



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF TRAFCO INSURANCE COMPANY LIMITED**

**Review Report on the Statement of Compliance contained in the Code of Corporate Governance for Insurers  
2016**

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 (the code) prepared by the Board of Directors of TRAFCO Insurance Company Limited (the Company) for the year ended December 31, 2025 in accordance with the requirements of the Code.

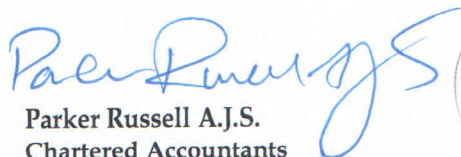
The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance 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 a part of our audit of the 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 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, except for the instances of non-compliance mentioned below, nothing has come to our attention that causes us to believe that the Statement of Compliance does not appropriately reflect the company's compliance, in all material respects, with the requirements of the Code of Corporate Governance as applicable to the company for the year ended December 31, 2025:

- The requirement of paragraph (iii)(a) of the Code has not been complied with, as the Board of Directors does not include one-third independent directors.
- The requirement of paragraph (vii) of the Code has not been complied with, as the director's appointment was not approved by the Securities and Exchange Commission of Pakistan under the Insurance Companies (Sound and Prudent Management) Regulations, 2012.
- The requirement of paragraph (xix) of the code has not been complied with, as the company has not made appropriate arrangements for the orientation of its directors.
- The requirements of paragraphs (viii) and (ix) of the Code have not been complied with, as the casual vacancy in the office of the Chief Executive Officer was not approved by the Securities and Exchange Commission of Pakistan within the prescribed period of 90 days.
- The requirement of paragraph (xx) of the code has not been complied with as the company has not established an internal audit function

  
Parker Russell A.J.S.  
Chartered Accountants  
Engagement Partner: Ali Ahmad, FCA  
Place: Lahore



Date: April 14, 2026  
UDIN: CR202510065s6rzXP5uE





**TIC** TRAFCO  
Insurance  
Company Ltd.

Secure Tomorrow, Today

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR INSURER  
TRAFCO INSURANCE COMPANY LIMITED  
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

Trafco Insurance Company Limited has applied the principles contained in the Code in the following manners:

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

Category	Names
Executive Directors	Mr. Asif Malik Mr. Kashif Malik
Independent Director	Mr. Syed Ashfaq Hussain Shah
Chief Executive Officer	Mr. Tahir Malik (Acting)
Non-Executive Directors	Mr. Tahir Malik (Chairman) Mrs. Saboohi Tahir Mrs. Sadia Atif Ms. Sundus Malik

2. The Directors have confirmed that none of them is serving as a director in more than seven listed companies including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company.
4. No casual vacancy occurred throughout the year.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All 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.

**Head Office:**

TRAFCO HOUSE,  
1-C-1, Canal Bank Road,  
Canal Park, Gulberg II,  
Lahore-Pakistan

☎ 111-811-911  
☎ (92-42) 35958911, 35959012-16  
☎ (92-42) 38101112  
✉ info@trafcoinsurance.com.pk  
🌐 www.trafcoinsurance.com.pk





8. 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.
9. 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.
10. The Board arranged orientation course(s)/ training programs, for its directors during the year to apprise them of their duties and responsibilities.
11. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year. The Board had approved the remuneration of CFO, Company Secretary and Head of Internal Audit.
12. During the year Chief Executive Officer resigned from the position and Chairman holds the additional charge of CEO after the approval of Board of Directors.
13. The Directors' Report for this year has been prepared in compliance with the requirements of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
14. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.
15. The Directors, Chief Executive Officer and other Executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
17. The Board has formed the following Committees:

**Underwriting Committee & Re-insurance & Co-insurance Committee:**

<b><u>Name of the Member</u></b>	<b><u>Category</u></b>
Mrs. Saboohi Tahir	Chairman – Non-Executive Director
Mrs. Sadia Atif	Member – Non-Executive Director
Mr. Rana Faisal Iqbal	Member
Mr. Asif Malik	Member – Executive Director
Mr. Gulzar Rasool Malik	Secretary

**Claim Settlement Committee:**

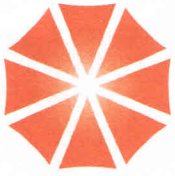
<b><u>Name of the Member</u></b>	<b><u>Category</u></b>
Mr. Kashif Malik	Chairman – Executive Director
Mr. Tahir Malik	Member – Non-Executive Director
Syed Ashfaq Hussain Shah	Member
Mr. Kashif Majeed	Secretary

**Head Office:**

TRAFCO HOUSE,  
1-C-1, Canal Bank Road,  
Canal Park, Gulberg II,  
Lahore-Pakistan

☎ 111-811-911  
☎ (92-42) 35958911, 35959012-16  
☎ (92-42) 38101112  
✉ info@trafcoinsurance.com.pk  
🌐 www.trafcoinsurance.com.pk





**TIC** TRAFCO  
Insurance  
Company Ltd.

Secure Tomorrow, Today

**Remuneration Committee:**

**Name of the Member**

Mr. Tahir Malik  
Mr. Asif Malik  
Mr. Kashif Malik  
Mr. Rana Faisal Iqbal

**Category**

Chairman – Non-Executive Director  
Member – Executive Director  
Member – Executive Director  
Secretary

**Nominations Committee:**

**Name of the Member**

Mr. Tahir Malik  
Mr. Asif Malik  
Mr. Kashif Malik  
Mr. Munir Ahmed

**Category**

Chairman – Non-Executive Director  
Member – Executive Director  
Member – Executive Director  
Secretary – Chief Financial Officer

**Ethics and / or Compliance Committee:**

**Name of the Member**

Mr. Tahir Malik  
Mr. Asif Malik  
Mr. Tahir Malik  
Mr. Kashif Majeed

**Category**

Chairman – Non-Executive Director  
Member – Executive Director  
Member – Chief Executive Officer  
Secretary

**Risk Management Committee:**

**Name of the Member**

Mr. Tahir Malik  
Mr. Asif Malik  
Mr. Tahir Malik  
Mr. Rana Faisal Iqbal

**Category**

Chairman – Non-Executive Director  
Member – Executive Director  
Member – Chief Executive Officer  
Secretary

**Investment Committee:**

**Name of the Member**

Mr. Tahir Malik  
Mr. Asif Malik  
Mrs. Sadia Atif  
Mr. Tahir Malik  
Mr. Munir Ahmed

**Category**

Chairman – Non-Executive Director  
Member – Executive Director  
Member – Non-Executive Director  
Member – Chief Executive Officer  
Secretary – Chief Financial Officer

**Head Office:**

TRAFCO HOUSE,  
1-C-1, Canal Bank Road,  
Canal Park, Gulberg II,  
Lahore-Pakistan

☎ 111-811-911  
☎ (92-42) 35958911, 35959012-16  
☎ (92-42) 38101112  
@ info@trafcoinsurance.com.pk  
🌐 www.trafcoinsurance.com.pk





18. The Board has formed an Audit Committee which comprise of one executive director, two non-executive members, one chief operating officer, and one secretary. The members list of Audit Committee is as follow:

**Audit Committee:**

**Name of the Member**

**Category**

Mrs. Saboohi Tahir  
Mr. Kashif Malik  
Mr. Sadia Atif  
Mr. Bilal Farooq

Chairman - Non-Executive Director  
Member - Executive Director  
Member - Non-Executive Director  
Member – 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 this Code. The terms of references of the Committees have been formed and advised to the Committees for compliance.
20. The Board has set up an effective internal audit function which comprises of suitably qualified and experienced staff for the purpose and is conversant with the policies and procedures of the Company and is involved in the internal audit function on full time basis.
21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer, Company Secretary and the Head of Internal Audit possess such qualification and experience as required under the 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 the Person	Designation	Qualification	Experience
Mr. Tahir Malik	Chief Executive Officer	MBA	44 Years
Mr. Munir Ahmed	Chief Financial Officer	FCMA	29 Years
Mr. Bilal Farooq	Compliance Officer	LLB	08 Years
Mr. Bilal Farooq	Company Secretary	LLB	08 Years
Miss. Qaisera Abdul Rasheed	Head of Internal Audit	B.A	07 Years
Mr. Rana Faisal Iqbal	Head of Underwriting	B.Sc	19 Years
Mr. Kashif Majeed	Head of Re-insurance	B.A	30 Years
Mr. Tahir Malik	Head of Risk Management	MBA	44 Years
Mr. Munir Ahmed	Head of Grievance Department	FCMA	29 Years

22. 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 program 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.

**Head Office:**

TRAFCO HOUSE,  
1-C-1, Canal Bank Road,  
Canal Park, Gulberg II,  
Lahore-Pakistan

☎ 111-811-911  
☎ (92-42) 35958911, 35959012-16  
☎ (92-42) 38101112  
✉ info@trafcoinsurance.com.pk  
🌐 www.trafcoinsurance.com.pk





# TIC TRAFCO Insurance Company Ltd.

Secure Tomorrow Today

22. 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.
23. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code of Corporate Governance for Insurers, 2016.
24. The Board ensures that the Risk Management System of the Company is in place per requirements of the Code of Corporate Governance for Insurers, 2016.
25. The Company has set up Risk Management function, which carries out its tasks as covered under the Code of Corporate Governance.
26. The Board ensures that as part of the risk management system, the Company gets itself rated from PACRA which is being used by its risk management function/department and the respective Committee as a risk monitoring tool. The rating maintained by the said rating agency on June 07, 2024 is "BBB" with outlook Stable.
27. The Company has set up Grievance function in compliance with the requirement of the Code of Corporate Governance for Insurers, 2016.
28. 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.
29. We confirm that all other material principles contained in this Code have been complied.

For TRAFCO INSURANCE COMPANY LIMITED

Chief Executive Officer

Director

Director

Chairman

**Head Office:**

TRAFCO HOUSE,  
1-C-1, Canal Bank Road,  
Canal Park, Gulberg II,  
Lahore-Pakistan

☎ 111-811-911  
☎ (92-42) 35958911, 35959012-16  
☎ (92-42) 38101112  
@ info@trafcoinsurance.com.pk  
🌐 www.trafcoinsurance.com.pk





## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRAFCO INSURANCE COMPANY LIMITED

### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the annexed financial statements of TRAFCO Insurance Company Limited (the Company), which comprise the statement of financial position as at December 31, 2025 and the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the statement of cash flows for the year then ended, along with the notes to the financial statements, including material accounting policy information and other explanatory information, and we state that, except for the matters described in the Basis for Qualified Opinion section below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section in our report and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, together with the notes forming part thereof, conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Insurance Ordinance 2000 and the Companies Act, 2017 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2025 and of the profit, total comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Qualified Opinion

- i) Pursuant to the Insurance Ordinance, 2000, non-life insurance companies are required under Section 36(1) and 36(2) to maintain admissible assets in excess of liabilities so as to meet or exceed the prescribed minimum solvency requirement, which, in accordance with Section 36(3) and insurance rules 2017 section 15, is Rs. 150 million. As disclosed in note 27 to the financial statements, TRAFCO Insurance Company Limited has net admissible assets of Rs. 18.93 million, resulting in a shortfall of Rs. 131.07 million against the minimum solvency requirement, indicating non-compliance with the provisions of the Ordinance.

Furthermore, under Section 156 of the Insurance Ordinance, 2000, non-compliance may attract penalties, including a fine which may extend to one million rupees and, in the case of a continuing default, an additional fine which may extend to ten thousand rupees for each day during which the default continues; however, no provision has been recognized in the financial statements in respect of such potential penalties, and had such provision been made, the profit for the year would have been reduced accordingly.

- ii) In accordance with the requirements of the Insurance Ordinance, 2000, Section 29(1) and 29(2), non-life insurance companies are required to deposit and maintain with the State Bank of Pakistan a prescribed minimum amount, either in cash or in approved securities valued at their market price on the date of deposit, or a combination thereof. The minimum deposit is required to be the higher of Rs. 10 million or 10% of the paid-up capital of the insurer.

*PM/SJS*



However, based on our audit, the Company has not maintained any such deposit with the State Bank of Pakistan, resulting in non-compliance with the above-mentioned provisions of the Ordinance. Furthermore, as stipulated under Section 157(1) of the Insurance Ordinance, 2000, any insurer or person acting on its behalf who carries on insurance business in contravention of Section 29 may be liable to a penalty of up to Rs. 2 million. Notwithstanding this exposure, no provision has been recognized in the financial statements in respect of such potential penalty.

iii) We refer to Note 10 to the financial statements, which sets out a loan extended to related parties amounting to Rs. 68.56 million in principal and Rs. 38.49 million in accrued mark-up under the agreed terms, which are material to the financial statements. Management provided an ageing analysis of the receivable from related parties; however, the ageing was not supported by adequate documentation. Consequently, we were unable to verify the accuracy of the ageing and, accordingly, were unable to evaluate the appropriateness of the expected credit loss (ECL) assessment and measurement in accordance with the impairment requirements of IFRS 9 Financial Instruments.

iv) With reference to Note 16 to the financial statements, the Company's records include federal excise duty (FED) payable of Rs. 3.01 million, withholding tax (WHT) payable of Rs. 2.73 million, and salaries payable included in accrued liabilities of Rs. 3.82 million.

We were unable to obtain sufficient appropriate audit evidence regarding the validity and ageing of Rs. 0.79 million of the FED balance, Rs. 2.43 million of the WHT balance, and Rs. 2.64 million of the salaries payable balance. These amounts have been carried forward from prior years, are without adequate management explanation as to their non settlement and lack of appropriate audit evidence for verification of the underlying obligations.

While each of the aforementioned amounts is individually not material to the financial statements, in aggregate they total Rs. 5.86 million, which is material. Consequently, we were unable to determine whether any adjustments were necessary in respect of these liabilities, the related expenses, or the Company's compliance with applicable tax laws and regulations.

v) During the year, the Company did not comply with the Punjab Employees Social Security Ordinance, 1965, as it failed to deposit required contributions for eligible employees with the Punjab Employees Social Security Institution (PESSI).

Accordingly, the related liability and expense have not been recognized, and the financial impact, including any potential penalties, has not been determined or provided for in the financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw attention to Note 2.2 to the financial statements in which company has accumulated losses as at December 31, 2025 amount to Rs. 259.37 million (2024: Rs. 273.79 million). Further, the Company has not complied with Section 29 of the Insurance Ordinance, 2000, which requires a minimum statutory deposit to be maintained with the State Bank of Pakistan. No such deposit has been made, resulting in non-compliance and potential exposure to penalties, for which no provision has been recognized in the accompanying financial statements. The Company has also failed to meet the minimum solvency requirement prescribed under Section 36 of the Insurance Ordinance, 2000. As at the reporting date, the Company's net admissible assets amount to Rs. 18.92 million, reflecting a shortfall of Rs. 131.07 million against the required minimum solvency margin of Rs. 150 million. Moreover, the Securities and Exchange Commission of Pakistan, through S.R.O. 310(I)/2025, has prescribed a phased increase in the minimum paid-up capital requirement for existing non-life insurance companies to Rs. 2,000 million by the year 2030.

Based on the Company's current financial position and available resources, it may not be able to meet this enhanced capital requirement within the stipulated timeframe. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial statements have been prepared on a going concern basis for the reasons and mitigating factors disclosed in the aforesaid note. Our opinion is not modified in respect of this matter.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include financial statements and our auditor's report thereon.

Our opinion on financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

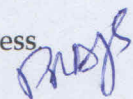
In connection with our audit of financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and, Insurance Ordinance, 2000 and, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process



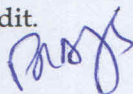
## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Report on Other Legal and Regulatory Requirements

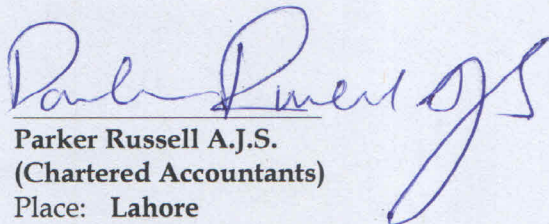
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017) and the Insurance Ordinance, 2000;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and, the Insurance Ordinance, 2000 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance 1980, (XVIII of 1980).

## Other Matter Paragraph

The financial statements of the company for the year ended December 31, 2024 were audited by another firm of Chartered accountants, M/s Mushtaq & co (Chartered accountants) who expressed qualified opinion on those statements in their report as on April 09, 2025.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Ali Ahmad**.



Parker Russell A.J.S.  
(Chartered Accountants)

Place: Lahore

Date: March 12, 2026

UDIN: AR202510065Vn7JuqL2v



**TRAFICO INSURANCE COMPANY LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2025**

	Note	2025	2024
----- Rupees -----			
<b>ASSETS</b>			
Property and equipment	6	238,208,903	234,944,389
Intangible assets	7	5,612,500	6,735,000
Loans and other receivables	8	112,383,959	99,155,371
Insurance / reinsurance receivables	9	741,063	3,045,981
Deferred commission expense and acquisition costs		5,300,737	7,116,794
Prepayments	10	3,285,207	3,594,376
Investment in TDR	11	51,648,476	-
Deferred tax asset	12	-	-
Cash and bank balances	13	11,400,709	289,843
<b>Total assets</b>		<b>428,581,554</b>	<b>354,881,754</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital		700,000,000	700,000,000
70,000,000 Ordinary shares of Rs. 10 each.			
Issued, subscribed and paid up share capital	14	570,000,000	570,000,000
Retained earnings		(259,372,668)	(273,789,056)
<b>Total Equity</b>		<b>310,627,332</b>	<b>296,210,944</b>
<b>Liabilities</b>			
<b>Underwriting Provisions</b>			
Outstanding claims including IBNR		3,360,182	3,559,720
Unearned premium reserves		25,184,878	30,688,891
Premium received in advance		5,089,679	48,042
Insurance / reinsurance payables	15	1,844,213	4,567,711
Other creditors and accruals	16	79,802,105	19,292,407
Taxation - provision less payments	17	2,673,165	514,039
<b>Total liabilities</b>		<b>117,954,222</b>	<b>58,670,810</b>
<b>Total equity and liabilities</b>		<b>428,581,554</b>	<b>354,881,754</b>
Contingencies and commitments	18	-	-

The annexed notes from 1 to 36 form an integral part of these financial statements.



Chairman



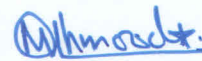
Director



Director



Chief Executive  
Officer (Act)



Chief Financial  
Officer

**TRAFICO INSURANCE COMPANY LIMITED**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025	2024
		Rupees	
Net insurance premium	19	69,882,887	41,000,815
Net insurance claims	20	(658,015)	(1,473,531)
Net commission and acquisition expenses	21	(17,142,614)	(10,997,823)
<b>Insurance claims and acquisition expenses</b>		<b>(17,800,629)</b>	<b>(12,471,354)</b>
Management expenses	22	(44,719,863)	(33,422,765)
<b>Underwriting Results</b>		<b>7,362,395</b>	<b>(4,893,304)</b>
Other income	23	12,835,291	19,042,235
Other expenses	24	(2,817,444)	(5,750,811)
		10,017,847	13,291,424
<b>Results of operating activities</b>		<b>17,380,242</b>	<b>8,398,120</b>
Finance cost		(11,100)	(14,991)
<b>Profit before tax</b>		<b>17,369,142</b>	<b>8,383,129</b>
Taxation	25	(2,952,754)	(1,425,132)
<b>Profit after tax</b>		<b>14,416,388</b>	<b>6,957,997</b>
<b>Other comprehensive income</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>		-	-
<i>Items that will not be subsequently reclassified to profit or loss</i>		-	-
		-	-
<b>Total comprehensive income for the year</b>		<b>14,416,388</b>	<b>6,957,997</b>
Earnings per share	26	0.25	0.12

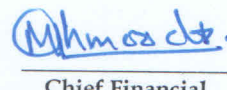
The annexed notes from 1 to 36 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

*progr*  
  
Chief Executive Officer (ACT)

  
Chief Financial Officer

**TRAFCO INSURANCE COMPANY LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Issued, subscribed and paid up share capital	Retained earnings	Total share capital and reserves
	Rupees		
Balance as at January 01, 2024	570,000,000	(280,747,053)	289,252,947
Profit for the year	-	6,957,997	6,957,997
Other comprehensive income for the year	-	-	-
<b>Balance as at December 31, 2024</b>	<b>570,000,000</b>	<b>(273,789,056)</b>	<b>296,210,944</b>
Balance as at January 01, 2025	570,000,000	(273,789,056)	296,210,944
Profit for the year	-	14,416,388	14,416,388
Other comprehensive income for the year	-	-	-
<b>Balance as at December 31, 2025</b>	<b>570,000,000</b>	<b>(259,372,668)</b>	<b>310,627,332</b>

The annexed notes from 1 to 36 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Chief Executive  
Officer (CEO)

  
Chief Financial  
Officer

**TRAFICO INSURANCE COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025	2024
		Rupees	
<b>Cash flows from operating activities</b>			
<i>a) Underwriting activities</i>			
Insurance premium received	19	77,709,098	67,487,586
Reinsurance premium paid	15	(8,397,998)	(11,621,041)
Insurance claims paid	20	(857,553)	(1,573,010)
Commission paid	21	(15,326,557)	(15,432,237)
Management expenses paid		(35,734,481)	(25,873,568)
Collateral Security received		56,665,062	848,777
<b>Net cash inflow from underwriting activities</b>		<b>74,057,571</b>	<b>13,836,507</b>
<i>b) Other operating activities</i>			
Income taxes paid	17	(793,628)	(17,202)
Financial and other charges paid		(11,100)	(14,991)
<b>Net cash inflow from other operating activities activities</b>		<b>(804,728)</b>	<b>(32,193)</b>
<b>Total Cash inflows from operating activities</b>		<b>73,252,843</b>	<b>13,804,314</b>
<b>Cash flows from investing activities</b>			
Fixed capital expenditure	6	(30,975,388)	(8,394,678)
Proceeds from disposal of property and equipment		24,499,999	-
Payment made for investment in TDR		(51,648,476)	3,000,000
Proceeds from / (paid in lieu of loans and other receivables)	8	(4,018,112)	(8,605,040)
<b>Total cash outflows from investing activities</b>		<b>(62,141,977)</b>	<b>(13,999,718)</b>
<b>Cash flows from financing activities</b>			
<b>Total cash flows from financing activities</b>		<b>-</b>	<b>-</b>
Net cash outflow from all activities		11,110,866	(195,404)
Cash and cash equivalents at the beginning of the year		289,843	485,247
<b>Cash and cash equivalents at end of the year</b>	13	<b>11,400,709</b>	<b>289,843</b>
<b>Reconciliation to profit and loss account</b>			
Operating cash flows		73,252,843	13,804,314
Depreciation expense	6.1	(6,835,690)	(6,041,537)
Amortisation expense	7	(1,122,500)	(1,122,500)
Proceeds from / (paid in lieu of loans and other receivables)		(4,018,112)	(8,605,040)
Gain on disposal of items of property and equipment	23	3,624,815	-
(Decrease) / increase in assets other than cash and investment		8,798,444	30,079,586
Decrease/ (Increase) in liabilities other than borrowings		(59,283,412)	(21,156,826)
<b>Profit after taxation</b>		<b>14,416,388</b>	<b>6,957,997</b>

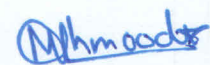
The annexed notes from 1 to 36 form an integral part of these financial statements.

  
Chairman

  
Director

  
Director

  
Chief Executive Officer (Act)

  
Chief Financial Officer

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**1 Status and nature of business**

TRAFCO Insurance Company Limited ("the Company") was incorporated in Pakistan as a public limited company on October 25, 1979 under the repealed Companies Act, 1913 (now the Companies Act, 2017). The Company is engaged in providing general insurance services. The registered office and principal place of the Company is located at TRAFCO House, 2nd Floor 1-C-1, Canal Bank Road, Canal Park, Gulberg-II, Lahore. The Company also operates a branch office in Pakistan located at 245/1-W, Block-6, PECHS, Shahrah-e-Faisal, Karachi.

**2 Basis of preparation**

**2.1 Basis of measurement**

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated, if any,

**2.2 Going concern assumption**

The Company has accumulated losses amounting to Rs. 259.37 million as at December 31, 2025 (2024: Rs. 273.79 million). Additionally, the Company has not complied with Section 29 of the Insurance Ordinance, 2000, which requires a minimum statutory deposit to be maintained with the State Bank of Pakistan. No such deposit has been made, constituting non-compliance and exposing the Company to potential penalties, for which no provision has been recognized in these financial statements.

Further, the Company has failed to meet the minimum solvency requirement prescribed under Section 36 of the Insurance Ordinance, 2000. As of the reporting date, the Company's net admissible assets amount to Rs. 18.928 million resulting in a shortfall of Rs.131.072 million against the required minimum of Rs. 150 million.

Moreover, the Securities and Exchange Commission of Pakistan (SECP), through S.R.O.310(I)/2025, has significantly increased the minimum paid-up capital requirement for non-life insurance companies to Rs. 2,000 million in phases. Based on the current financial position and available funds, the Company may not be able to meet this enhanced requirement.

These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. However, the directors have expressed their commitment to inject further capital as and when required. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**2.2 Statement of compliance**

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of Companies Act, 2017. Approved accounting standards comprise of:

- International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFASs) as issued by the Institute of Chartered Accountants of Pakistan (ICAP); and
- Provision of and directives issued under the Securities and Exchange Commission of Pakistan, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017.
- Wherever, the requirements of the Companies Act, 2017 or directives issued by Provision of and directives issued under the Securities and Exchange Commission of Pakistan, the Insurance Ordinance, 2000, the Insurance Rules, 2017 and the Insurance Accounting Regulations, 2017. differs with the requirements of these accounting standards, the requirements of the Companies Act, 2017 or the requirements of the said directives shall prevail.
- The Securities and Exchange Commission of Pakistan (SECP) vide its S.R.O 89(1) 2017 dated February 09, 2017 has prescribed format of the presentation of annual financial statements for general insurance companies. These financial statements have been prepared in accordance with the format prescribed by the SECP.

**2.3 Functional and presentational currency**

These financial statements have been prepared in Pakistani Rupees (PKR), which is the company's functional and presentational currency

*PKR*

**TRAFICO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**3 Use of judgments, estimates and assumptions**

The preparation of financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to the financial statements:

- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of property and equipment (Note 6);
- assumptions and estimates used in determining the recoverable amount, residual values and useful lives of intangible assets (Note 7);
- deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised (Note 12);
- assumptions and estimates used in calculating the provision for impairment for insurance / reinsurance receivables (Note 9);
- assumptions and estimates used in calculating the provision for impairment for prepayments (Note 10);
- assumptions and estimates used in deriving fair value of deferred commission expense and acquisition costs
- assumptions and estimates used for provision of outstanding claims including IBNR  
assumptions and estimates used for provision of unearned premium reserves  
assumptions and estimates used for provision of insurance/ reinsurance payables (Note 15);
- assumptions and estimates used in disclosure and assessment of provision for contingencies and commitments (Note 18);
- assumptions and estimates used in determining current income under relevant tax law and the decisions of appellate authorities on certain cases issued in the past (Note 25);

**4 Standards, amendments and interpretations**

**4.1 Standards, interpretations and amendments to approved accounting standards that are effective in the current year:**

The following standards, amendments and interpretations are effective for the year ended December 31, 2025. These standards, amendments and interpretations are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standard or Interpretation	Effective Date
Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability	January 1, 2025

**4.2 Standard, amendments to published accounting and reporting standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either irrelevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Standard or Interpretation	Effective Date
Amendments to IFRS 9 and IFRS 7:	
- Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
- Contracts Referencing Nature-dependent Electricity	
IFRS 1, 7, 9, 10 & IAS 7 - Annual improvements to IFRS Accounting Standards	January 1, 2026
IFRS 17-Insurance Contracts	January 1, 2026

The SECP vide SRO 1715 (I) / 2023 dated November 21, 2023 has directed the companies engaged in insurance/takaful and re-insurance/re-takaful to follow IFRS 17 from January 01, 2026.

*2025*

**TRAFKO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

4.3 Other than the aforementioned standards, interpretations, and amendments, IASB has also issued the following standards, which have yet not been notified locally by the Securities and Exchange Commission of Pakistan (SECP) as at the reporting date:

IFRS 01	First-time Adoption of International Financial Reporting Standards
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries Without Public Accountability - Disclosures

The management believes that adoption of the new standards, amendments and interpretations, which are in issue but not yet effective, is not likely to have any material impact, on the recognition, measurement, presentation and disclosure of items in the financial statements for current and future periods and foreseeable future transactions.

**5 Material accounting policy information**

**5.1 Property and equipment**

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of an asset.

Depreciation on property and equipment is charged on reducing balance method at the rates stated in Note 6 to these financial statements. Depreciation charge commences from the month in which asset is available for use and continues until the earlier of, month of disposal or when the asset is classified as held for sale.

Normal repairs and maintenance are charged to profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised, when it is probable that future economic benefits will flow to the Company.

Residual values and the useful lives are reviewed at each date of statement of financial position and adjusted if expectations differ significantly from previous estimates.

Residual values are determined by the management as the amount it expects it would receive currently for an item of property and equipment if it was already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful lives.

Useful lives are determined by the management based on the expected usage of assets, physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

The carrying values of property and equipment are reviewed at each reporting date for indications that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the asset or cash generating unit is written down to its recoverable amount. The recoverable amount of property and equipment is the greater of fair value less cost to sell and value in use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit or loss.

**5.2 Intangible assets**

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is charged so as to allocate the cost of assets over their estimated useful lives, using the straight-line method at the rates specified in Note 7 to these financial statements.

The useful lives, residual values and amortization method are reviewed on a regular basis. The effect of any changes in estimate accounted for on a prospective basis.

The carrying amount of the intangible is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. Reversal of impairment losses are also recognised in the profit or loss, however, it is restricted to the original cost of the asset.

*Prep's*

### 5.3 Insurance contracts

Insurance contracts are those contracts where the Company (insurer) has accepted significant insurance risk from another party (policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders. Insurance contracts are classified into following main categories:

- Fire and property damage
- Marine, aviation and transport
- Motor
- Credit and surety ship
- Other classes

These contracts are entered with group companies, corporate clients, and individual residing or located in Pakistan.

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

### 5.4 Commission

#### Commission income

Commission from reinsurers (apart from recoveries) is deferred and recognised as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit / commission, if any, under the terms of reinsurance arrangements is recognised when the Company's right to receive the same is established.

#### Deferred commission expense

Commission expenses incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of premium revenue by applying the twenty-fourths' method.

### 5.5 Unearned premium reserves

Revenue from premiums is determined after taking into account unearned portion of premium by applying 1/24th method and has maintained its reserves for unexpired risk as prescribed by Insurance Accounting Regulations, 2017. Premium under a policy is recognised at the time of the date of issuance of the policy. The unearned portion of premium income is recognised as liability.

Administrative surcharge is recognised as income at the time policies are written. Receivables under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision, if any.

### 5.6 Premium deficiency reserve

The Company is required as per Insurance Rules, 2017 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of the unexpired policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense in the statement of comprehensive income and the same shall be recognised as a liability.

The Company determines adequacy of liability of premium deficiency by carrying out analysis of expired periods. For this purpose, average loss ratio of last three years inclusive of claims settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

### 5.7 Re-insurance contracts held

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises entitled benefits under the contract as various reinsurance assets. Outward reinsurance premiums are accounted for in same period as related premiums for the direct or accepted reinsurance business being reinsured. An impairment review of reinsurance assets is performed at each financial statement date. If there is objective evidence that the asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of profit or loss.

The deferred portion of reinsurance premium ceded is recognised as a prepayment which is calculated by using 1/24th method as prescribed by the Insurance Accounting Regulations, 2017.

*Prady*

#### 5.8 Receivables and payables related to insurance contracts

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the provision for outstanding claims or settled claims associated with the reinsurance policies and are in accordance with the related reinsurance contract.

Reinsurance assets are not offset against related insurance liabilities. Income or expenses from reinsurance contract are not offset against expenses or income from related insurance assets.

The Company assesses its reinsurance assets for impairment on reporting date. If there is an objective evidence that the reinsurance asset is impaired, the Company reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the statement of comprehensive income.

#### 5.9 Reinsurance recoveries against outstanding claims

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

#### 5.10 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the management to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

The Company presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rules, 2017. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and the Board of Directors who are responsible for allocating resources and assess the performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. The Company has four primary business segments for reporting purposes namely fire, marine, motor and miscellaneous.

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 can not be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

The Company underwrites non-life insurance contracts that can be categorized into fire and property damage, marine, motor, bond, engineering losses and other insurance contracts with other companies, corporate clients and individuals residing or located in Pakistan.

#### 5.11 Financial instruments

##### 5.11.1 Financial assets

###### a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

###### b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*PNMS*

c) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt investment that is subsequently measured at fair value through profit or loss is recognised in the statement of profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments continue to be recognised in profit or loss when the Company's right to receive payment is established. Where an election is made to present fair value gains and losses on equity instruments in other comprehensive income there is no subsequent reclassification of fair value gains and losses to the statement of profit or loss following the derecognition of the investment.

Financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently remeasured to fair value, amortized cost or cost as the case may be. Any gain or loss on the recognition and de-recognition of the financial assets and liabilities is included in the statement of profit or loss for the period in which it arises.

Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial asset. Assets or liabilities that are not contractual in nature and that are created as a result of statutory requirements imposed by the Government are not the financial instruments of the Company.

5.11.2 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of profit or loss.

5.4.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position, if the company has a legally enforceable right to offset the recognized amounts and the company intends to settle either on a net basis or realize the asset and settle the liability simultaneously.

5.4.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies the simplified approach to recognise lifetime expected credit losses for insurance receivables, due from insurance policy contract holders.

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.

The Company recognises in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

*Handwritten signature*

**5.12 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and finances under mark-up arrangements. In the statement of financial position, finances under mark-up arrangements are included in current liabilities.

**5.13 Foreign currency transactions and translation**

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 statement of financial position date. Foreign exchange gains and losses on translation are recognised in statement of profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

**5.14 Provisions**

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 can be made of the amount of obligation.

**5.15 Related party transactions and transfer pricing**

Transactions and contracts with the related parties are priced at arm's length except assets sold to employees at written down values as approved by Board of Directors. Prices for transactions with related parties are determined on the basis comparable uncontrolled price method.

**5.16 Contingent liabilities**

Contingent liability is disclosed when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or when there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

**5.17 Taxation**

**Current:**

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

**Deferred:**

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from difference between carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit 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 statement of financial position date. Deferred tax is charged or credited in the income statement, except where deferred tax arises on the items credited or charged to equity in which case it is included in equity.

**5.18 Revenue recognition**

**a) Premium income**

For all the insurance contracts, premiums including administrative surcharge received / receivable under a policy are recognized as written at the time of issuance of policy.

*Prings*

**TRAFICO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

Where premiums for a policy are payable in instalments, full premium for the duration of the policy is recognized as written at the inception of the policy and related assets set up for premiums receivable at a later date. Premiums are stated at gross of commission payable to intermediaries and exclusive of taxes and duties levied on premiums.

Premium income includes administrative surcharge that represents documentation and other charges recovered by the Company from policy holders in respect of policies issued, at a rate of 5% of the premium restricted to a maximum of Rs. 2,000 per policy.

**b) Commission income**

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. The income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

**5.19 Claims expenses**

Insurance claims include all claims incurred 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, and any adjustments to claims outstanding from previous years.

The Company recognises liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in an insurance contract.

The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates.

**5.20 Provision for outstanding claims including incurred but not reported (IBNR)**

The Company recognizes liability in respect of all claims incurred up to reporting date which is measured at undiscounted value of expected future payments. Claims are considered to be incurred at the time of incident giving rise to claim except as otherwise expressly indicated in an insurance contract. The liability for claims includes amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Provision in respect of unpaid reported claims is made on basis of individual case estimates. These are accounted for on management's best estimate which takes into account past trends, expected future patterns of reporting claims actually reported subsequent to the reporting date. Reinsurance recoveries against outstanding claims are recognized as an asset and measured at the amount expected to be received.

**5.21 Outstanding claims**

Provision for liability in respect of claims reported but not settled at the reporting date is made on the basis of individual case estimates. The case estimates are based on the assessed amounts of individual losses and where loss assessments have not been carried out, the estimates are established in light of currently available information, past experience of similar claims and in some cases, in relation to the sums insured.

Case estimates are reviewed periodically to ensure that the recognized outstanding claim amounts are adequate to cover expected future payments including expected claims settlement costs and are updated as and when new information becomes available.

**5.22 Claims incurred but not reported (IBNR)**

The provision for claims incurred but not reported (IBNR) at reporting date is based on an analysis of the past claims reporting pattern experienced by the Company. The provision for IBNR has been accounted for on the basis whereby all claims incurred before preceding year but reported up to current year were aggregated and the ratio of such claims to outstanding claims at preceding year has been applied to outstanding claims except exceptional losses at current year to arrive at liability for IBNR. The analysis is carried out separately for each class of business.

*Prady*

TRAFCO INSURANCE COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2025

**5.23 Management expenses**

Expenses of management both direct and indirect are allocated on the basis of activity in each class of business. Expenses not allocable to the underwriting business are charged as other expenses.

**5.24 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 future for the goods and / or services received, whether or not billed to the Company. Provisions are recognised 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 reporting date and adjusted to reflect the current estimate.

**5.25 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

*pnys*

TRAFICO INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

	Note	2025	2024
		Rupees	
<b>6 Property and equipment</b>			
Operating fixed assets	6.1	238,208,903	234,944,389
		<u>238,208,903</u>	<u>234,944,389</u>

6.1 Operating fixed assets

Freehold Land	Building on Freehold Land	Furniture and Fixture	Owned assets				Vehicles	Total assets
			Office Equipment	Electric Equipment & Installations	Computers			
Rupees								

Cost

Balance as at January 01, 2024	185,000,000	35,791,500	7,043,619	211,789	757,062	1,552,169	23,825,950	254,182,089
Additions during the year	-	250,000	120,500	438,500	7,585,678	-	-	8,394,678
Disposals	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2024</b>	<b>185,000,000</b>	<b>36,041,500</b>	<b>7,164,119</b>	<b>650,289</b>	<b>8,342,740</b>	<b>1,552,169</b>	<b>23,825,950</b>	<b>262,576,767</b>
Balance as at January 01, 2025	185,000,000	36,041,500	7,164,119	650,289	8,342,740	1,552,169	23,825,950	262,576,767
Additions during the year	-	-	3,037,388	85,000	-	38,000	27,815,000	30,975,388
Disposals	-	-	-	-	-	-	(25,723,980)	(25,723,980)
<b>Balance as at December 31, 2025</b>	<b>185,000,000</b>	<b>36,041,500</b>	<b>10,201,507</b>	<b>735,289</b>	<b>8,342,740</b>	<b>1,590,169</b>	<b>25,916,970</b>	<b>267,828,175</b>

Depreciation

Balance as at January 01, 2024	-	8,249,941	5,620,271	67,440	259,483	1,318,804	6,074,902	21,590,841
Charge for the year	-	2,761,485	148,442	39,185	359,758	70,010	2,662,657	6,041,537
Depreciation on disposals	-	-	-	-	-	-	-	-
<b>Balance as at December 31, 2024</b>	<b>-</b>	<b>11,011,426</b>	<b>5,768,713</b>	<b>106,625</b>	<b>619,241</b>	<b>1,388,814</b>	<b>8,737,559</b>	<b>27,632,378</b>
Balance as at January 01, 2025	-	11,011,426	5,768,713	106,625	619,241	1,388,814	8,737,559	27,632,378
Charge for the year	-	2,503,007	443,279	62,866	772,350	60,407	2,993,781	6,835,690
Depreciation on disposals	-	-	-	-	-	-	(4,848,796)	(4,848,796)
<b>Balance as at December 31, 2025</b>	<b>-</b>	<b>13,514,433</b>	<b>6,211,992</b>	<b>169,491</b>	<b>1,391,591</b>	<b>1,449,221</b>	<b>6,882,544</b>	<b>29,619,272</b>

Rate of depreciation

	0%	10%	10%	10%	10%	30%	15%	
Written down value as at December 31, 2024	185,000,000	25,030,074	1,395,406	543,664	7,723,499	163,355	15,088,391	234,944,389
Written down value as at December 31, 2025	185,000,000	22,527,067	3,989,515	565,798	6,951,149	140,948	19,034,426	238,208,903

*17/08*

TRAFCO INSURANCE COMPANY LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2025

6.2 Disposal of Property and equipment

Particulars	Classified as	Cost amount	Accumulated depreciation	Book value	Sale proceeds	Gain/(Loss)	Mode of disposal	Particulars of buyer	Relationship with company
Hyundai Sonata (AHN 888)	Vehicles	8,300,000	2,818,596	5,481,404	8,100,000	2,618,596	Negotiation	Fayyaz Ahmad	No relation
Changan Oshan X7 (BEZ 725)	Vehicles	8,923,980	1,498,950	7,425,030	8,500,000	1,074,970	Negotiation	Shakeel Ahmad	No relation
Changan Oshan X7 (BDE 725)	Vehicles	8,500,000	531,250	7,968,750	7,900,000	(68,750)	Negotiation	Taimoor Nadeem	No relation

*Amir*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025	2024
		Rupees	
<b>7 Intangible assets</b>			
<b>Financial Software</b>			
<b>Net carrying value basis</b>			
Opening net book value (NBV)		6,735,000	7,857,500
Amortization charge		(1,122,500)	(1,122,500)
<b>Closing net book value (NBV)</b>		<b>5,612,500</b>	<b>6,735,000</b>
<b>Gross carrying value basis</b>			
Cost		11,225,000	11,225,000
Accumulated amortization		(5,612,500)	(4,490,000)
		<b>5,612,500</b>	<b>6,735,000</b>
<b>Amortization Rate</b>		<b>10%</b>	<b>10%</b>
<b>8 Loans and other receivables</b>			
Loan to related parties	8.1	68,563,905	68,563,905
Accrued mark up	8.2	38,493,211	30,071,466
Security deposits		500,000	500,000
Advance to staff against salary		10,000	20,000
Other receivable		3,916,843	-
Receivable from director		900,000	-
		<b>112,383,959</b>	<b>99,155,371</b>

- 8.1 This represents unsecured, interest bearing loan repayable on demand at the rate of 1 month average KIBOR provided to Trafco Logistics (Private) Limited and Trafco Tracking (Private) Limited to meet working capital requirements.
- 8.2 This represents markup receivable on loan to related parties.

	Note	2025	2024
		Rupees	
<b>9 Insurance / reinsurance receivables</b>			
Due from insurance contract holders		3,640,983	5,721,850
Less: provision for expected credit losses	9.1	(2,899,920)	(2,675,869)
		<b>741,063</b>	<b>3,045,981</b>
<b>9.1 Provision for expected credit losses</b>			
Opening balance		2,675,869	-
Add: provision for the year		224,051	2,675,869
Less: provision reversed		-	-
		<b>2,899,920</b>	<b>2,675,869</b>
<b>10 Prepayments</b>			
Prepaid reinsurance premium ceded		3,285,207	3,594,376
		<b>3,285,207</b>	<b>3,594,376</b>
<b>11 Investment in TDR</b>			
Investment in term deposit receipt		51,648,476	-
		<b>51,648,476</b>	<b>-</b>

- 11.1 This represents term deposit receipts placed with Bank Makramah Limited, carrying mark-up at rates ranging from 7.00% to 9.50% per annum, with tenures ranging from three to six months and renewable at maturity.

*PANDU*

**TRAFICO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**12 Deferred tax asset**

Deferred tax comprises temporary differences attributable to:

**Taxable temporary difference**

Acceleration depreciation of property, plant and equipment

2025	2024
----- Rupees -----	

2,286,638	219,501
<b>(2,286,638)</b>	<b>(219,501)</b>

**Deductible temporary difference**

Provision for expected credit losses

Unused tax losses

2,899,920	776,002
58,054,562	75,452,811
<b>60,954,482</b>	<b>76,228,813</b>

**Net deductible temporary difference**

Deferred tax asset / liability @ 29%

Unused tax credits

Less: unrecognised deferred tax asset

**Net deferred tax asset / liability**

<b>58,667,843</b>	<b>76,009,312</b>
17,013,675	22,042,700
4,576,647	1,623,893
<b>(21,590,322)</b>	<b>(23,666,593)</b>
-	-

- 12.1** Deferred Tax Asset on unused tax losses and unused tax credits amounting to Rs. 21.59 million (2024: Rs. 23.67 million) has not been recognized as the company do not foresee taxable temporary difference or taxable profits in near future.

2025	2024
----- Rupees -----	

**13 Cash and bank balances**

Cash in hand

Balances with banks in current account

22,932	73,138
11,377,777	216,705
<b>11,400,709</b>	<b>289,843</b>

**14 Issued, subscribed and paid up share capital**

Ordinary shares of Rs. 10 each.

- Fully paid in cash

2025	2024	2025	2024
Number of shares		----- Rupees -----	
57,000,000	57,000,000	570,000,000	570,000,000
<b>57,000,000</b>	<b>57,000,000</b>	<b>570,000,000</b>	<b>570,000,000</b>

- 14.1** All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time. Holders of these shares carry voting rights, rights of board selection, right of first refusal and block voting in proportion to their respective shareholding.

2025	2024
----- Rupees -----	

**15 Insurance / reinsurance payables**

Due to other insurers / reinsurers

1,844,213	4,567,711
<b>1,844,213</b>	<b>4,567,711</b>

*Prady*

**TRAFICO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

2025	2024
----- Rupees -----	

**16 Other creditors and accruals**

Accrued expenses	13,700,565	12,284,970
Security deposits against gurantee insurance	57,513,839	848,777
Loan from director	2,241,652	581,039
Federal excise duty payable	3,011,939	2,239,643
Federal insurance fee payable	34,286	31,105
Withholding tax payable	2,729,020	2,549,712
Worker's welfare fund	570,804	216,332
Worker's profit participation fund	-	540,829
	<b>79,802,105</b>	<b>19,292,407</b>

**17 Taxation - provision less payments**

Opening balance	514,039	(893,891)
Add: Provision for the year	2,952,754	1,425,131
Less : Advance tax deducted at source	(793,628)	(17,201)
	<b>2,673,165</b>	<b>514,039</b>

**18 Contingencies and commitments**

**18.1 Contingencies**

**18.1.1** During the year ended December 2022, a complaint has been filed before the Labour Court Lahore (court of payment and wages authority) by a claimant, Sheikh Zafar Iqbal amounting to Rs50,000/. As per confirmation received from legal advisor the Complaint was dismissed vide order dated 04-Nov-2024 and written order still not received by the Company.

**18.1.2** During the year ended December 2022, a complaint has been filed before the Labour Court Lahore (court of payment and wages authority) by a claimant, Usman Arif, employee of the Company amounting to Rs. 1,500,000/-. However, the outcome of the complaint is still pending and the legal advisor is of the opinion that it is likely to be decided in favour of the Company there would be no obligation against the company therefore, the Company has not created any provision in this regard.

**18.1.3** During the year ended December 2022, a complaint has been filed before the Insurance Tribunal Lahore by a claimant, Amir Iqbal amounting to Rs. 400,000/ which was decided in favour of complainant. The Company filed appeal against the order in Islamabad High Court the outcome of the complaint is still pending and the legal advisor is of the opinion that it is likely to be decided in favour of the Company and there would be no obligation against the company therefore, the Company has not created any provision in this regard.

**18.1.4** Punjab Revenue Authority (PRA) has issued an assessment order against the company, raising a demand of Rs. 49,743/-. An appeal is filed against this order before Commissioner Appeals Punjab Revenue Authority (PRA). The matter is currently pending adjudication and is under hearing before the Appellate Authority. Based on the opinion of tax advisor it is likely that it will be decided in favour of the company. Therefore, the company has not created any provision in this regard.

**18.1.5** Federal Board of Revenue (FBR) passed an order by creating impugned demand of Rs. 163,111/- u/s 122(1) of the Income Tax Ordinance, 2001. An appeal is filed before Commissioner Inland Revenue (Appeals) and hearing of the appeal is pending before appellate authority. Based on the opinion of tax advisor it is likely that it will be decided in favour of the company. Therefore, the company has not created any provision in this regard.

**18.2 Commitments**

There are no known commitments as at December 31, 2025 (2024: Nil).

*Parag*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025	2024
		Rupees	
<b>19 Net insurance premium</b>			
Written gross premium		70,362,543	66,632,789
Add: Unearned premium reserves opening		30,688,891	12,547,126
Less: Unearned premium reserves closing		(25,184,878)	(30,688,891)
<b>Premium earned</b>		<b>75,866,556</b>	<b>48,491,024</b>
<b>Less:</b>			
Reinsurance premium ceded		5,674,500	7,188,752
Add: Prepaid reinsurance premium opening		3,594,376	3,895,833
Less: Prepaid reinsurance premium closing		(3,285,207)	(3,594,376)
<b>Reinsurance expense</b>		<b>(5,983,669)</b>	<b>(7,490,209)</b>
<b>Net insurance premium</b>		<b>69,882,887</b>	<b>41,000,815</b>
<b>20 Net insurance claims</b>			
Claim paid		857,553	1,573,010
Add: Outstanding claims including IBNR closing		3,360,182	3,559,720
Less: Outstanding claims including IBNR opening		(3,559,720)	(3,659,199)
<b>Claims expense</b>		<b>658,015</b>	<b>1,473,531</b>
<b>Less:</b>			
Reinsurance and other recoveries received		-	-
Add: Reinsurance and other recoveries in respect of outstanding claims net of impairment opening		-	-
Less: Reinsurance and other recoveries in respect of outstanding claims net of impairment closing		-	-
<b>Reinsurance and other recoveries revenue</b>		<b>-</b>	<b>-</b>
<b>Net insurance claims</b>		<b>658,015</b>	<b>1,473,531</b>
<b>21 Net commission and acquisition expenses</b>			
Commission paid or payable		15,326,557	15,432,237
Add: Deferred commission expense opening		7,116,794	2,682,380
Less: Deferred commission expense closing		(5,300,737)	(7,116,794)
<b>Net commission</b>		<b>17,142,614</b>	<b>10,997,823</b>
<b>Less:</b>			
Commission received or recoverable		-	-
Add: Unearned reinsurance commission closing		-	-
Less: Unearned reinsurance commission opening		-	-
<b>Commission from reinsurers</b>		<b>-</b>	<b>-</b>
<b>Net commission/acquisition costs</b>		<b>17,142,614</b>	<b>10,997,823</b>
<b>22 Management expenses</b>			
Directors Remuneration		3,805,704	3,805,704
Salaries, wages and benefits		18,617,502	12,731,472
Communication		422,407	228,795
Utilities		1,502,072	2,016,142
Advertisement and sales promotion		2,907,810	2,190,504
Fee and subscription		777,682	613,575
Repair and maintenance		1,208,805	799,151
Entertainment		3,415,533	1,257,325
Printing and stationery		143,291	162,860
Travelling and conveyance		3,798,781	2,227,222
Annual supervision fee of SECP		100,000	100,000
Depreciation	6.1	6,835,690	6,041,537
Amortization	7	1,122,500	1,122,500
Miscellaneous		62,086	125,978
		<b>44,719,863</b>	<b>33,422,765</b>

*Handwritten signature/initials*

**TRAFICO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	Note	2025	2024
		----- Rupees -----	
<b>23 Other income</b>			
Interest income on loan	8.1	8,261,271	16,089,280
Interest on term deposits receipts	11	350,476	245,804
Gain on disposal of items of property and equipment		3,624,815	-
Liability written back		540,829	2,707,151
Exchange gain on foreign currency transactions		57,900	-
		<u>12,835,291</u>	<u>19,042,235</u>

<b>24 Other expenses</b>			
Legal and professional fee		1,150,398	1,098,927
Worker's profit participation fund		-	540,829
Worker welfare fund		354,472	216,332
Rent, rates and taxes		17,650	702,566
Auditors' remuneration		525,000	516,288
Charity and donations		545,873	-
Provision for expected credit losses		224,051	2,675,869
		<u>2,817,444</u>	<u>5,750,811</u>

<b>25 Taxation</b>			
Current tax		2,952,754	1,425,132
Deferred tax	12.1	-	-
		<u>2,952,754</u>	<u>1,425,132</u>

25.1 The current year charge is based on minimum tax on net insurance premium @ 1.25%, the reconciliation of tax on accounting profit and tax charge has not been prepared.

**26 Earnings per share**

	Earnings per share	
	2025	2024
	----- Rupees -----	
(Loss) / profit after tax	14,416,388	6,957,997
Total shares in issue - in Numbers	57,000,000	57,000,000
Earnings per share - basic and diluted	<u>0.25</u>	<u>0.12</u>

26.1 No figure for diluted Earnings Per Share has presented as the Company has not issued any instrument which would have dilutive affect on earnings per share. (31 December 2024 : Nil)

**27 Statement of solvency**

	2025
	----- Rupees -----
<b>Assets</b>	
Property and equipment	238,208,903
Intangible assets	5,612,500
Insurance / Reinsurance receivables	741,063
Loans and other receivables	112,383,959
Deferred commission expense / acquisition cost	5,300,737
Prepayments	3,285,207
Investment in TDRs	51,648,476
Cash and bank	11,400,709
<b>Total assets (A)</b>	<u>428,581,554</u>

*Praxis*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025
	----- Rupees -----
<b>In-admissible assets as per section 32 (2) of the Insurance Ordinance, 2000</b>	
Property and equipment	175,950,783
Intangible assets	5,612,500
Loans and other receivables	110,136,280
<b>Total of in-admissible assets (B)</b>	<b>291,699,563</b>
<b>Total admissible assets (C=A-B)</b>	<b>136,881,991</b>
<b>Total liabilities</b>	
Outstanding claims including IBNR	3,360,182
Unearned premium reserves	25,184,878
Insurance / Reinsurance payables	1,844,213
Premium received in advance	5,089,679
Other creditors and accruals	79,802,105
Taxation - provision less payment	2,673,165
<b>Total liabilities (D)</b>	<b>117,954,222</b>
<b>Total net admissible assets (E=C-D)</b>	<b>18,927,769</b>
Minimum solvency requirement (F)	150,000,000
<b>Higher of following</b>	
Method A - u/s 36 (3)(a)	150,000,000
Method B - u/s 36 (3)(b)	13,976,577
Method C - u/s 36 (3)(c)	5,709,012
<b>Deficit in net admissible assets over minimum requirements (E-F)</b>	<b>(131,072,231)</b>

**28 Capital risk management**

The Company's objectives When managing capital are to safeguard the Company's ability to continue as a going concern and meet the regulatory, solvency and paid up capital requirements in order to provide returns for share holders and benefit for other stakeholders.

The Company manages its capital structure by monitoring return on net assets and making adjustments to it in the light of changes in economic conditions.

**29 Insurance risk management**

**29.1 Insurance risk**

The risk under any insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of compensation to the insured. Generally most insurance contracts carry the insurance risk for the period of one year.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquakes, transit, theft and third party liabilities etc.

The Company's risk exposure is mitigated by employing a comprehensive framework to identify, assess, manage and monitor risk. This framework includes implementation of underwriting strategies which aim to ensure that the underwritten risks are well diversified in terms of type and amount of the risk. Adequate reinsurance is arranged to mitigate the effect of the potential loss to the Company from individual to large or catastrophic insured events. Further, the Company adopts strict claim review policies including active management and prompt pursuing claims and regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce insurance risk.

**29.2 Frequency and severity of claims**

Risk associated with general insurance contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the insured events. This has been managed by having in place underwriting strategy, reinsurance arrangements and proactive claim handling procedures.

The reinsurance arrangements against major risk exposure include excess of loss, quota share, surplus arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions.

*Prags*

**29.3 Uncertainty in estimation of future claim payments**

Claims on general insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events as per terms and conditions of the insurance contract.

Key source of estimation uncertainty at the balance sheet date relates to valuation of outstanding claims, Whether reported or not, and includes expected claims settlement costs. Considerable judgment by management is required in the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessarily based on assumptions about several factors involving varying and possibly significant degrees of judgment and uncertainty and actual results may differ from management's estimates resulting in future changes in estimated liabilities. Qualitative judgments are used to assess the extent to which past trends may not apply in the future, for example one-off occurrence, changes in market factors such as public attitude to claiming and economic conditions. Judgment is further used to assess the extent to which external factors such as judicial decisions and government legislation affect estimates.

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The detailed policy of estimation of outstanding claims (including IBNR) are given under note 3.14.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Similarly, the provision for claims incurred but not reported is based on historic reporting pattern of the claims; hence, actual amount of incurred but not reported claims may differ from the amount estimated. Outstanding claims are reviewed on a periodic basis.

**29.4 Key assumptions**

The process used to determine the assumptions for calculating the outstanding claim reserve is intended to result in neutral estimates of the most likely or expected outcome. The nature of the business makes it very difficult to predict with certainty the likely outcome of any particular claim and the ultimate cost of notified claims. Each notified claim is assessed on a separate case to case basis with due regard to the claim circumstances, information available from surveyors and historical evidence of the size of similar claims. Core estimates are reviewed regularly and are updated as and whenever new information is available.

Estimation of IBNR is generally subject to a greater degree of uncertainty than estimation of cost of settling claims already notified to the Company, in which case information about claim event is available. IBNR provisions are initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries. The estimation process takes into account the past claims reporting pattern and details of reinsurance programs.

The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) could be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of balance sheet date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

**29.5 Sensitivity analysis**

The risks associated with the insurance contracts are complex and subject to a number of variables which complicate quantitative sensitivity analysis. 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 claims recognized in the balance sheet is adequate. However, actual experience may differ from the expected outcome.

The claim liabilities are sensitive to the incidence of insured events and severity / size of claims. 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 loss before tax net of reinsurance. The impact of 10% increase / decrease in incidence of insured events on loss before tax and shareholder's equity is as follows:

	Underwriting Results		Shareholders' Equity	
	2025	2024	2025	2024
	----- Rupees -----			
Impact of change in claim liabilities by +10%				
Motor and Miscellaneous	65,802	147,353	46,719	104,621
Impact of change in claim liabilities by -10%	(65,802)	(147,353)	(46,719)	(104,621)

*Prady*

#### 29.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are number of parameters which are significant in assessing the accumulation of risk with reference to the geographical location and the most important 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 insured. Details regarding fire separation / segregation with respect to manufacturing process, storage, utilities, etc. are extracted from layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurance personnel for their evaluation.

Reference is made to the standard construction specification as laid down by IAP (Insurance Association of Pakistan). For instance, the presence of perfect party walls, double fire proof iron doors and physical separation between the building within an insured's premises. It is basically 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.

For marine risks, complete underwriting details such as sums insured, mode of transport (air / inland transit), vessel identification, sailing dates, origin and destination of the shipments, per carry limits, accumulation of sum insured on a single voyage etc. are taken into consideration.

The ability to manage catastrophic risk is tied with managing the density of risk within a particular area. For catastrophic aggregates, the system assigns precise geographic CRESTA (Catastrophe Risk Evaluating and standardising Target Accumulations) codes with reference to accumulation of sum insured in force at any particular location against natural perils.

A number of proportional and non-proportional reinsurance arrangements are in place to protect the net account. 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.

The Company minimises its exposure to significant losses by obtaining reinsurance from a number of reinsurers, who are dispersed over several geographical regions.

#### 30 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including interest / mark up rate risk, Foreign currency risk and price risk)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital which has been disclosed in note 30. Further quantitative disclosures are included throughout these financial statements. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Board is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management control and procedures, the results of which are reported to the Audit Committee.

#### 30.1 Credit risk and concentration of credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. 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.

172/175

**TRAFICO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

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.

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

**30.1.1 Financial assets as per statement of financial position**

	2025	2024
	----- Rupees -----	
<i>At amortized cost</i>		
Loans and other receivables	112,383,959	99,155,371
Insurance / reinsurance receivables	741,063	3,045,981
Investment in TDR	51,648,476	-
Cash and bank balances	11,400,709	289,843
	<b>176,174,207</b>	<b>102,491,195</b>
<i>At fair value through profit or loss</i>	-	-
<i>At fair value through other comprehensive income</i>	-	-
	<b>176,174,207</b>	<b>102,491,195</b>

**Geographical concentration of credit risk**

Geographically, there is no concentration of credit risk.

**Securities and provisions against receivables**

The Company does not hold collateral as security. There is no single significant customer in the receivables of the Company. General provision is made for the impairment of due from insurance contract holders, whenever required. The loans are provided to related parties which are under common control through directorship.

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

Bank	Date of rating	Rating agency	Rating	
			Short-term	Long-term
Bank Alfalah Limited	31-Dec-25	PACRA	AAA	A1+
Soneri Bank Limited	31-Dec-25	PACRA	AA-	A1+
National Bank of Pakistan	31-Dec-25	PACRA	AAA	A1+
U Microfinance Bank Limited	31-Dec-25	PACRA	A+	A1
Bank Makramah Limited	31-Dec-25	VIS	B	B
United Bank Limited	31-Dec-25	VIS	AAA	A1+
The Bank of Punjab	31-Dec-25	VIS	A-	A2

**30.1.3 The credit quality of insurance / reinsurance receivables can be assessed with reference to external credit ratings as follows:**

Insurance / Reinsurance receivables	Reinsurance recoveries against outstanding claims	Total	
		2025	2024
A or above	741,063	-	741,063
BBB	-	-	-
	<b>741,063</b>	<b>-</b>	<b>741,063</b>

----- Rupees -----

*Handwritten signature/initials*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**30.2 Settlement risk**

The Company's activities may give rise to risk at the time of settlement of transactions. Settlement risk is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed on sale.

This risk is addressed more or less in accordance with the parameters set out in the credit risk management above.

**30.3 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or may face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

**30.3.1 Management of liquidity risk**

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfil its obligation; monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

**30.4 Maturity analysis of financial assets and liabilities**

The table below analyses the Company's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

	2025			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	----- Rupees -----			
<b>Financial assets</b>				
Loans and other receivables	112,383,959	112,383,959	5,326,843	107,057,116
Insurance / reinsurance receivables	741,063	741,063	741,063	-
Investment in TDR	51,648,476	51,648,476	51,648,476	-
Cash and bank balances	11,400,709	11,400,709	11,400,709	-
	<u>176,174,207</u>	<u>176,174,207</u>	<u>69,117,091</u>	<u>107,057,116</u>
<b>Financial liabilities</b>				
Outstanding claims including IBNR	3,360,182	(3,360,182)	(3,360,182)	-
Insurance / reinsurance payables	1,844,213	(1,844,213)	(1,844,213)	-
Other creditors and accruals	79,802,105	(79,802,105)	(79,802,105)	-
	<u>85,006,500</u>	<u>(85,006,500)</u>	<u>(85,006,500)</u>	<u>-</u>
	2024			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	----- Rupees -----			
<b>Financial assets</b>				
Loans and other receivables	99,155,371	99,155,371	99,155,371	-
Insurance / reinsurance receivables	3,045,981	3,045,981	3,045,981	-
Investment in TDR	-	-	-	-
Cash and bank balances	289,843	289,843	289,843	-
	<u>102,491,195</u>	<u>102,491,195</u>	<u>102,491,195</u>	<u>-</u>
<b>Financial liabilities</b>				
- Outstanding claims including IBNR	3,559,720	(3,559,720)	(3,559,720)	-
Insurance / reinsurance payables	4,567,711	(4,567,711)	(4,567,711)	-
Other creditors and accruals	13,714,786	(13,714,786)	(13,714,786)	-
	<u>21,842,217</u>	<u>(21,842,217)</u>	<u>(21,842,217)</u>	<u>-</u>

*PA mgs*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**30.5 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.

**30.5.1 Interest / mark up rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

**30.5.2 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 price risk.

**30.5.3 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company is not exposed to foreign currency risk.

**30.6 Fair value of financial instruments**

The carrying amounts of the financial assets and financial liabilities as at the reporting date approximate their fair values.

**31 Transactions with related parties**

The related parties comprise of major shareholder, associated undertakings, entities under common directorship and key management personnel.

Significant transactions with related parties are as follows:

Name of related party and basis of relationship	Detail of transactions	2025	2024
		----- Rupees -----	
Director	Remuneration paid/payable	7,943,857	4,563,857
Trafco Logistic (Private) Limited - <i>by virtue of common directorship</i>	Opening balance receivable	93,927,777	69,433,170
	Markup accrued	7,751,177	15,324,612
	Loan granted	-	10,681,603
	Payment received	-	(1,511,608)
	<b>Closing balance receivable</b>	<b>101,678,954</b>	<b>93,927,777</b>
Trafco Tracking (Private) Limited - <i>by virtue of common directorship</i>	Opening balance receivable	4,707,594	1,574,926
	Markup accrued	472,566	764,668
	Loan granted	-	2,368,000
	Payment received	-	-
	<b>Closing balance receivable</b>	<b>5,180,160</b>	<b>4,707,594</b>
Asif Malik - <i>Director</i>	Opening balance receivable	-	-
	Loan made	900,000	-
	Payments received	-	-
	<b>Closing balance receivable</b>	<b>900,000</b>	<b>-</b>
Tahir malik - <i>Chairman</i>	Opening balance payable	581,039	234,825
	Expenses incurred	1,860,613	449,852
	Payment made	(200,000)	(103,638)
	<b>Closing balance payable</b>	<b>2,241,652</b>	<b>581,039</b>

All transactions with related parties have been carried out on commercial terms and conditions.

*Handwritten signature*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

**31.1 Ageing of receivables from related parties**

	Carrying amount	Less than one year	One to two years	Two to three years	More than three years
	----- Rupees -----				
<b>As at December 31, 2025</b>					
Trafco Logistics (Private) Limited	101,678,954	7,751,177	24,494,607	26,643,823	42,789,347
Trafco Tracking (Private) Limited	5,180,160	472,566	3,939,926	767,668	-
Asif Malik - Director	900,000	900,000	-	-	-
<b>As at December 31, 2024</b>					
Trafco Logistics (Private) Limited	93,927,777	24,494,607	26,643,823	42,789,347	-
Trafco Tracking (Private) Limited	4,707,594	3,939,926	767,668	-	-
Asif Malik - Director	-	-	-	-	-

**32 Remuneration of chief executive and directors**

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive and full time working Directors of the Company are as follows:

	Chief Executive		Directors		Executives	
	2025	2024	2025	2024	2025	2024
	----- Rupees -----		----- Rupees -----		----- Rupees -----	
Managerial remuneration	531,250	765,000	3,805,704	3,805,704	4,566,000	3,452,400
House rent allowance	106,250	255,000	-	-	1,081,750	1,150,800
Traveling	-	-	1,629,184	2,050,116	-	480,000
Others	-	255,000	17,500	934,900	-	1,150,800
	<b>637,500</b>	<b>1,275,000</b>	<b>5,452,388</b>	<b>6,790,720</b>	<b>5,647,750</b>	<b>6,234,000</b>
No. of persons	<b>1</b>	<b>1</b>	<b>7</b>	<b>7</b>	<b>3</b>	<b>3</b>
					<b>2025</b>	<b>2024</b>

**32.1 Number of employees**

Average number of employees during the year  
Total number of employees as at December 31st

17	15
<b>15</b>	<b>16</b>

**33 Segment information**

	2025					
	Fire and property damage	Marine, aviation and transport	Motor	Credit and Suretyship	Miscellaneous	Aggregate
	----- Rupees -----					
Premium receivable	624,854	77,155	-	-	39,054	741,063
Gross Written Premium (inclusive of administrative surcharge)	4,114,587	290,427	7,327,842	58,622,612	7,075	70,362,543
Administrative surcharge	-	-	-	-	-	-
Insurance premium earned	8,962,909	659,688	6,496,190	59,652,435	95,334	75,866,556
Insurance premium ceded to reinsurers	(1,885,500)	(810,000)	(2,007,000)	(724,500)	(247,500)	(5,674,500)
Net insurance premium	<b>7,077,409</b>	<b>(150,312)</b>	<b>4,489,190</b>	<b>58,927,935</b>	<b>(152,166)</b>	<b>70,192,056</b>
Commission income	-	-	-	-	-	-
Net underwriting income	<b>7,077,409</b>	<b>(150,312)</b>	<b>4,489,190</b>	<b>58,927,935</b>	<b>(152,166)</b>	<b>70,192,056</b>

*PRATS*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025					
	Fire and property damage	Marine, aviation and transport	Motor	Credit and Suretyship	Miscellaneous	Aggregate
	Rupees					
Insurance claims	-	-	658,015	-	-	658,015
Insurance claims recovered from reinsurers	-	-	-	-	-	-
<b>Net claims</b>	-	-	<b>658,015</b>	-	-	<b>658,015</b>
Commission expense	(3,254,013)	(37,015)	(1,965,533)	(11,031,523)	(854,530)	(17,142,614)
Management expenses	(2,615,081)	(184,585)	(4,657,309)	(37,258,392)	(4,497)	(44,719,863)
Premium deficiency	-	-	-	-	-	-
<b>Net insurance claims and expenses</b>	<b>(5,869,094)</b>	<b>(221,600)</b>	<b>(6,622,842)</b>	<b>(48,289,915)</b>	<b>(859,027)</b>	<b>(61,862,477)</b>
<b>Underwriting results</b>	<b>1,208,315</b>	<b>(371,912)</b>	<b>(2,133,652)</b>	<b>10,638,020</b>	<b>(1,011,193)</b>	<b>8,329,579</b>
Other income						12,835,291
Other expenses						(2,817,444)
Finance cost						(11,100)
<b>Profit before levies and taxation</b>						<b>18,336,326</b>
Segment assets	2,294,998	860,302	1,544,980	3,423,672	1,450,980	9,574,932
Unallocated assets						419,254,547
<b>Total assets</b>						<b>428,829,479</b>
Segment liabilities	1,385,197	137,529	6,808,662	19,020,323	1,193,349	28,545,060
Unallocated liabilities						89,409,162
<b>Total liabilities</b>						<b>117,954,222</b>

	2024					
	Fire and property damage	Marine, aviation and transport	Motor	Credit and Suretyship	Miscellaneous	Aggregate
	Rupees					
Premium receivable	1,960,140	797,721	-	288,120	-	3,045,981
Gross Written Premium (inclusive of administrative surcharge)	12,713,302	763,906	5,761,131	45,759,238	1,635,212	66,632,789
Administrative surcharge	-	-	-	-	-	-
Insurance premium earned	11,513,386	928,164	6,154,271	26,967,728	2,927,474	48,491,023
Insurance premium ceded to reinsurers	(2,085,857)	(1,703,611)	(1,349,796)	(2,350,944)	-	(7,490,208)
<b>Net insurance premium</b>	<b>9,427,529</b>	<b>(775,447)</b>	<b>4,804,475</b>	<b>24,616,784</b>	<b>2,927,474</b>	<b>41,000,815</b>

*Pamg*

**TRAFICO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

	2024					
	Fire and property damage	Marine, aviation and transport	Motor	Credit and Suretyship	Miscellaneous	Aggregate
	Rupees					
Commission income	-	-	-	-	-	-
Net underwriting income	9,427,529	(775,447)	4,804,475	24,616,784	2,927,474	41,000,815
Insurance claims	-	-	(1,473,531)	-	-	(1,473,531)
Insurance claims recovered from reinsurers	-	-	-	-	-	-
Net claims	-	-	(1,473,531)	-	-	(1,473,531)
Commission expense	(3,350,021)	(59,689)	(1,591,726)	(5,286,281)	(710,106)	(10,997,823)
Management expenses	(6,376,946)	(383,172)	(2,889,762)	(22,952,668)	(820,217)	(33,422,765)
Premium deficiency	-	-	-	-	-	-
Net insurance claims and expenses	(9,726,967)	(442,861)	(5,955,019)	(28,238,949)	(1,530,323)	(45,894,119)
Underwriting results	(299,438)	(1,218,308)	(1,150,544)	(3,622,165)	1,397,151	(4,893,304)
Other income						19,042,235
Other expenses						(5,750,811)
Finance cost						(14,991)
Profit before levies and taxation						8,383,129
Segment assets	4,484,403	1,216,321	2,073,796	5,752,634	229,997	13,757,151
Unallocated assets						341,124,603
Total assets						354,881,754
Segment liabilities	6,233,519	506,790	6,176,548	20,593,111	738,643	34,248,611
Unallocated liabilities						24,422,199
Total liabilities						58,670,810

**34 Events after the reporting period**

There are no other significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

**35 Date of authorization for issue**

These financial statements have been approved and authorized for issue on 12-MAR-2026 by the Board of Directors of the company.

*[Handwritten signature]*

**TRAFCO INSURANCE COMPANY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2025**

36 General

- Figures have been rounded off to the nearest rupee.



Chairman



Director



Director



Chief Executive  
Officer (ACE)



Chief Financial  
Officer

*proof*