

## **Asia Insurance Company Limited**

**Annual Report 1999**

### **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 20th Annual General Meeting of Asia Insurance Company Limited, will be held at the Registered Office of the Company at Asia Insurance House, 7-Egerton Road, Lahore at 10.00 A.M on Friday, June 30, 2000 to transact the following Ordinary and Special Business:-

#### **A. ORDINARY BUSINESS**

1. To confirm the minutes of previous General Meeting.
2. To receive, consider and adopt the Accounts of the Company for the year ended December 31, 1999 together with the Report of the Auditors and Directors thereon.
3. To appoint auditors for the year ending December 31, 2000 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

#### **B. SPECIAL BUSINESS**

5. To consider and approve remuneration payable to the directors and the chief executive of the Company as approved by the Board.
6. To consider and approve investment in associated Company.

(See appended statement as required under section 160 (1) (b) of the Companies Ordinance, 1984, in respect of above mentioned Special Business).

**BY ORDER OF THE BOARD**

**MAHMOOD AKHTAR  
COMPANY SECRETARY**

Lahore: June 02, 2000.

#### **NOTES:**

1. The share transfer books of the Company will remain closed from 23rd June, 2000 to 30th June, 2000 (both days inclusive).
2. A member entitled to attend, speak and vote at the meeting is' entitled to appoint a proxy to attend, speak and vote for him/her.
3. An instrument of proxy and the Power of Attorney of the Authority (if any) under which it is signed or a notarially certified copy of such power of authority, in order to be valid, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. Members are requested to notify any change in their address immediately.

### **STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984, REGARDING THE SPECIAL BUSINESS:**

Item No. 5 of Agenda - Remuneration of Chief Executive / Directors

1. According to Government regulations, it is necessary to obtain Shareholders approval for the holding of office of profit by any of the Directors as well as of their remuneration. It is therefore proposed to consider and if thought fit, to pass with or without modification the following as an Ordinary Resolution.

2. "Resolved that approval be and is hereby given for the holding of office of profit with the Company by the Chief Executive and Directors, namely Mr. Zafar Iqbal Sheikh and Mr. Nabeel Zafar Shaikh respectively and payment of remuneration to the Chief Executive upto Rs. 600, 000 and Rs. 120,000 to Director per annum as approved by the Board Effective 1st July, 2000, in accordance with their respective contracts of service and the rules of the Company".

Mr. Zafar Iqbal Sheikh, Chief Executive and Mr. Nabeel Zafar Shaikh Director are interested in this business to the extent of the remuneration payable to them individually.

Item No. 6 of Agenda - to consider and approve investment in associated Company.

2. The Company has decided to purchase shares of Pioneers (Pvt) Ltd., For and up to Rs. 500, 000 with a view to making attractive returns which Pioneers (Pvt) Ltd., Plan to make in the near future.

The shareholders are requested to consider and if thought fit, to pass with or without modification the following special resolution:

1. "Resolved that the Chief Executive of the Company be and is hereby authorised to make investment upto Rs. 500, 000 in shares of Pioneers (Pvt) Ltd., To at the face value of the shares".

This special resolution be and is hereby passed for the purpose of Compliance of Section 208 of the Companies Ordinance 1984.

"Mr. Zafar Iqbal Sheikh, Mr. Tariq Saadat and Mr. Jehangir Shahid Directors of your Company are also Directors of Pioneers (Pvt) Ltd. They are therefore interested in this business".

According to SRO No.634 (I)/96 dated July 30, 1996 the following information is required to be annexed with the special resolution for approval of the investment for the purpose of Section 208 of the Companies Ordinance, 1984.

A) In case of Equity Investment

(i) Name of Investee Companies	Pioneers (Pvt) Ltd.,
(ii) Nature, amount and extent of Investment.	Equity investment total amount of Investment would be up to Rs. 500,000, Approximately 6.5 % of the equity in Pioneers (Pvt) Ltd.,
(iii) Price at which shares to be purchased.	Face value.
(iv) Source of Funds from where Shares will be Purchased.	From own funds.
(v) Period for which investment will be made.	Short term investment.
(vi) Purpose of Investment	Capital gain.
(vii) Benefits likely to accrue to the Company And The Shareholders from the proposed Investment.	Dividend income when declared.

## COMPANY INFORMATION

Chairman	Parvez Saadat Sheikh
Chief Executive	Zafar Iqbal Sheikh B.Com (Hon) M.B.A.A.C.I.I. (London)

Directors	Tariq Saadat Jehangir Shahid Sh. Akhtar Sayeed Nabeel Zafar Shaikh Asim Haleem Sheikh Mohammad Ashraf Ghazala Imran (PIC Nominee)
Joint President	Muhammad Rafi
Legal Advisor	Maqsood Hassan
Company Secretary	Mahmood Akhtar
Auditors	Sher Muhammad Khan & Co., Chartered Accountants
Registered & Head Office	Asia Insurance House 7-Egerton Road, Lahore-54000 Phones: 6363692-93, 6304092-93, 6306057 Fax: 92-42-6368966

## **BRANCH NETWORK**

<b>JAIL ROAD- LAHORE</b>	216-Eden Centre Phone: 7576034 Fax: 7560437
<b>EGERTON ROAD - LAHORE</b>	7-Egerton Road, Phone: 6311956 Fax: 6314373
<b>QUEENS ROAD - LAHORE (I)</b>	3rd Floor, Mumtaz Centre Phone: 6370665
<b>QUEENS ROAD - LAHORE (II)</b>	35-Raja Chambers Phone: 7554409
<b>SIALKOT (I)</b>	Opp: Nishat Cinema Kutchery Road, Phone: 587609 Fax: 263753
<b>SIALKOT (II)</b>	Vains Mansion Room No. 9 Paris Road, Phones: 26 75 72-263 753
<b>FAISALABAD</b>	P-89, Usmanabad Near Rex City Plaza, Phone: 732062
<b>GUJRAT</b>	Railway Road, Opp: HBL Railway Road Branch Phone: 513533
<b>RAWALPINDI</b>	Al-Abbas Market, Adamjee Road, Phone: 565227 Fax: 584697
<b>MARDAN</b>	Bank Road, Phone: 62639
<b>KARACHI</b>	4th floor, Haji Adam Chambers, Altaf Hussain Road, Phones: 2411798-2420511-2420872 Fax: 2422782

## **DIRECTOR'S REPORT**

On behalf of your Directors, it is my pleasure to present the 20th Annual Report and the Audited Accounts of the Company for the year ended 31st December, 1999. The salient Features of the working of the Company during the year are as under.

There is no respite to the deteriorating law and order condition prevailing in the Country which has adversely impacted the growth and profitability of the company. Your company continues to make all possible efforts to control and minimise the loss ratios by improving its underwriting policies, but the claims on account of thefts, dacoities continue to adversely affect Motor Department results. Moreover despite all possible efforts the expenses continue to increase unabated due to prevalent inflationary trends. In the above scenario the future of insurance industry is not very bright, nevertheless, your Company is making all out efforts to improve the working for the coming years.

## **FINANCIAL RESULTS AND APPROPRIATION**

During the year under review the net loss suffered by the Company is Rs. 1,300,545 and after accounting of unappropriated profit of Rs. 1,581,273 brought forward from the previous year and income tax refund Rs. 396,629/- the total amount available is Rs. 677,357/- and proposed its appropriation as under:-

Income Tax Paid & Provision.	Rs. 113,203
Balance Carried to Balance Sheet.	Rs. 564,154

The Department wise performance was as follows:-

### **FIRE DEPARTMENT**

The net premium of this department was Rs. 4.33 M as against Rs. 4.25 M last year. The Claims ratio was 15.88% as compared to 24.76% in 1998. The underwriting profit was Rs. 0.466 M as compared to Rs. 0.921 M in 1998.

### **MARINE DEPARTMENT**

The net premium of the department was Rs. 7.28 M as against Rs. 7.54 M last year. The Claims ratio was 15.17% as compared to 14.30% in 1998. There was underwriting profit of Rs. 1.762 M as against profit of Rs. 1.619 M last year.

### **MOTOR DEPARTMENT**

The net premium of this department was Rs. 7.10 M as against Rs. 6.76 M in 1998. The Claims ratio was 59.78% as against 53.58% in 1998. There was underwriting loss of Rs. 2.31 M as compared to loss of Rs. 1.27M in 1998.

### **AUDITORS**

The Company's Auditors Sher Muhammad Khan & Co., Chartered Accountants retire and offer themselves for reappointment.

### **MISCELLANEOUS**

Pattern of Shareholding is set out on separate page.

### **ACKNOWLEDGMENT**

Your Directors are thankful to the Controller of Insurance, Pakistan Insurance Corporation and the Overseas reinsurers for their whole hearted support and Cooperation. The above results would not have been possible without the support of your Company's esteemed Clients and the efforts of the officers, field force and the staff of your Company. Your Directors record their indebtedness and thanks for this support.

**On behalf of Board of Directors**

**PARVEZ SAADA T**  
**Chairman**

Lahore: 2ND JUNE, 2000.

## **AUDITOR'S REPORT TO THE SHAREHOLDERS**

We have audited the annexed Balance Sheet of "ASIA INSURANCE COMPANY LIMITED" as at December 31, 1999 and the annexed Fire, Marine, Motor and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, the Profit and loss Appropriation Account and the Sources and Application of Funds Statement, together with the Notes forming part thereof, for the year then ended and we state that :-

Depreciation to the extent of Rs. 1,645,990/- on House Property have not been provided in these accounts resulting in understatement of net loss to that extent.

Subject to the foregoing remarks, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, after due verification thereof, we report that:-

1. In our opinion:-

- a) Proper books of account as required by the Companies Ordinance, 1984 have been kept by the company;
- b) The annexed Balance Sheet, Revenue Accounts, the Profit and Loss Accounts and the Profit and Loss Appropriation Account have been drawn up in conformity with the law and are in agreement with the books of account and are further in accordance with the accounting policies consistently applied;
- c) The expenditure incurred during the year was for the purpose of the Company's business;
- d) The business conducted, investments made and expenditure incurred during the year were in accordance with the objects of the Company;
- e) In our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

2. Except for the foregoing remarks in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Fire, Marine, Motor and Miscellaneous Insurance Revenue Accounts, the Profit and Loss Account, the Profit and Loss Appropriation Account and the Sources and Application of Funds Statement, together, with the Notes forming part thereof, give the information required by the law 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, 1999 and the Loss and the Sources and Application of Funds statement for the year then ended.

3. We further report that;

- a) We have verified the Cash in Hand and with Banks, and the Company's Investments by actual inspection or by the production of certificates or other documents;
- b) As per section 40 C (2) of the Insurance Act, 1938 all expenses of Management wherever incurred whether directly or indirectly in respect of Fire, Marine, Motor and Miscellaneous Insurance Business transacted in Pakistan have been fully debited in the respective Revenue Accounts as expenses.
- c) As per regulation 11 of Part 1 of the Third Schedule of the Insurance Act, 1938, the Company has not paid to any person any commission in any form outside Pakistan in respect of the insurance business transacted by the Company in Pakistan and that the Company has not received outside Pakistan from any person any commission in any form in respect of any business, reinsured abroad.

Dated 19-05-2000

9-A (3rd Floor) Imtiaz Plaza,  
company  
85-Shahrah-e-Quaid-e-Azam,

**Sher Muhammad Khan &  
Chartered Accountants**

**BALANCE SHEET AS AT DECEMBER 31, 1999**

<b>CAPITAL AND NOTES</b>	<b>NOTES</b>	<b>1999</b>	<b>1998</b>
<b>SHARE CAPITAL</b>			
Authorised.			
2,500,000 Shares of Rs. 10/- each.		25,000,000	25,000,000
Issued, Subscribed and Paid-Up.		-----	-----
2,500,000 Shares of Rs. 10/- each		25,000,000	25,000,000
<b>RESERVES</b>			
Genera/Reserve.		2,500,000	2,500,000
Unappropriated Profit.		564,154	1,581,273
		-----	-----
		3,064,154	4,081,273
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>	3	15,052,459	15,052,459
<b>BALANCE OF ACCOUNTS</b>			
Fire Insurance Account.		1,732,255	1,700,864
Marine Insurance Account.		2,914,299	3,017,780
Motor Insurance Account.		2,842,802	2,706,176
Miscellaneous Insurance Account.		157,004	469,420
		-----	-----
		7,646,360	7,894,240
<b>LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEAS</b>	4	885,835	1,403,228
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Estimated Liability in respect of outstanding claims whether due or intimated.		1,325,676	1,754,010
Agents Balances		1,080,777	884,680
Amount due to other persons or bodies carrying on insurance Business.		2,450,824	4,843,628
Current Portion of long term Liabilities.		1,212,055	824,279
Sundry Creditors (including outstanding and accrued expenses)		2,732,490	3,001,551
Premium Deposits.		4,107,249	3,496,684
Bank Overdraft.		1,533,542	844
		-----	-----
		14,442,613	14,805,676
		-----	-----
	Rupees	66,091,421	68,236,876
		=====	=====
<b>PROPERTY AND ASSETS:</b>			
<b>INVESTMENT AT COST</b>			
Deposit with State Bank of Pakistan.			
Defence Saving certificates.		100,000	100,000
National Investment Trust Units.		255,000	255,000
11% Government of Pakistan Loan 2001.		50,000	50,000
		-----	-----
		405,000	405,000
Ordinary Shares Joint Stock			

Companies.		1,114,975	1,114,975
National Investment Trust Units.		--	1,764,628
Defence Saving certificates.		100,000	100,000
		-----	-----
		1,619,975	3,384,603
House Property	5	32,879,804	17,056,249
<b>ADVANCE FOR PURCHASE OF BUILDING.</b>		--	15,000,000
<b>FURNITURE, FIXTURE, OFFICE EQUIPMENTS AND VEHICLES. ASSETS SUBJECT TO FINANCE LEASE.</b>		4,032,240	5,272,494
		2,801,055	2,424,446
<b>CURRENT ASSETS.</b>			
Outstanding Premium.		6,372,676	8,276,518
Amount due from other persons or bodies carrying on Insurance business.		8,164,587	7,438,558
Sundry Debtors.		2,185,254	1,487,290
Agents Balances.		1,119,857	722,152
Cash at Banks:			
Deposit Accounts.		6,544,720	6,573,653
Current Accounts.		371,253	600,913
		-----	-----
		6,915,973	7,174,566
		-----	-----
		24,758,347	25,099,084
		-----	-----
	Rupees	66,091,421	68,236,876
		=====	=====

**DIRECTOR'S CERTIFICATE:****We certify That:-**

- Investments have been shown in Balance Sheet at cost or book value.
- The value of Assets has been reviewed as at December 31, 1999 and that in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their Realisable Value or Market Value under the Several headings.

NOTE: The annexed notes form an integral part of these accounts.

**TARIQ MAHMOOD**  
Manager Accounts

**ZAFAR IQBAL SHEIKH**  
Chief Executive

**PARVEZ SAADAT**  
Chairman

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**1999**

**1998**

Expenses of Management (not applicable to any fund or Account).	450,000	450,000
Director's Fee and Travelling.	16,910	1,500
Bonus to Staff.	393,452	753,483
Preliminary Expenses Written off.	--	43,312
Zakat.	55,354	68,144
Under writing Expenses.	--	225,000
Depreciation.	797,912	1,175,920
Depreciation on leased assets.	515,945	431,061
Loss on Sale of Investment.	698,531	--
Profit for the year carried to Profit and Loss Appropriation Account.	--	1,229,430
	-----	-----
Rupees	2,928,104	4,377,850
	=====	=====
Interest and Dividend.	587,818	763,877
Less: Income Tax Deducted at Source	47,006	23,567
	-----	-----
	540,812	740,310
Profit (Loss) transferred from:		
Fire Revenue Account.	466,510	921,498
Marine Revenue Account.	1,762,924	1,619,418
Motor Revenue Account.	(2,314,537)	(1,274,189)
Miscellaneous Revenue Account.	246,774	(2,886)
	-----	-----
	161,671	1,263,841
Miscellaneous Income.	--	3,100
Exchange Profit.	--	45,308
Profit on Sale of Assets.	580,836	2,325,291
Rental Income	344,240	--
Loss for the year Carried to Profit and Loss Account Appropriation Account.	1,300,545	--
	-----	-----
Rupees	2,928,104	4,377,850
	=====	=====

### **PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1999**

Income Tax paid assessment year 1999-2000.	--	25,000
Income Tax Deducted at Source Assessment Year 2000-2001.	113,203	141,101
Loss for the year brought down From Profit and Loss Account.	1,300,545	--
Balance Carried to Balance Sheet.	564,154	1,581,273
	-----	-----
Rupees	1,977,902	1,747,374

Balance Brought Forward From Previous year.	1,581,273	517,944
Determined Income Tax Refund Assessment year 1999-2000.	396,629	--
Profit for the year Brought Down from Profit and Loss Account.	--	1,229,430
	-----	-----
Rupees	1,977,902	1,747,374
	=====	=====

NOTE: The annexed notes form an integral part of these accounts.

**TARIQ MAHMOOD**  
Manager Accounts

**ZAFAR IQBAL SHEIKH**  
Chief Executive

**PARVEZ SAADA T**  
Chairman

### **FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1999**

	<i>1999</i>	<i>1998</i>
<b>CLAIMS UNDER POLICIES (Less Re-Insurance).</b>		
Paid during the year.	693,053	1,029,367
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	227,131	232,214
	-----	-----
Less: Outstanding at the end of the previous year.	920,184	1,261,581
	232,214	209,457
	-----	-----
Commission.	687,970	1,052,124
Expenses of Management.	2,335,860	2,452,083
Profit Transferred to Profit and Loss Account.	808,906	493,975
Balance of Account at the end of the year as shown in the Balance Sheet.	466,510	921,498
Reserve for Un-expired Risks being 40% of the premium Income of the year.	1,732,255	1,700,864
	-----	-----
Rupees	6,031,501	6,620,544
	=====	=====
<b>BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR.</b>		
Reserve for Un-expired Risks.	1,700,864	2,368,384
Premium Less: Re-Insurance.	4,330,637	4,252,160
	-----	-----
Rupees	6,031,501	6,620,544
	=====	=====

### **DIRECTOR'S CERTIFICATE**

We certify that all expenses of Management wherever incurred, whether directly or indirectly, and all charges incurred in respect of Fire Insurance Business transacted by the Company in Pakistan have been fully debited in the above revenue account as expenses.

NOTE: The annexed notes form an integral part of these accounts.

## MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1999

### CLAIMS UNDER POLICIES (Less: Re-Insurance).

Paid during the year.	1,416,837	1,109,017
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	373,294	684,435
	-----	-----
	1,790,131	1,793,452
Less: Outstanding at the end of the previous year.	684,435	714,408
	-----	-----
	1,105,696	1,079,044
Commission.	2,320,916	2,505,439
Expenses of Management.	2,199,692	1,922,614
Profit Transferred to Profit and Loss Account.	1,762,924	1,619,418
Balance of Account at the end of the year as shown in the Balance Sheet.		
Reserve for Un-expired Risks being 40% of the premium Income of the year.	2,914,299	3,017,780
	-----	-----
	10,303,527	10,144,295
	=====	=====
	Rupees	

### BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR.

Reserve for Un-expired Risks.	3,017,780	2,599,844
Premium Less: Re-Insurance.	7,285,747	7,544,451

### DIRECTOR'S CERTIFICATE

We certify that all expenses of Management wherever incurred, whether directly or indirectly, and all charges incurred in respect of Marine Insurance Business transacted by the Company in Pakistan have been fully debited in the above revenue account as expenses.

Rupees

	-----	-----
	10,303,527	10,144,295
	=====	=====

**TARIQ MAHMOOD**  
Manager Accounts

**ZAFAR IQBAL SHEIKH**  
Chief Executive

**PARVEZ SAADAT**  
Chairman

## MOTOR INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1999

	<i>1999</i>	<i>1998</i>
<b>CLAIMS UNDER POLICIES (Less Re-Insurance).</b>		
Paid during the year.	4,349,269	3,498,564
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	662,176	762,750
	-----	-----
	5,011,445	4,261,314
Less: Outstanding at the end of the previous year.	762,750	636,307
	-----	-----
	4,248,695	3,625,007
Commission-Net.	2,057,226	1,916,168

Expenses of Management.	2,978,996	2,481,833
Balance of Account at the end of the year as shown in the Balance Sheet.		
Reserve for Un-expired Risks being 40% of the premium Income of the year.	2,842,802	2,706,176
	-----	-----
Rupees	12,127,719	10,729,184
	=====	=====
<b>BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR.</b>		
Reserve for Un-expired Risks.	2,706,176	2,689,556
Premium Less: Re-Insurance.	7,107,006	6,765,439
	-----	-----
Loss transferred to Profit and Loss Account.	2,314,537	1,274,189
	-----	-----
Rupees	12,127,719	10,729,184
	=====	=====

**DIRECTOR'S CERTIFICATE**

We certify that all expenses of Management wherever incurred, whether directly or indirectly, and aft charges incurred in respect of Motor Insurance Business transacted by the Company in Pakistan have been fully debited in the above revenue account as expenses.

NOTE: The annexed notes form an integral part of these accounts.

### MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1999

**CLAIMS UNDER POLICIES (Less Re-Insurance).**

Paid during the year.	69,444	140,621
Estimated Liability in respect of outstanding claims at the end of the year whether due or intimated.	63,075	74,611
	-----	-----
	132,519	215,232
Less: Outstanding at the end of the previous year.	74,611	83,304
	-----	-----
	57,908	131,928
Commission.	282,402	602,116
Expenses of Management.	117,841	367,134
Profit Transferred to Profit and Loss Account.	246,774	--
Balance of Account at the end of the year as shown in the Balance Sheet.		
Reserve for Un-expired Risks being 40% of the premium Income of the year.	157,004	469,420
	-----	-----
Rupees	861,929	1,570,598
	=====	=====

**BALANCE OF ACCOUNT AT THE BEGINNING OF THE YEAR.**

Reserve for Un-expired Risks.	469,420	394,161
Premium Less: Re-Insurance.	392,509	1,173,551
Loss transferred to Profit and Loss Amount.	--	2,886

**DIRECTOR'S CERTIFICATE**

We certify that all expenses of Management wherever incurred, whether directly or indirectly, and all charges incurred in respect of Miscellaneous Insurance Business transacted by the Company in Pakistan have been fully debited in the above revenue account as expenses.

Rupees	861,929	1,570,598
	=====	=====

NOTE: The annexed notes form an integral part of these accounts.

**TARIQ MAHMOOD**  
Manager Accounts

**ZAFAR IQBAL SHEIKH**  
Chief Executive

**PARVEZ SAADAT**  
Chairman

**STATEMENT OF SOURCES AND APPLICATION OF FUND (CASH FLOW)  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<i>1999</i>	<i>1998</i>
<b>CASH FLOW FROM OPERATING ACTIVITIES.</b>		
Net (Loss)/Profit before Taxation.	(1,300,545)	1,229,430
Adjustments:		
Depreciation.	1,313,857	1,606,981
Profit on sale of Assets.	(580,836)	(2,325,291)
Loss on sale of Investment.	698,531	--
Expenses on Issuance of Right Shares		225,000
Rental Income.	(344,240)	--
Preliminary Expenses Written Off.	--	43,312
(Decrease)/Increase in Reserve for un-expired Risk.	(247,880)	(157,705)
Interest Received (Net).	(540,812)	(740,310)
	-----	-----
	298,620	(1,348,013)
	-----	-----
Operating (Loss) / Profit before Working Capital changes.	(1,001,925)	(118,583)
(Increase) / Decrease in Current Assets.		
Outstanding Premium.	1,903,842	1,916,823
Amount due from other persons or bodies carrying on Insurance Business.	(726,029)	(900,707)
Sundry Debtors.	(697,964)	364,770
Agents Balances.	(397,705)	(411,873)
	-----	-----
	82,144	969,013
Increase / (Decrease) in Current Liabilities.		
Outstanding Claims.	(428,334)	110,534
Agent Balances.	196,097	(542,556)
Amount due to other persons or bodies carrying on Insurance Business.	(2,392,804)	(1,960,917)
Sundry creditors.	(269,061)	1,625,098
Premium Deposits.	610,565	1,534,301
Bank Overdrafts.	1,532,698	(1,153,010)
	-----	-----
	(750,839)	(386,550)
	-----	-----
	(1,670,620)	463,880
Determined Income Tax Refund.	396,629	--
	-----	-----
Cash used in from Operations.	(1,273,991)	463,880
Income Tax Paid.	(113, 203)	(166,101)
	-----	-----

Net. Cash used in operating Activities.	(1,387,194)	297,779
---	-------------	---------

**CASH FLOW FROM INVESTING ACTIVITIES.**

Sale proceeds of Furniture, Office Equipments and Vehicles.	2,260,554	2,703,850
Furniture, Fixture, Office Equipments and Vehicles acquired.	(1,240,930)	(1,928,492)
Purchase of National Investment Trust Units.	(44,427)	(62,726)
Sale Proceeds of National Investment Trust Units.	1,110,524	--
Interest Received (Net).	540,812	740,310
Building acquired.	(15,823,555)	--
Advance for purchase of Building.	15,000,000	(15,000,000)
Purchase of Defence Saving Certificates	--	(100, 000)
Rental Income.	344,240	--
	-----	-----
Net Cash from Investing Activities.	2,147,218	(13,647,058)

**CASH FLOW FROM FINANCING ACTIVITIES**

Expenses on issuance of Right Shares	--	(225,000)
Proceeds from Issuance of Shares Capital	--	15,000,000
Repayment of Finance Lease Liabilities.	(1,018,617)	(628,000)
	-----	-----
Net Cash used in Financing Activities.	(1,018,617)	14,147,000
	-----	-----
Net (Decrease)/Increase in Cash and Cash Equivalents.	(258,593)	797,721
Cash and Cash Equivalents at beginning of Period.	7,174,566	6,376,845
	-----	-----
Cash and Cash Equivalents at end of Period.	6,915,973	7,174,566
	=====	=====

**TARIQ MAHMOOD**  
Manager Accounts

**ZAFAR IQBAL SHEIKH**  
Chief Executive

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED  
DECEMBER 31, 1999.****1. STATUS.**

Asia Insurance Company Limited was incorporated as a Public Limited Company on December 6, 1979. The Company is listed on the Stock Exchanges at Karachi and Lahore.

**2. SIGNIFICANT ACCOUNTING POLICIES.**

A) These accounts have been prepared under historical cost convention except that the house property has been shown at revalued amount.

B) Premium income is taken into account at the time of issuance of policies.

C) Investments are stated at cost Divided on Investments is accounted for on receipt basis.

D) The Company maintains its reserve for unexpired risks at the end of the year at 40 percent of the net premium income.

E) The outstanding claims at the close of the year have been worked out at Rs. 1,325,676/- As a general policy of the Company being followed consistently over the year no provision of claims where the quantum of loss is not known has been made.

F) Consistent with the past practice .two quarters of the previous year and two quarters of the current year of Retrocession Accounts are provided in the accounts.

G) (i) Fixed Assets are stated at cost less accumulated depreciation calculated on reducing balance as per rates prescribed for income tax purpose. Depreciation to the extent of Rs. 1,643,990/- on House Property has not been provided in these

accounts.

(ii) No depreciation is provided on assets in the year of sale while full year's depreciation is charged in the year of purchase. Gain/Loss on disposal of assets, if any, is included in the income of the year.

H) Expenses of Management after adjustment of write backs and administrative surcharges are allocated to various Revenue Accounts on the basis of gross direct premium.

I) The company operates a Provident Fund Scheme for its employees and contributions are made monthly to cover obligation under the Scheme.

J) Bonus to staff is accounted for in the year it is paid.

### 3. SURPLUS ON REVALUATION OF FIXED ASSETS.

In December 1998 the house property was revalued which resulted in a surplus of Rs. 15,052,459/- over the written down value.

### 4. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE.

The amount of future payments and the period in which these payments will become due are.

	<i>1999</i>	<i>1998</i>
1999.	--	1,157,160
2000.	1,611,017	1,227,677
2001.	868,225	484,885
2002.	120,845	--
	-----	-----
	2,600,087	2,869,722
Less: Finance Charges not due.	502,197	642,215
	-----	-----
	2,097,890	2,227,507
Less: Current portion shown under current Liabilities.	1,212,055	824,279
	-----	-----
Rupees	885,835	1,403,228
	=====	=====

These represent finance lease entered into with leasing companies for Vehicles and office equipments. Rates of Financial charges ranging from 25% to 27% per annum are used as discounting factors.

At the end of lease period the ownership of assets shall transfer to the company on payment of residual values.

These are secured by the personal guarantees of the directors of the company and security deposits.

### 5. REVALUATION OF FIXED ASSETS.

House Property was revalued in 1998. The revaluation resulted in a surplus of Rs. 15,052,459/- over the written down value of the house property as appearing in the books as on December 31, 1998.

### 6. COMMISSION.

Guidelines given by Insurance Association of Pakistan have been followed in respect of recognition of commission in these accounts.

### 7. TAXATION.

The Income Tax Assessments stand finalised upto Assessment Year 1999-2000. The determined Income Tax refund and Income Tax paid in advance is considered sufficient to meet tax liability.

### 8. OUTSTANDING PREMIUMS.

These are unsecured, recoverability of these balance could not be confirmed. However the management considers these balances to be accurately stated.

### 9. BALANCE CONFIRMATIONS.

A) Sundry debtors and balances due from/to the Company in respect of premium deposits and commissions remained unconfirmed. These are however considered good by the management.

B) Continuing efforts by the management to have figures confirmed, reconciled and agreed, the balances due from and due to other persons or bodies carrying on insurance business within and outside Pakistan remained unconfirmed. The management, however; considers the balances in these accounts to be fully recoverable.

## 10. FIGURES

A) In these accounts are rounded off to the nearest rupee.

B) Of the previous year are re-arranged, wherever necessary, for the purpose of comparison.

**TARIQ MAHMOOD**  
Manager Accounts

**PARVEZ SAADAT**  
Chairman

**ZAFAR IQBAL SHEIKH**  
Chief Executive

## 11. SCHEDULE OF INVESTMENT

### FULLY PAID ORDINARY SHARES OF CONCERNS IN PAKISTAN

A. LISTED COMPANIES	FACE VALUE	COMPANY'S NAME	BOOK VALUE
<b>NO. OF SHARES</b>			
6196	10/-	National security Ins Co Ltd	78,307
180	10/-	General Type & Rubber Company of Pakistan	3,448
200	10/-	Suhail Jute Mills Limited	1,820
5625	10/-	Brothers Textile Limited	82,200
5350	10/-	Khalid Siraj Textiles Limited	80,300
5843	10/-	Firs t IBL Modaraba	107,300
6000	10/-	B.R.R. 2nd Modaraba	88,600
1250	10/-	B.R.R. 2nd Modaraba (R)	12,500
12700	5/-	First Habib Modaraba	61,000
37700	5/-	First Habib Modaraba (R)	188,500
15000	10/-	Sulman Noman Enterprises Ltd.	182,750
1000	10/-	Tawakkal Polyester Inds Ltd.	27,000
5000	10/-	Haseeb Waqas Sugar Mills Ltd.	116,250
210	10/-	Islamic Investment Bank Ltd.	5,000
<b>B. UNLISTED COMPANIES</b>			
1000	100/-	G.M. Fur Leather Industry	80,000
<b>C. OTHER</b>			
20000 Units	10/-	N.I. T. Units	255,000
		- Defence Saving Certificates	200,000
		- Federal Government Securities	50,000
		Total A+B+C.	Rs. 1,619,975
		Market Value as at 31st December, 1999.	Rs. 950,881

## 12. SCHEDULE OF DISPOSAL OF FIXED ASSETS AS AT 31ST DECEMBER, 1999.

Particulars	Cost	Accumulated	Book	Sale	Profit	Particulars of	Mode of
-------------	------	-------------	------	------	--------	----------------	---------

	<i>Depreciation</i>	<i>Value</i>	<i>Price</i>	<i>(Loss)</i>	<i>Purchaser</i>	<i>Disposal</i>
<b>Motor Cars.</b>						
LOJ-525	83,374	16,675	66,699	100,000	33,301 Mr. Muhammad Qadeer 502 El Johar Town Lahore.	Negotiation
KAQ-2636	3,356	671	2,685	15,700	13,015 Mr. Muhamamd Sarwar G/No.24 Al-Faisal Town Lahore.	Negotiation
LOM-1836	54,002	10,800	-43,202	175,000	131,798 Mr. Mohammad Sohail Iqbal 24/A 140/S Suhail Shaheed Road Ichera Lahore.	Negotiation
LOW-1513	345,600	69,120	276,480	450,000	173,520 Adjusted against Claim	
LOM-107	204,800	40,960	163,840	170,000	6,160 Mr. Ali Amjad Malik 43-A Model Town Lahore.	Negotiation
LOY-7613	422,443	84,489	337,954	337,954	-- Pakistan Industrial Leasing Corporation Kashmir Road, Lahore.	Negotiation
KCB-7567	22,800	4,560	18,240	21,000	2,760 Mr. Muhammad Tariq H.No.370/102 Digi Mohala Lahore.	Negotiation
STJ-1524	73,000	14,600	58,400	65,000	6,600 Adjusted against Claim	
LOT-410	54,272	10,854	43,418	225,000	181,582 Mr. Muhammad Aslam Lahore.	Negotiation
LXF-4825	334,400	--	334,400	366,500	32,100 Mr. Khawar Hayat 20-C 2, Gulberg III Lahore.	Negotiation
	----- 1,598,047 =====	----- 252,729 =====	----- 1,345,318 =====	----- 1,926,154 =====	----- 580,836 =====	

**13. REMUNERATION OF CHIEF EXECUTIVE AND DIRECTOR**

	<i>CHIEF EXECUTIVE</i>	<i>DIRECTOR</i>
Managerial Remuneration	240,000	60,000
House Rent & Utilities	120,000	30,000
Bonus	30,000	7,500
Total	390,000	97,500
Number of Persons	2	--

The Chief Executive and the director have been provided with free use of Company's transport & telephone at their residence.

**14. AUDITORS REMUNERATION**

Audit Fee	30,000
Tax Advisory Services	20,000
	----- 50,000

**TARIQ MAHMOOD**  
Manager Accounts

**ZAFAR IQBAL SHEIKH**  
Chief Executive

**PARVEZ SAADA T**  
Chairman

**CLASSIFIED SUMMARY OF ASSETS  
AS AT 31ST DECEMBER, 1999**

**FORM "AA".**

<i>CLASS OF ASSETS</i>	<i>BOOK VALUE</i>	<i>MARKET REALIZABLE VALUE.</i>	
Pakistan Central Government Securities	50,000	50,000	Book Value
Defence Saving Certificates	200,000	200,000	Market Value
National Investment Trust Units	255,000	201,000	do
Ordinary Share Joint Stock companies	1,114,975	499,881	do
House Property	32,879,504	32,879,804	do
Furniture, Fixture, Equipments & Vehicles	4,032,240	4,032,240	Book Value
Assets Subject to Finance Lease	2,801,055	2,801,055	Book Value
Outstanding Premium	6,372,676	6,372,676	Realizable Value
Amounts due from other persons or Bodies			
Carrying on Insurance Business	8,164,587	8,164,587	do
Sundry Debtors	2,185,254	2,185,254	do
Agent Balance	1,119,857	1,119,857	do
Cash on Fixed Deposit	6,544,720	6,544,720	Actual
Cash in Hand and with Bank on Current Account.	371,253	371,253	Actual

**PATTERN OF HOLDING OF THE SHARES HELD  
BY THE SHARE HOLDERS AS AT DECEMBER 31, 1999**

<i>No. of Share Holders</i>		<i>Shareholding</i>		<i>Total Shares Held</i>
3	From	1	to	100 Shares 102
6	From	101	to	500 Shares 2,600
1	From	501	to	1,000 Shares 1,000
.12	From	1,001	to	50,000 Shares 40,800
6	From	5,001	to	10,000 Shares 47,600
6	From	10,001	to	15,000 Shares 70,100
1	From	15,001	to	20,000 Shares 19,500
2	From	20,001	to	25,000 Shares 50,000
1	From	25,001	to	30,000 Shares 27,000
2	From	30,001	to	35,000 Shares 65,700
2	From	40,001	to	45,000 Shares 89,125
4	From	45,001	to	50,000 Shares 197,900
1	From	50,001	to	55,000 Shares 54,802
2	From	70,001	to	75,000 Shares 150,000
1	From	80,000	to	90,000 Shares 90,000
1	From	100,000	to	105,000 Shares 101,496
3	From	150,000	to	180,000 Shares 501,600
3	From	182,000	to	195,000 Shares 564,275
1	From	425,000	to	430,000 Shares 426,400

58

2,500,000

**Categories of Shareholders**

	<b>Number</b>	<b>Share Held</b>	<b>Percentage</b>
Individuals	57	2,475,000	99%
Insurance	1	25,000	1%
	-----	-----	-----
	58	2,500,000	100%
	=====	=====	=====