RIAZ AHMAD & COMPANY

Chartered Accountants

NATIONAL ASSETS INSURANCE LIMITED

FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION

FOR THE PERIOD FROM 26 JUNE 2009 TO 31 DECEMBER 2009

15 MARCH 2010

NEXIA INTERNATIONAL

RIAZ AHMAD & COMPANY
Chartered Accountants

NEXIA INTERNATIONAL

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 flow; and
(vi) statement of investment income

of NATIONAL ASSETS INSURANCE LIMITED ("the company") as at 31 December 2009 together with the notes forming part thereof, for the period from 26 June 2009 to 31 December 2009.

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

We conducted our audit in accordance with the 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 account have been kept by the company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

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

c) the financial statements together with the notes thereon, present fairly, in all material respects, the state of the company's affairs as at 31 December 2009 and of the profit, its comprehensive income, its cash flows and changes in equity for the period 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.

Riaz Ahmad & Co.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Kamran Nasir

Date: 08 MAR 2010

KARACHI

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NATIONAL ASSETS INSURANCE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2009

	Note	2009 Rupees		Note	2009 Rupees
Share capital and reserves			**Cash and bank deposits**		
Authorised share capital	3.1	1,000,000,000	Current and other accounts	6	8,144,282
Issued, subscribed and paid-up share capital	3.2	27,000,000			
Accumulated loss		(5,562,775)			
Total equity		21,437,225	**Investments**	7	13,330,900
Creditors and accruals			**Current assets - others**		
Accrued expenses	4	342,340	Accrued investment income		255,775
			Fixed assets - tangible		
Total liabilities		342,340	Computers and related accessories	8	48,608
CONTINGENCIES AND COMMITMENTS	5	-			
TOTAL EQUITY AND LIABILITIES		21,779,565	**TOTAL ASSETS**		21,779,565

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

Chairman

Director

Director

Chief Executive Officer

NATIONAL ASSETS INSURANCE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 26 JUNE 2009 TO 31 DECEMBER 2009

	Notes	2009 Rupees
Revenue account		
Underwriting results		-
Investment income		255,775
		255,775
Preliminary expenses	9	(4,562,403)
General and administration expenses	10	(1,256,147)
Loss before taxation		(5,562,775)
Provision for taxation	11	-
Loss after taxation		(5,562,775)
Profit and loss appropriation account		
Balance at commencement of the period		-
Loss after tax for the period		(5,562,775)
Appropriations made during the period		-
Accumulated loss		(5,562,775)
Loss per share - basic and diluted	12	(2.06)

The annexed notes form an integral part of these financial statements. As the company has not yet started its underwriting operations, the statements relating to underwriting cannot be prepared.

Nadir Ahmed

Faisal Siddiqui

Chairman | **Director** | **Director** | **Chief Executive Officer**

NATIONAL ASSETS INSURANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 26 JUNE 2009 TO 31 DECEMBER 2009

	2009
	Rupees
Loss for the period	(5,562,775)
Other comprehensive income	-
Total comprehensive loss for the period	**(5,562,775)**

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

Nadeem Ahmed

M Faisal Siddiqui

Chairman **Director** **Director** **Chief Executive Officer**

NATIONAL ASSETS INSURANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 26 JUNE 2009 TO 31 DECEMBER 2009

	Issued, subscribed and paid-up share capital	Accumulated loss	Total
	Rupees	Rupees	Rupees
Transactions with owners recorded directly in equity			
Issuance of ordinary shares	27,000,000	-	27,000,000
Total comprehensive loss for the period	-	(5,562,775)	(5,562,775)
Balance as at 31 December 2009	**27,000,000**	**(5,562,775)**	**21,437,225**

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

Chairman　　Director　　Director　　Chief Executive Officer

NATIONAL ASSETS INSURANCE LIMITED
CASH FLOW STATEMENT
FOR THE PERIOD FROM 26 JUNE 2009 TO 31 DECEMBER 2009

	2009 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES	
Loss before taxation	(5,562,775)
Adjustments for non cash charges and other items:	
Depreciation	20,832
Profit accrued on bank deposits	(255,775)
	(5,797,718)
Net increase in accrued expenses	342,339
Net cash used in operating activities	(5,455,378)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment made during the period	(13,330,900)
Fixed capital expenditure	(69,440)
Net cash used in investing activities	(13,400,340)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issue of ordinary shares	27,000,000
Net cash flow from financing activities	27,000,000
Net increase in cash and cash equivalents	8,144,282
Cash and cash equivalents at beginning	-
Cash and cash equivalents at end of the period (Note 6)	8,144,282

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

Chairman **Director** **Director** **Chief Executive Officer**

NATIONAL ASSETS INSURANCE LIMITED
STATEMENT OF INVESTMENT INCOME
FOR THE PERIOD FROM 26 JUNE 2009 TO 31 DECEMBER 2009

	Note	2009 Rupees
Income from non-trading investments		
Held to maturity		
Return on treasury bills		255,775
Net investment income		255,775

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

Chairman	Director	Director	Chief Executive Officer

NATIONAL ASSETS INSURANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 26 JUNE 2009 TO 31 DECEMBER 2009

1 THE COMPANY AND ITS OPERATIONS

"National Assets Insurance Limited" ("the Company") was incorporated on 26 June 2009 as a Public Limited Company in Pakistan under the Companies Ordinance, 1984. The registered office of the Company was previously located at Plot # 23E, 2nd Floor, 2nd Zamzama Commercial Lane, Phase V, DHA Karachi, Sindh. However, registered office was transferred to 69-2 Abid Majeed Road, Lahore Cantt, Lahore, Punjab, on 26 February 2010.

1.1 The principal activity of the Company will be to carry on any or all classes of non-life insurance business specified in the "Insurance Ordinance, 2000" (as amended, modified and/or re-enacted form time to time) (the "Insurance Ordinance") including re-insurance of any or all classes of business.

1.2 The plans of the management are to commence business with the expected paid up capital of Rupees 500 million. The minimum capital requirement for commencement of business as per "Insurance Ordinance 2000" and as per Statement in Lieu of Prospectus, submitted with SECP and communicated to the then existing shareholders is of Rupee 300 million. The company has raised the capital of Rupees 27 million as mentioned in circular under section 86 of the Companies Ordinance 1984, submitted with the SECP and communicated to the then existing shareholders of the company along with the statement in lieu of prospectus. The Company will hold its statutory meeting after obtaining the certificate of commencement of business from SECP.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and applied in the preparation of these financial statements are set out below:

2.1 Basis of preparation

a) Statement of compliance

These financial statements have been prepared in accordance with the 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, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.

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

b) Basis of presentation

These financial statements represent first financial statements of "National Assts Insurance Limited", prepared in accordance with the format of financial statements prescribed under SEC (Insurance) Rules, 2002. The operations of the company have not yet been started and the company is at pre-commencement of business stage. Resultantly there is no underwriting activities of the company. Hence the following statements as required under Insurance Ordinance 2000 have no data, therefore, not prepared:

- statement of premiums
- statement of claims
- statement of expenses

c) **Accounting convention**

These financial statements have been prepared under the historical cost convention. Accrual basis of accounting has been used in preparation of these financial statements.

d) **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan require management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements or judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

e) **Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

f) **Standards, interpretations and amendments that are effective in current year**

i) IFRS 7 (Amendment) 'Financial Instruments: Disclosures' (effective for annual periods beginning on or after 01 January 2009). This amendment has expanded the disclosures required in respect of classification of fair value measurements recognized in the balance sheet. Moreover, amendments have also been made to the liquidity risk disclosures.

ii) IAS 1 (Revised) - Presentation of financial statements (effective for annual periods beginning on or after 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income).

Further, the Standard requires that if the entities have to restate or reclassify comparative information given in the financial statements, in addition to presenting the balance sheets at the end of the current period and comparative period, will also be required to present a restated balance sheet as at the beginning comparative period.

The company has adopted two statements approach.

iii) IFRS 4 'Insurance Contracts'. SECP vide S.R.O 149(1) 2009 dated 11 February 2009(read with circular No. 22/2009 dated 30 June 2009) notified the adoption of IFRS-4. It is mandatory for Company's annual accounting periods beginning on or after 01 January 2009. IFRS-4 makes limited improvements to accounting for insurance contracts. The standard also requires an entity issuing insurance contracts (an insurer) to disclose information about those contracts. The required information has been disclosed in notes to these financial statements.

iv) IFRS 8 'Operating Segments' (effective for annual periods beginning on or after 01 January 2009). It introduces the "management approach" to segment reporting. IFRS 8 will require presentation and disclosure of segment information based on the internal reports regularly reviewed by the Company's chief operating decision maker in order to assess each segment's performance and to allocate resources to them.

v) IAS 23 (amendment), 'Borrowing costs' (effective for the annual accounting periods beginning on or after 01 January 2009) is relevant to the current year's financial statements. The amendment requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Company has adopted the accounting policy compliant with this requirement.

g) Standards, interpretations and amendments to published approved accounting standards that are effective in current year but not relevant

There are other new standards, interpretations and amendments to the published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2009 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

h) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant:

IFRS 9 'Financial Instruments' (effective for annual accounting periods beginning on or after 01 January 2013). IFRS 9 has superseded the IAS 39 'Financial Instruments: Recognition and Measurement'. It requires that all equity investments are to be measured at fair value while eliminating the cost model for unquoted equity investments. Certain categories of financial instruments available under IAS 39 will be eliminated.

Moreover, it also amends certain disclosure requirements relating to financial instruments under IFRS 7. Adaption of the aforesaid standard is not expected to have a significant impact on the Company's financial statements other than certain additional or revised disclosures.

i) Standards, interpretations and amendments to published approved accounting standards that are not effective in current year and not considered relevant:

There are other accounting standards, amendments to published accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 01 January 2010 but are considered not to be relevant or do not have any significant impact on these financial statements and are therefore not detailed in these financial statements.

The Company adopts its other accounting policies as under:

2.2 Revenue recognition

Premium received / receivable under a policy is recognized as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognized over the period of insurance from inception to expiry as follows:

(a) For direct business, evenly over the period of the policy;

(b) For proportional reinsurance business, evenly over the period of underlying insurance policies; and

(c) For non-proportional reinsurance business, in accordance with the pattern of the reinsurance service.

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.

Administrative surcharge is recognized as premium at the time the policies are written.

Provision for unearned premium represents the portion of premium written relating to the unexpired period of coverage and is recognized as a liability by the Company. This liability is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002. This liability is calculated as follows:

- for other classes / lines of business, by applying the twenty-fourths method as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

Receivables under insurance contracts are recognized when due, at the fair value of the consideration receivable less provision for doubtful debts, If any. Provision for impairment on premium receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to original terms of receivable. Receivables are also analyzed as per their ageing and accordingly provision is maintained on a systematic basis.

2.3 Creditors, accruals and provisions

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

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past events and, it is probable that an outflow 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 balance sheet date and adjusted to reflect the current best estimate.

2.4 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise of cash and bank deposits.

2.5 Investments

All investments are initially recognized at cost being the fair value of the consideration given and include transaction costs. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investment:

Available-for-sale

Investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Subsequent to initial recognition at cost, these are stated at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The Company uses stock exchange quotations at the balance sheet date to determine the market value of its quoted investments whereas fair value of investments in delisted / unlisted companies is determined by reference to the net assets and financial position of the investee on the basis of the latest available audited financial statements.

In case of fixed income securities redeemable at a given date where the cost is different from the redemption value, such difference is amortized uniformly over the period between the acquisition date and the date of maturity in determining 'cost' at which these investments are stated as per the requirements of the SEC (Insurance) Rules, 2002.

Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.

Investments classified as held to maturity are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, these are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

Loans and receivables

Loans and receivables are recognized initially at fair value, plus attributable transaction costs. Subsequent to initial recognition, loans and receivables are stated at amortized cost with any difference between cost and redemption value being recognized in the profit and loss account over the period of the investments on an effective yield method.

2.6 Taxation

2.6.1 Current

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

2.6.2 Deferred

Deferred tax is accounted for by using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in these financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except to the case that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.7 Fixed assets

Fixed assets, other than freehold land which is not depreciated and capital work-in-progress, are stated at cost, signifying historical cost, less accumulated depreciation and any provision for impairment. Freehold land and capital work-in-progress are carried at cost less impairment losses, if any. Depreciation is charged to income applying varying methods depending upon the nature of the asset, at the rates specified for calculation of depreciation after taking into account residual value, if any. The useful lives, residual values and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

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 benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

Depreciation on additions is charged from the month the assets are available for use while on disposals, depreciation is charged up to the month in which the assets are disposed off.

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 indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the assets disposed off. These are included in the profit and loss account currently.

2.8 **Investment income**

From available-for-sale investments

- **Return on fixed income investments**

  Return on fixed income securities classified as available-for-sale is recognized on a time proportion basis.

- **Dividend**

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

- **Gain / loss on sale of available-for-sale investments**

  Gain / loss on sale of available-for-sale investments is recognized in profit and loss account currently.

- **Return on Term Finance Certificates**

  The difference between the redemption value and the purchase price of the Term Finance Certificates is amortized and taken to the profit and loss account over the term of the investment.

2.9 **Foreign currencies**

Transactions in foreign currencies are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account currently.

2.10 **Financial instruments**

Financial assets and liabilities 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 the de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

Financial instruments carried on the balance sheet include cash and bank, loans, investments, premiums due but unpaid, amounts due from other insurers / reinsurers, premium and claim reserves retained by cedants, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, provision for outstanding claims, amounts due to other insurers / reinsurers, accrued expenses, other creditors and accruals, liabilities against assets subject to finance lease and unclaimed dividends. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

2.11 **Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized as liability in the Company's financial statements in the year in which these are approved.

2.12 **Off setting**

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

2.13 **Earnings per share**

The Company presents basic earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period / year.

2.14 Impairment

a) Financial Assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of available for sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

b) Non financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such assets is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds the recoverable amount. Impairment losses are recognized in profit and loss account. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine theasset's recoverable amount since the last impairment loss was recognized. If there is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the assets in prior year. Such reversal is recognized in profit and loss account.

2.15 Staff retirement benefits plan

The company operates a provident fund scheme for all its employees who are eligible for benefit. Equal monthly contributions @ 8.33% of basic salary are made by the company and its employees. As at balance sheet date the Provident Fund has not been separtely incorporated.

2.16 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the board of directors) who is responsible for allocating resources and assessing performance of the operating segments.

The Company accounts for segment reporting 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 the Company's practice of reporting to the management on the same basis.

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

2.17 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in profit and loss account.

2.18 Share Capital

Ordinary shares are classified as equity.

3 SHARE CAPITAL

3.1 Authorized share capital

2009 (Number of shares)		2009 Rupees
100,000,000	Ordinary shares of Rupees 10 each fully paid in cash	1,000,000,000

3.2 Paid-up share capital

Issued, subscribed and fully paid:

-	Opening balance	-
2,700,000	Shares issued during the period of Rupees 10 each against cash	27,000,000
2,700,000		27,000,000

3.3 During the current year, 2,700,000 ordinary shares of Rupees 10 each were issued.

3.4 2,679,500 ordinary shares (99.24%) of the Company are held by National Bank of Pakistan (the holding entity) and the balance shares are held by the directors.

3.5 Capital risk management policies and procedures

The company's objective when managing the capital are:

-to safeguard its ability to continue as a going concern so that it can continue to provide return to shareholders and benefits to other stakeholders; and

- to maintain a strong capital base to support the sustained development of its business.

The company manages its capital structure by monitoring return on net assets and to maintain 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 dividends to shareholders, issue new shares and adopt other means commensuration to the circumstances.

4 CREDITORS AND ACCRUALS

Accrued expenses

Salaries payable	225,815
Provident fund payable	41,525
Accrued expenses	75,000
	342,340

5 CONTINGENCIES AND COMMITMENTS

5.1 There was no contingency at the balance sheet date.

5.2 There were no capital and other commitments at the balance sheet date.

6 CASH AND BANK BALANCES

Cash in bank - Current account	8,144,282

7 INVESTMENTS

Held to maturity

Treasury bills maturing within six months	8,469,900
Treasury bills maturing within three months	4,861,000
	13,330,090

8 FIXED ASSTS - TANGIBLE

	2009
	Rupees
Computers and related accessories	
Additions during the period	69,440
Depreciation for the period	20,832
Closing net book value	48,608
Depreciation rate per annum	30%

	For the period from 26 June 2009 to 31 December 2009 Rupees
9 PRELIMINARY EXPENSES	
Legal and professional charges	690,000
Salaries and benefits	1,318,789
Registeration fee	2,517,500
Miscellaneous	36,114
	4,562,403
10 ADMINISTRATIVE EXPENSES	
Legal and professional charges	250,000
Salaries and benefits	903,014
Auditors' remuneration	75,000
Depreciation	20,832
Miscellaneous	7,301
	1,256,147

11 PROVISION FOR TAXATION

There is no provision for taxation for the period as the company has incurred taxable loss for the period. Further, the minimum tax is not applicable during the period as there is no turnover.

12 BASIC AND DILUTED - LOSS PER SHARE

Loss for the year	(5,562,775)
Weighted average number of ordinary shares in issue during the period	2,700,000
Loss per share basic and diluted	(2.06)

13. FINANCIAL RISK MANAGEMENT

13.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The company is not exposed to this risk because there were no receivables and payables in any foreign currency as at the balance sheet date. Moreover no transactions were carried out in any foreign currency during the year.

Sensitivity analysis of functional currency at reporting date is not required due to nil foreign currency nominated financial assets and liabilities at the balance sheet date.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest 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 similar financial instrument traded in the market. The Company is not exposed to commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no long-term or short term interest-bearing assets or liabilities. Therefore, the company is not exposed to any interest rate risk.

Cash flow sensitivity analysis for variable rate instruments

As there are no variable rate instruments, such sensitivity analysis is not required.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2009
	Rupees
Current and other accounts	8,144,282
Investments	13,330,900
	21,475,182

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate:

	Rating			2009
	Short	Long term	Agency	Rupees
Banks				
National Bank of Pakistan				8,144,282
	A-1+	AAA	JCR-VIS	8,144,282

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and bank balances. At 31 December 2009, the Company had Rupees 7.897 million cash and bank balances. Following are the contractual maturities of financial liabilities. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 31 December 2009

	Carrying Amount	Contractual Cash Flows	6 month or less
	Rupees	Rupees	Rupees
Creditors and accruals	342,339	342,339	342,339

13.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

13.3 Financial instruments by categories

	Loans and receivables	Total
As at 31 December 2009		
Assets as per balance sheet	Rupees	Rupees
Cash and bank balances	8,144,282	8,144,282
	8,144,282	8,144,282

	Financial liabilities at amortized cost
Liabilities as per balance sheet	Rupees
Creditors and accruals	342,339

14 REMUNERATION TO THE CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

Chief Executive Officer

Managerial remuneration and other benefits	114,498
Number of executive	1

Chief executive officer of the company has been appointed on 17 December 2009.

Executive

Managerial remuneration and other benefits	767,304
Number of executive	1

The Chief financial officer (executive) has ~~been~~ worked as chief ~~financial~~ Executive officer till 16 December 2009.

15 GENERAL

Figures have been rounded off to the nearest thousand of rupees. Since the financial statements are the first financial statements of the Company, there were no corresponding figures.

16 AUTHORISATION FOR ISSUE

These financial statements have been approved and authorized for issue by the Board of Directors of the company in their meeting dated 08th March, 2010.

Chairman	Director	Director	Chief Executive Officer