



asiaINSURANCE

We've got You covered

company Ltd.

ANNUAL REPORT
2016



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company Ltd.



Asia Window Takaful

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CHAIRMAN'S MESSAGE



It is of great pleasure for me to announce that your Company has made a significant improvement in 2016. Its gross premium income increased by Rs. 101.86 million representing 23% increase from previous year in both lines of business. The profit after tax has increased by Rs. 2.77 million representing 4% increase from previous year. I am happy to mention that the company has yet reached another milestone of reaching “A” IFS rating by PACRA and our journey of progress and accomplishments is continuing despite economic challenges faced by the country in 2016. This significant improvement in business and operations of the Company would not have been possible without the untiring hard work of the field force, back office staff and professional management of the Company. I am confident that the Company's spirited manpower will continue their hard work to increase the market share of your Company to a well-deserved level commensurate

with its peers. The new business strategy for 2017-18 approved by your Board of Directors is aimed at growth and expansion in leaps and bounds. The budgeted growth of 28% in business revenue is bound to encourage all stake holders of the Company including its employees, management, shareholders and its valued client. Under the able guidance of its illustrious Board of Directors, the management and staff of Asia Insurance Company will continue to remain committed to their vision, mission and core values. Your Company will continue to capitalize the new opportunities and the development of new products and services to achieve the fulfillment of its insurance potential. In addition to our dedicated staff and management, I would like to also thank Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Members of Pakistan Banking Council, our Auditors, brokers and above all our valued clients for their continued support and confidence in us.



Khalid Rashid
Chairman





Our Vision

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

Our Mission

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



Core Value

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



COMPANY INFORMATION

Chairman	Mr. Khalid Rashid (Over 40 Year Experience in Insurance Industry)
Chief Executive	Mr. Ihtsham ul Haq Qureshi (Prince Henrik Medal of Honour by Royal Kingdom of Denmark)
Directors	Mr. Khawaja Suhail Iftikhar (Former General Manager of PIA) Mr. Ihtsham ul Haq Qureshi (Prince Henrik Medal of Honour by Royal Kingdom of Denmark) Mrs. Nosheen Ihtsham Qureshi (Tamgha-e-Imtiaz by Government of Pakistan) Mr. Aisam ul Haq Qureshi (Pride of Performance Award by President of Pakistan, Arthur Ashe Humanitarian of the Year 2002, A ward by ATP Tour USA, Sitara -e-Imtiaz by Government of Pakistan) Mr. Zain ul Haq Qureshi Mr. Khalid Rashid (Over 40 Year Experience in Insurance Industry) Mr. Hassan Ahmed Khan Mr. Shahid Pervaiz Noor (Late) (Former General Manager of Pakistan Telecom Corporation Authority)
Audit Committee	Mr. Khawaja Suhail Iftikhar (Chairman) Mr. Zain ul Haq Qureshi (Member) Mr. Hassan Ahmed Khan (Member) Mr. Tahir Farzand (Secretary)
Legal Advisor	Barister Munawar-us-salam Cornelius, Lane & Mufti, Advocates and Solicitors, Nawa-e-Waqt Building, 4-Shahra-e-Fatima Jinnah, Lahore.
Sharia Advisor	Mufti Muhammad Farhan
Share Registrar	Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore.
CFO	Mr. Muhammad Ali Raza (ACA)
Company Secretary/ Compliance Officer	Ms. Shazia Hafeez
Internal Auditor	Mr. Tahir Farzand (ACCA) (CIA)
Auditors	Ilyas Saeed & Company Chartered Accountants.
Actuary	Anwar Associates



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

BOARD COMMITTEES

AUDIT COMMITTEE:

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

ETHIC, HUMAN RESOURCE & REMUNERATION COMMITTEE

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

INVESTMENT COMMITTEE

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

MANAGEMENT COMMITTEES

UNDERWRITING COMMITTEE

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

CLAIM SETTLEMENT COMMITTEE

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

REINSURANCE & CO-INSURANCE COMMITTEE

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

RISK MANAGEMENT & COMPLIANCE COMMITTEE

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



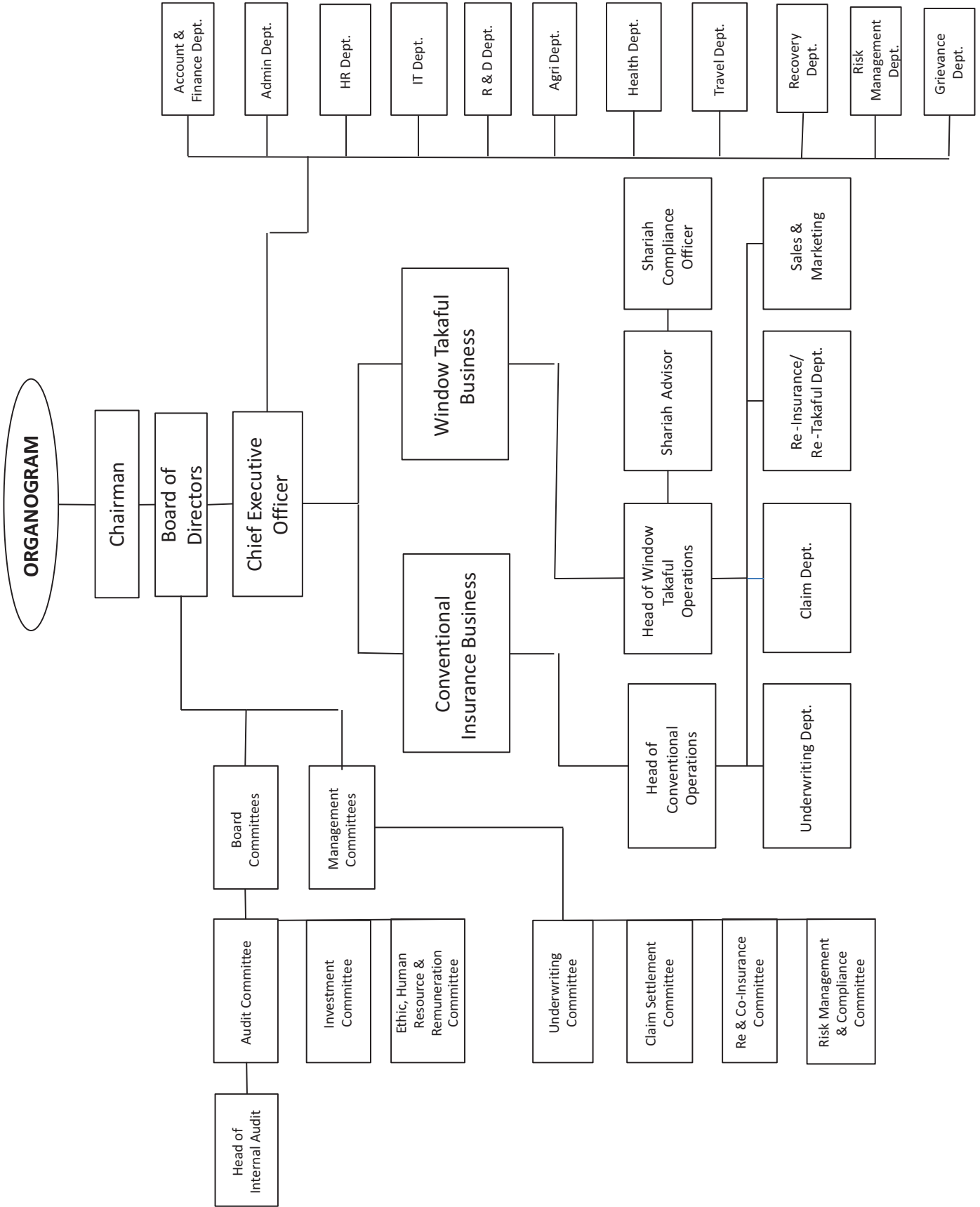
MANAGEMENT

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

Registered & Head Office:

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





Statement of Ethics:

All Directors and staff are required to:

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

Statement of Business Practices

Uncompromising Integrity:

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

Clients' Interest:

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

Entrepreneurship:

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

Zeal for Performance:

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

A Culture of Distinction:

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

A Tradition of Success:

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



PRODUCTS AND SERVICES

A. CONVENTIONAL INSURANCE BUSINESS:

• Motor Insurance

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

• Property Insurance

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

• Marine Insurance

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

• Agriculture Insurance

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

• Travel Insurance

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

• Miscellaneous Insurance

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

Health Insurance

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

PRODUCTS AND SERVICES

B. TAKAFUL BUSINESS:

• **Motor Takaful**

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

• **Property Takaful**

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

• **Marine Takaful**

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

• **Miscellaneous Takaful**

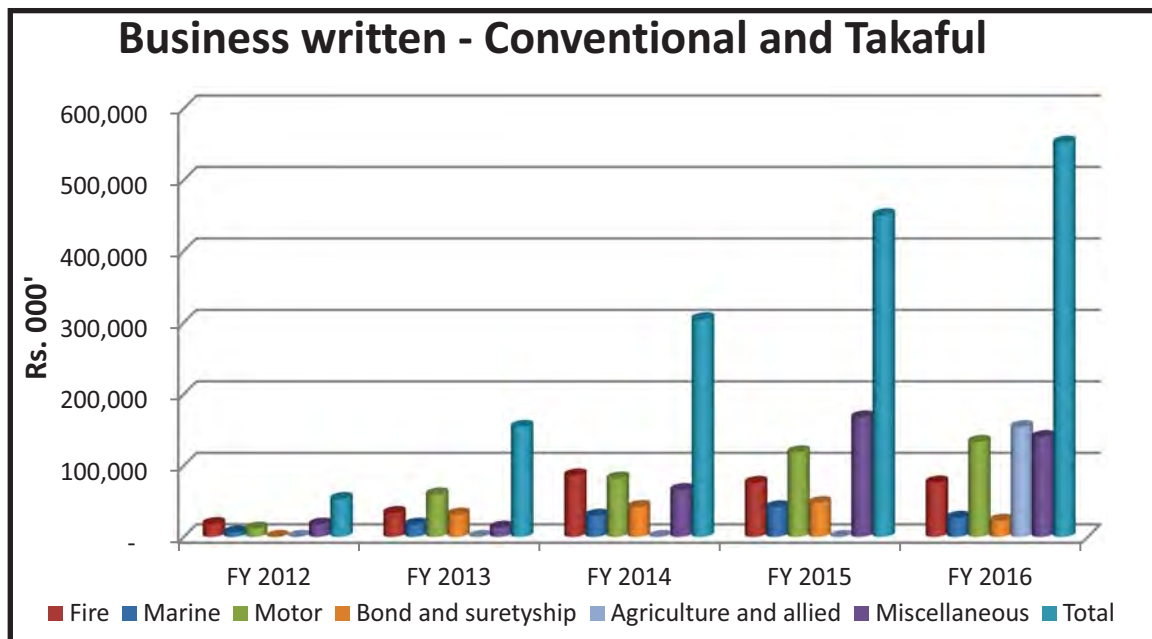
We also provide customized takaful solutions for our corporate clients, the covers range from the takaful of engineering projects to electrical equipment and machinery breakdown, contractor all risks, erection all risk, money takaful, plate glass.

• **Health Takaful**

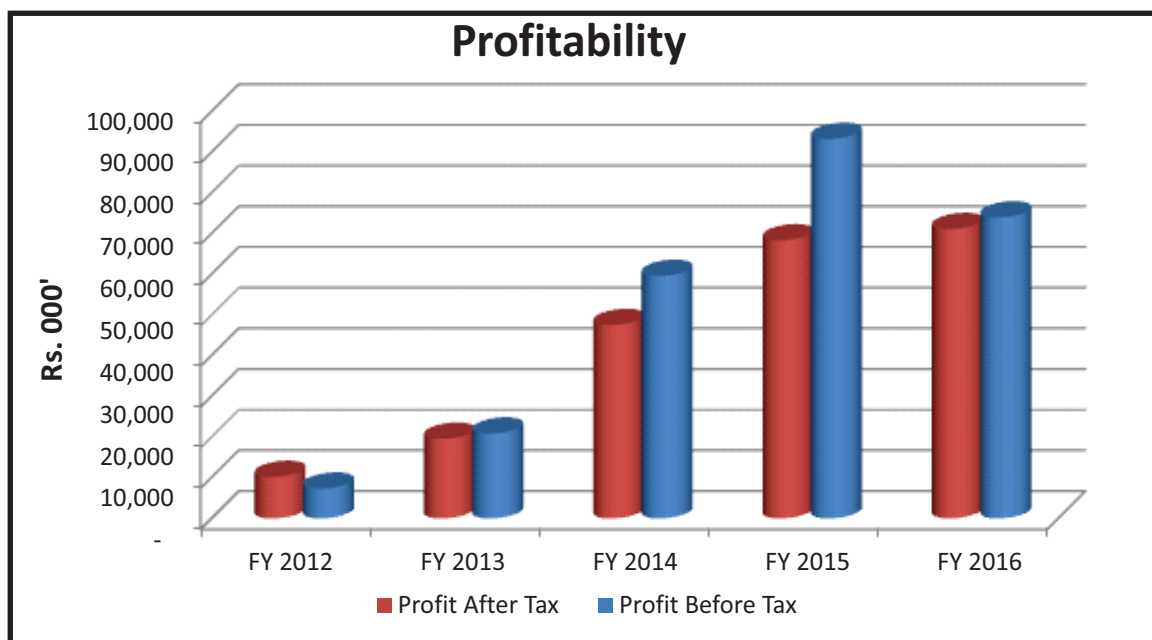
We provide health takaful services to corporate employees and their family to safe guard against injuries and accidents in the course of daily life. We are also providing personal accident takaful for individuals.



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

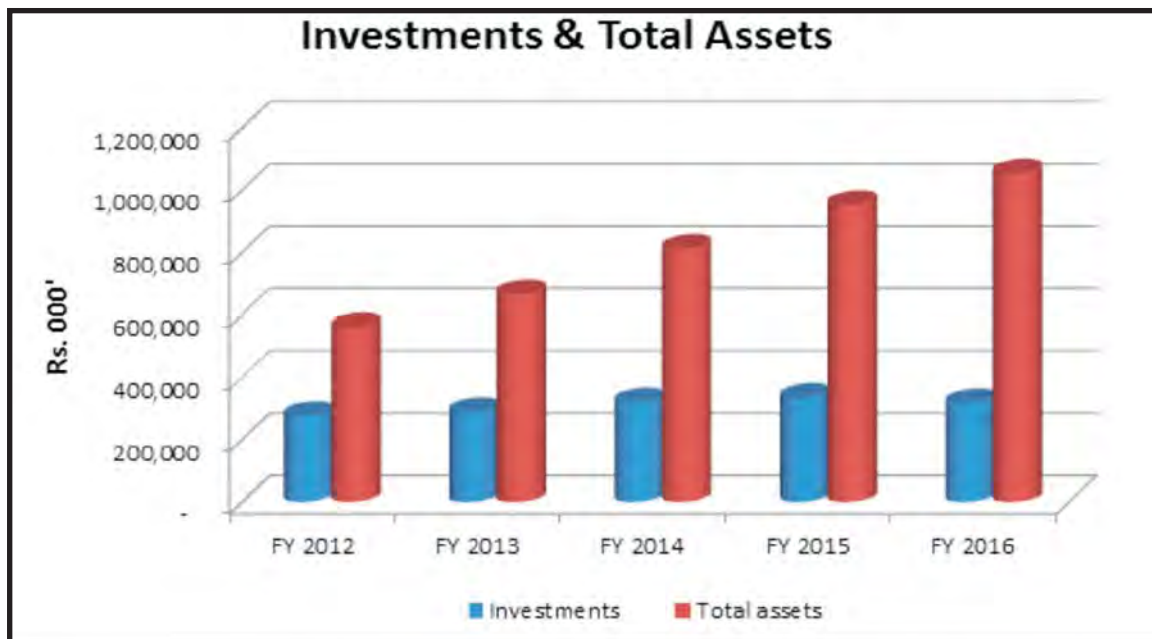


Robust growth of Gross Premium Written continued for the third consecutive year. The company’s consistent growth stamps the credibility of the Company among its customers and shows the bright future of the Company.

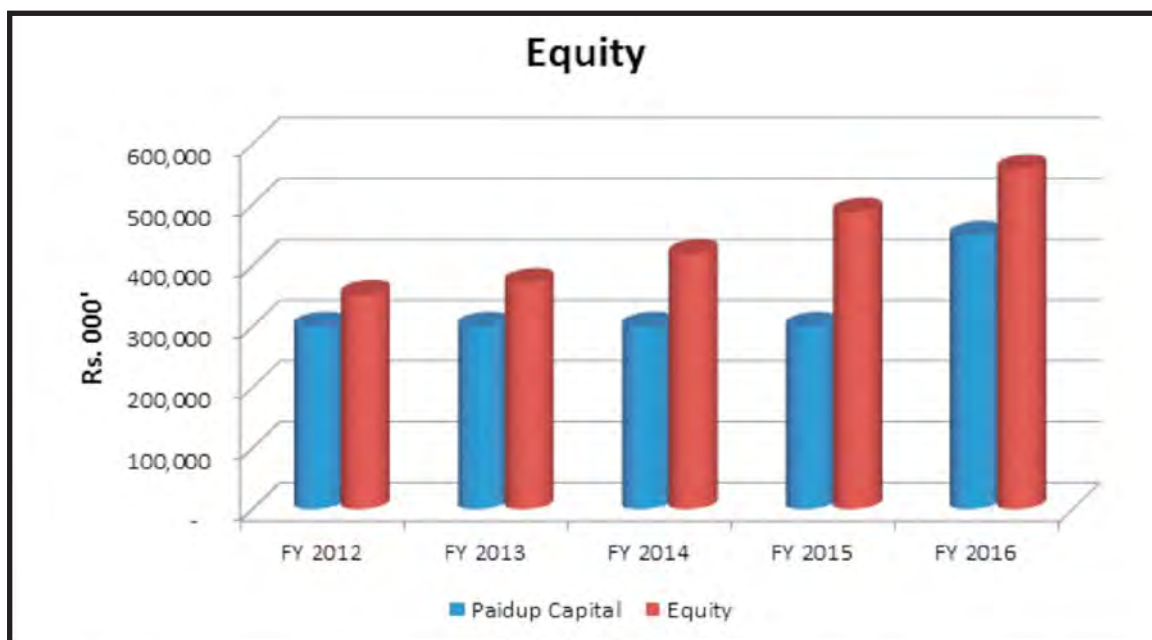


Consistent growth in profitability despite the fact that company has expanded its branch network reflects management's best utilization of resources to generate benefits for all stakeholders specially shareholders.

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



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



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

Key Financial Data

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

Particulars	2016	2015	2014	2013	2012	2011
Rupees in Thousand						
CONVENTIONAL						
Paid up Capital	450,000	300,000	300,000	300,000	300,000	300,000
Total Assets	1,054,652	952,688	812,950	666,687	560,422	539,269
Equity	559,240	488,142	419,817	372,304	352,763	342,583
Cash and Bank Deposits	116,140	70,764	53,813	49,162	62,903	159,876
Gross Premium	540,234	450,173	304,784	154,004	53,083	53,021
Net Premium Revenue	420,122	347,054	190,975	70,332	29,301	33,704
Gross Claim Paid	124,004	87,142	57,654	37,229	16,765	13,948
Net Claim Expense	95,338	64,193	41,954	24,625	10,136	10,916
Under Writing Profit/(Loss)	123,305	125,980	60,260	9,079	(3,585)	334
Profit/(Loss) Before Tax	73,955	93,261	59,581	20,830	7,301	11,545
Profit/(Loss) After Tax	71,099	68,325	47,513	19,541	10,180	9,665
Investment Income	47,281	12,926	33,354	37,794	28,903	24,319
Earnings Per Share (Rs.)	1.58	1.52	1.06	0.43	0.23	0.21
TAKAFUL						
PTF						
Gross Contribution	11,801	-	-	-	-	-
Net Contribution Revenue	(6,967)	-	-	-	-	-
Gross Claim Paid	1,585	-	-	-	-	-
Net Claim Expense	1,976	-	-	-	-	-
Under Writing Profit/(Loss)	(9,024)	-	-	-	-	-
Investment Income	-	-	-	-	-	-
OPF						
Investment Income	318	-	-	-	-	-



NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that 36th Annual General Meeting “AGM” of the members of the Asia Insurance Company Limited (the “Company”) shall be held on Saturday, the April 29, 2017, at 11:00 AM at **19 C/D, Block L, Gulberg III, Lahore**, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on April 30, 2016.
2. To receive, consider, and adopt the Audited Annual Accounts of the Company for the year ended December 31, 2016 together with Directors' and Auditors' report thereon.
3. To appoint auditors of the Company and fix their remuneration for the year ending December 31, 2017. M/s Ilyas Saeed & Co., Chartered Accountants have retired and offered themselves for re-appointment. The audit committee has recommended M/s Ilyas Saeed & Co., Chartered Accountants for appointment as auditors for the year ended December 31, 2017.
4. To consider any other business of the Company with the permission of the Chair.

SPECIAL BUSINESS

5. To consider and, if through fit to approve an increase in Authorized Share Capital of the Company and for this purpose to pass the following resolutions as Special Resolutions:-

RESOLVED THAT the authorized capital of the company be increased from Rupees Five Hundred Million (500,000,000), divided into 50,000,000 Ordinary Shares of the denomination of Rs. 10/- each, to Rs. One Billion (1,000,000,000), divided into 100,000,000 Ordinary Shares of the denomination of Rs. 10/- each.

RESOLVED FURTHER that as and by way of Special Resolution in respect of the increase in authorized capital of the Company, Clause V of Memorandum of Association and Article 3 of Articles of Association be amended accordingly to be read as under:

Clause V of the Memorandum of Association

“The Share capital of the Company is Rs. 1,000,000,000 divided into 100,000,000 Ordinary Shares of the denomination of Rs. 10/- each with power from time to time to increase or reduce the Capital of the Company. Any of the shares in such capital original or increased, may be issued either singly or in classes with any preferential deferred special or qualified rights or privileges as regards participation in dividends or assets or as regards voting, winding up, or otherwise however and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the company and subject to any permission required by Law”.

Article 3 of the Articles of Association

“The present share capital of the company is Rs. 1,000,000,000 Divided in to 100,000,000 shares of Rs. 10/- each.”



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

6. To obtain consent of the shareholders in terms of S.R.O. 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan, for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB and to pass the following resolution as an Ordinary Resolution, with or without modification:

“RESOLVED THAT the consent & approval of the members of Asia Insurance Company Limited be and is hereby accorded for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to the members for future years commencing from the year ending on 31 December 2017 through CD or DVD or USB instead of transmitting the same in hard copies.

“RESOLVED FURTHER that the Chief Executive Officer or Company Secretary of the Company be and is hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents as may be necessary or incidental for the purposes of implementing this resolution”

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

Attached to this notice of meeting being sent to the members is a statement under Section 160(1) (b) of the

Companies Ordinance, 1984 setting forth all material facts concerning the resolutions contained in items 5 and 6 of the notice.

By order of the Board

Lahore
April 07, 2017

Shazia Hafeez
Company Secretary

NOTES:

1. The financial statements and reports have been placed on the website of the Company www.asiainsurance.com.pk
2. The Share Transfer Books of the Company will remain closed from April 23, 2017 to April 29, 2017 (both days inclusive). Transfers received to our Shares Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore, by the close of business on April 22, 2017 will be treated as being in time for the purpose and to attend the meeting.
3. A shareholder entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
4. Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned guidelines as laid down by Securities and Exchange Commission of Pakistan:

A. For Attending the Meeting

i) In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.

ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting

B. For Appointing Proxies

- i. In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
 - ii. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
 - iii. Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
 - iv. The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
 - v. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company
5. The shareholders are requested to immediately notify change, if any, in their mailing addresses and also supply a copy of their CNIC to our Shares Registrar M/s Corplink (Pvt.) Limited, Wings Arcade, 1-K, Model Town, Lahore.

6. The Securities and Exchange Commission of Pakistan vide SRO 787(1)/2014 dated September 08 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' report and director's report along with notice of Annual General Meeting to its members through e-mail. Members who wish to avail this facility can give their consent through email to Company Secretary for this purpose together with their email addresses. The email address of the Company Secretary is shazia.hafeez@asiainsurance.com.pk.

7. MANDATE FOR DIVIDEND (OPTIONAL) / E-DIVIDEND

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc. The Securities and Exchange Commission of Pakistan (SECP) through Notice No. 8(4) SM/CDC 2008 dated 5 April 2013 has advised all Listed Companies to adopt e-dividend mechanism due to the benefits it entails for shareholders. In view of the above, you are hereby encouraged to provide a dividend mandate in favour of e-dividend by providing the following information to Company's Share Registrar, M/s Corplink (Pvt.) Limited :

Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell Number	
Landline number, if any	
CNIC No.	

It is stated that the above mentioned information is correct and I will intimate the changes in the above mentioned information to the Company and concerned share registrar as soon as these occur.

Signature of the member/shareholder

1. SUBMISSION OF VALID CNIC (MANDATORY)

As per SECP directives the dividend warrants of the shareholders whose valid CNICs, are not available with the Share Registrar could be withheld. All shareholders having physical shareholding are therefore advised to submit a photocopy of their valid CNICs immediately, if already not provided, to the Company's Share Registrar at the following address, without any further delay:

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

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

(I) The Government of Pakistan through Finance Act, 2016 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:



- a. for filers of income tax returns: 12.5 %
- b. for non-filers of income tax returns: 20 %

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 20%, all the shareholders whose names are not entered into the Active Tax Payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @20% instead @12.5%.

- (ii) In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint-holder shall be presumed to have an equal number of shares.
- (iii) For any query / problem / information, the investors may contact the Company and / or the Share Registrar at the following phone numbers & email address. The contact number of Company Secretary is 042-35865574-78 & email (as given above) and the contact numbers of Shares Registrar M/s Corplink (Pvt.) Limited, is (042) 35916714, 35916719, 35839182 and email: corplink786@gmail.com/shares@corplink.com.pk.
- (iv) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

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

This statement sets out the material facts pertaining to the special business to be transacted in the Annual General Meeting of the Company to be held on April 29, 2017.

Item 5 Increase in Authorized Capital of the Company

1. In order to cater for the future increase in paid up share capital, the Authorized Share Capital of the Company needs to be enhanced. Accordingly, the Board of Directors has recommended and considered it necessary and desirable to increase the Authorized Capital of the Company so that there will be scope for raising finance for the requirements of the Company by the issue of further capital if and when considered necessary. Therefore, it is deemed to be in the commercial interests of the Company to increase its Authorized Capital.

The present Authorized Capital of the Company is Rupees Five Hundred Million (Rs. 500,000,000) only which is proposed to be increased to Rupees One Billion (Rs. 1,000,000,000) only, so as to enable the Company to carry out its proposed business.

Item 6 Circulation of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to consent of the shareholders in the general meeting. This will save time and expenses incurred on printing of the annual report.



The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting.

After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made. The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand.

Accordingly, the directors have placed the matter before the shareholders for their approval and to pass the ordinary resolution as proposed in the notice of meeting. This is in compliance to the above mentioned notification of Securities and Exchange Commission of Pakistan and the Directors and Shareholders are interested to this as Directors & Shareholders.

The directors are not interested, directly or indirectly, in the above businesses except to the extent of their investment as has been detailed in the pattern of Shareholding annexed to the Directors' Report.

Original and amended copies of the Articles of Association have been kept at the Registered Office of the Company which can be inspected on any working day during usual business hours till the date of Annual General Meeting.



Directors' Report

For the year ended December 31, 2016

Dear Shareholders!

The Directors of Asia Insurance Company Limited (“the Company”) take pleasure in presenting the annual report of your company, together with the audited financial statements for the year ended December 31, 2016.

Business Overview

The Company continued its growth pattern in 2016. The general insurance sector's performance is strongly correlated to economic growth. Economic activities remained more or less the same during the year. Although, with relatively stable law and order situation in the country, the gross domestic product (GDP) grew by 4.7 percent in the last fiscal year. Standard & Poor's have upgraded Pakistan's credit rating from “B-” to “B” with stable outlook. Asia Insurance Company has continued taking long strides towards improvement in overall operations and recorded a growth of 23% in Gross Premium Written during the current year.

The Insurance Industry faced harsh tax regime in the year 2016 owing to change in the tax structure of insurance companies. Income from all sources of income are now taxed @ 31%, whereas up till December 2015 Dividend Income was taxed at 12.5% and tax on Capital Gains were at various slabs minimum was zero and maximum was 15% depending on holding period of securities. The insurance companies generally are long term investors and this incidence of tax on capital gain was low depending on holding period, even the highest was 15 % which now is heavy at 31 %.

In this regard, the Insurance Association of Pakistan has appealed to the Prime Minister, Finance Minister and Special Assistant to the Prime Minister for Revenue and will continue its effort directly and also through Federation of Pakistan Chambers of Commerce and Industry and other institutions and think tanks.

The Company posted a healthy profit after tax of Rs. 71.10 Million which shows an increase of 4% as compared to last year. This growth rate of 26% is expected to prevail in 2017.

Window Takaful Operations

The written contribution for the year was Rs. 11.80 million; while net contribution revenue was Rs. (6.97) million. Participants' Takaful Fund deficit for the year was Rs. (8.96) million and profit from Operator's Funds (for shareholders) for the year was Rs. 3.09 million.

Financial Results

Following is the overall performance of the Company for the year ended December 31, 2016.

	2016	2015
Gross Premium	540,234,011	450,173,622
Profit for the year before tax	73,955,106	93,261,014
<u>Taxation:</u>		
Current	18,519,359	25,724,303
Deferred	(3,985,954)	415,047
Prior years	(11,676,820)	(1,202,900)
	2,856,585	24,936,450
Profit for the year after tax	71,098,521	68,324,564
Un-appropriated profit brought forward	185,641,606	117,317,042
Issue of fully paid bonus shares	(150,000,000)	-
Un-appropriated profit carried forward	117,932,034	185,641,606



Dividend

Board of Directors in their meeting held on October 26, 2016, announced interim dividend of Bonus Shares of 25 shares for every 100 shares held i.e. 25%.

Earnings per Share

Earnings per share is Rs. 1.58 (2015: Rs. 1.52). Earnings per share has increased 4% as compared to the previous year due to stellar performance of underwriting supported by healthy performance of underlying investments.

Construction of Head Office Building

The construction of Head Office building of your company was completed in October 2016.

Authorized and Issued, Subscribed Capital

The Board of Directors, in their meeting held on April 6, 2017, approved increase in authorized share capital of the Company, from Rs. Five Hundred Million (500,000,000), divided into 50,000,000 ordinary shares of the denomination of Rs. 10/- each, to Rs. One Billion (1,000,000,000), divided into 100,000,000 Ordinary Shares of the denomination of Rs. 10/- each and for such consequential amendments as may be necessary in the Memorandum and Articles of Association of the Company for obtaining the approval in AGM.

The Company increased its paid up capital by issuing bonus shares twice, from 360,000,000 to 450,000,000 during the previous financial year 2016 and is in compliance with capital requirements of the Insurance Ordinance, 2000 and directives of Securities and Exchange Commission of Pakistan. This shows the willingness, commitment and interest of your Company's Directors for the growth, development and prosperity of the company.

Insurer Financial Rating Strength

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

Related Party Transactions

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

Committees

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

Management Committees

Risk Management & Compliance Committee

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



No meeting of Risk Management & Compliance Committee was conducted in 2016 as it was formed on February 16, 2017.

Underwriting committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khalid Rasheed	Chairman	4	4
Mr. Zain ul Haq Qureshi	Member	4	1
Mr. Mustajab Ahmed	Member	4	4
Mr. Amjad Rao	Secretary	4	4

Underwriting committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khawaja Suhail iftikhar	Chairman	4	4
Mrs. Nosheen Ihtasham (Resigned)	Member	4	4
Mr. Asif Ali Mughal	Secretary	4	4
Mr. Hassan Ahmad Khan	Member	-	-

Claim settlement Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Khawaja Suhail iftikhar	Chairman	4	4
Mrs. Nosheen Ihtasham (Resigned)	Member	4	4
Mr. Asif Ali Mughal	Secretary	4	4
Mr. Hassan Ahmad Khan	Member	-	-

Reinsurance & Co-insurance Committee

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

Board Committees

Ethic, Human Resource & Remuneration Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mrs. Nosheen Ihtasham (Resigned)	Chairperson	5	5
Mr. Hassan Ahmad Khan	Chairman	-	-
Mr. Aisam ul Haq Qureshi	Member	5	5
Mr. Ihtisham ul Haq Qureshi	Member	5	5
Mr. Shahbaz Hameed	Secretary	5	5



Investment Committee

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

Audit Committee

Name of the Member	Category	Meetings Held	Meetings Attended
Mr. Shahid Pervaiz Noor (Died on February 08, 2017)	Chairman	6	6
Mr. Khawaja Suhail Iftikhar	Chairman (Succeeded)	6	6
Mr. Zain ul Haq Qureshi	Member	6	6
Mrs. Nosheen Ihtasham (Resigned)	Member	6	0
Mr. Hassan Ahmed Khan	Member	-	-
Mr. Tahir Farzand	Secretary	6	6

Branch Network

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

Statement of Investment of Provident Fund

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

Particulars	December 31, 2016 Rupees	December 31, 2015 Rupees
Investment	11,873,538	8,215,440

Director Training Program

As per the requirements of the Code of Corporate Governance, remaining two directors, Mr. Aisam ul Haq Qureshi and Mr. Hassan Ahmed Khan attended the training program of Pakistan Institute of Corporate Governance, (PICG) in 2016.

Mr. Shahid Pervez Noor, Mr. Khawaja Suhail Iftikhar, Mr. Ihtasham ul Haq Qureshi and Mr. Zain ul Haq Qureshi had already attended the Directors Training Program in the preceding years.

Mr. Khalid Rashid is exempted from aforesaid training as per the provisions of CCG.

Statement of Ethics and Business Practices

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



Corporate and Financial Reporting Framework

- The financial statements prepared by the management of the Company present fairly its state of affairs, the result of its operations, cash flow and changes in equity,
- Proper books of accounts have been maintained by the Company,
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments,
- The International Financial Reporting Standards (IFRS) as applicable in Pakistan, have been followed in preparation of financial statement and any departure from there has been adequately disclosed,
- The system of internal control is sound in design and has been effectively implemented and monitored,
- There are no significant doubts upon the Company's ability to continue as a going concern,
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations,
- The key operating and financial data for the last six years is annexed,
- The value of investments of provident, gratuity and pension funds based on their audited accounts as on December 31, 2016 were:

Provident Fund Rs. **11,873,538**

- The statement of pattern of shareholding in the Company as at 31 December 2016 is included with the Report.

Key Financial Data

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

Particulars	2016	2015	2014	2013	2012	2011
Rupees in Thousand						
CONVENTIONAL						
Paid up Capital	450,000	300,000	300,000	300,000	300,000	300,000
Total Assets	1,054,652	952,688	812,950	666,687	560,422	539,269
Equity	559,240	488,142	419,817	372,304	352,763	342,583
Cash and Bank Deposits	116,140	70,764	53,813	49,162	62,903	159,876
Gross Premium	540,234	450,173	304,784	154,004	53,083	53,021
Net Premium Revenue	420,122	347,054	190,975	70,332	29,301	33,704
Gross Claim Paid	124,004	87,142	57,654	37,229	16,765	13,948
Net Claim Expense	95,338	64,193	41,954	24,625	10,136	10,916
Under Writing Profit/(Loss)	123,305	125,980	60,260	9,079	(3,585)	334
Profit/(Loss) Before Tax	73,955	93,261	59,581	20,830	7,301	11,545
Profit/(Loss) After Tax	71,099	68,325	47,513	19,541	10,180	9,665
Investment Income	47,281	12,926	33,354	37,794	28,903	24,319
Earnings Per Share (Rs.)	1.58	1.52	1.06	0.43	0.23	0.21

TAKAFUL						
PTF						
Gross Contribution	11,801	-	-	-	-	-
Net Contribution Revenue	(6,967)	-	-	-	-	-
Gross Claim Paid	1,585	-	-	-	-	-
Net Claim Expense	1,976	-	-	-	-	-
Under Writing Profit/(Loss)	(9,024)	-	-	-	-	-
Investment Income	-	-	-	-	-	-
OPF						
Investment Income	318	-	-	-	-	-

Board Meetings

During the year 2016 following meetings of the Board of Directors were held and attended by the Directors as below:

Name of Directors	Meetings Held	Meetings Attended
Mr. Khalid Rasheed	4	4
Mr. Ihtisham ul Haq Qureshi	4	4
Mr. Shahid Pervaiz Noor (Died on February 08, 2017)	4	4
Mr. Khawaja Suhail Iftikhar	4	4
Mr. Zain ul Haq Qureshi	4	3
Mr. Aisam ul Haq Qureshi	4	1
Mrs. Nosheen Ihtisham (Resigned/Re-appointed)	4	2
Mr. Hassan Ahmad Khan (Newly appointed)	-	-

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

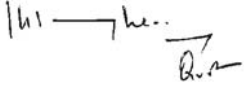
Auditors

The present Auditors M/s. Ilyas Saeed & Company, Chartered Accountants, have completed their assignment for the year ended December 31, 2016, and shall retire on the conclusion of 36th Annual General Meeting. In accordance with the Code of Corporate Governance, the Audit Committee considered and recommended the appointment of M/s. Ilyas Saeed & Company, Chartered Accountants, as auditors for the year ending December 31, 2017 and the Board of Directors also endorsed the recommendations of the Audit Committee.

Pattern of shareholding is attached with this report.

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

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



Ihtsham ul Haq Qureshi
Chief Executive



Pattern of Shareholding as on December 31, 2016

No. of Shareholders	Shareholdings		Total shares held
	From	To	
25	1	100	125
7	101	500	1,703
7	501	1,000	4,850
8	1,001	5,000	19,961
1	30,001	35,000	33,104
1	360,001	365,000	362,265
1	370,001	375,000	371,231
1	450,001	455,000	450,003
1	920,001	925,000	924,808
1	1,765,001	1,770,000	1,767,150
1	2,290,001	2,295,000	2,292,137
1	13,315,001	13,320,000	13,318,269
1	24,450,001	24,455,000	25,454,394
56			45,000,000

Categories of shareholders	Holding	%age
Directors, Chief Executive Officer, and their spouse and minor children	43,200,466	96.0010%
Insurance Companies	33,104	0.0736%
Shareholders holding 10% or more	38,772,663	86.1615%
General Public		
- Local	1,395,199	3.1004%
- Foreign	-	-
Government Holding	371,231	0.8250%

Sr. No.	Name	Holding	%age
1	Mr. Ihtsham ul Haq Qureshi	38,772,663	86.1615 %
2	Mr. Aisam ul Haq Qureshi	2,292,137	5.0936%
3	Mr. Zain ul Haq Qureshi	1,770,275	3.9339%
4	Mrs. Nosheen Ihtsham Qureshi	362,265	0.8050%
5	Mr. Khawaja Suhail Iftikhar	1,654	0.0037%
6	Mr. Hassan Ahmed Khan	1,103	0.0025%
7	Mr. Khalid Rasheed	736	0.0016%
8	Mr. Shahid Pervez Noor	736	0.0016%
		43,200,466	96.0010%



Insurance Companies

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

Government Holding

Sr. No.	Name	Holding	%age
1	Federal Board of Revenue	371,231	0.8250%

General Public

Sr. No.	Name	Holding	%age
1	Shares held by the General Public - Local	1,395,199	3.1004%

Shareholders Holding 5% or More of Total Capital

Sr. No.	Name	Holding	%age
1	Mr. Ihtsham ul Haq Qureshi	38,772,663	86.1615 %
2	Mr. Aisam ul Haq Qureshi	2,292,137	5.0936%
		41,066,800	91.2551%

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	Type	Qty.
1	Mr. Ihtsham ul Haq Qureshi	Bonus	12,443,716
2	Mr. Aisam ul Haq Qureshi	Bonus	735,639
3	Mr. Zain ul Haq Qureshi	Bonus	568,152
4	Mrs. Nosheen Ihtsham Qureshi	Bonus	116,265
5	Mr. Khawaja Suhail Iftikhar	Bonus	530
6	Mr. Hassan Ahmed Khan	Bonus	353
7	Mr. Khalid Rasheed	Bonus	236
8	Mr. Shahid Pervez Noor	Bonus	236
			13,865,127



حصص داری کا پیٹرن اس رپورٹ کے ساتھ منسلک ہے۔

ہم اپنے معزز صارفین کا ان کی مسلسل حمایت پر اور پاکستان ری انشورنس کمپنی لمیٹڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور سٹیٹ بینک آف پاکستان کی رہنمائی اور مشاورت کا تہہ دل سے شکریہ ادا کرتے ہیں۔

یہ آپ کے ڈائریکٹرز کے لئے بہت خوشی کا معاملہ ہے کہ انہوں نے افسران، فیلڈ فورس اور عملہ کی کوششوں کی حاصلہ افزائی بہت خوب انداز میں کی ہے۔ اور جنہوں نے کمپنی کی ترقی اور اس کے کاروباری معاملات کو جاری رکھنے میں اپنا کردار ادا کیا ہے۔

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احتمام الحق قریشی
چیف ایگزیکٹو



بورڈ کے اجلاس

سال 2016ء کے دوران بورڈ آف ڈائریکٹرز کے منعقدہ اجلاس اور ڈائریکٹرز کی حاضری مندرجہ ذیل ہے:

سرمایہ کاری کمیٹی

ڈائریکٹر کا نام	منعقدہ اجلاس	اجلاس میں حاضری
جناب خالد رشید	4	4
جناب احتشام الحق قریشی	4	4
جناب شاہد پرویز نور (8 فروری 2017ء کو انتقال ہوا)	4	4
جناب خواجہ سہیل افتخار	4	4
جناب زین الحق قریشی	4	3
جناب اعصام الحق قریشی	4	1
محترمہ نوشین احتشام (مستعفی ہوئیں اور پھر جناب شاہد پرویز نور کی فوتگی کی وجہ سے اتفاقیہ سیٹ پر کرنے کے لئے دوبارہ تقرر کیا گیا)	4	2
جناب حسن احمد افتخار (نو وارد)	-	-

غیر حاضری کی رخصت ان ڈائریکٹرز کو دی گئی جو بورڈ کے اجلاس میں شرکت نہ کر سکے۔

آڈیٹرز

حالیہ آڈیٹرز میسرز الیاس سعید اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے 31 دسمبر 2016ء کو اختتام پذیر سال کے لئے اپنی کارروائی مکمل کر لی ہے۔ اور 36 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ کارپوریٹ گورننس کے ضابطہ کے مطابق، آڈٹ کمیٹی نے 31 دسمبر 2017ء کو اختتام پذیر سال کے لئے میسرز الیاس سعید اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آڈیٹرز کے طور پر تقرری کے لئے مد نظر رکھا ہے اور سفارش کی ہے۔ اور بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی سفارشات کی حمایت کی ہے۔



اہم مالیاتی اعداد و شمار

گذشتہ چھ سال کے لئے اہم کاروباری اور مالیاتی اعداد و شمار مندرجہ ذیل ہیں:

2016	2015	2014	2013	2012	2011	تفصیل
رقم ہزار روپے میں						
روایتی						
450,000	300,000	300,000	300,000	300,000	300,000	ادا شدہ سرمایہ
1,054,652	952,688	812,950	666,687	560,422	539,269	کل اثاثے
559,240	488,142	419,817	372,304	352,763	342,583	ایکویٹی
116,140	70,764	53,813	49,162	62,903	159,876	نقد/بینک ڈپازٹ
540,234	450,173	304,784	154,004	53,083	53,021	کل پرمیٹ
420,122	347,054	190,975	70,332	29,301	33,704	نیٹ پرمیٹ
124,004	87,142	57,654	37,229	16,765	13,948	مجموعی کلیم
95,338	64,193	41,954	24,625	10,136	10,916	نیٹ کلیم
123,305	125,980	60,260	9,079	(3,585)	334	انڈر رائٹنگ منافع/نقصان
73,955	93,261	59,581	20,830	7,301	11,545	ٹیکس سے پہلے منافع
71,099	68,325	47,513	19,541	10,180	9,665	ٹیکس کے بعد منافع
47,281	12,926	33,354	37,794	28,903	24,319	سرمایہ کاری آمدن
1.58	1.52	1.06	0.43	0.23	0.21	فی شیئر آمدنی (روپے)
مکافل						
پی ٹی ایف						
11,801	-	-	-	-	-	مجموعی شراکت داری
(6,967)	-	-	-	-	-	نیٹ شراکت داری
1,585	-	-	-	-	-	مجموعی کلیم
1,976	-	-	-	-	-	نیٹ کلیم
(9,024)	-	-	-	-	-	انڈر رائٹنگ منافع/نقصان
-	-	-	-	-	-	سرمایہ کاری آمدن
اوپن ایف						
318	-	-	-	-	-	سرمایہ کاری آمدن

کوڈ آف کارپوریٹ گورننس کے قوانین کے تحت جناب خالد رشید کو مندرجہ بالا ٹریڈنگ سے استثنیٰ حاصل ہے۔

اخلاقیات اور کاروباری امور کا بیان

بورڈ نے اخلاقیات اور کاروباری امور کی سٹیٹمنٹ کو اپنایا ہے۔ تمام ملازمین کو اس بیان سے مطلع کر دیا گیا ہے اور کاروبار اور فرائض کی ادائیگی کے لئے ان اصولوں پر عمل درآمد کی ضرورت پر زور دیا ہے۔

کاروباری اور مالیاتی رپورٹنگ فریم ورک

- (a) کمپنی کی انتظامیہ کے جانب سے مرتب کردہ مالیاتی سٹیٹمنٹس، اس کی کارروائی، اس کے کام کرنے کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی بہت اچھے انداز میں پیش کرتی ہیں۔
- (b) کمپنی کی جانب سے مناسب اکاؤنٹ بکس مرتب کی گئی ہیں۔
- (c) مالیاتی سٹیٹمنٹس کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے۔ اور اکاؤنٹنگ تخمینے معقول اور محتاط فیصلوں کی بنیاد پر لگائے گئے ہیں۔
- (d) مالیاتی سٹیٹمنٹس کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ سٹینڈرڈز (IFRS) جو پاکستان میں نافذ العمل ہیں، کو مد نظر رکھا گیا ہے اور اس میں تبدیلیوں کو موزوں طریقے سے پیش کیا گیا ہے۔
- (e) انٹر کنٹرول کا نظام بہت اعلیٰ ہے اور اس پر موثر انداز میں عمل درآمد کیا جا رہا ہے اور نگرانی کی جا رہی ہے۔
- (f) کمپنی کا کاروبار جاری رکھنے میں کمپنی کی صلاحیتوں پر کوئی شک نہیں۔
- (g) کارپوریٹ گورننس کے بہترین اطلاق میں کوئی رد و بدل نہیں کیا گیا ہے۔ جیسا کہ لسٹنگ ریگولیشنز میں بیان کیا گیا ہے۔
- (h) گذشتہ چھ سال کا کاروباری اور مالیاتی اعداد و شمار اس رپورٹ کے ساتھ منسلک ہے۔
- (i) 31 دسمبر 2016ء تک آڈیٹڈ اکاؤنٹ میں پراویڈنٹ فنڈ کی سرمایہ کاری، گریجویٹی اور پینشن فنڈ کی قدر یہ تھی:
پراویڈنٹ فنڈ 11,873,538 روپے
- (j) 31 دسمبر 2016ء کو کمپنی کی حصص داری کے پیٹرن کی اسٹیٹمنٹ اس رپورٹ میں شامل ہے۔



4	4	سیکرٹری	جناب محمد علی رضا
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آڈٹ کمیٹی

رکن کا نام	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
جناب شاہد پرویز نور (8 فروری 2017 کو انتقال ہوا)	چیرمین	6	6
جناب خواجہ سہیل افتخار (بورڈ کی جانب سے جناب شاہد پرویز کے متباد کے طور پر چیرمین نامزد کیا)	رکن	6	6

آپ کی کمپنی اس حقیقت سے مکمل طور پر آگاہ ہے کہ پاکستان کے جتنے شہروں میں ہو سکتا ہے باسہولت اور منافع بخش شاخوں کا جال بچھایا جائے۔ نئی شاخیں کھولنے کے ہمارے عزائم اور مقاصد میں اپنے قابل احترام گاہکوں کو بہترین خدمات فراہم کرنا اور اور کلیمنز کی بروقت ادائیگی کرنا ہے۔ تاکہ قابل underwriting اور موثر لاگت کے ذریعے حصص داران کے لئے حتمی منافع کو یقینی بنایا جاسکے۔

پراویڈنٹ فنڈ کی سرمایہ کاری کی سٹیٹمنٹ

کمپنی اپنے تمام مستقل ملازمین کے لئے منظور شدہ پراویڈنٹ فنڈ سیکیم چلا رہی ہے۔ سرمایہ کاری کا توازن مندرجہ ذیل ہے:

تفصیلات	31 دسمبر 2015	31 دسمبر 2016
سرمایہ کاری	8 215 440 روپے	11,873,538 روپے

ڈائریکٹرز اینڈ پروگرام

کارپوریٹ گورننس کے ضابطہ کے تقاضوں کے تحت باقی دو ڈائریکٹروں جناب اعصام الحق قریشی اور جناب حسن احمد خان نے 2016ء میں پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کے ڈائریکٹرز پروگرام میں شرکت کی۔

جناب شاہد پرویز نور، جناب خواجہ سہیل افتخار، جناب احتشام الحق قریشی اور جناب زین الحق قریشی نے گذشتہ سال ہی ڈائریکٹرز اینڈ پروگرام میں شرکت کر لی تھی۔



-	-	سیکرٹری	جناب حسن احمد خان (نوشین احتشام کا متبادل)
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ری انشورنس اور کو انشورنس کمیٹی

رکن کا نام	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
جناب خالد رشید	چیئر مین	4	4
جناب زین الحق قریشی	رکن	4	4
جناب محمد مسعود	سیکرٹری	4	4

بورڈ کمیٹیاں

اخلاقی، انسانی وسائل اور معاوضہ کمیٹی

رکن کا نام	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
محترمہ نوشین احتشام (نومبر 2016ء میں مستعفی ہوئیں)	چیئر پرسن	5	5
جناب حسن احمد خان (نوشین احتشام کا متبادل)	چیئر مین (نوشین احتشام کے بعد)	-	-
جناب اعصام الحق قریشی	رکن	5	5
جناب احتشام الحق قریشی	رکن	5	5
جناب شہباز حمید	سیکرٹری	5	5

سرمایہ کاری کمیٹی

رکن کا نام	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
جناب احتشام الحق قریشی	چیئر مین	4	4
جناب زین الحق قریشی	رکن	4	4
جناب اعصام الحق قریشی (بورڈ کی جانب سے نو وارد)	رکن	-	-
جناب حسن احمد خان (بورڈ کی جانب سے نو وارد)	رکن	-	-



لیں دین کا اطلاق بازو کی لمبائی کی بنیاد پر ہوتا ہے۔

کمیٹیاں

کارپوریٹ گورننس کے ضابطے کی تعمیل میں بورڈ نے رسک مینجمنٹ اور کمپلائنس کمیٹی قائم کی ہے۔
رسک مینجمنٹ اور کمپلائنس کمیٹی

رکن کا نام	عہدہ
زین الحق قریشی	چیئر مین
شہباز حمید	رکن
جناب محمد مسعود	رکن
شازیہ حفیظ	سیکرٹری

انتظامی کمیٹیاں

انڈر رائٹنگ کمیٹی

رکن کا نام	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
جناب خالد رشید	چیئر مین	4	4
جناب زین الحق قریشی	رکن	4	1
جناب مستجاب احمد	رکن	4	4
جناب امجد راؤ	سیکرٹری	4	4

کلیم کے تصفیہ کی کمیٹی

رکن کا نام	عہدہ	منعقدہ اجلاس	اجلاس میں حاضری
جناب خواجہ سہیل افتخار	چیئر مین	4	4
محترمہ نوشین احتشام (نومبر 2016ء میں مستعفی ہوئیں)	رکن	4	4
جناب آصف علی مغل	رکن	4	4



فی حصص آمدنی

فی حصص آمدنی 1.58 روپے ہے (2015: 1.52 روپے) underwriting اور بنیادی سرمایہ کاری کی شاندار اور پُر اثر کارکردگی کی وجہ سے فی حصص آمدنی گذشتہ سال کے مقابلہ میں 44 فی صد بڑھی۔

مرکزی دفتر عمارت کی تعمیر

مرکزی دفتر عمارت کی تعمیر اکتوبر 2016ء میں مکمل ہوئی۔

منظور شدہ اور جاری کردہ اقراری سرمایہ

6 اپریل 2017ء کو منعقدہ اجلاس میں بورڈ آف ڈائریکٹرز نے پانچ سو ملین روپے (500,000,000 روپے) 50,000,000 عمومی حصص میں تقسیم کیا گیا جس کی قدر 10 روپے فی حصص تھی سے ایک بلین روپے (1,000,000,000 روپے)، جن کو 100,000,000 عمومی حصص میں تقسیم کیا گیا جس کی قدر 10 روپے فی حصص تھی اور کمپنی کے قواعد و ضوابط اور یادداشت میں جب ضرورت پڑے ان نتیجہ خیز ترامیم کی سالانہ اجلاس عام میں کمپنی کی منظوری حاصل کرنے کے لئے کمپنی کے منظور شدہ سرمایہ میں اضافہ منظور کیا گیا۔

انشورنس آرڈیننس 2000ء کی سرمایہ ضروریات کی تعمیل اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کے مطابق گذشتہ مالی سال 2016ء میں 360,000,000 سے 450,000,000 کے دو مرتبہ بونس حصص جاری کرتے ہوئے کمپنی نے اپنے ادا کردہ سرمایہ میں اضافہ کیا۔ کمپنی کی پیداوار، ترقی اور خوش حالی میں اضافہ کے لئے یہ اقدام ہماری کمپنی کے ڈائریکٹرز کی خواہش، عزم اور دلچسپی کو ظاہر کرتے ہیں۔

انشورر مالیاتی درجہ بندی

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی IFS درجہ میں "A-" (منفی) سے "A" (واحد) ترقی دی ہے۔ یہ درجہ بندی پالیسی ہولڈر اور معاہدوں کے فرائض پر عمل داری کی مستحکم قابلیت ظاہر کرتی ہے۔ اور بنیادی انشورنس کاروبار میں انتظامیہ کی کامیابی کی نشاندہی کرتی ہے۔

متعلقہ پارٹی کالین دین

بورڈ کے ہر اجلاس میں بورڈ آف ڈائریکٹرز کمپنی کے متعلقہ کمپنیوں/ پارٹیوں کے ساتھ لین دین کی منظوری دیتے ہیں۔ متعلقہ پارٹیوں کے ساتھ



ونڈو تکافل آپریشن

رواں سال کی تحریری شراکت 11.80 ملین روپے ہے۔ جب کہ رواں سال (6.97) ملین روپے کا مجموعی حصہ داری خسارہ دیکھنے میں آیا رواں سال (8.96) ملین روپے کا شراکت داروں کا تکافل فنڈ خسارہ رہا اور 3.09 ملین روپے کا حصص داران کے لئے آپریٹر کے فنڈز سے منافع دیکھنے میں آیا۔

مالیاتی نتائج

31 دسمبر 2016ء کو اختتام پذیر سال کے لئے کمپنی کی مجموعی کارکردگی مندرجہ ذیل ہے:

2016	2015	
540,234,011	450,173,622	مجموعی پریمیم
73,955,106	93,261,014	سال کے لئے منافع (علاوہ ٹیکس)
		ٹیکس
18,519,359	25,724,303	موجودہ
(3,985,954)	415,047	تاخیری
(11,676,820)	(1,202,900)	گذشتہ سالوں کا
2,856,585	24,936,450	
71,098,521	68,324,564	سال کے لئے منافع (بمعدہ ٹیکس)
185,641,606	117,317,042	غیر مناسب منافع (b/f)
(150,000,000)	-	بونس حصص کا اجراء
117,932,034	185,641,606	غیر مناسب منافع (c/f)

منافع منقسمہ

26 اکتوبر 2016ء کو منعقدہ اجلاس میں بورڈ آف ڈائریکٹرز نے ہر 100 حصص کی موجودگی پر 25 حصص کا عبوری بونس منافع منقسمہ جاری کیا گیا جو کہ 25 فی صد بنتا ہے۔



ڈائریکٹر کی رپورٹ

31 دسمبر 2016ء کو اختتام پذیر سال کے لئے

محترم حصص داران!

31 دسمبر 2016ء کو اختتام پذیر سال کے لئے ایشیا انشورنس کمپنی لمیٹڈ کے ڈائریکٹر سالانہ رپورٹ بمع آڈیٹڈ مالی اسٹیٹمنٹس پیش کرنے میں فخر محسوس کرتے ہیں۔

کاروبار کا تجزیہ

کمپنی نے 2016ء میں ترقی کا نمونہ شروع کیا۔ جنرل انشورنس شعبہ کی کارکردگی معاشی ترقی سے گہرا تعلق رکھتی ہے۔ سال کے دوران معاشی سرگرمیاں تقریباً ایک جیسی رہیں۔ اگرچہ ملک کی امن وامان کی صورتحال مستحکم رہی، پھر بھی گذشتہ مالی سال میں مجموعی ملکی پیداوار (GDP) 4.7 فی صد ہی بڑھی۔ سٹینڈرڈ اور غریبوں نے پاکستان کی کریڈٹ درجہ بندی کو مستحکم نقطہ نظر کے ساتھ B سے B تک ترقی دی ہے۔

ایشیا انشورنس کمپنی نے اپنے مجموعی آپریشنز میں تیزی کے لئے مسلسل اقدام کئے ہیں اور رواں سال کے دوران مجموعی پریمیم میں 23 فی صد کا اضافہ ریکارڈ کیا گیا ہے۔ انشورنس کمپنیوں کے ٹیکس سٹرکچر میں تبدیلی کی وجہ سے انشورنس کے شعبہ نے سال 2016ء میں بہت سخت ٹیکسوں کے اطلاق کا سامنا کیا ہے۔ تمام ذرائع سے حاصل ہونے والی آمدنی پر 31 فی صد ٹیکس لگا دیا گیا ہے جب کہ دسمبر 2015ء تک تقسیمی آمدنی پر 12.5 فی صد ٹیکس تھا اور سرمایہ داری منافع پر ٹیکس مختلف درجوں پر کم از کم صفر اور زیادہ سے زیادہ 15 فی صد تھا جو سکیورٹیز کو رکھنے کے عرصہ پر منحصر تھا۔ عام طور پر انشورنس کمپنیاں طویل مدتی سرمایہ دار ہوتی ہیں سرمایہ داری آمدنی پر ٹیکس قابو میں رکھنے والے عرصہ پر انحصار کی صورت میں بہت کم تھا، اور سب سے زیادہ 15 فی صد تھا جو 31 فی صد پر بہت زیادہ ہے۔

اس معاملے میں پاکستان کی انشورنس ایسوسی ایشن نے وزیراعظم، وزیر مالیات، ریونیو کے لئے وزیراعظم کے خصوصی مشیر اور مزید آں کہ پاکستان چیمبرز آف کامرس اینڈ انڈسٹری اور دوسرے اداروں اور تھنک ٹینکس کو درخواست کی ہے اور براہ راست اپنی کوششیں جاری رکھی ہوئے ہیں۔

گذشتہ سال کے مقابلہ میں کمپنی نے 71.10 ملین روپے (بمعہ ٹیکس) کا منافع کمایا ہے جو 4 فی صد کی پیداوار کو ظاہر کرتا ہے۔ اور 26 فی صد پیداواری شرح 2017ء میں بھی جاری رہنے کی توقع ہے۔



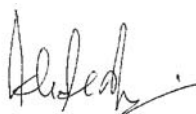
Statement Under Section 46 (6) of the Insurance Ordinance, 2000

The incharge of the management of the business was Mr. Ihtsham ul Haq Qureshi, Chief Executive Officer and the report on the affairs of business during the year 2016 signed by Mr. Ihtsham ul Haq Qureshi and approved by the Board of Directors is part of the Annual Report 2016 under the title of “Directors' Report to Members” and

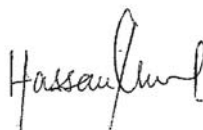
- a. in our opinion the annual statutory accounts of the Asia Insurance Co. Ltd. set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder.
- b. Asia Insurance Co. Ltd. has at all times in the year complied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



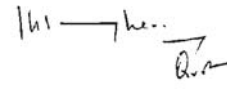
Chairman



Director



Director



Principal Officer/Chief Executive



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

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

Asia Insurance Company Limited has applied the principles contained in the Code in the following manner:

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

Category	Names
Independent Directors	Mr. Khalid Rashid
	Mr. Shahid Parvez Noor (Died on 8 February 2017)
Executive Directors	Mr. Zain ul Haq Qureshi
	Mr. Ihtsham ul Haq Qureshi
Non-Executive Directors	Mrs. Nosheen Ihtsham
	Mr. Aisam ul Haq Qureshi
	Mr. Hassan Ahmad Khan
	Mr. Khawaja Suhail Iftikhar

The independent director meets the criteria of independence as laid down under the Code of Corporate Governance for Insurers, 2016.

1. The Directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
2. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company. A DFI or an NBFII or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.
3. A casual vacancy occurring on the Board on 30 November 2016 was filled up by the directors same day thereof.
4. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the Company.
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the insurer. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.
7. The meetings of the Board were presided over by the Chairman. 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 meeting. The minutes of the meeting were appropriately recorded and circulated.



8. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.
9. The Board arranged 2 Orientation courses/training programs for its directors during the year to apprise them of their duties and responsibilities.
10. The Board has approved appointment of Company Secretary, including her remuneration and terms and conditions of employment.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance for Insurers, 2016.
15. The Board has formed the following Management Committees:

Underwriting committee

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

Claim settlement Committee

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

Reinsurance & Co-insurance Committee

Name of the Member	Category
Mr. Khalid Rasheed	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Muhammad Masood	Secretary

Risk Management & Compliance Committee

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

17. The Board has formed the following Board Committees:

Ethic, Human Resource & Remuneration Committee

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

Investment Committee

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

18. The Board has formed an Audit Committee. It comprised of 5 members, of whom Mr. Shahid Pervaiz Noor was Independent Director, who died on February 8, 2017, Mr. Khwaja Suhail Iftikhar and Hassan Ahmed Khan are non-executive directors. The Chairman of the Committee was Independent Director now who is replaced by a non- executive director. The composition of the Audit Committee is as follows:

Audit Committee

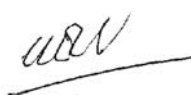
Name of the Member	Category
Mr. Khawaja Suhail Iftikhar	Chairman
Mr. Zain ul Haq Qureshi	Member
Mr. Hassan Ahmed Khan	Member
Mr. Tahir Farzand	Secretary

19. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code of Corporate Governance for Insurers, 2016. The terms of references of the Committees have been formed and advised to the Committees for compliance.
20. No meeting of Risk Management & Compliance Committee was conducted as it was formed on February 16, 2017.
21. The Board has set up an effective internal audit department which comprises of suitably qualified and experienced staff for the purpose and are conversant with the policies and procedures of the Company and are involved in the internal audit function on a regular basis.
22. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under this Code. Moreover, the persons heading the underwriting, claim, reinsurance, risk management and grievance function possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000):

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

23. Company Secretary resigned on 30 December 2016, and a new Company Secretary/Compliance Officer appointed by the Board of Directors.
24. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
25. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.
26. The Company has an Investment Policy, however the Company will align the policy with the requirements of new Code of Corporate Governance for Insurers, 2016 within the prescribed timeline.
27. The Board ensures that the risk management system of the Company is in place as per the requirements of the Code of Corporate Governance for Insurers, 2016.
28. The Company has set up a risk management function/department, on 7 February 2017, which carries out its tasks as covered under the Code of Corporate Governance for Insurers, 2016
29. The Company rating has been upgraded by PACRA (credit rating agency) on March 10, 2017, from "A-" to "A" with stable outlook.
30. The Company has set up Grievance department/ function on February 07, 2017, in compliance with the Code of Corporate Governance for Insurers, 2016.
31. The 'closed period', prior to the announcement of interim/final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.
32. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
33. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan in respect of the requirement of the Code of Corporate Governance for Insurers, 2016.
34. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.

By Order of the Board



Khalid Rasheed
Chairman of the Board
April 06, 2017



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

We have reviewed the enclosed Statement of Compliance with the best practices (“the Statement”) contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Asia Insurance Company Limited (“the Company”) for the year ended December 31, 2016 to comply with the requirements of Listing Regulations of the Pakistan stock Exchange where the Company is listed.

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

As part of 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 of Directors' statement on the internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended December 31, 2016.



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 06, 2017



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

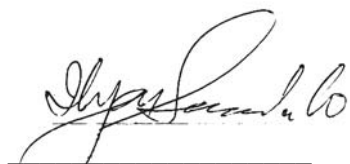
of **Asia Insurance Company Limited** (“the Company”) as at December 31, 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of accounts have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at December 31, 2016 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 of 1980).



ILYAS SAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 06, 2017



BALANCE SHEET
AS AT DECEMBER 31, 2016

		2016 RUPEES	2015 RUPEES
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 50,000,000 (2015: 50,000,000) ordinary shares of Rs.10/- each		<u>500,000,000</u>	<u>500,000,000</u>
Issued, subscribed and paid up capital	6	450,000,000	300,000,000
Retained earnings		106,740,127	185,641,606
Reserves	7	2,500,000	2,500,000
		559,240,127	488,141,606
Surplus on revaluation of fixed assets	8	91,060,170	136,060,170
Underwriting provisions			
Provision for outstanding claims (including IBNR)	9	75,038,239	44,408,023
Provision for unearned premium		246,062,718	191,631,972
Additional provision for unexpired risk		329,087	-
Commission income unearned		7,388,674	6,660,594
Total underwriting provisions		328,818,718	242,700,589
Long term financing	10	-	1,357,121
Deferred tax liability		-	1,563,321
Creditors and accruals			
Premiums received in advance		3,259,458	1,662,458
Amounts due to other insurers / reinsurers		9,001,093	7,162,914
Accrued expenses		6,977,865	390,000
Taxation - provision less payments	11	2,119,404	24,015,330
Current portion of long term financing	10	1,354,013	3,235,955
Other creditors and accruals	12	51,215,733	46,089,305
		73,927,566	82,555,962
Other liabilities			
Unclaimed dividend		59,962	59,962
Total liabilities before window takaful operations		<u>402,806,246</u>	<u>328,236,955</u>
Total liabilities of window takaful operations - OPF	13	1,545,198	250,000
TOTAL EQUITY AND LIABILITIES		<u>1,054,651,741</u>	<u>952,688,731</u>
Contingencies and Commitments	14	-	-

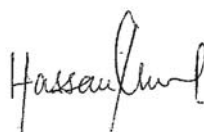
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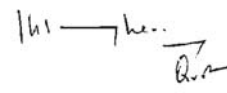
Chairman



Director



Director



Principal Officer/Chief Executive



BALANCE SHEET
AS AT DECEMBER 31, 2016

		2016 RUPEES	2015 RUPEES
ASSETS			
Cash and bank deposits	15		
Cash and other equivalents		75,649	42,008
Current and other accounts		116,064,261	70,721,844
Deposits maturing within 12 months		98,100,000	-
		214,239,910	70,763,852
Investments	16	219,184,961	233,606,779
Current assets - others			
Premiums due but unpaid - unsecured	17	70,166,141	45,401,619
Amounts due from other insurers/reinsurers - unsecured		96,072,972	123,350,294
Accrued investment income		6,065,917	1,542,600
Reinsurance recoveries against outstanding claims		27,463,241	12,805,614
Deferred commission expense		49,026,189	35,995,441
Prepaid reinsurance premium ceded		34,874,455	29,377,876
Sundry receivables	18	30,044,492	32,788,234
		313,713,407	281,261,678
Deferred tax asset	19	2,422,633	-
Fixed assets (Tangible)	20		
Land - freehold		115,000,000	160,000,000
Building		66,458,600	275,517
Furniture and fixtures		8,024,654	1,886,050
Office equipment		13,739,757	4,081,301
Motor vehicles		41,349,411	44,963,345
Computers and accessories		5,703,964	4,048,319
		250,276,386	215,254,532
Capital work in progress (Building)		-	101,376,557
Total assets of window takaful operations - OPF	13	54,814,444	50,425,333
TOTAL ASSETS		1,054,651,741	952,688,731

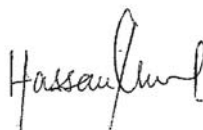
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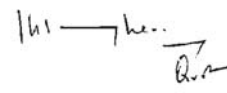
Chairman



Director



Director



Principal Officer/Chief Executive

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016**

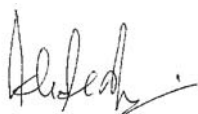
NOTE	Fire and Property Damage	Marine, Aviation and Transport	Motor	Credit and Suretyship	Agriculture and allied	Miscellaneous	2016	2015
-----RUPEES-----								
Net premium revenue	36,541,898	12,369,190	113,725,228	34,616,717	131,923,187	90,945,497	420,121,717	347,053,951
Net claims	(9,014,141)	(6,426,211)	(50,345,925)	153,833	(6,042,363)	(23,663,249)	(95,338,056)	(64,192,682)
Expenses	(16,065,696)	(5,756,008)	(27,876,725)	(4,888,114)	(34,035,856)	(30,931,594)	(119,553,993)	(90,094,357)
Premium deficiency reserve	-	(329,087)	-	-	-	-	(329,087)	-
Net commission	(9,187,145)	(2,937,274)	(20,997,605)	(7,822,460)	(25,395,728)	(15,255,366)	(81,595,578)	(66,787,262)
Underwriting results	2,274,916	(3,079,390)	14,504,973	22,059,976	66,449,240	21,095,288	123,305,003	125,979,650
Investment income							47,280,611	12,925,962
Other income							11,371,649	1,480,851
							58,652,260	14,406,813
							181,857,263	140,386,463
General and administration expenses							(111,096,070)	(47,300,782)
Profit before tax							70,861,193	93,085,681
Profit before taxation from window takaful operations - OPF							3,093,913	175,333
							73,955,106	93,261,014
Provision for taxation							(2,856,585)	(24,936,450)
Profit after tax							71,098,521	68,324,564
Earnings per share							1.58	Restated 1.52

Appropriations have been reflected in statement of changes in equity.

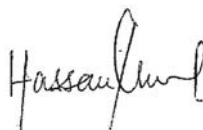
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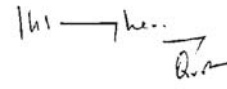
Chairman



Director



Director



Principal Officer/Chief Executive




**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 RUPEES	2015 RUPEES
Profit after tax for the year	71,098,521	68,324,564
Other comprehensive income / (loss)		
Items that may be subsequently reclassified to profit or loss		
- Reversal of revaluation surplus	(45,000,000)	-
Items that may not be subsequently reclassified to profit or loss	-	-
	(45,000,000)	-
Total comprehensive income for the year	26,098,521	68,324,564

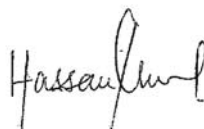
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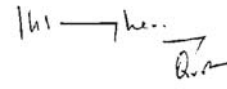
Chairman



Director



Director



Principal Officer/Chief Executive




**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Issued, subscribed and paid up capital	Un-appropriated profit / retained earnings	Revenue reserves	Total share capital and reserves	Surplus on revaluation of fixed assets	Total
-----RUPEES-----						
Balance as at January 1, 2015	300,000,000	117,317,042	2,500,000	419,817,042	136,060,170	555,877,212
Net profit for the year	-	68,324,564	-	68,324,564	-	68,324,564
Balance as at December 31, 2015	300,000,000	185,641,606	2,500,000	488,141,606	136,060,170	624,201,776
Balance as at January 1, 2016	300,000,000	185,641,606	2,500,000	488,141,606	136,060,170	624,201,776
Issue of fully paid bonus shares	150,000,000	(150,000,000)	-	-	-	-
Net profit for the year	-	71,098,521	-	71,098,521	-	71,098,521
Other comprehensive loss for the year	-	-	-	-	(45,000,000)	(45,000,000)
Balance as at December 31, 2016	450,000,000	106,740,127	2,500,000	559,240,127	91,060,170	650,300,297

The annexed notes 1 to 35 form an integral part of these financial statements.



Chairman



Director



Principal Officer/Chief Executive



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 RUPEES	2015 RUPEES
Operating Cash Flows		
a) Underwriting activities		
Premiums received	517,066,489	439,546,984
Reinsurance premiums paid	(42,062,626)	(67,307,382)
Claims paid	(124,004,159)	(87,141,863)
Reinsurance and other recoveries received	44,638,692	28,260,574
Commissions paid	(111,434,172)	(86,520,416)
Commissions received	14,850,936	13,743,845
Other underwriting receipt/(payments)	3,073,138	2,609,882
Net cash inflow from underwriting activities	302,128,298	243,191,624
b) Other operating activities		
Income tax paid	(28,738,465)	(4,934,893)
General management expenses paid	(158,772,283)	(123,792,161)
Other operating payments	(390,000)	(495,000)
Other receipts in respect of operating assets	11,302,404	1,480,851
Net cash outflow from other operating activities	(176,598,344)	(127,741,203)
Total cash inflow from all operating activities	125,529,954	115,450,421
Investment activities		
Profit / return received	1,891,306	10,090,298
Increase in net assets in window takaful operations	(3,093,913)	(50,175,333)
Dividends received	8,142,156	2,825,695
Payments for investments	(336,705,057)	(534,108,624)
Proceeds from disposal of investments	386,944,620	528,748,059
Fixed capital expenditure	(36,242,158)	(52,221,572)
Proceeds from disposal of fixed assets	692,000	-
Total cash inflow from investing activities	21,628,954	(94,841,477)
Financing activities		
Financing obtained less repayments	(3,239,063)	(2,854,546)
Financial charges paid	(443,787)	(803,751)
Total cash outflow from financing activities	(3,682,850)	(3,658,297)
Net cash inflow from all activities	143,476,058	16,950,647
Cash and cash equivalents at the beginning of the period	70,763,852	53,813,205
Cash and cash equivalents at the end of the period	214,239,910	70,763,852



**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	2016 RUPEES	2015 RUPEES
RECONCILIATION TO PROFIT AND LOSS ACCOUNT		
Operating cash flows	125,529,954	115,450,421
Financial charges paid	(443,787)	(803,751)
Impairment expense	(42,923,599)	-
Depreciation	(14,050,507)	(12,051,843)
Increase in assets other than cash	27,928,412	26,647,373
Increase in liabilities	(79,371,675)	(73,603,884)
Dividend	8,071,838	2,825,695
Profit from window takaful operations	3,093,913	175,333
Interest, rental and other income	39,278,018	10,100,267
Deferred taxation	3,985,954	(415,047)
Profit after taxation	71,098,521	68,324,564

Definition of cash

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

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

Cash and cash equivalents

Cash in Hand	75,649	42,008
Current accounts and Other Accounts	116,064,261	70,721,844
Deposits maturing within 12 months	98,100,000	-
	214,239,910	70,763,852

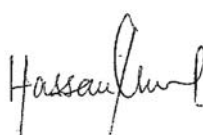
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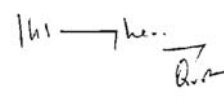
Chairman



Director



Director



Principal Officer/Chief Executive



**STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Class of Business	2016										2015
	Premiums Written	Unearned Premium Reserve		Premiums Earned	Reinsurance Ceded	Prepaid Reinsurance Premium Ceded		Reinsurance Expenses	Net Premium Revenue	Net Premium Revenue	
		Opening	Closing			Opening	Closing				
RUPEES											
Direct and Facultative											Restated
Fire and property damage	72,596,785	35,354,727	39,000,826	68,950,686	38,863,813	15,752,967	22,207,992	32,408,788	36,541,898	52,633,305	
Marine, aviation and transport	26,009,933	2,641,134	4,781,380	23,869,687	12,984,527	1,754,993	3,239,023	11,500,497	12,369,190	32,207,754	
Motor	125,967,813	53,735,047	60,727,632	118,975,228	5,250,000	2,625,000	2,625,000	5,250,000	113,725,228	95,282,308	
Credit and suretyship	22,088,140	24,140,461	8,534,288	37,694,313	1,676,450	2,097,446	696,300	3,077,596	34,616,717	43,039,537	
Agriculture and allied	153,799,356	35,296,645	56,297,814	132,798,187	1,350,000	200,000	675,000	875,000	131,923,187	51,718,329	
Miscellaneous	139,771,984	40,463,958	76,720,778	103,515,164	11,053,337	6,947,470	5,431,140	12,569,667	90,945,497	72,172,718	
Grand Total	540,234,011	191,631,972	246,062,718	485,803,265	71,178,127	29,377,876	34,874,455	65,681,548	420,121,717	347,053,951	

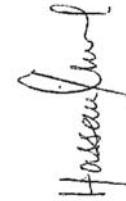
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Chairman



Director



Director



Principal Officer/Chief Executive



**STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016**



Class of Business	2016						2015			
	Claims Paid	Claims Outstanding		Claims Expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	Net Claims Expense	
		Opening	Closing			Opening	Closing			
Direct & Facultative									Restated	
Fire and property damage	34,984,804	4,602,216	10,242,789	40,625,377	27,328,081	2,622,904	6,906,059	31,611,236	9,014,141	4,421,438
Marine, aviation and transport	13,327,150	6,983,298	5,727,936	12,071,788	6,842,671	3,590,087	2,392,993	5,645,577	6,426,211	7,406,981
Motor	44,805,066	23,032,721	30,853,680	52,626,025	1,511,275	1,800,000	2,568,825	2,280,100	50,345,925	37,303,267
Credit and suretyship	(500,000)	-	376,943	(123,057)	-	-	30,776	30,776	(153,833)	94,207
Agriculture and allied	3,893,929	660,880	2,848,689	6,081,738	-	-	39,375	39,375	6,042,363	6,529,025
Miscellaneous	27,493,210	9,128,908	24,988,202	43,352,504	8,956,665	4,792,623	15,525,213	19,689,255	23,663,249	8,437,764
Grand Total	124,004,159	44,408,023	75,038,239	154,634,375	44,638,692	12,805,614	27,463,241	59,296,319	95,338,056	64,192,682

-----RUPEES-----

The annexed notes 1 to 35 form an integral part of these financial statements.



Chairman



Director



Principal Officer/Chief Executive

**STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**



Class of Business	2016							2015	
	Commission Paid or Payable	Deferred Commission		Net Commission Expense	Other Management Expenses	Underwriting Expenses	Commission from Reinsurers	Net Underwriting Expenses	Net Underwriting Expenses
		Opening	Closing						
Direct and Facultative									Restated
Fire and property damage	17,673,421	8,629,793	9,480,813	16,822,401	16,065,696	32,888,097	7,635,256	25,252,841	30,727,049
Marine, aviation and transport	6,253,511	618,650	1,152,507	5,719,654	5,756,008	11,475,662	2,782,380	8,693,282	16,266,852
Motor	22,623,906	9,266,214	10,892,515	20,997,605	27,876,725	48,874,330	-	48,874,330	40,229,988
Credit and suretyship	6,350,034	4,638,714	2,448,684	8,540,064	4,888,114	13,428,178	717,604	12,710,574	16,551,157
Agriculture and allied	30,440,449	6,045,526	11,090,247	25,395,728	34,035,856	59,431,584	-	59,431,584	22,196,674
Miscellaneous	25,407,861	6,796,544	13,961,423	18,242,982	30,931,594	49,174,576	2,987,616	46,186,960	30,909,899
Grand Total	108,749,182	35,995,441	49,026,189	95,718,434	119,553,993	215,272,427	14,122,856	201,149,571	156,881,619

-----RUPEES-----

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

The annexed notes 1 to 35 form an integral part of these financial statements.



Director



Director



Principal Officer/Chief Executive

**STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016**

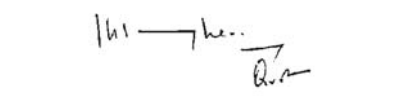
	2016 RUPEES	2015 RUPEES
Income from trading investments:		
Gain on investments at fair value through profit and loss	5,537,265	12,011,180
Dividend income	8,071,838	2,825,695
	13,609,103	14,836,875
Income from non trading investments:		
<u>Held to maturity</u>		
Return on government securities	3,247,838	3,231,950
Return on fixed income deposits	-	307,493
Amortization of discount/premium relative to par	72,872	72,872
	3,320,710	3,612,315
<u>Available for sale</u>		
Dividend income	70,318	61,093
(Loss) / gain on sale of non trading investments 'available-for-sale'	(5,000)	73,352
Gain / (loss) on revaluation of trading Investments	30,599,481	(4,976,801)
Reversal / (impairment) in value of 'available-for-sale' investments	43,680	(197,285)
Investment related expenses	(357,681)	(483,587)
Net Investment Income	47,280,611	12,925,962

The annexed notes 1 to 35 form an integral part of these financial statements.


Chairman


Director


Director


Principal Officer/Chief Executive

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1 STATUS AND NATURE OF BUSINESS

Asia Insurance Company Limited ('the Company') is a quoted public limited company which was incorporated in Lahore on December 06, 1979 under the repealed Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is engaged in non-life insurance business mainly comprising of fire, marine, motor, bond and suretyship, agriculture and allied and miscellaneous. The Company commenced its commercial operations in 1980. The registered and principal office of the Company is situated at 19 C/D, Block L, Gulberg III, Main Ferozpur Road, Lahore-Pakistan. Shares of the Company are quoted on Pakistan Stock Exchange.

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

2 BASIS OF PREPARATION

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

3 STATEMENT OF COMPLIANCE

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

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

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

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

3.2 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

There are new and amended standards and interpretations that are mandatory for accounting periods beginning 01 January 2014 but are considered not to be relevant or do not have any significant effect on the Company's financial statements and are therefore not detailed in these financial statements.

3.3 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

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

Standard or Interpretation	Effective dates (Annual periods beginning)
IFRS 2 – Share-based Payments - Classification and Measurement of Share-based Payments Transactions (Amendments).	01 January, 2018
IAS 7 – Financial Instruments: Disclosures - Disclosure Initiative - (Amendment).	01 January, 2017
IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments).	01 January, 2017



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

IFRS 4 –	Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments).	01 January, 2018
IAS 40 –	Investment Property: Transfers of Investment Property (Amendments).	01 January, 2018
IFRIC 22 –	Foreign Currency Transactions and Advance Consideration.	01 January, 2018

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

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

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

Standard		IASB Effective date (annual periods beginning on or after)
IFRS 9 –	Financial Instruments: Classification and Measurement	01 January, 2018
IFRS 14 –	Regulatory Deferral	01 January, 2016
IFRS 15 –	Revenue from	01 January, 2018
IFRS 16 –	Leases	01 January, 2019

4 BASIS OF MEASUREMENT

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

4.1 Use of Estimates and Judgments

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

- Provision for unearned premium. (Note 5.3)
- Premium deficiency reserve. (Note 5.4)
- Provision for outstanding claims including incurred but not reported (IBNR). (Note 5.6)
- Provision for taxation and deferred tax. (Note 5.7)
- Classification of investments. (Note 5.10)
- Useful lives and residual value of fixed assets. (Note 5.13)
- Impairment in value of investments. (Note 16)

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

4.2 Functional Currency

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Insurance Contracts

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

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

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

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

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 except Marine 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, reserve for the same has been made in these financial statements for Marine.

5.5 Commission

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

5.7 Taxation

5.7.1 Current

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

5.7.2 Deferred

The company accounts for deferred taxation, if any, on all temporary differences at the balance sheet date between the tax 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 and Advances / Other Receivables

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

5.10 Investments

5.10.1 Recognition

All investments are initially 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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 Property

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

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

5.13 Fixed assets

5.13.1 Owned

Fixed assets, except land which is valued at revalued amount, are stated at cost less accumulated depreciation calculated on reducing balance method using the rates given in note 20 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

5.13.2 Assets subject to finance lease

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

5.13.3 Capital work in progress

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

5.13.4 Intangible

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

5.14 Financial Instruments

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

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

5.15 Offsetting of Financial Assets and Financial Liabilities

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

5.16 Foreign Currency Transactions and Translations

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

5.17 Revenue Recognition

5.17.1 Premium

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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 profit and loss 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 and Bonus Shares

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

		NOTE	2016 RUPEES	2015 RUPEES
6	ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
	2016	2015		
	No. of Shares			
		Ordinary shares of Rs. 10/- each fully		
	25,000,000	paid in cash	250,000,000	250,000,000
	15,000,000	Paid up capital for general insurance fully	150,000,000	-
		paid bonus issue		
	5,000,000	Statutory fund for window takaful	50,000,000	50,000,000
		operations		
	45,000,000		450,000,000	300,000,000

7 RESERVES

General reserves			2,500,000	2,500,000
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These represent general reserves utilizable at the discretion of the board of directors.

8 SURPLUS ON REVALUATION OF FIXED ASSETS

Opening			136,060,170	136,060,170
Impairment loss on land			(45,000,000)	-
			91,060,170	136,060,170

Land is revalued periodically. The revaluation surplus of land is adjusted in the year in which disposal of the respective asset is made. The surplus represents the land located at 19-C and D, Block-L, Gulberg III, Lahore. Land was first revalued in December 2005, by an independent valuer M/s. Surval which resulted in net surplus of Rs. 27,207,970/-. It was further revalued in August 06, 2008 by an independent valuer M/s. AIM Associates Limited, Lahore which resulted in additional surplus of Rs. 100,000,000/-. The said plot was further revalued on July 18, 2011 by an independent valuer M/s. Navco (Private) Limited, Lahore. The valuation resulted in further surplus of Rs. 8,852,200/-. The said plot was further revalued on November 01, 2016 by an independent valuer M/s. Frank Observers (Private) Limited, Lahore. The valuation resulted in impairment of Rs. 45,000,000/-. The valuation of land has been made on the basis of fair market value. The aforementioned surplus amounts have been credited to surplus on revaluation of fixed assets account to comply with the requirements of Section 235 of the Companies Ordinance, 1984.

9	PROVISION FOR OUTSTANDING CLAIMS (INCLUDING IBNR)	9.1	75,038,239	44,408,023
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9.1 It includes the claims incurred but not reported (IBNR) at the year end Rs. 21.08 Million (2015: Rs. 5.471 Million).

10 LONG TERM FINANCING

Diminishing musharika:

Burj Bank Limited		1,354,013	4,593,076
Less: current portion		(1,354,013)	(3,235,955)
		-	1,357,121

This represents diminishing musharika facility from Burj Bank Limited for purchase of vehicles. The term of the agreement is 3 years. The balance is repayable in monthly equal installments ending in 2017. It carries profit at the rate of one year KIBOR plus 3%. Under the agreement, the Company holds joint ownership with the bank.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
11 TAXATION - PROVISION LESS PAYMENTS			
Opening		24,015,330	4,428,820
Income tax deducted at source / payments		(42,509,485)	(4,934,893)
Provision for tax payable		25,627,763	24,521,403
		<u>7,133,608</u>	<u>24,015,330</u>
12 OTHER CREDITORS AND ACCRUALS			
Sales tax payable		4,184,100	3,916,529
Federal insurance fee payable		395,162	333,337
Tax deducted at source		985,633	2,280,112
EOBI payable		125,227	44,160
Staff provident Fund		425,527	311,377
Outstanding agency commissions		15,189,011	17,874,001
Receipts from foreign reinsurers	12.1	7,133,952	7,133,952
Others	12.2	22,777,121	14,195,837
		<u>51,215,733</u>	<u>46,089,305</u>
12.1	It represents receipts from foreign reinsurers against settlement of treaty agreements in 2011 after adjustment of receivable balances from the reinsurers.		
12.2	This includes rent payable for office building, payable to chief executive amounting to Rs. Nil/- (2015: Rs. 480,000/-).		
13 WINDOW TAKAFUL OPERATIONS - OPERATORS' FUND			
Total liabilities in window takaful		<u>1,545,198</u>	<u>250,000</u>
Total assets in window takaful operations		<u>54,814,444</u>	<u>50,425,333</u>
Profit for the year		<u>3,093,913</u>	<u>175,333</u>
13.1	The financial statements of window takaful operations are separately prepared under the provisions of clause 11(b) of Takaful Rules, 2012 read with Circular No. 25 of 2015 issued dated July 9, 2015.		
14 CONTINGENCIES AND COMMITMENTS			
14.1 Contingencies			
14.1.1	Suits for recovery of approximate Rs.65.588 million (2015: Rs.27.114 million) have been lodged but are not accepted by the Company and the cases are pending adjudication before different courts. As per the Company's legal advisor, such claims are untenable and accordingly management has not provided any liability in respect thereof.		
14.1.2	The Company has filed suit for recovery of Rs 6.827 million (2015: Rs. 6.827 million) against insurer/reinsurer for amount due. The management of the Company on the basis of the facts of the case and advice of the legal advisor believe that they have strong case and has not, therefore, made provision in the financial statements against the aforesaid claim.		
14.2 Commitments			
14.2.1 Ijarah Disclosure:			
	During the period the Company has entered into an Vehicle Ijarah agreement with Mezaan Bank Limited. The company has made payment of Rs. 7,519,015/- till the year end.		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
<u>Future Ijarah Rental Payment:</u>			
Payable not later than 1 year		8,490,204	1,953,360
Payable later than 1 year and not later than 5 years		11,093,686	3,207,790
		<u>19,583,890</u>	<u>5,161,150</u>

14.2.2 There is no known commitment as at December 31, 2016 except as stated above (2015: Nil).

15 CASH AND BANK DEPOSITS

Cash in hand		75,649	42,008
Current and other accounts:			
PLS saving accounts	15.1	49,924,323	41,137,377
Current accounts		66,139,938	29,584,467
		116,064,261	70,721,844
Deposits maturing within 12 months - Term Deposits	15.2	98,100,000	-
		<u>214,239,910</u>	<u>70,763,852</u>

15.1 PLS saving accounts carry profit rate of 3.75% to 5.50% (2015: 3.00% to 4.50%) per annum.

15.2 The rate of return on term deposit receipts issued by various banks ranges from 10.00% per annum (2015: 9.25% to 9.5% per annum) and payable at maturity. These term deposit receipts have maturities upto August 2017.

16 INVESTMENTS

Available for sale:

Marketable securities - Book value	16.1	509,712	656,057
Appreciation / (impairment) in value of investments		43,680	(197,285)
		553,392	458,772

Fair value through profit and loss - held for trading:

Investments in mutual funds - fair value		103,919,685	182,011,289
Investments in ordinary shares		88,387,284	24,884,990
		192,306,969	206,896,279

Held to maturity:

Defence saving certificates (DSCs)	16.2	525,000	525,000
Pakistan investment bonds (10 years)	16.3	25,799,600	25,726,728
		26,324,600	26,251,728
		<u>219,184,961</u>	<u>233,606,779</u>

16.1 AVAILABLE FOR SALE

Marketable Securities

No. of shares/units		Face value	Company's name	Book Value (Rupees)	
2016	2015			2016	2015
5,843	5,843	10	First IBL Modaraba	28,046	24,015
5,000	5,000	10	Haseeb Waqas Sugar Mills Ltd.	68,800	29,250
210	210	10	Islamic Investment Bank Ltd.	-	5,000
16,046	15,170	10	N.I.T. Units	454,726	398,687
200	200	10	Suhail Jute Mills Ltd.	1,820	1,820
<u>27,299</u>	<u>26,423</u>			<u>553,392</u>	<u>458,772</u>



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
16.1.1	Market value of above securities is Rs. 1,427,098/- (2015: Rs. 996,669/-).		
16.2	Defence Saving Certificates carry effective profit @ 10.15% per annum and will mature in June 2018. Profit will be paid on maturity.		
16.3	Pakistan Investments Bonds (PIBs) having face value of Rs. 26 million, carry interest rate @ 12% per annum. Profit is paid semi annually and these will mature in September 2019.		
16.4	Company has deposited following securities with State Bank of Pakistan against statutory deposits under the Insurance Ordinance, 2000:		
	Pakistan investment bonds	25,799,600	25,726,728
	Cash deposit (included in sundry receivables)	115,000	115,000
	Pakistan income fund (included in mutual funds)	22,480,793	7,070,636
		<u>48,395,393</u>	<u>32,912,364</u>
17	PREMIUMS DUE BUT UNPAID		
	- Unsecured but considered good by the management	<u>70,166,141</u>	<u>45,401,619</u>
18	SUNDRY RECEIVABLES		
	Security deposits	3,330,177	2,109,079
	Income tax refunds due	402,745	402,745
	Agents balances	-	324,235
	Balance with brokers	9,151,936	12,928,896
	Others	17,159,634	17,023,279
		<u>30,044,492</u>	<u>32,788,234</u>
18.1	These are un-secured but considered good by management		
19	DEFERRED TAX ASSET / (LIABILITY)		
	Net deferred tax asset arrived at as under:		
	Deductible / (taxable) temporary differences:		
	Accelerated depreciation	1,965,999	(3,023,059)
	Adjustable tax losses	-	1,423,854
	Minimum tax adjustable against future tax liability	406,204	35,884
	Rate differences	50,430	-
		<u>2,422,633</u>	<u>(1,563,321)</u>
19.1	Deferred tax income/(expense) recognized in profit and loss account has been arrived at as under:		
	Opening deferred tax (liability)	(1,563,321)	(1,148,274)
	Income/(expense) for the year	3,985,954	(415,047)
	Net deferred tax asset/(liability) as at December 31, 2016.	<u>2,422,633</u>	<u>(1,563,321)</u>



20 NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

FIXED ASSETS

PARTICULARS	2016										
	COST/REVALUATION					DEPRECIATION					W.D.V. As at Dec 31, 2016
	As at January 01, 2016	Additions / Adjustment	(Deletions)	(Impairment Loss)	As at Dec 31, 2016	Rate %	As at January 01, 2016	(Deletions)	For the year	As at Dec 31, 2016	
—RUPEES—											
OWNED											
Land - Free hold											
Cost	23,939,830	-	-	-	23,939,830	-	-	-	-	-	23,939,830
Revaluation	136,060,170	-	-	(45,000,000)	91,060,170	-	-	-	-	-	91,060,170
	160,000,000	-	-	(45,000,000)	115,000,000	-	-	-	-	-	115,000,000
Building - on freehold land	564,200	110,821,919	-	(42,923,599)	68,462,520	10	288,683	-	1,715,237	2,003,920	66,458,600
Furniture and Fixtures	2,881,704	6,529,068	-	-	9,410,772	10	995,654	-	390,464	1,386,118	8,024,654
Office Equipment	6,549,042	10,370,469	-	-	16,919,511	10	2,467,741	-	712,013	3,179,754	13,739,757
Motor Vehicles	70,486,650	6,279,260	(1,448,000)	-	75,317,910	20	32,699,685	(825,245)	7,835,163	39,709,603	35,608,307
Computers and Accessories	6,013,966	3,617,999	-	-	9,631,965	30	1,965,647	-	1,962,354	3,928,001	5,703,964
	246,495,562	137,618,715	(1,448,000)	(87,923,599)	294,742,678		38,417,410	(825,245)	12,615,231	50,207,396	244,535,282
MUSHARIKA VEHICLES											
Musharika Vehicles	10,423,797	-	-	-	10,423,797	20	3,247,417	-	1,435,276	4,682,693	5,741,104
	256,919,359	137,618,715	(1,448,000)	(87,923,599)	305,166,475		41,664,827	(825,245)	14,050,507	54,890,089	250,276,386



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

20.1 FIXED ASSETS (Tangible)

PARTICULARS	2015										
	COST/REVALUATION					DEPRECIATION					
	As at January 01, 2015	Additions / Adjustment	(Deletions)	(Impairment Loss)	As at Dec 31, 2015	Rate %	As at January 01, 2015	(Deletions)	For the year	As at Dec 31, 2015	W.D.V. As at Dec 31, 2015
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	258,070	-	30,613	288,683	275,517
Furniture and Fixtures	2,183,194	698,510	-	-	2,881,704	10	837,943	-	157,711	995,654	1,886,050
Office Equipment	5,289,876	1,259,166	-	-	6,549,042	10	2,078,319	-	389,422	2,467,741	4,081,301
Motor Vehicles	54,882,460	15,604,190	-	-	70,486,650	20	23,866,022	-	8,833,663	32,699,685	37,786,965
Computers and Accessories	2,678,110	3,335,856	-	-	6,013,966	30	1,119,308	-	84,639	1,965,647	4,048,319
	225,597,840	20,897,722	-	-	246,495,562		28,159,662	-	10,257,748	38,417,410	208,078,152
MUSHARIKA VEHICLES											
Musharika Vehicles	10,423,797	-	-	-	10,423,797	20	1,453,322	-	1,794,095	3,247,417	7,176,380
	236,021,637	20,897,722	-	-	256,919,359		29,612,984	-	12,051,843	41,664,827	215,254,532



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
21 MANAGEMENT EXPENSES			
Salaries and benefits		54,652,047	41,314,978
Petrol, oil and lubricants		9,756,387	6,746,888
Rent, rates and taxes		6,334,657	4,344,220
Utilities		3,612,355	2,294,441
Communications		6,613,234	4,834,311
Printing and stationery		4,870,430	3,656,111
Travelling and conveyance		3,711,388	3,336,221
Repairs and maintenance		6,941,607	5,391,178
Advertisement		8,201,625	3,397,526
Market development charges		1,128,149	1,293,381
Financial charges		443,787	811,551
Tracker charges		1,459,486	3,546,639
Others		11,828,841	9,126,912
		<u>119,553,993</u>	<u>90,094,357</u>
22 OTHER INCOME			
Income from financial assets:			
Profit on PLS saving accounts and TDRs		8,052,404	1,480,851
Income from non financial assets:			
Miscellaneous		3,319,245	-
		<u>11,371,649</u>	<u>1,480,851</u>
23 GENERAL AND ADMINISTRATION EXPENSES			
Directors' remuneration		1,410,000	1,255,200
Salaries and benefits		36,695,840	25,354,153
Rent, rates and taxes		676,800	960,000
Contribution to provident fund		2,175,822	1,734,910
Fees and subscription		2,604,462	1,202,669
Auditors' remuneration	23.1	615,000	460,000
Legal and professional charges		845,826	514,860
Directors/staff training		745,998	166,667
Vehicle insurance expense		411,301	2,224,275
Computer expenses		97,665	94,759
Ijarah rentals		7,519,015	1,281,446
Impairment loss	20	42,923,599	-
Depreciation		14,050,507	12,051,843
Others		324,235	-
		<u>111,096,070</u>	<u>47,300,782</u>
23.1 Auditors' remuneration			
Ilyas Saeed & Co. Chartered Accountants			
- Audit fee		400,000	360,000
- Review fee		140,000	70,000
- Certification Charges		75,000	30,000
		<u>615,000</u>	<u>460,000</u>
24 PROVISION FOR TAXATION			
Current:			
For the year		18,519,359	25,724,303
Prior year		(11,676,820)	(1,202,900)
		6,842,539	24,521,403
Deferred	19.1	(3,985,954)	415,047
		<u>2,856,585</u>	<u>24,936,450</u>



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	NOTE	2016 RUPEES	2015 RUPEES
24.1 Relationship between tax expense and accounting profit			
Numerical reconciliation between the average effective tax rate and the applicable tax rate:			
Applicable tax rate as per income Tax Ordinance, 2000		31.00%	32.00%
Prior year adjustment		-15.79%	-4.82%
Income taxed at reduced rate		0.00%	-1.76%
FTR income		-15.62%	-0.92%
Others		4.42%	2.24%
		4.02%	26.74%

25 EARNINGS PER SHARE

Basic earning per share

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

Profit after tax	(Rupees)	71,098,521	68,324,564
Weighted average number of ordinary shares	(Numbers)	45,000,000	45,000,000
Earnings per share		1.58	1.52

Diluted earning per share

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.

26 REMUNERATION OF DIRECTORS & EXECUTIVES

	Executives		Directors	
	2016	2015	2016	2015
	Rupees			
Managerial remuneration	19,054,907	11,506,440	792,000	792,000
Bonus	433,823	283,470	66,000	66,000
House rent and utility allowance	11,136,924	5,927,556	408,000	408,000
Commission paid	-	-	11,969,443	15,792,989
Contribution to provident fund	821,160	523,061	65,976	65,976
	31,446,814	18,240,527	13,301,419	17,124,965
Number of Persons	23	14	2	2

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

27 RELATED PARTY TRANSACTIONS

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

Transactions with related parties are as follows:

<u>Relation</u>	<u>Transactions</u>
<u>Key Management Personnel:</u>	
Chief Executive/Directors	
Remuneration	1,266,000 1,255,200
Commission paid	11,969,443 15,792,989
Office rent	1,257,600 960,000
Bonus shares issued	138,651,270 -
<u>Retirement Benefit Plan:</u>	
Contribution to provident fund	2,175,822 1,734,910



NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

28 SEGMENT REPORTING



Particulars	Fire and Property Damage		Marine, Aviation and Transport		Motor		Credit and Suretyship		Agriculture and Allied		Miscellaneous		Total	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Revenue	Restated													
Premiums earned	68,950,686	83,856,593	23,869,687	41,975,247	118,975,228	100,782,308	37,694,313	44,989,130	132,798,187	52,124,579	103,515,164	82,203,126	485,803,265	405,930,983
Segment results	2,274,916	17,484,818	(3,079,390)	8,533,921	14,504,973	17,749,053	22,059,976	26,394,173	66,449,240	22,992,630	21,095,288	32,825,055	123,305,003	125,979,650
Investment income														
Other income														
General and administrative expense														
Profit before tax														
Total comprehensive income from window takaful operations - OPF														
Provision for tax														
Net profit														
Other information														
Segment assets - conventional	62,184,194	61,869,809	14,946,864	23,412,677	56,798,299	55,592,314	16,075,916	25,433,872	57,254,396	26,891,176	70,343,329	53,730,995	277,602,998	246,930,843
Segment assets - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets - conventional	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated assets - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets														
Segment liabilities - conventional	63,802,898	55,240,557	14,354,781	15,697,482	107,126,654	90,403,082	13,993,659	30,696,932	76,500,919	42,360,010	116,187,003	63,217,200	391,965,915	297,615,264
Segment liabilities - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities - conventional	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total liabilities														
Capital expenditure - conventional	5,142,762	10,788,977	1,779,490	5,399,711	8,875,704	12,966,616	2,812,391	5,786,150	9,908,606	6,704,686	7,723,205	10,575,432	36,242,158	52,221,572
Capital expenditure - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditure														
Depreciation - conventional	1,993,767	2,489,911	689,880	1,246,161	3,440,969	2,992,473	1,090,319	1,335,344	3,841,409	1,547,327	2,994,163	2,440,627	14,050,507	12,051,843
Depreciation - takaful OPF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total depreciation														

47,280,611	12,925,962
11,371,649	1,480,851
(111,096,070)	(47,300,782)
(52,443,810)	(32,893,969)

70,861,193	93,085,681
3,093,913	175,333
(2,856,585)	(24,936,450)
71,098,521	68,324,564

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

29.1 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	2016 Rupees	2015 Rupees	
Current and other accounts	Loans & Receivables	116,064,261	70,721,844
Deposits maturing within 12 months	Loans & Receivables	98,100,000	-
Investments:	Available for Sale	553,392	458,772
	Held for Trading - Fair value through Profit and Loss	192,306,969	206,896,279
	Held to Maturity	26,324,600	26,251,728
	Loans & Receivables	70,166,141	45,401,619
Premiums due but unpaid	Loans & Receivables	96,072,972	123,350,294
Amounts due from other insurers / reinsurers	Loans & Receivables	27,463,241	12,805,614
Reinsurance recoveries against outstanding claims	Loans & Receivables	6,065,917	1,542,600
Accrued investment income	Loans & Receivables	29,641,747	28,608,529
Sundry receivables	Loans & Receivables		
		662,759,240	516,037,279

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	2016 Rupees	2015 Rupees
	Short term	Long term			
JS Bank Limited	A1+	AA-	PACRA	594,788	10,582
Bank Islami Pakistan Limited	A1	A+	PACRA	6,634	6,926
United Bank Limited	A-1+	AAA	JCR-VIS	147,109	90,893
Summit Bank Limited	A-1	A-	JCR-VIS	12,749,600	14,319,393
Silk Bank Limited	A-2	A-	JCR-VIS	66,201	143,568
NIB Bank Limited	A-1+	AA-	PACRA	244,881	5,001,728
Faysal Bank Limited	A1+	AA	PACRA/JCR-VIS	18,645,254	1,655,314
Habib Bank Limited	A-1+	AAA	JCR-VIS	11,761,248	5,064,962
SME Bank Limited	B	B	PACRA	2,963,838	2,858,871
Soneri bank Limited	A1+	AA-	PACRA	9,539,378	710,266
Bank of Azad Jammu Kashmir*				3,714,667	2,153,404
Punjab Provincial Co-operative Bank*				15,783	16,943
The Bank of Punjab	A1+	AA	PACRA	703,243	566,923
Bank Al- Habib Limited	A1+	AA+	PACRA	25	25
Zarai Taraqiyati Bank Limited	A-1+	AAA	JCR-VIS	49,163,103	38,122,046
National Bank of Pakistan	A-1+	AAA	PACRA/JCR-VIS	2,879,855	-
Samba Bank Limited	A-1	AA	JCR-VIS	246,901	-
Sindh Bank Limited	A-1+	AA	JCR-VIS	1,004,594	-
NRSP Microfinance Bank Limited	A-1	A	JCR-VIS	1,617,159	-
				116,064,261	70,721,844

* Credit ratings are not available



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

Financial liabilities: 2016

	Carrying Amount	Up to One Year	More Than One Year
Provision for outstanding claims (including IBNR)	75,038,239	75,038,239	-
Amount due to other insurers / reinsurers	9,001,093	9,001,093	-
Accrued expenses	6,977,865	6,977,865	-
Taxation - provision less payments	2,119,404	2,119,404	-
Unclaimed dividend	59,962	59,962	-
Other creditors and accruals	51,215,733	51,215,733	-
	144,412,296	144,412,296	-

Financial liabilities: 2015

	Carrying Amount	Up to One Year	More Than One Year
Provision for outstanding claims (including IBNR)	44,408,023	44,408,023	-
Amount due to other insurers / reinsurers	7,162,914	7,162,914	-
Accrued expenses	390,000	390,000	-
Taxation - provision less payments	24,015,330	24,015,330	-
Unclaimed dividend	59,962	59,962	-
Other creditors and accruals	46,089,305	46,089,305	-
	122,125,534	122,125,534	-

Age analysis of financial assets is as under:

Financial Assets - 2016

	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Premiums due but unpaid	70,166,141	43,503,007	24,558,149	2,104,984
Amounts due from other insurers / reinsurer	96,072,972	54,761,594	32,664,810	8,646,567
Accrued investment income	6,065,917	6,065,917	-	-
Reinsurance recoveries against outstanding claims	27,463,241	18,367,450	5,809,265	3,286,526
Sundry receivables	29,641,747	19,267,136	8,596,107	1,778,505
	229,410,018	141,965,104	71,628,331	15,816,583

Financial Assets - 2015

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

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	2016 Rupees	2015 Rupees
A or above (including PRCL)	91,400,186	23,879,409	115,279,595	123,010,782
BBB	298,141	3,583,832	3,881,973	3,086,854
Others	4,374,645	-	4,374,645	10,058,272
Total	96,072,972	27,463,241	123,536,213	136,155,908

29.2 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. 116,139,910/- (2015: Rs. 70,763,852/-).



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

29.3 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

	2016	2015	2016	2015
	Effective interest rate (in %)		Rupees	Rupees
Saving accounts	3.75% to 5.5%	3% to 4.5%	49,924,323	41,137,377
Deposits maturing within 12 months - Fixed rate	10%	-	98,100,000	-
Investments				
- Interest bearing - Fixed rate	10.15% to 12%	10.15% to 12%	26,324,600	26,251,728
			174,348,923	67,389,105

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.

	2016	2015
	Rupees	Rupees
Cash flow sensitivity - Variable rate financial assets	499,243	411,374

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. 88,485,950/- (2015: 25,320,900/-) 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, 2016 and 2015 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.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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-16	88,485,950	10% increase	97,334,545	8,848,595	8,848,595
		10% decrease	79,637,355	(8,848,595)	(8,848,595)
31-Dec-15	34,743,494	10% increase	38,217,843	3,474,349	3,474,349
		10% decrease	31,269,145	(3,474,349)	(3,474,349)

29.4 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.

As at 31 December 2016

At fair value through profit or loss-Held for trading

As at 31 December 2015

At fair value through profit or loss-Held for trading

Level-1	Level-2	Level-3	Total
Rupees			
192,306,969		-	192,306,969
206,896,279		-	206,896,279

29.5 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 insureds. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

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	
	2016	2015	2016	2015	2016	2015
Direct and Facultative						
Fire and property damage	53,931,062,642	53,766,973,326	29,648,569,075	8,784,101,100	24,282,493,567	44,982,872,226
Marine, aviation and transport	22,035,999,884	28,912,030,293	11,438,656,689	2,982,992,026	10,597,343,195	25,929,038,267
Motor	7,328,475,966	6,070,198,322	310,361,796	1,510,716,354	7,018,114,170	4,559,481,968
Credit and suretyship	12,161,992,798	23,522,719,419	963,252,700	1,576,022,201	11,198,740,098	21,946,697,218
Agriculture and allied	10,106,092,656	5,639,304,424	117,298,529	47,948,613	9,988,794,127	5,591,355,811
Miscellaneous	14,182,331,391	11,628,708,072	2,264,284,113	2,926,534,458	11,918,047,278	8,702,173,614
	119,745,955,337	129,539,933,856	44,742,422,902	17,828,314,752	75,003,532,435	111,711,619,104

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	
	2016	2015	2016	2015
	Rupees			
10% decrease in Loss				
Fire and property damage	901,414	442,144	594,933	291,815
Marine, aviation and transport	642,621	740,698	442,130	488,861
Motor	5,034,593	3,730,327	3,322,831	2,462,016
Credit and suretyship	(15,383)	9,421	(10,153)	6,218
Agriculture and allied	604,236	652,903	398,796	430,916
Miscellaneous	2,366,325	843,776	1,561,774	556,892
	9,533,806	6,419,269	6,292,312	4,236,718

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

Claims development tables

As ultimate loss ratio has been used by the actuary for estimation of IBNR, claim development tables has been formed and presented on the claims paid by the company as per the advice of actuary.

Age-wise Breakup of Unclaimed Insurance Benefits

Particulars	Total Amount	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
Other unclaimed benefits	1,537,233	1,412,423	43,135	81,675	-	-
Total	1,537,233	1,412,423	43,135	81,675	-	-

30 CAPITAL MANAGEMENT

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

2014	2015	2016
(Rupees in Thousands)		

Minimum paid up capital	300,000	300,000	400,000
-------------------------	---------	---------	---------

The Company currently meets the externally imposed capital limit.



**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

31 PROVIDENT FUND

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

	2016 Rupees Audited	2015 Rupees Audited
Size of the fund - total assets	12,674,850	8,658,690
Cost of investments made	11,873,538	8,215,440
Percentage of investments made	93.68%	94.88%
Fair value of investments	11,873,538	8,215,440

The break-up of cost of investments is:

	2016		2015	
	%	(Rs.)	%	(Rs.)
Saving Account	16%	1,873,538	63%	5,215,440
Term Deposit Receipts	84%	10,000,000	37%	3,000,000
	100%	11,873,538	100%	8,215,440

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

32 NUMBER OF EMPLOYEES

Total number of employees as at 31 December 2016 were 161 (2015: 107)

Average number of employees during the year were 138 (2015: 103)

33 EVENTS AFTER BALANCE SHEET DATE

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

34 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, 2017.

35 GENERAL

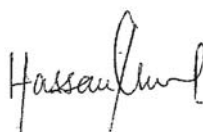
- Corresponding figures have been reclassified / re-arranged, wherever necessary for better presentation. There have been no significant reclassifications/ restatements in the financial statements.
- The figures are rounded off to the nearest rupee.



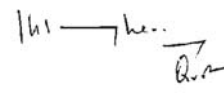
Chairman



Director



Director



Principal Officer/Chief Executive





Asia Window Takaful





Shariah Advisor's Report to the Board of Directors

for the year ended 31st December 2016

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

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

Being a Shariah Advisor of the operator, it is my responsibility to ensure that all documents including PMDs, Waqf Deed, PTF Policies, marketing materials and all relevant documents, underwriting procedures, Re-Takaful arrangements and all financial activities related to the Participant Takaful Fund (PTF) and Operator's Funds, undertaken by the operator should be compliant with Shari'ah rulings.

On the other hand it is the responsibility of the Management of Window Takaful Operations to follow Takaful Rules 2012 issued by SECP and guidelines issued by the Shariah Advisor from time to time and to take prior Shariah approval for all policies, services, operational activities and investments being done by the Takaful Operator.

My Certificate:

As a Shariah Advisor of Window Takaful Operations, I hereby certify that the Takaful Operator was found performing its duties to its level best by following the Shariah guidelines and through consultation with me wherever needed and I confirm that:

Underwriting, investments and financial activities undertaken by the Operator for the year ended 31st December 2016 were in accordance with Takaful Rules 2012 and guidelines issued by me in the capacity of Shariah Advisor;

Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of “Participant Takaful Fund (Waqf Fund)” and “Operator's Fund”.

Consequently, I have found that the Operator's activities are in accordance with the Shariah rulings in all transactional aspects. I pray to Allah Almighty to grant Asia Insurance Company Limited- Window Takaful Operations remarkable success and guide the entire team at every step and keep away from every hindrance and difficulties.

وصل اللهم وسلم وبارك على سيدنا محمد وعلى آله واصحابه اجمعين



Mufti Muhammad Farhan Farooq
Shariah Advisor
Asia Insurance Company Limited
Window Takaful Operations
Date: 05th April 2017



SHARI'AH AUDITORS' REPORT ON COMPLIANCE

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

We have performed an independent assurance engagement (Shari'ah Compliance Audit) of Asia Insurance Company Limited - Window Takaful Operations (The Operator) to ensure that (The Operator) has complied with the Shari'ah rules and principles as prescribed by the Shari'ah Advisor / Shari'ah Board (prior to promulgation of Takaful Rules, 2012.) of (The Operator) and the Takaful Rules, 2012, during the year ended 31st December 2016.

MANAGEMENT RESPONSIBILITY FOR SHARI'AH COMPLIANCE

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

Our Responsibility

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

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

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

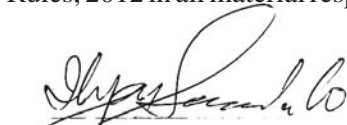
In addition, interpretation and conclusion of the Shari'ah Adviosr / Shari'ah Board of the Operator is considered final for the purpose of interpretation of the Shari'ah matters mentioned in the Takaful Rules, 2012.

FRAMEWORK FOR THE ENGAGEMENT

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

OUR OPINION

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the Operator and the PTF, as the case may be, for the year ended 31 December 2016, are in compliance with the requirements of the Shari'ah Rules and principles as prescribed by the Shari'ah Advisor / Shari'ah Board and the Takaful Rules, 2012 in all material respects.



ILYASSAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 06, 2017



asiaINSURANCE
We've got You covered 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 funds;
- (v) statement of cash flows;
- (vi) statement of contributions;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of **Asia Insurance Company Limited-Window Takaful Operations** (“the Operator”) as at December 31, 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of accounts have been kept by the Operator 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 Operator 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 Operator's affairs as at December 31, 2016 and of the profit, its comprehensive income, its cash flows and changes in funds 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 of 1980).



ILYASSAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 06, 2017



WINDOW TAKAFUL OPERATIONS
BALANCE SHEET
AS AT DECEMBER 31, 2016

	Note	Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
----- Rupees -----					
Operators' fund - (OPF)					
Statutory reserve	4	-	50,000,000	50,000,000	50,000,000
Accumulated profit		-	3,269,246	3,269,246	175,333
		-	53,269,246	53,269,246	50,175,333
Waqf / participants' takaful fund - (PTF)					
Ceded money	5	500,000	-	500,000	500,000
Accumulated (deficit) / surplus		(8,954,448)	-	(8,954,448)	3,547
		(8,454,448)	-	(8,454,448)	503,547
Underwriting provisions					
Provision for outstanding claims (including IBNR)		390,636	-	390,636	-
Provision for unearned contribution		4,686,902	-	4,686,902	-
Rebate on retakaful unearned		-	-	-	-
Total underwriting provisions		5,077,538	-	5,077,538	-
Creditors and accruals					
Contribution received in advance		96,658	-	96,658	-
Amount due to other takaful / retakaful		21,065	-	21,065	-
Accrued expenses	6	-	367,649	367,649	250,000
Other creditors and accruals	7	20,282,057	1,177,549	21,459,606	-
		20,399,780	1,545,198	21,944,978	250,000
Total liabilities		25,477,318	1,545,198	27,022,516	250,000
Total fund and liabilities		17,022,870	54,814,444	71,837,314	50,928,880
Contingencies and commitments	8	-	-	-	-

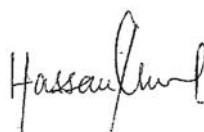
The annexed notes from 1 to 21 form an integral part of these financial statements.



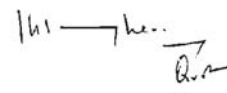
Chairman



Director



Director



Principal Officer/Chief Executive



WINDOW TAKAFUL OPERATIONS
BALANCE SHEET
AS AT DECEMBER 31, 2016

	Note	Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
----- Rupees -----					
Cash and bank deposits	9				
Cash and other equivalents		-	-	-	-
Current and other accounts		6,709,418	23,489,786	30,199,204	50,693,714
Deposits maturing within 12 months		-	10,088,471	10,088,471	-
		6,709,418	33,578,257	40,287,675	50,693,714
Investments		-	-	-	-
Current assets - others					
Contribution due but unpaid - unsecured		123,174	-	123,174	-
Amount due from other takaful/retakaful - unsecured		3,920,154	-	3,920,154	-
Accrued investment income		-	33,588	33,588	-
Deferred commission expense		-	1,022,960	1,022,960	-
Prepaid retakaful contribution ceded		6,050,749	-	6,050,749	-
Advance tax	10	-	-	-	235,166
Sundry receivables	11	219,375	20,179,639	20,399,014	-
		10,313,452	21,236,187	31,549,639	235,166
Fixed assets (Tangible)					
Office improvements		-	-	-	-
Furniture and fixture		-	-	-	-
Office equipment		-	-	-	-
Computer equipment		-	-	-	-
Motor vehicles		-	-	-	-
		-	-	-	-
Total assets		17,022,870	54,814,444	71,837,314	50,928,880

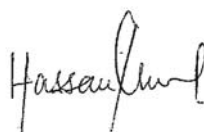
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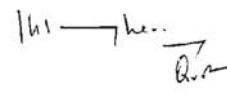
Chairman



Director



Director



Principal Officer/Chief Executive




WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016

Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Miscellaneous	2016 Aggregate	2015 Aggregate
	Rupees					
PTF Revenue Account						
	(2,791,040)	(3,552,458)	617,760	(1,240,763)	(6,966,501)	-
	(1,540,985)	(9,075)	(426,071)	-	(1,976,131)	-
12	(24,119)	(5,337)	(48,915)	(3,153)	(81,524)	-
	-	-	-	-	-	-
(Deficit) before other income	(4,356,144)	(3,566,870)	142,774	(1,243,916)	(9,024,156)	-
Investment income					-	-
13					66,161	3,547
(Deficit) / surplus for the year					(8,957,995)	3,547
OPF Revenue Account						
					4,720,435	-
					(512,886)	-
14					-	(500,000)
					4,207,549	(500,000)
Investment income					318,337	-
13					1,776,576	2,347,542
15					(3,208,549)	(1,672,209)
Profit for the year					3,093,913	175,333

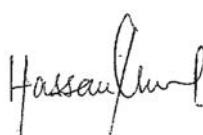
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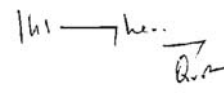
Chairman



Director



Director



Principal Officer/Chief Executive



WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	----- Rupees -----	
Operators' fund - (OPF)		
Profit for the year	3,093,913	175,333
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss	-	-
Items that may not be subsequently reclassified to profit or loss	-	-
Total comprehensive profit for the year	<u>3,093,913</u>	<u>175,333</u>

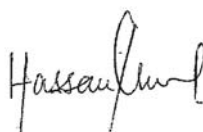
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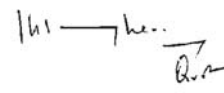
Chairman



Director



Director



Principal Officer/Chief Executive



**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Waqf / Participants' Takaful Fund		
	Ceded Money	Accumulated (Deficit) / surplus	Total
	-----Rupees-----		
Balance as at January 1, 2015	-	-	-
Ceded money	500,000	-	500,000
Surplus for the year	-	3,547	3,547
	500,000	3,547	503,547
Balance as at December 31, 2015	500,000	3,547	503,547
Balance as at January 1, 2016	500,000	3,547	503,547
Ceded money	-	-	-
(Deficit) for the year	-	(8,957,995)	(8,957,995)
	-	(8,957,995)	(8,957,995)
Balance as at December 31, 2016	500,000	(8,954,448)	(8,454,448)

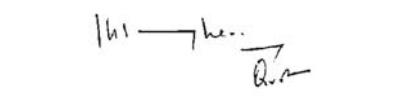
	Operator's Fund		
	Statutory Reserves	Accumulated Surplus	Total
	-----Rupees-----		
Balance as at January 1, 2015	-	-	-
Contribution made during the year	50,000,000	-	50,000,000
Profit for the year	-	175,333	175,333
Other comprehensive income for the period	-	-	-
	-	175,333	175,333
Balance as at December 31, 2015	50,000,000	175,333	50,175,333
Balance as at January 1, 2016	50,000,000	175,333	50,175,333
Profit for the year	-	3,093,913	3,093,913
Other comprehensive income for the period	-	-	-
	-	3,093,913	3,093,913
Balance as at December 31, 2016	50,000,000	3,269,246	53,269,246

The annexed notes from 1 to 21 form an integral part of these financial statements.


Chairman


Director


Director


Principal Officer/Chief Executive

**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Waqf / Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
-----Rupees-----				
Operating cash flows				
a) Takaful activities				
Contribution received	7,054,136	-	7,054,136	-
Wakala fee received	-	4,720,435	4,720,435	-
Retakaful ceded	(19,310,089)	-	(19,310,089)	-
Claims paid	(1,585,495)	-	(1,585,495)	-
Retakaful and other recoveries received	-	-	-	-
Commissions paid	-	(358,297)	(358,297)	-
Rebate on retakaful	-	-	-	-
Other takaful payments	(122,569)	(20,179,639)	(20,302,208)	-
Net cash flow from underwriting activities	(13,964,017)	(15,817,501)	(29,781,518)	-
b) Other operating activities				
Direct, general and administrative expenses receipt/(paid)	20,103,727	(3,207,249)	16,896,478	(1,422,209)
Income tax paid	412	234,754	235,166	(235,166)
Other operating payments	-	116,349	116,349	-
Other operating receipts	66,161	1,776,576	1,842,737	2,351,089
Net cash flow from other operating activities	20,170,300	(1,079,570)	19,090,730	693,714
Total cash flow from all operating activities	6,206,283	(16,897,071)	(10,690,788)	693,714
Investment activities				
Profit / return received	-	284,749	284,749	-
Payments for investments	-	-	-	-
Fixed capital expenditure	-	-	-	-
Total cash flow from investing activities	-	284,749	284,749	-
Financing activities				
Contribution to the operator's fund	-	-	-	50,000,000
Ceded money	-	-	-	-
Total cash flow from financing activities	-	-	-	50,000,000
Net cash flow from all activities	6,206,283	(16,612,322)	(10,406,039)	50,693,714
Cash and cash equivalents at beginning of the year	503,135	50,190,579	50,693,714	-
Cash and cash equivalents at end of the year	6,709,418	33,578,257	40,287,675	50,693,714



**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Waqf / Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
--	---	--------------------	-------------------	-------------------

-----Rupees-----

RECONCILIATION TO PROFIT AND LOSS ACCOUNT

Operating cash flows	6,206,283	(16,897,071)	(10,690,788)	693,714
Increase in assets other than cash	10,313,040	20,967,845	31,280,885	235,166
Increase in liabilities	(25,477,318)	(1,295,198)	(26,772,516)	(750,000)
Return on fixed income deposits	-	318,337	318,337	-
(Deficit) / profit for the year	(8,957,995)	3,093,913	(5,864,082)	178,880

Attributed to

Participants' Takaful Fund	(8,957,995)	-	(8,957,995)	3,547
Operator's Fund	-	3,093,913	3,093,913	175,333
	(8,957,995)	3,093,913	(5,864,082)	178,880

Definition of cash

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

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

Cash and cash equivalents

Current and saving accounts	6,709,418	23,489,786	30,199,204	50,693,714
Deposits maturing within 3 months	-	10,088,471	10,088,471	-
	6,709,418	33,578,257	40,287,675	50,693,714

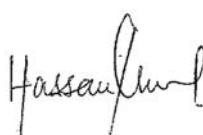
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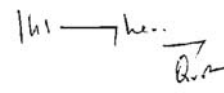
Chairman



Director



Director



Principal Officer/Chief Executive



**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Class of Business	2016										2015	
	Contribution written	Wakala fee	Net Contribution	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expenses	Net contribution revenue	
				Opening	Closing			Opening	Closing			
Direct and Facultative												
Fire and property damage	3,491,433	1,396,573	2,094,860	-	1,491,565	603,295	6,788,668	-	3,394,333	3,394,335	(2,791,040)	-
Marine, aviation and transport	772,611	309,044	463,567	-	154,942	308,625	4,412,666	-	551,583	3,861,083	(3,552,458)	-
Motor	7,080,733	2,832,293	4,248,440	-	2,880,680	1,367,760	1,500,000	-	750,000	750,000	617,760	-
Miscellaneous	456,310	182,525	273,785	-	159,715	114,070	2,709,666	-	1,354,833	1,354,833	(1,240,763)	-
Grand Total	11,801,087	4,720,435	7,080,652	-	4,686,902	2,393,750	15,411,000	-	6,050,749	9,360,251	(6,966,501)	-

----- Rupees -----

The annexed notes from 1 to 21 form an integral part of these financial statements.

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Director

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Director

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Principal Officer/Chief Executive

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Chairman

**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016**

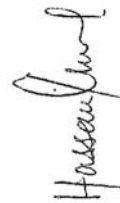
Class of Business	2016										2015
	Claims paid		Outstanding claims		Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	Net claims expense	
	Opening	Closing	Opening	Closing							
Direct and Facultative											
Fire and property damage	1,436,985	-	104,000	-	1,540,985	-	-	-	-	1,540,985	-
Marine, aviation and transport	-	-	9,075	-	9,075	-	-	-	-	9,075	-
Motor	148,510	-	277,561	-	426,071	-	-	-	-	426,071	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Grand Total	1,585,495	-	390,636	-	1,976,131	-	-	-	-	1,976,131	-

----- Rupees -----

The annexed notes from 1 to 21 form an integral part of these financial statements.



Chairman



Director



Principal Officer/Chief Executive

**WINDOW TAKAFUL OPERATIONS
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Class of Business	2016						2015		
	Commission paid or payable	Deferred commission		Net commission expense	Direct expenses	Underwriting expenses		Rebate on retakaful	Net takaful expenses
		Opening	Closing						
Direct & Facultative									
Fire & property damage	685,586	-	487,890	197,696	24,119	221,815	-	221,815	
Marine, aviation and transport	111,341	-	37,351	73,990	5,337	79,327	-	79,327	
Motor	701,607	-	476,963	224,644	48,915	273,559	-	273,559	
Miscellaneous	37,312	-	20,756	16,556	3,153	19,709	-	19,709	
Grand Total	1,535,846	-	1,022,960	512,886	81,524	594,410	-	594,410	

----- Rupees -----

The annexed notes from 1 to 21 form an integral part of these financial statements.

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Director

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Director

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Principal Officer/Chief Executive

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Chairman


WINDOW TAKAFUL OPERATIONS
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015	
	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund	Operator's Fund
Held to maturity				
Return on government securities	-	-	-	-
Return on fixed income deposits	318,337	-	-	-
	<u>318,337</u>	-	-	-
Investment related expenses	-	-	-	-
Net investment income	<u>318,337</u>	-	-	-

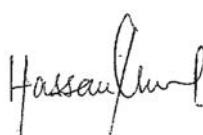
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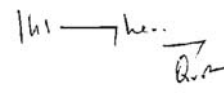
Chairman



Director



Director



Principal Officer/Chief Executive



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1 STATUS AND NATURE OF BUSINESS

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

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

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

2 STATEMENT OF COMPLIANCE

These financial statements of the window takaful operations for the year ended December 31, 2016 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012 shall prevail.

2.1 BASIS OF PREPARATION

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

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

2.2 BASIS OF MEASUREMENT

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 TAKAFUL CONTRACTS

The Takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policy holder) by agreeing to compensate the policy holder if a specified

WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

uncertain future event (the takaful event) adversely affects the policy holder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. The PTF underwrites non-life takaful contracts that can be categorized into Fire and Property, Marine, Aviation and Transport, Motor, Health and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator / insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the Treaty.

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

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

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

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

3.2 CONTRIBUTIONS

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

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

3.3 RETAKAFUL CEDED

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

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

**WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

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

3.4 CLAIMS

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

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

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

3.5 RESERVE FOR UNEARNED CONTRIBUTION

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

3.6 RETAKAFUL RECOVERIES AGAINST OUTSTANDING CLAIMS

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

3.7 COMMISSION EXPENSE, ACQUISITION COSTS AND REBATE

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

3.8 CONTRIBUTION DEFICIENCY RESERVES

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



WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

3.9 CREDITORS, ACCRUALS AND PROVISIONS

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

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

3.10 CASH AND CASH EQUIVALENTS

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

3.11 INVESTMENTS

RECOGNITION

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

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

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

The investments are classified upon recognition as follows:

INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

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

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HELD TO MATURITY

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

AVAILABLE FOR SALE

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

FAIR VALUES

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

3.12 FIXED ASSETS AND DEPRECIATION - TANGIBLE

OWNED

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

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

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

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

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

3.13 REVENUE RECOGNITION

PARTICIPANT TAKAFUL FUND (PTF)

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

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

OPERATORS FUND (OPF)

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

PTF / OPF

Profit on Islamic investment products is recognized on accrual basis.

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

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

3.14 STAFF RETIREMENT BENEFITS

DEFINED CONTRIBUTION PLAN

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

3.15 OTHER MANAGEMENT EXPENSES

Expenses allocated to the "PTF" represents directly attributable expenses. Expenses not directly allocable to "PTF" are charged to "OPF".

3.16 FOREIGN CURRENCY TRANSACTION

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

3.17 SEGMENT REPORTING

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

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

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

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3.18 FINANCIAL INSTRUMENTS

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

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

3.19 TAKAFUL SURPLUS

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

3.20 QARZ-E-HASNA

Qarz-e-Hasana is provided by OPF to PTF in case of deficit in PTF.

3.21 RELATED PARTY TRANSACTIONS

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

3.22 FUNCTIONAL AND PRESENTATION CURRENCY

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

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	NOTE	2016 RUPEES	2015 RUPEES
4 STATUTORY RESERVE			
Statutory reserve	4.1	<u>50,000,000</u>	<u>50,000,000</u>
4.1	It represent amount of Rs. 50 million deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50.million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".		
5 CEDED MONEY			
Waqf money	5.1	<u>500,000</u>	<u>500,000</u>
5.1	The amount of Rs. 500,000/- has been set a part for Waqf Fund / ParticipantTakaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund / Participant Takaful Fund.		
6 ACCRUED EXPENSES			
Operators' fund - (OPF)			
Salaries and wages		172,607	200,000
Auditors' fee		100,000	50,000
Shariah advisor fee		95,042	-
		<u>367,649</u>	<u>250,000</u>
7 OTHER CREDITORS AND ACCRUALS			
Waqf / participants' takaful fund - (PTF)			
Qarz e Hasana		20,179,639	-
Sales tax payable		93,114	-
Federal takaful fee payable		5,757	-
Tax deducted at source		3,547	-
		<u>20,282,057</u>	<u>-</u>
Operators' fund - (OPF)			
Tax deducted at source		19,004	-
EOBI payable		1,560	-
Staff provident fund payable		1,045	-
Outstanding agency commissions		647,447	-
Others		508,493	-
		<u>1,177,549</u>	<u>-</u>
8 CONTINGENCIES AND COMMITMENTS			

There is no known contingency or commitment as at December 31, 2016 (2015: Nil).



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	NOTE	2016 RUPEES	2015 RUPEES
9 CASH AND BANK DEPOSITS			
Current and other accounts			
Waqf / participants' takaful fund - (PTF)			
Current accounts		-	-
PLS saving accounts	9.1	6,709,418	503,135
		<u>6,709,418</u>	<u>503,135</u>
Operators' fund - (OPF)			
Current accounts		-	-
PLS saving accounts	9.2	23,489,786	50,190,579
Deposits maturing within 12 months	9.3	10,088,471	-
		<u>33,578,257</u>	<u>50,190,579</u>
9.1	These PLS saving accounts carry profit rate of 2.40% to 2.75% (2015: 6.25%) per annum.		
9.2	These PLS saving accounts carry profit rate of 2.40% to 5.25% (2015: 2.60% to 6.25%) per annum.		
9.3	The rate of return on term deposit issued by Meezan Bank Limited is 3.90% to 4.79% (2015: Nil) and payable on maturity.		
10 ADVANCE TAX			
Operators' fund - (OPF)		-	234,754
Waqf / participants' takaful fund - (PTF)		-	412
		<u>-</u>	<u>235,166</u>
11 SUNDRY RECEIVABLES			
Waqf / participants' takaful fund - (PTF)			
Receivable from OPF		219,375	-
		<u>219,375</u>	<u>-</u>
Operators' fund - (OPF)			
Qarz e hasana		20,179,639	-
		<u>20,179,639</u>	<u>-</u>
12 DIRECT EXPENSES			
Printing and stationery		70,836	-
Bank charges		498	-
Others		10,190	-
		<u>81,524</u>	<u>-</u>



WINDOW TAKAFUL OPERATIONS
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	NOTE	2016 RUPEES	2015 RUPEES
13 OTHER INCOME			
Waqf / participants' takaful fund - (PTF)			
Return on PLS saving accounts		<u>66,161</u>	<u>3,547</u>
Operators' fund - (OPF)			
Return on PLS saving accounts		<u>1,776,576</u>	<u>2,347,542</u>
14 MANAGEMENT EXPENSES			
Ceded Money		<u>-</u>	<u>500,000</u>
15 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	15.1	2,856,842	1,600,000
Auditors' remuneration	15.2	150,000	50,000
Travelling and conveyance		103,393	20,900
Repairs and maintenance		53,127	-
Bank charges		8,379	1,309
Others		36,808	-
		<u>3,208,549</u>	<u>1,672,209</u>
15.1 REMUNERATION OF EXECUTIVES			
		EXECUTIVE	
		2016	2015
		Rupees	Rupees
Managerial remuneration		<u>2,520,000</u>	<u>1,600,000</u>
Number of persons		<u>2</u>	<u>1</u>
15.2 AUDITORS' REMUNERATION			
Review fee		50,000	-
Annual audit fee		100,000	50,000
		<u>150,000</u>	<u>50,000</u>



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16 SEGMENT REPORTING

Particulars	Fire & property damage		Marine Aviation and Transport		Motor		Miscellaneous		Total	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
PTF Revenue Account										
Contributions earned	603,295	-	308,625	-	1,367,760	-	114,070	-	2,393,750	-
Segment results	(4,356,144)	-	(3,566,870)	-	142,774	-	(1,243,916)	-	(9,024,156)	-
Investment income										
Other income									66,161	-
(Deficit) for the period									(8,957,995)	
OPF Revenue Account										
Profit for the period									3,093,913	-
Other information										
Segment assets - PTF	4,413,370	-	1,072,887	-	3,060,309	-	1,547,511	-	10,094,077	-
Segment assets - OPF	487,890	-	37,351	-	476,963	-	20,756	-	1,022,960	-
Unallocated assets - PTF	-	-	-	-	-	-	-	-	6,928,793	-
Unallocated assets - OPF	-	-	-	-	-	-	-	-	53,791,484	50,928,880
Total assets									71,837,314	50,928,880
Segment liabilities - PTF	6,736,905	-	2,794,151	-	14,814,430	-	1,131,832	-	25,477,318	-
Segment liabilities - OPF	296,777	-	151,821	-	672,837	-	56,114	-	1,177,549	-
Unallocated liabilities - PTF	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities - OPF	-	-	-	-	-	-	-	-	367,649	250,000
Total liabilities									27,022,516	250,000
Capital expenditure - PTF	-	-	-	-	-	-	-	-	-	-
Capital expenditure - OPF	-	-	-	-	-	-	-	-	-	-
Total capital expenditure										
Depreciation - PTF	-	-	-	-	-	-	-	-	-	-
Depreciation - OPF	-	-	-	-	-	-	-	-	-	-
Total depreciation										

-----Rupees-----



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

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17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

17.1 Credit risk and concentration of credit risk

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

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

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

	Category of financial assets	2016 Rupees	2015 Rupees
Current and other accounts	Loans & Receivables	30,199,204	-
Deposits maturing within 12 months	Loans & Receivables	10,088,471	-
Contributions due but unpaid	Loans & Receivables	123,174	-
Amounts due from other takaful / retakaful	Loans & Receivables	3,920,154	-
Accrued investment income	Loans & Receivables	33,588	-
Sundry receivables	Loans & Receivables	20,399,014	-
		64,763,605	-

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

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

	Rating		Rating Agency	2016 Rupees	2015 Rupees
	Short term	Long term			
Sindh Bank Limited	A-1+	AA	JCR-VIS	23,986,811	40,691,714
Meezan Bank Limited	A-1+	AA	JCR-VIS	6,212,234	10,002,000
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	159	-
				30,199,204	50,693,714

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

	Carrying Amount	Up to One Year	More Than One Year
Financial liabilities: 2016			
Provision for outstanding claims (including IBNR)	390,636	390,636	-
Amount due to other insurers / reinsurers	21,065	21,065	-
Accrued expenses	367,649	367,649	-
Other creditors and accruals	21,459,606	21,459,606	-
	22,238,956	22,238,956	-

Financial liabilities: 2015

	Carrying Amount	Up to One Year	More Than One Year
Provision for outstanding claims (including IBNR)	-	-	-
Amount due to other insurers / reinsurers	-	-	-
Accrued expenses	-	-	-
Other creditors and accruals	-	-	-
	-	-	-



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Age analysis of financial assets is as under:

Financial assets: 2016	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Contribution due but unpaid	123,174	123,174	-	-
Amounts due from other takaful / retakaful	3,920,154	3,920,154	-	-
Accrued investment income	33,588	33,588	-	-
Sundry receivables	20,399,014	20,399,014	-	-
	24,475,930	24,475,930	-	-

Financial assets: 2015	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Contribution due but unpaid	-	-	-	-
Amounts due from other takaful / retakaful	-	-	-	-
Accrued investment income	-	-	-	-
Sundry receivables	-	-	-	-
	-	-	-	-

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

	Amount due from other takaful / retakaful	Retakaful recoveries against outstanding claims	2016 Rupees	2015 Rupees
A or above (including PRCL)	3,920,154	-	3,920,154	-
BBB	-	-	-	-
Others	-	-	-	-
Total	3,920,154	-	3,920,154	-

17.2 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. 40,287,675/- (2015: Rs. 50,693,714/-).

17.3 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	2016 Effective interest rate (in %)	2015	2016 Rupees	2015 Rupees
Saving accounts	2.40% to 5.25%	2.60% to 6.25%	30,199,204	50,693,714
Deposits maturing within 12 months - Fixed rate	3.90% to 4.79%	-	10,088,471	-
			40,287,675	50,693,714

WINDOW TAKAFUL OPERATIONS

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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.

2016 Rupees	2015 Rupees
301,992	506,937

Cash flow sensitivity - Variable rate financial assets

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

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to equity price risk since it has no investments in quoted equity securities at the balance sheet date. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. Nil/- (2015: Nil/-) 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, 2016 and December 31, 2015 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-16	- 10% increase	-	-	-
	10% decrease	-	-	-
31-Dec-15	- 10% increase	-	-	-
	10% decrease	-	-	-

17.4 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 December 31, 2016

At fair value through profit or loss-Held for trading

-	-	-	-
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As at December 31, 2015

At fair value through profit or loss-Held for trading

-	-	-	-
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17.5 Takaful risk

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

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

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

Geographical concentration of takaful risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/industrial/residential occupation of the 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/retakaful personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan) for instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically that the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

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

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

Retakaful arrangements

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

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

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

	Gross sum covered		Retakaful		Net	
	2016	2015	2016	2015	2016	2015
Fire	2,807,610,680	-	1,123,044,272	-	1,684,566,408	-
Marine	663,443,804	-	331,721,902	-	331,721,902	-
Motor	379,524,447	-	81,140,438	-	298,384,009	-
Miscellaneous	36,423,398	-	-	-	36,423,398	-
	3,887,002,329	-	1,535,906,612	-	2,351,095,717	-

Sensitivity analysis

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



WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

	Pre tax Profit		Shareholders' equity	
	2016	2015	2016	2015
	Rupees			
10% decrease in Loss				
Fire & Property damage	15,410	-	10,171	-
Marine, Aviation and Transport	91	-	60	-
Motor	4,261	-	2,812	-
Miscellaneous	-	-	-	-
	19,761	-	13,043	-

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

Claims development tables

As ultimate loss ratio has been used by the actuary for estimation of IBNR, claim development tables has been formed and presented on the claims paid by the company as per the advice of actuary.

18 NUMBER OF EMPLOYEES

Total number of employees as at December 31, 2016 were 4 (2015: 3)

Average number of employees during the year were 3 (2015: 3)

19 EVENTS AFTER BALANCE SHEET DATE

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

20 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, 2017.

21 GENERAL

Corresponding figures have been reclassified / re-arranged, wherever necessary for better presentation. There have been no significant reclassifications/ restatements in the financial statements.

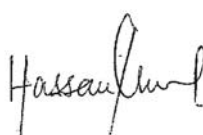
The figures are rounded off to the nearest rupee.



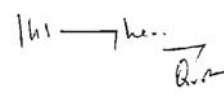
Chairman



Director



Director



Principal Officer/Chief Executive





Asia Window Takaful





Shariah Advisor's Report to the Board of Directors for the year ended 31st December 2016

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

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

Being a Shariah Advisor of the operator, it is my responsibility to ensure that all documents including PMDs, Waqf Deed, PTF Policies, marketing materials and all relevant documents, underwriting procedures, Re-Takaful arrangements and all financial activities related to the Participant Takaful Fund (PTF) and Operator's Funds, undertaken by the operator should be compliant with Shari'ah rulings.

On the other hand it is the responsibility of the Management of Window Takaful Operations to follow Takaful Rules 2012 issued by SECP and guidelines issued by the Shariah Advisor from time to time and to take prior Shariah approval for all policies, services, operational activities and investments being done by the Takaful Operator.

My Certificate:

As a Shariah Advisor of Window Takaful Operations, I hereby certify that the Takaful Operator was found performing its duties to its level best by following the Shariah guidelines and through consultation with me wherever needed and I confirm that:

Underwriting, investments and financial activities undertaken by the Operator for the year ended 31st December 2016 were in accordance with Takaful Rules 2012 and guidelines issued by me in the capacity of Shariah Advisor;

Appropriate accounting policies and basis of measurement have been consistently applied in preparation of the financial statements of “Participant Takaful Fund (Waqf Fund)” and “Operator's Fund”.

Consequently, I have found that the Operator's activities are in accordance with the Shariah rulings in all transactional aspects. I pray to Allah Almighty to grant Asia Insurance Company Limited- Window Takaful Operations remarkable success and guide the entire team at every step and keep away from every hindrance and difficulties.

وصل اللهم وسلم وبارك على سيدنا محمد وعلى آله واصحابه اجمعين



Mufti Muhammad Farhan Farooq
Shariah Advisor
Asia Insurance Company Limited
Window Takaful Operations
Date: 05th April 2017



SHARI'AH AUDITORS' REPORT ON COMPLIANCE

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

We have performed an independent assurance engagement (Shari'ah Compliance Audit) of Asia Insurance Company Limited - Window Takaful Operations (The Operator) to ensure that (The Operator) has complied with the Shari'ah rules and principles as prescribed by the Shari'ah Advisor / Shari'ah Board (prior to promulgation of Takaful Rules, 2012.) of (The Operator) and the Takaful Rules, 2012, during the year ended 31st December 2016.

MANAGEMENT RESPONSIBILITY FOR SHARI'AH COMPLIANCE

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

Our Responsibility

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

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

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

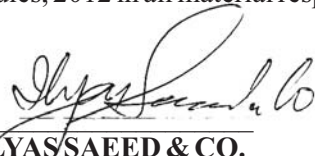
In addition, interpretation and conclusion of the Shari'ah Adviosr / Shari'ah Board of the Operator is considered final for the purpose of interpretation of the Shari'ah matters mentioned in the Takaful Rules, 2012.

FRAMEWORK FOR THE ENGAGEMENT

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

OUR OPINION

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the Operator and the PTF, as the case may be, for the year ended 31 December 2016, are in compliance with the requirements of the Shari'ah Rules and principles as prescribed by the Shari'ah Advisor / Shari'ah Board and the Takaful Rules, 2012 in all material respects.



ILYASSAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 06, 2017



asiaINSURANCE
We've got You covered 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 funds;
- (v) statement of cash flows;
- (vi) statement of contributions;
- (vii) statement of claims;
- (viii) statement of expenses; and
- (ix) statement of investment income

of **Asia Insurance Company Limited-Window Takaful Operations** (“the Operator”) as at December 31, 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- (a) proper books of accounts have been kept by the Operator 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 Operator 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 Operator's affairs as at December 31, 2016 and of the profit, its comprehensive income, its cash flows and changes in funds 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 of 1980).



ILYASSAEED & CO.

Chartered Accountants

Engagement Partner: Muhammad Ilyas

LAHORE

Date: April 06, 2017



WINDOW TAKAFUL OPERATIONS
BALANCE SHEET
AS AT DECEMBER 31, 2016

	Note	Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
----- Rupees -----					
Operators' fund - (OPF)					
Statutory reserve	4	-	50,000,000	50,000,000	50,000,000
Accumulated profit		-	3,269,246	3,269,246	175,333
		-	53,269,246	53,269,246	50,175,333
Waqf / participants' takaful fund - (PTF)					
Ceded money	5	500,000	-	500,000	500,000
Accumulated (deficit) / surplus		(8,954,448)	-	(8,954,448)	3,547
		(8,454,448)	-	(8,454,448)	503,547
Underwriting provisions					
Provision for outstanding claims (including IBNR)		390,636	-	390,636	-
Provision for unearned contribution		4,686,902	-	4,686,902	-
Rebate on retakaful unearned		-	-	-	-
Total underwriting provisions		5,077,538	-	5,077,538	-
Creditors and accruals					
Contribution received in advance		96,658	-	96,658	-
Amount due to other takaful / retakaful		21,065	-	21,065	-
Accrued expenses	6	-	367,649	367,649	250,000
Other creditors and accruals	7	20,282,057	1,177,549	21,459,606	-
		20,399,780	1,545,198	21,944,978	250,000
Total liabilities		25,477,318	1,545,198	27,022,516	250,000
Total fund and liabilities		17,022,870	54,814,444	71,837,314	50,928,880
Contingencies and commitments	8	-	-	-	-

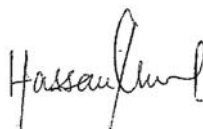
The annexed notes from 1 to 21 form an integral part of these financial statements.



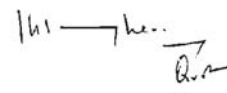
Chairman



Director



Director



Principal Officer/Chief Executive



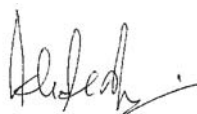
WINDOW TAKAFUL OPERATIONS
BALANCE SHEET
AS AT DECEMBER 31, 2016

	Participants'	Operator's	2016	2015
Note	Takaful Fund	Fund	Aggregate	Aggregate
----- Rupees -----				
Cash and bank deposits	9			
Cash and other equivalents	-	-	-	-
Current and other accounts	6,709,418	23,489,786	30,199,204	50,693,714
Deposits maturing within 12 months	-	10,088,471	10,088,471	-
	6,709,418	33,578,257	40,287,675	50,693,714
Investments	-	-	-	-
Current assets - others				
Contribution due but unpaid - unsecured	123,174	-	123,174	-
Amount due from other takaful/retakaful - unsecured	3,920,154	-	3,920,154	-
Accrued investment income	-	33,588	33,588	-
Deferred commission expense	-	1,022,960	1,022,960	-
Prepaid retakaful contribution ceded	6,050,749	-	6,050,749	-
Advance tax	10	-	-	235,166
Sundry receivables	11	219,375	20,179,639	20,399,014
		10,313,452	21,236,187	31,549,639
				235,166
Fixed assets (Tangible)				
Office improvements	-	-	-	-
Furniture and fixture	-	-	-	-
Office equipment	-	-	-	-
Computer equipment	-	-	-	-
Motor vehicles	-	-	-	-
		-	-	-
Total assets		17,022,870	54,814,444	71,837,314
				50,928,880

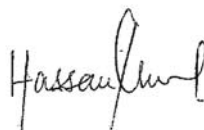
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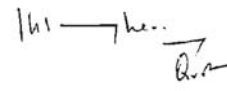
Chairman



Director



Director



Principal Officer/Chief Executive




WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2016

Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Miscellaneous	2016 Aggregate	2015 Aggregate
	Rupees					
PTF Revenue Account						
	(2,791,040)	(3,552,458)	617,760	(1,240,763)	(6,966,501)	-
	(1,540,985)	(9,075)	(426,071)	-	(1,976,131)	-
12	(24,119)	(5,337)	(48,915)	(3,153)	(81,524)	-
	-	-	-	-	-	-
(Deficit) before other income	(4,356,144)	(3,566,870)	142,774	(1,243,916)	(9,024,156)	-
Investment income					-	-
13					66,161	3,547
(Deficit) / surplus for the year					(8,957,995)	3,547
OPF Revenue Account						
					4,720,435	-
					(512,886)	-
14					-	(500,000)
					4,207,549	(500,000)
Investment income					318,337	-
13					1,776,576	2,347,542
15					(3,208,549)	(1,672,209)
Profit for the year					3,093,913	175,333

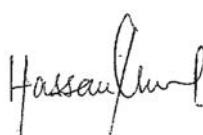
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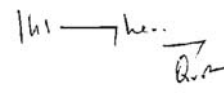
Chairman



Director



Director



Principal Officer/Chief Executive



WINDOW TAKAFUL OPERATIONS
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015
	----- Rupees -----	
Operators' fund - (OPF)		
Profit for the year	3,093,913	175,333
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss	-	-
Items that may not be subsequently reclassified to profit or loss	-	-
Total comprehensive profit for the year	<u>3,093,913</u>	<u>175,333</u>

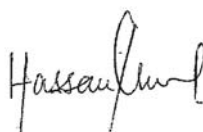
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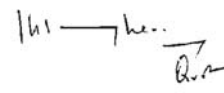
Chairman



Director



Director



Principal Officer/Chief Executive



**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Waqf / Participants' Takaful Fund		
	Ceded Money	Accumulated (Deficit) / surplus	Total
	-----Rupees-----		
Balance as at January 1, 2015	-	-	-
Ceded money	500,000	-	500,000
Surplus for the year	-	3,547	3,547
	500,000	3,547	503,547
Balance as at December 31, 2015	500,000	3,547	503,547
Balance as at January 1, 2016	500,000	3,547	503,547
Ceded money	-	-	-
(Deficit) for the year	-	(8,957,995)	(8,957,995)
	-	(8,957,995)	(8,957,995)
Balance as at December 31, 2016	500,000	(8,954,448)	(8,454,448)

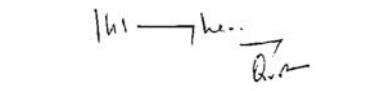
	Operator's Fund		
	Statutory Reserves	Accumulated Surplus	Total
	-----Rupees-----		
Balance as at January 1, 2015	-	-	-
Contribution made during the year	50,000,000	-	50,000,000
Profit for the year	-	175,333	175,333
Other comprehensive income for the period	-	-	-
	-	175,333	175,333
Balance as at December 31, 2015	50,000,000	175,333	50,175,333
Balance as at January 1, 2016	50,000,000	175,333	50,175,333
Profit for the year	-	3,093,913	3,093,913
Other comprehensive income for the period	-	-	-
	-	3,093,913	3,093,913
Balance as at December 31, 2016	50,000,000	3,269,246	53,269,246

The annexed notes from 1 to 21 form an integral part of these financial statements.


Chairman


Director


Director


Principal Officer/Chief Executive

**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Waqf / Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
-----Rupees-----				
Operating cash flows				
a) Takaful activities				
Contribution received	7,054,136	-	7,054,136	-
Wakala fee received	-	4,720,435	4,720,435	-
Retakaful ceded	(19,310,089)	-	(19,310,089)	-
Claims paid	(1,585,495)	-	(1,585,495)	-
Retakaful and other recoveries received	-	-	-	-
Commissions paid	-	(358,297)	(358,297)	-
Rebate on retakaful	-	-	-	-
Other takaful payments	(122,569)	(20,179,639)	(20,302,208)	-
Net cash flow from underwriting activities	(13,964,017)	(15,817,501)	(29,781,518)	-
b) Other operating activities				
Direct, general and administrative expenses receipt/(paid)	20,103,727	(3,207,249)	16,896,478	(1,422,209)
Income tax paid	412	234,754	235,166	(235,166)
Other operating payments	-	116,349	116,349	-
Other operating receipts	66,161	1,776,576	1,842,737	2,351,089
Net cash flow from other operating activities	20,170,300	(1,079,570)	19,090,730	693,714
Total cash flow from all operating activities	6,206,283	(16,897,071)	(10,690,788)	693,714
Investment activities				
Profit / return received	-	284,749	284,749	-
Payments for investments	-	-	-	-
Fixed capital expenditure	-	-	-	-
Total cash flow from investing activities	-	284,749	284,749	-
Financing activities				
Contribution to the operator's fund	-	-	-	50,000,000
Ceded money	-	-	-	-
Total cash flow from financing activities	-	-	-	50,000,000
Net cash flow from all activities	6,206,283	(16,612,322)	(10,406,039)	50,693,714
Cash and cash equivalents at beginning of the year	503,135	50,190,579	50,693,714	-
Cash and cash equivalents at end of the year	6,709,418	33,578,257	40,287,675	50,693,714



**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Waqf / Participants' Takaful Fund	Operator's Fund	2016 Aggregate	2015 Aggregate
--	---	--------------------	-------------------	-------------------

-----Rupees-----

RECONCILIATION TO PROFIT AND LOSS ACCOUNT

Operating cash flows	6,206,283	(16,897,071)	(10,690,788)	693,714
Increase in assets other than cash	10,313,040	20,967,845	31,280,885	235,166
Increase in liabilities	(25,477,318)	(1,295,198)	(26,772,516)	(750,000)
Return on fixed income deposits	-	318,337	318,337	-
(Deficit) / profit for the year	(8,957,995)	3,093,913	(5,864,082)	178,880

Attributed to

Participants' Takaful Fund	(8,957,995)	-	(8,957,995)	3,547
Operator's Fund	-	3,093,913	3,093,913	175,333
	(8,957,995)	3,093,913	(5,864,082)	178,880

Definition of cash

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

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

Cash and cash equivalents

Current and saving accounts	6,709,418	23,489,786	30,199,204	50,693,714
Deposits maturing within 3 months	-	10,088,471	10,088,471	-
	6,709,418	33,578,257	40,287,675	50,693,714

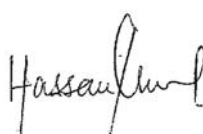
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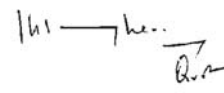
Chairman



Director



Director



Principal Officer/Chief Executive



**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Class of Business	2016										2015	
	Contribution written	Wakala fee	Net Contribution	Unearned contribution reserve		Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution ceded		Re-takaful expenses	Net contribution revenue	
				Opening	Closing			Opening	Closing			
Direct and Facultative												
Fire and property damage	3,491,433	1,396,573	2,094,860	-	1,491,565	603,295	6,788,668	-	3,394,333	3,394,335	(2,791,040)	-
Marine, aviation and transport	772,611	309,044	463,567	-	154,942	308,625	4,412,666	-	551,583	3,861,083	(3,552,458)	-
Motor	7,080,733	2,832,293	4,248,440	-	2,880,680	1,367,760	1,500,000	-	750,000	750,000	617,760	-
Miscellaneous	456,310	182,525	273,785	-	159,715	114,070	2,709,666	-	1,354,833	1,354,833	(1,240,763)	-
Grand Total	11,801,087	4,720,435	7,080,652	-	4,686,902	2,393,750	15,411,000	-	6,050,749	9,360,251	(6,966,501)	-

----- Rupees -----

The annexed notes from 1 to 21 form an integral part of these financial statements.

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Director

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Director

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Principal Officer/Chief Executive

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Chairman



**WINDOW TAKAFUL OPERATIONS
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2016**



Class of Business	2016										2015
	Claims paid		Outstanding claims		Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	Net claims expense	
	Opening	Closing	Opening	Closing							
Direct and Facultative											
Fire and property damage	1,436,985	-	104,000	-	1,540,985	-	-	-	-	1,540,985	-
Marine, aviation and transport	-	-	9,075	-	9,075	-	-	-	-	9,075	-
Motor	148,510	-	277,561	-	426,071	-	-	-	-	426,071	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Grand Total	1,585,495	-	390,636	-	1,976,131	-	-	-	-	1,976,131	-

----- Rupees -----

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Director

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Director

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Principal Officer/Chief Executive

Handwritten signature

Chairman

**WINDOW TAKAFUL OPERATIONS
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

Class of Business	2016						2015		
	Commission paid or payable	Deferred commission		Net commission expense	Direct expenses	Underwriting expenses		Rebate on retakaful	Net takaful expenses
		Opening	Closing						
Direct & Facultative									
Fire & property damage	685,586	-	487,890	197,696	24,119	221,815	-	221,815	
Marine, aviation and transport	111,341	-	37,351	73,990	5,337	79,327	-	79,327	
Motor	701,607	-	476,963	224,644	48,915	273,559	-	273,559	
Miscellaneous	37,312	-	20,756	16,556	3,153	19,709	-	19,709	
Grand Total	1,535,846	-	1,022,960	512,886	81,524	594,410	-	594,410	

----- Rupees -----

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Director

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Director

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Principal Officer/Chief Executive

Handwritten Signature

Chairman

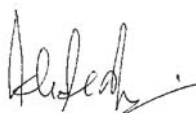
WINDOW TAKAFUL OPERATIONS
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016		2015	
	Participants' Takaful Fund	Operator's Fund	Participants' Takaful Fund	Operator's Fund
Held to maturity				
Return on government securities	-	-	-	-
Return on fixed income deposits	318,337	-	-	-
	<u>318,337</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment related expenses	-	-	-	-
Net investment income	<u>318,337</u>	<u>-</u>	<u>-</u>	<u>-</u>

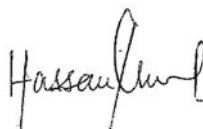
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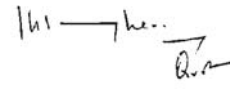
Chairman



Director



Director



Principal Officer/Chief Executive



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

1 STATUS AND NATURE OF BUSINESS

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

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

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

2 STATEMENT OF COMPLIANCE

These financial statements of the window takaful operations for the year ended December 31, 2016 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 (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012 shall prevail.

2.1 BASIS OF PREPARATION

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

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

2.2 BASIS OF MEASUREMENT

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 TAKAFUL CONTRACTS

The Takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty. Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the policy holder) by agreeing to compensate the policy holder if a specified



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

uncertain future event (the takaful event) adversely affects the policy holder are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired. The PTF underwrites non-life takaful contracts that can be categorized into Fire and Property, Marine, Aviation and Transport, Motor, Health and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the PTF under which the contract holder is another takaful operator / insurer of a facultative nature are included within the individual category of takaful contracts, other than those which fall under the Treaty.

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

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

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

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

3.2 CONTRIBUTIONS

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

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

3.3 RETAKAFUL CEDED

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

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

WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

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

3.4 CLAIMS

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

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

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

3.5 RESERVE FOR UNEARNED CONTRIBUTION

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

3.6 RETAKAFUL RECOVERIES AGAINST OUTSTANDING CLAIMS

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

3.7 COMMISSION EXPENSE, ACQUISITION COSTS AND REBATE

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

3.8 CONTRIBUTION DEFICIENCY RESERVES

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



**WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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

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

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

3.9 CREDITORS, ACCRUALS AND PROVISIONS

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

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

3.10 CASH AND CASH EQUIVALENTS

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

3.11 INVESTMENTS

RECOGNITION

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

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

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

The investments are classified upon recognition as follows:

INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

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

WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

HELD TO MATURITY

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

AVAILABLE FOR SALE

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

FAIR VALUES

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

3.12 FIXED ASSETS AND DEPRECIATION - TANGIBLE

OWNED

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

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

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

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

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

3.13 REVENUE RECOGNITION

PARTICIPANT TAKAFUL FUND (PTF)

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

WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

OPERATORS FUND (OPF)

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

PTF / OPF

Profit on Islamic investment products is recognized on accrual basis.

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

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

3.14 STAFF RETIREMENT BENEFITS

DEFINED CONTRIBUTION PLAN

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

3.15 OTHER MANAGEMENT EXPENSES

Expenses allocated to the "PTF" represents directly attributable expenses. Expenses not directly allocable to "PTF" are charged to "OPF".

3.16 FOREIGN CURRENCY TRANSACTION

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

3.17 SEGMENT REPORTING

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

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

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



WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

3.18 FINANCIAL INSTRUMENTS

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

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

3.19 TAKAFUL SURPLUS

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

3.20 QARZ-E-HASNA

Qarz-e-Hasana is provided by OPF to PTF in case of deficit in PTF.

3.21 RELATED PARTY TRANSACTIONS

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

3.22 FUNCTIONAL AND PRESENTATION CURRENCY

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

WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	NOTE	2016 RUPEES	2015 RUPEES
4 STATUTORY RESERVE			
Statutory reserve	4.1	50,000,000	50,000,000
4.1	It represent amount of Rs. 50 million deposited as statutory reserves to comply with provisions of para 4 of Circular No 8 of 2014 read with section 11(c) of Takaful Rules, 2012 issued by Securities and Exchange Commission which states that "Every insurer who is interested to commence window takaful business shall transfer an amount of not less than 50.million Rupees to be deposited in a separate bank account for window takaful business duly maintained in a scheduled bank".		
5 CEDED MONEY			
Waqf money	5.1	500,000	500,000
5.1	The amount of Rs. 500,000/- has been set a part for Waqf Fund / Participant Takaful Fund as Waqf money according to the Waqf deed prepared for the purpose of creation of Waqf Fund / Participant Takaful Fund.		
6 ACCRUED EXPENSES			
Operators' fund - (OPF)			
Salaries and wages		172,607	200,000
Auditors' fee		100,000	50,000
Shariah advisor fee		95,042	-
		367,649	250,000
7 OTHER CREDITORS AND ACCRUALS			
Waqf / participants' takaful fund - (PTF)			
Qarz e Hasana		20,179,639	-
Sales tax payable		93,114	-
Federal takaful fee payable		5,757	-
Tax deducted at source		3,547	-
		20,282,057	-
Operators' fund - (OPF)			
Tax deducted at source		19,004	-
EOBI payable		1,560	-
Staff provident fund payable		1,045	-
Outstanding agency commissions		647,447	-
Others		508,493	-
		1,177,549	-
8 CONTINGENCIES AND COMMITMENTS			
There is no known contingency or commitment as at December 31, 2016 (2015: Nil).			



WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	NOTE	2016 RUPEES	2015 RUPEES
9 CASH AND BANK DEPOSITS			
Current and other accounts			
Waqf / participants' takaful fund - (PTF)			
Current accounts		-	-
PLS saving accounts	9.1	6,709,418	503,135
		<u>6,709,418</u>	<u>503,135</u>
Operators' fund - (OPF)			
Current accounts		-	-
PLS saving accounts	9.2	23,489,786	50,190,579
Deposits maturing within 12 months	9.3	10,088,471	-
		<u>33,578,257</u>	<u>50,190,579</u>
9.1	These PLS saving accounts carry profit rate of 2.40% to 2.75% (2015: 6.25%) per annum.		
9.2	These PLS saving accounts carry profit rate of 2.40% to 5.25% (2015: 2.60% to 6.25%) per annum.		
9.3	The rate of return on term deposit issued by Meezan Bank Limited is 3.90% to 4.79% (2015: Nil) and payable on maturity.		
10 ADVANCE TAX			
Operators' fund - (OPF)		-	234,754
Waqf / participants' takaful fund - (PTF)		-	412
		<u>-</u>	<u>235,166</u>
11 SUNDRY RECEIVABLES			
Waqf / participants' takaful fund - (PTF)			
Receivable from OPF		219,375	-
		<u>219,375</u>	<u>-</u>
Operators' fund - (OPF)			
Qarz e hasana		20,179,639	-
		<u>20,179,639</u>	<u>-</u>
12 DIRECT EXPENSES			
Printing and stationery		70,836	-
Bank charges		498	-
Others		10,190	-
		<u>81,524</u>	<u>-</u>



WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

	NOTE	2016 RUPEES	2015 RUPEES
13 OTHER INCOME			
Waqf / participants' takaful fund - (PTF)			
Return on PLS saving accounts		<u>66,161</u>	<u>3,547</u>
Operators' fund - (OPF)			
Return on PLS saving accounts		<u>1,776,576</u>	<u>2,347,542</u>
14 MANAGEMENT EXPENSES			
Ceded Money		<u>-</u>	<u>500,000</u>
15 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	15.1	2,856,842	1,600,000
Auditors' remuneration	15.2	150,000	50,000
Travelling and conveyance		103,393	20,900
Repairs and maintenance		53,127	-
Bank charges		8,379	1,309
Others		36,808	-
		<u>3,208,549</u>	<u>1,672,209</u>
15.1 REMUNERATION OF EXECUTIVES			
		EXECUTIVE	
		2016	2015
		Rupees	Rupees
Managerial remuneration		<u>2,520,000</u>	<u>1,600,000</u>
Number of persons		<u>2</u>	<u>1</u>
15.2 AUDITORS' REMUNERATION			
Review fee		50,000	-
Annual audit fee		100,000	50,000
		<u>150,000</u>	<u>50,000</u>



WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

16 SEGMENT REPORTING

Particulars	Fire & property damage		Marine Aviation and Transport		Motor		Miscellaneous		Total	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
PTF Revenue Account										
Contributions earned	603,295	-	308,625	-	1,367,760	-	114,070	-	2,393,750	-
Segment results	(4,356,144)	-	(3,566,870)	-	142,774	-	(1,243,916)	-	(9,024,156)	-
Investment income										
Other income									66,161	-
(Deficit) for the period									(8,957,995)	
OPF Revenue Account										
Profit for the period									3,093,913	-
Other information										
Segment assets - PTF	4,413,370	-	1,072,887	-	3,060,309	-	1,547,511	-	10,094,077	-
Segment assets - OPF	487,890	-	37,351	-	476,963	-	20,756	-	1,022,960	-
Unallocated assets - PTF	-	-	-	-	-	-	-	-	6,928,793	-
Unallocated assets - OPF	-	-	-	-	-	-	-	-	53,791,484	50,928,880
Total assets									71,837,314	50,928,880
Segment liabilities - PTF	6,736,905	-	2,794,151	-	14,814,430	-	1,131,832	-	25,477,318	-
Segment liabilities - OPF	296,777	-	151,821	-	672,837	-	56,114	-	1,177,549	-
Unallocated liabilities - PTF	-	-	-	-	-	-	-	-	-	-
Unallocated liabilities - OPF	-	-	-	-	-	-	-	-	367,649	250,000
Total Liabilities									27,022,516	250,000
Capital expenditure - PTF	-	-	-	-	-	-	-	-	-	-
Capital expenditure - OPF	-	-	-	-	-	-	-	-	-	-
Total capital expenditure										
Depreciation - PTF	-	-	-	-	-	-	-	-	-	-
Depreciation - OPF	-	-	-	-	-	-	-	-	-	-
Total depreciation										

-----Rupees-----



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

17 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

17.1 Credit risk and concentration of credit risk

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

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

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

Category of financial assets	2016 Rupees	2015 Rupees	
Current and other accounts	Loans & Receivables	30,199,204	-
Deposits maturing within 12 months	Loans & Receivables	10,088,471	-
Contributions due but unpaid	Loans & Receivables	123,174	-
Amounts due from other takaful / retakaful	Loans & Receivables	3,920,154	-
Accrued investment income	Loans & Receivables	33,588	-
Sundry receivables	Loans & Receivables	20,399,014	-
		64,763,605	-

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

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

	Rating		Rating Agency	2016 Rupees	2015 Rupees
	Short term	Long term			
Sindh Bank Limited	A-1+	AA	JCR-VIS	23,986,811	40,691,714
Meezan Bank Limited	A-1+	AA	JCR-VIS	6,212,234	10,002,000
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	159	-
				30,199,204	50,693,714

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

Financial liabilities: 2016	Carrying Amount	Up to One Year	More Than One Year
Provision for outstanding claims (including IBNR)	390,636	390,636	-
Amount due to other insurers / reinsurers	21,065	21,065	-
Accrued expenses	367,649	367,649	-
Other creditors and accruals	21,459,606	21,459,606	-
	22,238,956	22,238,956	-

Financial liabilities: 2015

Financial liabilities: 2015	Carrying Amount	Up to One Year	More Than One Year
Provision for outstanding claims (including IBNR)	-	-	-
Amount due to other insurers / reinsurers	-	-	-
Accrued expenses	-	-	-
Other creditors and accruals	-	-	-
	-	-	-



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

Age analysis of financial assets is as under:

Financial assets: 2016	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Contribution due but unpaid	123,174	123,174	-	-
Amounts due from other takaful / retakaful	3,920,154	3,920,154	-	-
Accrued investment income	33,588	33,588	-	-
Sundry receivables	20,399,014	20,399,014	-	-
	24,475,930	24,475,930	-	-

Financial assets: 2015	Carrying Amount	Up to One Year	From 1 - 2 years	More than 2 years
Contribution due but unpaid	-	-	-	-
Amounts due from other takaful / retakaful	-	-	-	-
Accrued investment income	-	-	-	-
Sundry receivables	-	-	-	-
	-	-	-	-

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

	Amount due from other takaful / retakaful	Retakaful recoveries against outstanding claims	2016	2015
			Rupees	Rupees
A or above (including PRCL)	3,920,154	-	3,920,154	-
BBB	-	-	-	-
Others	-	-	-	-
Total	3,920,154	-	3,920,154	-

17.2 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. 40,287,675/- (2015: Rs. 50,693,714/-).

17.3 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	2016	2015	2016	2015
	Effective interest rate (in %)		Rupees	Rupees
Saving accounts	2.40% to 5.25%	2.60% to 6.25%	30,199,204	50,693,714
Deposits maturing within 12 months - Fixed rate	3.90% to 4.79%	-	10,088,471	-
			40,287,675	50,693,714



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

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.

2016 Rupees	2015 Rupees
301,992	506,937

Cash flow sensitivity - Variable rate financial assets

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

b) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is not exposed to equity price risk since it has no investments in quoted equity securities at the balance sheet date. The Company is exposed to equity price risk since it has investments in quoted equity securities amounting to Rs. Nil/- (2015: Nil/-) 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, 2016 and December 31, 2015 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-16	- 10% increase	-	-	-
	10% decrease	-	-	-
31-Dec-15	- 10% increase	-	-	-
	10% decrease	-	-	-

17.4 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 December 31, 2016

At fair value through profit or loss-Held for trading

As at December 31, 2015

At fair value through profit or loss-Held for trading



WINDOW TAKAFUL OPERATIONS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2016

17.5 Takaful risk

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

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

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

Geographical concentration of takaful risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial/industrial/residential occupation of the 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/retakaful personnel for their evaluation. Reference is made to the standard construction specifications as laid down by IAP (Insurance Association of Pakistan) for instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically that the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

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

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

Retakaful arrangements

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

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

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

	Gross sum covered		Retakaful		Net	
	2016	2015	2016	2015	2016	2015
Fire	2,807,610,680	-	1,123,044,272	-	1,684,566,408	-
Marine	663,443,804	-	331,721,902	-	331,721,902	-
Motor	379,524,447	-	81,140,438	-	298,384,009	-
Miscellaneous	36,423,398	-	-	-	36,423,398	-
	3,887,002,329	-	1,535,906,612	-	2,351,095,717	-

Sensitivity analysis

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



WINDOW TAKAFUL OPERATIONS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

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

	Pre tax Profit		Shareholders' equity	
	2016	2015	2016	2015
	Rupees			
10% decrease in Loss				
Fire & Property damage	15,410	-	10,171	-
Marine, Aviation and Transport	91	-	60	-
Motor	4,261	-	2,812	-
Miscellaneous	-	-	-	-
	19,761	-	13,043	-

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

Claims development tables

As ultimate loss ratio has been used by the actuary for estimation of IBNR, claim development tables has been formed and presented on the claims paid by the company as per the advice of actuary.

18 NUMBER OF EMPLOYEES

Total number of employees as at December 31, 2016 were 4 (2015: 3)

Average number of employees during the year were 3 (2015: 3)

19 EVENTS AFTER BALANCE SHEET DATE

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

20 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, 2017.

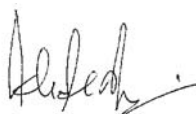
21 GENERAL

Corresponding figures have been reclassified / re-arranged, wherever necessary for better presentation. There have been no significant reclassifications/ restatements in the financial statements.

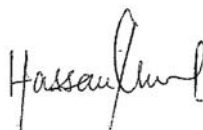
The figures are rounded off to the nearest rupee.



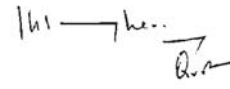
Chairman



Director



Director



Principal Officer/Chief Executive



Detail of Branches/Sub Offices across the Country

Head Office

19 C/D, Block-L, Gulberg-III Main Ferozepur Road,
Lahore Ph: 042-35865574-78 Fax: 042-35865579

Health/Agri/Travel Division

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ryk@asiainsurance.com.pk

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Bus Terminal, Bahawalpur
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bwp@asiainsurance.com.pk



Option 1

Appointing other person a Proxy

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

Signed under my/our this _____ day of _____, 20____.

Sign Across
Revenue Stamp
Rs. 5/-

Signature should agree
With the specimen signature
Registered with the Company

Signed in presence of:

Signature of Witness

Signature of Witness

Option 2

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

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

My secured e mail address is _____. Please send login details, password and electronic signature through email.

Sign Across
Revenue Stamp
Rs. 5/-

Signature should agree
With the specimen signature
Registered with the Company

Signed in presence of:

Signature of Witness

Signature of Witness

Important:

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



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

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

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



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

کی موجودگی میں دستخط کئے گئے:

گواہ کے دستخط

گواہ کے دستخط

ہدایات:

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



1. کسی شخص کا اپنا نمائندہ / پراکسی مقرر کرنا

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

.....، 20 کو دستخط کئے گئے۔



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

کی موجودگی میں دستخط کئے گئے:

گواہ کے دستخط

گواہ کے دستخط

ہدایات:

- ✓ مکمل پُر شدہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس ایشیا ہاؤس، 19 C/D، بلاک L، گلبرگ III، مین فیروز پور روڈ، لاہور، میں اجلاس کے آغاز سے 48 گھنٹے پہلے پہنچ جانا چاہئے۔
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Investor's Awareness

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

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