asia INSURANCE company Ltd.

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asia INSURANCE company Ltd.

VISION AND MISSION STATEMENT

Vision Statement

To transform the Company into an ideal Insurance Company with larger equity base which could provide more opportunities and options for utilization of funds and help to increase profitably through economy of scale, better resource mobilization and reduction in operational cost alongside to provide better services to our clients and stakeholders which could gather the confidence of both shareholders and policyholders.

Mission Statement

To provide excellent service, best risk management, prompt settlement of claims, expand branches network of the company, induct and build sound and dynamic team, ensure good governance for sustainable and equitable growth and prosperity of the Company.

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 32nd Annual General Meeting of Asia Insurance Company Limited will be held at its registered office at 456-K, Model Town , Lahore on 30th April, 2013 at 11.00 a.m. to transact the following business.

Ordinary Business:

1. To confirm the minutes of the 31st Annual General Meeting held on 30.04.2012.
2. To receive, consider, and adopt the Audited Annual Accounts of the Company for the year ended 31st December 2012 together with Director's and Auditor's report thereon.
3. To appoint auditors of the Company and fix their remuneration for the year ending December 31, 2012. M/s Rehman, Sarfaraz, Rahim, Iqbal, Rafiq Chartered Accountants, and M/s Amin, Mudassar & Co. Chartered Accountants retire and offer themselves for reappointment.

Special Business:

4. To consider and approve remuneration payable to the full time Director of the Company as approved by the Board.
5. To transact any other business with the permission of the chair.

By the order of the Board

Karamat Ullah
Company Secretary

Lahore: April 10, 2013

Notes:

1. The share transfer books of the company will remain close from 24th April, 2013 to 30th April, 2013 (both days inclusive).Transfers received in order by the Share Registrar M/s Corplink (Pvt.) Limited, Wing Arcade, 1-K, Commercial, Model Town, Lahore, up to the close of business on 23 April, 2013 will be treated in time.
2. A member entitled to attend speak and vote at the meeting is entitled to appoint a proxy to attend speak and vote for him / her.
3. An instrument of proxy and power of Attorney or the Authority (if any) under which it is signed or a naturally certified copy of such power of Authority, in order to valid, must be deposited at the Registered Office of the Company not less than 48 hours before the time of the Meeting.
4. Members are requested to notify Share Registrar of the Company of any change in their address.
5. CDC shareholders are requested to bring with them their original National Identity Cards or original passport along with the participant I. D. No. and their Account No. At the time of attending the Annual General meeting in order to facilitate identification of the respective shareholders.
6. Members who have not yet submitted photocopy of their Computerized National Identity Cards (CNIC) are requested to send the same to our Shares Registrar at the earliest.

Statement under Section 160(1) (b) of the Companies Ordinance, 1984.
This statement sets out the material facts concerning the special business, given in agenda item no.4 of the Notice, to be transacted at the Annual General Meeting of the Company.

Remuneration payable to the full time Director:
Mr.Zain Ul Haq Qureshi perform his duties as full time director of the company. The full time director is interested to the extent of his remuneration and directorship in the company. The board of Directors has proposed following resolution.

“Resolved that an amount of Rs.78,000 per month be approved as monthly remuneration for the period from January 01, 2013 to December 31, 2013 and any increment during the year according to company's Human Resource policy to be paid to Mr.Zain Ul Haq Qureshi along with company maintained car.”

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COMPANY INFORMATION

Chairman & Chief Executive	Engr. Ihtsham ul Haq Qureshi (Prince Henrik Medal of Honour by Royal Kingdom of Denmark.)	
Directors	Mrs. Nosheen Ihtsham Qureshi (Tamgha-e-Imtiaz by Governament of Pakistan) Mr. Aisam ul Haq Qureshi (Pride of Performance Award by President of Pakistan Arthur Ashe Humanitarian of the year 2002 Award by ATP Tour USA Sitara-e-Imtiaz by Government of Pakistan) Mr. Zain ul Haq Qureshi Mr. Khalid Rashid Khawaja Suhail Iftikhar Mr.Shahid Pervez Noor	
Audit Committee	Mr.Shahid Pervez Noor	Chairman
	Mr.Khawaja Suhail Iftikhar	Member
	Mrs Nosheen Ihtsham	Member
	Mr.Khurram Javaid (ACMA)	Secretary
President	Mr. Ali Munem Shamsi	
Legal Advisor	Barister Munawar-us-Salam Cornelius Lane & Mufti Advocates and Solicitors Nawa-e-Waqt Building, 4-Shahra-e-Fatima Jinnah, Lahore.	
Company Secretary / CFO	Mr.Karamat Ullah (ACA)	
Internal Auditor	Mr.Khurram Javaid (ACMA)	
Auditors	Rehman Sarfraz Rahim Iqbal Rafique Chartered Accountants. Amin, Mudassar & Co. Chartered Accountants.	
Management at Head Office	Mr. Gulfaraz Anis	Head of Operation
	Mr. Mehmood Akhtar	Executive Claims
	Mr. Asim Nazir	Assistant Manager U / W
	Ms.Majda Afzal	Assistant Manager Accounts
Controller of Branches	Muhammad Amjad Rao	
S.E.V.P / Group Head	Mr.Tahir Hussain Qureshi	
E.V.P Corporate Business	Mr.Salman Mir	
Agri & Corporate Head	Muhammad Imran Qureshi	
Registered & head Office	456-K, Model Town, Lahore Phones: 92-42-35916801-3, Fax: 92-42-35865579	

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PRODUCTS AND SERVICES

Fire & Allied Perils Insurance:

Insurance that is used to cover damage to a property caused by fire. Fire insurance is a specialized form of insurance beyond property insurance, and is designed to cover the cost of replacement, reconstruction or repair beyond what is covered by the property insurance policy. Policies cover damage to the building itself, and may also cover damage to nearby structures, personal property and expenses associated with not being able to live in or use the property if it is damaged. Standard fire insurance policy extended to cover associated causes of loss or damage to the property.

Marine Cover:

Marine insurance is a type of insurance that covers boats and ships, as well as their cargo and in some instances the places where the boat or ship is docked. Marine insurance covers the loss or damage of ships, cargo, terminals, and any transport or cargo by which property is transferred, acquired, or held between the points of origin and final destination.

Motor Cover:

Vehicle insurance (also known as auto insurance, car insurance, or motor insurance) is insurance purchased for cars, trucks, motorcycles, and other road vehicles. Its primary use is to provide financial protection against physical damage and/or bodily injury resulting from traffic collisions and against liability that could also arise there from. It is a legal requirement to have a minimal level of insurance before driving a car in Pakistan.

1. Bodily injury liability-
2. Property damage liability-
3. Medical payments-
4. Physical damage covers
   a. Covers losses to your car involved in a collision.
   b. Covers non-collision physical damage if your car is damaged in storm or windshield breaks etc.

Miscellaneous Insurance

Includes insurance against loss from damage done, directly or indirectly by lightning, windstorm, tornado, or exhibition against loss by reason of the interruption, postponement, or cancellation of such production, event, or exhibition due to death, accidental injury, or sickness preventing performers, directors, or other principals from commencing or continuing their respective performance or duties; and any insurance not included in any other classes.

Reinsurance Arrangements

We are re-insured with the best renowned international Re-insurers holding the highest rating in their business. These are:

- Oman Re
- Labuan Re
- Arab Re
- Trust Re
- PakRe

asia INSURANCE company Ltd.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Dear Shareholders!

The Directors of Asia Insurance Company Limited take pleasure in presenting the annual report of your company, together with the audited financial statements for the year ended December 31, 2012.

Overview

2012 remained a challenging year for the general insurance industry due to a number of factors including but not limited to slow economic growth, International economic crisis, widening fiscal deficit, increasing borrowing by the Government caused intense inflationary pressure, war on terror, concerns over security situation and power outrages in Pakistan.

Your company able to perform better than 2011 during 2012 in terms of Profit after tax and Investment Income .

The fundamental strength of our core operations remains intact and the company has been able to further enhance its operational performance, reflected by a healthy increase of 18.85% in Investment income. Underwriting loss incurred during the year due to increase in claims expense and decrease in premium revenue.

Underwriting Performance

Key Operation Figures	2012 Rupees	2011 Rupees	Growth %
Gross Premium	53,082,634	53,020,823	0.115
Net Premium Revenue	29,300,570	33,704,379	(13.06)
Underwriting Profit	(3,584,642)	333,916	(1173.5)
Investment Income	28,903,212	24,319,048	18.85
Profit Before Tax	7,301,260	11,544,513	(36.755)
Profit After Tax	10,180,259	9,664,864	5.33

SEGMENT WISE ANALYSIS:

Fire and property damage	2012 Rupees	2011 Rupees	Growth %
Gross Premium	18,015,866	20,307,100	(11.28)
Net Premium Revenue	9,623,774	9,703,894	(0.82)
Underwriting Profit / (Loss)	783,637	(622,250)	225.93

Marine, Aviation and Transport	2012 Rupees	2011 Rupees	Growth %
Gross Premium	6,186,033	7,776,683	(20.45)
Net Premium Revenue	5,296,319	6,207,402	(14.68)
Underwriting Profit / (Loss)	1,173,636	1,588,077	(26.10)

Motor	2012 Rupees	2011 Rupees	Growth %
Gross Premium	11,624,603	17,246,734	(32.60)
Net Premium Revenue	9,882,303	15,882,356	(37.78)
Underwriting Profit / (Loss)	(4,002,752)	(802,221)	(399.0)

Miscellaneous	2012 Rupees	2011 Rupees	Growth %
Gross Premium	17,256,132	7,690,306	124.40
Net Premium Revenue	4,498,174	1,910,727	135.41
Underwriting Profit / (Loss)	(1,539,163)	170,310	(1,003.74)

REINSURANCE

The company's reinsurance treaties have been revamped.

Financial Results

	2012 Rupees	2011 Rupees
Profit from underwriting operations	(3,584,642)	333,916
Investment and other income	29,656,502	25,568,770
General and administrative expenses	18,770,600	14,358,173
Profit before tax	7,301,260	11,544,513
Profit after tax	10,180,259	9,664,864
Un-appropriated profit brought forward	40,082,627	30,417,763
Profit available for appropriation	50,262,886	40,082,627

Dividend

Keeping in view cash flow requirements for construction of new head office building and branch network expansions, no dividend has been recommended for 2012.

Earnings Per Share.

Earning per Share is Rs. 0.339 (2011: 0.350). Earnings per share decreased as compared to previous year due to meager performance of underwriting but supported by healthy performance of underline investments.

Construction of Head office building

The construction of Head Office building of your company is in process and will be completed INSHALLAH by the end of 2013. The construction has been delayed due to delayed approval from Government of Punjab of design of building.

Paid up capital

The company is in compliance with capital requirements of Insurance Ordinance, 2000 and directives of Securities and Exchange Commission of Pakistan. This shows the willingness, commitment and interest of your Company's Directors for the growth, development and prosperity of your company.

Insurer Financial Rating Strength

Subsequent to year end your company achieved historic milestone of IFS of “A-“.The Pakistan Credit Rating Agency Limited (PACRA) upgraded your company's IFS rating from “BBB+“to “A-”.

AUDIT COMMITTEE

The Board in compliance with the Code of Corporate Governance has established an Audit Committee and HR&R Committee. The Audit Committee assists the Board in discharging its responsibilities for corporate control. The Composition of Audit Committee is as follows:

Mr. Shahid Pervez Noor	*Chairman*
Mrs. Nosheen Ihtsham	*Member*
Mr. Khawaja Suhail Iftikhar	*Member*
Mr.Khurram Javaid (ACMA)	*Secretary*

HR&R COMMITTEE:

Mrs. Nosheen Ihtsham Qureshi	Chairperson
Mr. Aisam Ul Haq Qureshi	Member
Mr. Ihtsham Ul Haq Qureshi	Member
Mr. Gulfaraz Anis	Secretary

Branch network

Your company is fully aware of the fact that branches network must be established in as many cities as possible, feasible and profitable.

Our aims and objectives of opening branches are to provide excellent services to our esteemed clients and prompt settlement of claims besides ensuring ultimate profitability for the shareholders through prudent underwriting and cost efficiency.

Statement of Investment of Provident Fund

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

Particulars	December 31, 2012 Rupees	December 31, 2011 Rupees
Investments	4,260,404	3,726,013

Board Meetings

During the year 2012 following meetings of the Board of Directors were held and attendance of Directors was as under:

Name of Director		Meetings Held	Meetings Attended
Mr.Ihtsham ul Haq Qureshi		7	07
Mrs.Nosheen Ihtsham Qureshi		7	05
Mr.Aisam ul Haq Qureshi		7	01
Mr.Zain Ul Haq Qureshi		7	07
Mr.Khalid Rashid	Appointed	7	06
Mr.Khawaja Suhail Iftikhar		7	07
Mr.Shahid Pervez Noor	Appointed	7	05
Mr.Hassan Ahmad Khan	Resigned	7	01
Mrs.Shiza Hassan	Resigned	7	01

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

Auditors

The present Auditors M/s Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants and Amin, Mudassar & Co. Chartered Accountants have completed their assignment for the year ended December 31, 2012 and shall retire on the conclusion of 32nd Annual General Meeting. In accordance with the Code of Corporate Governance, the Audit Committee considered and recommended the appointment of M/s Rehman, Sarfaraz, Rahim, Iqbal, Rafiq Chartered Accountants and M/s Amin, Mudassar & Co. Chartered Accountants as joint auditors for the year ended December 31, 2013 and the Board of Directors also endorsed the recommendations of the Audit Committee.

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CORPORATE FINANCIAL REPORTING AND COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Statement of Compliance with Code of Corporate Governance

From its inception the company has maintained a visible record of Good Corporate Governance; this is reflected clearly by the growth of the company over the years. In the phase of implementing the Code of Corporate Governance as required by Listing Regulations, the Company has implemented all aspects of the Code of Corporate Governance and the management is pleased to state that the fullest efforts have been made to comply with the provisions of the Code.

1. The financial statements together with the notes forming an integral part of these statements are drawn up in conformity with the Companies Ordinance, 1984, and the Insurance Ordinance, 2000, and present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
5. The system of internal control is sound in design and has been continuously monitored by the internal audits. This is a continuing process and any weakness will be removed and its effective implementation ensured.
6. There is no doubt upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last six years is attached with this report.
9. Outstanding taxes and duties are given in the financial statements.
10. All the major decisions relating to investments / disinvestments of funds change in the policy of underwriting, if any, appointment, remuneration and terms and conditions of CEO are taken to the board and approved with the consent of the members.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The board has adopted." The Statement of Ethics and Business Practices." Entire management and employees are aware of the statement and are obliged to observe the rules of conduct in relation to the business operations and regulations.

INSURANCE ORDINANCE, 2000

As required under the Insurance Ordinance and Rules framed there under, the directors confirm that:

- In their opinion and to the best of their belief the annual statutory accounts of the company are set out in the forms attached with this statement have been drawn up in accordance with the Insurance Ordinance and any rules made there under;
- The company has at all times in the year complied with provisions of the Ordinance and the rules made there under relating to the paid up capital, solvency and reinsurance arrangements; and
- As at the date of the statement, the company continues to be in compliance with the provisions of the Ordinance and Rules made framed there under as mentioned above.

ACKNOWLEDGEMENT

Your Directors are thankful to the Insurance Division of Securities & Exchange Commission of Pakistan, Pakistan Reinsurance Company Limited (PRCL) our Overseas Re-insurers and Banks for their wholehearted support and cooperation. Thanks are due to our esteemed and valued clients for their continued patronage. The above results would not have been possible without hard work, dedication and efforts of Officers, Field Force and the Staff of your Company. Your Directors therefore, record their indebtedness and thanks to all of them, for their hard work and dedication.

Lahore: Dated:- April 06, 2013 Director Director

Statement under section 241(2) of the Companies Ordinance, 1984:

The statement of corporate compliance has been signed by two directors instead of chief executive / principal officer as the chief executive / principal officer is not in Pakistan for the time being.

asia INSURANCE company Ltd.

PATTERN OF SHAREHOLDING AS ON DECEMBER 31, 2012

No. of Shareholders	Shareholdings		Total shares held
	From	To	
12	1	100	153
6	101	500	3875
1	501	1000	2250
6	1001	5000	9797
1	20001	25000	24480
1	200001	205000	246000
1	625001	630000	628000
1	995001	1000000	1200000
1	1295001	1300000	1556498
1	7425001	7430000	9043898
1	14400001	14405000	17285049
32			30000000

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

Sr.No.	Name	Holding	%age
1.	Mr.Ihtsham Ul Haq Qureshi	26,328,947	87.7631
2.	Mrs.Nosheen Ihtsham Qureshi	246,000	0.82
3.	Mr.Aisam Ul Haq Qureshi	1,556,498	5.1883
4.	Mr.Khalid Rashid	500	0.0017
5.	Mr.Zain Ul Haq Qureshi	1,202,123	4.0071
6.	Khawaja Suhail Iftikhar	1124	0.0037
7.	Mr.Shahid Pervez Noor	500	0.0017
		29,338,192	97.7939

Insurance Companies			
1.	Pakistan Reinsurance Company Limited	24480	0.0816

Shares Held By The General Public	639,828	2.1328

Sr.No.	Name	Holding	%age
1.	Mr.Ihtsham Ul Haq Qureshi	26,328,947	87.7632

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

Sr.No.	Name	Sale	Purchase
01.	Mr.Zain Ul Haq Qureshi	500	-
02.	Mr.Khalid Rashid	-	500
03.	Mr.Shahid Pervez Noor	-	500

Key operating and financial data for last six years.

	2012	2011	2010	2009	2008	2007	2006
	-----------------	------------------	------------------	--------Rupees--------	------------------	------------------	------------------
Paid up Capital	300,000,000	300,000,000	250,000,000	200,000,000	160,000,000	120,000,000	80,000,000
Total Assets	560,422,226	539,268,845	456,012,594	419,518,988	377,912,973	232,643,339	188,635,022
Equity	352,762,886	342582627	282,917,763	228,456,743	183,570,332	138,052,600	96,108,668
Cash and Bank Deposits	62,903,496	159,875,722	163,400,757	148,998,262	128,416,948	96,321,341	57,680,237
Gross Premium	53,082,634	53,020,823	46,056,043	38,018,505	53,644,125	54,302,316	51,178,930
Net Premium Revenue	29,300,570	33,704,379	29,450,745	31,087,234	32,202,992	33,411,668	28,998,379
Gross Claim Paid	16,765,394	13,947,720	17,761,159	27,910,165	24,054,277	23,478,017	24,955,028
Net Claim Expense	10,136,053	10,916,063	7,473,508	10,951,547	14,737,256	14,680,111	13,286,992
Under / Writing Profit / (Loss)	(3,584,642)	333,916	4,100,621	5,111,379	3,260,822	7,143,382	6,121,366
Profit / (Loss) Before Tax	7,301,260	11,544,513	9,042,596	7,089,829	9,447,621	12,303,633	11,432,626
Profit / (Loss) After Tax	10,180,259	9,664,864	4,461,020	4,886,411	5,517,732	9,485,039	11,269,669
Investment Income	28,903,212	24,319,048	21,108,043	19,548,570	9,569,669	7,231,582	4,595,500
Earning Per Share	0.339	0.350	0.199	0.265	0.44	1.18	1.41

asia INSURANCE company Ltd.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2012

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

The independent directors meet the criteria of independence under clause i (b) of CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Casual vacancies occurring on the board on February 21, 2012 was filled up by the directors within thirty days.
5. The company has prepared a “statement of Ethics and Business Practices” as “Code of Conduct” and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6. The board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and in his absence by a director, and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The board had arranged training program for its director - Mr. Zain Ul Haq Qureshi from Pakistan Institute of Corporate Governance during the year. The company intends to arrange training program for other directors as provided by code.

10. There was no new appointment of CFO / Company Secretary during the year. The Board has approved the appointment of Head of Internal Audit, including its remuneration and terms of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It presently comprises of three members, of whom one is executive and two are non-executive directors and the chairman of the committee is an independent director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR & Remuneration committee. It comprises of three members which are non executive directors.

18. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore: Dated:- April 06, 2013 Director Director

Statement under section 241(2) of the Companies Ordinance, 1984:

The statement of corporate compliance has been signed by two directors instead of chief executive / principal officer as the chief executive / principal officer is not in Pakistan for the time being.

asia INSURANCE company Ltd.

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

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **ASIA INSURANCE COMPANY LIMITED** to comply with the Listing Regulation No. 35 of the Lahore and also of Karachi 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 the 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, the listing regulations of the Karachi and Lahore Sock Exchanges requires the Company to place before the Board of Directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternative pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured the compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement 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 Company for the year ended December 31, 2012.

Rahman Sarfaraz Rahim Iqbal Rafiq,
CHARTERED ACCOUNTANTS
Engagement Partner: A. Rahman Mir
LAHORE: April 06, 2013

Amin, Mudassar & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: Muhammad Amin
LAHORE: April 06, 2013

asia INSURANCE company Ltd.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:-

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

of **Asia Insurance Company Limited** as at December 31, 2012 together with the notes forming part thereof, for the year then ended.

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

We conducted our audit in accordance with the 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 management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion;

a) Proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

b) The financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;

c) The financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2012 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with Approved Accounting Standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

d) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII 1980).

Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS
Engagement Partner: **A. Rahman Mir**
LAHORE: April 06, 2013

Amin, Mudassar & Co.
CHARTERED ACCOUNTANTS
Engagement Partner: **Muhammad Amin**
LAHORE: April 06, 2013

asia INSURANCE company Ltd.

BALANCE SHEET

	Note	2012 Rupees	2011 Rupees
Share capital and Reserves			
Authorised share capital			
30,000,000 ordinary shares of Rs.10/- each		**300,000,000**	**300,000,000**
Paid up share capital	6	300,000,000	300,000,000
Retained Earnings		50,262,886	40,082,627
Reserves	7	2,500,000	2,500,000
		352,762,886	**342,582,627**
Surplus on revaluation of fixed assets	8	**136,060,170**	**136,060,170**
Underwriting provisions			
Provision for outstanding claims (including IBNR)		18,489,924	13,875,084
Provision for unearned premium		27,995,741	18,410,261
Commission income unearned		1,917,966	1,496,913
		48,403,631	**33,782,258**
Deferred liabilities			
Deferred Taxation	9	-	**1,266,645**
Creditors and accruals			
Premiums received in advance		-	24,585
Amounts due to other insurers / reinsurers		758,574	6,820,600
Accrued expenses		460,000	330,000
Other creditors and accruals	10	21,917,003	18,341,998
		23,135,577	**25,517,183**
Other liabilities			
Unclaimed Dividend		**59,962**	**59,962**
TOTAL LIABILITIES		**71,599,170**	**60,626,048**
TOTAL EQUITY AND LIABILITIES		**560,422,226**	**539,268,845**
Contingencies and Commitments	11		

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

Statement under section 241(2) of the Companies Ordinance, 1984:

These financial statements have been signed by three directors instead of chief executive/ principal officer and two directors as the chief executive/ principal officer is not in Pakistan for the time being.

Chairman **Director**

asia INSURANCE company Ltd.

AS AT DECEMBER 31, 2012

	Note	2012 Rupees	2011 Rupees
Cash and bank deposits	12		
Cash in hand		-	-
Current and other accounts		12,903,496	62,365,493
Deposits maturing within 12 months		50,000,000	97,510,229
		62,903,496	**159,875,722**
Investments	13	**179,776,159**	**113,378,489**
Deferred tax Asset	14	**1,963,488**	-
Current Assets- Others			
Premiums due but unpaid-unsecured	15	23,144,565	7,947,632
Amounts due from other insurers / reinsurers-unsecured		40,835,054	38,345,117
Accrued investment income		1,597,899	1,991,733
Reinsurance recoveries against outstanding claims		3,958,354	1,868,760
Deferred commission expense		4,531,219	3,392,125
Prepaid reinsurance premium ceded		7,721,827	6,345,616
Sundry receivables	16	4,417,956	6,043,238
		86,206,874	**65,934,221**
Fixed Assets (Tangible)	17		
Land - freehold		160,000,000	160,000,000
Building		377,938	419,931
Furniture and fixtures		640,032	661,002
Office equipment		1,775,271	1,736,759
Motor vehicles		19,419,124	7,956,393
Computers and Accessories		261,621	263,634
		182,473,986	**171,037,719**
Capital Work in Progress (Building)		**47,098,223**	**29,042,694**
TOTAL ASSETS		**560,422,226**	**539,268,845**

Director **Director**

asia INSURANCE company Ltd.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	Fire & Property	Marine, Aviation and Transport	Motor	Miscellaneous	2012 Aggregate	2011 Aggregate
		------------Rupees------------					
Net Premium Revenue		9,623,774	5,296,319	9,882,303	4,498,174	29,300,570	33,704,379
Net Claims		(254,516)	(809,500)	(8,879,085)	(192,952)	(10,136,053)	(10,916,063)
Expenses	18	(6,142,653)	(2,075,465)	(3,882,760)	(5,990,109)	(18,090,987)	(15,796,318)
Net Commission		(2,442,968)	(1,237,718)	(1,123,210)	145,724	(4,658,172)	(6,658,082)
Underwriting results		783,637	1,173,636	(4,002,752)	(1,539,163)	(3,584,642)	333,916
Investment Income						28,903,212	24,319,048
Other Income	19					753,290	1,249,722
						29,656,502	25,568,770
						26,071,860	25,902,686
General and administration expenses	20					(18,770,600)	(14,358,173)
Profit before tax						**7,301,260**	**11,544,513**
Provision for taxation	21					2,878,999	(1,879,649)
Profit after tax						**10,180,259**	**9,664,864**
Earnings per share (EPS)	22					**0.339**	**0.350**

Appropriations have been reflected in statement of changes in equity.

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

Statement under section 241(2) of the Companies Ordinance, 1984:

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Chairman **Director** **Director** **Director**

asia INSURANCE
company Ltd.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
	RUPEES	
Profit after tax for the year	10,180,259	9,664,864
Other comprehensive income:		
Gain on property revaluation	-	8,852,200
Income tax relating to components of other comprehensive income	-	-
Total comprehensive income for the year	10,180,259	18,517,064

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

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Chairman **Director** **Director** **Director**

asia INSURANCE company Ltd.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2012

	Paid up share capital	Revenue Reserves		Total share capital & reserves	Surplus on revaluation of fixed assets	Total
		Un-appropriated profit	Reserves			
	--------------------R u p e e s--------------------					
Balance as at January 1, 2011	250,000,000	30,417,763	2,500,000	282,917,763	127,207,970	**410,125,733**
Issue of right shares- 1 share for every 5 shares held	50,000,000	-	-	50,000,000	-	**50,000,000**
Net profit/Total Comprehensive income for the year ended December 31, 2011	-	9,664,864	-	9,664,864	8,852,200	**18,517,064**
Balance as at December 31, 2011	**300,000,000**	**40,082,627**	**2,500,000**	**342,582,627**	**136,060,170**	**478,642,797**
Balance as at January 1, 2012	300,000,000	40,082,627	2,500,000	342,582,627	136,060,170	**478,642,797**
Net profit/Total Comprehensive income for the year ended December 31, 2012	-	10,180,259	-	10,180,259	-	**10,180,259**
Balance as at December 31, 2012	**300,000,000**	**50,262,886**	**2,500,000**	**352,762,886**	**136,060,170**	**488,823,056**

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

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Chairman **Director** **Director** **Director**

asia INSURANCE company Ltd.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Note	2012 Rupees	2011 Rupees
Operating Cash Flows			
a) Underwriting activities			
Premiums received		**37,861,116**	51,735,398
Reinsurance premiums paid		**(24,124,758)**	(26,585,785)
Claims paid		**(16,765,394)**	(13,947,720)
Reinsurance and other recoveries received		**9,154,587**	6,348,846
Commissions paid		**(8,765,826)**	(9,385,597)
Commissions received		**3,389,613**	3,411,357
Other underwriting receipts/(payments)		**2,012,636**	(43,886)
Net cash flow from underwriting activities		**2,761,974**	11,532,613
b) Other operating activities			
Income tax paid		**(351,134)**	(2,442,779)
General management expenses paid		**(29,476,006)**	(15,823,503)
Other operating payments		**(280,000)**	(295,000)
Other receipts in respect of operating assets		**752,899**	703,326
Net cash flow from other operating activities		**(29,354,241)**	(17,857,956)
Total cash flow from operating activities		**(26,592,267)**	(6,325,343)
Investment activities			
Profit / return received		**26,861,417**	25,790,098
Dividends received		**601,827**	141,006
Payments for investments		**(129,446,951)**	(56,557,263)
Proceeds from disposal of investments		**64,883,083**	-
Fixed capital expenditure		**(33,286,335)**	(18,273,533)
Proceeds from disposal of fixed assets		**7,000**	1,700,000
Total cash flow from investing activities		**(70,379,959)**	(47,199,692)
Financing activities			
Share capital received		-	50,000,000
Total cash flow from financing activities		-	50,000,000
Net cash inflow/(outflow) from all activities		**(96,972,226)**	(3,525,035)
Cash and cash equivalents at the beginning of the year		**159,875,722**	163,400,757
Cash and cash equivalents at the end of the year	12	**62,903,496**	159,875,722

RECONCILIATION TO PROFIT AND LOSS ACCOUNT

	Note	2012 Rupees	2011 Rupees
Operating cash flows		**(26,592,267)**	(6,325,343)
Depreciation expense		**(3,787,930)**	(2,163,988)
Profit/(loss) on disposal of fixed assets		**391**	546,396
Increase / (Decrease) in assets other than cash		**20,666,487**	8,027,938
(Increase) / Decrease in liabilities		**(12,239,767)**	(14,882,716)
Dividend		**601,827**	141,006
Interest, rental and other income		**28,301,385**	24,178,042
Deferred taxation		**3,230,133**	143,529
Profit after taxation		**10,180,259**	9,664,864

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

Cash and cash equivalents			
Cash in Hand		-	-
Current accounts & Other Accounts		**12,903,496**	62,365,493
Deposits maturing within 12 months		**50,000,000**	97,510,229
	12	**62,903,496**	159,875,722

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

Statement under section 241(2) of the Companies Ordinance, 1984:

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Chairman **Director** **Director** **Director**

asia INSURANCE
company Ltd.

STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2012

Class of Business	31-Dec-12									31-Dec-11
	Premiums Written	Unearned Premium Reserve		Premiums Earned	Reinsurance Ceded	Prepaid Reinsurance Premium Ceded		Reins. Expenses	Net Premium Revenue	Net Premium Revenue
		Opening	Closing			Opening	Closing			
	--------------------R u p e e s--------------------									
Direct & Facultative										
Fire & Property damage	18,015,866	9,217,652	10,706,242	16,527,276	7,112,429	4,326,968	4,535,895	6,903,502	9,623,774	9,703,894
Marine, Aviation and Transport	6,186,033	1,041,942	739,782	6,488,193	835,998	416,777	60,901	1,191,874	5,296,319	6,207,402
Motor	11,624,603	5,962,067	5,579,367	12,007,303	2,125,000	-	-	2,125,000	9,882,303	15,882,356
Miscellaneous	17,256,132	2,188,600	10,970,350	8,474,382	5,499,368	1,601,871	3,125,031	3,976,208	4,498,174	1,910,727
Grand Total	53,082,634	18,410,261	27,995,741	43,497,154	15,572,795	6,345,616	7,721,827	14,196,584	29,300,570	33,704,379

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asia INSURANCE company Ltd.

STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2012

	31-Dec-12									31-Dec-11
Class of Business	Claims Paid	Claims Outstanding		Claim Expenses/ (Income)	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue/ (expense)	Net Claims Expense	Net Claims Expense
		Opening	Closing			Opening	Closing			
	--------------------R u p e e s--------------------									
Direct & Facultative										
Fire & Property damage	2,519,244	3,547,111	3,316,568	2,288,701	1,991,523	982,591	1,025,253	2,034,185	254,516	1,149,921
Marine, Aviation and Transport	936,278	1,260,542	2,340,455	2,016,191	585,475	300,846	922,062	1,206,691	809,500	524,342
Motor	13,041,654	8,413,552	12,038,617	16,666,719	6,363,720	440,019	1,863,933	7,787,634	8,879,085	9,149,367
Miscellaneous	268,218	653,879	794,284	408,623	213,869	145,304	147,106	215,671	192,952	92,433
Grand Total	16,765,394	13,875,084	18,489,924	21,380,234	9,154,587	1,868,760	3,958,354	11,244,181	10,136,053	10,916,063

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

Statement under section 241(2) of the Companies Ordinance, 1984:

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Chairman **Director** **Director** **Director**

asia INSURANCE company Ltd.

STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

Class of Business	31-Dec-12								31-Dec-11
	Commission Paid	Deferred Commission		Net Commission Expense	Other Management Expenses	Underwriting Expenses	Commission from Reinsurers	Net Underwriting Expenses	Net Underwriting Expenses
		Opening	Closing						
	--------------------R u p e e s--------------------								
Direct and Facultative									
Fire and property damage	4,407,578	2,304,413	2,676,560	4,035,431	6,142,653	10,178,084	1,592,463	8,585,621	9,176,223
Marine, Aviation and Transport	1,489,222	260,485	184,946	1,564,761	2,075,465	3,640,226	327,043	3,313,183	4,094,983
Motor	1,114,409	596,207	557,936	1,152,680	3,882,760	5,035,440	29,470	5,005,970	7,535,210
Miscellaneous	1,754,617	231,020	1,111,777	873,860	5,990,109	6,863,969	1,019,584	5,844,385	1,647,984
Grand Total	8,765,826	3,392,125	4,531,219	7,626,732	18,090,987	25,717,719	2,968,560	22,749,159	22,454,400

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

Statement under section 241(2) of the Companies Ordinance, 1984:

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Chairman **Director** **Director** **Director**

asia INSURANCE company Ltd.

STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012

	31-Dec-12	31-Dec-11
	Rupees	
Income from Trading Investments:		
Gain/(Loss) on trading	**-**	(35,105)
Gain/(Loss) on revaluation of trading Investments	**13,830,765**	6,978,859
Income from Non Trading Investments:		
Held to Maturity		
Return on Government Securities	**3,176,669**	3,285,260
Return on Fixed Income -Deposits	**8,793,353**	14,347,619
	11,970,022	17,632,879
Amortisation of discount relative to par	**399,329**	-
Available for Sale		
Dividend Income	**601,827**	141,006
Gain/(Loss) on sale of non trading investments'Available for Sale'	**1,833,802**	-
Reversal/(Provision) for impairment in Investments 'Available for Sale'	**751,551**	(398,591)
Investment related expenses	**(484,084)**	-
Net Investment Income	**28,903,212**	24,319,048

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

Statement under section 241(2) of the Companies Ordinance, 1984:

These financial statements have been signed by three directors instead of chief executive/principal officer and two directors as the chief executive/principal officer is not in Pakistan for the time being.

Chairman **Director** **Director** **Director**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2012

1 STATUS AND NATURE OF BUSINESS

Asia Insurance Company Limited was incorporated in Pakistan as a Public Limited Company on December 6, 1979 and is engaged in General Insurance business since 1980. Its registered office is situated at 456-K Model Town, Lahore-Pakistan.Shares of the Company are quoted on Karachi and Lahore Stock Exchanges.

2 BASIS OF PREPARATION

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

3 STATEMENT OF COMPLIANCE

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

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

3.2 Initial application of a standard/interpretation, amendment to an existing standard/ interpretation and forthcoming requirements

Standards and interpretations that become effective but not relevant to the company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the company:

- IFRS-7 Financial Instruments: Disclousers- Enhanced derecognition disclosure requirments (amendment)
- IAS-12 Income Taxes- Recovery of underlying Assets (amendment)

'3.3 Standards, Interpretations and amendments to published approved Accounting Standards that are not yet effective:

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning from the dates specified below. These standards and interpretations 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 increased disclosures in certain cases:

- "IFRS 1 - First time adoption of International Financial Reporting Standards" (applicable for annual periods beginning on or after 1 January 2013)-Not notified by SECP
- "IFRS 7 - Financial Instruments: Disclosures" (applicable for annual periods beginning on or after 1 January 2013 and 1 January 2015)
- "IFRS 9 - Financial Instruments" (applicable for annual periods beginning on or after 1 January 2013 and 1 January 2015)-Not notified by SECP
- "IFRS 10 - Consolidated Financial Statements" (applicable for annual periods beginning on or after 1 January 2013 and 1 January 2014)-Not notified by SECP
- "IFRS 11 - Joint Agreements" (applicable for annual periods beginning on or after 1 January 2013)-Not notified by SECP
- "IFRS 12 - Disclosure of Interests in Other Entities" (applicable for annual periods beginning on or after 1 January 2013 and 1 January 2014)-Not notified by SECP
- "IFRS 13 - Fair Value Measurement" (applicable for annual periods beginning on or after 1 January 2013)-Not notified by SECP
- "IAS 1 - Presentation of Financial Statements" (effective for annual periods beginning on or after 1 July 2012 and 1 January 2013)
- "IAS 16 - Property Plant and Equipment" (effective for annual periods beginning on or after 1 January 2013)
- "IAS 19 - Employee Benefits" (effective for annual periods beginning on or after 1 January 2013)
- "IAS 27 - Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013 and 1 January 2014)
- "IAS 28 - Investment in Associates" (effective for annual periods beginning on or after 1 January 2013)
- "IAS 32 - Financial Instruments: Presentation"(effective for annual periods beginning on or after 1 January 2013 and 1 January 2014)
- "IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine" (effective for annual periods beginning on or after 1 January 2013)

4 BASIS OF MEASUREMENT

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

4.1 Use of Estimates and Judgments

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

a) Provision for outstanding claims including incurred but not reported (IBNR). (Note 5.6)

b) Classification of investments. (Note 5.10)

c) Useful lives and Residual value of Fixed Assets. (Note 5.13)

d) Premium Deficiency Reserve (Note 5.4)

e) Provision for taxation and deferred tax. (Note 5.7)

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

4.2 Functional Currency

These financialstatementsare presented in Pak Rupees whichis compamy'sfunctionalcurrency, unless otherwise stated.

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Insurance contracts

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

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

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

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

5.2 Underwriting results

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

5.3 Provision for un-earned premium

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

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

5.4 Premium deficiency reserve

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

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

5.5 Commission

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

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

5.6 Provision for outstanding claims (including IBNR)

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

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

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

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

5.7 Taxation

5.7.1 Current

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

5.7.2 Deferred

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

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

5.8 Cash and cash equivalents

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

5.9 Loans & advances/other receivables

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

5.10 Investments

5.10.1 Recognition

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

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

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

5.10.2 Measurement

5.10.2.1 Held to maturity

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

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

5.10.2.2 Available for sale

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

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

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

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

5.11 Amount due to/from other insurers/reinsurers

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

5.12 Investment properties

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

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

5.13 Fixed assets

5.13.1 Owned

Fixed assets, except land which is valued at revalued amount, are stated at cost less accumulated depreciation calculated on reducing balance method using the rates given in note 18 and impairment losses, if any. The assets' residual values and useful lives are reviewed at each financial year end and adjusted if impact of depreciation is significant.

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

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

5.13.2 Assets subject to finance lease

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

5.13.3 Capital work in progress

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

5.13.4 Intangible

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

5.14 Financial Instruments

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

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

5.15 Offsetting of financial assets and financial liabilities

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

5.16 Foreign currency transactions and translations

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

5.17 Revenue recognition

5.17.1 Premium

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

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

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

5.17.2 Claims

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

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

5.17.3 Dividend income and bonus shares

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

5.17.4 Acquisition cost

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

5.18 Management Expenses

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

5.19 Staff retirement benefits

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

5.20 Segment reporting

Primary segments

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

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

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

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

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

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

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

5.21 Dividend

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

5.22 Figures

The comparative figures are reclassified/rearranged whenever necessary for better presentation and to facilitate comparison. Appropriate disclosure is given in relevant note in case of material rearrangements/reclassifications. The figures are rounded off to the nearest rupee.

6 PAID UP SHARE CAPITAL

Issued, Subscribed and Paid up capital

2012	2011		2012	2011
No. of Shares			Rupees	
		Opening Balance:		
30,000,000	25,000,000	Ordinary Share of Rs. 10/- each fully paid in cash	300,000,000	250,000,000
		Additions:		
		Right Issue of Nil (2011: 1 ordinary share for every 5 ordinaryshares held) fullypaid in Cash		
	5,000,000		-	50,000,000
30,000,000	30,000,000		300,000,000	300,000,000

	Note	2012 Rupees	2011 Rupees
7 RESERVES			
General Reserves		2,500,000	2,500,000

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

8 SURPLUS ON REVALUATION OF FIXED ASSETS		136,060,170	136,060,170

Land and building are revalued periodically. The revaluation surplus of an asset is adjusted in the year in which disposal of the respective asset is made. The balance surplus represents the land located at 19-C and D, Block-L, Gulberg III, Lahore which was previously revalued in December 2005, by an independent valuer M/s Surval which resulted in net surplus of Rs. 27,207,970/- and was further revalued in August 06, 2008 by an independent valuer M/s AIM Associates Limited, Lahore which resulted in net surplus of Rs 100,000,000. The said plot is further revalued on July 18, 2011 by an independent valuer M/s Navco (Private) Limited, Lahore. The valuation of land has been made on the basis of fair market value. The valuation resulted in net surplus of Rs. 8,852,200/- The aforementioned surplus amounts have been credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

9 DEFERRED TAXATION

Net deferred tax liability arrived at as under:

	Note	2012 Rupees	2011 Rupees
Taxable temporary difference			
Accelerated depreciation	9.1	-	1,266,645

9.1 Deferred tax expense/(income) recognized in profit and loss account has been arrived at as under:

Opening deferred tax liability/(asset)		-	1,410,174
Expense/(Income) for the year		-	(143,529)
Net deferred tax liability as at December 31		-	1,266,645

(Refer note 14 also)

	Note	2012 Rupees	2011 Rupees

10 OTHER CREDITORS AND ACCRUALS

	Note	2012 Rupees	2011 Rupees
Federal Excise duty payable		846,021	1,238,380
Federal insurance fee payable		107,868	102,863
Tax deducted at source		243,472	313,650
EOBI payable		1,680	13,440
Staff Provident Fund		112,217	93,807
Outstanding agency commissions		9,119,709	6,622,515
Workers' welfare fund	10.1	-	110,397
Reciepts from Foreign reinsurers	10.2	7,133,952	7,133,952
Others	10.3	4,352,084	2,712,994
		21,917,003	18,341,998

10.1 Workers' welafare fund for the current year is not payable in view of taxable loss.

10.2 It represents reciepts from foreign reinsurers against settlement of treaty agreements in last year after adjustment of recievable balances from the reinsurers.

10.3 This includes rent payable for office building, payable to chief executive amounting to Rs. 3,096,000/- (2011: Rs. 2,232,000/-)

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

11.1.1 Suits for recovery of approximate Rs.6.430 million (2011: Rs. 6.430 million) have been lodged but are not accepted by the company and the cases are pending adjudication before different courts. In managments' opinion, such claims are untenable and accordingly management has not provided any liability in respect thereof.

11.1.2 The company is filing suit for recovery of Rs 6.919 million against insurer/reinsurer for amount due from them. The management of the company on the basis of the facts of the case and advice of the legal advisor believe that they have strong case and has not, therefore, made provision in the financial statements against the aforesaid claim.

11.1.3 Guarantee issued by bank on behalf of the company Rs. Nil (2011: Rs. Nil).

11.2 Commitments

Commitments in respect of capital expenditure Rs. Nil (2011: Rs Nil).

	Note	2012 Rupees	2011 Rupees
12 CASH AND BANK DEPOSITS			
Cash in hand		-	-
Current and other accounts:			
PLS savings accounts		12,427,117	50,417,383
Current accounts		476,379	11,948,110
		12,903,496	62,365,493
Deposits maturing within 12 months- Term Deposit Receipts	**12.1**	50,000,000	97,510,229
		62,903,496	159,875,722

12.1 The rate of return on term deposit receipts issued by various banks ranges from 8.6% to 10.10% per annum (2011: 10.69% to 13% per annum) and payable on maturity. These term deposit receipts have maturities upto October 2013.

	Note	2012 Rupees	2011 Rupees
13 INVESTMENTS			
Available for sale:			
Marketable securities - Book value	**13.1**	16,841,613	6,303,474
Less: Impairment in value of investments		-	(1,160,289)
		16,841,613	5,143,185
Held for trading:			
Investments in Mutual Funds - Fair value		136,928,717	82,628,804
Held to Maturity:			
Defence Saving Certificates (DSCs)	**13.2**	525,000	525,000
Pakistan Investment Bonds (10 years)	**13.3**	25,480,829	25,081,500
		26,005,829	25,606,500
		179,776,159	113,378,489

13.1 AVAILABLE FOR SALE

Marketable Securities

No. of shares/units 2012	No. of shares/units 2011	Face value of Shares/ Units	Company's name	Book Value (Rupees) 2012	Book Value (Rupees) 2011
11,385	9,900	10	Askari Bank Limited	401,160	401,160
720	720	10	Attock Petroleum Ltd.	28,950	28,950
250	7,250	10	B.R.R. Guardian Modaraba	3,486	101,100
5,999	3,375	10	Bank Al-Falah Ltd.	70,300	70,300
5,000	5,000	10	The Bank of Punjab	311,250	311,250
-	5,625	10	Brothers Textiles Mills Ltd.	-	82,200
33,000	-	10	D. G. Khan Cement Company Limited	1,812,015	-
50,800	50,400	5	First Habib Modaraba	316,250	316,250
5,843	5,843	10	First IBL Modaraba	107,300	107,300
75,000	-	10	Fauji Cement Company Limited	515,160	-
5,500	-	10	Fauji Fertilizer Company Limited	681,835	-
137	693	10	The General Tyre and Rubber Co. of Pakistan Ltd.	682	3,448
111	798	10	Habib Bank Limited	14,872	117,500
5,000	5,000	10	Haseeb Waqas Sugar Mills Ltd.	116,250	116,250
210	210	10	Islamic Investment Bank Ltd.	5,000	5,000
30,000	-	10	Jahangir Siddiqui & Company Limited	563,100	-
100,000	-	10	Karachi Electric Supply Company Limited	704,225	-
-	5,350	10	Khalid Siraj Textiles Mills Ltd.	-	80,300
18,000	-	10	Kohat Cement Company Limited	1,296,000	-
500	500	10	Kot Adu Power Co. Ltd.	15,000	15,000
200,000	-	10	Lafarge Pakistan Cement Limited	1,098,610	-
-	1,000	10	Lucky Cement limited	-	111,650
100,000	-	10	Maple Leaf	1,489,555	
1,464	1,331	10	MCB Bank Limited	297,259	297,259
131,111	118,583	10	N.I.T. Units	3,626,558	3,626,558
14,028	5,379	10	National Bank of Pakistan	59,479	59,479
-	6,500	10	Pakistan International Airlines Corporation	-	70,000
1,088	871	10	Pakistan Petroleum Ltd.	27,500	27,500
200	200	10	Suhail Jute Mills Ltd.	1,820	1,820
3,937	3,937	10	Sui Southern Gas Company Ltd.	78,450	78,450
16,852	15,000	10	Salman Noman Enterprises Ltd.	182,750	182,750
65,000	-	10	Tariq Glass Industries Limited	1,504,750	-
1,000	1,000	10	Tawakkal Polyester Ind. Ltd.	27,000	27,000
-	272	10	The Bank of Khyber	-	15,000
17,500	-	10	United Bank Limited	1,485,047	-
-	6,185	10	World Call Telecom Ltd.	-	50,000
				16,841,613	6,303,474

The market value of quoted securities as at December 31, 2012 is Rs.17,559,432/-(2011: Rs. 5,143,185/-).Had these investments been measured at fair value as per IAS-39, their carrying value as on December 31, 2012 would have been higher by Rs.717,819/-.

		Note	2012 Rupees	2011 Rupees
13.2	Defence Saving Certificates carry effective profit @ 10.15% and will mature on June 2018. Profit is paid on maturity.			
13.3	Pakistan Investments Bonds (PIBs) having face value of Rs. 26 million, carry effective yield @ 11.82%. Profit is paid semi annually and these will mature on September 2019.			
13.4	Company has deposited following securities with State Bank of Pakistan against statutory deposits under the Insurance Ordinance, 2000.			
	Pakistan Investment Bonds		25,480,829	25,081,500
	Cash Deposit (included in sundry receivables)		115,000	115,000
	Pakistan Income Fund (included in mutual funds)		5,596,169	5,165,582
			31,191,998	30,362,082
14	**DEFERRED TAX ASSET**			
	Net deferred tax asset arrived at as under:			
	(Taxable)/deductible temporary differences:			
	Accelerated depreciation		(1,195,735)	-
	Adjustable tax losses		2,949,861	-
	Minimum tax adjustable against future tax liability		209,362	
		14.1	1,963,488	-
14.1	Deferred tax (expense)/income recognized in profit and loss account has been arrived at as under:			
	Opening deferred tax liability		(1,266,645)	-
	(Expense)/Income for the year		3,230,133	-
	Net deferred tax asset as at December 31		1,963,488	-
	(Refer note 9 also)			
15	**PREMIUMS DUE BUT UNPAID**			
	-Unsecured but considered good by the management		23,144,565	7,947,632
16	**SUNDRY RECEIVABLES**			
	Security deposits		539,035	414,235
	Income tax deducted at source less provision	16.1	1,881,782	672,202
	Income tax refunds due		402,745	402,745
	Agents balances		25,000	25,000
	Advance for branches imprest		-	3,713,809
	Advance office rent		96,000	96,000
	Others		1,473,394	719,247
			4,417,956	6,043,238
16.1	**Income Tax deducted at source less provision:**			
	Income tax deducted at source		2,221,191	2,565,503
	Provision for tax payable		(339,409)	(1,893,301)
			1,881,782	672,202

17 FIXED ASSETS (Tangible)

PARTICULARS	2012									
	COST/REVALUATION				DEPRECIATION					W.D.V.
	As at January 01, 2012	Additions / Adjustment	(Deletions)	As at December 31, 2012	Rate %	As at January 01, 2012	(Deletions)	For the year	As at December 31, 2012	As at December 31, 2012
	---Rupees---					---Rupees---				
OWNED										
Land - Free hold										
Cost	23,939,830	-	-	23,939,830	-	-	-	-	-	23,939,830
Revaluation	136,060,170		-	136,060,170	-	-	-	-	-	136,060,170
	160,000,000	-	-	160,000,000	-	-	-	-	-	160,000,000
Building - on freehold land	564,200	-	-	564,200	10	144,269	-	41,993	186,262	377,938
Furniture & Fixtures	1,239,558	48,000	-	1,287,558	10	578,556	-	68,970	647,526	640,032
Office Equipment	3,064,784	229,590	(8,900)	3,285,474	10	1,328,025	(2,291)	184,469	1,510,203	1,775,271
Vehicles	16,944,175	14,863,041	-	31,807,216	20	8,987,782	-	3,400,310	12,388,092	19,419,124
Computers & Accessories	496,565	90,175	-	586,740	30	232,931		92,188	325,119	261,621
	182,309,282	15,230,806	(8,900)	197,531,188		11,271,563	(2,291)	3,787,930	15,057,202	182,473,986

17.1 FIXED ASSETS (Tangible) - Schedule for comparative figures

PARTICULARS	2011									
	COST/REVALUATION				DEPRECIATION					W.D.V.
	As at January 01, 2011	Additions / Adjustment	(Deletions)	As at December 31, 2011	Rate %	As at January 01, 2011	(Deletions)	For the year	As at December 31, 2011	As at December 31, 2011
	----Rupees----					----Rupees----				
OWNED										
Land - Free hold										
Cost	23,939,830	-	-	23,939,830	-	-	-	-	-	23,939,830
Revaluation	127,207,970	8,852,200	-	136,060,170	-	-	-	-	-	136,060,170
	151,147,800	8,852,200	-	160,000,000	-	-	-	-	-	160,000,000
Building - on freehold land	564,200	-	-	564,200	10	97,610	-	46,659	144,269	419,931
Furniture & Fixtures	1,161,178	78,380	-	1,239,558	10	506,775	-	71,781	578,556	661,002
Office Equipment	2,880,488	184,296	-	3,064,784	10	1,143,340	-	184,685	1,328,025	1,736,759
Vehicles	16,810,422	2,054,293	(1,920,540)	16,944,175	20	7,998,436	(766,936)	1,756,282	8,987,782	7,956,393
Computers & Accessories	422,458	74,107	-	496,565	30	128,350		104,581	232,931	263,634
	172,986,546	11,243,276	(1,920,540)	182,309,282		9,874,511	(766,936)	2,163,988	11,271,563	171,037,719

		Note	2012 Rupees	2011 Rupees
18	**MANAGEMENT EXPENSES**			
	Salaries and benefits		9,304,426	7,256,325
	Rent, rates, taxes and electricity		1,978,641	2,372,733
	Communications		928,812	881,636
	Printing & stationery		528,929	459,841
	Travelling and conveyance		1,082,884	719,290
	Repairs and maintenance		1,576,131	1,697,606
	Advertisement		63,950	121,390
	Market development charges		1,112,868	1,100,100
	Others		1,514,346	1,187,397
			18,090,987	15,796,318
19	**OTHER INCOME**			
	Income from financial assets:			
	Profit on PLS saving accounts		624,857	693,237
	Income from non financial assets:			
	Profit on sale of fixed assets		391	546,396
	Miscellaneous		128,042	10,089
			753,290	1,249,722
20	**GENERAL AND ADMINISTRATION EXPENSES**			
	Directors' remuneration		936,000	888,000
	Salaries and other benefits		9,677,722	8,167,765
	Rent, rates and taxes		864,988	864,000
	Company's contribution to Provident Fund		572,837	555,303
	Fees and subscription		1,791,873	971,886
	Auditors' remuneration	20.1	410,000	375,000
	Legal & professional charges		554,250	211,834
	Workers' welfare fund		-	110,397
	Directors/Staff training		175,000	50,000
	Depreciation	17	3,787,930	2,163,988
			18,770,600	14,358,173

		Note	2012 Rupees	2011 Rupees
20.1	**Auditors' remuneration**			
	Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants:			
	Audit fee		170,000	155,000
	Certification Charges		30,000	25,000
	Amin, Mudassar and Co. Chartered Accountants:			
	Audit fee		170,000	155,000
	Taxation Services		40,000	40,000
	Total		410,000	375,000

21 PROVISION FOR TAXATION

	Note	2012 Rupees	2011 Rupees
Current:			
For the year		339,409	1,893,301
Prior year		11,725	129,877
		351,134	2,023,178
Deferred	14.1	(3,230,133)	(143,529)
		(2,878,999)	1,879,649

21.1 Relationship between tax expense & accounting profit

The numerical reconciliation between the average tax rate and the applicable tax rate has not been presented in these financial statements, as the total income of the Company falls under section 113 of the Income Tax Ordinance, 2001.

21.2 The income tax assessments of the company are complete upto tax year 2012 (financial year ended December 31, 2011).

22 EARNINGS PER SHARE (EPS)

Basic & Diluted

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

	2012 Rupees	2011 Rupees
Profit after tax	10,180,259	9,664,864
Weighted average number of ordinary shares	30,000,000	27,622,188
Earnings per share	0.339	0.350

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

23 REMUNERATION OF DIRECTORS & EXECUTIVES

	Executives		Directors	
	2012	2011	2012	2011
	Rupees			
Managerial remuneration	2,195,400	2,168,004	576,000	528,000
House rent and utility allowance	1,697,700	1,713,996	360,000	360,000
	3,893,100	3,882,000	936,000	888,000
Number of Persons	2	2	1	1

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

	Note	2012 Rupees	2011 Rupees

24 RELATED PARTY TRANSACTIONS

Balances with related parties have been disclosed in the relevant balance sheet note, if any.
Transactions with related parties are as follows:

Relation	**Transactions**	2012	2011
Key Management Personnel:			
Chief Executive/Directors			
	Commission paid	1,035,041	1,015,206
	Office Rent	864,000	864,000

Remuneration to directors and executives is disclosed in note 23 to the financial statements.
Amount payable to Chief Executive is shown in note 10.
Retirement Benefit Plan:

Contribution to Provident Fund	572,837	555,303

25 SEGMENT REPORTING

Particulars	Fire Insurance		Marine Aviation and Transport		Motor		Miscellaneous		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue										
Premiums earned	16,527,276	17,827,642	6,488,193	7,033,100	12,007,303	19,527,529	8,474,382	7,897,911	43,497,154	52,286,182
Segment results	783,637	(622,250)	1,173,636	1,588,077	(4,002,752)	(802,221)	(1,539,163)	170,310	(3,584,642)	333,916
Investment income									28,903,212	24,319,048
Other income									753,290	1,249,722
General and administrative expense									(18,770,600)	(14,358,173)
									10,885,902	11,210,597
Profit before tax									7,301,260	11,544,513
Provision for tax									2,878,999	(1,879,649)
Net profit									10,180,259	9,664,864
Other information										
Segment assets	23,755,029	25,787,790	7,260,499	6,998,265	13,688,260	16,651,449	12,342,666	8,461,746	57,046,454	57,899,250
Unallocated assets									503,375,772	481,369,595
Total assets									560,422,226	539,268,845
Segment liabilities	23,660,106	22,322,080	6,477,135	5,783,623	23,874,176	23,771,335	17,067,791	7,092,404	71,079,208	58,969,442
Unallocated liabilities									519,962	1,656,606
Total liabilities									71,599,170	60,626,048
Capital Expenditure	12,648,807	6,231,275	4,966,321	2,457,790	9,183,700	6,823,337	6,487,507	2,761,131	33,286,335	18,273,533
Depreciation	1,439,413	737,920	565,159	291,056	1,045,090	808,033	738,268	326,979	3,787,930	2,163,988

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

26.1 Credit risk and concentration of credit risk

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

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

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

	Category of financial assets	2012 Rupees	2011 Rupees
Current and other accounts	Loans & Receivables	12,903,496	62,365,493
Deposits maturing within 12 months	Loans & Receivables	50,000,000	97,510,229
Investments:	Available for Sale	16,841,613	5,143,185
	Held for Trading-Fair value through Profit or Loss	136,928,717	82,628,804
	Held to Maturity	26,005,829	25,606,500
Premiums due but unpaid	Loans & Receivables	23,144,565	7,947,632
Amounts due from other insurers / reinsurers	Loans & Receivables	40,835,054	38,345,117
Reinsurance recoveries against outstanding claims	Loans & Receivables	3,958,354	1,868,760
Accrued investment income	Loans & Receivables	1,597,899	1,991,733
Sundry receivables	Loans & Receivables	2,037,429	1,158,482
		314,252,956	324,565,935

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

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

	Rating		Rating Agency	2012	2011
	Short term	Long term		Rupees	Rupees
JS Bank Limited	A1	A+	PACRA	11,639,340	20,122,846
Habib Bank Limited	A1+	AAA	JCR-VIS	-	51,497
KASB Bank Limited	A3	BBB	PACRA	2,615	14
HSBC Limited				55,329	33,476
United Bank Limited	A1+	AA+	JCR-VIS	36,706	35,465
Summit Bank Limited (Atlas Bank Limited)	A-2	A-	JCR-VIS	207,446	4,787,032
Silk Bank Limited (Saudi Pak Bank Limited)	A-3	A-	JCR-VIS	508,011	71,123
NIB Bank Limited	A1+	AA-	PACRA	200,055	200,055
Faysal Bank Limited	A1+	AA	PACRA	153,696	25,485,981
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	100,298	11,578,004
				12,903,496	62,365,493

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

	Category of financial liability	Carrying Amount	Contractual Cash Flows	Up to One Year	More Than One Year
Financial liabilities: 2012					
Provision for outstanding claims (including IBNR)	At amortised cost	18,489,924	18,489,924	18,489,924	-
Amount due to other insurers / reinsurers	At amortised cost	758,574	758,574	758,574	-
Accrued expenses	At amortised cost	460,000	460,000	460,000	-
Unclaimed dividend	At amortised cost	59,962	59,962	59,962	-
Other creditors and accruals	At amortised cost	21,917,003	21,917,003	21,917,003	-
		41,685,463	41,685,463	41,685,463	-

	Category of financial liability	Carrying Amount	Contractual Cash Flows	Up to One Year	More Than One Year
Financial liabilities: 2011					
Provision for outstanding claims (including IBNR)	At amortised cost	13,875,084	13,875,084	13,875,084	-
Amount due to other insurers / reinsurers	At amortised cost	6,820,600	6,820,600	6,820,600	-
Accrued expenses	At amortised cost	330,000	330,000	330,000	-
Unclaimed dividend	At amortised cost	59,962	59,962	59,962	-
Other creditors and accruals	At amortised cost	18,341,998	18,341,998	18,341,998	-
		39,427,644	39,427,644	39,427,644	-

Age analysis of Premiums due but unpaid, amount due from other insurers/reinsurers, reinsurance recoveries against outstanding claims and sundry receivables (financial assets) is as under:

	2012 Rupees	**2011 Rupees**
Upto 1 year	51,896,019	36,533,061
1-2 years	14,610,464	12,786,930
Over 2 years	3,468,919	-
	69,975,402	49,319,991

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

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	**2012 Rupees**	**2011 Rupees**
A or above (including PRCL)	30,415,411	3,364,598	33,780,009	39,544,309
BBB	513,336	-	513,336	669,568
Others	9,906,307	593,756	10,500,063	-
Total	40,835,054	3,958,354	44,793,408	40,213,877

26.2 Liquidity risk

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

On the balance sheet date, company has cash and bank balances of Rs. 12,903,496/- (2011: Rs. 62,365,493/-).

26.3 Market risk

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

a) Interest/mark up rate risk

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

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

Financial assets

	2012	2011	2012	2011
	Effective interest rate (in %)		Rupees	Rupees
Saving accounts	4% to 6%	4% to 6%	12,427,117	50,417,383
Deposits maturing within 12 months - Fixed rate	8.60% to 10.10%	10.69% to 13%	50,000,000	97,510,229
Investments				
- Interest bearing - Fixed rate	12%	12%	26,005,829	25,606,500
			88,432,946	173,534,112

Sensitivity analysis

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

	2012 Rupees	2011 Rupees
Cash flow sensitivity - Variable rate financial assets	124,271	504,174

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

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs 16,841,613/- (2011: 5,143,185/-) at the balance sheet date.

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

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

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

Sensitivity analysis

The table below summarizes company's equity price risk as of December 31, 2012 and 2011 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios, results could be worse because of the nature of equity markets.

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

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in prices	Hypothetical increase / (decrease) in shareholders' equity	Hypothetical increase/(decrease) in profit before tax
31-Dec-12	16,841,613	10% increase	18,525,774	1,684,161	1,684,161
		10% decrease	15,157,452	(1,684,161)	(1,684,161)
31-Dec-11	5,143,185	10% increase	5,657,504	514,319	514,319
		10% decrease	4,628,867	(514,319)	(514,319)

26.4 Fair value of financial instruments

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

Level 1: Quoted market price (unadjusted) in active market for identical instrument.
Level 2: Valuation techniques based on observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Valuation techniques using significant unobservable inputs.

	Level-1	Level-2	Level-3	Total
	Rupees			
As at 31 December 2012				
At fair value through profit or loss-Held for trading	136,928,717	-	-	136,928,717
As at 31 December 2011				
At fair value through profit or loss-Held for trading	82,628,804	-	-	82,628,804

26.5 Insurance risk

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

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

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

Geographical concentration of insurance risk

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

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

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

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

Reinsurance arrangements

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

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

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

	Gross sum insured		Reinsurance		Net	
	2012	2011	2012	2011	2012	2011
Fire	14,438,433,924	14,623,972,780	5,775,373,570	6,608,695,533	8,663,060,354	8,015,277,247
Marine	4,835,711,742	4,911,924,531	725,356,761	839,654,348	4,110,354,981	4,072,270,183
Motor	750,470,901	844,043,559	-	-	750,470,901	844,043,559
Miscellaneous	793,334,855	6,496,397,971	564,066,456	2,456,487,346	229,268,399	4,039,910,625
	20,817,951,422	26,876,338,841	7,064,796,787	9,904,837,227	13,753,154,635	16,971,501,614

Sensitivity analysis

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

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

	Pre tax Profit		Shareholders' equity	
	2012	2011	2012	2011
	Rupees			
10% decrease in Loss				
Fire	25,452	114,992	16,544	74,745
Marine	80,950	52,434	52,618	34,082
Motor	887,909	914,937	577,141	594,709
Miscellaneous	19,295	9,243	12,542	6,008
	1,013,606	1,091,606	658,845	709,544

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

Claims development tables

The following table shows the development of fire claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments. For other classes of business the uncertainty about the amount and timings of claims payment is usually resolved within year. Moreover, claims with significant uncertainties are not outstanding as at December 31, 2012.

Analysis on gross basis

Accident year	2009	2010	2011	2012	Total
	Rupees				
Estimate of ultimate claims cost:					
At end of accident year	36,628,685	7,504,553	9,037,192	1,367,636	54,538,066
One year later	36,682,685	7,504,553	9,037,192		53,224,430
Two years later	36,628,685	7,504,553	-		44,133,238
Three years later	36,628,685	-	-		36,628,685
Estimate of cumulative claims	36,628,685	7,504,553	9,037,192	1,367,636	54,538,066
Cumulative payments to date	(34,451,301)	(6,850,574)	(8,873,911)	(1,045,712)	(51,221,498)
Liability recognised in the balance sheet	2,177,384	653,979	163,281	321,924	3,316,568

27 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for share holders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Company's overall strategy remains unchanged from 2011. The company has not obtained long term finance and short term borrowings, therefore gearing ratio of the company is not applicable. In accordance with Circular No. 03 of 2007 of Securities and Exchange Commission of Pakistan (SECP), minimum paid up capital requirement to be complied with by Insurance Companies at the end of each year are as follows:

	2010	2011	2012
	(Rupees in Thousands)		
Minimum paid up capital	250,000	300,000	300,000

The Company currently meets the externally imposed capital limit.

28 EVENTS AFTER BALANCE SHEET DATE

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

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been approved and authorised for issue by the Board of Directors of the company on April 06, 2013.

Statement under section 241(2) of the Companies Ordinance, 1984:

These financial statements have been signed by three directors instead of chief executive/principal officer and two directors as the chief executive/principal officer is not in Pakistan for the time being.

Chairman **Director** **Director** **Director**

asia INSURANCE company Ltd.

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