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**ASIA CARE HEALTH AND LIFE INSURANCE
COMPANY LIMITED**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
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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) revenue account
- (vii) statement of premiums;
- (viii) statement of claims;
- (ix) statement of expenses; and
- (x) statement of investment income

of Asia Care Health and Life Insurance Company Limited (the Company) as at 31 December 2013 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 except for the changes as stated in note 4.1, with which we concur;

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- (c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2013 and of the profit, 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) the apportionment of assets, liabilities, revenue and expenses between two or more funds has been performed in accordance with the advice of the appointed actuary; and
- (e) No Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The financial statements of the Company for the year ended 31 December 2012 were audited by other firm of Chartered Accountants, whose audit report dated 26 March 2013 expressed an unmodified opinion on the aforementioned financial statements.

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 15 March 2014

Karachi

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2013

	Note	Shareholders' fund	Statutory fund Accident and health	Aggregate 2013	Aggregate 2012 (Restated) (note 4.2)
------(Rupees in '000)-----					
Share capital and reserves					
Authorized share capital 80,000,000 ordinary shares of Rs. 10 each		800,000	-	800,000	800,000
Issued, subscribed and paid up share capital 50,000,000 ordinary shares of Rs. 10 each	6	500,000	-	500,000	500,000
Accumulated deficit		(199,471)	-	(199,471)	(187,251)
Net shareholders' equity		300,529	-	300,529	312,749
Balance of statutory fund (including policyholders' liabilities Rs. 114.817 million (December 31, 2012: 153.665 million))	8	-	270,229	270,229	283,179
Deferred liabilities					
Staff retirement benefits	9	17,004	-	17,004	13,676
Creditors and accruals					
Outstanding claims		-	131,280	131,280	78,943
Premium received in advance		-	2,652	2,652	907
Amount due to other insurers / reinsurers		-	1,108	1,108	1,108
Amounts due to agents		-	5,102	5,102	4,264
Accrued expenses	10	2,071	-	2,071	2,310
Other creditors	11	1,074	-	1,074	1,074
		3,145	140,142	143,287	88,606
Other liabilities		534	-	534	614
Obligations under finance lease		-	-	-	437
TOTAL LIABILITIES		20,683	410,371	431,054	386,512
CONTINGENCIES AND COMMITMENTS	12				
TOTAL EQUITY AND LIABILITIES		321,212	410,371	731,583	699,261

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR

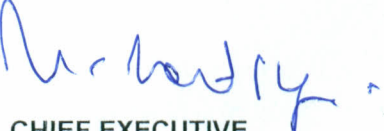

DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
BALANCE SHEET
AS AT DECEMBER 31, 2013

	Note	Shareholders' fund	Statutory fund Accident and health	Aggregate 2013	Aggregate 2012
------(Rupees in '000)-----					
Cash and bank deposits	13				
Cash and others		-	26	26	8
Current and other accounts		56,145	53,493	109,638	42,188
		<u>56,145</u>	<u>53,519</u>	<u>109,664</u>	<u>42,196</u>
Investments	14				
Government securities		192,144	83,217	275,361	202,284
Listed securities		25,358	-	25,358	154,859
Open end mutual funds		16,178	143,194	159,372	118,079
		<u>233,680</u>	<u>226,411</u>	<u>460,091</u>	<u>475,222</u>
Other assets					
Premiums due but unpaid	15	-	122,029	122,029	150,365
Amounts due from other insurers / reinsurers		-	994	994	1,472
Investment income accrued		-	-	-	537
Advances and deposits	16	2,314	7,418	9,732	4,534
Prepayments		1,870	-	1,870	1,698
Taxation - payments less provision		15,143	-	15,143	11,562
		<u>19,327</u>	<u>130,441</u>	<u>149,768</u>	<u>170,168</u>
Fixed assets					
Tangible assets					
Furniture, fixture, office equipment and vehicles	17.1	8,121	-	8,121	9,135
Intangible assets					
Computer software	17.2	3,539	-	3,539	2,540
Software under development		400	-	400	-
		<u>12,060</u>	<u>-</u>	<u>12,060</u>	<u>11,675</u>
TOTAL ASSETS		<u>321,212</u>	<u>410,371</u>	<u>731,583</u>	<u>699,261</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2013

	Note	2013	2012
------(Rupees in '000)-----			
Investment income not attributable to statutory funds			
Return on Government securities		10,169	13,095
Return on other fixed income securities and deposits		3,555	3,205
Dividend income		10,973	11,340
		<u>24,697</u>	<u>27,640</u>
Gain on sale of investments		39,805	24,201
Gain / (loss) on revaluation of investments			
Listed equities		8,521	38,864
Open end mutual funds		443	(15,489)
		<u>8,964</u>	<u>23,375</u>
Investment income		<u>73,466</u>	<u>75,216</u>
Less: Investment related expenses		<u>185</u>	<u>20</u>
Net Investment income		73,281	75,196
Gain on disposal of assets		151	11
Less: Expenses not attributable to statutory funds	18	16,892	16,258
		<u>56,540</u>	<u>58,949</u>
Profit before tax		56,540	58,949
Taxation			
Current	19	1,097	1,231
Prior		-	(2,132)
		<u>1,097</u>	<u>(901)</u>
Profit after tax		<u>55,443</u>	<u>59,850</u>
Earnings per share - basic and diluted (rupees)	21	<u>1.11</u>	<u>1.20</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR

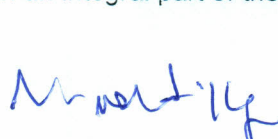

DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
	(Restated)	
	----- (Rupees in '000) -----	
Profit after tax	55,443	59,850
Other comprehensive income	(263)	(197)
Total comprehensive income for the year	55,180	59,653

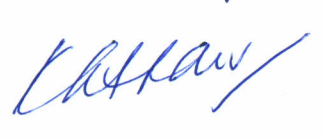
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CHAIRMAN


CHIEF EXECUTIVE

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DIRECTOR


DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2013

	Issued, subscribed and paid-up capital	Accumulated surplus / (deficit)			Total
		Accumulated surplus	Capital contribution to statutory fund	Net accumulated deficit	
------(Rupees in '000)-----					
Balance as at January 1, 2012	500,000	145,693	218,644	(72,951)	427,049
Effect of change in accounting policy (note 4.2)	-	(685)	-	(685)	(685)
Balance as at January 1, 2012 (restated)	500,000	145,008	218,644	(73,636)	426,364
Total comprehensive income for the year ended 31 December 2012					
Profit after tax (restated)	-	59,850	-	59,850	59,850
Other comprehensive income (restated)	-	(197)	-	(197)	(197)
	-	59,653	-	59,653	59,653
Capital contributed during the year	-	-	173,268	(173,268)	(173,268)
Balance as at December 31, 2012 (restated)	500,000	204,661	391,912	(187,251)	312,749
Total comprehensive income for the year ended 31 December 2013					
Profit after tax	-	55,443	-	55,443	55,443
Other comprehensive income	-	(263)	-	(263)	(263)
	-	55,180	-	55,180	55,180
Capital contributed during the year	-	-	67,400	(67,400)	(67,400)
Balance as at December 31, 2013	500,000	259,841	459,312	(199,471)	300,529

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Shareholders ' fund	Statutory Accident and health	Aggregate 2013	Aggregate 2012
(Restated)			
-----Rs in "000"-----			
Operating cash flows			
a) Underwriting activities			
Premiums received	754,276	754,276	599,738
Reinsurance premiums paid	(1,485)	(1,485)	(1,388)
Claims paid	(626,880)	(626,880)	(559,027)
Commission paid	(29,288)	(29,288)	(17,948)
Net cash flow from underwriting activities	96,623	96,623	21,375
b) Operating activities			
Income tax paid	(4,677)	(4,677)	(5,530)
General management expenses paid	(8,834)	(138,242)	(105,343)
Other operating payments	(2,785)	(6,479)	(404)
Other operating receipts	228	336	559
Net cash flow from other operating activities	(16,068)	(149,062)	(110,718)
Total cash flow from all operating activities	(16,068)	(52,439)	(89,343)
Investment activities			
Profit/return received	52,726	79,599	71,914
Dividends received	11,510	11,510	11,261
Payments for investments	(261,903)	(1,015,060)	(1,022,687)
Proceeds from disposal of investments	322,804	1,049,256	989,164
Fixed capital expenditure	(5,287)	(5,287)	(11,235)
Proceeds from disposal of assets	185	185	39
Total cash flow from investing activities	120,035	120,203	38,456
Financing activities			
Capital payments received by statutory fund	(67,400)	-	-
Payments on finance leases	(296)	(296)	(395)
Total cash flow from financing activities	(67,696)	(296)	(395)
Net cash inflow/(outflow) from all activities	36,271	67,468	(51,282)
Cash at beginning of the year	19,874	42,196	93,478
Cash at end of the year	56,145	109,664	42,196

Reconciliation to profit and loss account

Operating cash flows	(52,439)	(89,343)
Depreciation expense	(3,630)	(3,376)
Profit on disposal of fixed assets	151	11
Amortization expense	(1,597)	(977)
Financial charges	(16)	(62)
Profit on disposal of investment	45,436	33,454
Increase in assets other than cash	(19,303)	76,821
Increase in liabilities other than running finance	(18,860)	(83,625)
Dividend and other investment income	45,939	49,989
Unrealized gain on held for trading investment	18,260	26,975
Deficit of statutory fund	41,502	49,983
Profit after taxation	55,443	59,850

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
REVENUE ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2013


	<u>Statutory fund</u>		
	<u>Accident and health</u>	<u>2013</u>	
	-----Rs in "000"-----		
Income			
Premium less reinsurances	721,750	721,750	668,518
Net investment income	36,153	36,153	35,202
Total net income	757,903	757,903	703,720
Claims and expenditure			
Claims, including bonuses, net of reinsurance recoveries	679,218	679,218	593,522
Management expenses less recoveries	159,035	159,035	118,419
Total claims and expenditure	838,253	838,253	711,941
Deficit of income over claims and expenditure	(80,350)	(80,350)	(8,221)
Add: Policyholders' liabilities at beginning of the year	153,665	153,665	111,903
Less: Policyholders' liabilities at end of the year	114,817	114,817	153,665
	38,848	38,848	(41,762)
Deficit before tax	(41,502)	(41,502)	(49,983)
Movement in policy holders' liabilities	(38,848)	(38,848)	41,762
Transfers from shareholders' fund			
- Capital contributions from shareholders' fund	67,400	67,400	173,268
Balance of statutory fund at beginning of the year	283,179	283,179	118,132
Balance of statutory fund at end of the year	270,229	270,229	283,179
Represented by:			
Capital contributed by shareholders' fund	459,312	459,312	391,912
Policyholders' liabilities	114,817	114,817	153,665
Retained earnings on other than participating business	(303,900)	(303,900)	(262,398)
Balance of statutory fund at end of the year	270,229	270,229	283,179

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF PREMIUMS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Statutory fund</u>		
	<u>Accident and health</u>	<u>2013</u>	<u>2012</u>
	-----Rs in "000"-----		
Gross Premiums			
Single premium individual policies	47,566	47,566	32,935
Group policies without cash value	675,669	675,669	636,971
Total Gross Premiums	723,235	723,235	669,906
Less: Reinsurance Premiums Ceded			
On group policies	1,485	1,485	1,388
Net Premiums	721,750	721,750	668,518

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF CLAIMS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Statutory fund</u>		
	<u>Accident and health</u>	<u>2013</u>	<u>2012</u>
	-----Rs in "000"-----		
Gross claims			
Claims under individual policies by insured event other than death	8,200	8,200	3,421
Total gross individual policy claims	8,200	8,200	3,421
Claims under group policies by insured event other than death	671,018	671,018	590,101
Total gross group policy claims	671,018	671,018	590,101
Total gross claims	679,218	679,218	593,522
Less: Reinsurance recoveries			
On group policies	-	-	-
Total reinsurance	-	-	-
Net claims	679,218	679,218	593,522

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Statutory fund</u>		
	<u>Accident and health</u>	<u>2013</u>	<u>2012</u>
Note	-----Rs in "000"-----		
Acquisition costs			
Remuneration to insurance intermediaries on individual policies:			
Commission on single premiums	9,895	9,895	5,252
Remuneration to insurance intermediaries on group policies			
Commission	19,748	19,748	14,625
Total acquisition cost	29,643	29,643	19,877
Administration expenses			
Salaries, allowances and other benefits	80,234	80,234	60,983
Travelling and conveyance	3,612	3,612	3,398
Communication	5,617	5,617	3,535
Utilities	2,138	2,138	1,359
Auditors' remuneration	373	373	444
Legal and professional	3,547	3,547	2,086
Printing and stationery	4,511	4,511	2,610
Advertisement	1,937	1,937	2,219
Vehicle running and maintenance	6,923	6,923	5,399
Fees, subscription and periodicals	215	215	61
Rent, rates and taxes	5,948	5,948	5,167
Repair and maintenance	4,400	4,400	2,680
Entertainment	928	928	1,139
Depreciation / amortization	4,273	4,273	3,466
Insurance	2,581	2,581	3,000
Bank charges	199	199	72
Interest on leased vehicle	13	13	46
Car ijara rental	505	505	-
Provision for doubtful debts	1,052	1,052	590
Other expenses	386	386	288
	129,392	129,392	98,542
Gross management expenses	159,035	159,035	118,419
Commission from reinsurers	-	-	-
Net management expenses	159,035	159,035	118,419

The annexed notes from 1 to 25 form an integral part of these financial statements.

CHAIRMAN

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

ASIA CARE HEALTH AND LIFE INSURANCE COMPANY LIMITED
STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Statutory fund</u>		
	<u>Accident and health</u>	<u>2013</u>	<u>2012</u>
	-----Rs in "000"-----		
Investment income			
On Government securities	12,230	12,230	12,233
On other fixed income securities and deposits	9,012	9,012	9,927
Dividend income	-	-	189
Total	21,242	21,242	22,349
Gain on sale of investments	5,631	5,631	9,253
Gain on revaluation of investments			
Open end mutual funds	9,296	9,296	3,600
Less: Investment related expenses	16	16	-
Net investment income	36,153	36,153	35,202

The annexed notes from 1 to 25 form an integral part of these financial statements.


CHAIRMAN


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR