movement in revaluation surplus															
	Surplus on land															
	Opening balance		91,060,170	136,060,170												
	Add: Addition made during the year		-	-												
	Less: Impairment loss on land		-	(45,000,000)												
	Revaluation surplus on land		91,060,170	91,060,170												
	Transferred to retained earnings		(91,060,170)	-												
			-	91,060,170												
17.1	Land was 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 was 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 said plot was further revalued on November 01, 2016 by an independent valuer M/s. Frank Observers (Private) Limited, Lahore. The valuation resulted in impairment of Rs. 45,000,000/-. 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 repealed Companies Ordinance, 1984.															
18	RETIREMENT BENEFIT OBLIGATIONS	NOTE	2017 RUPEES	2016 RUPEES												
	Staff provident fund		488,113	425,527												
19	DEFERRED TAXATION	NOTE	2017 RUPEES	2016 RUPEES												
	Deferred tax liability / (asset) arising in respect of:															
	Accelerated depreciation on property and equipment		(3,360,736)	1,965,999												
	Liability against assets subject to finance lease		-	406,204												
	Unrealised gain/(loss) on premeasurement of investment		(198,218)	-												
	Minimum taxation		6,596,597	-												
	Rate difference		-	50,430												
	Deferred tax (asset) / liability		3,037,643	2,422,633												
20	BORROWINGS	NOTE	2017 RUPEES	2016 RUPEES												
	Diminishing musharika:															
	Burj Bank Limited		-	1,354,013												
	Less: current portion		-	(1,354,013)												
			-	-												

20.1 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 instalments which ended in 2017. It carried profit at the rate of one year KIBOR plus 3%. Under the agreement, the company holds joint ownership with the bank.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

21	INSURANCE / REINSURANCE PAYABLES	NOTE	2017 RUPEES	2016 RUPEES
	Due to insurance contract holders		-	-
	Due to other insurers / reinsurers		36,808,865	9,001,093
			<u>36,808,865</u>	<u>9,001,093</u>
22	OTHER CREDITORS AND ACCRUALS	NOTE	2017 RUPEES	2016 RUPEES
	Outstanding agency commissions		11,130,160	15,189,011
	Sales tax		7,298,346	4,184,100
	Federal insurance fee		523,584	395,162
	Tax deducted at source		1,468,704	985,633
	EOBI payable		179,889	125,227
	Accrued expenses		-	6,502,865
	Receipts from foreign reinsurers	22.1	7,133,952	7,133,952
	Auditors' remuneration		498,750	475,000
	Unpaid and unclaimed dividend		59,962	59,962
	Others		25,346,570	22,777,121
			<u>53,639,917</u>	<u>57,828,033</u>

22.1 It represents receipts from foreign reinsurers against settlement of treaty agreements in 2011 after adjustment of receivable balances from the reinsurers.

23	CONTINGENCY(IES) AND COMMITMENT(S)	NOTE	2017 RUPEES	2016 RUPEES
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23.1 Contingencies

23.1.1 Suits for recovery of approximate Rs.77.199 million (2016: Rs. 65.588 million) have been lodged but are not accepted by the Company and the cases are pending adjudication before different courts. As per the Company's legal advisor, such claims are untenable and accordingly management has not provided any liability in respect thereof.

23.1.2 The Company has filed suit for recovery of Rs 18.027 million (2016: 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.

23.2 Commitments

23.2.1 Ijarah Disclosure:

The Company has entered into a Vehicle Ijarah agreements with Mezaan Bank Limited and Sindh Bank Limited. The company has made payment of Rs. 14,275,643/- till the year end.

Future Ijarah Rental Payment:

Payable not later than 1 year	13,811,873	8,490,204
Payable later than 1 year and not later than 5 years	20,614,995	11,093,686
	<u>34,426,868</u>	<u>19,583,890</u>

23.2.2 There is no known commitment as at December 31, 2017 except as stated above (2016: Nil).

24	NET INSURANCE PREMIUM	NOTE	2017 RUPEES	2016 RUPEES
	Written Gross Premium		659,318,726	540,234,011
	Add: Unearned premium reserve - Opening		246,062,718	191,631,972
	Less: Unearned premium reserve - Closing		(292,730,189)	(246,062,718)
	Premium earned		<u>612,651,255</u>	<u>485,803,265</u>
	Less: Reinsurance premium ceded		94,962,071	71,178,127
	Add: Prepaid reinsurance premium - Opening		34,874,455	29,377,876
	Less: Prepaid reinsurance premium - Closing		(44,913,025)	(34,874,455)
	Reinsurance expense		<u>84,923,501</u>	<u>65,681,548</u>
			<u>527,727,754</u>	<u>420,121,717</u>

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

25	NET INSURANCE CLAIMS	NOTE	2017 RUPEES	2016 RUPEES
	Claims Paid		188,543,753	124,004,159
	Add: Outstanding claims including IBNR - Closing	25.1	113,121,068	75,038,239
	Less: Outstanding claims including IBNR - Opening		(75,038,239)	(44,408,023)
	Claims expense		226,626,582	154,634,375
	Less: Reinsurance and other recoveries received		38,658,905	44,638,692
	Add: Reinsurance and other recoveries in respect of outstanding claims - Closing		36,192,756	27,463,241
	Less: Reinsurance and other recoveries in respect of outstanding claims - Opening		(27,463,241)	(12,805,614)
	Reinsurance and other recoveries revenue		47,388,420	59,296,319
			<u>179,238,162</u>	<u>95,338,056</u>

25.1 Claim development

Accident year	2013	2014	2015	2016	2017
	-----Rs. in '000'-----				
Estimate of ultimate claims costs:					
At end of accident year	54,464	31,768	69,354	104,700	159,029
One year later	68,611	65,663	110,855	153,214	-
Two years later	66,110	81,039	118,160	-	-
Three years later	65,590	92,768	-	-	-
Four years later	65,638	-	-	-	-
Current estimate of cumulative claims	65,638	92,768	118,160	153,214	159,029
Cumulative payments to date	(65,638)	(85,586)	(103,117)	(138,148)	(83,200)
Liability recognised in the statement of financial position	-	7,182	15,043	15,066	75,829

26	NET COMMISSION AND OTHER ACQUISITION COSTS	NOTE	2017 RUPEES	2016 RUPEES
	Commission paid or payable		104,823,858	108,749,182
	Add: Deferred commission expense - Opening		49,026,189	35,995,441
	Less: Deferred commission expense - Closing		(46,793,366)	(49,026,189)
	Net Commission		107,056,681	95,718,434
	Less: Commission received or recoverable		14,037,460	14,850,936
	Add: Unearned re-insurance commission - Opening		7,388,674	6,660,594
	Less: Unearned re-insurance commission - Closing		(6,477,419)	(7,388,674)
	Commission from reinsurers		14,948,715	14,122,856
			<u>92,107,966</u>	<u>81,595,578</u>

27	MANAGEMENT EXPENSES	NOTE	2017 RUPEES	2016 RUPEES
	Employee benefit cost	27.1	136,557,378	94,933,709
	Travelling and conveyance		4,012,645	3,711,388
	Advertisement and sales promotion		5,468,968	8,201,625
	Printing and stationery		5,638,191	4,870,430
	Depreciation		20,300,012	14,050,507
	Impairment loss		-	42,923,599
	Rent, rates and taxes	5.1	16,481,886	7,011,457
	Legal and professional charges - business related		4,310,016	845,826
	Electricity, gas and water		3,508,309	3,612,355
	Petrol, oil and lubricants		11,180,845	9,756,387
	Repairs and maintenance		9,670,146	6,941,607
	Postages, telegram and telephone		7,239,311	6,613,234
	Annual Supervision fee SECP		778,533	353,665
	Service charges		14,285,468	6,975,993
	jarah rentals		14,275,643	7,519,015
	Miscellaneous		12,922,872	9,144,669
			<u>266,630,223</u>	<u>227,465,466</u>

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

27.1 Employee benefit cost

Salaries, allowance and other benefits	133,892,107	94,933,709
Charges for post employment benefit	2,665,271	2,175,822
	<u>136,557,378</u>	<u>97,109,531</u>

28	INVESTMENT (LOSS) INCOME	NOTE	2017 RUPEES	2016 RUPEES
	Income from equity securities			
	Held for trading			
	- Dividend income on listed securities		2,187,666	1,591,788
	- Dividend income on mutual funds		10,545,073	6,480,050
	Available for sale			
	- Dividend income on listed securities		2,086	2,051
	- Dividend income on mutual funds		72,208	68,267
	Income from debt securities			
	Held to maturity			
	- Return on Debt securities		3,270,718	3,247,838
	Income from term deposits			
	Held to maturity			
	- Return on term deposits		9,466,057	4,395,479
			<u>25,543,808</u>	<u>15,785,473</u>
	Net realised fair value gains/(losses) on investments			
	Held for trading			
	- Listed securities		(8,945,964)	4,425,010
	- Mutual funds		22,170	1,112,255
	Available for sale			
	- Listed securities		(15,786)	(5,000)
	Net unrealised fair value gains/(losses) on investments			
	Held for trading			
	- Listed securities		(22,417,705)	15,654,698
	- Mutual funds		(21,716,433)	14,944,783
	Held to maturity			
	- Debt securities		72,872	72,872
	Total investment income		<u>(27,457,038)</u>	<u>51,990,091</u>
	Less: (Impairment)/Reversal in value of Available for sale			
	- Listed securities		-	43,680
	Less: Investment related expenses		(2,627,300)	(357,681)
	Net Investment Income		<u>(30,084,338)</u>	<u>51,676,090</u>
29	OTHER INCOME	NOTE	2017 RUPEES	2016 RUPEES
	Income from financial assets			
	Return on bank balances		9,359,763	3,656,925
	Miscellaneous Income		7,105,333	3,250,000
	Income from non financial assets			
	Gain on disposal of fixed assets		112,847,454	69,245
			<u>129,312,550</u>	<u>6,976,170</u>
30	OTHER EXPENSES	NOTE	2017 RUPEES	2016 RUPEES Re-Styled
	Auditors' remuneration	30.1	829,750	615,000
	Fees and subscriptions		1,754,387	2,250,797
			<u>2,584,137</u>	<u>2,865,797</u>

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

30.1 Auditor's remuneration:

Audit fee	420,000	400,000
Review Fee	73,500	140,000
Special certificates and sundry advisory services	262,500	75,000
Out of pocket expenses	73,750	-
	829,750	615,000

31 FINANCE COST	NOTE	2017 RUPEES	2016 RUPEES Re-Styled
Mark-up on musharika vehicles		44,155	318,800

32 INCOME TAX EXPENSE	NOTE	2017 RUPEES	2016 RUPEES
For the year			
Current		8,465,649	18,519,359
Deferred		(813,228)	(3,985,954)
		7,652,421	14,533,405
For the prior year(s)			
Current		221,742	(11,676,820)
Deferred		-	-
		7,874,163	2,856,585

32.1 Reconciliation between effective and applicable tax rate	2017 %	2016 %
Applicable tax rate		31.00%
Effect of income charged at different rates		-15.62%
Effect of prior year tax		-15.79%
Effect of tax on amounts deductible for tax purposes		4.42%
Effective tax rate		4.02%

- The effective rate reconciliation for the current year is not provided, as the company is calculating tax on minimum tax regime.

33 EARNINGS PER SHARE - BASIC AND DILUTED	NOTE	2017 RUPEES	2016 RUPEES
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33.1 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of shares as at the year end as follows:

	2017 RUPEES	2016 RUPEES
Profit after tax for the year	76,795,027	71,098,521
	Number of shares	
Weighted average number of ordinary shares of Rs. 10/- each	45,000,000	45,000,000
	Rupees—	
Earnings per share - basic and diluted	1.71	1.58

- No figure for diluted EPS has been presented as the Company has not issued any instrument which would have an impact on earnings per share when exercised.

34 COMPENSATION OF DIRECTORS AND EXECUTIVES

	2017				2016			
	Chief Executive	Directors	Executives	Total	Chief Executive	Directors	Executives	Total
	Rupees				Rupees			
Managerial remuneration	2,178,000	1,002,000	25,210,476	28,390,476	-	792,000	19,054,907	19,846,907
Bonus	-	215,000	13,764,408	13,979,408	-	66,000	433,823	499,823
Rent and house maintenance	822,000	378,000	13,227,208	14,427,208	-	408,000	11,136,924	11,544,924
Commission paid	-	-	-	-	-	11,969,443	-	11,969,443
Contribution to defined contribution plan	-	75,870	927,144	1,003,014	-	65,976	821,160	887,136
	3,000,000	1,670,870	53,129,236	57,800,106	-	13,301,419	31,446,814	44,748,233
Executive Directors	3,000,000	1,670,870	-	4,670,870	-	1,331,976	-	1,331,976
Non-Executive Director	-	-	-	-	-	11,969,443	-	11,969,443
	3,000,000	1,670,870	-	4,670,870	-	13,301,419	-	13,301,419
Number of persons	1	1	32	34	1	2	23	26

34.1 The chief executive officer, directors and certain executives are also provided with Company's maintained cars for official purposes.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

35 RELATED PARTY TRANSACTIONS

Related parties comprise of chief executive officer, directors, major shareholders, key management personnel, associated companies, entities with common directors and employee retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions and compensation to key management personnel is on employment terms. The transactions and balances with related parties other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

Nature of relationship / transaction	2017 Rupees	2016 Rupees
Balances at year end:		
Retirement Benefit Plan		
Contribution payable to provident fund	488,113	425,527
Transaction during the year:		
Key Management Personnel		
Chief Executive / Directors		
Remuneration	4,670,870	1,331,976
Commission paid	-	11,969,443
Bonus shares issued	-	138,651,270
Rent paid	5,901,725	1,257,600
Sale of land and building	200,000,000	-
Commission paid - Spouse of Directors	20,631,139	-
Retirement Benefit Plan		
Contribution to provident fund	2,665,271	2,175,822

36 SEGMENT INFORMATION

2017	Rupees						TOTAL
	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CREDIT AND SURETY SHIP	AGRICULTURE AND ALLIED	MISCELLANEOUS	
Premium received (inclusive of FED, FIF and Admins surcharge)	148,558,601	53,181,300	169,610,335	20,902,444	145,730,212	193,681,915	731,664,807
Less: Federal Excise Duty / Sales Tax	(16,727,127)	(5,456,175)	(21,699,379)	(2,351,816)	-	(19,925,373)	(66,069,870)
Federal Insurance Fee	(1,085,424)	(469,387)	(1,402,631)	(166,127)	(1,443,073)	(1,709,569)	(6,276,211)
Gross Written Premium (inclusive of Admins surcharge)	130,746,050	47,255,738	146,598,325	18,384,501	144,287,139	172,046,973	659,318,726
Gross direct Premium	105,998,028	45,375,129	137,480,277	16,094,160	142,424,692	166,227,757	613,600,043
Facultative inward Premium	22,206,401	328,612	6,341,007	1,763,203	-	1,168,893	31,808,116
Administrative surcharge	2,541,621	1,551,997	2,777,041	527,138	1,862,447	4,650,323	13,910,567
Insurance Premium earned	95,296,684	46,404,201	128,187,324	17,013,459	156,973,267	168,776,320	612,651,255
Insurance Premium ceded to reinsurers	(45,340,845)	(19,648,879)	(5,250,000)	(1,987,195)	(2,145,000)	(10,551,582)	(84,923,501)
Net Insurance Premium	49,955,839	26,755,322	122,937,324	15,026,264	154,828,267	158,224,738	527,727,554
Commission income	10,144,015	3,188,142	-	484,223	-	1,132,335	14,948,715
Net underwriting income	60,099,854	29,943,464	122,937,324	15,510,487	154,828,267	159,357,073	542,676,469
Insurance claims	(35,084,205)	(12,266,654)	(63,601,531)	(8,546,126)	(9,065,920)	(98,062,146)	(226,626,582)
Insurance claims recovered from reinsurers	25,173,422	8,451,969	9,275,745	(30,776)	-	4,518,060	47,388,420
Net claims	(9,910,783)	(3,814,685)	(54,325,786)	(8,576,902)	(9,065,920)	(93,544,086)	(179,238,162)
Commission expenses	(21,748,864)	(9,466,766)	(21,373,196)	(3,371,834)	(26,036,968)	(25,059,853)	(107,056,681)
Management expenses	(52,874,046)	(19,110,344)	(59,284,747)	(7,434,740)	(58,350,098)	(69,576,248)	(266,630,223)
Premium deficiency expense	(1,573,424)	329,087	(6,002,438)	-	-	-	(7,246,775)
Net Insurance claims and expenses	(86,107,117)	(32,062,708)	(140,986,167)	(19,383,476)	(93,452,986)	(188,179,387)	(560,171,841)
Underwriting results	(26,007,263)	(2,119,244)	(18,048,843)	(3,872,989)	61,375,281	(28,822,314)	(17,495,372)
Net investment income							(30,084,338)
Other income							129,312,550
Other expenses							(2,584,137)
Finance cost							(44,155)
Profit from WTO Operations							5,564,642
Profit before tax							84,669,190
Segment assets	92,281,789	26,732,405	72,496,187	8,781,511	66,674,569	90,392,430	357,358,891
Unallocated assets							778,964,700
Total assets							1,136,323,591
Segment liabilities	111,647,450	25,056,811	142,440,942	14,735,026	71,715,453	148,180,254	513,775,935
Unallocated liabilities							1,460,992
Total liabilities							515,236,927

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

36.1 SEGMENT INFORMATION

2016	Rupees						TOTAL
	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	CREDIT AND SURETY SHIP	AGRICULTURE AND ALLIED	MISCELLANEOUS	
Premium received (inclusive of FED, FIT and Admin surcharge)	83,400,471	28,956,863	144,084,269	25,216,173	155,337,445	160,908,535	597,903,756
Less: Federal Excise Duty / Sales Tax	(10,144,993)	(2,693,615)	(16,998,003)	(2,921,515)	-	(19,777,157)	(52,535,283)
Federal Insurance Fee	(658,693)	(253,315)	(1,118,453)	(206,518)	(1,538,078)	(1,359,405)	(5,134,462)
Gross Written Premium (inclusive of Admin surcharge)	72,596,785	26,009,933	125,967,813	22,088,140	153,799,367	139,771,973	540,234,011
Gross direct Premium	63,886,728	24,332,432	109,841,200	19,731,133	152,202,247	131,202,629	501,196,369
Facultative inward Premium	6,806,955	681,614	14,125,407	1,435,646	-	3,882,656	26,932,278
Administrative surcharge	1,903,102	995,887	2,001,206	921,361	1,597,120	4,686,688	12,105,364
Insurance Premium earned	68,950,686	23,869,687	118,975,228	37,694,313	132,798,187	103,515,164	485,803,265
Insurance Premium ceded to reinsurance	(32,408,788)	(11,500,497)	(5,250,000)	(3,077,596)	(875,000)	(12,569,667)	(65,681,548)
Net Insurance Premium	36,541,898	12,369,190	113,725,228	34,616,717	131,923,187	90,945,497	420,121,717
Commission income	7,635,256	2,782,380	-	717,604	-	2,987,816	14,122,856
Net underwriting income	44,177,154	15,151,570	113,725,228	35,334,321	131,923,187	93,933,113	434,244,573
Insurance claims recovered from	(40,625,377)	(12,071,788)	(52,626,025)	123,057	(6,081,738)	(43,352,504)	(154,634,375)
Insurance claims recovered from reinsurance	31,611,236	5,645,577	2,280,100	30,776	39,375	19,689,255	59,296,319
Net claims	(9,014,141)	(6,426,211)	(50,345,925)	153,833	(6,042,363)	(23,663,249)	(95,338,056)
Commission expenses	(16,822,401)	(5,719,654)	(20,997,605)	(8,540,064)	(25,395,728)	(18,242,982)	(95,718,434)
Management expenses	(30,566,867)	(10,951,479)	(53,038,733)	(9,300,209)	(64,757,200)	(58,850,978)	(227,465,466)
Premium deficiency expense	-	(329,087)	-	-	-	-	(329,087)
Net Insurance claims and expenses	(56,403,409)	(23,426,431)	(124,382,263)	(17,686,440)	(96,195,291)	(100,757,209)	(418,851,043)
Underwriting results	(12,226,255)	(8,274,861)	(10,657,035)	17,647,881	35,727,896	(6,824,096)	15,393,530
Net investment income							51,676,090
Other income							6,976,170
Other expenses							(2,865,797)
Finance Costs							(318,800)
Profit from WTO Operations							3,093,913
Profit before tax							73,955,106
Segment assets	62,184,194	14,946,864	56,798,299	16,075,916	57,254,396	70,343,329	277,602,998
Unallocated assets							761,637,743
Total assets							1,039,240,741
Segment liabilities - Conventional	63,802,898	14,354,781	107,126,654	13,993,659	76,500,919	116,187,003	391,965,915
Unallocated liabilities - Conventional							12,385,529
Total liabilities							404,351,444

37 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of previous year	26,251,728	458,772	206,896,279	233,606,779
Additions	-	55,940	341,750,829	341,806,769
Disposals (sale and redemption)	-	(5,000)	(386,939,620)	(386,944,620)
Fair value net gains (excluding net realized gains)	72872	-	30,599,481	30,672,353
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment (losses) / reversal	-	43,680	-	43,680
At beginning of current year	26,324,600	553,392	192,306,969	219,184,961
Additions	-	59,170	589,643,797	589,702,967
Disposals (sale and redemption)	-	(68,800)	(577,980,536)	(578,049,336)
Fair value net loss (excluding net realized gains)	72,872	660,728	(44,134,138)	(43,400,538)
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of current year	26,397,472	1,204,490	159,836,092	187,438,054

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

38 MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

38.1 Insurance risks

38.1.1 Risk management framework

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.

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.

Further the Company adopts strict claim review policies including active management and prompt pursuing of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

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 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 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 cessations are automatically made upon the posting of policy documents.

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	
	2017	2016	2017	2016	2017	2016
Direct and Facultative						
Fire and property damage	177,206,897,448	53,931,062,642	75,968,047,001	29,648,569,075	102,138,050,447	24,282,493,567
Marine, aviation and transport	72,696,754,345	22,035,999,884	28,137,278,769	11,438,656,689	44,559,475,576	10,597,343,195
Motor	7,612,435,793	7,328,475,966	277,853,906	310,361,796	7,334,581,887	7,018,114,170
Credit and suretyship	9,040,405,955	12,161,992,798	1,252,277,033	963,252,700	7,788,128,922	11,198,740,098
Agriculture and allied	16,806,694,484	10,106,092,656	405,209,044	117,298,529	16,401,485,080	9,988,794,127
Miscellaneous (Health included)	10,398,251,990	14,182,331,391	2,614,432,498	2,264,284,113	7,783,819,492	11,918,047,278
	293,760,640,015	119,745,955,337	107,755,098,611	44,742,422,902	186,005,541,404	75,003,532,435

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

38.1.2 Sources of Uncertainty in estimation of future claim payments

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level. IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities. It is likely that final settlement of these liabilities may be different from recognized amounts.

38.1.3 Changes in assumptions

The principal assumption underlying the liability estimation of IBNR and premium deficiency reserve is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

a) Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liability will fluctuate due to changes in foreign currency rates. Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. As of the balance sheet date, the Company does not have material assets or liabilities which are exposed to foreign currency risk except for amount due from and due to reinsurers.

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 63,175,510/- (2016: Rs. 88,485,950/-) at the balance sheet date.

The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

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 relative quantity of the security being sold. The Company has no significant concentration of price risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. To guard against the risk, the Company maintains balance of cash and other equivalents and readily marketable securities. The maturity profile of assets and liabilities are also monitored to ensure adequate liquidity is maintained.

Liquidity risk is the risk that the Company may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

On the balance sheet date the Company has cash and bank balance of Rs. 243,196,263/- (2016: Rs. 116,139,910/-).

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date on an undiscounted cash flow basis.

Carrying amount	2017		
	Contractual cash flows	Up to one year	More than one year
	Rupees		
Financial liabilities			
Outstanding claims including IBNR	113,121,068	113,121,068	113,121,068
Insurance / Reinsurance payables	36,808,865	36,808,865	36,808,865
Other Creditors and Accruals	53,639,917	53,639,917	53,639,917
Borrowings	-	-	-
	203,569,850	203,569,850	203,569,850

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2016			
	Carrying amount	Contractual cash flows	Up to one year	More than one year
	Rupees			
Financial liabilities				
Outstanding claims including IBNR	75,038,239	75,038,239	75,038,239	-
Amount due to other insurers/ reinsurers	9,001,093	9,001,093	9,001,093	-
Other Creditors and Accruals	57,828,033	57,828,033	57,828,033	-
Borrowings	1,354,013	1,354,013	1,354,013	-
	143,221,378	143,221,378	143,221,378	-

38.1.4 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	
	2017	2016	2017	2016
	Rupees			
10% decrease in Loss				
Fire And Property Damage	(991,078)	(901,414)	(693,755)	(594,933)
Marine Aviation And Transport	(381,469)	(642,621)	(267,028)	(424,130)
Motor	(5,432,579)	(5,034,593)	(3,802,805)	(3,322,831)
Agriculture And Allied	(857,690)	(604,236)	(600,383)	(398,796)
Credit And Surety Ship	(906,592)	15,383	(634,614)	10,153
Miscellaneous	(9,354,409)	(2,366,325)	(6,548,086)	(1,561,774)
	(17,923,816)	(9,533,806)	(12,546,671)	(6,292,312)

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

38.2 Financial Risk

Maturity profile of financial and liabilities:

FINANCIAL ASSETS AND LIABILITIES	2017					
	Interest/ mark-up bearing			Non-interest/ non mark-up bearing		
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total
	Rupees					
FINANCIAL ASSETS						
Investments						
Equity securities	-	-	-	161,040,582	-	161,040,582
Debt securities	525,000	25,872,472	26,397,472	-	-	26,397,472
Term deposits	125,000,000	-	125,000,000	-	-	125,000,000
Loans and other receivables	-	-	-	54,788,933	-	54,788,933
Insurance / reinsurance receivables	-	-	-	229,459,744	-	229,459,744
Reinsurance recoveries against outstanding claims	-	-	-	36,192,756	-	36,192,756
Cash & Bank	200,087,750	-	200,087,750	43,108,513	-	43,108,513
December 31, 2017	325,612,750	25,872,472	351,485,222	524,590,528	-	524,590,528
						876,075,750
FINANCIAL LIABILITIES						
Premiums received in advance	-	-	-	3,422,615	-	3,422,615
Borrowings	-	-	-	-	-	-
Outstanding claims including IBNR	-	-	-	113,121,068	-	113,121,068
Insurance / reinsurance payables	-	-	-	36,808,865	-	36,808,865
Other creditors and accruals	-	-	-	53,639,917	-	53,639,917
December 31, 2017	-	-	-	206,992,465	-	206,992,465
						206,992,465
OFF BALANCE SHEET ITEMS						
Financial Commitments:						
For future Ijarah rentals payable	-	-	-	13,811,873	20,614,995	34,426,868
December 31, 2017	-	-	-	13,811,873	20,614,995	34,426,868
						34,426,868

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

FINANCIAL ASSETS AND LIABILITIES	2016			Non-interest/ mark-up bearing			Total
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	
	Rupees						
FINANCIAL ASSETS							
Investments							
Equity securities	-	-	-	192,860,361	-	192,860,361	192,860,361
Debt securities	25,799,600	525,000	26,324,600	-	-	-	26,324,600
Term deposits	98,100,000	-	98,100,000	-	-	-	98,100,000
Loans and other receivables	-	-	-	36,110,409	-	36,110,409	36,110,409
Insurance / reinsurance receivables	-	-	-	166,239,113	-	166,239,113	166,239,113
Reinsurance recoveries against outstanding claims	-	-	-	27,463,241	-	27,463,241	27,463,241
Cash & Bank	49,924,323	-	49,924,323	66,215,587	-	66,215,587	116,139,910
December 31, 2016	173,823,923	525,000	174,348,923	488,888,711	-	488,888,711	663,237,634
FINANCIAL LIABILITIES							
Premiums received in advance	-	-	-	3,259,458	-	3,259,458	3,259,458
Borrowings	1,354,013	-	1,354,013	-	-	-	1,354,013
Outstanding claims including HNHR	-	-	-	75,038,239	-	75,038,239	75,038,239
Insurance / reinsurance payables	-	-	-	9,001,093	-	9,001,093	9,001,093
Other creditors and accruals	-	-	-	57,828,033	-	57,828,033	57,828,033
December 31, 2016	1,354,013	-	1,354,013	145,126,823	-	145,126,823	146,480,836
OFF BALANCE SHEET ITEMS							
Financial Commitments:							
For future Ijarah rentals payable	-	-	-	8,490,204	11,093,686	19,583,890	19,583,890
December 31, 2016	-	-	-	8,490,204	11,093,686	19,583,890	19,583,890

38.2.1 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

	2017	2016	2017	2016
	Effective interest rate (In %)		Rupees	Rupees
Saving accounts	3.75% to 6%	3% to 4.5%	200,087,750	49,924,323
Deposits maturing within 12 months - Fixed rate	6.15% to 8.5%	10%	125,000,000	98,100,000
Investments				
- Interest bearing - Fixed rate	10.15% to 12%	10.15% to 12%	26,397,472	26,324,600
			351,485,222	174,348,923

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.

	2017	2016
	Rupees	Rupees
Cash flow sensitivity - Variable rate financial assets	3,514,852	1,743,489

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.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

b) Equity / 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 Rs. 63,175,510/- (2016: 88,485,950/-) 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 fair value.

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, 2017 and 2016 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.

	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-17	63,175,510	10% increase	69,493,061	6,317,551	6,317,551
		10% decrease	56,857,959	(6,317,551)	(6,317,551)
31-Dec-16	88,485,950	10% increase	97,334,545	8,848,595	8,848,595
		10% decrease	79,637,355	(8,848,595)	(8,848,595)

38.2.2 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 2017				
At fair value through profit or loss - Held for trading	159,836,092	-	-	159,836,092
At fair value through OCI - Available for sale	1,204,490	-	-	1,204,490
As at 31 December 2016				
At fair value through profit or loss - Held for trading	192,306,969	-	-	192,306,969
At fair value through OCI - Available for sale	553,392	-	-	553,392

38.2.3 Age-wise Breakup of Unclaimed Insurance Benefits

Particulars	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Other unclaimed benefits						
2017	6,269,979	10,236,565	-	-	-	-
2016	1,537,233	1,412,423	43,135	81,675	-	-

38.3 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.

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 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 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	2017	2016
		Rupees	Rupees
Bank	Loans & Receivables	242,986,372	Re-stated 116,064,261
Investments	Equity securities	161,040,582	192,860,361
Investments	Debt securities	26,397,472	26,324,600
Investments	Term deposits	125,000,000	98,100,000
Loans and other receivables	Loans & Receivables	54,788,933	35,707,664
Insurance / reinsurance receivables	Loans & Receivables	229,459,744	166,239,113
Reinsurance recoveries against outstanding claims	Loans & Receivables	36,192,756	27,463,241
		875,865,859	662,759,240

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	2017	2016
	Short term	Long term		Rupees	Rupees
JS Bank Limited	A1+	AA-	PACRA	8,700,047	594,788
Bank Islami Pakistan Limited	A1	A	PACRA	6,366	6,634
United Bank Limited	A-1+	AAA	JCR-VIS	158,127	147,109
Summit Bank Limited	A-1	A-	JCR-VIS	11,655,055	12,749,600
Silk Bank Limited	A-2	A-	JCR-VIS	68,044	66,201
MCB	A1+	AAA	PACRA	210,000	244,881
Askari Bank Limited	A1+	AA+	PACRA	850,743	-
Faysal Bank Limited	A1+	AA	PACRA/JCR-VIS	14,059,614	18,645,254
Habib Bank Limited	A-1+	AAA	JCR-VIS	1,423,398	11,761,248
Bank of Khyber	A1	A	PACRA	414,333	-
SME Bank Limited	B	B	PACRA	2,452,829	2,963,838
Soneri bank Limited	A1+	AA-	PACRA	2,081,295	9,539,378
Bank of Azad Jammu Kashmir*				14,804	3,714,667
Punjab Provincial Co-operative Bank*				15,417	15,783
The Bank of Punjab	A1+	AA	PACRA	350,001	703,243
Bank Al- Habib Limited	A1+	AA+	PACRA	5,394,688	25
Zarai Taraqiyati Bank Limited	A-1+	AAA	JCR-VIS	40,149,560	49,163,103
National Bank of Pakistan	A-1+	AAA	PACRA/JCR-VIS	808,081	2,879,855
Khushali Microfinance Bank Limited	A-1	A+	JCR-VIS	1,000	-
Dubai Islamic Bank Ltd.	A-1	AA-	JCR-VIS	4,681	-
Samba Bank Limited	A-1	AA	JCR-VIS	102,272	246,901
Sindh Bank Limited	A-1+	AA	JCR-VIS	100,531	1,004,594
NRSP Microfinance Bank Limited	A-1	A	JCR-VIS	153,965,486	1,617,159
				242,986,372	116,064,261

* Credit ratings are not available

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

Financial Liabilities 2017	Carrying Amount	Up to One Year	More Than One Year
Outstanding claims including IBNR	113,121,068	113,121,068	-
Insurance / reinsurance payables	36,808,865	36,808,865	-
Retirement benefit obligations	488,113	488,113	-
Other creditors and accruals	53,639,917	53,639,917	-
	204,057,963	204,057,963	-
Financial liabilities: 2016	Carrying Amount	Up to One Year	More Than One Year
Outstanding claims including IBNR	75,038,239	75,038,239	-
Insurance / reinsurance payables	9,001,093	9,001,093	-
Taxation - provision less payments	2,119,404	2,119,404	-
Retirement benefit obligations	425,527	425,527	-
Other creditors and accruals	57,828,033	57,828,033	-
	144,412,296	144,412,296	-

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Age analysis of financial assets is as under:

Financial Assets 2017

	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Insurance / reinsurance receivables	229,459,744	153,738,028	71,132,521	4,589,195
Reinsurance recoveries against outstanding claims	36,192,756	7,579,755	8,435,250	20,177,751
Accrued investment income	5,525,710	5,525,710	-	-
Balance with brokers	22,152,227	22,152,227	-	-
Taxation - provision less payments	15,636,171	15,636,171	-	-
Security deposits	11,303,216	5,290,000	4,715,616	1,297,600
Other receivable	15,405,035	10,167,323	4,621,511	616,201
	335,674,859	220,089,215	88,904,897	26,680,747

Financial Assets: 2016

	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Insurance / reinsurance receivables	166,239,113	98,264,601	60,222,959	7,751,553
Reinsurance recoveries against outstanding claims	27,463,241	18,367,450	5,809,265	3,286,526
Accrued investment income	6,065,917	6,065,917	-	-
Balance with brokers	9,151,936	9,151,936	-	-
Security deposits	3,330,177	1,164,615	965,751	1,199,811
Other receivable	17,159,634	8,950,585	4,630,356	3,578,693
	229,410,018	141,965,104	71,628,331	15,816,583

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:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	2017	2016
			Rupees	
A or above (including PRCL)	122,795,901	34,267,822	157,063,723	115,279,595
Below A	11,170,569	1,924,934	13,095,503	3,881,973
Others	9,043,055	-	9,043,055	4,374,645
Total	143,009,525	36,192,756	179,202,281	123,536,213

38.4 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 S.R.O. 89(I)/2017 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 follows:

	2015	2016	2017
	(Rupees in Thousands)		
Minimum paid up capital	300,000	400,000	500,000

The Company, as the year end, does not meet the externally imposed capital limit. However, the Company was in negotiation with a foreign investor since mid year of 2017. Subsequently to the year end, the contract of issue of shares to foreign investor was materialized and the Company issued paid up capital of Rs. 153,373,910/- and resultant, have become compliant with all the legal requirements and the revised paid up capital now, stated at Rs. 603,373,910/-.

39 PROVIDENT FUND

The Company has maintained an employee provident fund trust and investments out of provident fund have been made in accordance with the provisions of Companies Act, 2017, and the rules formulated for this purpose. The salient information of the fund is as follows:

	2017 Audited	2016 Audited
Size of the fund - total assets - Rupees	16,419,094	12,674,850
Cost of investments made - Rupees	15,678,940	11,873,538
Percentage of investments made - %	95.49%	93.68%
Fair value of investments - Rupees	15,678,940	11,873,538

The break-up of cost of investments is:

	2017		2016	
	%	(Rs.)	%	(Rs.)
Saving Account	36%	5,678,940	63%	5,215,440
Term Deposit Receipts	64%	10,000,000	37%	3,000,000
	100%	15,678,940	100%	8,215,440

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

40	STATEMENT OF SOLVENCY	2017 Rupees
	Assets	
	Property and equipment	99,281,744
	Investments	
	Equity securities	161,040,582
	Debt securities	26,397,472
	Term deposits	125,000,000
	Total assets of window takaful operations - OPF	44,395,767
	Loans and other receivables	54,788,933
	Insurance / reinsurance receivables	229,459,744
	Reinsurance recoveries against outstanding claims	36,192,756
	Deferred commission expense / acquisition cost	46,793,366
	Deferred taxation	3,037,643
	Taxation - payments less provision	15,636,171
	Prepayments	51,103,150
	Cash & Bank	243,196,263
	Total assets (A)	1,136,323,591
	In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000	
	(h) Insurance / Reinsurance receivables	162,597,142
	(j) Deferred taxation	3,037,643
	(k) Amounts available to the insurer under guarantees	23,527,043
	(u) i. Vehicle, ii. Office Equipment and iii. Furniture and fittings	93,984,412
	Total of Inadmissible assets (B)	283,146,240
	Total Admissible assets (C=A-B)	853,177,351
	Total Liabilities	
	Total liabilities of window takaful operations - OPF	972,879
	Underwriting provisions	-
	Outstanding claims including IBNR	113,121,068
	Unearned premium reserve	292,730,189
	Premium deficiency reserves	7,575,862
	Unearned reinsurance commission	6,477,419
	Retirement benefit obligations	488,113
	Deferred taxation	-
	Borrowings	-
	Premiums received in advance	3,422,615
	Insurance / reinsurance payables	36,808,865
	Other creditors and accruals	53,639,917
	Taxation - provision less payment	-
	Total liabilities (D)	515,236,927
	Total net Admissible assets (E=C-D)	337,940,424
	Minimum Solvency Requirement (higher of following)	
	Method A - U/s 36(3)(a)	150,000,000
	Method B - U/s 36(3)(b)	105,545,551
	Method C - U/s 36(3)(c)	35,847,632
		150,000,000
	Excess / Deficit in Net Admissible Assets over Minimum Requirements	187,940,424

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

41	NUMBER OF EMPLOYEES	2017	2016
		—Numbers—	
	As at December 31	268	161
	Average number of employees during the year	253	138

42 CORRESPONDING FIGURES

42.1 As a result of adoption of the Insurance Rules, 2017, and the Insurance Accounting Regulations, 2017, (note 2.7), corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate better comparisons. No significant reclassifications have been made during the current year except as disclosed in note 2.7 and are as follows:

Particulars	Note	From	To	Rupees Aggregate
Term deposit receipts	8	Cash and bank deposits	Investments	98,100,000
Accrued Investment Income	10	Current assets-others	Loans and other receivables	6,065,917
Premium due but unpaid	11	Current assets-others	Insurance / Reinsurance receivable	70,166,141
Amount due from other insurers / reinsurers	11	Current assets-others	Insurance / Reinsurance receivable	96,072,972
Prepaid reinsurance premium ceded	13	Prepaid reinsurance premium ceded	Prepayments	34,874,455
Accrued expenses	22	Creditors and accruals	Other creditors and Accruals	6,502,865
Administrative expenses	27	General and Administrative expenses	Management Expenses	107,911,473
Administrative expenses	27	General and Administrative expenses	Other Expenses	2,865,797
Finance cost	31	Management Expenses	Finance costs	318,800

42.2 "Qard-e-Hasna" has been reclassified on the direction of SECP vide letter no.ID/OSM/Asia/2017/12505, dated October 27, 2017 and letter no.ID/Enf/Asia/2018/13549, dated February 02, 2018.

Particulars	Note	From	To	Rupees Aggregate
Qard-e-Hasna	9	Total assets of WTO - OPF	Statement of changes in equity	15,411,000

42.3 The following nomenclature have been changed during the year for the purpose of better understanding.

Sr. #	Old Nomenclature	New Nomenclature
1	Issued, subscribed and paid-up share capital	Ordinary share capital
2	Amount due to other insurers / reinsurers	Insurance / Reinsurance Payables
3	Fixed assets - Tangibles owned	Property and equipment
4	Deferred tax liability	Deferred taxation
5	Staff retirement benefits	Retirement benefit obligations
6	Provision for outstanding claims (including IBNR)	Outstanding claims including IBNR
7	Provision for unearned premium	Unearned premium reserves
8	Commission income unearned	Unearned Reinsurance Commission
9	Net premium revenue	Net insurance premium
10	Net claims	Net insurance claims
11	Additional provision for unexpired risk	Premium deficiency reserves
12	Premium deficiency reserve	Premium deficiency
13	Net commission	Net Commission and other acquisition costs
14	Provision for taxation	Income tax expense

ASIA INSURANCE COMPANY LIMITED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

43 SUBSEQUENT EVENTS-NON ADJUSTING

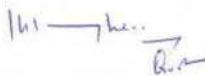
- During the year the Company has entered in to a share subscription agreement with a foreign investor for Foreign Direct Investment (FDI) of Rs. 350 million in the Company. This agreement was signed in September 2017 and according to terms and conditions of this agreement the Company was bound to make no changes to the existing share holding structure of the Company. As this investment was FDI and hence required various regulatory approvals from Securities and Exchange Commission of Pakistan, State Bank of Pakistan and other Government Authorities. Till mid of December the Company obtained all approvals except the final approval required from State Bank of Pakistan which was granted in January 2018. After that approval, the Company received the funds in January 2018 and the investor applied for the CDC sub account through City Bank as its agent. This process also took some time as FDI was involved in this process. In the last week of March the Company issued 15,337,391 shares to the investor at a price of Rs. 22.82 per share.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on April 03, 2018 by the Board of Directors of the Company.

45 GENERAL

The figures in the financial statements has been rounded off to the nearest Rupee.



Chief Executive Officer



Director



Director



Chairman



Asia Window Takafal

Shariah Advisor's Report to the board of directors for the year Ended 31st December 2017

الحمد لله رب العالمين والصلاة والسلام على سيد الانبياء والمرسلين وعلى آله واصحابه اجمعين، وبعد.

All praise and thanks are due to Allah Almighty, by whose blessing **Asia Insurance Company Limited - Window Takaful Operations** (hereafter referred as the "Operator") has successfully completed its another year of Takaful operations.

It is the responsibility of the Takaful Operator to follow the prevailing Takaful Rules issued by SECP and guidelines set by the Shariah Advisor and to take the prior approval of Shariah Advisor for all policies and services being offered by the Takaful Operator.

Being a Shariah Advisor of the Takaful Operator, my responsibility is to review the Takaful products, including PMDs and all relevant documents, underwriting procedures, Re-Takaful arrangements, all financial and investment activities related to the Participants Takaful Fund and Operator's Fund.

It is also my responsibility to express an opinion on the overall Shariah compliance of the Takaful Operator's underwriting activities, financial arrangements, having Shari'ah implications with Shari'ah rules and principles, in all material respects.

Based on the evidences, I have obtained during my Shariah compliance review and to the best of my understanding and explanations provided by the Takaful Operator and opinion of the External Shariah Auditors, I report the followings:

- 1- Operator's underwriting activities, financial arrangements, contracts and investments for the year ended 31 December 2017 are in compliance with the Shari'ah rules and principles as defined in Takaful Rules, 2012 and guidelines provided by me, in all material respects.
- 2- Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of "Participant Takaful Fund (Waqf Fund)" and "Operator's Fund".

Consequently, I found the operator performing its duties to its level best by following Shariah guidelines. I pray to Allah Almighty to grant **Asia Insurance Company Limited** remarkable success in its **Window Takaful Operations** and help the entire team at every step and keep away from every hindrance and difficulty.

وصل اللهم وسلم وبارك على سيدنا محمد وعلى آله واصحابه اجمعين



Mufti Muhammad Farhan Farooq
Shariah Advisor
Asia Insurance Company Limited
Window Takaful Operations
Date: 02-April-2018

SHARI'AH AUDITORS' REPORT ON COMPLIANCE

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

We have performed an independent assurance engagement (Shari'ah Compliance Audit) of Asia Insurance Company Limited- Window Takaful Operations (The Operator) to ensure that (The Operator) has complied with the Shari'ah rules and principles as prescribed by the Shari'ah Advisor / Shari'ah Board (prior to promulgation of Takaful Rules, 2012.) of (The Operator) and the Takaful Rules, 2012, during the year ended 31st December 2017.

MANAGEMENT RESPONSIBILITY FOR SHARI'AH COMPLIANCE

It is the responsibility of the Operator to ensure that the financial arrangements, contracts, products and transactions entered into by the Operator 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 Shari'ah rules and principles as determined by the Shari'ah 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 Shari'ah rules and principles as prescribed by the Operator's Shari'ah Advisor / Shari'ah Board 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 Shari'ah rules and principles. In making those risk assessments, we considered such internal control procedures as were relevant to the Operator's compliance with Shari'ah rules and principles. Our engagement was, however, not intended for expressing opinion on the effectiveness of the Operator's internal controls for purposes of compliance with the Shari'ah rules and principles.

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

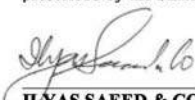
In addition, interpretation and conclusion of the Shari'ah Advisor / Shari'ah Board of the Operator is considered final for the purpose of interpretation of the Shari'ah matters mentioned in the Takaful Rules, 2012.

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 Operator's compliance with the Shari'ah rules and principles as determined by the Shari'ah Advisor / Shari'ah Board 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 Operator and the PTF, as the case may be, for the year ended 31 December 2017, are in compliance with the requirements of the Shari'ah Rules and principles as prescribed by the Shari'ah Advisor / Shari'ah Board and the Takaful Rules, 2012 in all material respects.


ILYAS SAEED & CO.
 Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 03, 2018

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Asia Insurance Company Limited – Window Takaful Operations** ("the Operator") as at December 31, 2017 and the related statement of comprehensive income, cash flow statement and statement of changes in funds together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of 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 conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

- a) in our opinion, proper books of accounts have been kept by the Window Takaful Operator as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) in our opinion-
 - i) the statement of financial position and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.11 and 3.23 with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Operator's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Operator;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of comprehensive income, cash flow statement and statement of changes in funds together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Window Takaful Operator affairs as at December 31, 2017 and of the comprehensive income, its cash flows and changes in funds for the year then ended; and
- d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.



ILYAS SAEED & CO.

Chartered accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 03, 2018

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

	Note	Participants' Takaful Fund	Operator's Fund	Aggregate 2017	Aggregate 2016 Re-stated
Rupees					
Assets					
Investments					
Term deposits	5	-	-	-	10,088,471
Loans and other receivables	6	-	28,000,788	28,000,788	5,021,602
Takaful / re-takaful receivables	7	4,985,897	-	4,985,897	4,043,328
Retakaful recoveries against outstanding claims	16	-	-	-	-
Deferred commission expense	21	-	1,981,404	1,981,404	1,022,960
Prepayments	8	4,862,750	-	4,862,750	6,050,749
Cash & bank	9	31,264,144	14,413,575	45,677,719	30,199,204
Total Assets		41,112,791	44,395,767	85,508,558	56,426,314
Fund and Liabilities					
Waqf / Participants' Takaful Fund (PTF)					
Ceded money	10	500,000	-	500,000	500,000
Qard-e-hasna		15,411,000	-	15,411,000	15,411,000
Accumulated deficit		(14,078,532)	-	(14,078,532)	(8,954,448)
Total Waqf / Participants' Takaful Funds		1,832,468	-	1,832,468	6,956,552
Operators' Fund (OPF)					
Statutory fund	11	-	50,000,000	50,000,000	50,000,000
Qard-e-hasna		-	(15,411,000)	(15,411,000)	(15,411,000)
Accumulated profit		-	8,833,888	8,833,888	3,269,246
Total Operator's funds		-	43,422,888	43,422,888	37,858,246
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR	16	1,694,604	-	1,694,604	390,636
Unearned contribution reserve	15	8,501,680	-	8,501,680	4,686,902
Unearned retakaful rebate	17	-	-	-	-
Retirement benefit obligations		-	17,402	17,402	1,045
Contributions received in advance		282,068	-	282,068	96,658
Takaful / retakaful payables	12	87,250	-	87,250	21,065
Other creditors and accruals	13	28,714,721	955,477	29,670,198	6,415,210
Total liabilities		39,280,323	972,879	40,253,202	11,611,516
Total fund and liabilities		41,112,791	44,395,767	85,508,558	56,426,314
Contingency(ies) and commitment(s)	14	-	-	-	-

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017

Participants' Takaful Fund Revenue Account	Note	2017 Rupees	2016 Rupees
Net takaful contribution	15	(1,490,146)	(6,966,501)
Net takaful claims	16	(4,055,446)	(1,976,131)
Net rebate on retakaful	17	-	-
Takaful claims and acquisition expenses		(4,055,446)	(1,976,131)
Direct expenses	18	(17,548)	(81,524)
Underwriting results		(5,563,140)	(9,024,156)
Investment income		-	-
Other income	19	439,056	66,161
Result of operating activities - PTF		(5,124,084)	(8,957,995)

Other comprehensive income:

Item to be re-classified to profit and loss account in subsequent period:

Items that may be subsequently reclassified to profit or loss

Items that may not be subsequently reclassified to profit or loss

Other comprehensive income for the year

Total comprehensive deficit for the year

-	-
-	-
(5,124,084)	(8,957,995)

Operator's Revenue Account	Note	2017 Rupees	2016 Rupees
Wakala fee	20	11,031,756	4,720,435
Net Commission and other acquisition costs	21	(2,799,906)	(512,886)
Management expenses	22	(2,645,256)	(1,857,549)
		5,586,594	2,350,000
Other income	23	1,291,775	1,776,576
Investment income	24	78,773	318,337
Other expenses	25	(1,392,500)	(1,351,000)
Profit for the year		5,564,642	3,093,913

Other comprehensive income:

Item to be re-classified to profit and loss account in subsequent period:

Items that may be subsequently reclassified to profit or loss

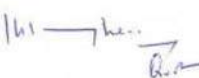
Items that may not be subsequently reclassified to profit or loss

Other comprehensive income for the year

Total comprehensive income for the year

-	-
-	-
5,564,642	3,093,913

The annexed notes from 1 to 36 form an integral part of these financial statements.


Chief Executive Officer


Director


Director


Chairman

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2017

	Participants' Takaful Fund	Operator's Fund	2017 Aggregate	2016 Aggregate Re-stated
	Rupees			
Operating cash flows				
a) Takaful activities				
Contribution received	14,546,122	-	14,546,122	7,054,136
Wakala fee received	-	11,031,756	11,031,756	4,720,435
Retakaful ceded	(11,724,465)	-	(11,724,465)	(19,310,089)
Claims paid	(2,751,478)	-	(2,751,478)	(1,585,495)
Retakaful and other recoveries received	-	-	-	-
Commissions paid	-	(3,638,000)	(3,638,000)	(358,297)
Rebate on retakaful	-	-	-	-
Direct, management and other expenses receipt/(paid)	23,539,622	(4,362,776)	19,176,846	1,485,478
Other takaful receipts/(payments)	505,869	(23,232,149)	(22,726,280)	(4,891,208)
Net cash flow from underwriting activities	24,115,670	(20,201,169)	3,914,501	(12,885,040)
b) Other operating activities				
Income tax paid	-	-	-	235,166
Other operating payments	-	(367,649)	(367,649)	116,349
Other operating receipts	439,056	1,291,775	1,730,831	1,842,737
Net cash flow from other operating activities	439,056	924,126	1,363,182	2,194,252
Total cash flow from all operating activities	24,554,726	(19,277,043)	5,277,683	(10,690,788)
Investment activities				
Profit/ return received	-	112,361	112,361	284,749
Qard-e-Hasna	-	-	-	-
Payments for investments	-	-	-	(10,088,471)
Fixed capital expenditure	-	-	-	-
Total cash flow from investing activities	-	112,361	112,361	(9,803,722)
Financing activities				
Contribution to the operator's fund	-	-	-	-
Ceded money	-	-	-	-
Total cash inflow from financing activities	-	-	-	-
Net cash flow from all activities	24,554,726	(19,164,682)	5,390,044	(20,494,510)
Cash and cash equivalents at beginning of the period	6,709,418	33,578,257	40,287,675	50,693,714
Cash and cash equivalents at end of the period	31,264,144	14,413,575	45,677,719	30,199,204
RECONCILIATION TO PROFIT AND LOSS ACCOUNT				
Operating cash flows	24,554,726	(19,277,043)	5,277,683	(10,690,788)
Increase in assets other than cash	(464,805)	24,190,593	23,725,788	31,280,885
(Increase) in liabilities	(29,214,005)	572,319	(28,641,686)	(26,772,516)
Return on fixed income deposits	-	78,773	78,773	318,337
(Deficit) / Profit for the Period	(5,124,084)	5,564,642	440,558	(5,864,082)
Attributed to				
Participants' Takaful Fund	(5,124,084)	-	(5,124,084)	(8,957,995)
Operator's Fund	-	5,564,642	5,564,642	3,093,913
	(5,124,084)	5,564,642	440,558	(5,864,082)

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Participants' Takaful Fund	Ceded money	Qard-e-Hasna Re-stated	Accumulated Surplus/(Deficit)	Total Re-stated
Rupees				
Balance as at January 1, 2016	500,000	-	3,547	503,547
Deficit for the year	-	-	(8,957,995)	(8,957,995)
Qard-e-hasna from Operator's fund (OPF)	-	15,411,000	-	15,411,000
	-	15,411,000	(8,957,995)	6,453,005
Balance as at December 31, 2016	500,000	15,411,000	(8,954,448)	6,956,552
Balance as at January 1, 2017	500,000	15,411,000	(8,954,448)	6,956,552
Qard-e-hasna	-	-	-	-
Deficit for the year	-	-	(5,124,084)	(5,124,084)
	-	-	(5,124,084)	(5,124,084)
Balance as at December 31, 2017	500,000	15,411,000	(14,078,532)	1,832,468

Operator's fund	Statutory fund	Qard-e-Hasna Re-stated	Accumulated Surplus	Total Re-stated
Rupees				
Balance as at January 1, 2016	50,000,000	-	175,333	50,175,333
Surplus for the year	-	-	3,093,913	3,093,913
Qard-e-hasna to Participants' takaful fund (PTF)	-	(15,411,000)	-	(15,411,000)
	-	(15,411,000)	3,093,913	(12,317,087)
Balance as at December 31, 2016	50,000,000	(15,411,000)	3,269,246	37,858,246
Balance as at January 1, 2017	50,000,000	(15,411,000)	3,269,246	37,858,246
Profit for the year	-	-	5,564,642	5,564,642
Qard-e-hasna	-	-	-	-
	-	-	5,564,642	5,564,642
Balance as at December 31, 2017	50,000,000	(15,411,000)	8,833,888	43,422,888

The annexed notes from 1 to 36 form an integral part of these financial statements.

Chief Executive Officer

Director

Director

Chairman

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

Asia Insurance Company Limited ('the Company'), a quoted public limited company, was incorporated in Pakistan on December 06, 1979 under the repealed Companies Act, 1913 (now the Companies Act, 2017). 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 the Company is situated at 19 C/D, Block L, Gulberg III, Main Ferozpur Road, Lahore. Shares of the Company are quoted on 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 Takaful 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 BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

During the year, the Companies Ordinance, 1984, has been repealed and the Companies Act, 2017 ('the Act') has been promulgated. However, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no. 23 of 2017 dated October 04, 2017, has communicated Commission's decision that "the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984."

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 International Accounting Standard Board as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and SECP Takaful Rules, 2012 shall prevail.

These financial statements reflect the financial position and results of Window Takaful Operations of both the Operators' Fund (OPF) and the Participants' Takaful Fund (PTF) in a manner that assets, liabilities, income and expenses of the Operator and PTF remains separately identifiable.

2.1 Basis of measurement

The financial statements have been prepared under the historical cost convention.

2.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Operator's functional currency and presentation currency. All figures have been rounded to the nearest rupee, unless otherwise stated.

2.3 Standards, interpretations and amendments effective in the current year:

The following standards, interpretations and amendments to standards and interpretations have been effective and are mandatory for the financial statements of the Operator for the periods beginning on or after January 01, 2017 and, therefore, have been applied in preparing these financial statements.

- Annual improvements - 2014-2016 cycle:

Annual Improvements to IFRSs through 2014-2016 cycle have been issued by IASB on December 08, 2016, amending the following standard:

• IFRS 12 - Disclosure of Interests in Other Entities

Clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment is not likely to have an impact on Operator's financial statements.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- **IAS 7 - Statement of Cash Flows:**
The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have a significant impact on Operator's financial statements except for certain presentational amendments.
- **IAS 12 - Income taxes:**
The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Operator's financial statements.
- **IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations:**
Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The amendments are not likely to have an impact on Operator's financial statements.
- **IFRS 7 - Financial Instruments: Disclosures:**
Adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. It also clarifies the applicability of the amendments to IFRS - 7 on offsetting disclosures to financial statements. The amendments are not likely to have any material impact on Operator's financial statements.
- **IFRS 10, IFRS 12 and IAS 28 - Investment Entities:**
The amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The amendments are not likely to have any material impact on Operator's financial statements.

2.4 Standards, interpretations and amendments becoming effective in current year but not relevant:

There are certain amendments to standards that became effective during the year and are mandatory for accounting periods of the Operator's beginning on or after January 01, 2017 but are considered not to be relevant to the Operator's operations and are, therefore, not disclosed in these financial statements.

2.5 Standards, interpretations and amendments not at year end

The following standards, amendments to standards and interpretations have been published IASB and are mandatory for the Operator's accounting period beginning on or after their respective effective dates.

- **Annual improvements - 2014-2016 cycle:**
The improvements address amendments to following approved accounting standards:

- IFRS 1: First-time Adoption of International Financial Reporting Standards
- IAS 28: Investments in Associates and Joint Ventures

Effective for annual period beginning on or after January 01, 2018. The application of these amendments is not expected to have any material impact on the Operator's financial statements.

- **Annual Improvements 2015-2017 Cycle:**

The improvements address amendments to following approved accounting standards:

- **IFRS 3 Business Combinations and IFRS 11 Joint Arrangement**

The amendment clarify the accounting treatment when a Operator increases its interest in a joint operation that meets the definition of a business.

- **IAS 12 Income Taxes**

The amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits

- **IAS 23 Borrowing Costs**

The amendment clarifies that a Operator treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

The above amendments are effective from annual period beginning on or after January 01, 2019. The application of these amendments are not expected to have any material impact on the Operator's financial statements.

- IFRS 15 - Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'. The Operator is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard. Management is in the process of assessing the impact of adoption of this standard on the financial statements.

The standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

- IFRS 2 - Share based payments:

The amendments to IFRS 2 address the main areas of vesting conditions, classification and accounting for modification to the terms and conditions.

The amendment is effective for accounting period beginning on or after January 01, 2018. The application of amendments is not expected to have any material impact on the Operator's financial statements.

- IFRS 4 - Insurance Contracts:

Amended by applying IFRS 9 "Financial Instruments" along with IFRS 4 "Insurance Contracts", allowing an entity to apply the overlay approach retrospectively to qualifying financial assets when it first applies IFRS 9 or chooses to apply the deferral approach for annual periods beginning on or after January 01 2018.

The management is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 9 - Financial Instruments (2014):

IFRS 9 contains accounting requirements for financial instruments in the areas of classification and measurement, impairments, hedge accounting, de-recognition:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at Fair Value Through Other Comprehensive Income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, standard requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

In relation to the impairment of financial assets, standard requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39.

The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The standard is effective for accounting period beginning on or after January 01, 2018. The management of the Operator is reviewing the changes to evaluate the impact of application of standard on the financial statements.

- IFRS 16 - Leases:

Replaces the current IAS - 17 and requires lessees to recognize a lease liability reflecting future lease payments for virtually all lease contracts.

The amendments are effective for accounting periods beginning on or after January 01, 2019. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

- IAS 40 - Investment Property:

Provides guidance on transfers of investments property. The Standard is effective for accounting periods beginning on or after January 01, 2018. The Management is in the process of evaluating the impact of application of the standard on the Operator's financial statements.

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration:

The amendments clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The Standard is effective for accounting periods beginning on or after January 01, 2018. The application of interpretation is not likely to have an impact on Operator's financial statements.

- IFRIC 23 - Uncertainty over Income Tax Treatments

The amendments clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax.

The Standard is effective for accounting periods beginning on or after January 01, 2019. The application of interpretation is not likely to have an impact on Operator's financial statements.

2.6 Standards, interpretations and amendments becoming effective in future period but not relevant:

There are certain new standards, amendments to standards and interpretations that are effective for different future periods but are considered not to be relevant to Operator's operations, therefore not disclosed in these financial statements.

2.7 Adoption of new Insurance Rules, 2017 and Insurance Accounting Regulations, 2017

During the period SECP has issued the Insurance Rules, 2017, including the new Insurance Accounting Regulations, 2017 and format for the preparation of the financial statements. The new Insurance Rules are effective for the current period financial statements. The significant changes resulting from such new rules effecting these financial statements are as follows:

2.7.1 Certain changes have been made to the presentation of the financial statements which includes the following:

Changes in sequence of assets / liabilities in the statement of financial position ;

Discontinuation of separate statements of contribution, claims, rebate and investment income, which are now presented (on aggregate basis) into the notes of financial statements (Notes 15, 16, 17, 24);

Underwriting results in relation to various classes of business which were previously presented on the face of the profit and loss account are now presented in a separate note (Note 28).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property and equipment

3.1.1 Operating assets - 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.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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.

3.2 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 policy holder) 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 and property damage 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, damage 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 including maternity care and outpatient care.

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

3.3 Deferred commission expense / Acquisition cost

Commission expenses and other acquisition costs are spread over the tenure of the contract, it is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017. Rebate from re-takaful is spread over the tenure of the contract coded, it is calculated by applying 1/24 method in accordance with the provisions of the Insurance Accounting Regulations, 2017. The deferred commission expenses and other acquisition costs and 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 the Insurance Accounting Regulations, 2017.

3.4 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 the Insurance Accounting Regulations, 2017. The unearned portion of Health and Personal Accident Takaful is calculated in accordance with the advice of Actuary.

3.5 Contribution deficiency reserve

According to the requirements of the Insurance Rules, 2017, 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 statement of financial position 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.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 statement of financial position date.

3.6 Re-takaful 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 takaful liabilities. Income or expenses from retakaful contracts are not offset against expenses or income from related takaful assets.

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

The company assesses its retakaful assets for impairment on statement of financial position 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.

3.7 Receivables and payables related to takaful contracts

Receivables and payables related to takaful contracts are recognized when due at cost which is the fair value of the consideration given less provision for impairment, if any.

3.7.1 Takaful / Re-takaful receivables

Contributions due from takaful / retakaful represents the amount due from participants and other takaful insurers 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.

3.7.2 Retakaful recoveries against outstanding claims

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

3.8 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 Insurance Accounting Regulations, 2017 as the primary reporting format.

Based on its classification of takaful 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 contribution written.

3.8.1 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.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Financial instruments carried on the statement of financial position include cash and bank deposits, investments, takaful / re-takaful receivables, loan and other receivables, contribution and claim reserves detained by cedants, retakaful recoveries against outstanding claims, provision for outstanding claims, takaful / re-takaful payable, other creditors and accruals, liabilities against assets subject to finance lease.

3.9 Cash and cash equivalents

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

3.10 Revenue recognition

a) Contribution - 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.

Wakala fee - 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.

b) Commission income - PTF

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.

c) Investment Income - PTF / OPF

Profit on Islamic investment products is recognized on accrual basis.

d) Dividend Income - PTF / OPF

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

3.11 Investments

a) In equity securities

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.

Subsequent to initial recognition at cost including the transaction cost, these are measured at fair value. Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on derecognition and impairment losses are recognized in profit or loss.

Return on fixed income securities classified as available for sale is recognized on a time proportion basis.

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.

b) In debt securities

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.

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.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

c) In term deposits

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.

3.12 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 Operator intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.13 Provisions

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.

Provision for liability in respect of claims reported but not settled at the balance sheet date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases in relation to the sums insured. Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

The provision for claims incurred but not reported (IBNR) is consistently made at the balance sheet date in accordance with the SECP Circular no. 9 of 2016. IBNR claim have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

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.

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.

3.15 Impairment of assets

The carrying amount of assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in profit and loss account.

Where impairment loss subsequently reverses, the carrying amounts of the assets are increased to the revised recoverable amounts but limited to the carrying amounts that would have been determined had no impairment loss been recognized for the assets in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

In addition, impairment on available for sale investments and retakaful assets are recognized as follows:

i) Available for sale

The operator determines that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the operator evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

ii) Re-takaful assets

The operator determines the impairment of the re-takaful assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the re-takaful assets, which indicates that the operator may not be able to recover amount due from re-takaful under the terms of re-takaful contract. In addition the operator also monitors the financial ratings of its re-takaful operators on each reporting date.

3.16 Management expenses

3.16.1 Direct expense

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

3.16.2 Management expense

Expenses not allocable to the underwriting business are charged as management expenses. Management expenses of takaful business are allocated to revenue account of operator as per requirements of Takaful Rules, 2012.

3.16.3 Claims expense

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.

3.17 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.

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.

3.18 Foreign currency transactions and translations

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 statement of financial position 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.

3.19 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 qard-e-hasna to operator.

3.20 Zakat

Zakat on investment income is accounted for in the year of deduction, under Zakat & Ushr Ordinance, 1980.

3.21 Qarz-e-hasna

Qarz-e-hasna is provided by Operators' Fund (OPF) to Participants' Takaful Fund (PTF) in case of deficit in Participants' Takaful Fund (PTF).

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

3.22 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.

3.23 Change in accounting policies

The company has changed its accounting policy in relation to the available-for-sale investments to comply with the requirements of IAS - 39 "Financial Instruments - Recognition and measurement". These investments are now carried at fair value. Surplus/ (deficit) on revaluation from one reporting date to another is taken to other comprehensive income in the statement of comprehensive income. On de-recognition or impairment in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for the period within statement of comprehensive income. Previously the investments were carried at lower of cost and market value. This change in accounting policy has been applied prospectively as allowed in para 16(b) of the IAS - 8 "Accounting Policies, Change in Accounting Estimates and Errors" as there is no impact as a result of restatement.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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:

- Useful lives and residual value of property and equipment (Note 3.1)
- Unearned contribution. (Note 3.4)
- Contribution deficiency reserve. (Note 3.5)
- Classification of investments. (Note 3.11)
- Outstanding claims including IBNR. (Note 3.13)

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

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

5	INVESTMENT IN TERM DEPOSITS			
5.1	Operator's fund	NOTE	2017 RUPEES	2016 RUPEES
	Short term deposits	5.1.1	-	10,088,471
5.1.1	The rate of return on term deposit is Nil (2016 : 3.90% to 4.79%) and payable on maturity.			
6	LOANS AND OTHER RECEIVABLES			
6.1	Participants' takaful fund - considered good	NOTE	2017 RUPEES	2016 RUPEES
	Receivable from OPF		-	219,375
6.2	Operators' fund - considered good	NOTE	2017 RUPEES	2016 RUPEES
	Advances to staff		17,500	-
	Accrued investment income		-	33,588
	Inter fund receivable-other		27,983,288	4,768,639
	Less: provision for impairment of loans and receivable		-	-
			<u>28,000,788</u>	<u>4,802,227</u>
7	TAKAFUL / RE-TAKAFUL RECEIVABLES			
7.1	Participants' takaful fund -Unsecured and considered good	NOTE	2017 RUPEES	2016 RUPEES
	Due from takaful contract holders		2,310,095	123,174
	Less: Provision for impairment of receivables from takaful contract holders		-	-
	Due from insurers / reinsurers		2,675,802	3,920,154
	Less: Provision for impairment of receivables from takaful / retakaful		-	-
			<u>4,985,897</u>	<u>4,043,328</u>
8	PREPAYMENTS			
8.1	Participants' takaful fund	NOTE	2017 RUPEES	2016 RUPEES
	Prepaid re-takaful contribution ceded		4,862,750	6,050,749
9	CASH & BANK			
9.1	Participants' takaful fund	NOTE	2017 RUPEES	2016 RUPEES
	Cash in hand		5,247	-
	Cash at bank		-	-
	- Current accounts	9.3	31,258,897	6,709,418
	- Saving accounts		-	-
			<u>31,264,144</u>	<u>6,709,418</u>
9.2	Operators' fund	NOTE	2017 RUPEES	2016 RUPEES
	Cash at bank		-	-
	- Current accounts	9.3	14,413,575	23,489,786
	- Saving accounts		-	-
			<u>14,413,575</u>	<u>23,489,786</u>

9.3 The rate of return on PLS saving accounts maintained at various banks range from 2.90% to 5.20% (2016: 2.40% to 2.75%) per annum.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

10	CEDED MONEY	NOTE	2017 RUPEES	2016 RUPEES
	Waqf money	10.1	500,000	500,000
10.1	The amount of Rs. 500,000/- has been set apart 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.			
11	STATUTORY FUND	NOTE	2017 RUPEES	2016 RUPEES
	Statutory reserve	11.1	50,000,000	50,000,000
11.1	It represents amount of Rs. 50 million deposited as statutory fund 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".			
12	TAKAFUL / RE-TAKAFUL PAYABLE			
12.1	Participants' takaful fund	NOTE	2017 RUPEES	2016 RUPEES
	Takaful / re-takaful payables		87,250	21,065
13	OTHER CREDITORS AND ACCRUALS			
13.1	Participants' takaful fund	NOTE	2017 RUPEES	2016 RUPEES Re-stated
	Inter fund payable		27,983,288	4,768,639
	Sales tax payable		379,236	93,114
	Federal takaful fee payable		8,900	5,757
	Tax deducted at source		11,904	3,547
	Others		332,293	-
			28,714,721	4,871,057
13.2	Operator's fund	NOTE	2017 RUPEES	2016 RUPEES
	Salaries and wages		-	172,607
	Shariah advisor fee		-	95,042
	Tax deducted at source		76,440	19,004
	EOBI payable		-	1,560
	Outstanding agency commissions		767,797	647,447
	Auditors' remuneration		105,000	100,000
	Others		6,240	508,493
			955,477	1,544,153
14	CONTINGENCY(IES) AND COMMITMENT(S)			
14.1	Contingencies			
	As per SECP Letter No. ID/en/Asia/2018/18549 dated February 02, 2018, the company failed to comply with the requirements regarding disclosure of Qaraz-e-Hasana pertaining to financial statements of 2016. The SECP has confronted the company for this default and the proceedings are in progress and the SECP may impose a fine which may extend to Rs. 1 million.			
14.2	Commitments			
	There is no known commitment as at December 31, 2017 (2016: Nil).			
15	NET TAKAFUL CONTRIBUTION	NOTE	2017 RUPEES	2016 RUPEES
	Written gross contribution		27,579,389	11,801,087
	Less: Wakala fee		(11,831,756)	(4,720,435)
			16,547,633	7,080,652
	Add: Provision for unearned contribution - Opening		4,686,902	-
	Less: Provision for unearned contribution - Closing		(8,501,680)	(4,686,902)
	Contribution earned		12,732,855	2,393,750
	Less: Re-takaful contribution ceded		(13,035,002)	(15,411,000)
	Add: Prepaid re-takaful contribution - Opening		(6,050,749)	-
	Less: Prepaid re-takaful contribution - Closing		4,862,750	6,050,749
	Re-takaful expense		(14,223,001)	(9,360,251)
			(1,490,146)	(6,966,501)

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

16	NET TAKAFUL CLAIMS	NOTE	2017 RUPEES	2016 RUPEES
	Claims Paid		2,751,478	1,585,495
	Add: Outstanding claims including IBNR - Closing	16.1	1,694,604	390,636
	Less: Outstanding claims including IBNR - Opening		(390,636)	-
	Claims expense		4,055,446	1,976,131
	Less: Re-takaful and other recoveries received		-	-
	Add: Re-takaful and other recoveries in respect of outstanding claims - Closing		-	-
	Less: Re-takaful and other recoveries in respect of outstanding claims - Opening		-	-
	Re-takaful and other recoveries revenue		-	-
			4,055,446	1,976,131
16.1	Claim development			
	There is no claim for which there is uncertainty about the amount and timing of the claim payment and will be paid within 1 year.			
17	NET REBATE ON RETAKAFUL	NOTE	2017 RUPEES	2016 RUPEES
	Rebate received or recoverable		-	-
	Add: Unearned re-takaful rebate - opening		-	-
	Less: Unearned re-takaful rebate - closing		-	-
	Rebate from reinsurers		-	-
18	DIRECT EXPENSES	NOTE	2017 RUPEES	2016 RUPEES
	Printing and stationery		-	70,836
	Bank charges		7,043	498
	Others		10,505	10,190
			17,548	81,524
19	OTHER INCOME	NOTE	2017 RUPEES	2016 RUPEES
	Return on bank balances		256,646	66,161
	Other income		182,410	-
			439,056	66,161
20	WAKALA FEE	NOTE	2017 RUPEES	2016 RUPEES
	Wakala fee		11,031,756	4,720,435
21	NET COMMISSION AND OTHER ACQUISITION COST	NOTE	2017 RUPEES	2016 RUPEES
	Commission paid or payable		3,758,350	1,535,846
	Add: Deferred commission expense - opening		1,022,960	-
	Less: Deferred commission expense - closing		(1,981,404)	(1,022,960)
	Net Commission		2,799,906	512,886
22	MANAGEMENT EXPENSES	NOTE	2017 RUPEES	2016 RUPEES
	Employee benefit cost	22.1	2,259,245	1,655,842
	Travelling and conveyance		152,322	103,393
	Repairs and maintenance		56,352	53,127
	Printing and stationery		102,223	-
	Bank charges		114	8,379
	Others		75,000	36,808
			2,645,256	1,857,549
22.1	Employee benefit cost	NOTE	2017 RUPEES	2016 RUPEES
	Salaries, allowance and other benefits		2,118,104	1,649,363
	Charges for post employment benefit		141,141	6,479
			2,259,245	1,655,842

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

28 SEGMENT INFORMATION

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, 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 contribution written by each segment.

2017	Rupees					TOTAL
	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	MISCELLANEOUS	TREATY	
Gross written contribution (inclusive of Admin surcharge)						
Gross direct contribution	6,022,601	2,843,852	7,836,439	918,857	-	17,621,749
Facultative inward contribution	3,515,646	71,761	5,359,926	383,467	-	9,330,800
Administrative surcharge	234,916	134,532	244,154	13,238	-	626,840
	<u>9,773,163</u>	<u>3,050,145</u>	<u>13,440,519</u>	<u>1,315,562</u>	<u>-</u>	<u>27,579,389</u>
Takaful contribution earned	3,654,161	1,694,087	7,084,306	300,301	-	12,732,855
Takaful contribution ceded to retakaful	(5,600,666)	(4,412,667)	(1,500,000)	(2,709,668)	-	(14,223,001)
Net Takaful contribution	<u>(1,946,505)</u>	<u>(2,718,580)</u>	<u>5,584,306</u>	<u>(2,409,367)</u>	<u>-</u>	<u>(1,490,146)</u>
Rebate income	-	-	-	-	-	-
Net underwriting income	<u>(1,946,505)</u>	<u>(2,718,580)</u>	<u>5,584,306</u>	<u>(2,409,367)</u>	<u>-</u>	<u>(1,490,146)</u>
Takaful claims	400,000	691,242	2,506,365	457,839	-	(4,055,446)
Takaful claims recovered from retakaful	-	-	-	-	-	-
Net claims	400,000	691,242	2,506,365	457,839	-	(4,055,446)
Direct expenses	6,218	1,941	8,552	837	-	(17,548)
Contribution deficiency expense	-	-	-	-	-	-
Net Takaful claims and expenses	<u>406,218</u>	<u>693,183</u>	<u>2,514,917</u>	<u>458,676</u>	<u>-</u>	<u>(4,072,994)</u>
Underwriting results	<u>(2,352,723)</u>	<u>(3,411,763)</u>	<u>3,069,389</u>	<u>(2,868,043)</u>	<u>-</u>	<u>(5,563,140)</u>
Net investment income	-	-	-	-	-	-
Rental income	-	-	-	-	-	-
Other income	-	-	-	-	-	439,056
Other expenses	-	-	-	-	-	-
Result of operating activities-PTF						<u>(5,124,084)</u>
Wakala fee	-	-	-	-	-	11,031,756
Net Commission and other acquisition costs	-	-	-	-	-	(2,799,906)
Management expenses	-	-	-	-	-	(2,645,256)
Other income	-	-	-	-	-	1,291,775
Investment income	-	-	-	-	-	78,773
Other expenses	-	-	-	-	-	(1,392,500)
Profit for the year						<u>5,564,642</u>
Segment assets - (PTF)	<u>3,637,221</u>	<u>1,214,949</u>	<u>3,524,053</u>	<u>1,472,424</u>	<u>-</u>	<u>9,848,647</u>
Unallocated assets - (PTF)	-	-	-	-	-	31,264,144
Total assets - (PTF)						<u>41,112,791</u>
Segment assets - (OPF)	<u>1,204,589</u>	<u>69,628</u>	<u>629,206</u>	<u>77,981</u>	<u>-</u>	<u>1,981,404</u>
Unallocated assets - (OPF)	-	-	-	-	-	42,414,363
Total assets - (OPF)						<u>44,395,767</u>
Segment liabilities - (PTF)	<u>4,207,291</u>	<u>430,079</u>	<u>5,065,980</u>	<u>922,251</u>	<u>-</u>	<u>10,565,601</u>
Unallocated liabilities - (PTF)	-	-	-	-	-	28,714,722
Total liabilities - (PTF)						<u>39,280,323</u>
Segment liabilities - (OPF)	<u>274,210</u>	<u>127,125</u>	<u>531,608</u>	<u>22,535</u>	<u>-</u>	<u>955,478</u>
Unallocated liabilities - (OPF)	-	-	-	-	-	17,401
Total liabilities - (OPF)						<u>972,879</u>

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

28.1 SEGMENT INFORMATION

The operator has four primary business segments for reporting purposes namely fire and property damage, marine aviation and transport, 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 contribution written by each segment.

2016	Rupees					TOTAL
	FIRE AND PROPERTY DAMAGE	MARINE AVIATION AND TRANSPORT	MOTOR	MISCELLANEOUS	TREATY	
Gross written contribution (inclusive of Admin surcharge)						
Gross direct contribution	2,429,652	617,270	3,082,421	435,261	-	6,564,604
Facultative inward contribution	998,276	125,000	3,933,645	15,791	-	5,072,712
Administrative surcharge	63,505	30,341	64,667	5,258	-	163,771
	<u>3,491,433</u>	<u>772,611</u>	<u>7,080,733</u>	<u>456,310</u>	<u>-</u>	<u>11,801,087</u>
Takaful contribution earned	603,295	308,625	1,367,760	114,070	-	2,393,750
Takaful contribution ceded to retakaful	(3,394,335)	(3,861,083)	(750,000)	(1,354,833)	-	(9,360,251)
Net Takaful contribution	<u>(2,791,040)</u>	<u>(3,552,458)</u>	<u>617,760</u>	<u>(1,240,763)</u>	<u>-</u>	<u>(6,966,501)</u>
Rebate income	-	-	-	-	-	-
Net underwriting income	<u>(2,791,040)</u>	<u>(3,552,458)</u>	<u>617,760</u>	<u>(1,240,763)</u>	<u>-</u>	<u>(6,966,501)</u>
Takaful claims	1,540,985	9,075	426,071	-	-	1,976,131
Takaful claims recovered from retakaful	-	-	-	-	-	-
Net claims	<u>1,540,985</u>	<u>9,075</u>	<u>426,071</u>	<u>-</u>	<u>-</u>	<u>1,976,131</u>
Direct expenses	24,119	5,337	48,915	3,153	-	81,524
contribution deficiency expense	-	-	-	-	-	-
Net Takaful claims and expenses	<u>1,565,104</u>	<u>14,412</u>	<u>474,986</u>	<u>3,153</u>	<u>-</u>	<u>2,057,655</u>
Underwriting results	<u>(4,356,144)</u>	<u>(3,566,870)</u>	<u>142,774</u>	<u>(1,243,916)</u>	<u>-</u>	<u>(9,024,156)</u>
Net investment income	-	-	-	-	-	-
Rental income	-	-	-	-	-	-
Other income	-	-	-	-	-	66,161
Other expenses	-	-	-	-	-	-
Result of operating activities-PTF	-	-	-	-	-	<u>(8,957,995)</u>
Operators' fund account	-	-	-	-	-	-
Wakala fee	-	-	-	-	-	4,720,435
Net Commission and other acquisition costs	-	-	-	-	-	(512,886)
Management expenses	-	-	-	-	-	(1,857,549)
Other income	-	-	-	-	-	1,776,576
Investment income	-	-	-	-	-	318,337
Other expenses	-	-	-	-	-	(1,351,000)
Profit for the year	-	-	-	-	-	<u>3,093,913</u>
Segment assets - (PTF)	<u>4,413,370</u>	<u>1,072,887</u>	<u>3,060,309</u>	<u>1,547,511</u>	<u>-</u>	<u>10,094,077</u>
Unallocated assets - (PTF)	-	-	-	-	-	6,928,793
Total assets - (PTF)	-	-	-	-	-	<u>17,022,870</u>
Segment assets - (OPF)	<u>487,890</u>	<u>37,351</u>	<u>476,963</u>	<u>20,756</u>	<u>-</u>	<u>1,022,960</u>
Unallocated assets - (OPF)	-	-	-	-	-	38,380,484
Total assets - (OPF)	-	-	-	-	-	<u>39,403,444</u>
Segment liabilities - (PTF)	<u>1,626,694</u>	<u>176,928</u>	<u>3,226,694</u>	<u>165,017</u>	<u>-</u>	<u>5,195,333</u>
Unallocated liabilities - (PTF)	-	-	-	-	-	4,870,985
Total liabilities - (PTF)	-	-	-	-	-	<u>10,066,318</u>
Segment liabilities - (OPF)	<u>296,777</u>	<u>151,821</u>	<u>672,837</u>	<u>56,114</u>	<u>-</u>	<u>1,177,549</u>
Unallocated liabilities - (OPF)	-	-	-	-	-	367,649
Total liabilities - (OPF)	-	-	-	-	-	<u>1,545,198</u>

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

29 MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
At beginning of previous year				-
Additions	10,088,471	-	-	10,088,471
Disposals (sale and redemption)	-	-	-	-
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At beginning of current year	10,088,471	-	-	10,088,471
Additions	-	-	-	-
Disposals (sale and redemption)	(10,088,471)	-	-	(10,088,471)
Fair value net gains (excluding net realised gains)	-	-	-	-
Designated at fair value through profit or loss upon initial recognition	-	-	-	-
Classified as held for trading	-	-	-	-
Impairment losses	-	-	-	-
At end of current year	-	-	-	-

30 MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

30.1 Risk management framework

The Company is exposed to a variety of financial risks: credit risk, liquidity risk, market risk (comprising currency risk, interest 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.

30.2 Takaful risks

30.2.1 Takaful risk

The company accepts the takaful risk through its takaful 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 retakaful strategy within an overall risk management framework. Exposures are managed by having documented underwriting limits and criteria. 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. Retakaful 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 takaful 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 retakaful from a number of retakaful, who are dispersed over several geographical regions.

Geographical concentration of takaful 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 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 form part of the reports which are made available to the underwriters/retakaful 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 covered and contribution, like vessel identification, voyage input (sea/air/land transit), sailing dates, origin and destination of the shipments, per carry limits etc. are fed into the IT system. The retakaful 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 retakaful cessions are automatically made upon the posting of policy documents.

30.2.2 Retakaful arrangements

Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non proportional retakaful 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 retakaful agreements are duly submitted with Securities and Exchange Commission of Pakistan on an annual basis.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

	Gross sum covered		Retakaful Cover		Net Liability	
	2017	2016	2017	2016	2017	2016
	Rupees					
Fire and property damage	12,264,120,063	2,807,610,680	5,673,381,941	1,123,044,272	6,590,738,122	1,684,566,408
Marine aviation and transport	2,655,039,916	663,443,804	1,486,822,353	331,721,902	1,168,217,563	331,721,902
Motor	736,821,732	379,524,447	83,776,631	81,140,438	653,045,101	298,384,009
Miscellaneous	49,360,100	36,423,398	13,831,359	-	36,528,741	36,423,398
	15,705,341,811	3,887,002,329	7,257,012,284	1,535,906,612	8,448,329,527	2,351,095,717

30.2.3 Uncertainty in the estimation of future claims payment

Claims on general takaful contracts are payable on a claim occurrence basis. The operator is liable for all insured events that occur during the term of the takaful contract.

An estimated amount of the claim is recorded immediately on intimation to the Company. The estimation of the amount is based on the amount notified by the policy holder, management or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. Incurred But Not Reported (IBNR) claims have been estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level. IBNR for all classes is determined and recognized in accordance with valuation carried out by an appointed actuary which is also based on Chain Ladder (CL) method.

There are several variable factors which affect the amount and timing of recognized claim liabilities. However, the management considers that uncertainty about the amount and timing of claim payments is generally resolved within a year. The operator takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from recognised amounts.

30.2.4 Key assumptions

The principal assumption underlying the liability estimation of IBNR and contribution deficiency reserve is that the operator's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

30.2.5 Sensitivity analysis

The risks associated with the takaful 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 takaful claims recognised in the statement of financial position is adequate. However, actual experience will differ from the expected outcome.

As the company enters into short term takaful 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 retakaful.

	Pre tax Profit		Participants' Takaful Fund	
	2017	2016	2017	2016
	Rupees			
10% decrease in profit				
Fire and property damage	40,000	15,410	40,000	10,171
Marine aviation and transport	69,124	91	69,124	60
Motor	250,637	4,261	250,637	2,812
Miscellaneous	45,784	-	45,784	-
	405,545	19,761	405,545	13,042

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

30.3 Credit risk and concentration of 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:

	Category of financial assets	2017	2016
		Rupees	Rupees
			Re-stated
Current and other accounts	Loans & Receivables	45,672,472	30,199,204
Term deposits	Loans & Receivables	-	10,088,471
Takaful / re-takaful receivables	Loans & Receivables	4,985,897	4,043,328
Loan and other receivables	Loans & Receivables	28,000,788	5,021,602
		78,659,157	49,352,605

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:

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

	Rating		Rating Agency	2017	2016
	Short term	Long term		Rupees	Rupees
Sindh Bank Limited	A1	AA	JCR-VIS	25,282,754	23,986,811
Meezan Bank Limited	A-1+	AA	JCR-VIS	10,389,619	6,212,234
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	99	159
Bank Islami Pakistan Ltd.	A1	A+	PACRA	10,000,000	-
				45,672,472	30,199,204

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

Financial liabilities: 2017	Carrying Amount	Up to One Year	More Than One Year
Provision for outstanding claims (including IBNR)	1,694,604	1,694,604	-
Takaful / re-takaful payables	87,250	87,250	-
Other creditors and accruals	29,670,198	29,670,198	-
	31,452,052	31,452,052	-
Financial liabilities: 2016 - Re-stated	Carrying Amount	Up to One Year	More Than One Year
Provision for outstanding claims (including IBNR)	390,636	390,636	-
Takaful / re-takaful payables	21,065	21,065	-
Other creditors and accruals	21,827,255	21,827,255	-
	22,238,956	22,238,956	-

Age analysis of financial assets is as under:

Financial assets: 2017	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Takaful / re-takaful receivables	4,985,897	4,985,897	-	-
Loan and other receivables	28,000,788	28,000,788	-	-
	32,986,685	32,986,685	-	-
Financial assets: 2016 - Re-stated	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Takaful / re-takaful receivables	4,043,328	4,043,328	-	-
Loan and other receivables	5,021,602	5,021,602	-	-
	9,064,930	9,064,930	-	-

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

	Amount due from other takaful / retakaful	Retakaful recoveries against outstanding claims	2017	2016
			Rupees	
A or above (including PRCL)	2,675,802	-	2,675,802	3,920,154
Others	-	-	-	-
Total	2,675,802	-	2,675,802	3,920,154

30.4 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 statement of financial position date, company has cash and bank balances of Rs. 45,677,719/- (2016: Rs. 30,199,204/-).

30.5 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 statement of financial position date, the interest rate profile of the Company's significant interest bearing financial instruments is as follows:

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Financial assets	2017	2016	2017	2016
	Effective interest rate (in %)		Rupees	Rupees
Saving accounts	2.90% to 5.20%	2.40% to 2.75%	45,672,472	30,199,204
Term deposit	Nil	3.90% to 4.79%	-	10,088,471
			45,672,472	40,287,675

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.

	2017	2016
	Rupees	Rupees
Cash flow sensitivity - Variable rate financial assets	456,725	301,992

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 not exposed to equity price risk since it has no investments in quoted equity securities at the statement of financial position date. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. Nil/- (2016: Nil/-) at the statement of financial position 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 statement of financial position 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 Insurance Accounting Rules and Regulations issued by the Securities and Exchange Commission of Pakistan (SECP), dated February 09, 2017.

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, 2017 and December 31, 2016 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:

	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-17	-	10% increase 10% decrease	- -	- -	- -
31-Dec-16	-	10% increase 10% decrease	- -	- -	- -

30.6 FUND MANAGEMENT

The operator's objectives when managing capital or to safeguard operator's ability to continue as going concern in order to provide returns for operator or participants and to offer benefits 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 amount of return paid to operators or to participants may be adjusted.

30.7 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.

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

32	STATEMENT OF SOLVENCY	2017 Rupees
	Assets	
	Property and equipment	-
	Investments	
	Equity Securities	-
	Debt Securities	-
	Term deposits	-
	Loans and others receivables	-
	Takafal / Re-takafal receivables	4,985,897
	Retakafal recoveries against outstanding claims	-
	Prepayments	4,862,750
	Cash & bank	31,264,144
	Total assets (A)	41,112,791
	In-admissible assets as per following clauses of section 32(2) of the Insurance Ordinance, 2000.	
	(h) Loans and others receivables	(1,745,748)
	(q)	-
	(u)	-
	(v)	-
	Total of Inadmissible assets (B)	(1,745,748)
	Total Admissible assets (C=A-B)	39,367,043
	Total Liabilities	
	Underwriting provisions	
	Provision for outstanding claims (including IBNR)	1,694,604
	Contribution deficiency reserve	-
	Reserve for unearned contribution	8,501,680
	Reserve for unearned retakafal rebate	-
	Takafal / Re-takafal payables	369,318
	Other creditors and accruals	28,714,721
	Total liabilities (D)	39,280,323
	Total net Admissible assets (E=C-D)	86,720

Minimum Solvency Requirement

As per requirement of section 10(k) of Takafal Rules, 2012 An Operator shall ensure that in case of General takafal each participant takafal fund, at all times, has admissible assets in excess of its liabilities.

33 CORRESPONDING FIGURES

- As a result of adoption of the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017 (Note 2) corresponding figures have been rearranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications made during the current year except as disclosed in (Note 3.23) and as follows:

Particulars	Note	From	To	Rupees
Term deposits	5.1	Cash and bank deposits	Term deposits	10,088,471
Loans and other receivables - OPF	6.2	Accrued investment income	Loans and other receivables - OPF	33,588
Due from takafal contract holders	7.1	Contribution due but unpaid	Due from takafal contract holders	123,174
Due from takafal/retakafal operators	7.1	Amount due from other takafal / retakafal	Due from takafal / retakafal operators	3,920,154
Cash & bank	9	Current and other accounts	Cash & bank	30,199,204
Takafal / retakafal payables	12	Amount due to other takafal / retakafal	Takafal / retakafal payables	21,065
Other creditors and accruals - OPF	13	Accrued expenses	Other creditors and accruals - OPF	367,649
Management expenses	22	General and administrative expenses	Management expenses	1,857,549
Other expenses	25	General and administrative expenses	Other expenses	1,351,000

- Also "Qard-e-Hasna" has been reclassified on the direction of SECP vide letter no.ID/OSM/Asia/2017/12505, dated October 27, 2017 and letter no.ID/Ent/Asia/2018/13549, dated February 02, 2018.

Particulars	Statement	From	To	Rupees
Qard-e-Hasna	SOCP	Loans and other receivables	Qard-e-Hasna	15,411,000
Qard-e-Hasna	CPS	Other creditors and accruals	Qard-e-Hasna	15,411,000

ASIA INSURANCE COMPANY LIMITED
WINDOW TAKAFUL OPERATIONS
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

34 SUBSEQUENT EVENTS - NON ADJUSTING EVENTS


There is no event causing adjustment to or disclosure in financial statements.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on April 03, 2018 by the Board of Directors of the company.

36 GENERAL

- The figures are rounded off to the nearest rupee.


 Chief Executive Officer


 Director


 Director


 Chairman

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Abbotabad Representative Office

We've got You covered

Investor's Awareness

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

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

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____.

Sign Across
Revenue Stamp
Rs. 5/-

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.

Sign Across
Revenue Stamp
Rs. 5/-

Signature should agree
With the specimen signature
Registered with the Company

Signed in presence of:

Signature of Witness

Signature of Witness

Important:

- This form of Proxy, duly completed, must be deposited at the Company's Registered Office at Asia House, 19 C/D, Block-I, Gulberg III, Main Ferozpur Road, Lahore, not later than 48 hours before the time appointed for the meeting.
- CDC Shareholders and their Proxies are each requested to attach attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.
- CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport along with the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.

1. کسی شخص کا اپنا نمائندہ / پر کسی مقرر کرنا

ایشیا انشورنس کمپنی لمیٹڈ کے رکن اور رجسٹرڈ فوئیو نمبر کے تحت
 (حصص کی تعداد) کے عمومی حصص کا مالک ہونے کی حیثیت سے میں / ہم
 رہائش
 میرے / ہمارے لئے ووٹ کرنے اور میری / ہماری جگہ پر کمپنی کے سالانہ / غیر معمولی اجلاس عام، جو بھی معاملہ ہو، منعقدہ
 میں شرکت کرنے کے لئے اور اس کی معطلی کی صورت میں محترم / محترمہ
 رہائش کو یا ناکامی کی صورت میں،
 محترم / محترمہ رہائش
 کو اپنا پر کسی / نمائندہ مقرر کرتے ہیں۔

.....، 20 کو دستخط کئے گئے۔

5 روپے
 کارپوریٹ سٹمپ

(دستخط کمپنی کے رجسٹرڈ نمونہ کے دستخط کے مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے:

گواہ کے دستخط

گواہ کے دستخط

2. کمپنی کے (ای۔ وونگ) ضوابط، 2016ء کے تحت ای۔ وونگ

ایشیا انشورنس کمپنی لمیٹڈ کے رکن اور رجسٹرڈ فو لیو نمبر..... کے تحت
(حصص کی تعداد) کے عمومی حصص کا مالک ہونے کی حیثیت سے میں/ہم.....
رہائش.....
ای وونگ کے کئے تقرر کرتے ہیں بذریعہ ثالث اور عمل کرنے والے افسر..... کی ایک پراکسی/نمائندہ کی حیثیت سے
تقرری پر رضامندی ظاہر کرتے ہیں اور کمپنی کے (ای۔ وونگ) ضوابط، 2016ء کے تحت ای۔ وونگ پر عمل کریں گے، پس قرارداد پر پولنگ کی استدعا
کرتے ہیں۔

میر محفوظ ای امیل ایڈریس..... ہے۔ برائے مہربانی لاگ ان تفصیلات، پاس ورڈ اور الیکٹرانک دستخط
ای میل کے ذریعے بھیج دیں۔

5 روپے
کارپوریٹ سٹیپ

(دستخط کمپنی کے رجسٹرڈ نمونہ کے دستخط کے مطابق ہونے چاہئیں)

کی موجودگی میں دستخط کئے گئے:

گواہ کے دستخط

گواہ کے دستخط

ہدایات:

- ✓ مکمل شدہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس ایسیا ہاؤس 19 C/D، بلاک۔ L، گلبرگ III، مین فیروز پور روڈ، لاہور، میں اجلاس کے آغاز سے 48 گھنٹے پہلے پہنچ جانا چاہئے۔
- ✓ CDC حصص داران اور ان کے نمائندے/پراکسی کو درخواست کی جاتی ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) اور پاپورٹ کی تصدیق شدہ نقول اس پراکسی فارم کے ساتھ منسلک کریں۔
- ✓ CDC حصص داران اور ان کے نمائندے/پراکسی کو درخواست کی جاتی ہے کہ سالانہ اجلاس عام میں شمولیت کے موقع پر اپنی شناخت ثابت کرنے کے لئے وہ اپنا اصلی کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا پاپورٹ جمع شامل ہونے کا آئی ڈی نمبر اور اپنا اکاؤنٹ نمبر ہمراہ لائیں۔