



***askari general insurance co. ltd.***

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### Vision

The vision of the  
**askari general insurance company limited**  
is to be amongst the leading insurance companies of the Country  
with the clear perception of  
upholding the principles of  
corporate governance and making  
**agico**  
a profitable and growth oriented insurance company  
while creating insurance awareness and culture.

### Mission

To become a leading insurance company  
by providing client friendly services  
through highly motivated team of dedicated professionals  
and  
ensuring progressive return to the shareholders



## Corporate Information

Chairman	Lt. General (Retd.) Imtiaz Hussain
Directors	Brig (Retd.) Javed Qayum Mr. Kashif Mateen Ansari Brig (Retd.) Mushtaq Ahmad Malik Mr. Abdul Waheed Syed Suhail Ahmad Rizvi Mr. Abdul Hai Mahmood Bhaimia
Audit Committee	Mr. Abdul Waheed Chairman Syed Suhail Ahmad Rizvi Member Brig (Retd.) Mushtaq Ahmad Malik Member
President & Chief Executive	Mr. Mohammad Hussain Hirji
Company Secretary/CFO	Mr. Waseemullah
Auditors	KPMG Taseer Hadi & Company Chartered Accountants
Legal Advisors	Mr. Farrukh Karim Qureshi
Bankers	Askari Bank Limited Habib Bank Limited Standard Chartered (Pakistan) Limited
Registrar and Share Transfer Office	THK Associates (Private) Limited Ground Floor, State Life Building No. 3 Dr. Zia ud Din Ahmad Road, Karachi-75530, P.O Box 8533 UAN: 111-000-322 Fax: 021-5655595
Registered Office/Head Office	4th Floor, AWT Plaza, The Mall, Rawalpindi, Pakistan Tel: 051-9272425-7 Fax: 051-9272424 Website: <a href="http://www.agico.com.pk">www.agico.com.pk</a>

## Management

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### **President & Chief Executive**

Mr. Mohammad Hussain Hirji

### **Senior Vice Presidents**

Mr. Waseemullah (CFO)

Mr. Muhammad Iqbal

Engr. Ehtesham Malik

Mr. Najam Irshad

### **Vice Presidents**

Maj. (Retd.) Muhammad Ajmal Khan

Mr. Sohail Khalid

Mr. Ali Munem Shamsi

Mr. Jamil Ahmed (ACA)

### **Assistant Vice Presidents**

Mr. Ghulam Asghar

Mr. Sohail Younas

Mr. Ashraf Malik (Advocate)

Syed Tazeem Hussain

Mr. Kashif Gul

### **Managers**

Syed Gulzar Hussain Shah

Mrs. Talat Raza

Mr. Noor Afsar

Mr. Muhammad Ali Somroo

Mrs. Samina Khan

Mr. Gulfaraz Anis

Syed Ishtiaq Haider

Mr. Mohammad Riaz Khan

Mr. Fayyaz Gul

Mr. Imran Afzal

Mr. Taqi uddin

Mr. Tahir Fazal

Mr. Shahid Qayum

### **Health**

Dr. Syed Tanveer Rauf

Dr. Aamir Iftikhar Adam

Dr. Asma Janjua

Dr. Muhammad Shakeel Ahmed

### **Internal Auditor**

Syed Imran Abid Bukhari

### **Executive Vice Presidents (Marketing)**

Syed Hassan Nadeem

Rana Shahbaz Ahmad

### **Senior Vice Presidents (Marketing)**

Mr. Shah Saud Mirza

Ch. Shams ul Haq

Mr. Sarfaraz Ahmad Tarrar

Mr. Shah Rukh

### **Vice Presidents (Marketing)**

Sheikh Muhammad Hanif

Sheikh Abdul Wahab

Mr. Mubashar ul Hassan

Mr. Tahir ul Haq

Mr. Moeen ud Din

Mr. Arif Tanveer

Mr. Tahir Ahmed Tayyab

### **Assistant Vice Presidents (Marketing)**

Mr. Aslam Ikramzai

Mr. Ehsan Ullah Warriach

Syed Hassan Zaheer

Mr. Azhar Iqbal Bajwa

Mr. Nasir Ehsan

Mr. Fayyaz Ahmed Khan

Mr. Asif Akhtar



## Branch Network

### Head Office (051)

#### (Underwriting / Reinsurance Deptt.)

askari insurance house,  
32- A, Hyder Road, Rawalpindi Cantt.  
Ph: 9273661-2, Fax: 9273660  
e-mail: agicoho@agico.com.pk

### Rawalpindi (051)

National Business Centre,  
Shamsabad, Murree Road, Rawalpindi.  
Ph: 9290479, 9290489, Fax: 9290499  
e-mail: agicorvp@agico.com.pk

### Islamabad (051)

11-West Jinnah Avenue,  
Blue Area Islamabad.  
Ph: 2279565, 2270471-3, Fax: 2279566  
e-mail: agicoisb@agico.com.pk

### Jhelum (0544)

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Civil Line, Jhelum.  
Ph: 9270339, Fax: 9270374  
e-mail: agicojlm@agico.com.pk

### Lahore-I (042)

3rd Floor, Al-Malik Plaza,  
19 Davis Road, Lahore.  
Ph: 6308633-4, 6287780, Fax: 6308635  
E-mail: agicolhr@agico.com.pk

### Lahore-II (042)

2nd Floor Al-Malik Plaza,  
19 Davis Road, Lahore.  
Ph: 6287933-5, Fax: 6287936  
E-mail: agicolhr2@agico.com.pk

### Gujranwala (055)

1st Floor, Al-Azhar Plaza,  
Opp. Iqbal High School,  
Ghala Mandi, G.T. Road, Gujranwala.  
Ph: 3856324, 3734326, Fax: 3856325  
e-mail: agicogrw@agico.com.pk

### Sailkot (052)

1st Floor, Oberoi Co-Operative Building,  
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### Karachi-I (021)

3rd Floor, AWT Plaza,  
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### Karachi-II (021)

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Mezzanine Floor,  
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Ph: 4306704-6, Fax: 4306709-10

### Quetta (081)

1st Floor, Taj Centre,  
Jinnah Road, Quetta.  
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e-mail: agicoqta@agico.com.pk

### Sargodha (0483)

43-44, Rehman Business Centre,  
2nd Floor, University Road, Sargodha.  
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e-mail: agicosgd@agico.com.pk

### Abbottabad (0992)

Room-10, Silk Plaza,  
Manshra Road, Abbottabad.  
Ph: 342439  
e-mail: agicoabt@agico.com.pk

### Faisalabad (041)

2nd Floor, Platinum Centre,  
Kotwali Road, Faisalabad.  
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### Multan (061)

Golden Heights, Near High Court,  
Nusrat Road, Multan Cantt.  
Ph: 4547842, Fax: 4547862  
e-mail: agicomtn@agico.com.pk

### Peshawar (091)

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The Mall, Peshawar Cantt.  
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e-mail: agicops@agico.com.pk

### Bahawalpur (0622)

2nd Floor, Shahab Plaza,  
Chowk one unit, Bahawalpur.  
Ph: 284201, Fax: 284203  
e-mail: agicobwp@agico.com.pk

### Hyderabad (022)

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Thandi Sarak, Hyderabad.  
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## NOTICE OF 14<sup>th</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of **askari general insurance company limited** ("the Company") will be held on Thursday, April 30, 2009 at 10:00 am at Blue Lagoon Complex, Masood Akhtar Road (off. The Mall) Rawalpindi Cantt, to transact the following business:

- 1 To confirm the minutes of the 13<sup>th</sup> Annual General Meeting held on March 31, 2008.
- 2 To receive, consider and adopt the Annual Audited Financial Statements together with Directors and Auditors Reports thereon for the year ended December 31, 2008.
- 3 To appoint Auditors of the Company for the year 2009 and to fix their remuneration.
- 4 To transact any other business with the permission of the Chair.

By the order of the Board



**Waseemullah**  
Company Secretary

**Dated. 03 April, 2009**

### Notes

1. The Share Transfer Book of the Company will remain closed from April 24, 2009 to April 30, 2009 (both days inclusive) Transfers received at our Registrars, Messrs THK Associate (pvt) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmad Road, Karachi at the close of business on April 23, 2009 will be treated in time.
2. Members of the Company are requested to immediately notify the change in address if any, and ask for consolidation of folio number, provided the member holds more than one folio, to our registrar M/s THK Associate (Pvt) limited
3. (a) A Member is entitled to attend and vote at the General Meeting as well as appoint a proxy to attend, speak and vote on his/her behalf. A proxy must be a member of the Company. The proxy form, duly completed, in order to be effective must be received by the company at its registered office at least 48 Hours before the time of meeting.  
(b) CDC shareholders entitled to attend and vote at this meeting will further follow the guidelines as laid down in circular No 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.



## Directors' Report to the Shareholders

The Directors are pleased to present the 14<sup>th</sup> Annual report of **askari general insurance company limited** along with the audited Financial Statements and Auditor's Report therein for the year ended 31<sup>st</sup> December 2008.

2008 has been a year of steady progress for the Company. Gross written premium grew by an impressive 21% crossing the milestone of Rs. 1.0 Billion for the first time in the Company's history. Overall, 2008 was a tough year for the general insurance industry and insurers suffered on account of investment losses and a general slowing down of business a result of the international economic crisis. The large scale rioting that followed the tragic assassination of Mohtarma Benazir Bhutto impacted 2008 losses as well. By the grace of the Almighty Allah, the Company was able to sustain the financial strain and was able to post a positive result.

Underwriting profit of the Company in 2008 declined by 8.53 % to Rs. 73.00 Millions as compared to Rs.79.80 Millions in 2007. This was an impressive result under difficult circumstances and reflects the good quality of underwriting. On the investment front as well, the Company suffered an impairment of Rs. 108 Million on the available for sale portfolio. This impairment was generally speaking quite benign as compared to the investment losses suffered by the industry as a whole, again reflecting the prudent investment policy followed by the Company. The impairment has been deferred to 2009 as allowed by the Securities & Exchange Commission of Pakistan (SECP) through its Circular No. 3/2009 dated 16<sup>th</sup> February 2009.

Had the company recognized the impairment loss of Rs.108 Million, its profits before and after tax would have decreased by a similar amount and the EPS would have come down by Rs. 5.34. However, we expect the equity markets to rise as interest rates come down and the liquidity position improves in the credit market, thus resulting in mitigation of the impairment loss to some extent.

### KEY OPERATION FIGURES

(Rupees in million)

	2008	2007	Growth %
Gross Premium	1,002.65	829.10	21
Net Premium Revenue	650.43	583.32	12
Underwriting Profit	72.99	79.80	(9)
Income from Investment	12.54	51.76	(76)
Profit Before Tax	17.39	69.99	(75)
Profit After Tax	6.66	51.72	(87)
Provision for unearned premium	467.78	353.18	32
Total Assets	1,217.25	1,117.54	9

### UNDERWRITING PERFORMANCE

#### FIRE AND PROPERTY DAMAGE

	2008	2007
Gross Premium	151.66	140.06
Net Premium Revenue	34.73	23.93
Net Claims	25.33	9.90
Underwriting profit/(loss)	(2.65)	2.73

#### MARINE, AVIATION AND TRANSPORT

Gross Premium	125.63	90.46
Net Premium Revenue	28.95	30.67
Net Claims	3.70	11.29
Underwriting profit	13.10	7.10

#### MOTOR

Gross Premium	432.14	373.85
Net Premium Revenue	386.24	359.44
Net Claims	244.83	248.97
Underwriting profit	55.20	43.09



<b>ACCIDENT AND HEALTH</b>	(Rupees in million)	
	<b>2008</b>	<b>2007</b>
Gross Premium	<b>240.49</b>	164.18
Net Premium Revenue	<b>192.44</b>	148.35
Net Claims	<b>146.29</b>	104.06
Underwriting profit	<b>5.43</b>	16.24

**MISCELLANEOUS AND TREATY**

Gross Premium	<b>52.74</b>	60.55
Net Premium Revenue	<b>8.07</b>	20.92
Net Claims	<b>3.21</b>	3.77
Underwriting profit	<b>1.92</b>	10.64

**REINSURANCE**

Difficult economic conditions had a dampening effect on industry results in 2008, particularly in the Fire and Property classes of business. The Company's reinsurers have reposed their confidence in the Company's underwriting ability and its reinsurance treaties were favourably renewed for 2009 with enhanced capacities. The Company's reinsurance treaties are led by Hanover Re. Other participating reinsurers are Mitsui Sumitomo, Toa Re and Pakistan Reinsurance Company Limited.

**FINANCIAL RESULTS**

The financial results of the Company for the year ended December 31, 2008 with 2007 comparative figures are summarized hereunder:

	(Rupees in million)	
	<b>2008</b>	<b>2007</b>
Profit from underwriting operations	<b>72.99</b>	79.80
Investment & Other Income	<b>24.50</b>	59.67
General & Administrative expenses including financial charges	<b>(79.75)</b>	(69.47)
Profit before taxation	<b>17.39</b>	69.99
Profit after taxation	<b>6.66</b>	51.73
Un-appropriated profit brought forward	<b>62.89</b>	62.33
Profit available for appropriation	<b>69.55</b>	114.06

**DIVIDEND**

Due to impairment in value of available for sale investments for which no provision has been made in the accounts in accordance with SECP circular # 3 of 2009 as mentioned in note 14.3.1, no dividend has been recommended for 2008. Profit has been appropriated as follows:

	(Rupees in million)	
	<b>2008</b>	<b>2007</b>
<b>Profit available for appropriation</b>	<b>69.55</b>	114.06
Bonus share issued	<b>47.02</b>	36.17
Transfer to general reserve	<b>5.00</b>	15.00
Un-appropriated profit carried forward	<b>17.52</b>	62.89
Earning per share (EPS)	<b>0.33</b>	2.54 (Restated)

**AUDITORS**

The present auditors Messer's KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment as auditors of the Company for the year 2009. The Board, on the proposal of the Audit Committee, recommends appointment of the Messer's KPMG Taseer Hadi & Co., Chartered Accountants, as the Auditors for the year 2009.

**CORPORATE AND FINANCIAL REPORTING FRAME WORK**

1. The financial statements together with the notes forming an integral part of these statements have been prepared by the management of the Company in conformity with the Companies Ordinance 1984 and the Insurance Ordinance 2000, present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of account of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal controls is sound in design and has been effectively implemented and monitored. Internal controls and their implementation are reviewed continuously by the Internal Audit Department and any weakness in controls will be removed.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practice of Code of Corporate Governance as detailed in the listing regulations.
8. Key operational and financial data for the last 10 years is annexed at page 11.
9. There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2008, except as disclosed in the financial statements.
10. The value of investment of provident fund and gratuity fund, on the basis of audited accounts, as on December 31, 2008 was:

(Rupees in million)

	<b>2008</b>	<u>2007</u>
Employees' Provident Fund	<b>23.00</b>	17.80
Employees' Gratuity Fund	<b>15.12</b>	9.65

11. During the year 2008 four meetings of the Board of Directors were held. Attendance by each of the directors was as follows:

	<u>Attendance</u>
a. Lt. Gen. (Retd) Zarrar Azim (Chairman)	03
b. Brig. (Retd.) Javed Qayum	03
c. Mr. Kashif Mateen Ansari	02
d. Brig. (Retd.) Mushtaq Ahmed Malik	02
e. Mr. Abdul Waheed	04
f. Syed Suhail Ahmad Rizvi	04
g. Mr. Abdul Hai Mehmood Bhaimia	03

The Board granted leave of absence to those directors who could not attend the Board Meeting.

No casual vacancy occurred during the year 2008.

12. The pattern of shareholding and additional information regarding pattern of shareholding is given at pages 49-50.
13. The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any trade in the shares of the Company.
14. The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.



## **FUTURE PROSPECTS**

The Company expects the general economic conditions of the country to improve gradually throughout 2009 and the economy to continue thereafter to grow at a healthy rate in the years ahead. The insurance industry will also benefit from this economic growth. As the penetration of insurance in the economy grows this is expected to have a positive compounding effect on the growth and profitability of the insurance sector.

The Company will focus on long-term profitable growth through consolidation, improvement in systems and the quality and knowledge of human resources, and the effective use of technology and management information systems in order to make informed and prudent underwriting and investment decisions. Business volume in real terms is expected to grow in 2009 along with profitability.

## **ACKNOWLEDGEMENTS**

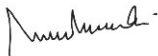
The Directors of your company were elected in the Annual General Meeting held on March 31, 2008 for a period of three years. We would like to take this opportunity to welcome Mr. Kashif Mateen Ansari and Mr Abdul Hai Mehmood Bhaimia on the Board as well as Mr. Mohammad Hussain Hirji as President and Chief Executive.

We would also like to place on record our sincere appreciation and thanks to the outgoing Chairman, Lt. Gen. (Retd.) Zarrar Azim and President and Chief Executive, Mr. Mohammad Jamaluddin for their valuable services and contributions towards the growth and success of the Company.

The encouraging performance of the Company in trying economic and investment conditions was made possible by the commitment and teamwork of its executives, officers and field force. We are also grateful to the Securities and Exchange Commission of Pakistan for its continued guidance and support.

Finally, we are particularly grateful to our shareholders for their valued investment and trust in the Company.

**For and on behalf of the Board**



**Lt. Gen. (Retd.) Imtiaz Hussain  
Chairman**

**April 01, 2009  
Rawalpindi**



## A glimpse of Ten Years Performance

	(Rupees in million)									
31 December	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Profit Before Tax	15.84	20.97	23.48	19.52	22.41	40.91	60.45	84.51	69.99	17.39
Profit After Tax	10.17	13.12	13.59	12.69	15.91	26.91	45.02	57.09	51.73	6.66
Investment and Other Income	13.34	14.81	17.41	26.73	25.80	23.71	33.18	35.79	59.67	24.50
Underwriting Income	15.91	20.69	22.38	13.97	27.54	48.55	69.38	108.81	79.80	73.00
Gross Premium	151.60	191.41	220.11	272.92	383.60	513.34	590.57	717.45	829.10	1,002.65
Net Premium Revenue	88.11	111.94	131.08	155.99	221.83	325.31	432.39	507.24	583.32	650.43
Net Claims	45.01	57.70	79.78	112.31	145.36	205.61	276.10	300.06	378.58	423.39
Paid-Up Capital	57.50	66.13	76.04	81.75	81.75	102.18	102.18	120.58	156.75	203.77
General Reserve	6.50	8.00	10.00	12.00	15.00	15.00	22.50	50.00	65.00	70.00
Underwriting Reserve	35.24	44.77	103.50	135.59	174.23	238.57	273.54	310.47	353.18	467.78
Investments	84.78	102.49	116.87	144.59	147.38	251.82	329.07	380.12	423.23	512.84
Tangible Fixed Assets	17.03	16.48	19.73	19.20	23.65	27.67	43.99	71.16	103.97	126.99
Retained Profit	3.63	5.33	5.51	3.94	4.59	31.50	51.14	62.33	62.89	17.52
Dividend	15% (B)	15% (B)	15% (C)	15% (C)	15% (C)	17.5% (C)	18% (B)	30% (B)	30% (B)	-
Total Assets	150.40	183.25	245.21	301.03	423.77	641.24	732.49	882.80	1,117.59	1,217.25

## Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (the code) contained in Listing Regulations of the Stock Exchanges where the Company's shares are listed, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the 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 all the seven directors are non Executive Directors.
2. The directors have confirmed that none of them is serving as director in more than ten listed companies, including **askari general insurance company limited**.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFI or being a member of the stock exchange, has been declared as a defaulter by that stock exchange.
4. During the year no casual vacancy occurred on the Board of Directors.
5. The Company has prepared a "Code of Conduct and Ethics" which has been signed by all the directors and employees of the Company.
6. The Board has developed a Vision/Mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met 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. Directors of the Company have participated in an orientation course at group level to apprise them of their duties and responsibilities. Directors, who have not participated in these have been apprised and adequately briefed.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The CEO and the CFO duly endorsed the financial statements of the Company before approval of the Board.
13. The Directors, CEO and the Executives do not hold any interest in the shares of the company other than that disclosed in the Pattern of Shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises three members, of which all are non-executive Directors including the Chairman of the Committee.



16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the code. The terms of reference of the Committee were fully complied with.
17. The Board has set-up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a full time basis.
18. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and the minor children do not hold shares of the Company and the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all the material principles contained in the Code have been complied with.

**For and on behalf of the Board**

**Lt. Gen. (Retd.) Imtiaz Hussain  
Chairman**

**April 01, 2009  
Rawalpindi**





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Islamabad, Pakistan

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

We have reviewed the Directors' Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Askari General Insurance Company Limited, ("the Company") to comply with the Listing Regulation No. 37, 36 and Chapter VIII of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to the whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2008.

**April 01, 2009  
Islamabad**

**KPMG Taseer Hadi & Co.  
Chartered Accountants**





KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sixth Floor  
State Life Building No. 5  
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## AUDITORS' REPORT TO THE MEMBERS OF ASKARI GENERAL INSURANCE COMPANY LIMITED

We have audited the annexed financial statements comprising of:

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

of Askari General Insurance Company Limited ("the Company") as at 31 December 2008 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2008 and of the profit, its cash flows and changes in equity for the year then ended in accordance with the approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

April 01, 2009  
Islamabad

KPMG Taseer Hadi & Co.  
Chartered Accountants






**Balance Sheet**


As at 31 December 2008

	Note	2008 (Rupees)	2007 (Rupees)
<b>Share Capital and Reserves</b>			
Authorized share capital 50,000,000 (2007: 25,000,000) ordinary shares of Rs. 10 each		<b>500,000,000</b>	250,000,000
Paid up share capital	6	<b>203,774,920</b>	156,749,940
Share premium account		<b>4,657,681</b>	4,657,681
General Reserve	7	<b>70,000,000</b>	65,000,000
Retained earnings		<b>17,523,626</b>	62,889,187
		<b>295,956,227</b>	289,296,808
<b>Underwriting Provisions</b>			
Provision for outstanding claims (including IBNR)		<b>223,068,789</b>	226,488,978
Provision for unearned premium		<b>467,780,079</b>	353,181,410
Commission income unearned		<b>19,494,486</b>	22,672,698
Total underwriting provisions		<b>710,343,354</b>	602,343,086
<b>Creditors and accruals</b>			
Premiums received in advance		<b>9,017,193</b>	12,454,590
Amounts due to other insurers/reinsurers		<b>93,719,774</b>	109,387,140
Accrued expenses	8	<b>6,254,400</b>	14,223,753
		<b>108,991,367</b>	136,065,483
<b>Borrowing</b>			
Liabilities against assets subject to finance lease	9	<b>1,945,693</b>	3,817,695
<b>Deferred liability-staff compensated absences</b>			
	10	<b>11,496,305</b>	9,894,411
<b>Other Liabilities</b>			
Unclaimed dividend		<b>834,251</b>	836,930
Others	11	<b>87,682,934</b>	75,339,115
		<b>88,517,185</b>	76,176,045
<b>TOTAL LIABILITIES</b>		<b>921,293,904</b>	828,296,720
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,217,250,131</b>	1,117,593,528
<b>CONTINGENCIES AND COMMITMENTS</b>	25		

The annexed notes 1 to 32 form an integral part of these financial statements.

The details of valuation of investments, impairment and impact on profit and loss account are given in note 14.3.1

  
Lt. Gen. (Retd.) Imtiaz Hussain  
Chairman

  
Mohammad Hussain Hirji  
President & Chief Executive



	Note	2008 (Rupees)	2007 (Rupees)
<b>Cash and bank deposits</b>			
Cash and other equivalents	12.1	274,893	206,187
Current and other accounts	12.2	83,332,999	130,169,969
Deposits maturing within 12 months		1,500,000	38,407,306
Deposits maturing after 12 months		-	1,000,000
		<b>85,107,892</b>	169,783,462
<b>Advances to employees-secured, considered good</b>	13	<b>2,955,672</b>	2,816,972
<b>Deferred taxation</b>	5.11	-	4,242,942
<b>Investments</b>	14	<b>512,843,411</b>	423,227,130
<b>Other assets</b>			
Premiums due but unpaid-unsecured, considered good	15	164,540,764	111,350,787
Amounts due from other insurers/reinsurers-unsecured, considered good		61,381,887	61,985,746
Accrued investment income	16	6,423,918	8,863,059
Salvage recoveries accrued		10,940,000	-
Taxation - provision less payment		13,171,847	8,635,996
Reinsurance recoveries against outstanding claims-unsecured, considered good		60,809,689	68,005,053
Deferred commission expense		40,914,441	30,040,452
Prepayments - prepaid reinsurance premium ceded		116,709,351	91,043,236
- Others		7,648,041	11,243,995
Sundry receivables	17	6,816,691	22,383,436
		<b>489,356,629</b>	413,551,760
<b>Fixed assets-tangible</b>	18		
Furniture and fixtures		9,388,087	10,161,164
Computer and office equipment		10,573,122	7,835,115
Motor vehicles		46,818,539	37,979,437
Leasehold improvements		8,664,784	4,298,746
Capital work in progress		51,541,995	43,696,800
		<b>126,986,527</b>	103,971,262
		<b>1,217,250,131</b>	1,117,593,528



Syed Suhail Ahmad Rizvi  
Director



Abdul Waheed  
Director

# Profit and Loss Account

For the year ended 31 December 2008

(Amount in Rupees)

Revenue Account	Note	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Treaty Non-proportional	2008 Aggregate	2007 Aggregate
19		34,734,112 (25,328,583)	28,952,733 (3,095,397)	386,242,453 (244,834,216)	192,437,396 (146,293,959)	8,070,341 (3,212,137)	(8,221)	650,428,814 (423,393,312)	583,321,654 (378,581,217)
20		(19,787,966) 7,730,197	(16,391,210) 4,234,444	(56,331,978) (29,878,273)	(31,376,656) (9,336,234)	(6,881,504) 3,976,883	1,073 1,730	(130,818,241) (23,221,251)	(105,273,568) (19,664,963)
		<b>(2,652,240)</b>	<b>13,100,570</b>	<b>55,197,986</b>	<b>5,430,547</b>	<b>1,953,585</b>	<b>(34,438)</b>	<b>72,996,010</b>	<b>79,801,906</b>
Investment income								12,536,498	51,759,475
Other income	21							7,797,266	2,344,356
Profit on bank deposits								4,198,999	5,515,563
Share of (loss)/profit in associated company								(34,803)	48,725
Finance cost								(346,793)	(382,028)
General and administration expenses	22							(79,387,253)	(69,091,718)
								(55,255,486)	(9,805,627)
Profit before Workers' Welfare Fund								17,740,534	69,986,279
Workers' Welfare Fund								(354,810)	-
Profit before tax								17,385,714	69,986,279
Provision for taxation	23							(10,726,295)	(18,268,238)
Profit after tax								6,659,419	51,728,041
<b>Profit and loss appropriation account</b>									
Balance at commencement of the year								62,899,187	62,334,206
Profit after tax for the year								6,659,419	51,728,041
Bonus shares issued								(47,024,980)	(36,173,060)
Transfer to general reserve								(5,000,000)	(15,000,000)
<b>Balance of unappropriated profit at the end of the year</b>								17,523,626	62,899,187
								(Re-stated)	
								0.33	2.54

## Earning per share-basic and diluted

27

The annexed notes 1 to 32 form an integral part of these financial statements  
The details of valuation of investments, impairment and impact on profit and loss account are given in note 14.3.1

  
Lt. Gen. (Retd.) Imitiaz Hussain  
Chairman

  
Muhammad Hussain Hirji  
President & Chief Executive

  
Syed Suhail Ahmad Rizvi  
Director

  
Abdul Waheed  
Director



## Statement of Changes in Equity

For the year ended 31 December 2008

	Share Capital	Share premium account	General reserve	Retained earnings	Total
Balance as at 01 January 2007	120,576,880	4,657,681	50,000,000	62,334,206	237,568,767
Profit for the year	-	-	-	51,728,041	51,728,041
Transfer to general reserve	-	-	15,000,000	(15,000,000)	-
Bonus shares issued	36,173,060	-	-	(36,173,060)	-
Balance at 31 December 2007	156,749,940	4,657,681	65,000,000	62,889,187	289,296,808
<b>Balance as at January 2008</b>	156,749,940	4,657,681	65,000,000	62,889,187	289,296,808
Profit for the year	-	-	-	6,659,419	6,659,419
Transfer to general reserve	-	-	5,000,000	(5,000,000)	-
Bonus shares issued	47,024,980	-	-	(47,024,980)	-
<b>Balance at 31 December 2008</b>	<b>203,774,920</b>	<b>4,657,681</b>	<b>70,000,000</b>	<b>17,523,626</b>	<b>295,956,227</b>

(Amount in Rupees)

The annexed notes 1 to 22 form an integral part of these financial statements.


Lt. Gen. (Retd.) Imtiaz Hussain  
Chairman

Mohammad Hussain Ilirji  
President & Chief Executive

Syed Suhail Ahmad Rizvi  
Director

Abdul Waheed  
Director

## Statement of Cash Flows

For the year ended 31 December 2008

### Operating Cash Flows

#### a) Underwriting activities:

	2008 (Rupees)	2007 (Rupees)
Premium received	928,422,422	793,583,069
Reinsurance premium paid	(245,619,778)	(137,833,057)
Claims Paid	(515,503,297)	(430,339,948)
Reinsurance and other recoveries received	77,393,736	64,738,662
Commission paid	(81,344,089)	(72,463,390)
Commission received	55,243,229	36,131,740
Other underwriting payments (management expenses)	(122,624,361)	(94,833,144)
<b>Net cash flow from underwriting activities</b>	<b>95,967,862</b>	<b>158,983,932</b>

#### b) Other operating activities:

Income tax paid	(11,019,204)	(40,437,882)
General management expenses paid	(74,565,292)	(58,778,124)
Other operating receipts	959,451	32,791,597
Advances to employees	(138,700)	(922,043)
Other receipts/(payments) on operating assets	14,480,186	(2,941,750)
<b>Net cash used in other operating activities</b>	<b>(70,283,559)</b>	<b>(70,288,202)</b>

#### Total cash flow from all operating activities

25,684,303

88,695,730

#### Investment activities:

Profit/return received	27,130,521	27,566,936
Dividends received	5,115,579	6,037,126
Payments for investments	(212,594,469)	(179,071,277)
Proceeds from disposal of investments	101,838,074	135,808,765
Redemptions of Term Finance Certificates	8,033,430	7,474,365
Fixed capital expenditure	(41,379,940)	(41,317,615)
Proceeds from disposal of fixed assets	3,737,407	1,045,000
<b>Total cash flow used in investing activities</b>	<b>(108,119,398)</b>	<b>(42,456,700)</b>

Dividend paid	(2,679)	(1,259)
Financial charges paid	(365,793)	(382,028)
Payment of lease rentals	(1,872,003)	(2,471,129)
<b>Total cash used in financing activities</b>	<b>(2,240,475)</b>	<b>(2,854,416)</b>

#### Net cash (used in)/generated from all activities

(84,675,570)

43,384,614

#### Cash at the beginning of the year

169,783,462

126,398,848

#### Cash at the end of the year

85,107,892

169,783,462

The annexed notes 1 to 32 form an integral part of these financial statements.

Lt. Gen. (Retd.) Imtiaz Hussain  
Chairman

Mohammad Hussain Hirji  
President & Chief Executive

Syed Sahail Ahmad Rizvi  
Director

Asif Waheed  
Director



## Statement of Cash Flows

For the year ended 31 December 2008

	2008 (Rupees)	2007 (Rupees)
<b>Reconciliation to Profit and Loss Account:</b>		
Operating cash flows	25,684,303	88,695,730
Depreciation expense	(15,985,194)	(12,853,311)
Financial charges	(365,793)	(382,028)
Profit on disposal of fixed assets	1,357,926	245,590
Increase in assets other than cash	78,846,839	90,584,643
Increase in liabilities other than running finance	(94,871,865)	(190,555,990)
Write off provision for premium - doubtful of recovery	(5,000,000)	(3,500,000)
Un-realized (loss)/gain on investments, held for trading	(30,885,273)	5,612,008
Dividend income	23,722,632	6,037,126
Investment income	24,152,084	30,482,283
Profit on bank deposits	4,198,599	5,515,563
Income tax provision	(10,726,295)	(18,268,238)
Share of profit in associated company	(34,803)	48,725
(Loss)/gain on trading	(4,452,945)	9,628,058
Tax paid	11,019,204	40,437,882
<b>Profit after taxation</b>	<b>6,659,419</b>	<b>51,728,041</b>

### Definition of cash:

Cash comprises of cash in hand, bank balances, stamp in hand and other deposits which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

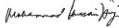
### Cash for the purpose of the statement of cash flows consist of:

Cash in hand	124,097	105,794
Stamps in hand	150,796	100,393
Cash and other equivalents	274,893	206,187
On current accounts	18,242,320	21,342,887
On deposit accounts	65,090,679	108,827,082
Current and other accounts	83,332,999	130,169,969
Deposits maturing within 12 months	1,500,000	38,407,306
Deposits maturing after 12 months	-	1,000,000
	<b>85,107,892</b>	<b>169,783,462</b>

The annexed notes 1 to 32 form an integral part of these financial statements



Lt. Gen. (Ret.) Imtiaz Hussain  
Chairman



Muhammad Hussain Hriti  
President & Chief Executive



Syed Sahal Ahmad Rizvi  
Director



Abdul Waseed  
Director

# Statement of Premiums

For the year ended 31 December 2008

## Business underwritten inside Pakistan

### Class of Business

#### Direct and facultative

Class of Business	Premiums Written		Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2008 net premium revenue (see note 19)	2007 net premium revenue (see note 19)
	Opening	Closing	Opening	Closing			Opening	Closing			
Fire and property damage	151,664,576	73,056,735	77,335,775	147,385,536	108,762,476	62,113,680	58,224,732	112,651,424	34,734,412	23,031,890	
Marine, aviation and transport	125,630,192	8,859,669	39,390,146	95,099,715	90,054,543	3,186,029	27,093,590	66,146,982	28,952,733	30,674,018	
Motor	432,138,851	165,049,064	197,942,251	399,245,364	27,380,024	1,272,300	15,650,013	13,002,911	386,242,453	359,446,459	
Accident and Health	240,485,924	80,567,672	128,616,200	192,437,396	-	-	-	-	192,437,396	148,347,627	
Miscellaneous	52,743,188	25,648,270	24,495,407	53,896,051	37,095,699	24,471,227	15,741,016	45,825,710	8,070,341	20,918,622	
Total	1,002,662,731	353,181,410	467,780,079	888,064,062	263,293,142	91,043,236	116,799,351	237,627,027	650,437,035	583,317,616	
Treaty-Non-proportional	(8,221)	-	-	(8,221)	-	-	-	-	(8,221)	4,028	
Grand total	1,002,654,510	353,181,410	467,780,079	888,055,841	263,293,142	91,043,236	116,799,351	237,627,027	650,428,814	583,321,654	

(Amount in Rupees)

The annexed note 1 to 32 form an integral part of these financial statements.

*Muhammad Imitiaz Hussain*

Mr. Gen. (Retd.) Imitiaz Hussain  
Chairman

*Mohammad Hussain Hirji*

Mohammad Hussain Hirji  
President & Chief Executive

*Syed Suhail Ahmad Rizvi*

Syed Suhail Ahmad Rizvi  
Director

*Abdul Waheed*

Abdul Waheed  
Director



## Statement of Claims

For the year ended 31 December 2008

## Business underwritten inside Pakistan

Class of Business	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2008 net claims expense	2007 net claims expense
		Opening	Closing			Opening	Closing			
<b>Direct and facultative</b>										
Fire and property damage	97,344,541	61,183,978	55,824,664	91,985,227	77,255,770	55,665,391	45,066,265	66,656,644	25,328,583	9,989,426
Marine, aviation and transport	11,457,947	14,489,383	17,709,732	14,676,296	8,423,711	7,660,325	10,219,513	10,982,899	3,695,397	11,268,415
Motor	254,171,164	126,530,315	121,227,488	248,876,337	4,243,521	1,034,400	855,000	4,044,121	244,834,216	248,965,906
Accident and Health	142,892,962	17,672,004	21,073,001	146,293,959	-	-	-	-	146,293,959	104,064,472
Miscellaneous	7,984,408	6,633,298	7,233,904	8,596,014	4,338,903	3,624,937	4,668,911	5,392,877	3,212,137	3,769,311
Total	513,851,022	226,488,978	223,068,789	510,430,833	94,261,905	68,095,053	60,899,689	87,066,541	423,364,292	378,057,530
Treaty--Non-proportional	29,030	-	-	29,030	-	-	-	-	29,030	53,3687
Grand total	513,880,042	226,488,978	223,068,789	510,459,863	94,261,905	68,095,053	60,899,689	87,066,541	423,393,312	378,591,217

(Amount in Rupees)

The annexed note 1 to 32 form an integral part of these financial statements.


Lt. Gen. (Retd.) Imtiaz Hussain  
Chairman

Mohammad Hussain Hirji  
President & Chief Executive

Syed Subhan Ahmad Rizvi  
Director

Abdul Waheed  
Director



# Statement of Expenses

For the year ended 31 December 2008

## Business underwritten inside Pakistan

(Amount in Rupees)

Class of Business	Commission paid or payable	Deferred commission		Net commission expense	Other management expenses	Underwriting expenses	Commission from reinsurers*	2008 Net underwriting expense	2007 Net underwriting expense
		Opening	Closing						
<b>Direct and facultative</b>									
Fire and property damage	18,244,343	11,278,107	10,883,931	19,638,519	19,787,966	38,426,485	26,368,716	12,057,769	11,207,970
Marine, aviation and transport	16,571,237	1,525,615	3,380,837	14,715,995	16,391,210	31,107,205	18,950,439	12,156,766	12,306,553
Motor	37,968,610	10,818,844	17,814,829	30,972,625	56,381,978	87,354,603	1,144,352	86,210,251	67,388,290
Accident and Health	11,738,661	4,028,384	6,430,811	9,336,224	31,376,656	40,712,890	-	40,712,890	28,041,338
Miscellaneous	5,147,530	2,389,502	2,404,010	5,133,022	6,881,594	12,014,526	9,109,907	2,904,619	5,931,554
Total	89,670,381	30,040,452	40,914,438	78,796,395	130,819,314	209,615,709	55,573,414	151,042,295	124,877,705
Treaty-Non-proportional	(1,730)	-	-	(1,730)	(1,073)	(2,803)	-	(2,803)	60,826
Grand total	89,668,651	30,040,452	40,914,438	78,794,665	130,818,241	209,612,906	55,573,414	154,039,492	124,938,531

\* Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission

The annexed note 1 to 32 form an integral part of these financial statements

*Nawaz Ahmad*

Lt. Gen. (Retd.) Imitiaz Hussain  
Chairman

*Mohammad Hussain Hirji*

Mohammad Hussain Hirji  
President & Chief Executive

*Syed Suhail Ahmad Rizvi*

Syed Suhail Ahmad Rizvi  
Director

*Abdul Waheed*

Abdul Waheed  
Director



## Statement of Investment Income

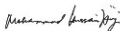
For the year ended 31 December 2008

	2008 (Rupees)	2007 (Rupees)
<b>Income from trading</b>		
(Loss)/gain on trading	(4,452,945)	3,309,932
Dividend income	1,407,159	2,277,084
	(3,045,786)	5,587,016
<b>Income from non-trading investments</b>		
<b>Held to maturity investments</b>		
Return on government securities	5,052,126	5,809,072
Return on other fixed income securities	18,846,081	21,010,439
	23,898,207	26,819,511
<b>Available for sale investments</b>		
Dividend income	22,315,473	13,174,387
Gain on sale	323,766	6,318,126
	22,639,239	19,492,513
<b>Unrealized (loss)/gain on re-measurement of investments held for trading</b>	(30,885,273)	5,612,008
<b>Provision for impairment in investments-held to maturity</b>	-	(5,222,692)
<b>Investment related expenses</b>	(69,889)	(528,881)
<b>Net investment income</b>	<b>12,536,498</b>	<b>51,759,475</b>

The annexed note 1 to 32 form integral part of these financial statements.



Liaquat Hussain  
Chairman



Muhammad Hussain Hitti  
President & Chief Executive



Syed Sahail Ahmad Rizvi  
Director



Abdul Waheed  
Director



## Notes to the Financial statements

For the year ended 31 December 2008

### 1 THE COMPANY AND ITS OPERATIONS

- 1.1 *askari general insurance company limited* ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, accident and health and miscellaneous. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Karachi, Lahore and Islamabad Stock Exchanges. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 19 branches in Pakistan. Army Welfare Trust (AWT) directly and indirectly holds a significant portion of the Company's equity.
- 1.2 In view of the current economic situation, there has been a decline in the valuation of investments of the company which pursuant to Securities and Exchange Commission of Pakistan (SECP) circular No. 3 of 16 February 2009, is treated as temporary and available for sale investments have been valued at cost for the purpose of these financial statements and determination of solvency under Insurance Ordinance, 2000. Notwithstanding, the Sponsors confirm injection of necessary funds, if required.

### 2 BASIS OF PRESENTATION

These financial statements have been presented on the format for financial statements issued by the Securities and Exchange Commission of Pakistan through Securities and Exchange Commission (Insurance) Rules, 2002 vide S.R.O. 938 dated 12 December 2002.

### 3 STATEMENT OF COMPLIANCE

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

### 4 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost convention except for certain financial instruments which are carried at their fair values.

#### 4.1 USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable to insurance companies in Pakistan requires management to make judgments/estimates and associated assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision 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.

Significant areas where assumptions and estimates were exercised in application of accounting policies relate to:

##### *Income tax*

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

##### *Fixed assets and depreciation*

In making estimates of the depreciation / amortisation method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors". The assets residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

**Outstanding claims including incurred but not reported (IBNR)**

The liability for IBNR is accounted for from subsequent to year end data on an estimated basis by the management. Any significant event may affect the management's judgment which could effect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognised as an asset and are measured at the amount expected to be received.

**Premium deficiency reserves**

The Company reviews premium deficiency reserve for each class of business at each reporting date. Liability, if any, is determined on the basis of method as prescribed by the Insurance Ordinance 2000.

**Defined benefits plan**

Liability is determined on the basis of actuarial advice using the Projected Unit Credit Method

**Impairment of investment****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.

**Associate**

The Company determined that a significant or prolonged decline in the fair value of its investments in associate below their cost is an objective evidence of impairment. The impairment loss is recognized when the carrying value exceeds higher of fair value less cost to sell or value in use.

**Held to maturity**

Investments held to maturity are reviewed for impairment at year end and any losses arising from impairment is recognised if the management assesses that the carrying amount of the investment is not recoverable.

**Provision against premiums due but unpaid**

The Company reviews its premium portfolio to assess amount of premium due but unpaid and provision required there-against. While assessing this requirement various factors including the delinquency in the account, financial position of the insured are considered.

**Classification of investment**

In classifying investments as "held-for-trading" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market/ interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

**4.2 Functional and Presentation Currency**

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

**5. SIGNIFICANT ACCOUNTING POLICES****5.1 Distribution and appropriations**

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the period in which these announcements or appropriations are made in compliance with the Circular No. 06/2006 dated June 19, 2006 of the Institute of Chartered Accountants of Pakistan.



## 5.2 Provision for unearned premium

In accordance with the requirements of Insurance Rules 2002, provision for unearned premium is calculated by applying 1/24th method. Unearned portion of premium is recognized as liability.

## 5.3 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance from claims, and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in the profit and loss account.

During the year, management has reviewed the results of each class of business and considers that no additional reserve is required to be created as the unearned premium reserve for each class of business as at the year end is adequate to meet the expected future liability, after reinsurance, from claims and other expenses, expected to be incurred after the balance sheet date in respect of policies in force at the balance sheet date.

## 5.4 Claims

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

A liability for outstanding claims is recognized in respect of all claims incurred as at the balance sheet date which represents estimate of the claims intimated or assessed before end of the accounting year and measured at undiscounted value of expected future payments. Provision for outstanding claims includes amounts in relation to un-paid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

## 5.5 Revenue recognition

### 5.5.1 Premium

Premiums received / receivable under a policy are recognized at the time of issuance of policy. Similarly, reinsurance premium is recorded at the time the policy is ceded to the reinsurers.

Revenue from premium is recognised after taking into account the unearned portion of premium which is calculated using the 1/24th method. The unearned portion of premium income is recognised as a liability.

Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using 1/24th method. The deferred portion of premium expense is recognised as a prepayment.

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

Administrative surcharge is included in premium at the time the policies are written.

### 5.5.2 Dividend income and gain/loss on trading

Dividend income is recognized when right to receive the dividend is established. Gain/loss on sale of investments which represents the difference between the carrying value of investments and the actual sale proceeds are included in the profit and loss account in the period in which these are sold.

### 5.5.3 Return on investment- held to maturity and bank deposits

Return on investments- held to maturity and bank deposits is recognized on a time proportion basis.

## 5.6 Commission

Commission expense incurred on issuance of policies is deferred and recognised as asset and is recognised in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of revenue (apart from recoveries) from reinsurers are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium.

## 5.7 Receivables

Receivables are stated at cost less provision for impairment. Known bad debts are written off while provision is made for debts considered doubtful of recovery.



## 5.8 Fixed assets and capital work in progress

### Owned

These are stated at depreciable amount less accumulated depreciation and impairment losses, if any, except for capital work in progress, which is stated at cost. Depreciation is charged over the useful life of the asset by applying reducing balance method at the following rates:

Furniture and fixtures	10%
Computer and office equipment	35%
Vehicles	20%
Leasehold improvements	33%

Renewals and replacements are recognized in the carrying amount of fixed assets, if it is probable that future embodied economic benefits will flow to the Company. Other maintenance and repairs are charged to the profit and loss account. Gain or loss on disposals of fixed assets is taken to the profit and loss account.

### Leased

The Company has leased certain vehicles. Leases where the Company has substantially all the risks and rewards are classified as finance lease. Assets and liabilities under finance leases are accounted for by recording the assets and related liabilities at the amounts determined on the basis of lower of the fair value of assets and present value of minimum lease payments at inception of the lease less accumulated depreciation and impairment losses, if any. Finance charges are allocated over the period of lease term so as to provide constant periodic rate of financial charge on the outstanding liability. Depreciation is charged on the leased assets on the basis similar to that of the owned assets.

## 5.9 Investments

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs. These are classified as follows:

- Investments held to maturity
- Investments at fair value through profit and loss-Held for trading
- Investments available for sale
- Investment in associates

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

### 5.9.1 Held to maturity

Investments with fixed maturity, where the management has both the intent and 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 effective interest rate method. Profit on held to maturity instruments is recognised on a time proportion basis taking into account the effective yield on investments.

### 5.9.2 Investments at fair value through profit and loss

Quoted investments which are acquired principally for the purposes of selling or purchasing in near future or are part of a portfolio for which there is a recent actual pattern of short term profit taking are classified as held for trading. Subsequent to initial recognition these are re-measured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

### 5.9.3 Available for sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available for sale. Subsequent to initial recognition at cost, quoted investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan on 12 December 2002. Had the Company adopted IAS 39



"Financial Instruments: Recognition and Measurement" the investments available for sale as of 31 December 2008 would have been lower by Rs. 115,281,972 (2007: Rs. 2,557,589) with the corresponding decrease in equity by the same amount. The Company's available for sale investments represent investment in mutual funds. Investment in the unit of these funds are valued at their respective redemption/repurchase price.

#### 5.9.4 Investment in associates

Associates are those entities in which the Company has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost and the carrying value is increased or decreased to recognize the Company's share of the profit and loss of the associate after the date of its acquisition and the Company's share in the associates' equity that has not been recognized in the associate's profit and loss account. The Company's share of profit and loss of associates is included in the profit and loss account for the year. This method is applied from the date when significant influence commences until the date when the significant influence ceases. When the associates' share of losses exceed the carrying amount of investment in associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has incurred obligation in respect of the associate.

#### 5.10 Amounts due to/from other insurers/reinsurers

Amounts due to/from other insurers/reinsurers are carried at cost which is the fair value of the consideration to be paid/received in future less provision for impairment, if any.

#### 5.11 Taxation

##### Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation of income. Charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. Charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

##### Deferred taxation

Deferred taxation is provided using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively 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 it is no longer probable that the related benefit will be realized. Deferred tax represents deferred tax asset on the following major temporary differences:

	2008 (Rupees)	2007 (Rupees)
Provision for impairment in investments - held to maturity	-	3,017,942
Provision for premium - doubtful of recovery	-	1,225,000
	<u>-</u>	<u>4,242,942</u>

#### 5.12 Employees' retirement benefits

##### 5.12.1 Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying period of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2008.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

Discount rate	15% per annum
Expected return on plan assets	15% per annum
Expected rate of increase in salary	15% per annum
Average expected remaining working life time of the employee	11 years
Mortality rate	EFU (61-66)

The Company recognizes the actuarial gains or losses over the expected remaining working life of the employees when it exceeds the corridor limit.

During the year the Company has charged Rs. 3,434,165 (2007: Rs. 2,611,059) on account of gratuity expense.

#### 5.12.2 Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year. During the year the Company contributed Rs. 3,109,969 (2007:Rs. 2,451,275) to the employees provident fund.

#### 5.13 Compensated absences

Provisions for compensation absences, determined by actuary, are made annually to cover the obligation for compensated absences and charged to profit and loss account. The latest actuarial valuation was carried out as at 31 December 2008.

Actuarial valuation was carried out on the Projected Unit Credit Method based on the following significant assumptions:

Discount rate	15% per annum
Expected rate of increase in salary	15% per annum
Average number of leaves accumulated per annum	18 days
Average number of leaves utilization per annum	12 days
Mortality rate	EFU (61-66)

#### 5.14 Management expenses

Expenses of management have been allocated to various revenue accounts on equitable basis.

#### 5.15 Segment reporting

The Company has five primary business segments for reporting purposes namely, fire, marine, motor, accident and health and miscellaneous.

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

Marine insurance segment provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive vehicle coverage and indemnity against third party loss.

Accident and health provides inpatient and outpatient medical coverage.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverages.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.





**5.16 Foreign currency transactions**

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

**5.17 Cash and cash equivalents**

For the purposes of statement of cash flows, cash and cash equivalents comprise of (a) cash on current and deposit accounts with banks (b) cash in hand and (c) stamps in hand.

**5.18 Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

**5.19 Impairment**

The carrying amount of the Company's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of such assets is estimated and impairment losses are recognized in the profit and loss account. Subsequent reversals are recognized in the profit and loss account.

**5.20 Financial instruments**

All financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received. Subsequent to the initial recognition, financial instruments are carried at their respective fair values or amortized costs, where applicable, except for investments available for sale, which are carried on the basis as explained in note 5.9.3. The Company derecognizes financial assets and liabilities when it ceases to be a party to the contractual provisions of the relevant instrument. Any gain or loss on de-recognition of the financial assets and liabilities is included in the net profit and loss for the period in which it arises.

**5.21 Off setting of financial assets and financial liabilities**

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

**5.22 Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following standards, amendments and interpretations of approved accounting standards effective for accounting period beginning on or after 01 January 2009, are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than additional disclosures in certain cases:

Revised IAS 1 - Presentation of financial statements (effective for annual periods beginning on or after 01 January 2009) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement), or in an income statement and a separate statement of comprehensive income. The change will be effected after discussions with regulators.

Revised IAS 23 - Borrowing costs (effective for annual periods beginning on or after 01 January 2009) removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The application of the standard is not likely to have an effect on the Company's financial statements.

IAS 29 – Financial Reporting in Hyperinflationary Economies (effective for annual periods beginning on or after 28 April 2008). The Company does not have any operations in Hyperinflationary Economies and therefore the application of the standard is not likely to have an effect on the Company's financial statements.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements (effective for annual periods beginning on or after 01 January 2009) – Puttable Financial Instruments and Obligations Arising on Liquidation requires puttable instruments, and instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, to be classified as equity if certain conditions are met. The amendments, which require retrospective application, are not expected to have any impact on the Company's financial statements.

Amendment to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (effective for annual periods beginning on or after 01 January 2009) clarifies the definition of vesting conditions, introduces the concept of non-vesting conditions, requires non-vesting conditions to be reflected in grant-date fair value and provides the accounting treatment for non-vesting conditions and cancellations. The application of this standard does not have any effect on the Company's current financial statements.

Revised IFRS 3 Business Combinations (applicable for annual periods beginning on or after 01 July 2009) broadens among other things the definition of business resulting in more acquisitions being treated as business combinations, contingent consideration to be measured at fair value, transaction costs other than share and debt issue costs to be expensed, any pre-existing interest in an acquiree to be measured at fair value, with the related gain or loss recognised in profit or loss and any non-controlling (minority) interest to be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of an acquiree, on a transaction-by-transaction basis. The application of this standard is not likely to have an effect on the Company's financial statements.

Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on or after 01 July 2009) requires accounting for changes in ownership interest by the group in a subsidiary, while maintaining control, to be recognized as an equity transaction. When the group loses control of subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognized in the profit or loss. The application of the standard is not likely to have an effect on the Company's financial statements.

IFRS 7 – Financial Instruments: Disclosures (effective for annual periods beginning on or after 28 April 2008) supersedes IAS 30 – Disclosures in the Financial Statements of Banks and Similar Financial Institutions and the disclosure requirements of IAS 32 – Financial Instruments: Disclosure and Presentation. The application of the standard is not expected to have significant impact on the Company's financial statements other than increase in disclosures.

IFRS 8 – Operating Segments (effective for annual periods beginning on or after 01 January 2009) introduces the "management approach" to segment reporting. IFRS 8 will require a change in the presentation and disclosure of segment information based on the internal reports that are regularly reviewed by the Company's "chief operating decision maker" in order to assess each segment's performance and to allocate resources to them. Currently the Company presents segment information in respect of its business and geographical segments. This standard will have no effect on the Company's reported total profit or loss or equity.

IFRIC 13 – Customer Loyalty Programmes (effective for annual periods beginning on or after 01 July 2008) addresses the accounting by entities that operate or otherwise participate in customer loyalty programmes under which the customer can redeem credits for awards such as free or discounted goods or services. The application of IFRIC 13 is not likely to have an effect on the Company's financial statements.

IFRIC 15- Agreement for the Construction of Real Estate (effective for annual periods beginning on or after 01 October 2009) clarifies the recognition of revenue by real estate developers for sale of units, such as apartments or houses, 'off-plan', that is, before construction is complete. The amendment is not relevant to the Company's operations.

IFRIC 16- Hedge of Net Investment in a Foreign Operation (effective for annual periods beginning on or after 01 October 2008) clarifies that net investment hedging can be applied only to foreign exchange differences arising between the functional currency of a foreign operation and the parent entity's functional currency and only in an amount equal to or less than the net assets of the foreign operation, the hedging instrument may be held by any entity within the group except the foreign operation that is being hedged and that on disposal of a hedged operation, the cumulative gain or loss on the hedging instrument that was determined to be effective is reclassified to profit or loss. The Interpretation allows an entity that uses the step-by-step method of consolidation an accounting policy choice to determine the cumulative currency translation adjustment that is reclassified to profit or loss on disposal of a net investment as if the direct method of consolidation had been used. The amendment is not relevant to the Company's operations.



The International Accounting Standards Board made certain amendments to existing standards as part of its first annual improvements project. The effective dates for these amendments vary by standard and most will be applicable to the Company's 2009 financial statements. These amendments are unlikely to have an impact on the Company's financial statements.

IAS 27 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 01 January 2009). The amendment removes the definition of the cost method from IAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The amendment is not likely to have an effect on Company's financial statements.

IFRIC 17 – Distributions of Non-cash Assets to Owners (effective for annual periods beginning on or after 01 July 2009) states that when a company distributes non cash assets to its shareholders as dividend, the liability for the dividend is measured at fair value. If there are subsequent changes in the fair value before the liability is discharged, this is recognised in equity. When the non cash asset is distributed, the difference between the carrying amount and fair value is recognised in the income statement. As the Company does not distribute non-cash assets to its shareholders, this interpretation has no impact on the Company's financial statements.

IFRS 5 – Amendment - Improvements to IFRSs - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (effective for annual periods beginning on or after 01 July 2009) specify that: if an entity is committed to a sale plan involving the loss of control of a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria in paragraphs 6 to 8 of IFRS 5 are met. Disclosures for discontinued operations would be required by the parent when a subsidiary meets the definition of a discontinued operation. The amendment is not likely to have an effect on Company's financial statements.

IFRIC 18 – Transfers of Assets from Customers (effective from 01 July 2009). It provides accounting guidance on transfers of property, plant and equipment (or cash to acquire it) for entities that receive such contributions from their customers. This interpretation has no impact on the Company's financial statements.

IFRS 4 – Insurance Contracts require to assess at each reporting date adequacy of its insurance liabilities through liability adequacy test. Further, it requires additional disclosure relating to identification and explanation of the amount in the financial statements arising from insurance contracts and the amount, timing and uncertainty of future cash flows from insurance contracts. The application of the standard requires additional disclosures in the Company's financial statements.

## 6. PAID UP SHARE CAPITAL

	2008 (Rupees)	2007 (Rupees)
7,614,005 (2007: 7,614,005) ordinary shares of Rs.10/- issued as fully paid-up in cash	76,140,050	76,140,050
12,763,487 (2007: 8,060,989) ordinary shares of Rs.10/- Issued as fully paid bonus shares	<u>127,634,870</u>	<u>80,609,890</u>
	<u>203,774,920</u>	<u>156,749,940</u>

Army Welfare Trust (AWT), Askari Bank Limited and Askari Leasing Limited held 5,739,041 shares (2007: 4,414,647), 3,056,611 shares (2007: 2,351,240) and 2,037,737 shares (2007: 1,567,491) of the Company respectively at the year end.

## 7. GENERAL RESERVES

	2008 (Rupees)	2007 (Rupees)
Opening balance	65,000,000	50,000,000
Transferred during the year	<u>5,000,000</u>	<u>15,000,000</u>
	<u>70,000,000</u>	<u>65,000,000</u>

## 8. ACCRUED EXPENSES

Accrued liabilities	6,071,171	4,073,026
Employees' bonus	<u>183,229</u>	<u>10,150,727</u>
	<u>6,254,400</u>	<u>14,223,753</u>

## 9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2008 (Rupees)			2007 (Rupees)		
	Minimum lease payments	Finance charges allocable to future periods	Principal outstanding	Minimum lease payments	Finance charges allocable to future periods	Principal outstanding
Not later than one year	1,458,213	233,101	1,225,112	1,933,974	335,219	1,598,755
Later than one year but not later than five years	755,802	35,221	720,581	2,435,688	216,748	2,218,940
<b>Total</b>	<b>2,214,015</b>	<b>268,322</b>	<b>1,945,693</b>	<b>4,369,662</b>	<b>551,967</b>	<b>3,817,695</b>

The Company has entered into various lease agreements with banks and modarabas for vehicles. Lease rentals are payable on monthly installment basis in advances/arrears and include finance charges ranging from 13% to 15% per annum which has been used as the discounting factor. The Company has the option to purchase the assets upon completion of lease period and has the intention to exercise such option.

	Note	2008 (Rupees)	2007 (Rupees)
<b>10. DEFERRED LIABILITY - STAFF COMPENSATED ABSENCES</b>	10.1	<b>11,496,305</b>	9,894,411
<b>10.1 Charge for compensated absences</b>			
Current service cost		2,459,112	2,234,671
Interest cost		989,441	755,870
Actuarial losses recognised		1,377,472	862,048
		<b>4,826,025</b>	3,852,589
<b>Movement in liability</b>			
Balance at beginning of the year		9,894,411	7,558,701
Expense for the year		4,826,025	3,852,589
Benefits paid during the year		(3,224,131)	(1,516,879)
		<b>11,496,305</b>	9,894,411
<b>11. OTHERS</b>			
Agents' commission payable	11.1	33,634,900	20,821,580
Security deposit against bond insurance		36,755,281	22,986,211
Staff gratuity fund	11.2	413,124	-
Tax deducted at source		1,009,497	601,409
Central Excise Duty/ Federal Insurance Fee		8,196,973	5,418,153
Workers' Welfare fund		354,810	-
Others	11.3	7,318,349	25,511,762
		<b>87,682,934</b>	75,339,115
<b>11.1</b>	This includes unsecured balance of Rs.1,457,110 (2007: Rs. 551,637) on account of commission payable to an associated undertaking.		
<b>11.2</b>	<b>Staff gratuity fund</b>	<b>2008 (Rupees)</b>	<b>2007 (Rupees)</b>
	<b>Reconciliation of payable to defined benefit plan</b>		
	Present value of defined benefit obligation	19,770,196	14,894,122
	Fair value of plan assets	(11,335,550)	(11,860,383)
	Net actuarial losses not recognized	(8,021,522)	(3,215,591)
		<b>413,124</b>	(181,852)
	<b>Charge for defined benefit plan</b>		
	Current service cost	2,998,008	2,041,365
	Interest cost	1,489,412	1,248,144
	Expected return on plan assets	(1,186,038)	(835,913)
	Actuarial losses recognized	132,783	157,463
		<b>3,434,165</b>	2,611,059



	2008 (Rupees)	2007 (Rupees)
<b>Actual return on plan assets</b>		
Expected return on assets	1,186,038	835,913
Actuarial (loss)/gain on assets	<u>(4,331,231)</u>	<u>272,433</u>
	<u>(3,145,193)</u>	<u>1,108,346</u>
<b>Changes in fair value of plan assets</b>		
Fair value of plan assets as at 01 January	11,860,383	8,359,134
Expected return on plan assets	1,186,038	835,913
Contribution to the fund	2,839,189	3,620,047
Benefits paid	(218,829)	(1,110,317)
Benefits due but not paid	-	(116,827)
Actuarial (loss)/gain	<u>(4,331,231)</u>	<u>272,433</u>
Fair value of plan assets as at 31 December	<u>11,335,550</u>	<u>11,860,383</u>
<b>Movement in amount payable to defined benefit plan</b>		
Balance at beginning of the year	(181,852)	827,136
Expense for the year	3,434,165	2,611,059
Contribution to the fund	<u>(2,839,189)</u>	<u>(3,620,047)</u>
	<u>413,124</u>	<u>(181,852)</u>

#### Composition of fair value of plan assets

	2008		2007	
	Fair value (Rupees)	Percentage	Fair value (Rupees)	Percentage
Debt instruments	4,840,447	43%	4,851,493	41%
Cash and bank balances	470,293	4%	1,994,395	17%
Others	<u>6,024,810</u>	<u>53%</u>	<u>5,014,495</u>	<u>42%</u>
Fair value of plan assets	<u>11,335,550</u>		<u>11,860,383</u>	

#### Historical data of the fund

	2008 (Rupees)	2007 (Rupees)	2006 (Rupees)	2005 (Rupees)	2004 (Rupees)
Present value of defined benefit obligation	(19,770,196)	(14,894,122)	(12,481,435)	(8,154,041)	(6,073,937)
Fair value of plan assets	11,335,550	11,860,383	8,359,134	6,761,909	4,961,372
Deficit	<u>(8,434,646)</u>	<u>(3,033,739)</u>	<u>(4,122,301)</u>	<u>(1,392,132)</u>	<u>(1,112,565)</u>
Experience adjustments					
- Actuarial loss on obligation	(8,021,522)	(3,215,591)	(3,295,165)	(1,313,762)	(1,034,195)
- Actuarial (loss)/gain on assets	<u>(4,331,231)</u>	<u>272,433</u>	<u>20,310</u>	<u>489,325</u>	<u>32,045</u>

The estimated contribution to the fund for the year ending 31 December 2009 is Rs.4.8 million.

11.3 This includes unsecured balance of Rs. 4,202 (2007: Rs. 305,991) payable to an associated undertaking.

## 12. CASH AND BANK DEPOSITS

### 12.1 Cash and other equivalents

	Note	2008 (Rupees)	2007 (Rupees)
Cash in hand		124,097	105,794
Stamps in hand		<u>150,796</u>	<u>100,393</u>
		<u>274,893</u>	<u>206,187</u>

### 12.2 Current and other accounts

		2008 (Rupees)	2007 (Rupees)
Cash at bank:			
- on current accounts		18,242,320	21,342,887
- on deposit accounts	12.2.1	<u>65,090,679</u>	<u>108,827,082</u>
		<u>83,332,999</u>	<u>130,169,969</u>

These include amounts aggregating to Rs.33,117,527 (2007: Rs 79,521,193) held with an associated company.

12.2.1 These carry profit rate of 3.5% to 7% p.a. (2007 : 1.5 % to 2.75% p.a.)

**13. ADVANCES TO EMPLOYEES - SECURED, CONSIDERED GOOD**

These advances are interest free and short term in nature. These are given in accordance with the terms of employment and are repayable in monthly installments within a period of 12 months. These are secured against retirement benefits. This includes Rs. 124,000 (2007: Nil) recoverable from an executive of the Company.

**14. INVESTMENTS**

		2008 (Rupees)	2007 (Rupees)	
These are made up as follows:				
Held to maturity	14.1	200,069,197	226,080,948	
Investments at fair value through profit and loss - Held for trading	14.2	13,527,262	28,935,300	
Available for sale	14.3	294,233,031	163,162,157	
Investment in associated company	14.4	5,013,921	5,048,725	
		<u>512,843,411</u>	<u>423,227,130</u>	
<b>14.1</b>	Held to maturity			
	Government Securities	14.1.1	35,358,126	48,056,000
	Certificates of Investment (COIs)	14.1.3	31,114,595	35,333,164
	Term Finance Certificates - Quoted	14.1.4	138,354,600	146,388,030
	Musharika Certificates	14.1.5	3,864,568	4,926,446
			<u>208,691,889</u>	<u>234,703,640</u>
	Less: Provision for impairment	14.1.3	(8,622,692)	(8,622,692)
			<u>200,069,197</u>	<u>226,080,948</u>

**14.1.1** These are made up as follows:

	Number of certificates		Face value of certificates (Rupees)			
	2008	2007				
Defence Saving Certificates	8	26	50,000 to 1,000,000	14.1.2	10,358,126	23,056,000
Pakistan Investment Bonds (PIBs)					<u>25,000,000</u>	<u>25,000,000</u>
					<u>35,358,126</u>	<u>48,056,000</u>

**14.1.2** Defense Saving Certificates carry rate of return of 18% per annum having maturity of 10 years. Remaining maturity period of these certificates ranges from four days to 36 days. PIBs are deposited with the State Bank of Pakistan to comply with the requirements of the Section 29 (2) of the Insurance Ordinance, 2000. The rate of return on PIBs is 8% per annum and having maturity period of 10 years with remaining maturity period of 5 years and 4 months. Profit is payable bi-annually. Market value of PIBs at the year end was Rs.19.09 million (2007: Rs. 22.691 million).

**14.1.3** This represents investment in certificates of investment (COIs) of various financial institutions carrying interest ranging from 5% to 12% per annum having maturity period for a period of 2 months to 4 years (2007: 1 month to 5 years). This also includes investment in COIs issued by the associated company of Rs. 8,270,000 (2007: Rs. 3,000,000)

This includes Company's investment in COIs of Islamic Investment Bank Limited (IIBL) amounting to Rs. 8.6 million which went under liquidation in 2005. The Company later filed a claim of Rs. 11.8 million with the Honourable Peshawar High Court, which includes Rs. 3.2 million on account of profit calculated up to 2005 financial year end.

Pursuant to the Securities and Exchange Commission of Pakistan's letter dated 08 March 2007, the Company has opted to convertible deposit of Rs. 5.1 million to non-voting preference shares in IIBL, redeemable in six years and the payment of investment amount of Rs. 3.5 million in one year, this option is subject to a decision of the Honourable Peshawar High Court. The Company has however, on a prudent basis, made a provision for full amount of principal and has written off the accrued interest, calculated upto financial year 2005.

## 14.1.4 Term Finance Certificates - Quoted

Number of certificates		Face value per certificate Rupees	Redemption value per certificate Rupees	Company's Name	2008	2007
2008	2007				(Rupees)	(Rupees)
-	6	100,000	-	MCB Bank Limited	-	179,700
-	1	50,000	-	MCB Bank Limited	-	14,975
-	1	5,000	-	MCB Bank Limited	-	1,510
-	75	100,000	-	Standard Chartered Bank (Pakistan) Ltd.	-	2,469,540
60	60	100,000	94,840	Standard Chartered Bank (Pakistan) Ltd.	5,690,400	5,991,600
1500	1500	5,000	4,995	Standard Chartered Bank (Pakistan) Ltd.	7,492,500	7,497,000
75	75	100,000	20,000	Trust Investment Bank Limited	1,500,000	3,000,000
-	57	100,000	-	Trust Investment Bank Limited	-	108,728
-	150	5,000	-	Pakistan Services Limited	-	214,157
1	1	10,000,000	9,984,000	Bank Al-Habib Limited	9,984,000	9,988,000
2000	2000	5,000	4,992	United Bank Limited	9,984,640	9,988,480
4000	4000	5,000	4,999	United Bank Limited	19,997,200	19,998,000
2500	2500	5,000	4,992	Bank Alfalah Limited	12,480,800	12,485,600
1500	1500	5,000	4,994	Bank Alfalah Limited	7,491,360	7,494,240
150	150	100,000	99,840	Jahangir Siddiqui & Co. Ltd.	14,976,000	14,982,000
1400	1400	5,000	4,993	Royal Bank of Scotland	6,990,200	6,993,000
1500	1500	5,000	4,993	Soneri Bank Limited	7,489,500	7,492,500
2000	2000	5,000	3,400	Al-Zamin Leasing Modaraba	6,800,000	10,000,000
3000	3000	5,000	4,995	Pakistan Mobile Communications Ltd.	14,985,000	14,991,000
1500	1500	5,000	4,998	Faysal Bank Limited	7,497,000	7,500,000
1000	1000	5,000	4,996	Allied Bank Limited	4,996,000	4,998,000
<b>Book value</b>					<b>138,354,600</b>	<b>146,388,030</b>
<b>Market value</b>					<b>134,909,219</b>	<b>147,353,543</b>

The market values is determined as per rates quoted by Mutual Funds Association of Pakistan on 12 January 2009 for 31 December 2008.

These carry rates of return ranging from 8.29% to 18.51% per annum (2007: 8.45% to 13.20% per annum) having a maturity of 5 years to 8 years. Remaining maturity period of these certificates ranges from 7 months to 6 years. Profit is payable bi-annually.

## 14.1.5 Musharika Certificates

Number of certificates		Face value per certificate Rupees	Company's Name	2008	2007
2008	2007			(Rupees)	(Rupees)
-	1	1,500,000	First Habib Modaraba	-	1,631,096
-	1	1,500,000	First Habib Modaraba	-	1,631,096
-	1	541,628	First Habib Modaraba	-	588,965
-	1	1,000,000	Al-Zamin Leasing Modaraba	-	1,075,289
1	-	3,000,000	First Habib Modaraba	3,000,000	-
1	-	864,568	First Habib Modaraba	864,568	-
				<b>3,864,568</b>	<b>4,926,446</b>

Musharika Certificates carry rates of return ranging from 8% to 12% per annum (2007: 10% to 12% per annum) having remaining maturity period of 2 months. Profit is payable on maturity.

#### 14.2 Investments at fair value through profit and loss- Held for trading Investment in shares/ units - Quoted

Number of share / units		Face value	Company's Name	2008	2007
2008	2007	(Rupees)		(Rupees)	(Rupees)
22,446	202	10	Arif Habib Bank Limited	538,908	-
10,025	3,020	10	Arif Habib Securities Limited	1,340,160	553,297
50,000	20,000	10	Atlas Bank Limited	851,420	354,121
10,100	6,000	10	Attock Cement Limited	1,164,245	723,345
2,400	-	10	Attock Refinery Limited	491,418	-
5,000	-	10	Ayazad Nine Limited	179,300	-
50	-	10	Bank Alfalah Limited	2,802	-
30,250	5,000	10	The Bank of Punjab	2,232,137	518,100
38,000	38,000	10	Bosicor Pakistan Limited	851,467	851,467
-	25,000	10	Callmate Telips Telecom	-	1,268,204
4,550	-	10	Century Insurance Company Limited	310,732	-
33,000	33,000	10	Cheraub Limited	629,554	629,554
17,000	20,000	10	D.G.Khan Cement	1,246,475	2,184,499
-	20,000	10	Deewan Salman Fibre Limited	-	306,643
10,000	-	10	Dost Steels Limited	337,509	-
1,000	4,000	10	Fengro Chemicals Company Limited	224,618	1,114,214
40,000	40,000	10	Fuji Cement Company Limited	780,334	780,334
20,000	20,000	10	Fuji Fertilizer Bin Qasim Limited	765,070	908,982
40,000	10,000	10	Faysal Bank Limited	2,149,954	675,022
20,000	-	10	First UDL Modaraba	89,858	-
16,500	16,500	10	Flying Cement Company Limited	246,649	246,649
-	5,000	10	Habib Bank Limited	-	1,390,973
92,000	-	10	IGI Investment Bank Limited	1,136,923	-
27,000	-	10	Invest and Finance Securities (Pvt) Ltd.	1,135,757	-
12,032	-	10	Jahangir Siddiqui & Company Limited	2,004,578	-
1,518	280	10	Javed Omar Vohra & Co Limited	109,195	25,253
-	5,000	10	JDW Sugar Mills Ltd	-	352,716
10,000	5,000	10	JS Bank Limited	196,134	50,000
3,219	-	10	JS Global Capital Limited	890,258	-
1,000	649	10	JS Growth Fund	11,307	9,777
39,000	19,000	10	Maple Leaf Cement Factory Limited	783,212	473,955
7,000	-	10	MCB Bank Limited	2,257,290	-
49,000	49,000	10	Mukhtar Textile Mills Limited	230,323	230,323
8,200	10,000	10	National bank of Pakistan	1,493,322	2,505,777
14,000	2,000	10	National Refinery Limited	4,561,555	818,324
34,320	-	10	Nesco/ Technologies INC.	2,986,262	-
28,241	27,300	10	NIB Bank Limited	545,856	888,135
34,650	20,500	10	Nishat Chumian Limited	1,533,493	1,175,181
10,000	-	10	Nishat Mills Limited	989,667	-
-	25,000	10	Oil and Gas Development Company limited	-	3,072,345
-	49	10	Packages Limited	-	8,291
9,000	4,000	10	Pak Suzuki Motor Company Limited	2,898,707	1,498,312
70,000	50,000	10	Pakistan Cement Company Limited	914,933	696,089
-	2,000	10	Pakistan Industrial Credit and Investment Corporation Limited	-	131,366
60	2,050	10	Pakistan Oilfield Company Limited	19,386	738,988
-	8,000	10	Pakistan Petroleum Limited	-	2,081,974
38,718	23,718	10	Pakistan Premier Fund	364,194	336,439
85,000	85,000	10	Pakistan PTA Limited	885,251	885,251
4,666	-	10	Pakistan Refinery Limited	1,166,585	-
6,500	-	10	Pakistan Reinsurance Company Limited	642,262	-
45,000	30,000	10	Pakistan Telecommunication Company Limited	2,277,485	1,677,435
17,625	10,000	10	Pervez Ahmed Securities Limited	1,288,708	476,245
36,775	36,775	10	PICIC Growth Fund	1,361,395	1,361,295
-	15,000	10	Saudi Pak Commercial Bank Limited	-	411,382
500	5,500	10	Siara Peroxide Limited	28,984	259,731
19,000	10,000	10	Soneri Bank Limited	822,324	442,989
-	25,000	10	Southern Electric Power Company limited	-	266,277
-	11,500	10	Sui Northern Gas Pipelines Limited	-	780,271
15,000	-	10	Tariq Glass Industries Limited	433,652	-
5,600	-	5	Thal Limited	937,768	-
16,718	-	10	WorldCALL Telecom Limited	297,484	-
				<b>49,636,860</b>	<b>34,159,625</b>
Un-realized loss on re-measurement of investments to fair value				<b>(36,109,598)</b>	<b>(5,224,325)</b>
<b>Carrying value</b>				<b>13,527,262</b>	<b>28,935,300</b>
<b>Market Value</b>				<b>13,527,262</b>	<b>28,935,300</b>



## 14.3 Available for sale-Quoted

	No. of Units	Face value (Rupees)	2008 (Rupees)	2007 (Rupees)
United Composite Islamic Fund	394,041	100	44,702,271	22,500,000
United Stock Advantage Fund	106,646	100	13,087,336	2,500,000
United Islamic Income Fund	27,337	100	2,734,880	2,500,000
United Growth & Income Fund	96,272	100	9,616,883	10,000,000
UTP Large Capital Fund	500,000	10	5,000,000	5,000,000
Atlas Fund of Funds	210,000	10	2,000,000	2,000,000
Dawood Money Market Fund	14,433	100	1,491,925	1,357,686
First Dawood Mutual Fund	116,150	10	1,000,000	1,000,000
National Investment Trust (NIT)	542,721	10	33,078,908	29,742,185
NAFA Cash Fund	1,728,026	10	18,116,223	11,101,420
NAFA Stock Fund	935,976	10	12,938,537	7,500,000
NAFA Multi Asset Fund	2,487,446	10	31,814,790	20,000,000
Atlas Income Fund	-	500	-	11,588,162
Atlas Islamic Fund	6,393	500	3,586,519	1,030,000
Atlas Stock Market Fund	12,363	500	7,932,300	5,000,000
AKD Income Fund	-	50	-	9,903,811
AKD Opportunity Fund	539,731	50	35,306,555	2,000
Meezan Islamic Fund	180,529	50	11,504,662	10,000,000
JS Capital Protected Fund	109,028	100	11,249,499	10,436,893
Reliance Income Fund	306,827	50	16,112,439	-
First Habib Income Fund	79,557	100	8,361,554	-
KASB Islamic Income Fund	20,108	100	2,058,582	-
MCB Dynamic Cash Fund	40,549	100	4,118,135	-
ABL Income Fund	520,825	10	5,216,924	-
KASB Liquid Fund	59,864	100	6,174,419	-
Pakistan Income Enhancement Fund	39,659	50	2,029,690	-
Atlas Islamic Income Fund	9,863	500	5,000,000	-
			<u>294,233,031</u>	<u>163,162,152</u>
			<u>178,951,061</u>	<u>160,604,568</u>

14.3.1 The Karachi Stock Exchange (Guarantee) Limited ("KSE") placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing as on 27 August 2008. Under the "Floor Mechanism", the individual security price of equity securities could vary within normal circuit breaker limit, but not below the floor price level. The mechanism was effective from 28 August 2008 and remained in place until 15 December 2008. Consequent to the introduction of "floor mechanism" by KSE, the market volume declined significantly during the period from 27 August 2008 to 15 December 2008. There were lower floors on a number of securities at 31 December 2008. The securities quoted on stock exchanges have been valued at quoted prices on 31 December 2008 without any adjustment as allowed by the Securities and Exchange Commission of Pakistan (SECP) as per the press release dated 29 January 2009.

Furthermore, SECP vide circular no.3/2009 dated 16 February, 2009 has allowed that for the purpose of application of clause 16(1)(a) of Part A and clause 13(1)(a) of Part B to the Annexure II: "Statements required to be filed by life and non-life insurers" of the Insurance Rules 2002, where the market value of any available for sale investment as at 31 December 2008 is less than cost, the fall in value may be treated as temporary and the investment valued at cost. Further as per this circular, where the fall in value of available for sale investments is treated as temporary, then twenty five percent of the difference as at the end of quarter between the cost and the market value as at 31 December 2008, after adjusting for the price movement during the quarter, shall be recognised during each calendar quarter of 2009 through the Profit and Loss account. The Company has opted to treat the fall in value at 31 December 2008 of available for sale investments as temporary and accordingly the investments are valued at cost. Further as per SRO 150(1)/2009 dated 13 February 2009 issued by SECP, the decline in value of available for sale shall be treated as charge to profit and loss account for the purpose of distribution of dividend.

International Accounting Standard 39 – Financial Instruments: Recognition and Measurement (IAS 39) requires that available for sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. Such impairment loss should be charged to Profit and Loss Account.

In view of the floor mechanism as explained above and current economic conditions in the country, the management believes that these are "rare circumstances" and the plunge in stock markets cannot be considered to be a fair reflection of quoted securities. Therefore recognition of impairment for 'Available for Sale' investments through Profit and Loss account will not reflect the correct financial performance of the Company.

Had the Company recognised impairment loss on decline other than temporary this would have had the following effect on these financial statements:

	<b>2008</b> <b>(Rupees)</b>
Increase in 'impairment loss' in profit and loss account	<u>108,864,047</u>
Decrease in profit for the year	<u>108,864,047</u>
Decrease in earnings per share	<u>5.34</u>
Decrease in unappropriated profit	<u>108,864,047</u>
Decrease in carrying value of investments	<u>108,864,047</u>

<b>14.4 Investment in associated company</b>	No. of Units	Face value (Rupees)	<b>2008</b> <b>(Rupees)</b>	2007 (Rupees)
Askari Income Fund	53,323	100	<u>5,013,921</u>	<u>5,048,725</u>

**14.4.1** Summary of assets, liabilities and results of Askari income fund as derived from the un-audited financial statements for six months period ended 31 December 2008 are as follows:

	<b>2008</b> <b>(Rupees)</b>	2007 (Rupees)
Total assets	<b>4,130,113,031</b>	15,343,296,951
Total liabilities	<b>670,426,952</b>	2,116,316,701
Net assets	<b>3,459,686,079</b>	13,226,980,250
Revenue for the period	<b>(68,359,767)</b>	751,571,540
Net (loss)/income for the period	<b>(146,316,057)</b>	648,763,849

## 15 PREMIUMS DUE BUT UNPAID - UNSECURED, CONSIDERED GOOD

	Note	<b>2008</b> <b>(Rupees)</b>	2007 (Rupees)
Premiums due but unpaid - unsecured, considered good	15.1	<b>164,540,764</b>	111,350,787
Premiums due but unpaid - unsecured, considered doubtful		<u>-</u>	<u>3,500,000</u>
		<b>164,540,764</b>	114,850,787
Provision for premium doubtful of recovery		<u>-</u>	<u>(3,500,000)</u>
		<b>164,540,764</b>	111,350,787

**15.1** Premium due but unpaid includes an amount of Rs.5.9 million (2007: Rs. 8.88 million) receivable from the Company's associated undertakings (Refer note 24).

## 16 ACCRUED INVESTMENT INCOME

	Note	<b>2008</b> <b>(Rupees)</b>	2007 (Rupees)
Accrued income		<b>6,423,918</b>	11,498,188
Less: Provision for impairment	14.1.3	<u>-</u>	<u>(2,635,129)</u>
		<b>6,423,918</b>	8,863,059

## 17 SUNDRY RECEIVABLES

Deposits		<b>832,541</b>	832,541
Advances to suppliers - unsecured, considered good		<b>830,472</b>	2,005,472
Receivable from staff gratuity fund		<u>-</u>	<u>181,852</u>
Other receivables - unsecured, considered good	11.2	<b>5,153,678</b>	19,363,571
		<b>6,816,691</b>	22,383,436

## 18 FIXED ASSETS - TANGIBLE

Operating fixed assets	18.1	<b>75,444,532</b>	60,274,462
Capital work in progress	18.1, 18.2	<b>51,541,995</b>	43,696,800
		<b>126,986,527</b>	103,971,262



## 18.1 FIXED ASSETS - TANGIBLE

	OPERATING FIXED ASSETS					TOTAL	Capital work in progress	TOTAL
	Furniture and fixtures	Computer and office equipment	Vehicles	Lenshold improvements	TOTAL OWNED			
<b>COST</b>								
Balance as at Jan 01, 2007	11,346,624	17,340,399	50,617,500	-	79,304,523	2,564,500	81,869,023	107,940,223
Additions during the year	4,770,175	4,305,658	9,746,102	4,670,080	23,692,015	5,150,600	28,842,615	46,468,215
Disposals	-	-	(2,883,500)	-	(2,883,500)	-	(2,883,500)	(2,883,500)
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at Dec 31, 2007	16,116,799	21,846,057	57,480,102	4,670,080	100,113,038	7,715,100	107,828,138	151,534,938
Balance as at Jan 01, 2008	16,116,799	21,846,057	57,480,102	4,670,080	100,113,038	7,715,100	107,828,138	151,534,938
Additions during the year	325,786	6,359,123	20,982,432	5,867,404	33,534,745	920,451	33,534,745	41,779,940
Disposals	(39,600)	(186,456)	(5,345,400)	(5,991,560)	(12,763,016)	(921,500)	(12,763,016)	(12,763,016)
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at Dec 31, 2008	16,402,985	28,019,124	74,022,034	10,537,484	128,987,627	5,870,149	134,857,776	186,393,771

## DEPRECIATION

Balance as at Jan 01, 2007	4,934,233	10,697,945	20,635,777	-	36,267,955	516,500	36,784,455	36,784,455
Charge for the year	1,021,402	3,312,997	6,707,858	371,334	11,413,591	1,439,720	12,853,311	12,853,311
Disposals	-	-	(2,084,090)	-	(2,084,090)	-	(2,084,090)	(2,084,090)
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at Dec 31, 2007	5,955,635	14,010,942	25,259,545	371,334	45,597,456	1,956,220	47,553,676	47,553,676
Balance as at Jan 01, 2008	5,955,635	14,010,942	25,259,545	371,334	45,597,456	1,956,220	47,553,676	47,553,676
Charge for the year	1,059,263	3,611,819	9,245,682	1,501,366	15,418,130	567,064	15,985,194	15,985,194
Disposals	-	(176,759)	(3,713,177)	-	(3,889,936)	(241,690)	(4,131,626)	(4,131,626)
Transfers/adjustments	-	-	-	-	-	-	-	-
Balance as at Dec 31, 2008	7,014,898	17,446,002	30,792,050	1,872,700	57,125,650	2,281,594	59,407,244	59,407,244
Written down value as at Dec 31, 2007	10,161,164	7,833,115	32,220,557	4,298,746	54,515,582	5,758,880	60,274,462	103,971,262
Written down value as at Dec 31, 2008	9,388,087	10,573,122	43,229,984	8,664,784	71,853,977	3,588,555	75,444,532	126,986,527

Rate of depreciation in %

20

33

20

## Detail of disposal of fixed assets during the year

Description of assets/particulars of buyer	Original cost (Rupees)	Accumulated depreciation (Rupees)	Book value (Rupees)	Sale proceeds (Rupees)	Mode of Disposal
<b>Vehicles:</b>					
- Army Welfare Trust	833,500	466,748	366,752	436,752	Negotiation
- Mr. Ahmad Raza	305,000	152,500	152,500	152,500	Negotiation
- Mr. Ahmad Wasim Azil	365,000	451,650	116,650	166,000	Negotiation
- Chari adjustment	359,000	284,800	74,200	225,000	Theft
- Mr. Muhammad Raza	350,000	349,000	1,000	1,000	Negotiation
- Mr. Shaker Hussain	350,000	341,315	8,685	171,000	Negotiation
- Mr. Sufia Hussain	610,000	450,092	159,908	300,000	Negotiation
- Chari adjustment	300,000	289,000	11,000	11,000	Negotiation
- Mr. Taseer Ahmad-Employee	300,000	139,600	160,400	160,400	Negotiation
- Chari adjustment	404,000	355,639	48,361	569,000	Total loss
- Mr. Taseer Ahmad-Employee	159,856	159,647	8,209	13,000	Negotiation
- Mr. Sufia Hussain	27,000	26,114	886	2,000	Negotiation
- Mr. Sufia Hussain	16,000	16,000	-	16,000	Negotiation
- Mr. Sufia Hussain	6,111,107	4,131,626	1,979,481	3,333,407	Negotiation
- Mr. S P I Interior	2,883,500	2,883,500	-	1,043,000	Negotiation

**18.2** Capital work in progress includes installments of Rs. 49,572,000 (2007: Rs. 43,696,800) paid for office space acquired in Islamabad Stock Exchange (ISE) Tower. The Company has paid all installments except 10% final payment which will be paid at the time of possession of office.

<b>19</b>	<b>NET PREMIUM REVENUE</b>	<b>2008</b>	<b>2007</b>	
		<b>(Rupees)</b>	<b>(Rupees)</b>	
	Net premium revenue includes administrative surcharge as per details given below:			
	Fire and property damage	3,577,319	3,713,912	
	Marine, aviation and transport	2,972,596	2,431,534	
	Motor	10,265,405	10,121,270	
	Accident and health	5,712,713	4,444,819	
	Miscellaneous	1,230,904	1,604,380	
		<u>23,758,937</u>	<u>22,315,915</u>	
<b>20</b>	<b>EXPENSES</b>	<b>Note</b>		
	This represents management expenses, the break up of which is as follows:			
	Salaries and other benefits	5.12.1, 5.12.2, 11.2	74,031,175	61,314,655
	Rent expense		15,017,563	13,044,648
	Communication		9,390,054	7,579,431
	Printing and stationery		2,416,125	1,105,201
	Travelling and entertainment		3,104,229	1,903,699
	Depreciation		12,975,492	10,132,314
	Repairs and maintenance		6,373,986	5,418,243
	Utilities		4,375,572	3,061,908
	Advertisement		313,230	48,840
	Legal and professional		992,107	378,208
	Bank charges		488,037	448,917
	Miscellaneous expenses		1,340,671	837,504
			<u>130,818,241</u>	<u>105,273,568</u>
<b>21</b>	<b>OTHER INCOME</b>			
	Gain on sale of fixed assets		1,357,926	245,590
	Old liabilities written back		1,264,836	1,154,274
	Miscellaneous income		5,174,504	944,492
			<u>7,797,266</u>	<u>2,344,356</u>
<b>22</b>	<b>GENERAL AND ADMINISTRATION EXPENSES</b>			
	Salaries and other benefits	5.12.1, 5.12.2, 11.2	43,119,158	38,198,930
	Rent expense		5,494,482	4,318,087
	Communication		2,177,581	1,820,144
	Printing and stationery		2,772,298	2,617,005
	Travelling and entertainment		2,959,903	2,519,514
	Depreciation		3,009,702	2,720,997
	Repairs and maintenance		2,608,648	2,585,552
	Legal and professional		1,892,012	4,683,992
	Subscription		2,306,248	1,997,914
	Utilities		1,048,636	1,241,557
	Advertisement		2,107,486	612,010
	Auditors' remuneration	22.1	650,000	600,000
	Bank charges		313,445	214,365
	Write off / provision for premium- doubtful of recovery		5,000,000	3,500,000
	Miscellaneous expenses		3,927,654	1,461,651
			<u>79,387,253</u>	<u>69,091,718</u>
<b>22.1</b>	<b>Auditor's remuneration</b>			
	Audit fee		225,000	200,000
	Half yearly review		125,000	100,000
	Tax advisory services		200,000	200,000
	Other certifications		50,000	50,000
	Out of pocket expenses		50,000	50,000
			<u>650,000</u>	<u>600,000</u>
<b>23</b>	<b>PROVISION FOR TAXATION</b>			
	Current		6,483,353	21,321,180
	Deferred		4,242,942	(3,052,942)
			<u>10,726,295</u>	<u>18,268,238</u>



**23.1 Reconciliation of tax expense**

	<b>2008</b>	2007
	(%)	(%)
Applicable tax rate	<b>35.00</b>	35.00
Tax effect of amounts chargeable to tax at reduced rate	<b>(44.85)</b>	(7.09)
Tax effect of permanent difference	<b>71.54</b>	(1.81)
Average effective tax rate charged on income	<u><b>61.69</b></u>	<u>26.10</u>

**24. TRANSACTIONS WITH RELATED PARTIES**

AWT holds directly and indirectly significant portion of the Company's equity at the year end, therefore all subsidiaries and associated undertakings of AWT are related parties of the Company. Also related parties comprise of entities under common control, entities with common directors, major shareholders, directors, key management personnel and employees retirement benefit funds. Remuneration to chief executive, directors and executives under the terms of their employment are disclosed in note 26 to the financial statements.

Transactions and balances with related parties during the year/ at the year end were as follows:

<b>Balance at the end of the year</b>	<b>2008</b>	2007
<b>Associates:</b>	<b>(Rupees)</b>	<b>(Rupees)</b>
Premium due		
Balance at beginning of the year (note: 15)	<b>8,881,193</b>	3,314,609
Insurance premium written (including government levies, Administrative surcharge and policies stamps)	<b>44,198,027</b>	45,026,488
Premium received during the year	<b>(47,177,322)</b>	(39,459,904)
Balance at end of the year (note: 15)	<u><b>5,901,898</b></u>	<u>8,881,193</u>

**Transactions during the year**  
**Associates:**

Profit on deposit accounts	<b>1,306,697</b>	895,962
Bank charges	<b>731,831</b>	581,470
Interest income	<b>467,474</b>	153,698
Insurance commission expense	<b>905,473</b>	551,637
Insurance claims paid	<b>12,185,491</b>	15,842,404
Purchase of listed securities through broker, ASL including brokerage fee	<b>263,746,689</b>	221,027,795
Sale of listed securities through broker, ASL including brokerage fee	<b>244,234,436</b>	223,267,498
Investments made - held to maturity	<b>5,270,000</b>	3,000,000
Investments made - available for sale	<b>-</b>	5,000,000
Bonus shares issued- number	<b>2,500,011</b>	1,923,084
Services acquired	<b>6,151,008</b>	4,771,152

**Other:**

Payment to staff retirement benefit funds	<b>5,996,280</b>	5,849,766
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**25. CONTINGENCIES AND COMMITMENT****Contingencies**

Tax returns filed by the Company stand assessed upto and including Tax Year 2008 (income year ended 31 December 2007).

Tax assessments for assessment years 1996-97 to 2002-03 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 19.5 million. Assessments upto and including the assessment year 1999-2000 have been set aside by the Income Tax Appellate Tribunal (ITAT). The Company has filed reference applications to the High Court on question of admissibility of management expenses. These are pending decisions. Provision has not been made in these financial statements in respect of outstanding matters as the management is confident of a favorable outcome.

Appeals filed by the Company against Assessment Orders for Assessment Years 2000-2001 are pending decision by the ITAT whereas appeal for the Assessment year 2002-2003 was decided in favour of the Company by the Commissioner (Appeals) where-against the tax department has filed appeal to the ITAT which is pending decision.

Certain cases against the Company are pending before various courts of law. However management is confident of a favorable outcome.

**Commitment**

The Company is committed to pay the 10% final installment relating to the acquisition of office space in Islamabad Stock Exchange Tower at the time of possession.

## 26. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

- 26.1 The aggregate amount charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and executive of the Company are as follows:

	2008 (Rupees)			2007 (Rupees)		
	Directors	Chief Executive	Executive	Directors	Chief Executive	Executive
Remuneration and bonus	-	2,040,000	1,678,056	-	2,720,000	530,712
Housing and utilities	-	1,110,000	1,335,744	-	1,110,000	315,888
Provision for leave encashment	-	262,500	223,650	-	262,500	-
Provident fund	-	169,932	139,788	-	169,932	-
Meeting fee	184,000	-	-	185,000	-	-
	<b>184,000</b>	<b>3,582,432</b>	<b>3,377,238</b>	<b>185,000</b>	<b>4,262,432</b>	<b>846,600</b>
No of person(s)	<b>7</b>	<b>1</b>	<b>3</b>	<b>7</b>	<b>1</b>	<b>1</b>

- 26.2 The Chief Executive and executives are also provided with the Company's maintained car. They are also entitled to gratuity, the provision for which is determined by the actuary.

## 27. EARNINGS PER SHARE - BASIC AND DILUTED

	2008	2007 (Restated)
Profit after taxation (Rupees)	<b>6,659,419</b>	<b>51,728,041</b>
Weighted average numbers of shares (Numbers)	<b>20,377,492</b>	<b>20,377,492</b>
Earnings per share (Rupees)	<b>0.33</b>	<b>2.54</b>

Comparatives have been restated to take the effect of bonus shares issued during the year.

## 28. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 28.1 Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. The Company is exposed to credit risk on premiums receivable from customers and reinsurers; and for commission and claim recoveries from reinsurers. The management monitors exposure to credit risk through regular review of credit exposure and prudent estimate of provision for doubtful recoveries.

### 28.2 Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company is exposed to market risk with respect to its investments. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and Term Finance Certificates (TFCs) markets. In addition, the Company actively monitors the key factors that effect stock and TFCs market movements.

### 28.3 Foreign currency risk

The company is not materially exposed to risk from foreign currency exchange rate fluctuation.

### 28.4 Reinsurance risk

Reinsurance does not relieve the Company from its obligation to policy holders and the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimize its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance from the well renowned reinsurers, who are also dispersed over several geographical regions.

### 28.5 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its commitments associated with financial instruments when they fall due. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. Liquidity requirements are monitored by the management to ensure that adequate liquid funds are available to meet any commitment as they arise.



## 28.6 Company / mark-up rate risk

The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. Interest / mark-up rate risk is the risk of changes in market interest / mark-up rates reducing the overall return on its interest bearing securities. The Company limits its interest / mark-up rate risk by monitoring changes in interest / mark-up rates in which its cash and investments are denominated. However, it has no liability that is subject to mark-up rate risk. The Company's Interest/mark-up sensitivity and liquidity position based on the earlier of contractual repricing or maturity date, is as follows:

(Amount in Rupees)

DESCRIPTION	INTEREST / MARK-UP BEARING				NON-INTEREST BEARING Total	2008		
	Maturity upto one year	Maturity after one year & upto two years	Maturity after two years & upto three years	Maturity after three years & upto four years		Maturity after four years & upto five years	Sub Total	Total
<b>Financial Assets</b>								
Cash and balances in current and other accounts	65,090,679	-	-	-	65,090,679	18,517,213	83,607,892	3.5% to 7%
Balance in deposits accounts	1,500,000	-	-	-	1,500,000	-	3,955,072	3.5% to 12.14%
Advances to employees	49,118,576	7,818,005	6,708,405	34,485,451	209,060,197	307,760,232	2,985,672	5% to 18.51%
Premium due but unpaid	-	-	-	-	-	164,540,764	164,540,764	-
Amounts due from other insurers / reinsurers	-	-	-	-	-	61,381,887	61,381,887	-
Accrued investment income	-	-	-	-	-	6,423,918	6,423,918	-
Reinsurance recoveries against outstanding claims	-	-	-	-	-	60,809,689	60,809,689	-
Steady receivables	-	-	-	-	-	5,986,219	5,986,219	-
	115,709,255	7,818,005	6,708,405	34,485,451	266,659,876	628,375,655	925,035,831	-
<b>Financial Liabilities</b>								
Provision for outstanding claims including IDNR	-	-	-	-	-	223,068,789	323,068,789	-
Amounts due to other insurers/reinsurers	-	-	-	-	-	93,719,774	93,719,774	-
Accrued expenses	-	-	-	-	-	6,254,400	6,254,400	-
Liabilities against assets subject to finance lease	1,225,112	720,581	-	-	1,945,693	-	1,945,693	17% to 15%
Unclaimed dividend	-	-	-	-	-	834,251	834,251	-
Other liabilities	1,225,112	720,581	-	-	1,945,693	87,682,934	87,682,934	-
	114,484,143	7,097,924	6,708,405	34,485,451	264,714,183	216,818,507	481,529,690	-
<b>Net financial assets/(liabilities)</b>								
	19,225,112	720,581	-	-	1,945,693	264,714,183	481,529,690	-
	197,202,162	31,246,425	11,018,005	7,097,605	34,498,091	101,963,740	389,802,288	-
	108,827,082	1,000,000	-	-	-	108,827,082	130,376,156	1.5% to 2.75 %
	39,407,306	-	-	-	-	39,407,306	39,407,306	1.25% to 12.14%
	49,967,774	30,246,425	11,018,005	7,097,605	34,498,091	101,963,740	234,703,640	5% to 18%
	-	-	-	-	-	2,816,972	2,816,972	-
	-	-	-	-	-	111,580,387	426,801,397	-
	-	-	-	-	-	1,381,076	1,381,076	-
	-	-	-	-	-	8,863,089	8,863,089	-
	-	-	-	-	-	68,005,053	68,005,053	-
	-	-	-	-	-	20,196,112	20,196,112	-
	197,202,162	31,246,425	11,018,005	7,097,605	34,498,091	382,938,028	869,802,288	-
	195,603,407	29,811,704	10,233,585	7,097,605	34,498,091	101,963,240	379,120,132	-
	-	-	-	-	-	-	226,488,978	-
	-	-	-	-	-	-	199,387,140	-
	-	-	-	-	-	-	14,227,753	-
	1,598,755	1,434,721	794,420	-	3,817,896	836,960	3,816,006	13% to 15%
	-	-	-	-	-	-	3,816,006	-
	-	-	-	-	-	-	25,139,115	-
	1,598,755	1,434,721	794,420	-	3,817,896	426,273,916	430,093,812	-
	195,603,407	29,811,704	10,233,585	7,097,605	34,498,091	101,963,240	379,120,132	-
	-	-	-	-	-	-	60,588,344	-
	-	-	-	-	-	-	439,708,476	-

The fair value of all major financial assets are estimated to be not significantly different from their book values except for certain investments, details of which are given in note 14 to the financial statements.





### 30 CAPITAL MANAGEMENT

The management's policy is to maintain a strong capital base for the confidence of stakeholders and to sustain future development of the business. The management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is required to maintain minimum paid up capital under the Insurance Ordinance, 2000 as per the following schedule:

	2008	2009	2010	2011
	Rupees			
Minimum paid up capital requirement at each year end	160,000,000	200,000,000	250,000,000	300,000,000

The Company has adopted a policy of profit capitalization to meet the regulatory requirements for minimum paid up capital. There was no change in the Company's approach towards capital management during the year.

### 31 AUTHORISATION FOR ISSUE

These financial statements were authorised to be issued by the Board of Directors of the Company in their meeting held on April 01, 2009.

### 32 GENERAL

**32.1** Figures have been rounded off to the nearest rupee.

Lt. Gen. (Retd.) Imtiaz Hussain  
Chairman

Mohammad Hussain Hirji  
President & Chief Executive

Syed Suhail Ahmad Rizvi  
Director

Abdul Wabced  
Director



## Pattern of Shareholding

As at 31 December 2008

805	101	500	186,628
217	501	1,000	148,667
341	1,001	5,000	726,919
73	5,001	10,000	533,137
20	10,001	15,000	251,522
13	15,001	20,000	240,299
10	20,001	25,000	225,553
6	25,001	30,000	167,493
7	30,001	35,000	226,369
3	35,001	40,000	111,470
5	40,001	45,000	215,377
1	45,001	50,000	46,841
3	50,001	55,000	158,741
1	55,001	65,000	60,300
3	65,001	70,000	204,082
1	70,001	75,000	71,000
2	75,001	80,000	155,818
1	80,001	85,000	82,455
1	85,001	105,000	102,440
2	105,001	115,000	228,342
3	115,001	120,000	351,375
2	120,001	130,000	254,953
4	130,001	135,000	523,894
1	135,001	155,000	154,000
3	155,001	165,000	486,770
2	165,001	170,000	338,000
1	170,001	185,000	180,723
1	185,001	195,000	195,000
1	195,001	460,000	457,730
1	460,001	495,000	490,919
1	495,001	540,000	539,500
1	540,001	715,000	711,500
1	715,001	1,360,000	1,359,985
1	1,360,001	2,040,000	2,035,703
1	2,040,001	3,055,000	3,054,577
1	5,080,001	5,085,000	5,084,175
<b>1908</b>			<b>20,377,492</b>

### Categories of Shareholders

Particulars	No of Shareholders	Shares Held	Percentage
Individuals	1,850	7,569,000	37.14
Insurance Companies	-	-	-
Financial Institutions	9	6,048,110	29.68
Charitable Trust	3	5,344,817	26.23
Others	46	1,415,565	6.95
<b>Total</b>	<b>1,908</b>	<b>20,377,492</b>	<b>100.00</b>

Note: 1 Individual includes 7 Directors Holding 399,591 Shares in their capacity as nominee of Army Welfare Trust, Askari Bank Limited and Askari Leasing Limited. The ultimate ownership remains with respective Company/Trust.

## Pattern of Shareholding

### Pattern of Share holding

#### Information required under Code of Corporate Governance

#### Categories of Shareholders

Particulars	No of Shareholders	Shares Held	Percentage
<b>Associated undertakings</b>			
Army Welfare Trust	3	5,344,817	<b>26.23</b>
Askari Commercial Bank Limited	1	3,054,577	<b>14.99</b>
Askari Leasing Limited	1	2,035,703	<b>9.99</b>
Askari Securities Limited	1	79	<b>0.00</b>
			-
<b>NIT/ICP</b>	-	-	-
<b>Directors &amp; Chief Executive</b>			
Lt Gen (Retd) Zarrar Azim	1	130,981	<b>0.64</b>
Mr. Kashif Mateen Ansari	1	1,300	<b>0.01</b>
Brig (Retd) Mushtaq Ahmad Malik	1	130,971	<b>0.64</b>
Brig (Retd) Javed Qayum	1	130,971	<b>0.64</b>
Mr. Abdul Waheed	1	2,034	<b>0.01</b>
Mr. Suhail Ahmad Rizvi	1	2,034	<b>0.01</b>
Mr. Abdul Hai Mehmood Bhaimia	1	1,300	<b>0.01</b>
<b>Executives</b>	-	-	-
Public Sector Companies and Corporations (other than specified above)	-	-	-
Banks, Development Financial Institutions, Non Banking Financial Institutions, Insurance Companies, Modarbas & Mutual Funds (other than specified above)	6	957,751	<b>4.70</b>
<b>Individual</b>	1,843	7,169,409	<b>35.18</b>
<b>Others</b>	46	1,415,565	<b>6.95</b>
<b>Paid up Capital</b>	<b>1,908</b>	<b>20,377,492</b>	<b>100</b>

**Note 2:** There have been no trade in the shares of the Company, carried out by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouse and minor children.

## Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_ being member(s) of *askari general insurance co. ltd.*, holding \_\_\_\_\_ Ordinary shares, hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ or failing him / her \_\_\_\_\_ of \_\_\_\_\_ who is also a member of the Company, as my / our proxy to vote for me / us, and on my / our behalf at the **14th Annual General Meeting** of the Company to be held on Thursday April 30, 2009 at 10:00 a.m. and at any adjournment thereof.

Folio No.	CDC Account No.	
	Participant ID	Account No.

Signature on  
Rs. 5.00 Revenue Stamp

(Signature should agree with  
the specimen signature  
registered with the Company)

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signed by the said \_\_\_\_\_

Witnesses: 1. \_\_\_\_\_ 2. \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No. / Passport No. \_\_\_\_\_

### Notes:

1. This form of Proxy, duly completed, must be deposited at the Company's Head Office at 4th Floor, AWT Plaza, The Mall, Rawalpindi, Pakistan, not later than 48 hours before the time appointed for the meeting.
2. CDC Shareholders and their proxies are each requested to attach attested photocopy of their Computerized National Identity Card or Passport with this proxy form before submission to the Company.
3. No person shall act as proxy unless he/she is a member of the Company.
4. CDC Shareholders or their Proxies are requested to bring with them their Original Computerized National Identity Card or Passport alongwith the Participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate their identification.
5. If a member appoints more than one proxy, and more than one instruments of proxy, are deposited by a member with the Company all such instruments of proxy shall be rendered invalid.

The Company Secretary  
***askari general insurance co.ltd.***  
P.O. Box No. 843, 4th Floor, AWT Plaza,  
The Mall, Rawalpindi - Pakistan

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*Annual Report 2008*



**askari general insurance co. ltd.**

**"SUSTAINABLE RELATIONSHIPS"**