

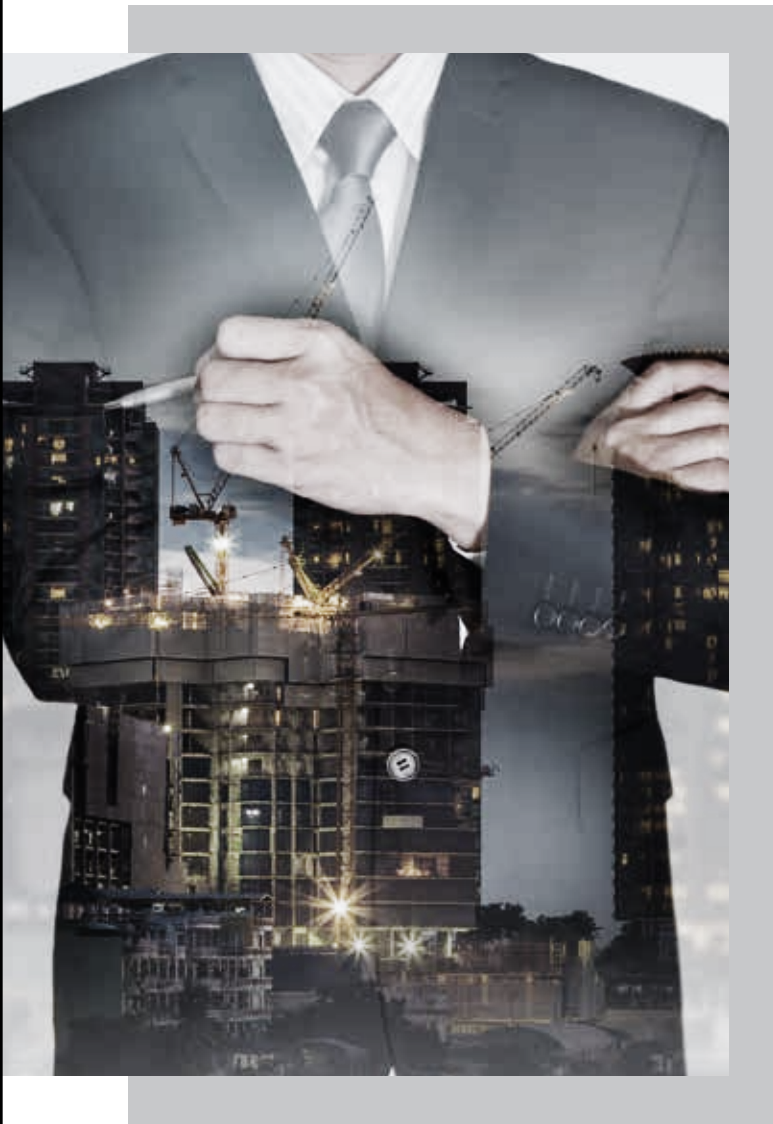
Your Trust Our Assurance



Annual Report 2018



Century Insurance
A Lakson Group Company



Century Insurance at a glance

- Century Insurance is a Lakson Group Company.
- Operating since 1989, dealing in all areas of general insurance business.
- One of the premier general insurance companies of Pakistan.
- Rated “A+” with a stable outlook by JCR — VIS, signifying a ‘high capacity to meet policyholders’ and contractual obligations’.
- Total equity in excess of Rs. 1.7 billion.
- Twice awarded ‘Top 25 Companies Award’ by the Karachi Stock Exchange.
- Very strong reinsurance treaty arrangements with highly rated international reinsurers.
- Broad client base consisting of individuals as well as some of the most prestigious local and multinational companies.

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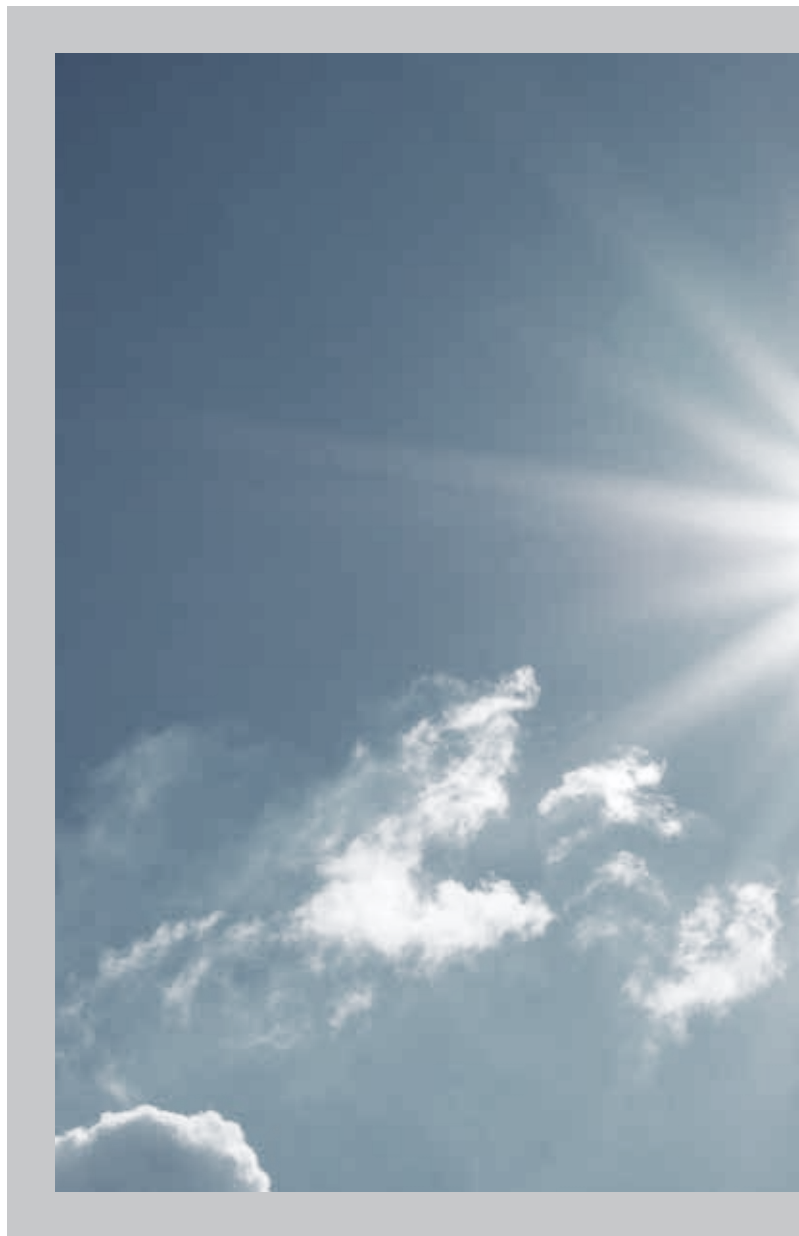
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Our vision

To be an organization known for integrity and ethical behavior and fully dedicated to its Clients, Business Partners, Shareholders and Employees, providing exceptional quality service and committed to achieving excellence in all areas of its operations.

Our mission

- To become a company of choice for its valued Clients, Stockholders and Employees.
- To ensure continued growth of the financial strength and resilience of the company so that it may be able to withstand any unexpected shocks or cyclical economic downturns.
- The Company culture to be known for Integrity and Ethical behavior.
- The Company to be known as one of the best insurance companies of the country.





Core values





Corporate information

Board of Directors

Mr. Iqbal Ali Lakhani - Chairman
Mr. Amin Mohammed Lakhani
Ms. Anushka Zulfiqar Lakhani
Mr. Bilal Ali Lakhani (from April 12, 2018)
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji - Chief Executive
Mr. Sadrudin Ismail Mohamed

Advisor

Mr. Sultan Ali Lakhani

Chief Financial Officer

Mr. Sabza Ali Pirani

Company Secretary

Mr. Mansoor Ahmed

Shariah Advisor

Mufti Muhammad Shakir Siddiqui

Audit Committee

Mr. Sadrudin Ismail Mohamed - Chairman
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay

Investment Committee

Mr. Iqbal Ali Lakhani – Chairman
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji
Mr. Sabza Ali Pirani

Ethics, Human Resource & Remuneration Committee

Mr. Sadrudin Ismail Mohamed - Chairman
Mr. Amin Mohammed Lakhani
Mr. Tasleemuddin Ahmed Batlay
Mr. Mohammad Hussain Hirji

External Auditors

M/s. KPMG Taseer Hadi & Co.
Chartered Accountants

Share Registrar

M/s. FAMCO Associates (Pvt) Ltd.
8-F, Near Hotel Faran, Nursery,
Block-6, P.E.C.H.S., Shahr-e-Faisal,
Karachi.
Tel: (021) 34380101-2
Fax: (021) 34380106
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Bankers

Al Baraka Bank (Pakistan) Limited
Bank Alfalah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
NRSP Microfinance Bank Limited
Silkbank Limited
Standard Chartered Bank (Pakistan) Limited
Telenor Microfinance Bank Limited
United Bank Limited

Registered & Corporate Office

Lakson Square, Building No. 2, Sarwar Shaheed
Road, Karachi-74200.

Head Office

11th Floor, Lakson Square, Building No. 3,
Sarwar Shaheed Road, Karachi-74200.

Website: www.cicl.com.pk
UAN: 111-111-717
NTN: 0710008-6

Product & services



Fire Insurance



Marine Insurance



Motor Insurance



Accident & Health Insurance



Engineering Insurance



Travel Insurance



Miscellaneous Insurance

Fire insurance

Your corporate offices, factories and facilities are the primary sources of your income and revenue. Century Insurance understands the importance and value of your business property and operations. So we will work with you to help you prevent losses, protect what matters and help you stay in business. Property insurance solutions include:

- Fire and Allied Perils
- Consequential Loss
- Property All Risk
- Comprehensive Machinery Insurance
- Terrorism Insurance (Property insurance policies in Pakistan now exclude Terrorism including any Riot & Strikes resulting from a terrorist act. These are now covered under a separate Terrorism policy).





Marine insurance

We offer our clients tailored solutions for their international and domestic marine exposures. The two standard product lines are:

- Marine Cargo including Inland Transit
- Marine Hull

Marine cargo insurance covers the risks of physical loss or damage to goods and merchandise while in transit by any method of conveyance anywhere in the world. Inland Transit policies cover transit by road and/or rail within the country.

Marine hull provides coverage for all types of vessels and their machinery while navigating anywhere in the world. In addition we can cover ship beaching risks for the ship breaking industry as well as Fire and Allied Perils for the beached vessel.

Losses occurring anywhere in the world are promptly investigated and equitably settled through our international claims settling agents.

Motor insurance

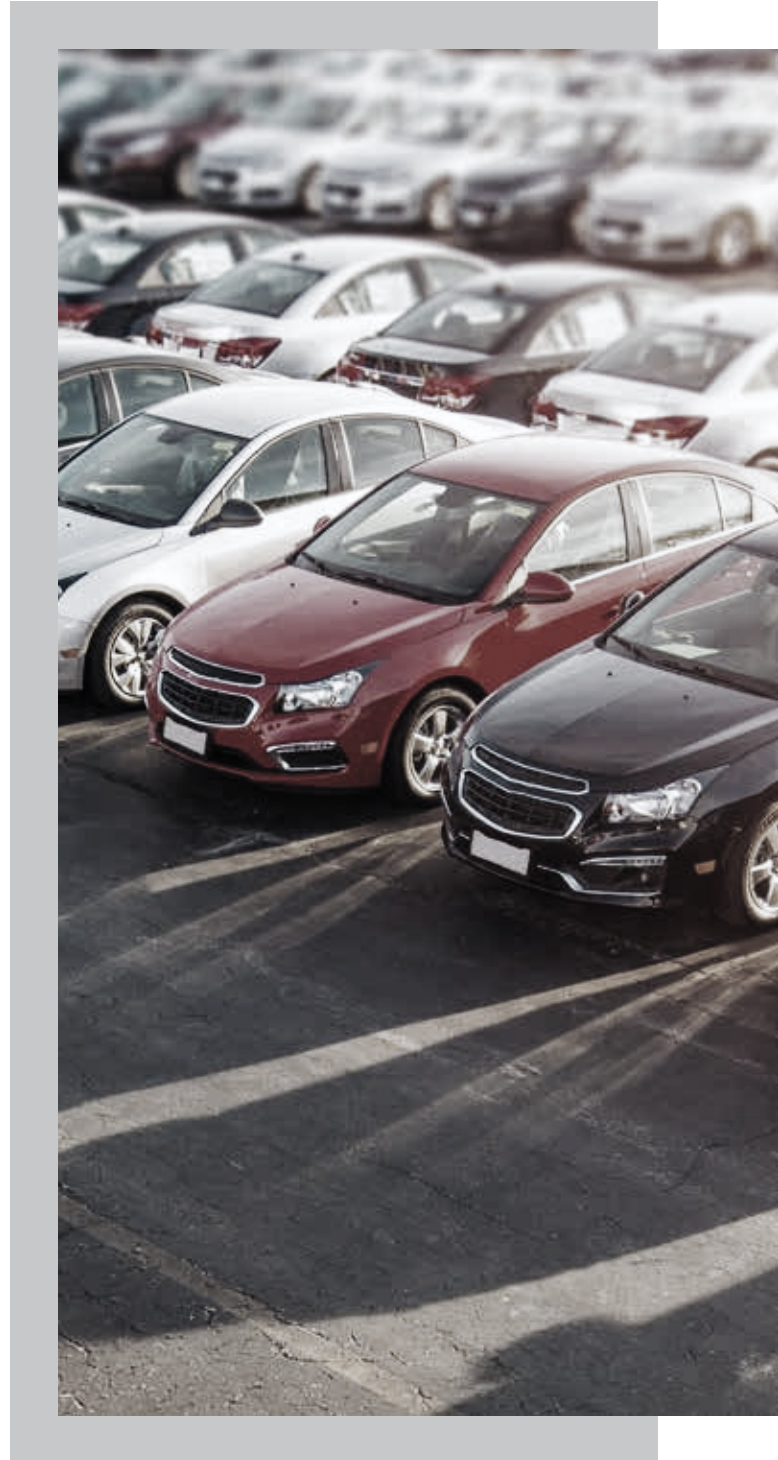
Private Car Insurance

People love their cars, but insuring them can be a chore. At Century Insurance, with fast, fair and convenient services and cover you can depend on, we'll be there for you when it matters. We settle bills with a very wide network of repairers directly – so no waiting for that check in the mail. And because we don't force you to use any particular repairer you are free to take your car to the workshop of your choice. You may opt for comprehensive coverage including own damage, theft and third party legal liability or just third party legal liability coverage to meet the requirements of law.

If you would like to have the added assurance of a good vehicle tracking service, substantial discounts are available on the premium you pay. Or if you would like us to arrange the tracking service for you we can do that too as a complimentary service at economical rates.

Commercial Vehicle Insurance

Whatever your business, if you have your own commercial vehicles we know how important these vehicles are to your business. No matter how many commercial vehicles you have, we've got a plan to suit you. From fleets of trucks to just one or two pickups, we can tailor the right insurance package for you. If you are insuring many vehicles, our fleet policy can cover them all in a single policy.



Engineering insurance

Our qualified engineers can cater to all of your engineering insurance needs. At Century Insurance, we can help by sharing insights, insurance solutions and risk engineering services. From construction related insurances to erection of machinery to electronic equipment, we have the right solution for you. With us, you'll work with specialized underwriting, risk engineering and claims professionals who understand the challenges you face and can deliver quality service when you need it.

Engineering insurance solutions include:

- Contractor's All Risk (CAR) insurance offers comprehensive protection for contract works, construction plant and equipment as well as for Third Party claims.
- Contractor's Plant & Equipment (CP&E).
- Erection All Risk (EAR) for plant and machinery in the course of erection.
- Machinery Breakdown covers sudden and unforeseen loss or damage to machinery.
- Advance Loss of Profits (ALOP) also known as Delayed Startup to cover loss of gross profits arising from a CAR or EAR loss.
- Electronic Equipment Insurance for computers and other electronic equipments.
- Deterioration of stock.
- Boiler and Pressure Vessels.







Accident & health insurance

In today's competitive marketplace, employers know that their true competitive advantage frequently lies in their human capital. A good employer will therefore always try to take care of its employees. One of the key variables in an employee's benefit structure is the health insurance provided by the employer.

Century Insurance provides the best possible corporate health insurance packages available in the market. We care for your employees and make every effort to ensure that they receive the best possible care based on the benefits chosen for them by their employer. Whether they need expert advice and guidance related to medical admissions and treatment or whether they just want a better understanding of the benefits available under their policy, we provide service with a smile and a caring attitude. We liaise closely with the hospitals to ensure that your employees receive the care and

treatment that they need in the most timely and efficient manner possible.

We also work closely with the Human Resource department of our clients to make sure that they are fully informed of developments involving major hospitalizations of their employees or of the dependents of their employees. We also pay extra attention to ensure that all paperwork, health cards, payments, etc are made correctly and on time. With all of the topmost hospitals on our panel we ensure a smooth and cashless service for your employees so that they are not made to fret and worry about these matters during the difficult time they may be facing on account of either their own hospitalization or that of a loved one.

Personal Accident provides 24/7 worldwide cover for accidental bodily injury to the insured person resulting in death or permanent disablement.



Travel insurance

Whether you are travelling for business or pleasure, unfortunate surprises can occur either before or during your trip. Medical emergencies or accidents can result in costly trip cancellations or medical bills leaving the traveler stranded in an unfamiliar country. Children may be left unattended with perhaps no one to accompany them on their return back home. Loss of baggage or mere flight delay may also result in unexpected and unbudgeted expenses. Our 24 hour, 7 days of the week hotline will be available to assist you no matter where you are or what language you are comfortable communicating in.

Century Insurance provides the best available travel insurance plans for you and your family, to suit every budget and need. We also have special plans available for senior citizens no matter where in the world they may be planning to travel to. Claims can be paid directly to hospitals in most instances, anywhere in the world. So the next time you travel, give up your worries and get the best travel insurance solution from Century Insurance.

Miscellaneous insurance

This is a broad category and includes any insurance product or service that does not fall into any of the above categories. The most important of these include the following:

- General or Public Liability to protect you and/or your business against liability to third parties for accidental bodily injury or property damage, such as when they come upon your business premises.
- Professional Indemnity to protect you and/or your business against liability that may be incurred in the course of discharging your professional duties, whether you are a doctor, lawyer or architect or in any other profession.
- Product Liability to protect you and/or your business against any liability for injury or damage that may arise from the use of a defective product that your company may have provided.
- Employer's Liability provides protection to you and/or your business against liability to your employees for bodily injury or property damage occurring in the course of their employment.
- Workmen's Compensation provides protection for accidents to workmen in your employ resulting in death or disablement that may occur in the course of their employment.
- Cash on Premises indemnifies you and/or your business for cash belonging to the business that may be stolen from the business premises consequent upon forcible entry or under the threat of force.
- Cash in Transit indemnifies you and/or your business for loss of cash stolen forcibly during transit between specific points during normal business hours.
- Fidelity Guarantee indemnifies you and/or your business for loss sustained on account of fraud or theft conducted by your employees.





Claim Service

For us, every customer claim is an opportunity to deliver when it matters and to differentiate the Century Insurance customer experience. As soon as you report a claim, our team will come into action, delivering swift and transparent claims assistance wherever you need it. Our team consists of experienced claims professionals dedicated to fairness and transparency in the handling of all claims.

Combining international experience and local knowledge, we will partner with you to give you the assistance you need while helping you to reduce your overall claim costs over time.

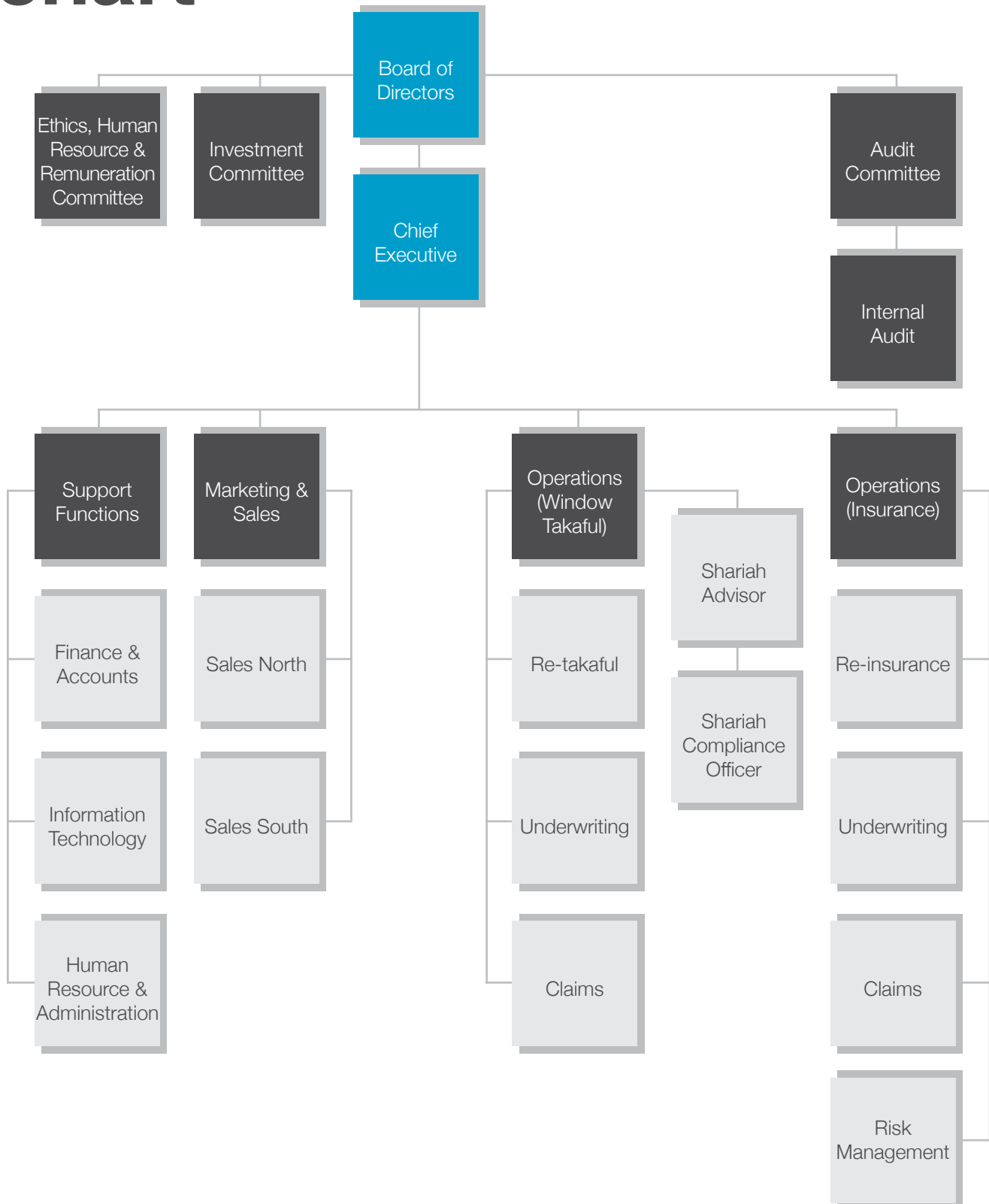
Risk Management

Working closely with you, our underwriters and risk engineers can identify and control risk in a broad range of environments, both in the manufacturing and service sectors. With Century Insurance's specialized underwriting knowledge, experienced risk assessments and excellent claims handling, we'll be there to support you should a claim occur.

Our Risk Engineers identify, assess and guide you to improve risks helping you reduce losses and the overall risk to your business.



Organisation chart



Code of conduct

1. RELATIONSHIP WITH EMPLOYEES

- Century Insurance Company Limited (CICL) takes pride in the strong personal commitment of its people towards the progress and success of the Company. CICL's policy is to treat individuals in all aspects of employment solely on the basis of merit irrespective of race, religion, color, age, gender, and marital status. CICL believes in individual's respect and their rights.

The Company is committed to the growth of its employees. This is achieved through building a culture of mutual trust, learning and motivation.

- CICL's vision is based on inspiring and developing individuals as their success depends on their ability to make meaningful contributions to the progress of the Company.

2. RELATIONSHIP WITH COMPANY

- The employees of the Company strive to adhere to its guidelines and objectives and to give their best efforts to improve its performance. They recognize the trust placed by the Company in them and act with integrity and honesty in all situations - to preserve that trust and confidence. They avoid conflicts of interest and other situations that are potentially harmful to the progress of the Company.
- The employees of the Company use its assets, facilities and services only for lawful, proper and authorized purposes. They intend to make best use of the Company's equipment, systems and technology in order to have fast and reliable communication and a strong MIS system to further the aims and objectives of the Company.

3. RELATIONSHIP WITH BUSINESS COMMUNITY

- Each employee is responsible for how he or she is perceived by clients and other business partners; it is essential that they maintain the Company's reputation for honesty and fair dealing with these people and organizations.
- It is CICL's policy to respect the trade secrets and proprietary information of others. This is particularly pertinent if one has knowledge of trade secrets and proprietary information of a former employer.

4. RELATIONSHIP WITH CLIENTS

- CICL's reputation has been built upon the trust and quality service it is providing. Our commitment to excellence in quality of service and building strong client relationships is essential to the continued growth and success of the Company. Also, vital for success is to meet the challenges of the highly competitive market with our expertise, innovative and creative marketing.

CICL's motto: "Customer satisfaction is management's top priority"

5. RELATIONSHIP WITH GOVERNMENT AND THE LAW

- CICL supports free enterprise and a competitive market system. The Company's policy is to comply fully with all applicable laws irrespective to the extent to which they are enforced. The Company cooperates fully with all government and regulatory bodies and is committed to high standards of corporate governance. Penalties for non-compliance can be severe and can involve criminal proceedings.



- CICL's financial policies for conducting business are based on trust, transparency, integrity, and following the principles of accounting and finance as approved by regulations and applicable accounting codes. Any unsupportive or false entry, infringement of accounts for individual or Company gain is contrary to our business codes and ethics.

6. RELATIONSHIP WITH SOCIETY

- CICL strives to operate as a responsible corporate citizen within both the local and global communities.
- CICL is an equal opportunity employer for all levels of employees irrespective of color, race, gender, age, ethnicity or religious beliefs.
- CICL provides a safe and healthy workplace, protecting human health and the environment.
- CICL pays its employees a remuneration that enables them to meet at least their basic needs, and provides employees the opportunity to improve their skills and capabilities.
- CICL respects employees' freedom of association.
- CICL works with governments and the communities in which we do business to improve the educational, cultural, economic and social wellbeing of those communities.

7. RELATIONSHIP WITH THE ENVIRONMENT

- Protecting the world in which we live is a vital concern and a continuing commitment. CICL is dedicated to contributing to the overall quality of life. We recognize and constantly reaffirm the value of a healthy and clean environment.

8. RELATIONSHIP WITH THE SHAREHOLDERS

- CICL strives to serve the best interests of its shareholders to provide consistent growth and a fair rate of return on their investment and to maintain its position and reputation as one of the leading insurance companies, dedicated to protecting shareholders' investments and providing full and timely information. By conducting our business in accordance with the principles of fairness, decency and integrity set forth here we help to build shareholders' value.

9. RESPONSIBILITY FOR COMPLIANCE

- In accepting employment with the Company, each of us becomes accountable for compliance with these standards of conduct and with all laws and regulations. Managers are responsible for communicating these standards to employees to ensure that they understand and abide by them, and for creating a climate where employees can discuss ethical and legal issues freely.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 33rd Annual General Meeting of Century Insurance Company Limited will be held on Friday, April 26, 2019 at 10:30 a.m. at Avari Towers Hotel, Fatima Jinnah Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the year ended December 31, 2018 together with the Directors' and Auditors' reports thereon.
2. To consider and approve final dividend in cash @ 12.50% i.e. Rs.1.25 per share of Rs.10 each as recommended by the Board of Directors.
3. To appoint Auditors and fix their remuneration.

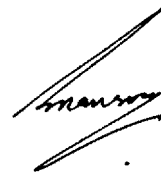
SPECIAL BUSINESS

Special Resolutions

4. To consider to pass the following resolutions:
 - a) **"RESOLVED** that the transactions carried out in normal course of business with associated companies/related parties as disclosed in Note No.34 of the audited financial statements for year ended December 31, 2018 be and are hereby ratified and approved."
 - b) **"RESOLVED** that the Chief Executive of the Company be and is hereby authorized to approve all the transactions carried out and to be carried out in normal course of business with associated companies during the ensuing year ending December 31, 2019 and in this connection the Chief Executive be and is hereby also authorized to take any and all necessary actions and sign/execute any and all such documents/indentures as may be required in this regard on behalf of the Company."

Statement under Section 134 of the Companies Act, 2017 in the above matters pertaining to item No.4 is annexed.

By Order of the Board



(MANSOOR AHMED)
Company Secretary

Karachi: March 26, 2019



Notes:

1. The share transfer books of the Company will remain closed from April 20, 2019 to April 26, 2019 (both days inclusive). Transfers received in order by the Share Registrar of the Company, M/s. FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi up to the close of business on April 19, 2019 will be treated in time for entitlement of the dividend.
2. A member, who has deposited his/her shares into Central Depository Company of Pakistan Limited, must bring his/her participant's ID number and CDC account/sub-account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.
3. A member entitled to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her.
4. Forms of proxy, in order to be valid must be properly filled-in/executed and received at the registered office of the Company situated at Lakson Square, Building No.2, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting.
5. Members are requested to promptly notify Share Registrar of the Company of any change in their addresses.
6. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly into bank account designated by the entitled shareholders.

In order to receive dividends directly into their bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website and send it duly signed along with a copy of CNIC to the registrar of the Company M/s. FAMCO Associates (Private) Limited, in case of physical shares.

In case shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to shareholder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the shareholder.

7. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.cicl.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered e-mail address.
8. (i) Pursuant to the provisions of the Finance Act, 2017 effective July 1, 2017, the rates of deduction of income tax from dividend payments under Section 150 of the Income Tax Ordinance, 2001 have been revised as follows:
 1. For filer of income tax return 15%
 2. For non-filers of income tax return 20%

To enable the Company to make tax deduction on the amount of cash dividend @ 15% instead of 20%, shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered in ATL before the first day of book closure, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%.

- (ii) Withholding Tax exemption from the dividend income, shall only be allowed if copy of valid tax exemption certificate or stay order from a competent court of law is made available to FAMCO Associates (Private) Limited, by the first day of Book Closure.
- (iii) Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them (only if not already provided) to our Share Registrar, in writing as follows:

Company Name	Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
			Name and CNIC #	Shareholding Proportion (No. of Shares)	Name and CNIC #	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

- (iv) For any query/problem/information, the investors may contact the Company Secretary at phone: 38400000 and email address mansoor@lakson.com.pk and/or FAMCO Associates (Private) Ltd. at phone: 34380101-5 and email address: info.shares@famco.com.pk
- (v) Corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or FAMCO Associates (Private) Limited. Shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers. Without the NTN company would not be in a position to check filer status on the ATL and hence higher tax of 20% may be applied in such cases.
- (vi) Members can also avail video conference facility, in this regard, please fill the following and submit to registered address of the Company 7 days before holding of the Annual General Meeting. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 7 days prior to date of the meeting, the Company will arrange video conference facility in the city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access the facility.

"I/We, _____ of _____, being a member of Century Insurance Company Limited, holder of _____ ordinary share(s) as per Registered Folio No. _____ hereby opt for video conference facility at _____."

- 9. Pursuant to Securities and Exchange Commission of Pakistan (SECP) Companies (E-voting) Regulations, 2016, Members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of the meeting to the Company on the appointment of Execution Officer by the intermediary as Proxy.
- 10. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of Companies (Postal Ballot) Regulation, 2018.
- 11. Form of Proxy is enclosed.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2017

This statement sets out the material facts concerning the Special Business, given in agenda item No.4 of the Notice will be considered to be passed by the members. The purpose of the Statement is to set forth the material facts concerning such Special Business.

1 - Agenda Item No.4 (a) of the Notice – Transactions carried out with associated companies during the year ended December 31, 2018 to be passed as a Special Resolution

The transactions carried out in normal course of business with associated companies / Related parties were being



approved by the Board as recommended by the Audit Committee on quarterly basis pursuant to clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017.

During the Board Meeting it was pointed out by the Directors that as the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the associated companies, the quorum of directors seemingly could not be formed for approval some of these transactions specifically, therefore, these transactions have to be approved by the shareholders in the General Meeting.

In view of the above, the transactions conducted during the financial year ended December 31, 2018 with associated companies/related parties shown in Note No.34 of the financial statements are being placed before the shareholders for their consideration and approval/ratification.

2 - Agenda Item No. 4 (b) of the Notice – Authorization to the Chief Executive for the transactions carried out and to be carried out with associated companies/related parties during the ensuing year ending December 31, 2019 to be passed as a Special Resolution.

The Company would be conducting transactions with associated companies in the normal course of business. The majority of Directors are interested in these transactions due to their common directorship and shareholding in the associated companies. Therefore, such transactions with associated companies have to be approved by the shareholders.

In order to comply with the provisions of clause 15 of Listed Companies (Code of Corporate Governance) Regulations, 2017, the shareholders may authorize the Chief Executive to approve transactions carried out and to be carried out in normal course of business with associated companies/related parties during the ensuing year ending December 31, 2019.

The Directors are interested in the resolutions to the extent of their common directorships and shareholding in the associated companies and the privileges attached thereto only.

3- Status of approval for investment in associated companies

As required by Regulation No.4 (2) information under Regulation 3 of the companies (Investment in Associated Companies and Associated Undertakings) Regulations, 2017, the status of approvals is as follows:

i. Total investment approved;

Rs 200 million in Century Insurance Company Limited was approved by the shareholders at the Extraordinary General Meeting of the Company held on July 31, 2018 to be invested in an un-listed Closed-end fund named as Lakson Private Equity Fund which was approved by a Special Resolution.

ii. Amount of Investment made to date;

Rs. 143 million.

iii. Reasons for not having made complete investment so far where resolution required it to be implemented in specified time;

The investment will be made from time to time as and when required.

iv. And material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment in such company.

Since the date of the investment made, no material change has been reported in the financial statement.

Corporate Calendar

Meetings	Date
Audit Committee meeting to consider accounts of the Company for the year ended December 31, 2017	February 26, 2018
Board of Directors' meeting to consider accounts of the Company for the year ended December 31, 2017	February 27, 2018
Board of Directors' meeting to consider investment in an un-listed Close-end Private Equity Fund	April 10, 2018
Audit Committee meeting to consider accounts of the Company for the quarter ended March 31, 2018	April 25, 2018
Board of Directors' meeting to consider accounts of the Company for the quarter ended March 31, 2018	April 26, 2018
Annual General Meeting of shareholders to consider accounts of the Company for the year ended December 31, 2017	April 27, 2018
Extraordinary General Meeting of shareholders to consider equity Investment in an un-listed Closed-end Private Equity Fund	July 31, 2018
Audit Committee meeting to consider accounts of the Company for the half year ended June 30, 2018	August 16, 2018
Board of Directors' meeting to consider accounts of the Company for the half year ended June 30, 2018	August 20, 2018
Audit Committee meeting to consider accounts of the Company for the quarter ended September 30, 2018	October 25, 2018
Board of Directors' meeting to consider accounts of the Company for the quarter ended September 30, 2018	October 26, 2018



Access to Reports and Enquiries

Annual Report

Annual report 2018 may be downloaded from the Company's website: www.cicl.com.pk or printed copies obtained by writing to:

The Company Secretary
Century Insurance Company Limited
Registered & Corporate Office
Lakson Square Building No. 2, Sarwar Shaheed
Road, Karachi 74200, Pakistan.

Quarterly Reports

The Company publishes interim reports at the end of first, second and third quarters of the financial year. The interim reports for the year 2018 can be accessed from Century Insurance website: www.cicl.com.pk or printed copies can be obtained by writing to the Company Secretary.

Shareholders' Enquiries

Shareholders' enquiries about their holding, dividends or share certificates should be directed either to Company's registered office or share registrar at the following address:

M/s. FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6,
P.E.C.H.S., Shakra-e-Faisal, Karachi.

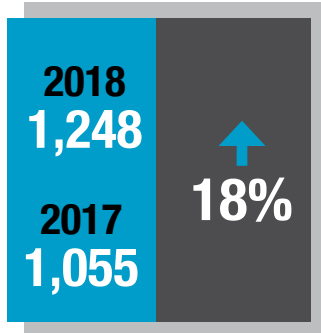
Stock Exchange Listing

Shares of Century Insurance Company Limited are listed on Pakistan Stock Exchange Limited. The symbol code for dealing in shares of the Company is **CENI**.

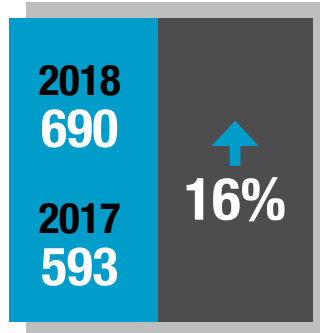
Performance Highlights

(Rupees in million)

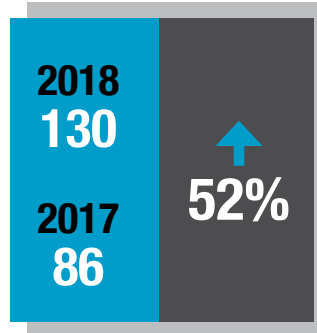
Gross Premium
(Including Takaful Contribution)



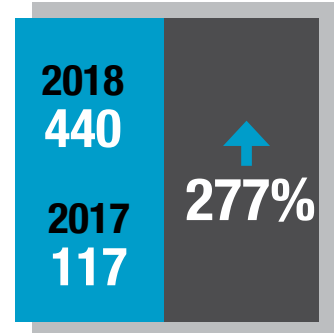
Net Premium



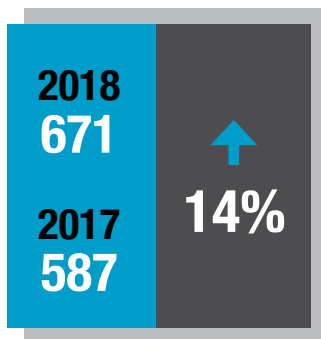
Underwriting Profit



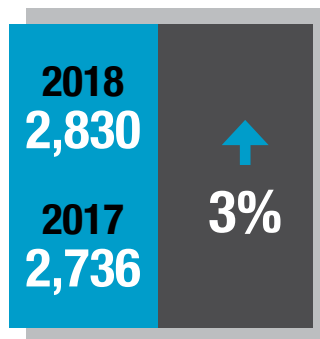
Cash & Bank Balances



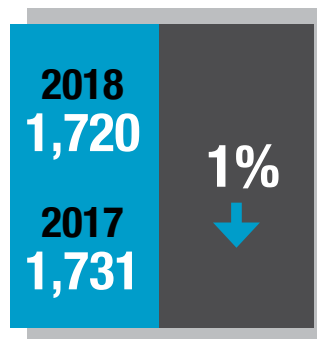
Technical Reserves



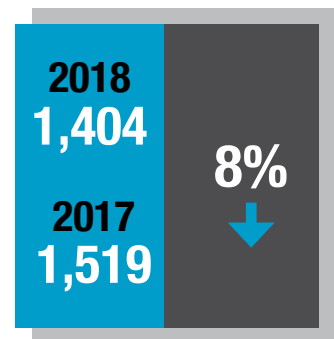
Total Assets



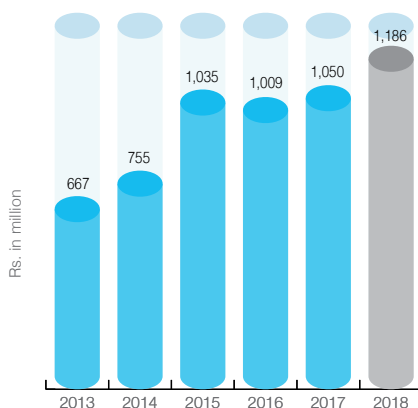
Shareholders' Equity



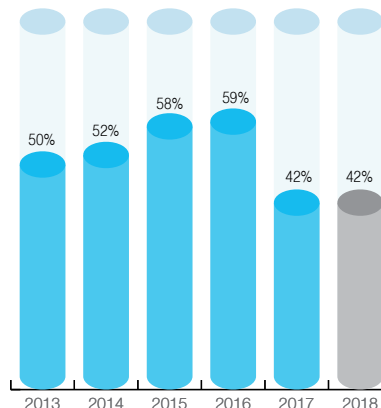
Investments



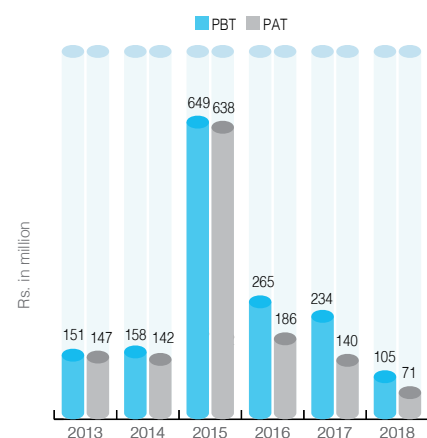
Gross Premium



Net Claim Ratio (% of net premium)



Profits



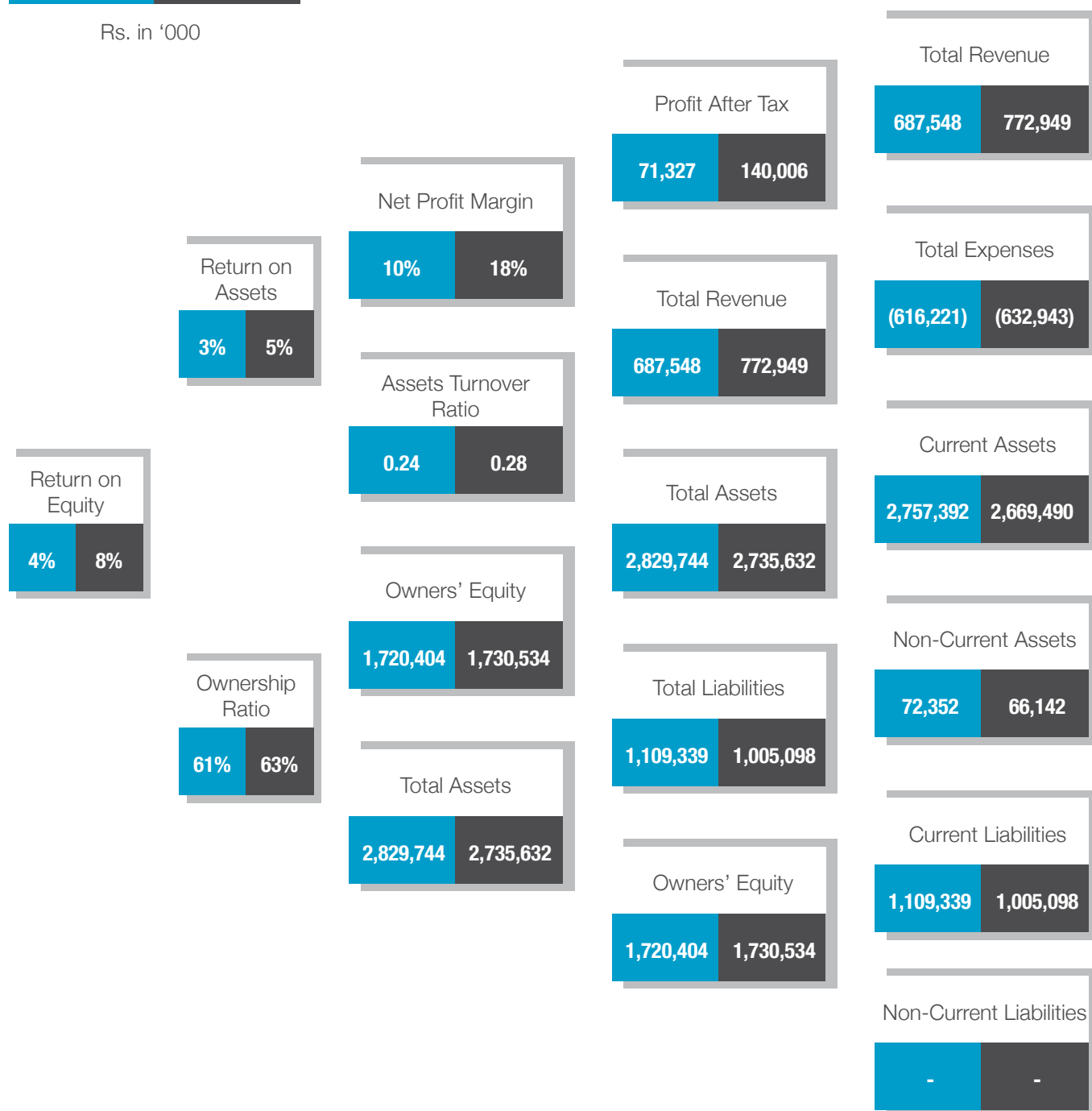


DuPont Analysis

2018

2017

Rs. in '000



Horizontal Analysis

	2018		2017		2016		2015		2014		2013	
	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%
STATEMENT OF FINANCIAL POSITION												
Assets												
Property & equipment	72,325,607	10.1%	65,669,519	-7.5%	71,011,756	30.2%	54,540,036	12.7%	48,379,316	2.7%	47,095,339	7.4%
Intangible assets	26,407	-94.4%	472,587	-54.7%	1,043,697	-37.0%	1,657,863	-	16	0.0%	16	-100.0%
Investment in associates	45,144,162	7.1%	42,137,247	10.1%	38,284,477	-5.6%	40,568,071	-14.0%	47,145,152	9.0%	43,254,226	69.0%
Investments	1,359,046,751	-8.0%	1,476,998,539	-25.1%	1,972,178,482	16.5%	1,692,415,613	61.0%	1,051,094,052	-1.7%	1,069,407,094	10.0%
Loan and other receivable	20,585,208	-91.4%	238,537,198	1198.9%	18,364,616	58.1%	11,615,106	46.9%	7,907,231	-32.2%	11,668,939	14.0%
Insurance / reinsurance receivable	452,631,626	6.1%	426,728,740	8.5%	393,330,551	-4.7%	412,791,828	68.8%	244,554,001	7.6%	227,288,858	3.6%
Reinsurance recoveries against outstanding claims	100,016,385	33.5%	74,912,821	22.4%	61,181,748	1.5%	60,249,843	-1.0%	60,855,662	-3.8%	63,273,974	-27.4%
Salvage recoveries accrued	3,975,000	63.8%	2,426,000	-44.6%	4,378,000	80.9%	2,420,000	-48.5%	4,700,000	31.3%	3,580,000	-5.0%
Deferred commission expense	33,060,770	2.6%	32,232,773	4.6%	30,829,820	2.7%	30,015,561	26.2%	23,781,744	11.7%	21,299,627	12.6%
Deferred taxation	53,228,969	50.9%	35,264,815	-	-	-100.0%	9,520,206	130.9%	4,122,216	17.1%	3,519,347	33.5%
Prepayments	179,614,482	5.2%	170,714,966	-1.9%	173,959,315	11.0%	156,734,791	15.9%	135,266,602	7.1%	126,287,945	6.1%
Taxation - provision less payments	-	-	-	-	-	-100.0%	14,378,136	287.4%	3,711,517	-78.1%	16,975,981	-7.5%
Cash and bank deposits	440,366,476	277.1%	116,781,242	7.5%	108,620,817	-37.4%	173,451,416	-29.3%	245,204,916	132.9%	105,277,727	16.3%
Total assets of Window Takaful Operations - Operator's Fund	69,721,881	32.2%	52,755,690	-	-	-	-	-	-	-	-	-
Total assets	2,829,743,724	3.4%	2,735,632,137	-4.8%	2,873,183,279	8.0%	2,660,358,470	41.8%	1,876,722,425	7.9%	1,738,929,073	7.9%
Equity and Liabilities												
Ordinary share capital	502,968,030	0.0%	502,968,030	10.0%	457,243,660	0.0%	457,243,660	0.0%	457,243,660	0.0%	457,243,660	0.0%
Share premium	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%	254,024,260	0.0%
Reserves	89,518,648	9.4%	81,818,834	-69.4%	266,955,431	124.3%	119,000,000	0.0%	119,000,000	0.0%	119,000,000	0.0%
Unappropriated profit	873,893,357	-2.0%	891,722,749	1.4%	879,048,427	-4.8%	923,622,571	160.1%	355,042,959	26.2%	281,338,081	46.0%
Outstanding claims including IBNR	192,759,004	16.4%	165,560,979	0.5%	164,787,530	4.8%	157,298,790	27.2%	123,619,908	-10.0%	137,310,372	-5.8%
Unearned premium reserve	439,281,123	14.7%	383,008,819	13.6%	337,036,982	-13.1%	388,001,402	57.6%	246,257,537	10.9%	221,969,685	22.3%
Unearned reinsurance commission	39,191,757	1.7%	38,529,301	-10.7%	43,125,928	6.1%	40,664,654	15.1%	35,324,607	15.5%	30,577,853	7.7%
Deferred taxation	-	-	-	-100.0%	64,544,653	-	-	-	-	-	-	-
Premiums received in advance	573,295	-28.8%	804,781	297.8%	202,327	-90.9%	2,229,476	77.4%	1,256,977	125.8%	556,745	34.3%
Insurance / reinsurance payables	232,154,530	3.1%	225,151,644	-13.6%	260,739,918	30.9%	199,147,518	3.8%	191,926,887	41.9%	135,283,314	-11.7%
Other creditors and accruals	160,938,338	14.5%	140,516,479	21.4%	115,749,958	-0.9%	119,126,139	28.1%	93,025,630	-8.5%	101,625,103	29.0%
Taxation - provision less payments	29,269,328	-39.0%	47,993,747	61.5%	29,724,205	-	-	-	-	-	-	-
Total liabilities of Window Takaful Operations - Operator's Fund	15,172,054	329.5%	3,532,514	-	-	-	-	-	-	-	-	-
Total Equity and Liabilities	2,829,743,724	3.4%	2,735,632,137	-4.8%	2,873,183,279	8.0%	2,660,358,470	41.8%	1,876,722,425	7.9%	1,738,929,073	7.9%
PROFIT AND LOSS ACCOUNT												
Net insurance premium	690,289,955	16.4%	593,051,035	-10.0%	659,250,573	28.0%	515,004,996	32.6%	388,502,366	20.8%	321,672,875	19.9%
Net insurance claims	(288,198,657)	16.7%	(246,956,137)	-36.8%	(390,450,380)	30.2%	(299,836,085)	48.5%	(201,946,014)	26.8%	(159,305,980)	42.2%
Net commission and other acquisition costs	11,496,471	-50.5%	23,239,805	5.6%	21,999,234	-12.4%	25,101,232	37.4%	18,270,722	106.7%	8,840,965	2.6%
Management expenses	(283,862,979)	0.0%	(283,801,639)	12.7%	(251,748,734)	14.7%	(219,498,151)	16.7%	(188,024,873)	10.8%	(169,700,918)	109.0%
Investment (loss) / income	(54,336,292)	-136.9%	147,055,769	-34.2%	223,483,200	-64.8%	634,704,287	367.1%	135,887,757	2.0%	133,172,582	26.9%
Other income	28,462,180	431.8%	5,352,382	-35.1%	8,251,759	3.1%	8,005,744	36.0%	5,884,601	11.9%	5,260,737	-36.0%
Other expenses	(10,466,253)	21.7%	(8,598,215)	1.7%	(8,457,481)	1.2%	(8,359,377)	59.1%	(5,253,092)	-2.9%	(5,407,352)	-93.1%
Share of profit / (loss) of associates	4,212,621	-23.2%	5,482,214	134.8%	2,334,451	-594.7%	(471,876)	-129.8%	1,581,678	-67.6%	4,882,099	-7.5%
(Impairment) / reversal in value of investment in associates	-	-	-	-	-	-100.0%	(5,334,047)	-250.2%	3,550,885	-68.7%	11,335,671	94.7%
Profit / (loss) from Window Takaful Operations	7,422,950	702.6%	(1,231,819)	-	-	-	-	-	-	-	-	-
Income tax expense	(33,693,272)	-64.0%	(93,587,119)	18.8%	(78,795,459)	619.8%	(10,947,006)	-31.9%	(16,082,553)	370.9%	(3,415,543)	-74.0%
Profit after tax	71,326,724	-49.1%	140,006,276	-24.7%	185,867,163	-70.9%	638,312,753	348.3%	142,371,499	-3.4%	147,334,836	26.7%



Vertical Analysis

	2018		2017		2016		2015		2014		2013	
	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%	(Rupees)	%
STATEMENT OF FINANCIAL POSITION												
Assets												
Property & equipment	72,325,607	2.6%	65,669,519	2.4%	71,011,756	2.5%	54,540,036	2.1%	48,379,316	2.6%	47,095,339	2.7%
Intangible assets	26,407	0.0%	472,587	0.0%	1,043,697	0.0%	1,657,863	0.1%	16	0.0%	16	0.0%
Investment in associates	45,144,162	1.6%	42,137,247	1.5%	38,284,477	1.3%	40,568,071	1.5%	47,145,152	2.5%	43,254,226	2.5%
Investments	1,359,046,751	48.0%	1,476,998,539	54.0%	1,972,178,482	68.6%	1,692,415,613	63.6%	1,051,094,052	56.0%	1,069,407,094	61.5%
Loan and other receivable	20,585,208	0.7%	238,537,198	8.7%	18,364,616	0.6%	11,615,106	0.4%	7,907,231	0.4%	11,668,939	0.7%
Insurance / reinsurance receivable	452,631,626	16.0%	426,728,740	15.6%	393,330,551	13.7%	412,791,828	15.5%	244,554,001	13.0%	227,288,858	13.1%
Reinsurance recoveries against outstanding claims	100,016,385	3.5%	74,912,821	2.7%	61,181,748	2.1%	60,249,843	2.3%	60,855,662	3.2%	63,273,974	3.6%
Salvage recoveries accrued	3,975,000	0.1%	2,426,000	0.1%	4,378,000	0.2%	2,420,000	0.1%	4,700,000	0.3%	3,580,000	0.2%
Deferred commission expense	33,060,770	1.2%	32,232,773	1.2%	30,829,820	1.1%	30,015,561	1.1%	23,781,744	1.3%	21,299,627	1.2%
Deferred taxation	53,228,969	1.9%	35,264,815	1.3%	-	0.0%	9,520,206	0.4%	4,122,216	0.2%	3,519,347	0.2%
Prepayments	179,614,482	6.3%	170,714,966	6.2%	173,959,315	6.1%	156,734,791	5.9%	135,266,602	7.2%	126,287,945	7.3%
Taxation - provision less payments	-	0.0%	-	0.0%	-	0.0%	14,378,136	0.5%	3,711,517	0.2%	16,975,981	1.0%
Cash and bank deposits	440,366,476	15.6%	116,781,242	4.3%	108,620,817	3.8%	173,451,416	6.5%	245,204,916	13.1%	105,277,727	6.1%
Total assets of Window Takaful Operations - Operator's Fund	69,721,881	2.5%	52,755,690	1.9%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total assets	2,829,743,724	100.0%	2,735,632,137	100.0%	2,873,183,279	100.0%	2,660,358,470	100.0%	1,876,722,425	100.0%	1,738,929,073	100.0%
Equity and Liabilities												
Ordinary share capital	502,968,030	17.8%	502,968,030	18.4%	457,243,660	15.9%	457,243,660	17.2%	457,243,660	24.4%	457,243,660	26.3%
Share premium	254,024,260	9.0%	254,024,260	9.3%	254,024,260	8.8%	254,024,260	9.6%	254,024,260	13.5%	254,024,260	14.6%
Reserves	89,518,648	3.2%	81,818,834	3.0%	266,955,431	9.3%	119,000,000	4.5%	119,000,000	6.3%	119,000,000	6.8%
Unappropriated profit	873,893,357	30.9%	891,722,749	32.6%	879,048,427	30.6%	923,622,571	34.7%	355,042,959	18.9%	281,338,081	16.2%
Outstanding claims including IBNR	192,759,004	6.8%	165,560,979	6.1%	164,787,530	5.7%	157,298,790	5.9%	123,619,908	6.6%	137,310,372	7.9%
Unearned premium reserve	439,281,123	15.5%	383,008,819	14.0%	337,036,982	11.7%	388,001,402	14.6%	246,257,537	13.1%	221,969,685	12.8%
Unearned reinsurance commission	39,191,757	1.4%	38,529,301	1.4%	43,125,928	1.5%	40,664,654	1.5%	35,324,607	1.9%	30,577,853	1.8%
Deferred taxation	-	0.0%	-	0.0%	64,544,653	2.2%	-	0.0%	-	0.0%	-	0.0%
Premiums received in advance	573,295	0.0%	804,781	0.0%	202,327	0.0%	2,229,476	0.1%	1,256,977	0.1%	556,745	0.0%
Insurance / reinsurance payables	232,154,530	8.2%	225,151,644	8.2%	260,739,918	9.1%	199,147,518	7.5%	191,926,887	10.2%	135,283,314	7.8%
Other creditors and accruals	160,938,338	5.7%	140,516,479	5.1%	115,749,958	4.0%	119,126,139	4.5%	93,025,630	5.0%	101,625,103	5.8%
Taxation - provision less payments	29,269,328	1.0%	47,993,747	1.8%	29,724,205	1.0%	-	0.0%	-	0.0%	-	0.0%
Total liabilities of Window Takaful Operations - Operator's Fund	15,172,054	0.5%	3,532,514	0.1%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Equity and Liabilities	2,829,743,724	100.0%	2,735,632,137	100.0%	2,873,183,279	100.0%	2,660,358,470	100.0%	1,876,722,425	100.0%	1,738,929,073	100.0%
PROFIT AND LOSS ACCOUNT												
Net insurance premium	690,289,955	100.0%	593,051,035	100.0%	659,250,573	100.0%	515,004,996	100.0%	388,502,366	100.0%	321,672,875	100.0%
Net insurance claims	(288,198,657)	-41.8%	(246,956,137)	-41.6%	(390,450,380)	-59.2%	(299,836,085)	-58.2%	(201,946,014)	-52.0%	(159,305,980)	-49.5%
Net commission and other acquisition costs	11,496,471	1.7%	23,239,805	3.9%	21,999,234	3.3%	25,101,232	4.9%	18,270,722	4.7%	8,840,965	2.7%
Management expenses	(283,862,979)	-41.1%	(283,801,639)	-47.9%	(251,748,734)	-38.2%	(219,498,151)	-42.6%	(188,024,873)	-48.4%	(169,700,918)	-52.8%
Investment (loss) / income	(54,336,292)	-7.9%	147,055,769	24.8%	223,483,200	33.9%	634,704,287	123.2%	135,887,757	35.0%	133,172,582	41.4%
Other income	28,462,180	4.1%	5,352,382	0.9%	8,251,759	1.3%	8,005,744	1.6%	5,884,601	1.5%	5,260,737	1.6%
Other expenses	(10,466,253)	-1.5%	(8,598,215)	-1.4%	(8,457,481)	-1.3%	(8,359,377)	-1.6%	(5,253,092)	-1.4%	(5,407,352)	-1.7%
Share of profit / (loss) of associates	4,212,621	0.6%	5,482,214	0.9%	2,334,451	0.4%	(471,876)	-0.1%	1,581,678	0.4%	4,882,099	1.5%
(Impairment) / reversal in value of investment in associates	-	0.0%	-	0.0%	-	0.0%	(5,334,047)	-1.0%	3,550,885	0.9%	11,335,671	3.5%
Profit / (loss) from Window Takaful Operations	7,422,950	1.1%	(1,231,819)	-0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Income tax expense	(33,693,272)	-4.9%	(93,587,119)	-15.8%	(78,795,459)	-12.0%	(10,947,006)	-2.1%	(16,082,553)	-4.1%	(3,415,543)	-1.1%
Profit after tax	71,326,724	10.3%	140,006,276	23.6%	185,867,163	28.2%	638,369,717	124.0%	142,371,477	36.6%	147,335,136	45.8%

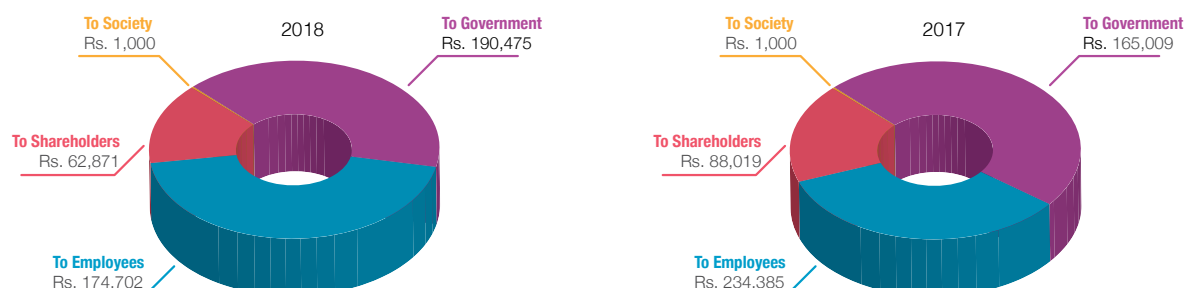
Statement of Value Addition

(Rupees in '000)

	2018	2017
WEALTH GENERATED		
Net premium (including FED & FIF)	847,072	733,849
Commission income	11,496	23,240
Investment (loss) / income	(54,336)	147,056
Other income	40,098	9,603
	844,330	913,748
Less: Claims and Expenses (excluding employees remuneration, depreciation and donation)	(393,616)	(360,862)
	450,714	552,886
WEALTH DISTRIBUTED		
To Employees	174,702	165,009
To Government:		
Company taxation	33,693	93,587
Levies (including FED & FIF)	156,782	140,798
	190,475	234,385
To Society:		
Donation	1,000	1,000
	1,000	1,000
To Shareholders:		
Dividend *	62,871	88,019
	62,871	88,019
Retained in Business:		
Depreciation and amortisation	13,210	12,486
Net earnings	8,456	51,987
	21,666	64,473
	450,714	552,886

* Cash dividend amounting to Rs. 62.871 million (2017: 88.019 million) proposed by the Board of Directors subsequent to the year end.

Distribution of Wealth





Chairman's Review

On behalf of the Board of Directors, it is my pleasure to present to you, the Annual Report and performance review of the Company for the year ended December 31, 2018.

Review of the Economy

Pakistan's economy is beginning to show signs of slowing down after achieving a relatively high GDP growth rate of 5.8% in FY18. The Asian Development Outlook forecast for GDP growth in FY19 is 4.8%. Large Scale Manufacturing (LSM) contracted by 1.7% during Q1-FY19 compared to outstanding growth of 9.9% during the same period last year. This subdued performance can largely be attributed to a deceleration in the construction-allied industries. In the agriculture sector, output of the major Kharif crops, namely cotton, rice, sugarcane and maize, was low due to a considerable decline in the area under cultivation.

On the external front, the Rupee devaluation and balance of payments crisis dominated the headlines in 2018. Though there was continued growth in exports and workers' remittances during Q1-FY19, this was negated by a sudden uptick in global oil prices. As a result, the current account deficit stayed at an elevated level of US\$ 3.6 billion in Q1-FY19. This deficit was financed from SBP's FX reserves, which declined by US\$ 1.4 billion during the quarter. Since then, oil prices have come down and the Rupee has depreciated further. The government has also recently signed trade and investment agreements with Saudi Arabia, China, UAE and Malaysia, and short-term balance of payments support has begun to materialize from some of these countries.

The Monetary Policy Committee of the State Bank of Pakistan (SBP) raised the policy rate by 425 basis points in H2-FY19 and then again by 25 basis points on January 30, 2019. Inflation looks likely to stabilize at around six percent, helped by the decline in oil prices and higher interest rates. SBP is expected to hold off on further rate hikes as it tries to balance the need to support economic activity and maintain price stability.

The fiscal deficit widened to PKR 541.7 billion during

Q1-FY19 compared to PKR 440.8 billion during the corresponding period last year. Though revenues increased by 7.5% during the quarter and the government cut back on development expenditure, this was more than offset by a steep rise in current spending on account of debt servicing and defence related expenditures. This deficit was financed through an increase in government borrowing, both domestic and external. The country's gross public debt, as a result, reached PKR 25.8 trillion by end Q1-FY19 as compared to PKR 25.0 trillion at the end of Q4-FY18.

The focus of the government for the rest of FY19 is likely to be on achieving macroeconomic stability. SBP has already substantially increased the policy rate in order to check inflationary pressures and rising inflationary expectations. SBP's inflation forecast for the full year is presently 6.5% to 7.5%. Similarly, fiscal policy is also geared to achieve the primary objective of stabilizing the economy. The government has cut budgeted development expenditures for FY19 and has partially reversed the tax relief measures that were announced earlier. As such, all global economic forecasters have revised down the expected economic performance of the country and GDP growth forecasts are now in the range of 4.0% to 4.8 %. As for the external sector, the most important development has been the decline in international oil prices during Q2-FY19, which will lift some pressure from the country's oil import bill in at least the short term. Non-energy imports are also likely to be subdued on account of exchange rate depreciation and an increase in import duties. Exports on the other hand are expected to rise as a result of exchange rate depreciation, as are remittances from Pakistanis abroad. As a result, the current account deficit is expected to narrow down to between 4.5% and 5.5 % of GDP from 6.1 % in FY18.

Company Performance Highlights

2018 has been a good year for Century Insurance Company Limited. All insurance classes of business showed growth and increased profitability. Investment income, as compared to last year, has shown a decline due to lackluster performance of the equity market.

The comparative financial highlights for the years 2018 and 2017 are presented as follows:

Description	2018	Rs. In Millions (except otherwise stated)		
		2017	Increase / (Decrease)	
			Amount	%
Gross Written Premium (including Takaful Contribution)	1,248	1,055	193	18
Net Premium	690	593	97	16
Underwriting results	130	86	44	51
Investment & other income	(22)	158	(180)	(114)
Profit / (loss) from Window Takaful Operations	7	(1.2)	8	-
Profit before tax	105	234	(129)	(55)
Profit for the year - after tax	71	140	(69)	(49)
Earnings per share (Rs.)	1.42	2.78	(1.36)	(49)
Total assets	2,830	2,736	94	3
Paid-up capital	503	503	-	-
Total equity	1,720	1,731	(11)	(1)

During the year under review, gross premium (including Takaful Contribution) increased to Rs. 1,248.0 million from Rs. 1,055.2 million in 2017, an increase of 18%. Net premium increased to Rs. 690.3 million from Rs. 593.0 million in 2017, an increase of 16%. Net claims increased to Rs. 288.2 million as compared to Rs. 247.0 million in 2017, an increase of Rs. 41 million, i.e. 17%. The Underwriting result improved by 52% to Rs. 129.7 million as compared to Rs. 85.5 million in 2017.

Window Takaful Operations

Keeping in view the fact that 2018 was the first full year of Window Takaful Operations, the overall Takaful performance was quite satisfactory.

Participant Takaful Fund (PTF)

The Gross Written Contribution for FY2018 was Rs. 62.4 million as compared to Rs. 5.4 million last year. Net contribution revenue was Rs. 26.7 million and Surplus for the FY2018 was Rs. 0.3 million.

Operator's Fund (OPF)

Gross Wakala Fee for FY2018 was Rs. 22.9 million and Net Wakala Fee Rs. 14.4 million. Profit Before Tax was Rs. 7.4 million.

Segments at a Glance

All classes of business produced excellent results as given below:

Fire & Property Damage

Fire & Property Damage class of business made up 31% of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 384.7 million as compared to Rs. 330.9

million in 2017, an increase of 16%. Net premium stood at Rs. 37.5 million as against Rs. 34.5 million in 2017, an increase of 9%. Net claim to net premium ratio for the year under review was 17%.

Marine, Aviation and Transport

Marine, Aviation & Transport class of business made up 17% of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 213.9 million as compared to Rs. 173.4 million in 2017, an increase of 23%. Net premium stood at Rs. 138.9 million as against Rs. 110.4 million in 2017, an increase of 26%. The net claim to net premium ratio for the year under review was 16%.

Motor

Motor class of business made up 28% of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 350.0 million as compared to Rs. 285.5 million in 2017, an increase of 23%. Net premium stood at Rs. 284.7 million as against Rs. 273.8 million in 2017, an increase of 4%. The net claim to net premium ratio for the year under review was 33%.

Accident and Health

Accident and Health class of business made up 19% of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 234.1 million as compared to Rs. 201.5 million in 2017, as increase of 16%. Net premium stood at Rs. 215.1 million as against Rs. 161.6 million in 2017, an increase of 33%. The net claim to net premium ratio for the year under review was 76%.

Miscellaneous

Miscellaneous class of business made up 5% of the total premium portfolio. Gross premium underwritten (including Takaful contribution) during the year was Rs. 65.3 million as compared to Rs. 63.9 million in 2017, an increase of 2%. Net premium stood at Rs. 14.1 million as against Rs. 12.7 million in 2017, an increase of 11%. The net claim to net premium ratio for the year under review was 23%.

Investment & Other Income

Due to lackluster performance of the equity market, the overall all Investment and Other Income for the year under review was negative Rs. 21.7 million as against a positive income of Rs. 157.9 million in 2017.

The realized gain from sale of shares and mutual funds was Rs. 10.8 million, dividend income from shares was Rs. 13.0 million and returns earned on government & fixed income securities was Rs. 17.6 million. Other income, including interest on bank deposits was Rs. 28.5 million. However, the Company booked impairment of Rs. 77.9 million in its available for sale portfolio.

Management's policy is to make diversified and secure investments while ensuring safety and a sound balance between risks and returns.

Claim Settlement

Prompt settlement of claims and customer satisfaction is the company's highest priority as it helps build the trust of its valued clients and earns their goodwill.

Board Performance Evaluation

The Board has developed a mechanism to evaluate its own performance by adopting a self-evaluation methodology through a questionnaire, which covers core areas of the functioning of the Board. The primary purpose of this evaluation is to enable the Board to assess its own quality of governance and board members to play a more effective role in the progress of the Company.

Reinsurance

The company has strong reinsurance arrangements with some of the best and most highly rated reinsurers in the international market who have full faith and confidence

in its underwriting practices. We are thankful to all our reinsurers for their unwavering support and continued cooperation.

Insurer Financial Strength Rating (IFSR)

JCR-VIS, an affiliate of Japan Credit Rating Agency Ltd. has maintained the company's rating at 'A+' with a 'Stable' outlook, signifying a high capacity to meet contractual obligations.

Human Resource Initiatives

The management is of the firm belief that complete alignment of the human resource strategy with overall corporate goals is vital for the success of any organization. In today's competitive environment, we realize that it is important to place emphasis on retaining and developing existing staff and implementing effective performance reviews. During the year under review, your company has been successful in hiring quality professionals particularly in the area of business development. Our continued focus on creating a meritocratic work environment with equal opportunity for all and a clear career path go a long way in maintaining a pool of knowledgeable, experienced and skilled employees who remain our most valuable asset.

Acknowledgments

On behalf of all the Directors, I would like to thank our shareholders who continue to place their trust and confidence in the Company and assure them of our best efforts to ensure optimum utilization of their investment in the Company. I also wish to place on record our appreciation of the devotion, loyalty and hard work of the management and members of the staff that have contributed towards the growth and success of the Company.



Iqbal Ali Lakhani
Chairman

Karachi: February 28, 2019

Note: To read urdu translation of the above Chairman's review please refer page 37 to 34.

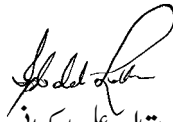
توازن یقینی بناتے ہوئے متنوع اور محفوظ انویسٹمنٹس کی جائیں۔

افراوی وسائل کے منصوبے

ادارے کی انتظامیہ یقیناً کامل رکھتی ہے کہ کسی بھی ادارے کے مجموعی اہداف کے کامیابی سے حصول کے لیے افرادی وسائل کی حکمت عملی سے مکمل ہم آہنگی ضروری ہے۔ آج کے مسابقتی ماحول میں ہم نے پایا کہ موجودہ عملے کو برقرار رکھنا اور ترقی و کارکردگی کے مؤثر جائزے پیش کرنا اہم ہے۔ مذکورہ سال میں آپ کے ادارے نے بالخصوص بزنس ڈیولپمنٹ کے شعبے میں معیاری ماہرین کو کامیابی سے حاصل کیا۔ ہماری مسلسل توجہ اہلیت پر مبنی کام کا ماحول تخلیق کرنے پر مرکوز ہے کہ جہاں سب کے لیے یکساں مواقع ہوں اور زیرک، تجربہ کار اور ماہر ملازمین کے مجموعے کو برقرار رکھنے کے لیے کیریئر کا واضح راستہ ہو کیونکہ وہ ہمارا سب سے قابل قدر اثاثہ ہیں۔

اعتراف

تمام ڈائریکٹرز کی جانب سے میں اپنے حصص یافتگان کا شکریہ ادا کرنا چاہوں گا کہ جو ادارے پر مسلسل اپنا اعتماد اور یقین رکھتے ہیں اور انہیں بھرپور یقین دلاتا ہوں کہ ادارے میں ان کی سرمایہ کاری کا بہترین استعمال کیا جائے گا۔ میں انتظامیہ اور عملے کے اراکین کی لگن، خیر خواہی اور انتھک محنت کو بھی سراہنا چاہوں گا کہ جنہوں نے ادارے کی ترقی اور کامیابی میں اپنا حصہ ڈالا۔


اقبال علی لاکھانی
چیئرمین

کراچی: 28 فروری 2019ء

کلیم ادائیگی

کلیمز کی فوری ادائیگی اور صارف کا اطمینان ادارے کی اولین ترجیح ہے کیونکہ یہ صارفین کا اعتماد اور ان کی خوشنودی حاصل کرنے میں مدد دیتا ہے۔

بورڈ کارکردگی جائزہ

بورڈ نے ایک سوالنامے کے ذریعے اپنے جائزے کا ایک طریقہ اپنا کر کارکردگی کو جانچنے کا طریقہ کار تیار کیا ہے، جو بورڈ کے کام کے بنیادی حصوں کا احاطہ کرتا ہے۔ اس جانچ کا بنیادی مقصد بورڈ کو اپنی گورننس اور بورڈ اراکین کے معیار کا جائزہ لینے کے قابل بنانا ہے تاکہ وہ ادارے میں زیادہ مؤثر کردار ادا کریں۔

ری انشورنس

کمپنی بیمہ کاری کے عمل پر مکمل یقین اور اعتماد رکھنے والے چند بہترین اور بین الاقوامی مارکیٹ میں عمدہ ساکھ رکھنے والے ری انشوررز کے ساتھ مضبوط ری انشورنس انتظامات رکھتی ہے۔ ہم مستقل مدد اور مسلسل تعاون پر تمام ری انشوررز کے شکر گزار ہیں۔

انشورر فائنانشل اسٹریٹج ریٹنگ (IFSR)

جاپان کریڈٹ ریٹنگ ایجنسی لمیٹڈ کے سے منسلک JCR-VIS نے ادارے کو مستحکم منظر نامے کے ساتھ 'A+' کا درجہ دیا ہے جو معاہدے کے تحت اپنی ذمہ داریوں کو پورا کرنے کی بہترین گنجائش کو ظاہر کرتا ہے۔

ہے۔ خالص پرمیٹیم 4 فیصد اضافے کے ساتھ 2017ء کے 273.8 ملین روپے کے مقابلے میں 284.7 ملین روپے رہا۔ جائزے کے سال میں خالص پرمیٹیم پر خالص کلیم کا تناسب 33 فیصد تھا۔

حادثات اور صحت

کاروبار کا حادثات و صحت شعبہ کل پرمیٹیم پورٹ فولیو کے 19 فیصد پر مشتمل ہے۔ کل بیمہ پرمیٹیم (بشمول تکافل حصہ) سال بھر میں 234.1 ملین روپے رہا جو 2017ء میں 201.5 ملین روپے تھا یعنی 16 فیصد اضافہ ہے۔ خالص پرمیٹیم 2017ء کے 161.6 ملین روپے کے مقابلے میں 215.1 ملین روپے رہا یعنی 33 فیصد حصہ۔ جائزے کے سال میں خالص پرمیٹیم پر خالص کلیم کا تناسب 76 فیصد تھا۔

متفرق

کاروبار کا متفرق حصہ کل پرمیٹیم پورٹ فولیو کے 5 فیصد پر مشتمل ہے۔ سال بھر میں کل بیمہ پرمیٹیم (بشمول تکافل حصہ) 2017ء میں 63.9 ملین روپے کے مقابلے میں 2 فیصد اضافے کے ساتھ 65.3 ملین روپے تھا۔ خالص پرمیٹیم 11 فیصد اضافے کے ساتھ 2017ء کے 12.7 ملین روپے کے مقابلے میں 14.1 ملین روپے رہا۔ جائزے کے سال کے لیے خالص پرمیٹیم پر خالص کلیم کا تناسب 23 فیصد تھا۔

سرمایہ کاری و دیگر آمدنی

لیکوٹی ملاکیت کی خراب کارکردگی کی وجہ سے مذکورہ سال کے لیے سرمایہ کاری و دیگر آمدنی 2017ء کے 157.9 ملین روپے کی مثبت آمدنی کے مقابلے میں منفی 21.7 ملین روپے تھی۔

حصص اور میوچوئل فنڈز کی فروخت سے ممکنہ فائدہ 10.8 ملین روپے تھا، حصص سے ڈیویڈنڈ آمدنی 13.0 ملین روپے تھی اور سرکاری و طے شدہ انکم سکیورٹیز پر حاصل کردہ آمدنی 17.6 ملین روپے تھی۔ دیگر آمدنیاں، بشمول بینک ڈپازٹس پر سود، 28.5 ملین روپے رہیں۔ البتہ ادارے نے اپنے برائے فروخت پورٹ فولیو میں 77.9 ملین کا نقصان ظاہر کیا۔

انتظامیہ کی پالیسی ہے کہ خطرات اور منافع جات میں محفوظ اور مستحکم

آپریٹرز فنڈ (OPF)

مالی سال 2018ء کے لیے کل وکالہ فیس 22.9 ملین روپے اور خالص وکالہ فیس 14.4 ملین روپے تھی۔ منافع قبل از ٹیکس 7.4 ملین روپے تھا۔

شعبہ جات پر ایک نظر

کاروبار کے ہر شعبے نے مندرجہ ذیل کے مطابق بہترین کارکردگی پیش کی:

آتش زنی اور املاک کو نقصان / فائر اور پراپرٹی

آتش زنی اور املاک کے نقصان کا شعبہ کل پرمیٹیم پورٹ فولیو کا 31 فیصد ہے۔ سال بھر میں کل بیمہ پرمیٹیم (بشمول تکافل حصہ) 2017ء کے 330.9 ملین روپے کے مقابلے میں 384.7 ملین روپے تھا، جو 16 فیصد اضافہ ہے۔ خالص پرمیٹیم 2017ء کے 34.5 ملین روپے کے مقابلے میں 9 فیصد اضافے کے ساتھ 37.5 ملین روپے رہا۔ جائزے کے سال کے لیے خالص پرمیٹیم پر خالص کلیم کا تناسب 17 فیصد تھا۔

بحری، ہوا بازی اور نقل و حمل

بحری، ہوا بازی اور نقل و حمل کا کاروباری شعبہ کل پرمیٹیم پورٹ فولیو کا 17 فیصد حصہ رہا۔ کل بیمہ پرمیٹیم (بشمول تکافل حصہ) 2017ء کے 173.4 ملین روپے کے مقابلے میں سال بھر میں 213.9 ملین روپے تھا، یعنی 23 فیصد اضافہ۔ خالص پرمیٹیم 2017ء کے 110.4 ملین روپے کے مقابلے میں 138.9 ملین روپے رہا جو 26 فیصد اضافہ ہے۔ جائزے کے سال کے لیے خالص پرمیٹیم پر خالص کلیم کا تناسب 16 فیصد تھا۔

موٹر

ہمارے کاروبار کا موٹر شعبہ کل پرمیٹیم پورٹ فولیو کا 28 فیصد ہے۔ کل بیمہ پرمیٹیم (بشمول تکافل حصہ) 2017ء کے 285.5 ملین روپے کے مقابلے میں سال بھر میں 350.0 ملین روپے تھا، جو 23 فیصد اضافہ

امکان ہے۔ نتیجتاً موجودہ اکاؤنٹ خسارہ مالی سال 2018ء میں 6.1 سے گھٹ کر اب جی ڈی پی کے 4.5 سے 5.5 فیصد ہو جانے کا امکان ہے۔

ادارے کی کارکردگی کی جھلکیاں

2018ء سنجری انشورنس کمپنی لمیٹڈ کے لیے ایک اچھا سال رہا۔ کاروبار کے تمام انشورنس شعبوں نے نمو اور زیادہ منافع ظاہر کیا۔ لیکوئٹی مارکیٹ کی پائوس کن کارکردگی کی وجہ سے گزشتہ سال کے مقابلے میں سرمایہ کاری آمدنی نے زوال ظاہر کیا۔

2018ء اور 2017ء کے سالوں کے لیے مسابقتی مالیاتی جھلکیاں مندرجہ ذیل ہیں۔

بیان	2018ء	2017ء	رقم	فیصد	(روپے ملین میں) اضافہ / (کمی)
تحریر شدہ مجموعی پریمیم (بشمول تکافل حصہ)	1,248	1,055	193	18	
خالص پریمیم	690	593	97	16	
انڈر رائٹنگ نتائج	130	86	44	51	
سرمایہ کاری و دیگر آمدنی	(22)	158	(180)	(114)	
ونڈو تکافل آپریشن سے منافع / (خسارہ)	7	(1.2)	8	-	
منافع قبل از ٹیکس	105	234	(129)	(55)	
منافع بعد از ٹیکس	71	140	(69)	(49)	
آمدنی فی حصص (روپے)	1.42	2.78	(1.36)	(49)	
کل اثاثہ جات	2,830	2,736	94	3	
ادا شدہ سرمایہ	503	503	-	-	
کل لیکوئٹی	1,720	1,731	(11)	(1)	

ونڈو تکافل آپریشن

اس امر کو ذہن میں رکھتے ہوئے کہ 2018ء ونڈو تکافل آپریشنز کا پہلا مکمل سال تھا، مجموعی تکافل کارکردگی کافی اطمینان بخش تھی۔

پڈٹیسینٹ تکافل فنڈ (PTF)

مالی سال 2018ء کے لیے مجموعی تحریر شدہ حصہ داری گزشتہ سال میں 5.4 ملین روپے کے مقابلے میں 62.4 ملین روپے تھی۔ خالص حصہ داری آمدنی گزشتہ سال 26.7 ملین روپے تھی اور مالی سال 2018ء کے لیے سرپلس 0.3 ملین روپے تھا۔

جائزے کے سال میں مجموعی پریمیم (بشمول تکافل حصہ) 2017ء میں 1,055.2 ملین روپے سے بڑھ کر 1,248.0 ملین روپے ہوا، جو 18 فیصد اضافہ ہے۔ خالص پریمیم 2017ء میں 593.0 ملین روپے کے مقابلے میں 16 فیصد اضافے کے ساتھ 690.3 ملین روپے ہو گیا۔ خالص کلیمز 2017ء میں 247.0 ملین روپے کے مقابلے میں 288.2 ملین روپے تک بڑھے، جو 41 ملین روپے کا اضافہ ہے یعنی 17 فیصد۔ انڈر رائٹنگ نتیجہ 52 فیصد بہتری کے ساتھ 2017ء کے 85.5 ملین روپے کے مقابلے میں 129.7 ملین روپے تک پہنچا۔

چیز میں کا جائزہ

سود کی مدد سے افراط زر ممکنہ طور پر تقریباً چھ فیصد پر رہے گی۔ بینک دولت پاکستان کا نرخوں میں مزید اضافے کو روکنا متوقع ہے کیونکہ اقتصادی سرگرمی کو سہارا دینے اور قیمتوں کو برقرار رکھنے کے لیے توازن برقرار رکھنے کی کوشش کر رہا ہے۔

مالی سال 2019ء کی پہلی سہ ماہی کے دوران مالی خسارہ 541.7 ارب روپے تک پہنچ گیا حالانکہ گزشتہ سال کے اسی عرصے میں یہ 440.8 ارب روپے تھا۔ گو کہ سہ ماہی کے دوران آمدنی میں 7.5 فیصد کا اضافہ ہوا اور حکومت نے ترقیاتی اخراجات میں بھی کمی کی، لیکن قرضوں کی ادائیگی اور دفاعی اخراجات میں اچانک اضافے سے معاملہ برابر ہو گیا۔ اس خسارے کو سرکاری قرضوں میں اضافے، مقامی اور بیرونی دونوں، سے پورا کیا گیا۔ نتیجتاً مالی سال 2019ء کی پہلی سہ ماہی کے اختتام تک ملک کا مجموعی سرکاری قرضہ 25.8 ٹریلین روپے تک پہنچ گیا، جو مالی سال 2018ء کی چوتھی سہ ماہی کے اختتام تک 25.0 ٹریلین روپے تھا۔

بقیہ مالی سال 2019ء کے لیے حکومت کی توجہ ممکنہ طور پر میکرو اکنامک استحکام پر ہے۔ بینک دولت پاکستان افراط زر کے دباؤ اور اس کے بڑھتے ہوئے امکانات کو روکنے کے لیے پالیسی شرح میں پہلے ہی اضافہ کر چکا ہے۔ بینک دولت کی سال بھر کے لیے افراط زر کی پیش بینی اس وقت 6.5 سے 7.5 فیصد ہے۔ اسی طرح معیشت کو مستحکم کرنے کے بنیادی ہدف کو حاصل کرنے کے لیے مالیاتی پالیسی بھی تیز کی گئی ہے۔ حکومت نے مالی سال 2019ء کے لیے طے شدہ ترقیاتی اخراجات کو کم کیا ہے اور پہلے سے اعلان کردہ ٹیکس رعایت کے اقدامات کو عارضی طور پر روک دیا ہے۔ یوں تمام عالمی اقتصادی پیش بینی کرنے والوں نے ملک کی متوقع اقتصادی کارکردگی پر نظر ثانی کی ہے اور جی ڈی پی میں نمو کی شرح کی پیش گوئی اب 4.0 سے 4.8 فیصد ہے۔ بیرونی شعبے کے لیے سب سے اہم پیشرفت مالی سال 2019ء کی دوسری سہ ماہی میں تیل کی بین الاقوامی قیمتوں کی کمی ہے، جو چاہے مختصر عرصے کے لیے ہی سہی لیکن ملک کے تیل درآمد کرنے کے اخراجات پر موجود دباؤ کو کم کرے گی۔ توانائی سے ہٹ کر روپے کی قدر میں کمی اور درآمدی ڈیویڈنڈز میں اضافے کی وجہ سے دیگر درآمدات کم ہونا بھی متوقع ہے۔ دوسری جانب روپے کی شرح تبادلہ میں کمی، اور ساتھ ہی بیرون ملک مقیم پاکستانیوں کی جانب سے رقوم بھیجنے سے، برآمدات بڑھنے کا

31 دسمبر 2018ء کو ختم ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز کی جانب سے سالانہ رپورٹ اور ادارے کی کارکردگی کا جائزہ پیش کرنا میرے لیے خوشی کا باعث ہے۔

معیشت کا جائزہ

مالی سال 2018ء (FY18) میں جی ڈی پی کی نسبتاً زیادہ شرح نمو 5.8 فیصد حاصل کرنے کے بعد پاکستان کی معیشت سُست پڑنے کے آثار ظاہر ہونا شروع ہو گئے ہیں۔ ایشین ڈیولپمنٹ آؤٹ لک نے مالی سال 2019ء میں جی ڈی پی کی نمو 4.8 فیصد رہنے کی پیش بینی کی ہے۔ بڑے پیمانے پر مینوفیکچرنگ (LSM) مالی سال 2019ء کی پہلی سہ ماہی میں 1.7 فیصد کم ہوئی جبکہ پچھلے سال کے اسی عرصے میں اس میں 9.9 فیصد کا نمایاں اضافہ ہوا تھا۔ اس مایوس کن کارکردگی کی جڑیں شعبہ تعمیرات میں آنے والے زوال میں ہیں۔ زرعی شعبے میں زیر کاشت رقبے میں آنے والی بڑی کمی خریف کی بڑی فصلوں جیسا کہ کپاس، چاول، گنا اور مکئی کی پیداوار میں کمی کی وجہ ہے۔

خارجہ تناظر میں روپے کی قدر میں کمی اور واجب الادا رقوم کا بحران 2018ء میں سرخیوں میں نمایاں رہا۔ گو کہ مالی سال 2019ء کی پہلی سہ ماہی میں برآمدات اور ترسیل زر میں مسلسل اضافہ ہوا تھا، لیکن تیل کی عالمی قیمتوں میں یکدم اضافے نے اس کی نفی کر دی۔ نتیجتاً مالی سال 2019ء کی پہلی سہ ماہی میں موجودہ خسارہ 3.6 ارب ڈالرز کی بلند سطح پر کھڑا ہے۔ اس خسارے کو بینک دولت پاکستان کے غیر ملکی زر مبادلہ کے ذخائر سے پورا کیا گیا، جو اس سہ ماہی میں 1.4 ارب ڈالرز تک کم ہوئے۔ اس کے بعد تیل کی قیمتیں کم ہوئیں اور روپے کی قدر مزید گھٹ گئی۔ حکومت نے حال ہی میں سعودی عرب، چین، متحدہ عرب امارات اور ملائیشیا کے ساتھ تجارتی و سرمایہ کاری معاہدے پر دستخط کیے ہیں اور ان ممالک سے مختصر میعاد کی ادائیگی حقیقت کا روپ دھارنا شروع ہو گئی ہے۔

بینک دولت پاکستان (SBP) کی مائٹری پالیسی کمیٹی نے مالی سال 2019ء کی دوسری ششماہی میں 425 بیسیس پوائنٹس کے حساب سے پالیسی ریٹ بڑھائے اور اس کے بعد 30 جنوری 2019ء کو مزید 25 بیسیس پوائنٹس کا اضافہ کیا۔ تیل کی قیمتوں میں اضافے اور زیادہ شرح

Directors' Report

The directors of Century Insurance Company Limited (the Company) take pleasure in presenting their report together with the annual audited financial statements and auditors' report thereon for the year ended December 31, 2018.

Appropriation of Profit

Profits for the year ended December 31, 2018 has been appropriated as follows:

Balance brought forward from previous years

Total comprehensive income for year
Amount available for appropriations

Appropriations:

Proposed final cash dividend @ 12.50%

Un-appropriated amount carried forward

(Rupees)
803,703,145
70,190,212
873,893,357
(62,871,004)
811,022,353

Earnings per Share

Your Company has earned a profit after tax of Rs. 71.33 million which translates into earnings per share of Rs. 1.42 as compared to Rs. 2.78 for the previous year.

Paid-up Capital

Your Company has a strong financial base with a paid-up capital of Rs. 503.0 million. Factoring in retained earnings and reserves, the total equity as at December 31, 2018 stood at Rs. 1,720.4 million. The larger equity

base will enhance the financial strength and underwriting capabilities of the Company.

Auditors

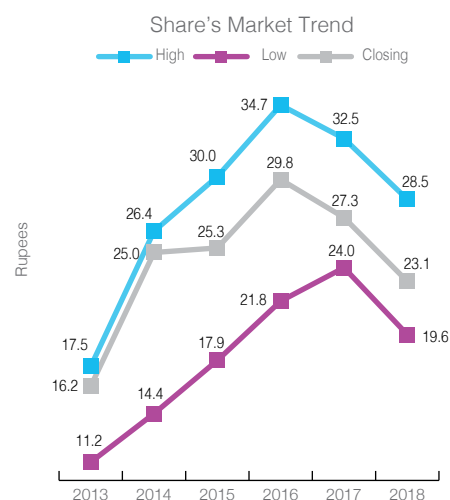
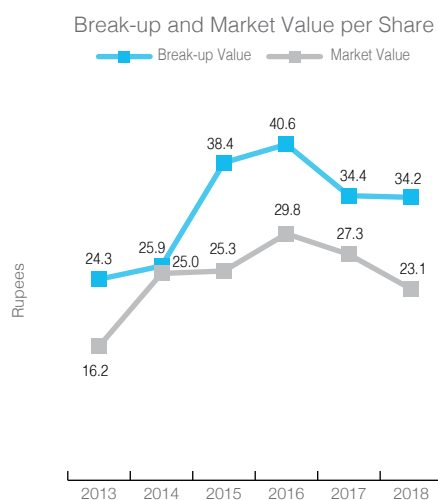
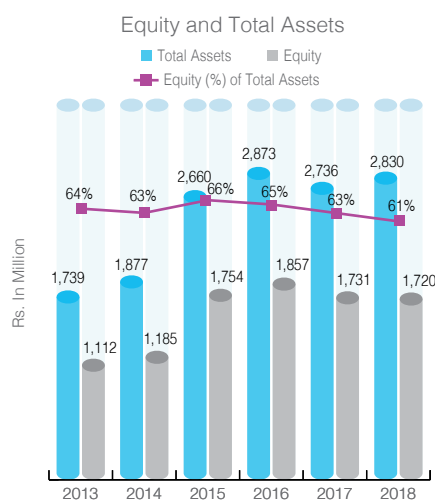
M/s. KPMG Taseer Hadi & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting. Being eligible they have offered themselves for re-appointment. The Audit Committee and the Board of Directors have recommended their re-appointment.

The audit firm has confirmed that it has been awarded a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and the firm is fully compliant with the guidelines of the International Federation of Accountants (IFAC) on code of ethics, as adopted by the ICAP.

Corporate Social Responsibility

Your Company believes in regulating its own behavior to ensure that it stays at all times within both the letter and spirit of the law and adheres to the highest ethical standards and norms within the insurance industry, at both a national and an international level. Moreover, your company strives to make an actual social contribution whenever possible by supporting and promoting social inclusion of the marginalized and disabled within the local community and by supporting education for the underprivileged.

Your Company is also active in promoting insurance awareness and understanding in the country by





participating in such activities and projects undertaken by the Insurance Association of Pakistan.

Contribution to National Exchequer

Your Company contributed an amount of Rs. 289.8 million into the Government Treasury on account of taxes, levies and federal excise duty.

Principal Risks and Uncertainties

The Company is exposed to certain inherent risks and uncertainties. However, we consider the following as key risks:

- Political and economic uncertainties
- New channel of distribution
- Advancement in information technology
- Underwriting and credit risk
- Equity market and interest rate risk
- Liquidity and cash flow risk

The company works with internal and external stakeholders to mitigate / reduce to acceptable level the likely impact of aforesaid risks.

Compliance with the Code of Corporate Governance

The Statement of Compliance with the Code of Corporate Governance is annexed with the report.

Composition of the Board

The board consists of 6 male and 1 female directors with following composition:

Independent Director	1
Other non-executive Directors	5
Executive Director	1
Total number of Directors	7

Remuneration Policy of Non-Executive Directors

The fee of the Non-Executive and Independent Directors for attending the Board and Committee meetings of the Company is determined by the Board from time to time.

Code of Conduct

The Board has adopted a code of conduct for all employees, who have in turn, been informed of this code. All employees understand that they are required to observe these rules of conduct at all times.

Board of Directors' Meetings

During the year, five (05) board meetings were held. The

number of meetings attended by each Director is given hereunder:-

Name of Directors	No. of Meetings Attended
Mr. Iqbal Ali Lakhani (Chairman)	3
Mr. Amin Mohammed Lakhani	5
Mr. Bilal Ali Lakhani	-
Ms. Anushka Zulfiqar Lakhani	4
Mr. Tasleemuddin Ahmed Batlay	4
Mr. Mohammad Hussain Hirji (Chief Executive)	5
Mr. Sadrudin Ismail Mohamed	5

Chief Executive Officer (CEO) Performance Review

The Board of Directors has appointed the Chief Executive Officer for tenure of three years. The Ethics, Human Resource & Remuneration Committee of the Board sets operational, financial and strategic objectives to evaluate his performance and review and monitor it on an annual basis.

Board Committees

During the year, four (04) meetings each of the Board Audit Committee and Investment Committee and two (02) meetings of The Ethics, Human Resource & Remuneration Committee were held. The names of the members of the Board Committees and their terms of reference are given in the annexure to this report. The Chairman of the board Audit and Ethics, Human Resource of & Remuneration Committee is an Independent Director.

Management Committees

The Company has three management committees, which cover the core areas of business. The Committees' names, number of meetings, names of members and terms of references are given in the annexure to this report.

Statement of Directors' Responsibilities

The Directors are pleased to state that the Company is compliant with the financial reporting framework of the Code of Corporate Governance as required by the Securities & Exchange Commission of Pakistan (SECP).

Following are the statements on Corporate and Financial Reporting Framework:

- The financial statements together with the notes thereon have been drawn up by the management in conformity with the Insurance Ordinance, 2000 and Companies Act, 2017. These Statements present fairly the Company's state of affairs, the results of its operations, cash flow and changes in equity.

- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements except those as disclosed in the financial statements and accounting estimates are based on reasonable and prudent judgment.
- The International Accounting Standards, International Financial Reporting Standards or any other regulation or law, as applicable in Pakistan, have been followed in the preparation of these financial statements.
- The system of internal control is sound in design. The system is being continuously monitored by an internal audit function and through other such monitoring procedures. The process of monitoring internal controls will continue as an ongoing process with the objective to further strengthen the controls and bring in improvements in the system.
- There are no significant doubts about the Company's ability to continue as a going concern.
- There has been material departure from the best practices of corporate governance.
- The key operating and financial data for the last six years is annexed.
- Information about taxes and levies is given in the notes to and forming part of financial statements.
- In accordance with the criteria specified on clause (xi) of CCG, majority of Directors of the Company are exempted from the requirement of director's training program and rest of the Directors of the Company have completed the same. The Board arranged an orientation course for its Directors during the year to apprise them of their duties and responsibilities and briefed the Directors regarding amendments in the Corporate Laws.
- The value of investments in respect of retirement benefit funds based on their respective accounts as on December 31, 2018 are as follows:

Provident Fund: Rs. 57.3 million
Gratuity Fund: Rs. 35.0 million



Tasleemuddin Ahmed Batlay
Director

Karachi: February 28, 2019

Pattern of Shareholding

A statement showing pattern of shareholding of the Company and additional information as at December 31, 2018 is annexed with the report.

The Board has determined the threshold in respect of trading of Company's shares by executives and employees who are drawing annual basic salary of Rs. 1 million or above.

There have been no transactions carried out by the Directors, Chief Executive, CFO, Company Secretary and/or their spouses and minor children in the shares of the Company during the year.

Subsequent Events

No material changes and commitments effecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

Future Outlook

We are optimistic about the future outlook of Century Insurance Company Limited. We aim to grow in terms of premium income and also in terms of market share. We will look to develop a full range of insurance products to cater to the commercial and retail segments and also develop micro-insurance products for the lower income segments of society.

Your company will continue to grow and train its field force, especially with respect to serving the corporate sector. Moreover, it will focus on developing new channels of digital distribution so as to effectively penetrate the retail and micro-insurance markets. It will also explore coordinating with banks and other entities to develop new and cost-effective distribution channels.

Your Company will also monitor the equity markets so as to take advantage of attractive market returns but will always stress on stability and balance.



Mohammad Hussain Hirji
Director & Chief Executive

شیئر ہولڈنگ کا نمونہ

31 دسمبر 2018ء کے مطابق شیئر ہولڈنگ کے نمونے اور اضافی معلومات کی نشاندہی کرنے والا ایک گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ نے ایسے ایگزیکٹو اور ملازمین پر جو سالانہ 10 لاکھ روپے یا اس سے زیادہ بنیادی تنخواہ وصول کر رہے ہیں، ادارے کے شیئرز کی خرید و فروخت کی حد مقرر کر رکھی ہے۔

ڈائریکٹرز، چیف ایگزیکٹو، CFO، کمپنی سیکریٹری اور/یا ان کے شریک حیات اور چھوٹے بچوں کی جانب سے اس سال کے دوران ادارے کے حصص کی صورت میں کوئی لین دین نہیں کیا گیا۔

بعد ازاں رونما ہوئے واقعات

مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران کوئی ایسی اہم تبدیلیاں اور معاہدات نہیں ہوئے جو ادارے کی مالیاتی حالت پر اثر انداز ہو سکیں۔

مستقبل کا منظر نامہ

آپ کا ادارہ سنجری انشورنس کمپنی لمیٹڈ کے مستقبل کے منظر نامے کے بارے میں پُر امید ہے۔ ہمارا ہدف پرمیئم آمدنی کے علاوہ مارکیٹ شیئر کے اعتبار سے بھی آگے بڑھنا ہے۔ ہماری نظریں کمرشل اور ریٹیل شعبوں کی ضروریات پوری کرنے کے لیے انشورنس مصنوعات کی مکمل رتنج تیار کرنے پر ہوں گی اور معاشرے کے کم آمدنی والے طبقات کے لیے مائیکرو-انشورنس مصنوعات بھی تیار کریں گے۔

آپ کا ادارہ اپنی فیلڈ فورس کی تربیت اور صلاحیتوں میں اضافہ جاری رکھے گا، بالخصوص کارپوریٹ شعبے کی خدمات کے حوالے سے۔ مزید برآں، ہماری توجہ ڈیجیٹل تقسیم کے نئے چینل تیار کرنے پر ہوگی تاکہ ریٹیل اور مائیکرو انشورنس مارکیٹوں میں مؤثر انداز میں داخل ہو سکیں۔ ہم نئے اور مؤثر تقسیم کاری چینلوں کی تیاری کے لیے بینکوں اور دیگر اداروں کے ساتھ مل کر بھی امکانات تلاش کریں گے۔

ہم لیکوٹی مارکیٹوں کی نگرانی بھی کریں گے تاکہ پرکشش مارکیٹ منافع کا فائدہ اٹھا سکیں لیکن استحکام اور توازن پر ہمیشہ زور دیں گے تاکہ ادارے کو زیادہ حد سے زیادہ خطرات سے دوچار نہ کریں۔

Muhammad Hussain Virji

جناب محمد حسین ہیرجی

ڈائریکٹر و چیف ایگزیکٹو

M. Fauzan

جناب تسلیم اے باٹلے

ڈائریکٹر

چیف ایگزیکٹو آفیسر کی کارکردگی کا جائزہ

بورڈ آف ڈائریکٹر نے تین سالہ مدت کے لیے چیف ایگزیکٹو آفیسر کی تقرری کی ہے۔ بورڈ کی آپٹیکس، ہیومن ریسورس اینڈ ریمونریشن کمیٹی نے چیف ایگزیکٹو آفیسر کی کارکردگی کو جانچنے کے لیے عملی، مالیاتی اور حکمت عملی پر مبنی مقاصد کا تعین کیا ہے تاکہ سالانہ بنیاد پر اس کا جائزہ لیا جاسکے اور اسے مانیٹر کیا جاسکے۔

بورڈ کمیٹیاں

سال کے دوران بورڈ آڈٹ کمیٹی اور انوسٹمنٹ کمیٹی کے 4 اور دی آپٹیکس، ہیومن ریسورس اینڈ ریمونریشن کمیٹی کے 2 اجلاس منعقد ہوئے۔ بورڈ کمیٹی کے اراکین کے نام اور ان کے ٹرمز آف ریفرنس رپورٹ کے ضمیمے میں دیے گئے ہیں۔ بورڈ آڈٹ اور ہیومن ریسورس اینڈ ریمونریشن کمیٹیوں کے چیئرمین ایک انڈیپنڈنٹ ڈائریکٹر ہیں۔

مینجمنٹ کمیٹیاں

ادارہ تین انتظامی کمیٹیاں رکھتا ہے جو کاروبار کے مرکزی شعبوں کا احاطہ کرتی ہیں۔ ان کمیٹیوں کے نام، اجلاسوں کی تعداد، اراکین کے نام اور ٹرمز آف ریفرنس اس رپورٹ کے ضمیمے میں دیے گئے ہیں۔

ڈائریکٹر کی ذمہ داریوں کا بیان

ڈائریکٹر بخوشی بیان کرتے ہیں کہ ادارہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے تقاضوں کے مطابق کارپوریٹ گورننس کے ضابطے کے مالیاتی رپورٹنگ ڈھانچے کی پیروی کرتا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ ڈھانچے پر بیانات مندرجہ ذیل ہیں:

- مالیاتی گوشوارے اور ان پر موجود انتظامیہ کے حاشیے انشورنس آرڈیننس 2000ء اور کمپنیز ایکٹ 2017ء کے مطابق ہیں۔ یہ گوشوارے ادارے کے امور کی کیفیت، سرگرمیوں کے نتائج، کمیشن فلو اور لیکوئٹی میں تبدیلی کی منصفانہ عکاسی کرتے ہیں۔

- ادارہ اپنے اکاؤنٹس کھاتے مناسب انداز میں برقرار رکھتا ہے۔

- ادارے نے مالیاتی گوشواروں کی تیزی میں اکاؤنٹنگ کی موزوں پالیسیوں کی پیروی کی ہے اور اس کے اکاؤنٹنگ اندازے معقول اور محتاط اندازوں پر مبنی ہیں۔

- ان مالیاتی گوشواروں کی تیزی میں پاکستان میں لاگو بین الاقوامی اکاؤنٹنگ، بین الاقوامی رپورٹنگ کے معیارات اور دیگر ریگولیشن / قانون کی پیروی کی گئی ہے۔

- انٹرئل کنٹرول کا نظام اپنی ساخت میں مستحکم ہے۔ انٹرئل آڈٹ عمل اور نگرانی کے دیگر طریقہ ہائے کار کے ذریعے اس نظام کی مستقل نگرانی کی جاتی ہے۔ انٹرئل کنٹرولز کی نگرانی کا عمل ایک مسلسل عمل کے طور پر جاری رہے گا کہ جس کا مقصد کنٹرولز کو مزید مستحکم کرنا اور نظام میں بہتریاں لانا ہے۔

- ادارے کو رواں دواں رہنے کی صلاحیت کے بارے میں کوئی شکوک و شبہات نہیں ہیں۔

- لسٹنگ کے ضوابط میں تفصیل سے موجود کارپوریٹ گورننس کی بہترین روایات سے کوئی پہلو تہی نہیں کی گئی۔

- گزشتہ چھ سال کا اہم کاروباری و مالیاتی ڈیٹامنسک ہے۔

- ٹیکس اور محصولات کی معلومات حاشیوں میں دی گئی ہے اور مالیاتی گوشواروں کا بھی حصہ ہے۔

- CCG کی شق (xi) میں طے شدہ معیارات کے مطابق ادارے کے ڈائریکٹر کی اکثریت ڈائریکٹر ٹریننگ پروگرام سے مستثنیٰ ہیں اور ادارے کے باقی ڈائریکٹر اسے مکمل کر چکے ہیں۔ بورڈ نے اپنے ڈائریکٹر کو اپنی ذمہ داریوں اور فرائض سے آگاہ کرنے کے لیے اس سال ایک آگہی کورس کا انتظام کیا اور انہیں کارپوریٹ قوانین میں ترمیم سے آگاہ کیا۔

- اپنے کھاتوں کے حساب سے ریٹائرمنٹ سینفٹ فنڈز میں ان کی سرمایہ کاری کی قدر 31 دسمبر 2018ء کو کچھ یوں ہے:

پروویڈنٹ فنڈ: 57.3 ملین روپے

گریجویٹ فنڈ: 35.0 ملین روپے

بورڈ کی تشکیل

بورڈ درج ذیل تشکیل کے ساتھ 6 حضرات اور 1 خاتون پر مشتمل ہے:

1	خود مختار ڈائریکٹر
5	دیگر نان ایگزیکٹو ڈائریکٹرز
1	ایگزیکٹو ڈائریکٹر
7	ڈائریکٹرز کی مجموعی تعداد

نان ایگزیکٹو ڈائریکٹرز کے لئے مشاہرے کی پالیسی

ادارہ کے بورڈ اور کمیٹی میٹنگز میں شرکت کے لئے نان ایگزیکٹو ڈائریکٹرز خود مختار ڈائریکٹرز کے مشاہرے کا تعین بورڈ کی طرف سے وقتاً فوقتاً کیا جاتا ہے۔

ضابطہ اخلاق

بورڈ نے تمام ملازمین کے لیے ایک ضابطہ اخلاق اختیار کر رکھا ہے کہ جن کو اس ضابطے سے مطلع رکھا جاتا ہے۔ تمام ملازمین کو سمجھنا ہے کہ انہیں ہمہ وقت اس ضابطہ اخلاق کی پیروی کرنے کی ضرورت ہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

سال کے دوران بورڈ کے پانچ (05) اجلاس ہوئے۔ ہر ڈائریکٹر کی اجلاسوں میں حاضری کچھ یوں رہی:

ڈائریکٹرز کے نام	شرکت کردہ اجلاسوں کی تعداد
جناب اقبال علی لاکھانی (چیئر مین)	3
جناب امین محمد لاکھانی	5
جناب بلال علی لاکھانی	-
محترمہ یوشکا ذوالفقار لاکھانی	4
جناب تسلیم الدین احمد باٹلے	4
جناب محمد حسین ہیرجی (چیف ایگزیکٹو)	5
جناب صدر الدین اسماعیل محمد	5

کے قواعد دونوں کو یقینی بنایا جائے۔ مزید برآں، ادارہ ممکنہ حد تک مقامی برادریوں کے پسماندہ و معذور افراد کو سہارا دینے کی ترویج اور ان کی سماجی شمولیت اور غیر مراعات یافتہ طبقے کو تعلیم کی فراہمی کے ذریعے حقیقی سماجی حصہ داری کی جدوجہد کرتا ہے۔

آپ کا ادارہ انشورنس ایسوسی ایشن آف پاکستان کی سرگرمیوں اور منصوبوں میں حصہ لے کر انشورنس کے حوالے سے شعور اور فہم اجاگر کرتا ہے۔

قومی خزانے میں حصہ داری

آپ کا ادارہ ٹیکس، لیویز اور فیڈرل ایکسائز ڈیوٹی کی مد میں سرکاری خزانے میں 289.8 ملین روپے ادا کر چکا ہے۔

بنیادی خطرات اور غیر یقینی صورتحال

کمپنی کو مخصوص امکانی خطرات اور خدشات کا سامنا ہے۔ البتہ، ہم درجہ ذیل کو اہم خطرات تصور کرتے ہیں:

- سیاسی اور معاشی غیر یقینی صورتحال
- تقسیم کے نئے چینل
- انفارمیشن ٹیکنالوجی میں ترقی
- انڈر رائٹنگ اور کریڈٹ خطرات
- ایکوئیٹی مارکیٹ اور انٹرنیٹ کی شرح کے خطرات
- کیوڈیٹی اور کیش کی ترسیل کے خطرات

کمپنی مندرجہ بالا خطرات کے ممکنہ اثرات میں قابل قبول حد تک تحقیق / کمی کے لیے اندرونی اور بیرونی اسٹیک ہولڈرز کے ساتھ مل کر کام کرتی ہے۔

کارپوریٹ گورننس کے ضابطے کی تعمیل

کارپوریٹ گورننس کے ضابطے کی تعمیل کا گوشوارہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز کی رپورٹ

ادا شدہ سرمایہ

آپ کا ادارہ 503.0 ملین روپے کے ادا شدہ سرمائے کے ساتھ مضبوط مالی بنیاد رکھتا ہے۔ برقرار رکھی گئی اور محفوظ آمدنی کو ملا کر 31 دسمبر 2018ء کو کل لیکوٹی 1,720.4 ملین روپے تھی۔ لیکوٹی کی وسیع تر بنیاد مالیاتی استحکام اور ادارے کی بیمہ کاری کی صلاحیتوں کو بڑھائے گی۔

آڈیٹرز

میسرز KPMG تاثیر ہائی لینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، سالانہ اجلاس عام کے بعد ریٹائر ہو گئے۔ اہل ہونے کی وجہ سے انہوں نے خود کو دوبارہ تقرری کے لیے پیش کیا۔ آڈٹ کمیٹی نے ان کی دوبارہ تقرری کی تجویز دی۔

آڈٹ فرم نے تصدیق کی ہے کہ وہ انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالٹی کنٹرول ریویو پروگرام کے تحت تسلی بخش ریٹنگ دے چکا ہے اور ادارہ ICAP کے قبول کردہ ضابطہ اخلاق پر انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کی رہنما ہدایت کو پوری طرح قبول کرنے والا ہے۔

کارپوریٹ سماجی ذمہ داری

آپ کا ادارہ اپنے رویے کو خود درست رکھنے پر یقین رکھتا ہے تاکہ قانون کی لفظی و معنوی تعمیل اور اعلیٰ ترین اخلاقی معیارات اور انشورنس صنعت

سنجری انشورنس کمپنی لمیٹڈ (ادارے) کے ڈائریکٹرز 31 دسمبر 2018ء کو مکمل ہونے والے سال کے لیے سالانہ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز کی رپورٹ پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

منافع کی تخصیص

31 دسمبر 2018ء کو ختم ہونے والے سال کے لیے منافع کی تخصیص کچھ یوں ہے:

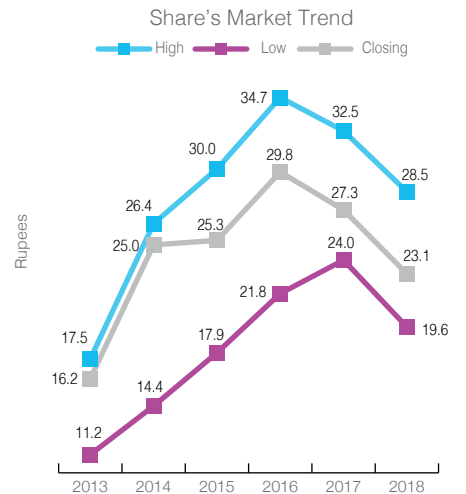
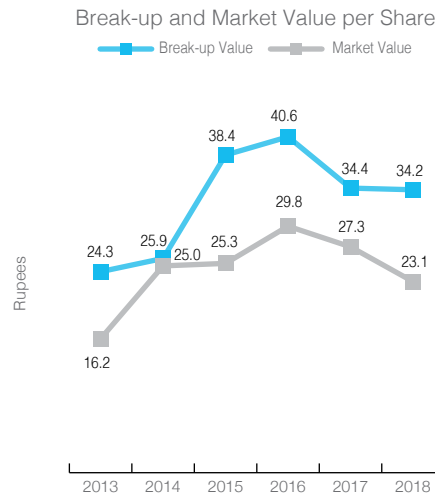
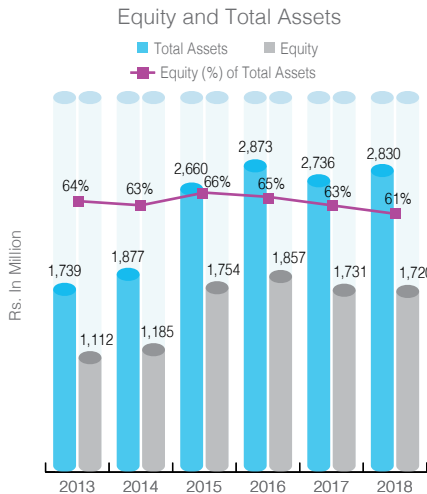
روپے
803,703,145
70,190,212
873,893,357
(62,871,004)
811,022,353

گزشتہ سالوں سے آگے منتقل ہونے والی رقم
کل مجموعی آمدنی برائے سال
تخصیص کے لیے دستیاب رقم
تخصیص

مجوزہ حتمی کیش ڈیویڈنڈ 12.50 فیصد پر
آگے منتقل کی گئی غیر تخصیص شدہ رقم

آمدنی فی حصص

آپ کے ادارے نے 33 71.3 ملین روپے کا بعد از ٹیکس منافع حاصل کیا جو گزشتہ سال کے 2.78 روپے کے مقابلے میں اس سال 1.42 روپے فی حصص آمدنی بنتی ہے۔





Board Committees

AUDIT COMMITTEE

Terms of Reference:

1. Determination of appropriate measure to safeguard the company's assets;
2. Review of preliminary announcements of results prior to external communication and publication;
3. Review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - a. Major judgmental areas;
 - b. Significant adjustments resulting from the audit;
 - c. The going-concern assumption;
 - d. Any changes in accounting policies and practices;
 - e. Compliance with applicable accounting standards;
 - f. Compliance with listing regulations, other statutory and regulatory requirements; and
 - g. All related party transactions.
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audit and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
5. Review of management letter issued by external auditor and management's response thereto;
6. Ensuring coordination between the internal and external auditors of the Company;
7. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
9. Ascertaining that the internal control systems including financial and operational controls, accounting systems

for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

10. Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
11. Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
12. Determination of compliance with relevant statutory requirements;
13. Monitoring compliance with the best practices of corporate governance, listing regulations and identification of significant violations thereof;
14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
15. Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
16. Consideration of any other issue or matter as may be assigned by the Board.

The Committee comprises of three members, including chairman of committee, two of them are non-executive directors and one is an independent director. Chairman of the committee is an independent director. During the year four meeting of this committee were held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed - Chairman	4
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	4

ETHICS, HUMAN RESOURCE & REMUNERATION COMMITTEE

Terms of Reference:

1. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the Chief Executive Officer level;
2. Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging an external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing the consultant's name, qualifications and major terms of appointment;
3. Recommending Human Resource Management policies to the board;
4. Recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer;
5. Recommending to the Board the selection, evaluation and development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;
6. Consideration and approval on recommendations of the Chief Executive Officer related to key management positions who report directly to Chief Executive Officer or Chief Operating Officer;
7. Proposing a remuneration framework that takes into account performance evaluations, market considerations and compensation structure;
8. This framework will be reviewed and approved on an annual basis prior to the convening of the annual general meeting for the immediate preceding year;
9. Reviewing and making recommendations to the Board of Directors regarding the specific remuneration of the Board members, the Chief Executive Officer, Chief Financial Officer, Company Secretary, Compliance Officer and Head of Internal Audit;
10. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company; and

11. Any additional responsibility may be assigned to the Committee by the Board.

The Committee comprises of four members, including chairman of committee. Two members are non-executive directors and one is an independent director. Chairman of Committee is an independent director. During the year two meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Sadrudin Ismail Mohamed Chairman (from February 27,2018)	2
Mr. Amin Mohammed Lakhani	2
Mr. Tasleemuddin Ahmed Batlay	2
Mr. Mohammad Hussain Hirji	2

INVESTMENT COMMITTEE

Term of Reference:

1. Review the investment policies and strategies of the Company to ensure they are consistent with the goals and objectives of the Company;
2. Determine that investment constraints are consistently followed and that procedures are in place to ensure that the investment portfolio is managed in compliance with the investment policy;
3. Review the performance of the investment portfolios of the Company and make periodic reports to the Board;
4. Review and approve the annual investment plan and budget; and
5. Annually review and reassess the overall investment policy and recommend any proposed changes to the Board for approval.

The Committee comprises of four members, including chairman of committee. Two members including chairman are non-executive directors. During the year four meeting of this committee was held and the attendance of meeting is as follows:

Name of Members	Meeting attended
Mr. Iqbal Ali Lakhani - Chairman	4
Mr. Tasleemuddin Ahmed Batlay (from February 27, 2018)	3
Mr. A. Aziz H. Ebrahim (up to February 2, 2018)	-
Mr. Mohammad Hussain Hirji	4
Mr. Sabza Ali Pirani	4



Management Committees

UNDERWRITING, REINSURANCE & COINSURANCE COMMITTEE

Terms of Reference:

1. To review the rates and profitability of the various business sectors for each class of underwriting;
2. To review the reinsurance structure and arrangements for each class of business to ensure that the company's net exposure is within agreed limits for individual risks and also on a cumulative basis in the event of a catastrophic occurrence;
3. To review and approve underwriting proposals for high risk and complex covers; and
4. To review policy terms and rating for new insurance products.

The Committee comprises of four members, including the Chairman of this committee who is an executive director.

Name of Member

Mr. Mohammad Hussain Hirji - Chairman
Mr. Aseem Ahmed
Ms. Madiha Khalid
Mr. Ali Asghar

CLAIM SETTLEMENT COMMITTEE

Terms of Reference:

1. To review and approve claim settling policy of the company;
2. To review and approve the adequacy of claim reserves;
3. To assist in resolution of disputed claims of material amount and recommend settlement strategy; and
4. To oversee the implementation of the measures for combating fraudulent claims.

The Committee comprises of three members, including the Chairman of this committee who is an executive director.

Name of Member

Mr. Mohammad Hussain Hirji - Chairman
Mr. Mir Mehmood Ali
Mr. Sabza Ali Pirani

RISK MANAGEMENT & COMPLIANCE COMMITTEE

Terms of Reference:

1. The Committee shall review and identify all possible risks faced by the Company under various categories such as; operational, financial, IT systems, physical or catastrophic, etc. and make appropriate recommendations for the mitigation of these risks to the Board;
2. To identify the risks faced by the company in respect of compliance with the laws applicable to it and to setup adequate controls to mitigate the identified risks;
3. To supervise and monitor matters reported using Company's whistle-blowing or other confidential mechanisms for employees and other to report compliance concerns, potential breaches, violations or fraud; and
4. Appropriate extent of disclosure of company's risk framework and internal control system in Directors report.

The Committee comprises of five members, including the Chairman of this committee who is an executive director.

Name of Member

Mr. Mohammad Hussain Hirji - Chairman
Mr. Ali Asghar
Mr. Sabza Ali Pirani
Mr. Asif Mehmood
Mr. Abdul Rasheed

Pattern of Shareholding

As at December 31, 2018

Incorporation No.K-192/8927 1985-86
CUIN Registration No.0013587

No. of Shareholders	From	Shareholding To	Total Shares Held
467	1	100	6,194
175	101	500	46,996
155	501	1,000	103,241
290	1,001	5,000	667,083
105	5,001	10,000	733,264
36	10,001	15,000	429,640
23	15,001	20,000	389,755
15	20,001	25,000	336,570
9	25,001	30,000	241,721
10	30,001	35,000	319,427
3	35,001	40,000	118,864
1	40,001	45,000	44,000
5	45,001	50,000	241,423
3	50,001	55,000	161,898
1	55,001	60,000	55,117
1	60,001	65,000	60,500
2	65,001	70,000	134,627
3	70,001	75,000	213,692
2	80,001	85,000	160,703
3	85,001	90,000	264,429
1	95,001	100,000	95,150
1	110,001	115,000	114,400
1	130,001	135,000	134,137
1	160,000	165,000	160,000
2	170,001	175,000	348,644
1	235,001	240,000	237,650
1	390,001	395,000	390,500
1	420,001	425,000	423,559
1	480,001	485,000	480,772
1	830,001	835,000	832,119
1	1,260,001	1,265,000	1,262,250
1	2,520,001	2,525,000	2,521,000
1	4,990,001	4,995,000	4,993,103
1	7,155,001	7,160,000	7,157,361
1	11,850,001	11,855,000	11,852,141
1	14,560,001	14,565,000	14,564,873
1,326	Total		50,296,803

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive, their spouse and minor children	40,167	0.08
Associated Companies, undertakings and related parties	38,572,497	76.69
NIT and ICP	NIL	-
Banks, Development Financial Institutions, Non Banking		
Financial Institutions	1,311,750	2.61
Insurance Companies	NIL	-
Modaraba & Mutual Funds	423,559	0.84
Shareholders holding 10% or more	33,574,375	66.75
General Public	6,531,917	12.99
Others	3,416,913	6.79

NOTE: Some of the shareholders are reflected in more than one category.



Details of Pattern of Shareholding

As per requirement of code of corporate governance
As at December 31, 2018

Categories of Shareholders		No. of Shares held
i)	ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES	
	1. M/s. SIZA (Pvt.) Limited	7,157,361
	2. M/s. SIZA Services (Pvt.) Limited	11,852,141
	3. M/s. SIZA Commodities (Pvt.) Limited	4,993,103
	4. M/s. Premier Fashions (Pvt.) Limited	14,564,873
	5. Mr. Sultan Ali Lakhani	594
	6. Mrs. Shaista Sultan Ali Lakhani	396
	7. Mrs. Fatima Lakhani	198
	8. Mr. Babar Ali Lakhani	1,716
	9. Mr. Danish Ali Lakhani	1,453
	10. Ms. Anika Amin Lakhani	662
ii)	MUTUAL FUND	
	1. Golden Arrow Selected Stocks Fund Limited	423,559
iii)	DIRECTORS, CHIEF EXECUTIVE, THEIR SPOUSE AND MINOR CHILDREN	
	1. Mr. Iqbal Ali Lakhani Chairman/Director	1,837
	2. Mr. Amin Mohammed Lakhani Director	1,765
	3. Ms. Anushka Zulfiqar Lakhani Director	1,612
	4. Mr. Bilal Ali Lakhani Director	561
	5. Mr. Tasleemuddin Ahmed Batlay Director	32,595
	6. Mr. Mohammad Hussain Hirji Director/Chief Executive	550
	7. Mr. Sadrudin Ismail Mohamed Director	550
	8. Mrs. Ronak Iqbal Lakhani W/o. Mr. Iqbal Ali Lakhani	396
	9. Mrs. Saira Amin Lakhani W/o. Mr. Amin Mohammed Lakhani	301
iv)	EXECUTIVES	22,550
v)	PUBLIC SECTOR COMPANIES AND CORPORATIONS	24,365
vi)	BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS	1,311,750
vii)	SHAREHOLDERS HOLDING 5% OR MORE	
	Khadija & Kassamali Investments (Pvt) Limited (Other than those reported at (i) (1, 2, 3 & 4)	2,521,000
viii)	INDIVIDUAL AND OTHER THAN THOSE MENTIONED ABOVE	7,380,915
		50,296,803

Key Operating and Financial Data

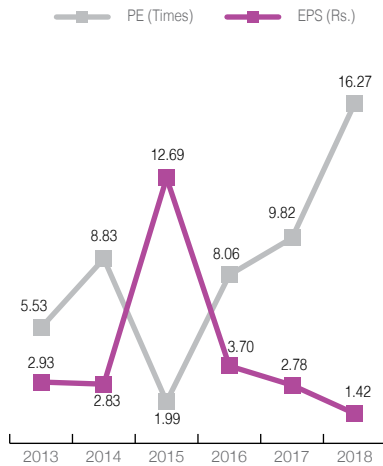
(Rupees in million)

	2018	2017	2016	2015	2014	2013
FINANCIAL DATA						
Ordinary share capital	503.0	503.0	457.2	457.2	457.2	457.2
Share premium	254.0	254.0	254.0	254.0	254.0	254.0
Reserves & Unappropriated profit	963.4	973.6	1146.0	1042.6	474.1	400.4
Equity	1720.4	1730.6	1857.2	1753.8	1185.3	1111.6
Property & equipment	72.4	65.6	71.1	54.5	48.4	47.1
Intangible assets	0.03	0.5	1.0	1.7	-	-
Underwriting Provisions	671.2	587.1	545.0	585.9	405.2	389.9
Investments	1404.2	1519.1	2010.5	1732.9	1098.2	1112.7
Cash and bank deposits	440.4	116.8	408.6	173.5	245.2	105.3
Total Assets	2829.7	2735.6	2660.7	2660.4	1876.7	1738.9
OPERATING DATA						
Gross Premium	1185.6	1049.7	1,008.6	1034.8	755.3	667.1
Net insurance premium	690.3	593.1	659.3	515.0	388.5	321.7
Net insurance claims	288.2	247.0	390.5	299.8	201.9	159.3
Underwriting Profit	129.7	85.5	39.1	20.8	16.8	1.5
Investment & Other Income	(21.7)	157.9	234.1	636.9	146.9	154.7
Profit Before Tax (PBT)	105.0	233.6	264.7	649.2	158.5	150.8
Income tax expense	33.7	93.6	78.8	10.9	16.1	3.4
Profit After Tax (PAT)	71.3	140.0	185.9	638.3	142.4	147.3
CASH FLOW SUMMARY						
Operating Activities	108.9	(69.3)	19.6	10.1	46.4	45.1
Investing Activities	302.0	157.1	442.8	(13.8)	161.7	26.4
Financing Activities	(87.3)	(79.6)	(227.3)	(68.1)	(68.2)	(56.8)
Cash & Cash Equivalents at the year end	439.6	116.0	407.8	172.8	244.5	104.6
FINANCIAL RATIOS						
Profitability						
Profit Before Tax / Net Insurance Premium (%)	15.2	39.4	40.1	126.1	40.8	46.9
Profit After Tax / Net Insurance Premium (%)	10.3	23.6	28.2	123.9	36.7	45.8
Underwriting Results / Net Insurance Premium (%)	18.8	14.4	5.9	4.0	4.3	0.5
Total Expenses / Gross Premium (%)	24.8	27.9	25.8	22.0	25.6	26.2
Total Expenses / Net Insurance Premium (%)	42.6	49.3	39.5	44.3	49.8	54.4
Net Claims / Net Insurance Premium (%)	41.7	41.6	59.2	58.2	52.0	49.5
Combined Ratio (%)	82.7	87.0	95.4	97.6	97.0	101.2
Return to Shareholders						
Return on Equity (%)	4.1	8.1	10.0	36.4	12.0	13.3
Return on Assets (%)	2.5	5.1	7.0	24.0	7.6	8.5
Return on Investment (%)	(1.2)	8.4	11.6	39.2	13.3	14.7
Earnings per Share (Rs.)	1.42	2.78	3.70	12.69	2.83	2.93
Dividend (%)	12.5	17.5	17.5	50.0	15.0	15.0
Dividend Yield (%)	5.4	6.4	5.9	19.8	6.0	9.3
Dividend Payout (%)	88.0	62.9	47.3	39.4	53.0	51.2
Bonus Share (%)	-	-	10.0	-	-	-
Price Earning Ratio (Times)	16.3	9.8	8.0	2.0	8.8	5.5
Market Price per Share (Rs.)	23.1	27.3	29.8	25.2	25.0	16.2
Liquidity / Leverage						
Break-up Value per Share (Rs.)	34.2	34.4	40.6	38.4	25.9	24.3
Current Ratio (Times)	3.8	4.2	4.2	5.1	4.0	4.2
Total Assets Turnover Ratio (Times)	0.4	0.4	0.4	0.4	0.4	0.4
Total Liabilities / Equity (Times)	0.6	0.6	0.4	0.5	0.6	0.6
Paid-up Capital / Total Assets (%)	17.8	18.4	17.2	17.2	24.4	26.3
Equity / Total Assets (%)	60.8	63.3	69.8	65.9	63.2	63.9

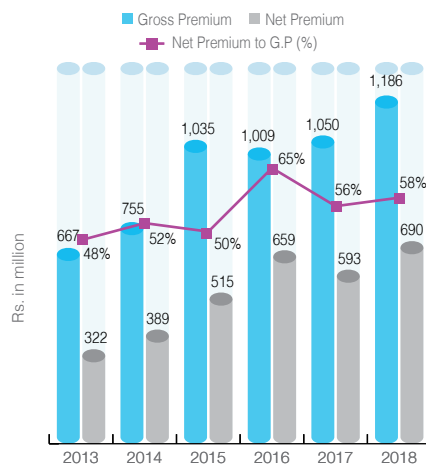


Graphical Presentation

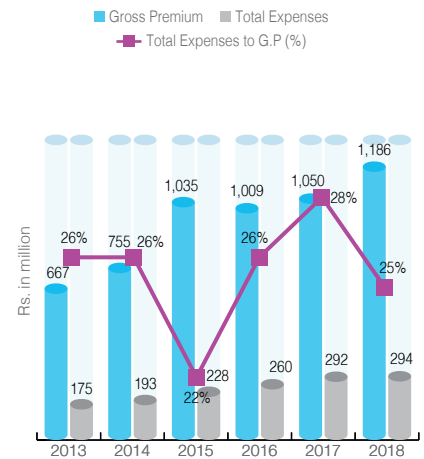
Earnings per Share (EPS) and Price Earning (PE) Ratio



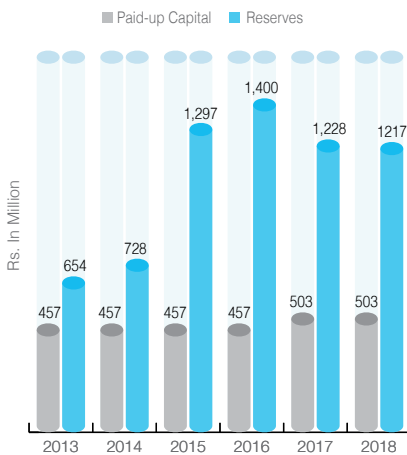
Gross Premium and Net Premium



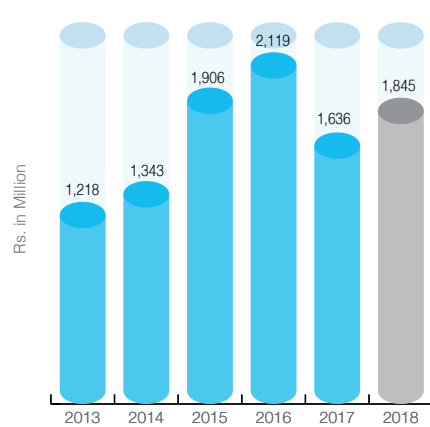
Total Expenses to Gross Premium



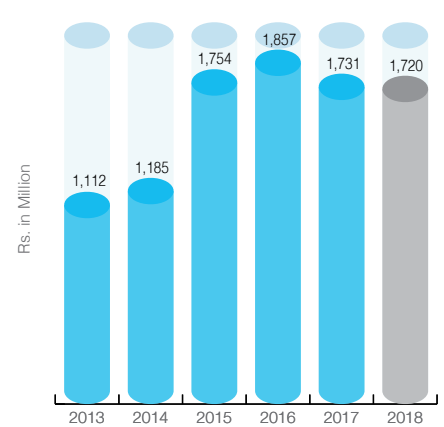
Paid-up Capital & Reserves



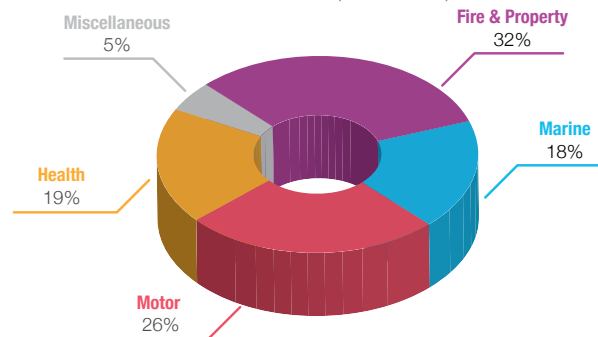
Investments (Including cash and bank)



Total Equity



Gross Premium (Class wise)



Statement of Compliance with the Code of Corporate Governance For Insurers, 2016

Name of Insurer: Century Insurance Company Limited
("the Company")

Year Ended: December 31, 2018

This statement is being presented in compliance with the Code of Corporate Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby the Insurer is managed in compliance with the best practices of corporate governance and the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations).

The Company has applied the principles contained in the Code and the Regulations in the following manner:

- The total number of directors are seven (7), as per the following:

- Male: 6
- Female: 1

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

Category	Names
Independent Director	Mr. Sadrudin Ismail Mohamed
Executive Director	Mr. Mohammad Hussain Hirji
Non-Executive Directors	Mr. Iqbal Ali Lakhani
	Mr. Amin Mohammed Lakhani
	Ms. Anushka Zulfiqar Lakhani
	Mr. Bilal Ali Lakhani
	Mr. Tasleemuddin Ahmed Batlay

The independent director meets the criteria of independence as laid down under the Code, Regulations and Companies Act, 2017.

- The directors have confirmed that none of them is serving as a director in more than five listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution or, being a member of a stock exchange, has been declared as a defaulter by a stock exchange.

- A casual vacancy occurred on the Board on February 02, 2018 which was filled up by the directors on April 12, 2018. The Company has applied to Securities and Exchange Commission of Pakistan (SECP) for its approval in order for the new director to assume charge. However, SECP reply to date is pending.
- The Company has prepared a "Code of Conduct" which has been disseminated among all directors and employees of Company along with its supporting policies and procedures.
- 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.
- 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. Decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
- The meetings of the Board were presided over by the Chairman and, in absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda working papers, were circulated at least seven (7) days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- The Board of directors have a formal policy and transparent procedure for the remuneration of directors in accordance with the Act and these Regulations.
- The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company includes all the necessary aspects of internal control given in the Code.
- While almost all the directors are professionals and senior executives who possess wide experience of duties of directors, the Company apprises its directors of new laws and regulations and amendments in the



existing ones. Following directors have completed the Director's Training Program,

- 1) Ms. Anushka Zulfiqar Lakhani
- 2) Mr. Tasleemuddin Ahmed Batlay
- 3) Mr. Mohammad Hussain Hirji
- 4) Mr. Sadrudin Ismail Mohamed

13. There was no new appointment of Chief Financial Officer (CFO) or Company Secretary or Head of Internal Audit during the year. The Board has however, approved the remuneration of CFO, Company Secretary and the Head of Internal Audit on the recommendation of Ethics, Human Resource & Remuneration Committee as determined by CEO. Mr. Mansoor Ahmed was assigned the responsibilities of the Company Secretary of Century Insurance Company Limited in addition to his responsibilities in other Group Companies.

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

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

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

17. The Company has complied with all the corporate and financial reporting requirements of the Code.

18. The Board has formed the following Management Committees:

- a) Underwriting, Reinsurance and Co-insurance Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Aseem Ahmed	Member
Ms. Madiha Khalid	Member
Mr. Ali Asghar	Member

- b) Claim Settlement Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Mir Mehmood Ali	Member
Mr. Sabza Ali Pirani	Member

- c) Risk Management & Compliance Committee

Name of Member	Category
Mr. Mohammad Hussain Hirji	Chairman - Executive Director
Mr. Ali Asghar	Member
Mr. Sabza Ali Pirani	Member
Mr. Asif Mehmood	Member
Mr. Abdul Rasheed	Member

19. The Board has formed the following Board Committees:

- a) Ethics, Human Resource & Remuneration Committee

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman - Independent Director
Mr. Amin Mohammed Lakhani	Member - Non Executive Director
Mr. Tasleemuddin Ahmed Batlay	Member - Non Executive Director
Mr. Mohammad Hussain Hirji	Member - Executive Director

- b) Investment Committee

Name of Member	Category
Mr. Iqbal Ali Lakhani	Chairman - Non Executive Director
Mr. Mohammad Hussain Hirji	Member - Executive Director
Mr. Tasleemuddin Ahmed Batlay	Member - Non Executive Director
Mr. Sabza Ali Pirani	Member

20. The Board has formed an Audit Committee. It comprises of three members, of whom one is independent Director and two are non-executive Directors. The Chairman of the Committee is an independent Director. The Composition of the Audit Committee is as follows:

Name of Member	Category
Mr. Sadrudin Ismail Mohamed	Chairman - Independent Director
Mr. Amin Mohammed Lakhani	Member - Non Executive Director
Mr. Tasleemuddin Ahmed Batlay	Member - Non Executive Director

21. The meetings of the Committees, except Ethics, Human Resource and Remuneration Committee, were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The term of references of the Committees have been formed and advised to the Committees for compliance.

22. The Board has set up an effective internal audit function and the head of internal audit function has experience in the fields of internal audit for more than seven years, has a suitable degree from a university in Pakistan recognized and approved by the Higher Education Commission of Pakistan (HEC) and is conversant with the policies and procedures of the Company. However, the Company is yet to apply to the SECP to determine the suitability of such candidate.

23. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit with exception as stated above possess such qualification and experience as is required under this Code. Moreover, the persons heading the underwriting, claims, reinsurance, risk management and grievance functions possess qualification and experience of direct relevance to their functions, as required under section 12 of the Insurance Ordinance, 2000 (Ordinance No .XXXIX of 2000):

Name of Person	Designation
Mr. Mohammad Hussain Hirji	Chief Executive Office
Mr. Sabza Ali Pirani	Chief Financial Officer
Mr. Mansoor Ahmed	Company Secretary
Mr. Muhammad Rao Shahid Mobeen	Head of Internal Audit
Mr. Asif Mehmood	Compliance Officer
Mr. Ghulam Mustafa Khan	Head of Marine Underwriting
Mr. Ali Asghar	Head of Fire Underwriting (Incl. Risk Management)
Mr. Abid Raza Isphani	Head of Accident and Health Underwriting
Mr. M. Ghayyur Baig Chughtai	Head of Motor Underwriting
Mr. Mir Mehmood Ali	Head of Claims (Incl. Grievance)
Ms. Madiha Khalid	Head of Reinsurance

24. The Company continued to present the details of all related party transactions as disclosed in the financial statements before the Board Audit Committee and upon their recommendation to the Board for review and approval. The Company also has in place a process to identify the related parties and related transactions entered into with them. However, full compliance of the requirements as laid down in Section 208 of the Companies Act, 2017 is dependent on clarification from SECP with respect to definition of related parties.
25. The statutory auditors of the insurer have been appointed from the panel of auditor approved by the Commission in term of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors of the Company 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 International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
26. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
27. The Board ensures that the investment policy of the Company has been drawn up in accordance with the provision of the Code.
28. The Board ensure that the risk management system of the Company is in place as per Code.

29. The Company has set up a risk management function, which carries out its tasks as covered under the Code.
30. The Board ensures that as part of the risk management, the Company gets itself rated from JCR-VIS Credit Rating Company Limited which is being used by its risk management function and the respective Committee as a risk monitoring tool. The rating assigned by the said rating agency on December 28, 2018 is A+ with stable outlook.
31. The Board has set up a grievance department/function, which fully complies with the requirements of the Code.
32. The 'closed period' prior to the announcement of interim/final results and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and the Pakistan Stock Exchange.
33. Material and price sensitive information has been disseminated among all market participants at once through Pakistan Stock Exchange.
34. The Board has developed and approved the criteria for annual evaluation of its own performance as per the requirement of the Code. The evaluation has been done by the Board in the meeting held on February 28, 2019.
35. The Company has complied with the requirement relating to maintenance of register of persons having access to inside information by designated senior management official in a timely manner and maintained proper record including basis of inclusion or exclusion of names of persons from the said register.
36. The Company has not obtained any exemption(s) from the Securities and Exchange Commission of Pakistan (SECP) in respect of the requirements of the Code.
37. We confirm that all other material principles enshrined in the Code have been complied.



Iqbal Ali Lakhani
Chairman

Karachi: February 28, 2019



KPMG Taseer Hadi & Co.
Chartered Accountants
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Beaumont Road
Karachi, 75530 Pakistan

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Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

Independent Auditors' Review Report

To the members of Century Insurance Company Limited

Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Code of Corporate Governance for Insurers, 2016 and Code of Corporate Governance Regulations, 2017 (the Regulations) prepared by the Board of Directors of Century Insurance Company Limited ("the Company") for the year ended 31 December 2018 to comply with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations 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 Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2018.

Further, we highlight below instance of non-compliance with the requirement of the Regulations as reflected in the paragraph reference where it is stated in the Statement of Compliance:

Reference	Description
1- Paragraph 5	Pending SECP approval in respect of appointment of director.
2- Paragraph 22 and 23	Pending application to SECP for determination of suitability of Head of Internal audit.

Date: February 28, 2019

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Shariah Advisor's Reveiw Report to the Board of Directors for the year ended 31 December 2018

الحمد لله رب العلمين والصلاة والسلام على سيد الانبياء والمرسلين ، وبعد

I have reviewed the General Takaful products including all related documents, as well as, the Participant Takaful Fund Policy, Investment Policy, Re-Takaful arrangements and the related transactions of Century Insurance Company Limited- Window Takaful Operations (hereafter referred to as "Takaful Operator") for the year ended 31 December 2018.

It is the responsibility of the Takaful Operator to ensure that the rules, principles and guidelines set by the Shariah Advisor are complied with, and that all policies and services being offered are duly approved by him. As a Shariah Advisor, my responsibility is to ensure that the financial arrangements, contracts and transactions undertaken by the Takaful Operator with its participants and stakeholders are in accordance with the requirements of Shariah rules and principles.

During the year, the Shariah Advisor visited the premises regularly to provide Shariah assistance in day to day activities. The Shariah Advisor has issued the following Shariah guidelines till date:

- i. Shariah Guidelines regarding Halal & Haram Business Venues
- ii. Shariah Guidelines regarding Re-Takaful Arrangements
- iii. Shariah Guidelines regarding Investments
- iv. Shariah Guidelines regarding Charity Fund
- v. Shariah Guidelines regarding Advertising & Marketing
- vi. Shariah Guidelines regarding Surplus Distribution
- vii. Shariah Guidelines regarding Co-Takaful, and etc.

During the year, different issues were presented to the Shariah Advisor for guidance, the solutions for which were duly implemented. On that basis, Shariah compliance at the Takaful Operator level is declared as being satisfactory.

I have reviewed all types of business concerns of the Window Takaful Operations and in my opinion, and to the best of my understanding based on the provided information and explanations, below are my findings:

- (i) Financial transactions and relevant documentations & procedures, undertaken by the Takaful Operator for the year ended 31 December 2018 were in accordance with the issued guidelines as well as the requirements of Takaful Rules 2012 .
- (ii) For the investment purpose of Takaful Funds, the Shariah Compliant Investment Policy had already been approved by the undersigned and the investments have been done from the Operator's Fund & Participant Takaful Fund into Shariah Compliant avenues, including Islamic Banks and Islamic Shariah Compliant funds, with prior Shariah approval. Further, all bank accounts related to Window Takaful Operations have been opened in Islamic Banking Institutions (IBIs) with Shariah Advisor's approval which are completely separate from the conventional insurance business;
- (iii) No amount has been realized as non Shariah Compliant income which has to be credited to the relevant charity account.



- (iv) In the year 2018, five Shariah Training Sessions were held successfully across Pakistan on awareness of Takaful. These sessions proved fruitful and helped a lot in spreading the concept of Takaful front and back office staff.
- (v) The Takaful Operator performed its duties to its level best by following Shariah Guidelines. Few cases which were required to be consulted in accordance with the Shariah rules and market practices have been discussed and duly resolved.
- (vi) Consequently, I have found that the Window Takaful Operations of the Company is in accordance with the Shariah principles with respect to all transactions.

“And Allah Knows Best”

Mufti Muhammad Shakir Siddiqui
Shariah Advisor

Dated : February 22, 2018

Statement of Compliance with the Shariah Principles

The financial arrangements, contracts and transactions, entered into by Century Insurance Company Limited - Window Takaful Operations ('the Company') for the year ended December 31, 2018 are in compliance with the Takaful Rules, 2012.

Further we confirmed that:

- The Company has developed and implemented all the policies and procedures in accordance with the Takaful Rules, 2012 and rulings of the Shariah Advisor along with a comprehensive mechanism to ensure compliance with such rulings and Takaful rules, 2012 in their overall operations. Further, the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee / Shariah Advisor and the Board of Directors have implemented;
- The Company has imparted trainings / orientations and ensured availability of all manuals / agreements approved by Shariah Advisor/ Board of Directors to maintain the adequate level of awareness, capacity and sensitization of the staff, management;
- All the products and policies have been approved by Shariah Advisor and the financial arrangements including investments made, policies, contracts and transactions, entered into by Window Takaful Operations are in accordance with the policies approved by Shariah Advisor; and
- The assets and liabilities of Window takaful Operations (Participant Takaful Fund and Operator's Fund) are segregated from its other assets and liabilities, at all times in accordance with the provisions of the Takaful Rules, 2012.

This has been duly confirmed by the Shariah Advisor of the Company.



Mohammad Hussain Hirji
Director & Chief Executive

Dated: February 28, 2019



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Chartered Accountants
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Karachi, 75530 Pakistan

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Independent Reasonable Assurance Report to the Board of Directors on the Statement of Management's Assessment of Compliance with the Shariah Principles

We were engaged by the Board of Directors of Century Insurance Company Limited ("the Company") to report on the management's assessment of compliance of the Window Takaful Operations ("Takaful Operations") of the Company, as set out in the annexed statement prepared by the management for the year ended 31 December 2018, with the Takaful Rules, 2012, in the form of an independent reasonable assurance conclusion about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Applicable Criteria

The criteria against which the subject matter information (the Statement) is assessed comprise of the provisions of Takaful Rules 2012.

Responsibilities of the Management

The Board of Directors / management of the Company are responsible for designing, implementing and maintaining internal controls relevant to the preparation of the annexed statement that is free from material misstatement, whether due to fraud or error. It also includes ensuring the overall compliance of the Takaful Operations with the Takaful Rules, 2012.

The Board of Directors / management of the Company are also responsible for preventing and detecting fraud and for identifying and ensuring that the Takaful Operations comply with laws and regulations applicable to its activities. They are also responsible for ensuring that the management, where appropriate, those charged with governance, and personnel involved with the Takaful Operations compliance with the Takaful Rules, 2012 are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibilities

Our responsibility is to examine the annexed statement and to report thereon in the form of an independent reasonable assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the annexed statement presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

The procedures selected depend on our judgment, including the assessment of the risks of material non-compliances with the Takaful Rules, 2012, whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the Takaful Operations compliance with the Takaful Rules, 2012, in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the Takaful Operations' compliance with the Takaful Rules, 2012. Reasonable assurance is less than absolute assurance.

A system of internal control, because of its nature, may not prevent or detect all instances of non-compliance with Takaful Rules, 2012, and consequently cannot provide absolute assurance that the objective of compliance with Takaful Rules, 2012, will be met. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that the controls may become inadequate or fail.

The procedures performed included:

- Evaluate the systems, procedures and practices in place with respect to the Takaful operations against the Takaful Rules, 2012 and Shariah advisor's guidelines;
- Evaluating the governance arrangements including the reporting of events and status to those charged with relevant responsibilities, such as the Audit Committee/ Shariah Advisor and the board of directors;
- Test for a sample of transactions relating to Takaful operations to ensure that these are carried out in accordance with the laid down procedures and practices including the regulations relating to Takaful operations as laid down in Takaful Rules, 2012; and
- Review the statement of management's assessment of compliance of the Takaful transactions during the year ended 31 December 2018 with the Takaful Rules, 2012.


Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

In our opinion, the annexed statement, for the year ended 31 December 2018, presents fairly the status of compliance of the Takaful Operations with the Takaful Rules, 2012, in all material respects.

Date: February 28, 2019

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants



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Independent Auditors' Report

To the members of Century Insurance Company Limited (the Company)

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Century Insurance Company Limited (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the profit and loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that 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 and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, 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 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for opinion

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 Auditors' 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. #	Key audit matter(s)	How the matter was addressed in our audit
1	<p>Changes in accounting policies due to introduction of Insurance Rules, 2017 and Insurance Accounting Regulations, 2017</p> <p>Refer note 3.1 to the financial statements for changes in accounting policies</p> <p>Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 became effective from January 01, 2018. These regulations contained a new format of financial statements and changed the presentation basis. These changes also required changes in basis of valuation of various investments.</p> <p>Because of the significance of the 'change', this was identified as key audit matter.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Evaluated the adequacy and completeness of the disclosures relating to changes in accounting policies and adjustments required in accordance with accounting and reporting standards as applicable in Pakistan; and Evaluated the adequacy and completeness of additional disclosures as required under new accounting regulations.
2	<p>Classification, Valuation and Impairment of Investments</p> <p>Refer note 3.13 and 3.19 to the financial statements for accounting policies and details in respect of classification, valuation and impairment of investments.</p> <p>The Company's investment portfolio comprise of government debt securities, equity securities, other fixed income securities and term deposits.</p> <p>Investments classified as available for sale represent 79.91% of the total investments while investments classified as Fair value through Profit and Loss and Held to Maturity represent 11.04% of total investments.</p> <p>We identified the classification, valuation and impairment of investments as key audit matter because of the significance of investments and management's judgment involved in classification and impairment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Obtained an understanding, evaluated the design and tested the operating effectiveness of controls designed for classification and valuation of investments and for impairment of investments classified as available for sale; Tested, on a sample basis, specific investments buying and selling transactions and classification recorded with underlying documentation. Assessed the methodology used and evaluated the valuation of debt securities using the market yield pricing methodology based on interpolation of relevant rates and valuation of equity securities and mutual fund units by comparing the quoted prices of Pakistan Stock Exchange and Mutual Fund Association of Pakistan (MUFAP) respectively for the securities; and Assessed the appropriateness of impairment in the value of available for sale securities held by the Company in accordance with accounting and reporting standards as applicable in Pakistan.
3	<p>Revenue Recognition Risk</p> <p>Refer note 3.12 to the financial statements for accounting policies and details in respect of revenue recognition.</p> <p>The Company receives its revenue primarily from two main sources namely; premiums and investments income. Premiums from insurance policies comprise of 96.22% of the total revenue before impairment loss.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Obtained the understanding, evaluated the design and tested the controls over the process of capturing, processing and recording of information related to premiums and investment income; Assessed the appropriateness of the Company's accounting policy for recording of premiums and investment income in line with requirements of applicable accounting and reporting standards;

S. #	Key audit matter(s)	How the matter was addressed in our audit
	<p>We identified revenue recognition as a key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not be recognized in the appropriate period.</p>	<ul style="list-style-type: none"> • Tested the policies on sample basis where premium was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate accounting period; and • Tested the investment income transaction on sample basis where investment income was recorded close to year end and subsequent to year end, and evaluated that these were recorded in the appropriate period.
4	<p>Valuation of Claim Liabilities</p> <p>Refer note 3.16 to the financial statements for accounting policies and details in respect of claim liabilities. .</p> <p>The Company's claim liabilities represents 17.38% of its total liabilities. Valuation of these claim liabilities involves significant management judgment regarding uncertainty in the estimation of claims payments and assessment of frequency and severity of claims. Claim liabilities are recognized on intimation of the insured event based on management judgment and estimate. The Company maintains provision for claims incurred but not reported (IBNR) based on the advice of an independent actuary. The actuarial valuation process involves significant judgment and the use of actuarial assumptions.</p> <p>We have identified the valuation of claim liabilities as key audit matter because estimation of claims liabilities involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding, evaluate the design and test the controls over the process of capturing, processing and recording of information related to the claims; • Obtained an understanding, evaluated the design and tested the controls related to recoveries from reinsurance arrangements; • Inspected significant arrangements with reinsurer to obtain an understanding of contracts terms and assessed that recoveries from reinsurance on account of claims reported has been accounted for based on terms and conditions; • Assessed the appropriateness of the Company's accounting policy for recording of claims in line with requirements of applicable accounting and reporting standards; • Tested claims transactions on sample basis with underlying documentations to evaluate that whether the claims reported during the year are recorded in accordance with the requirements of the Company's policy and insurance regulations; • Assessed the sufficiency of reserving of claim liabilities, by testing calculations on the relevant data including recoveries from reinsurers based on their respective arrangements; • Tested specific claims transactions on sample basis recorded close to year end and subsequent to year end with underlying documentation to assess whether claims had been recognized in the appropriate accounting period;

S. #	Key audit matter(s)	How the matter was addressed in our audit
		<ul style="list-style-type: none"> Used an external actuarial specialist to assist us in evaluation of general principles, actuarial assumptions and methods adopted for actuarial valuations by the actuary of the Company for determination of IBNR; and Considered the adequacy of Company's disclosures about the estimates used and the sensitivity to key assumptions.
5	<p>Valuation of insurance / reinsurance receivables</p> <p>Refer note 3.9 and 12 to the financial statements for accounting policies and details in respect of Valuation of insurance / reinsurance receivables.</p> <p>The Company's insurance / reinsurance receivables represents 16% of its total assets which are stated net of provision for impairment of Rs. 54.387 million. Valuation of these receivables involves significant judgement regarding uncertainty in determining impairment / provisions.</p> <p>We identified the valuation of insurance / reinsurance receivables as a key audit matter as the estimation involves a significant degree of judgment.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ul style="list-style-type: none"> Tested the accuracy of insurance / reinsurance receivables aging report, on a sample basis, by comparing individual balances in the report with underlying documentation to evaluate that the balances appearing in the ageing report were classified within appropriate ageing bucket; Assessed the appropriateness of assumptions and estimates made by the management for the provision for impairment by comparing, on a sample basis, past experience and historical trends of collection, the financial circumstances of counter parties; their credit ratings; and actual write offs and receipts and settlement from/with customers and reinsurer subsequent to the financial year end; Assessed the reinsurance share of claims outstanding against the terms of the reinsurance contracts and the related recorded liabilities; and Assessed the historical accuracy of provisions for bad debt recorded by examining the utilization or release of previously recorded provisions.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2018 but does not include the financial statements and our auditors' report thereon.

Our opinion on the 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 the 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 a 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 accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), 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.

Auditors' 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 auditors' 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 auditors' 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Insurance Ordinance, 2000 and the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the profit and loss account, the statement of 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 Insurance Ordinance, 2000, the Companies Act, 2017 (XXI of 2017), and are in agreement with the books of account;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: February 28, 2019

Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements



Statement of Financial Position

As at December 31, 2018

		December 31, 2018	December 31, 2017 (Restated) (Rupees)	January 01, 2017 (Restated)
	Note	-----	-----	-----
Assets				
Property and equipment	5	72,325,607	65,669,519	71,011,756
Intangible assets	6	26,407	472,587	1,043,697
Investment in associates	7	45,144,162	42,137,247	38,284,477
Investments				
Equity securities	8	1,097,049,399	1,102,099,243	1,622,434,440
Debt securities	9	138,997,352	129,899,296	49,744,042
Term deposit	10	123,000,000	245,000,000	300,000,000
Loan and other receivable	11	20,585,208	238,537,198	18,364,616
Insurance / reinsurance receivable	12	452,631,626	426,728,740	393,330,551
Reinsurance recoveries against outstanding claims	25	100,016,385	74,912,821	61,181,748
Salvage recoveries accrued		3,975,000	2,426,000	4,378,000
Deferred commission expense	26	33,060,770	32,232,773	30,829,820
Deferred taxation	17	53,228,969	35,264,815	-
Prepayments	14	179,614,482	170,714,966	173,959,315
Cash and bank	15	440,366,476	116,781,242	108,620,817
Total assets of Window Takaful Operations - Operator's fund	16	69,721,881	52,755,690	-
Total Assets		2,829,743,724	2,735,632,137	2,873,183,279



		December 31, 2018	December 31, 2017 (Restated)	January 01, 2017 (Restated)
	Note		(Rupees)	
Equity and Liabilities				
Authorized share capital (70,000,000 Ordinary shares of Rs.10 each)		700,000,000	700,000,000	700,000,000
Capital and reserves attributable to Company's equity holders				
Ordinary share capital	18	502,968,030	502,968,030	457,243,660
Share premium		254,024,260	254,024,260	254,024,260
Reserves	19	89,518,648	81,818,834	266,955,431
Unappropriated profit		873,893,357	891,722,749	879,048,427
Total Equity		1,720,404,295	1,730,533,873	1,857,271,778
Liabilities				
Underwriting Provisions				
Outstanding claims including IBNR	25	192,759,004	165,560,979	164,787,530
Unearned premium reserve	24	439,281,123	383,008,819	337,036,982
Unearned reinsurance commission	26	39,191,757	38,529,301	43,125,928
Deferred taxation		-	-	64,544,653
Premiums received in advance		573,295	804,781	202,327
Insurance / reinsurance payables	20	232,154,530	225,151,644	260,739,918
Other creditors and accruals	21	160,938,338	140,516,479	115,749,958
Taxation - provision less payments	22	29,269,328	47,993,747	29,724,205
Total Liabilities		1,094,167,375	1,001,565,750	1,015,911,501
Total liabilities of Window Takaful Operations - Operator's fund	16	15,172,054	3,532,514	-
Total Equity and Liabilities		2,829,743,724	2,735,632,137	2,873,183,279
Contingencies and commitments	23			

The annexed notes from 1 to 45 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive

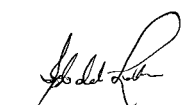

Sabza Ali Pirani
Chief Financial Officer

Profit and Loss Account

For the year ended December 31, 2018

		2018	2017
Note		(Rupees)	
Net insurance premium	24	690,289,955	593,051,035
Net insurance claims	25	(288,198,657)	(246,956,137)
Net commission and other acquisition costs	26	11,496,471	23,239,805
Insurance claims and acquisition expenses		(276,702,186)	(223,716,332)
Management expenses	27	(283,862,979)	(283,801,639)
Underwriting results		129,724,790	85,533,064
Investment (loss) / income	28	(54,336,292)	147,055,769
Other income	29	28,462,180	5,352,382
Other expenses	30	(10,466,253)	(8,598,215)
Results of operating activities		93,384,425	229,343,000
Share of profit of associates	7	4,212,621	5,482,214
Profit / (loss) from Window Takaful Operations	16	7,422,950	(1,231,819)
Profit before tax		105,019,996	233,593,395
Income tax expense	31	(33,693,272)	(93,587,119)
Profit after tax		71,326,724	140,006,276
Earnings (after tax) per share of Rs. 10 each - basic	32	1.42	2.78

The annexed notes from 1 to 45 form an integral part of these financial statements.



Iqbal Ali Lakhani
Chairman



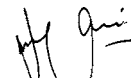
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer



Statement of Comprehensive Income

For the year ended December 31, 2018

	2018	2017 (Restated)
	----- (Rupees) -----	-----
Profit after tax	71,326,724	140,006,276
Other comprehensive income		
Item that will never be reclassified to profit and loss account in subsequent year		
Remeasurement of post retirement benefits obligation	(1,053,995)	(1,542,199)
Item to be reclassified to profit and loss account in subsequent period :		
Unrealised (diminution) 'available for sale' investments - net of tax	(372,514)	(162,444,079)
Reclassification adjustment for net loss / (gain) on available for sale investments included in profit and loss account - net of tax	8,015,971	(22,777,967)
	7,643,457	(185,222,046)
Other comprehensive income / (loss) for the year		
- Share in other comprehensive (loss) of associates - net of tax	(82,517)	(47,486)
Unrealised appreciation on 'available for sale' investments of Window Takaful Operations - net of tax	141,806	85,449
Reclassification adjustment for net gain on available for sale investments included in profit and loss account of Window Takaful Operations - net of tax	(85,449)	-
	56,357	85,449
Total comprehensive income / (loss) for the year	77,890,026	(46,720,006)

The annexed notes from 1 to 45 form an integral part of these financial statements.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Statement of Changes In Equity

For the year ended December 31, 2018

	Attributable to equity holders of the Company					Total
	Share capital Issued, subscribed and paid-up	Capital reserves Share premium	General reserve	Revenue reserves Unrealised appreciation / (diminution) 'available for sale' investments	Retained earnings	
	(Rupees)					
Balance as at January 01, 2017 - as previously reported	457,243,660	254,024,260	119,000,000	-	879,048,427	1,709,316,347
Net effect of changes in accounting policy (refer note 3.1)	-	-	-	147,955,431	-	147,955,431
Balance as at January 01, 2017 as restated	457,243,660	254,024,260	119,000,000	147,955,431	879,048,427	1,857,271,778
Total comprehensive income						
Profit after tax for the year	-	-	-	-	140,006,276	140,006,276
Other comprehensive income						
Share in other comprehensive income of associates	-	-	-	-	(47,486)	(47,486)
Remeasurement of post retirement benefits obligation	-	-	-	-	(1,542,199)	(1,542,199)
Net unrealised loss arising during the year on revaluation of available for sale investments net of tax	-	-	-	(162,358,630)	-	(162,358,630)
Reclassification adjustment for net gain on available for sale investments included in profit and loss account net of tax	-	-	-	(22,777,967)	-	(22,777,967)
Total comprehensive (loss) / income	-	-	-	(185,136,597)	138,416,591	(46,720,006)
Transactions with owners recorded directly in equity						
Final cash dividend of Rs.1.75 (17.5%) per share for the year ended December 31, 2016	-	-	-	-	(80,017,899)	(80,017,899)
Issue of bonus share at 10% per share of Rs. 10 each for the year ended December 31, 2016	45,724,370	-	-	-	(45,724,370)	-
Balance as at December 31, 2017 as restated	502,968,030	254,024,260	119,000,000	(37,181,166)	891,722,749	1,730,533,873
Balance as at January 01, 2018 - as previously reported	502,968,030	254,024,260	119,000,000	-	891,722,749	1,767,715,039
Net effect of changes in accounting policy (refer note 3.1)	-	-	-	(37,181,166)	-	(37,181,166)
Balance as at January 01, 2018 as restated	502,968,030	254,024,260	119,000,000	(37,181,166)	891,722,749	1,730,533,873
Total comprehensive income						
Profit after tax for the year	-	-	-	-	71,326,724	71,326,724
Other comprehensive income						
Share in other comprehensive income of associates	-	-	-	-	(82,517)	(82,517)
Remeasurement of post retirement benefits obligation	-	-	-	-	(1,053,995)	(1,053,995)
Net unrealised gain arising during the year on revaluation of available for sale investments (including WTO) net of tax	-	-	-	(230,708)	-	(230,708)
Reclassification adjustment for net gain on available for sale investments included in profit and loss account (Including WTO) net of tax	-	-	-	7,930,522	-	7,930,522
Total comprehensive income	-	-	-	7,699,814	70,190,212	77,890,026
Transactions with owners recorded directly in equity						
Final cash dividend of Rs.1.75 (17.5%) per share for the year ended December 31, 2017	-	-	-	-	(88,019,604)	(88,019,604)
Balance as at December 31, 2018	502,968,030	254,024,260	119,000,000	(29,481,352)	873,893,357	1,720,404,295

The annexed notes from 1 to 45 form an integral part of these financial statements.

Iqbal Ali Lakhani
Chairman

Amin Mohammed Lakhani
Director

Tasleemuddin Ahmed Batlay
Director

Mohammad Hussain Hirji
Director & Chief Executive

Sabza Ali Pirani
Chief Financial Officer



Cash Flow Statement

For the year ended December 31, 2018

	December 31, 2018	December 31, 2017
	----- (Rupees) -----	
Operating cash flows		
(a) Underwriting activities		
Insurance premium received	1,150,080,915	997,374,525
Reinsurance premium paid	(422,077,064)	(462,000,555)
Claims paid	(446,220,565)	(386,530,078)
Reinsurance and other recoveries received	173,295,183	121,378,075
Commissions paid	(100,436,124)	(76,250,958)
Commissions received	106,344,803	134,932,505
Management expenses paid	(277,958,087)	(261,923,202)
Net cash inflow from underwriting activities	183,029,061	66,980,312
(b) Other operating activities		
Income tax paid	(74,799,429)	(93,013,071)
Other operating payments	653,893	6,768,950
Contribution to Window Takaful Operations	-	(50,000,000)
Net cash (outflow) from other operating activities	(74,145,536)	(136,244,121)
Total cash inflow / (outflow) from operating activities	108,883,525	(69,263,809)
Investment activities		
Profit / return received	38,642,605	25,564,428
Dividends received	13,181,611	107,733,881
Payments for investments	(1,455,774,416)	(2,579,227,392)
Proceeds from disposal of investments	1,725,457,868	2,608,793,397
Fixed capital expenditure	(24,103,407)	(10,090,826)
Proceeds from sale of property and equipment	4,566,648	4,289,701
Total cash inflow from investing activities	301,970,909	157,063,189
Financing activities - dividends paid	(87,269,200)	(79,638,955)
Net cash inflow from all activities	323,585,234	8,160,425
Cash at beginning of the year	115,981,242	107,820,817
Cash at end of the year	439,566,476	115,981,242

Cash Flow Statement

For the year ended December 31, 2018

	December 31, 2018	December 31, 2017
	----- (Rupees) -----	
Reconciliation to profit and loss account		
Operating cash flows	108,883,525	(69,263,809)
Depreciation / amortization expense	(13,210,026)	(12,485,956)
(Loss) / profit on disposal of fixed assets	(116,827)	771,484
Profit on disposal of investments	10,826,919	44,810,969
Dividend income	12,951,320	107,620,405
Investment and other income	(46,044,865)	6,211,261
Increase in assets other than cash	62,578,999	124,252,612
Increase in liabilities other than running finance	(69,812,616)	(60,678,872)
Profit / (loss) from Window Takaful Operations	5,270,295	(1,231,818)
Profit after tax	71,326,724	140,006,276
Cash for the purposes of the Statement of Cash Flows consists of:		
Cash and bank deposits		
Cash and other equivalents		
- Cash	240,711	194,627
- Policy stamps and bond papers in hand	1,336,699	1,264,081
- Cash deposit with SBP	25,000,000	-
	26,577,410	1,458,708
Current and other accounts		
- Current accounts *	9,394,689	8,565,911
- Savings accounts	403,594,377	105,956,623
	412,989,066	114,522,534
	439,566,476	115,981,242

* This does not include local currency account with a lien amounting to Rs. 0.8 million (December 31, 2017: Rs. 0.8 million), with a commercial bank for letters of credit arranged through the bank for securing claims arising outside Pakistan.

Reconciliation of liabilities arising out of financing activities

Unclaimed dividend as at January 01	3,938,133	3,559,189
Changes from financing activities		
- Dividend paid	(87,269,200)	(79,638,955)
Others		
- Final cash dividend for the year ended December 31, 2017 @ 17.5% (2016: 17.5%)	88,019,604	80,017,899
Unclaimed dividend as at December 31	4,688,537	3,938,133

The annexed notes from 1 to 45 form an integral part of these financial statements.

				
Iqbal Ali Lakhani Chairman	Amin Mohammed Lakhani Director	Tasleemuddin Ahmed Batlay Director	Mohammad Hussain Hirji Director & Chief Executive	Sabza Ali Pirani Chief Financial Officer



Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

1. STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (the Company) is a public limited company incorporated in Pakistan on October 10, 1985 under the repealed Companies Ordinance, 1984 (now Companies Act 2017). The Company is listed on the Pakistan Stock Exchange Limited and is engaged in general insurance business. The registered office of the Company is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Company was granted authorization on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations by Securities and Exchange Commission of Pakistan (SECP) and under Takaful Rules, 2012 to carry on general takaful operations in Pakistan. The Company has formed a Waqf for Participants' Fund ("PTF") by executing the Waqf deed dated August 17, 2017. The Company commenced its activities of Window Takaful Operations on August 18, 2017.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

Incase requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012, 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 (note 3.1).

Total assets, total liabilities and profit / (loss) of the Window Takaful Operations of the Company referred to as the Operator's Fund has been presented in these financial statements in accordance with the requirements of Circular 25 of 2015 dated July 09, 2015.

2.1 Basis of measurement

These financial statements have been prepared under historical cost convention except for certain investments which are stated at their fair values and staff gratuity which is stated at present value.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional and presentation currency.

2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2018 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not stated in these financial statements.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated February 09, 2017 has issued the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (the Rules and Accounting Regulations 2017). The application of these Rules and Accounting Regulations, 2017 for the purpose of preparation and presentation of the financial statements was effective from April 01, 2017. SECP vide through its letters to insurance companies has granted exemption from application of Rules and Accounting Regulations 2017 to the Company till December 31, 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting year commencing from January 01, 2018.

The Rules and Accounting Regulations 2017 require significant disclosures / requirements, which are relevant to the Company includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of premium receivable under an insurance policy / cover note as written from the date of attachment of risk to the policy / cover note.

The Company has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies refer note 3.1.

In addition, Companies Act 2017 also became effective for the financial statements for the year ended December 31, 2017. As the Company's financial statements are prepared in accordance with the format prescribed by SECP, it did not have a direct impact on the financial statements.

2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after January 01, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analyzing the potential impact of its lease arrangements that will result in recognition of right to use assets and liabilities on adoption of the standard.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 01, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of assessing the impact of this standard on the financial statements of the Company and expects that the amendments are not likely to have an impact on the Company's financial statements.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 01, 2018 and January 01, 2019 respectively). IFRS 9 replaces



the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Company has adopted the temporary exemption which allows the Company to defer the application of both IFRS 9 and IFRS 17 until December 31, 2021.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 01, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The application of this amendment is not likely to have impact on the Company's financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 01, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The amendment is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following accounting and reporting standards:
 - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The application of the amendments is not likely to have an impact on the Company's financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as follows:

3.1 Change in Accounting Policies

3.1.1 Application of Insurance Rules 2017 and Insurance Accounting Regulations 2017

The Company has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies as follows:

3.1.1.1 Available for sale investments

Up to December 31, 2017, the available for sale investments subsequent to initial recognition had been stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) as the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of available for sale investments was deferred in accordance with repealed SEC (Insurance) Rules 2002.

According to the Rules and Accounting Regulations 2017, the Company has changed its accounting policy for subsequent measurement of investments classified as available for sale from lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) to fair value as per the requirements of IAS 39 and any unrealised gains or losses arising on re-measurement of available-for-sale investments are taken to revaluation reserve through other comprehensive income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account.

3.1.1.2 Presentation of Financial Statements

The Company has adopted format for preparation and presentation of its financial statements in line with the requirements of the Rules and Accounting Regulations 2017. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit or loss account instead of segment wise (classes of business) presentation and discontinuation of separate statements of Premiums, Claims, Expense and investment Income. The segment wise and premiums, claims and expenses and investment income is now included in notes to the financial statements.

3.1.1.3 Financial Impact of change in accounting policy

The significant effects of changes in accounting policies as stated above has been applied retrospectively in accordance with the requirement of IAS - 8 Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policy. The summary of the effects are as follows:



	December 31, 2017			January 01, 2017		
	As previously reported	As re-stated	Restatement	As previously reported	As re-stated	Restatement
	----- (Rupees) -----					
Effect on Statement of financial position						
Assets						
Investments in Equity Securities	1,155,337,264	1,102,099,243	(53,238,021)	1,408,006,279	1,622,434,440	214,428,161
Total assets from takaful operations - OTF	52,633,620	52,755,690	122,070	-	-	-
Deferred taxation	19,293,409	35,264,815	15,971,406	1,928,077	(64,544,653)	66,472,730
Liability						
Total liabilities from takaful operations - OTF	3,495,893	3,532,514	36,621	-	-	-
Equity:						
Unappropriated profit and reserves	1,264,747,009	1,227,565,843	(37,181,166)	1,252,072,687	1,400,028,118	147,955,431

	December 31, 2017		
	As previously reported	As re-stated	Restatement
	----- (Rupees) -----		
Effect of other comprehensive income			
Profit after tax	140,006,276	140,006,276	-
Item that will never be reclassified to profit and loss account in subsequent period			
Remeasurement of post retirement benefits obligation	(1,542,199)	(1,542,199)	-
Item to be reclassified to profit and loss account in subsequent period			
Net unrealised (loss) arising during the year on revaluation of available for sale investments - net of tax	-	(162,444,079)	(162,444,079)
Reclassification adjustment for net gain on available for sale investments included in profit and loss account - net of tax	-	(22,777,967)	(22,777,967)
Share in other comprehensive income of associates	(47,486)	(47,486)	-
Unrealised appreciation on 'available for sale investments of Window Takaful Operations - net of tax	-	85,449	85,449
Other comprehensive loss - net of tax	(47,486)	(185,184,083)	(185,136,597)
Total comprehensive income / (loss) for the year	138,416,591	(46,720,006)	(185,136,597)

The above restatement does not impact on the Company's profit and loss account and accordingly earnings per share has not been restated.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

3.2 Property and Equipment

3.2.1 Tangibles

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 5.1 to the financial statements, after taking into account residual value.

Depreciation on additions is charged from the month in which the asset is put to use whereas no depreciation is charged from the month the asset is disposed off.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is possible that the future economic benefits associated with the items will flow to the company and the cost of the item can be measured reliably. Maintenance and normal repairs are charged to profit and loss account currently.

An item of tangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

Depreciation methods, useful lives and residual values that is significant in relation to the total cost of the asset are reviewed, and adjusted if appropriate, at each reporting date.

3.2.2 Capital work-in-progress

Capital work-in-progress including advances made for capital expenditure is stated at cost less impairment, if any.

3.3 Intangibles

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset.

Indefinite Intangible

These are stated at cost less impairment, if any.

Definite Intangible

- a) These are stated at cost less accumulated amortisation and impairment, if any.
- b) Intangible assets are amortised on straight line basis over its estimated useful life(s) (refer note 6).
- c) Amortisation on additions is charged from month in which the asset is put to use, whereas no amortisation is charged from the month the asset is disposed off.

The carrying amounts are reviewed at each reporting date to assess whether these are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets' are written down to their estimated recoverable amounts.



3.4 Insurance contracts

Insurance contracts represent contracts with policy holders and reinsurers.

Those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) by agreeing to compensate the policy holders if a specified uncertain future event (the insured event) adversely affects the policy holders are insurance policy contracts. The Company enters into fire and property damage, marine, motor, health, burglary, loss of cash in transit, travel, personal accident, money, engineering losses and other insurance contracts with group companies, corporate clients and individuals residing or located in Pakistan.

Those insurance contracts that are issued by one insurer (the reinsurer) to compensate another insurer (the cedant) for losses on one or more contracts issued by the cedant are reinsurance contracts. The Company enters in to reinsurance contracts with both foreign and local reinsurers.

These reinsurance contracts includes both treaty and facultative arrangements and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

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

3.5 Deferred Commission expense / Acquisition cost

Commission expense 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 1/24th method.

3.6 Unearned premium

The portion of premium written relating to the unexpired period of coverage is recognised as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the Insurance Accounting Regulations, 2017.

3.7 Premium deficiency

The Company is required as per Insurance Rules, 2017 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 policies in that class of business at the reporting date. The movement in the premium deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, premium deficiency is estimated. The loss ratios estimated on these basis for the unexpired portion are as follows:

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

Class	2018	2017
	----- (%) -----	
Fire and property damage	17	10
Marine, aviation and transport	16	11
Motor	33	38
Accident and health	76	75
Miscellaneous	23	39

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned premium reserve for all classes of business as at the year end is adequate to meet the expected future liability after reinsurance, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date. The liability of premium deficiency in relation to all classes of business is calculated in accordance with the advice of the actuary. Hence, no provision for the same has been made in these financial statements.

3.8 Reinsurance contracts held

Reinsurance liabilities represent balances due to reinsurance companies. Balances 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 as required by Insurance Ordinance, 2000.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expired.

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 it as impairment loss.

3.9 Receivables and payables related to insurance contracts

Receivables including premium due but unpaid, relating to insurance contracts are recognised when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Premium received in advance is recognised as liability till the time of issuance of insurance contract thereagainst.

If there is an objective evidence that any premium due but unpaid is impaired, the Company reduces the carrying amount of that insurance receivable and recognizes the loss in profit and loss account.

3.10 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 Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and 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 Rule, 2017. The reported operating segments are



also consistent with the internal reporting provided to Board of Directors which are responsible for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment.

The Company has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous.

The perils covered under fire insurance include damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and terrorism.

Marine insurance provides coverage against cargo risk, war risk and damages occurring in inland transit.

Motor insurance provides comprehensive car coverage and indemnity against third party loss.

Accident and health insurance provides cover to compensate personal accident, hospitalisation and outpatient medical coverage to the insured.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, travel, money, engineering losses and other covers.

Financing, investment and income taxes are managed on an overall basis and are therefore, not allocated to any segment.

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

3.11 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having a maturity of not more than twelve months and are subject to insignificant risk of change in value.

3.12 Revenue Recognition

a) Premiums

Premiums under a policy are recognised as revenue at the time of issuance of insurance policy / cover note. Where the pattern of incidence of risk varies over the period of the policy, premium is recognised as revenue in accordance with the pattern of the incidence of risk. Administrative surcharge is recognised as revenue at the time of issuance of insurance policy.

b) Commission Income

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy by the Company. This 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 recognised when the Company's right to receive the same is established.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

c) Investment income

- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.
- Dividend income from investments, other than those which are accounted for under the equity method is recognised when the Company's right to receive the payment is established.
- Gain or loss on sale of investment is included in income currently.
- Return on bank deposits is recognised on a time proportionate basis taking into account the effective yield.
- Return on fixed income securities is recognised on a time proportion basis taking into account the effective yield on the investments.

3.13 Investments

3.13.1 Classification and Recognition

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

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.13.2 Measurement

3.13.2.1 Investment at fair value through profit or loss

Investments which are acquired principally for the purposes of generating profit from short-term fluctuation in market price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.

Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are remeasured at fair market value. Gains or losses on investments on remeasurement of these investments are recognised in profit and loss account.

3.13.2.2 Held to maturity

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

Subsequently, these are measured at amortised cost less provision for impairment, if any. Any premium paid or discount availed on acquisition of held to maturity investment is deferred and amortised over the term of investment using the effective yield.

3.13.2.3 Available-for-sale

Investments which are not eligible to be classified as “fair value through profit or loss” or “held to maturity” are classified as ‘available-for-sale’. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Quoted

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on investments on remeasurement of these investments are recognised in statement of comprehensive income.

Unquoted

Unquoted investments are recorded at cost less accumulated impairment losses, if any.

3.13.2.4 Fair / market value measurements

For investments in Government securities, fair / market value is determined by reference to quotations obtained from MUFAP page (PKRV) where applicable. For investments in quoted marketable securities, other than Term Finance Certificates, fair / market value is determined by reference to Stock Exchange quoted market price at the close of business on reporting date. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP).

3.13.2.5 Investment in associates - equity method

Investments in associates, where the Company has significant influence but not control, are accounted for by using the equity method of accounting. These investments are initially recognised at cost, thereafter the Company's share of the changes in the net assets of the associates are accounted for at the end of each reporting period less impairment loss, if any. Share of profit and loss of associate is accounted for in the Company's profit and loss account, whereas changes in the associate's equity which has not been recognised in the associates profit and loss account, are recognised directly in equity of the Company. The goodwill relating to an associate arising on the acquisition of the investment is included in the carrying value of the investments.

After the application of equity method including recognising the associates losses, the Company determines whether it is necessary to recognise any additional impairment loss with respect to its net investment in associate by comparing the entire carrying amount including goodwill with its recoverable amount i.e. the higher of value in use or fair market price less cost to sell. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the profit and loss account.

3.13.2.6 Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investment.

3.14 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Company intends to either settle

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For the year ended December 31, 2018

on a net basis, or to realise the asset and settle the liability simultaneously.

3.15 Creditors, accruals and provisions

Liabilities for creditors and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for the 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, 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 best estimate.

3.16 Claims expense and Provision for outstanding claims including Incurred But Not Reported (IBNR)

Insurance claims include all claims occurred, whether reported or not. Internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of 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. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Company's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Company by that end of reporting year, or if reported, complete details are not available to the Company, so as to ascertain the amount of loss for that claim as claims outstanding.

The Company is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2018 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.17 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and



loss account, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Company, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Company recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.18 Staff retirement benefits

3.18.1 Defined benefit plan

The Company operates an approved and funded gratuity scheme for all permanent employees who attain the minimum qualification period for entitlement to gratuity. The liability / asset recognized in the balance sheet is the present value of defined benefit obligation at the reporting date less fair value of plan assets. The defined benefit obligation is calculated annually using Projected Unit Credit Method. Remeasurements which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in profit and loss account and actuarial gains / loss are recognised in other comprehensive income as they occur and are not reclassified to profit or loss in subsequent periods.

The last actuarial valuation of the Company's defined benefit plan was carried on as of December 31, 2018.

3.18.2 Defined contribution plan

The Company contributes to a provident fund scheme which covers all permanent employees. Equal contributions are made both by the Company and the employees to the fund at the rate of 10 percent of

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

basic salary plus cost of living allowance.

3.18.3 Employees' compensated absences

The Company accounts for the liability in respect of eligible employees' compensated absences in the period in which they are earned.

3.19 Impairment of assets

The carrying amount of assets (other than deferred tax asset) are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

3.20 Dividend distribution and reserve appropriation

Dividend distribution and reserve appropriations are recognized when approved.

3.21 Management expenses

These are allocated to various classes of business in proportion to the respective gross premium written during the year. Expenses not allocable to the underwriting business are charged as other expenses.

3.22 Foreign currency translation

Foreign currency transactions during the period are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the reporting date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.23 Financial instruments

Financial instruments carried on the reporting date include cash and bank, premiums due but unpaid, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, deposits and other payables and unclaimed dividends.

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and derecognized when the Company losses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation



specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to income currently.

3.24 Transaction with related parties

All the transaction involving related parties arising in the normal course of business are conducted at agreed / commercial terms and condition.

3.25 Window Takaful Operations

The accounting policies followed by Window Takaful Operations are stated in the annexed financial statements of Window Takaful Operations for the year ended December 31, 2018.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates and judgements

In preparing these financial statements, management has made judgement, estimates and assumptions that affect the application of the Company's accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- a) provision for unearned premium (note 3.6);
- b) provision for premium due but unpaid and amount due from other insurers / reinsurers (note 3.8);
- c) provision for outstanding claims (including IBNR) and reinsurance recoveries there against (note 3.16);
- d) premium deficiency reserve (note 3.7);
- e) staff retirement benefits (note 3.18);
- f) classification of investments (note 3.13.1);
- g) residual values and useful lives of fixed assets (note 3.2);
- h) allocation of management expenses (note 3.21);
- i) taxation (note 3.17);
- j) segment reporting (note 3.10); and
- k) impairment (note 3.19).

5. PROPERTY AND EQUIPMENT

		2018	2017
	Note	----- (Rupees) -----	-----
Operating assets	5.1	67,519,107	62,203,019
Capital work in progress	5.2	4,806,500	3,466,500
		<u>72,325,607</u>	<u>65,669,519</u>

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

5.1 Operating assets

	December 31, 2018									
	Cost				Depreciation				Written down	Depreciation rate %
	As at	Additions	(Disposals)	As at	As at	For the	(Disposals)	As at	value as at	
	January 01, 2018			December 31, 2018	January 01, 2018	year		December 31, 2018	December 31, 2018	
	----- (Rupees) -----									
Office improvement	18,347,027	-	-	18,347,027	13,346,961	963,471	-	14,310,432	4,036,595	
Furniture and fixtures	14,253,023	214,244	140,498	14,326,769	8,301,098	1,029,896	139,561	9,191,433	5,135,336	10
Office equipment	13,081,694	1,861,966	972,376	13,971,284	7,975,414	1,897,597	793,526	9,079,485	4,891,799	10 - 33
Computer and related accessories	7,907,272	436,897	493,443	7,850,726	7,206,692	477,156	491,621	7,192,227	658,499	33
Motor vehicles	71,155,109	20,250,300	10,208,600	81,196,809	25,710,941	8,395,726	5,706,736	28,399,931	52,796,878	20
	124,744,125	22,763,407	11,814,917	135,692,615	62,541,106	12,763,846	7,131,444	68,173,508	67,519,107	
	December 31, 2017									
	Cost				Depreciation				Written down	Depreciation rate %
	As at	Additions	(Disposals)	As at	As at	For the	Disposals	As at	value as at	
	January 01, 2017			December 31, 2017	January 01, 2017	year		December 31, 2017	December 31, 2017	
	----- (Rupees) -----									
Office improvement	18,267,705	620,190	540,868	18,347,027	12,970,089	917,727	540,855	13,346,961	5,000,066	
Furniture and fixtures	14,068,155	317,000	132,132	14,253,023	7,406,325	1,026,883	132,110	8,301,098	5,951,925	10
Office equipment	11,685,988	2,292,955	897,249	13,081,694	6,988,555	1,756,149	769,290	7,975,414	5,106,280	10 - 33
Computer and related accessories	7,684,622	388,450	165,800	7,907,272	6,788,049	577,023	158,380	7,206,692	700,580	33
Motor vehicles	68,896,811	8,876,003	6,617,705	71,155,109	21,358,779	7,587,064	3,234,902	25,710,941	45,444,168	20
	120,603,281	12,494,598	8,353,754	124,744,125	55,511,797	11,864,846	4,835,537	62,541,106	62,203,019	

5.1.1 Disposal of tangible

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain / (loss)	Mode of disposal	Sold to
			(Rupees)		(note 29)		
Furniture and fixtures	140,498	139,561	937	4,000	3,063	Negotiation	Nalam Ghar
Office equipment	12,150	9,449	2,701	3,600	899	Insurance Claim	EFU General Insurance
Office equipment	25,000	9,722	15,278	15,000	(278)	Insurance Claim	EFU General Insurance
Office equipment	238,898	197,886	41,012	62,390	21,378	Negotiation	Various
Office equipment	46,890	46,889	1	8,000	7,999	Negotiation	Al-Rehman Traders
Office equipment	68,000	67,999	1	15,000	14,999	Negotiation	Pana Tech Links
Office equipment	581,438	461,582	119,856	34,000	(85,856)	Negotiation	Ahmed Engineering
Computer and related accessories	152,000	150,186	1,814	4,300	2,486	Negotiation	Star Com
Computer and related accessories	45,000	44,999	1	17,100	17,099	Insurance Claim	EFU General Insurance
Computer and related accessories	10,700	10,699	1	5,400	5,399	Insurance Claim	EFU General Insurance
Computer and related accessories	90,000	89,999	1	1,000	999	Negotiation	Star Com
Computer and related accessories	195,743	195,737	6	1,200	1,194	Negotiation	Star Com
Motor vehicles	2,418,000	1,209,000	1,209,000	741,462	(467,538)	As per company policy	Mr. Afzal ur Rahman (Ex employee)
Motor vehicles	1,499,000	899,400	599,600	600,000	400	Negotiation	Mr. Danial Disoaza
Motor vehicles	1,997,500	514,801	1,482,699	1,925,000	442,301	Insurance Claim	EFU General Insurance
Motor vehicles	1,010,000	794,668	215,332	215,332	-	As per company policy	Mr. Muhammad Safdar (Executive)
Motor vehicles	1,010,000	794,668	215,332	215,332	-	As per company policy	Mr. Saeed Ahmed (Executive)
Motor vehicles	1,507,000	1,013,186	493,814	493,814	-	As per company policy	Mr. Abdul Rashid (Executive)
Motor vehicles	114,000	49,500	64,500	40,000	(24,500)	As per company policy	Mr. Ilyas Suleman (EX Employee)
Motor vehicles	61,000	46,000	15,000	5,000	(10,000)	Negotiation	Ms. PEP Genune
Motor vehicles	76,400	59,437	16,963	10,000	(6,963)	Negotiation	Ms. Yasir Autos
Motor vehicles	48,600	33,600	15,000	10,000	(5,000)	Negotiation	Ms. Ashiq Autos
Motor vehicles	73,900	49,684	24,216	24,216	-	As per company policy	Mr. Shahid Haroon
Motor vehicles	96,400	74,617	21,783	22,000	217	As per company policy	Mr. Iqbal Raza
Motor vehicles	101,400	61,920	39,480	18,000	(21,480)	Negotiation	Ms. Hashmat
Motor vehicles	76,400	51,366	25,034	11,000	(14,034)	Negotiation	Ms. Hashmat
Motor vehicles	119,000	54,889	64,111	64,500	389	Negotiation	Ms. Hashmat
	11,814,917	7,131,444	4,683,473	4,566,646	(116,827)		

5.2 Capital work in progress

	2018	2017
	(Rupees)	(Rupees)
Advance against purchase of vehicles	3,832,500	3,366,000
Advance against renovation of office	974,000	100,500
	4,806,500	3,466,500

6. INTANGIBLE ASSETS

	Cost			Amortisation				Written down	
	As at	Additions	(Disposals / written off)	As at	As at	(Disposals / written off)	As at	value as at	Amortisation
	January 01, 2018			December 31, 2018	January 01, 2018		December 31, 2018	December 31, 2018	rate
									%
(Rupees)									
Computer software	7,006,837	-	-	7,006,837	6,534,250	446,180	-	6,980,430	26,407
December 31, 2017	6,956,837	50,000	-	7,006,837	5,913,140	621,110	-	6,534,250	472,587
									33



7. INVESTMENT IN ASSOCIATES

2018	2017	Face value per share (Rupees)	Quoted	Note	2018	2017
----- (Number of shares) -----					----- (Rupees) -----	
21,166	17,639	10	Colgate Palmolive (Pakistan) Limited (CPPL) (Chief Executive Officer - Mr. Zulfiqar Ali Lakhani)	7.1	10,264,695	9,694,621
629,495	629,495	10	Century Paper & Board Mills Limited (CPBML) (Chief Executive Officer - Mr. Aftab Ahmad)	7.1	34,879,467	32,442,626
					<u>45,144,162</u>	<u>42,137,247</u>

7.1 Movement of investment in equity accounted investees is as follows:

Description	December 31, 2018		
	Colgate Palmolive (Pakistan) Limited	Century Paper & Board Mills Limited	Total
	----- Rupees -----		
Opening balance as at January 01, 2018	9,694,621	32,442,626	42,137,247
Share of profit	1,211,289	3,001,332	4,212,621
Share of equity	(23,851)	(92,370)	(116,221)
Dividend received	(617,364)	(472,121)	(1,089,485)
Closing balance as at December 31, 2018	<u>10,264,695</u>	<u>34,879,467</u>	<u>45,144,162</u>
Opening balance as at January 01, 2017	8,778,274	29,506,203	38,284,477
Share of profit	1,540,568	3,941,646	5,482,214
Share of equity	(6,856)	(60,981)	(67,837)
Dividend received	(617,365)	(944,242)	(1,561,607)
Closing balance as at December 31, 2017	<u>9,694,621</u>	<u>32,442,626</u>	<u>42,137,247</u>

7.2 Market value of investments in associates is as follows:

	2018	2017
	----- (Rupees) -----	
Quoted		
Colgate Palmolive (Pakistan) Limited	48,470,352	49,389,200
Century Paper & Board Mills Limited	<u>34,817,368</u>	<u>39,110,524</u>
	<u>83,287,720</u>	<u>88,499,724</u>

7.3 Percentage of holding of equity in associates is as follows:

	2018	2017
	----- (Percentage of holding) -----	
Colgate Palmolive (Pakistan) Limited	0.037%	0.037%
Century Paper & Board Mills Limited	<u>0.428%</u>	<u>0.428%</u>

Notes to and Forming Part of the Financial Statements

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7.4 The following is summarized financial information of CPPL and CPBML as at and for the twelve month period ended December 31, 2018 and as at and for the nine months period ended September 30, 2018 respectively. Based on their respective unaudited condensed interim financial information and quarterly financial information prepared in accordance with the accounting and reporting standards as applicable in Pakistan, modified for fair value and other adjustments and differences in the Company's accounting policies:

	Colgate Palmolive (Pakistan) Limited		Century Paper & Board Mills Limited	
	December 31, 2018	December 31, 2017	September 30, 2018	December 31, 2017
	----- (Rupees) -----			
For the period ended				
Revenues	44,204,550,000	48,869,628,000	14,834,563,000	21,077,876,000
Profit after tax	3,293,241,000	4,188,323,000	761,151,000	1,001,726,000
Other comprehensive loss	(64,847,000)	(17,464,000)	(21,573,000)	(14,242,000)
Dividend attributable to preference shareholders	-	-	(60,191,000)	(81,156,000)
Total comprehensive income	3,228,394,000	4,170,859,000	679,387,000	906,328,000
At period end				
Non current assets	3,963,124,000	2,921,201,000	9,551,589,000	9,632,250,000
Current assets	13,845,321,000	13,071,716,000	9,103,934,000	6,309,944,000
Non current liabilities	(287,040,000)	(265,825,000)	(4,106,911,000)	(4,242,679,000)
Current liabilities	(3,479,284,000)	(3,234,942,000)	(8,068,309,000)	(5,792,446,000)
Net assets	14,042,121,000	12,492,150,000	6,480,303,000	5,907,069,000
Group's interest in net assets of investee at end of the year	5,164,820	4,594,746	27,729,402	25,292,561
Fair value and other adjustments at acquisition	5,099,875	5,099,875	7,150,065	7,150,065
Preference shares	-	-	-	-
Director's equity portion	-	-	-	-
Carrying amount of interest in equity accounted investees at end of the year	10,264,695	9,694,621	34,879,467	32,442,626

8. INVESTMENTS IN EQUITY SECURITIES

	2018			2017		
	Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value
	(Restated)					
Note	----- (Rupees) -----					
Available for sale	1,042,190,347	77,876,671	1,001,046,791	996,869,395	1,127,349	943,631,374
Fair value through profit and loss	110,234,745	-	96,002,608	183,670,343	-	158,467,869
	1,152,425,092	77,876,671	1,097,049,399	1,180,539,738	1,127,349	1,102,099,243
Available for sale						
Related parties						
Mutual funds	578,374,605	33,405,235	564,185,431	538,257,008	-	511,532,660
Others						
Listed shares	53,025,970	7,358,873	50,359,876	60,460,073	1,127,349	63,612,189
Unlisted shares	75,200	-	75,283	-	-	-
Mutual funds	410,714,572	37,112,563	386,426,201	398,152,314	-	368,486,525
	463,815,742	44,471,436	436,861,360	458,612,387	1,127,349	432,098,714
	1,042,190,347	77,876,671	1,001,046,791	996,869,395	1,127,349	943,631,374
Investment at fair value through profit and Loss						
Listed shares	110,234,745	-	96,002,608	183,670,343	-	158,467,869
	1,152,425,092	77,876,671	1,097,049,399	1,180,539,738	1,127,349	1,102,099,243



8.1 Related parties

2018	2017	Face value	Name of entity	2018			2017		
				Cost	Impairment / provision for the year	Carrying value	Cost	Impairment / provision for the year	Carrying value
-----Number of units -----		per unit (Rupees)		----- (Rupees) -----					
			Open-end mutual funds						
2,793,706	2,793,706	100	Lakson Equity Fund	302,389,548	-	288,200,374	302,389,548	-	310,132,083
1,387,758	2,078,238	100	Lakson Tactical Fund	132,985,057	33,405,235	132,985,057	235,867,460	-	201,400,577
			Closed-end fund						
143	-	1,000,000	Lakson Private Equity Fund	143,000,000	-	143,000,000	-	-	-
				578,374,605	33,405,235	564,185,431	538,257,008	-	511,532,660

9. INVESTMENTS IN DEBT SECURITIES

	Note	2018		2017	
		Cost	Carrying value	Cost	Carrying value
		----- (Rupees) -----			
Government securities					
Held to maturity					
Pakistan Investment Bonds	9.1	53,997,072	53,997,072	49,068,199	49,068,199
Commercial paper		-	-	52,850,660	52,850,660
Term finance certificate		-	-	293,292	-
	9.2	53,997,072	53,997,072	102,212,151	101,918,859
Fair value through profit and loss		-	-	22,711,503	22,980,437
Available for sale					
Sukuk		40,000,000	40,000,280	5,000,000	5,000,000
Term finance certificate		45,000,000	45,000,000	-	-
		85,000,000	85,000,280	5,000,000	5,000,000
		138,997,072	138,997,352	129,923,654	129,899,296

9.1 These securities are placed with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

9.2 The market value of held to maturity debt securities is Rs. 53.975 million (2017: Rs. 107.800 million).

10. INVESTMENT IN TERM DEPOSIT

		2018	2017
	Note	----- (Rupees) -----	
Deposit maturing within 12 months	10.1	123,000,000	245,000,000

10.1 The rate of return on term deposit certificate issued by Telenor Microfinance Bank is 10.75% per annum (2017: 6.7% to 9.5%). This term deposit certificate will mature in January 2019.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

11. LOAN AND OTHER RECEIVABLE

	2018	2017
Note	----- (Rupees) -----	-----
Accrued investment income	7,741,360	8,370,688
Security deposits	6,154,003	6,029,167
Advance to employees	3,200,999	2,670,633
Advance against expenses	1,488,500	99,000
Receivable against sale of shares	109,875	218,900,569
Window Takaful Operations	748,801	1,297,833
Others	1,141,670	1,169,308
	<u>20,585,208</u>	<u>238,537,198</u>

12. INSURANCE / RE-INSURANCE RECEIVABLE

Due from insurance contract holders	12.1	351,685,552	314,279,731
Amounts due from other insurers / reinsurers	12.4	50,506,654	65,764,134
Reinsurance recoveries due but unpaid		50,439,420	46,684,875
		<u>452,631,626</u>	<u>426,728,740</u>

12.1 Due from insurance contract holders

Unsecured			
Considered good	12.2	351,685,552	314,279,731
Considered doubtful		9,896,940	9,197,111
		<u>361,582,492</u>	<u>323,476,842</u>
Provision for doubtful balances	12.3	(9,896,940)	(9,197,111)
		<u>351,685,552</u>	<u>314,279,731</u>

12.2 This includes a sum of Rs. 227.319 million (December 31, 2017: Rs. 173.690 million) due from related parties.

	2018	2017
	----- (Rupees) -----	-----

12.3 Provision for doubtful balances

Balance as at January 01	9,197,111	8,848,257
Provision made during the year	724,091	444,586
Recoveries during the year	(24,262)	(95,732)
	<u>699,829</u>	<u>348,854</u>
Balance as at December 31	<u>9,896,940</u>	<u>9,197,111</u>

12.4 Amounts due from other insurers / reinsurers

Unsecured			
Considered good			
Foreign reinsurers	125,175	323,250	
Local reinsurers	49,450,608	47,989,297	
Co-insurers	45,421,488	61,942,204	
	<u>94,997,271</u>	<u>110,254,751</u>	
Provision for doubtful balances	(44,490,617)	(44,490,617)	
	<u>50,506,654</u>	<u>65,764,134</u>	



13. STAFF RETIREMENT BENEFITS

Defined benefit plan - gratuity scheme

The actuarial valuations are carried out annually and contributions are made accordingly. Following were the significant assumptions used for valuation of the scheme:

- Discount rate 11.5% (December 31, 2017: 9%) per annum.
- Expected rate of increase in the salaries of the employees 11.5% (December 31, 2017: 9%) per annum.
- Expected interest rate on plan assets of the scheme 11.5% December 31, 2017: 9%) per annum.
- Average length of service of the employees 7.69 years (December 31, 2017: 7.48 years).

13.1 Liability in statement of financial position

	2018	2017
	----- (Rupees) -----	-----
Present value of defined benefit obligations	39,361,601	34,104,296
Fair value of plan assets	(34,199,542)	(28,932,839)
	<u>5,162,059</u>	<u>5,171,457</u>

13.2 Movement in liability during the year

Balance as at January 01	5,171,457	4,984,383
Charge to profit and loss account	4,108,064	3,629,258
Charged to other comprehensive income	1,053,995	1,542,199
Contributions to the fund during the year	(5,171,457)	(4,984,383)
Balance as at December 31	<u>5,162,059</u>	<u>5,171,457</u>

13.3 Reconciliation of the present value of defined benefit obligations

Present value of obligations as at January 01	34,104,296	28,548,972
Current service cost	3,875,348	3,404,961
Interest cost	3,013,807	2,537,525
Benefits paid	(1,235,114)	(708,493)
Actuarial (gain) / loss	(396,736)	321,331
Present value of obligations as at December 31	<u>39,361,601</u>	<u>34,104,296</u>

13.4 Reconciliation of the fair value of plan assets

Fair value of plan assets as at January 01	28,932,839	23,564,589
Expected return on plan assets	2,781,091	2,313,228
Contribution to the fund	5,171,457	4,984,383
Benefits paid	(1,235,114)	(708,493)
Actuarial (loss)	(1,450,731)	(1,220,868)
Fair value of plan assets as at December 31	<u>34,199,542</u>	<u>28,932,839</u>

13.5 Charge to profit and loss account

Current service cost	3,875,348	3,404,961
Interest cost	3,013,807	2,537,525
Expected return on plan assets	(2,781,091)	(2,313,228)
	<u>4,108,064</u>	<u>3,629,258</u>

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

	2018	2017
	----- (Rupees) -----	
13.6 Remeasurements recognized in other comprehensive income, (expense) / income during the year		
Actuarial gains / (loss) on obligations	396,736	(321,332)
Actuarial (loss) on assets	(1,450,731)	(1,220,867)
	(1,053,995)	(1,542,199)
13.7 Expected return on plan assets		
Expected return on assets	2,781,091	2,313,228

13.8 Composition of fair value of plan assets

	2018		2017	
	Fair value	Percentage	Fair value	Percentage
	--- (Rupees) ---	----- (%) -----	--- (Rupees) ---	----- (%) -----
Treasury bills	25,000,000	73%	21,789,432	75%
Funds - related party	5,967,140	17%	3,914,197	14%
Pakistan investment bonds	-	-	102,830	-
Islamic Sukuk	1,000,054	3%	1,008,750	4%
Cash and bank balances	2,232,348	7%	2,117,630	7%
Fair value of plan assets	34,199,542	100%	28,932,839	100%

13.9 Historical data of the fund

	2018	2017	2016	2015	2014
	----- (Rupees) -----				
Present value of defined benefit obligations	39,361,601	34,104,296	28,548,972	22,287,820	18,261,587
Fair value of plan assets	(34,199,542)	(28,932,839)	(23,564,589)	(18,529,498)	(15,777,339)
Deficit	5,162,059	5,171,457	4,984,383	3,758,322	2,484,248
Experience adjustments					
Actuarial (gain) / loss on obligation	(396,736)	321,331	2,655,710	290,161	(252,831)
Actuarial (loss) / gain on assets	(1,450,731)	(1,220,868)	746,796	(692,334)	(293,441)

13.10 The estimated contribution to the fund for the year ended December 31, 2019 is Rs. 4.594 million.

13.11 Sensitivity analysis

	Change in assumption	Impact on Defined Benefit Obligation	
		2018	2017
		----- (Rupees) -----	
Discount rate	+1	34,566,661	30,198,204
Discount rate	-1	45,101,548	38,754,991
Long term salary increase	+1	45,422,495	39,063,016
Long term salary increase	-1	34,237,409	29,889,307



14. PREPAYMENTS

Note **2018** 2017
----- (Rupees) -----

Prepaid reinsurance premium ceded	171,056,110	162,210,966
Others	8,558,372	8,504,000
	179,614,482	170,714,966

15. CASH AND BANK

Cash and cash equivalents

Cash in hand	240,711	194,627
Policy stamps and bond papers in hand	1,336,699	1,264,081
Deposit with SBP	25,000,000	-
	26,577,410	1,458,708

Current and other accounts

Current accounts	10,194,688	9,365,911
Saving accounts	403,594,378	105,956,623
	413,789,066	115,322,534
	440,366,476	116,781,242

15.1 The securities matured and cash is deposit with State Bank of Pakistan as statutory deposit in accordance with the requirement of clause (a) of sub section 2 of section 29 of the Insurance Ordinance, 2000.

15.2 This includes lien on a local currency account, amounting to Rs. 0.8 million (December 31, 2017: Rs. 0.8 million) in respect of letters of credit arranged through a bank claims arising outside Pakistan.

16. WINDOW TAKAFUL OPERATIONS

2018 2017
(Restated)
----- (Rupees) -----

Assets

Investments	43,037,487	25,122,070
Cash and bank deposits	8,976,046	24,683,106
Current assets - others	17,708,348	2,950,514
Total assets	69,721,881	52,755,690

Total liabilities - current

15,172,054	3,532,514
-------------------	-----------

December 31, 2018 For the period from August 17, 2017 to December 31, 2017
----- (Rupees) -----

Profit / (loss) before tax for the year / period	7,422,950	(1,231,819)
---	------------------	-------------

Details of assets and liabilities and segment disclosures of Window Takaful Operations are stated in annexed financial statements for the year ended December 31, 2018.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

17. DEFERRED TAXATION - NET

	2018	2017 (Restated)
	----- (Rupees) -----	-----
Deferred tax liability arising in respect of:		
Accelerated depreciation on operating fixed assets	(567,983)	(1,157,149)
Unrealised loss on remeasurement of securities at fair value through profit or loss - net	4,594,022	1,696,320
Provision for claims incurred but not reported (IBNR)	769,385	2,316,926
Provision for compensated absences	1,971,786	1,673,414
Share of profit from associates	(2,146,398)	(1,362,771)
Provision against receivables	15,228,516	16,106,318
Provision for impairment on available for sale investments	21,805,468	-
	<u>41,654,796</u>	<u>19,273,058</u>
Unrealised appreciation 'available for sale' investments	11,520,118	15,971,406
Share in associates' reserves	54,055	20,351
	<u>53,228,969</u>	<u>35,264,815</u>

18. SHARE CAPITAL

18.1 Authorized capital

2018	2017		2018	2017
----- (Number of shares) -----	-----		----- (Rupees) -----	-----
<u>70,000,000</u>	<u>70,000,000</u>	Ordinary shares of Rs. 10 each	<u>700,000,000</u>	<u>700,000,000</u>

18.2 Issued, subscribed and paid-up

13,981,213	13,981,213	Ordinary shares of Rs. 10 each	139,812,130	139,812,130
36,315,590	36,315,590	issued as fully paid in cash		
		Ordinary shares of Rs. 10 each		
		issued as fully paid bonus shares	363,155,900	363,155,900
<u>50,296,803</u>	<u>50,296,803</u>		<u>502,968,030</u>	<u>502,968,030</u>

18.3 Ordinary shares of the Company held by associated companies / persons are as follows:

	2018	2017
	----- (Number of Shares) -----	-----
Siza (Private) Limited	7,157,361	7,157,361
Siza Services (Private) Limited	11,852,141	11,852,141
Siza Commodities (Private) Limited	4,993,103	4,993,103
Premier Fashions (Private) Limited	14,564,873	14,564,873
Directors and their spouses	40,167	42,921
Related parties - individuals	5,019	5,380
	<u>38,612,664</u>	<u>38,615,779</u>

19. RESERVES

	2018	2017 (Restated)
	----- (Rupees) -----	-----
Revenue reserves		
General reserve	119,000,000	119,000,000
Unrealised appreciation on 'available for sale' investments - net of tax	(29,481,352)	(37,181,166)
	<u>89,518,648</u>	<u>81,818,834</u>



20. INSURANCE AND REINSURANCE PAYABLES

Note **2018** 2017
----- (Rupees) -----

Foreign reinsurers	34,091,052	30,073,147
Local reinsurers	169,079,193	165,183,254
Co-insurers	28,984,285	29,895,243
	232,154,530	225,151,644

21. OTHER CREDITORS AND ACCRUALS

Agent commission payable	21.1	101,484,098	93,356,580
Federal excise duty		14,324,920	11,661,916
Federal insurance fees		1,258,015	953,289
Creditors		2,735,725	2,066,334
Retention money		51,983	103,260
Margin deposits	21.2	5,093,883	4,589,134
Staff retirement benefits	13	5,162,059	5,171,457
Payable against purchase of shares		-	251,868
Withholding tax payable		725,118	1,018,897
Accrued expenses	21.3	15,833,660	9,055,657
Deposits from employees against car scheme	21.4	9,103,463	7,820,421
Unclaimed dividend		4,688,537	3,938,133
Others		476,877	529,533
		160,938,338	140,516,479

21.1 This includes a sum of Rs. 80.772 million (December 31, 2017: Rs. 65.744 million) due to related parties.

21.2 This represents margin deposit on account of performance bond policies issued by the Company.

2018 2017
----- (Rupees) -----

21.3 ACCRUED EXPENSES

Auditors' remuneration	585,000	585,000
Professional services fee	424,075	472,716
Provision for compensated absences	7,042,093	5,578,045
Utilities and others	6,626,559	1,071,072
Investment advisory fee - due to related party	1,155,933	-
Salaries and allowances - due to related party	-	1,348,824
	15,833,660	9,055,657

21.4 This represents amount withheld from employees' salary against motor vehicle installments.

2018 2017
----- (Rupees) -----

22. TAXATION - PROVISION LESS PAYMENTS

Provision for taxation	165,224,000	111,301,646
Advance tax including tax deducted at source	(135,954,672)	(63,307,899)
	29,269,328	47,993,747

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

During the year 2016, the Company received orders under section 122(5A) passed by the Additional Commissioner Inland Revenue for the Tax Years 2015 on issue of treating dividend income as single basket income and to be taxed @ 35% instead of fixed rate of 10% resulting aggregate demand of Rs. 0.936 million. The Company has filed appeal against the said orders to CIT (Appeals) which is pending adjudication. It is further submitted that Appeal on similar issue in respect of Tax Year 2014 have been decided in company's favor by the CIT (Appeals).

During the year 2015, the Company received orders under section 122(5A) passed by the ACIR for the tax years 2009 to 2013 wherein prior year assessments were revised on similar issue as mentioned above resulting in aggregate demand of Rs. 26.35 million. The Company had paid Rs. 2.9 million in protest against demand for tax year 2009 before going in appeal and applied for rectification of remaining order in respect of short credits allowed. The ACIR issued revised orders and now aggregated demand is Rs. 14.609 million. The Company had filed appeals against the said orders with CIT (Appeals) that was rejected by the CIT (Appeals) through Revenue which is pending adjudication.

The Company, based on the opinion of its tax advisor, is confident that the ultimate outcome of the appeals will be in its favor. Hence, no provision for the said demands has been made in these financial statements.

23.2 Commitments

	2018	2017
	----- (Rupees) -----	
Capital work-in-progress		
Renovation of office	2,458,564	-

24. NET INSURANCE PREMIUM

Written Gross premium	1,185,648,175	1,049,723,552
Add : Unearned premium reserve opening	383,008,819	337,036,982
Less: Unearned premium reserve closing	439,281,123	383,008,819
Premium earned	1,129,375,871	1,003,751,715
Less: Reinsurance premium ceded	447,931,060	407,372,171
Add: Prepaid reinsurance premium opening	162,210,966	165,539,475
Less: Prepaid reinsurance premium closing	171,056,110	162,210,966
Reinsurance expense	439,085,916	410,700,680
	690,289,955	593,051,035

25. NET INSURANCE CLAIMS EXPENSE

Claim paid	446,220,565	386,530,078
Add : Outstanding claims including IBNR closing	192,759,004	165,560,979
Less: Outstanding claims including IBNR opening	165,560,979	164,787,530
Claims expense	473,418,590	387,303,527
Less: Reinsurance and others recoveries received	160,116,369	126,616,317
Add: Reinsurance and others recoveries in respect of outstanding claims closing	100,016,385	74,912,821
Less: Reinsurance and others recoveries in respect of outstanding claims opening	74,912,821	61,181,748
Reinsurance and other recoveries revenue	185,219,933	140,347,390
	288,198,657	246,956,137



25.1 Claim development table

The Company maintains adequate reserves in respect of its insurance business in order to protect against adverse future claims experience and developments. The uncertainties about the amount and timing of claim payments are normally resolved within one year. The following table shows the development of the claims over a period of time. All amounts are presented in gross numbers before reinsurance.

Accident year	2013 and prior	2014	2015	2016	2017	2018 (including IBNR)	Total
----- (Rupees) -----							
Gross estimate of ultimate claims cost:							
- At end of accident	203,800,666	255,154,762	451,761,414	438,802,110	361,911,977	466,560,012	
- One year later	241,882,489	275,496,458	499,935,800	434,336,754	377,155,134	-	
- Two year later	235,483,461	275,590,366	500,375,624	433,569,849	-	-	
- Three year later	235,088,187	276,158,171	499,517,381	-	-	-	
- Four year later	235,135,519	276,480,590	-	-	-	-	
- Five year later	235,776,489	-	-	-	-	-	
Current estimate of cumulative claims	235,776,489	276,480,590	499,517,381	433,569,849	377,155,134	466,560,012	2,289,059,456
Cumulative payment to date	(204,892,954)	(272,109,518)	(496,858,000)	430,491,010	369,212,233	322,736,736	(2,096,300,452)
Liability recognised in statement of financial position	30,883,535	4,371,072	2,659,381	3,078,839	7,942,901	143,823,276	192,759,004

26. NET COMMISSION EXPENSE / ACQUISITION COST

	2018	2017
----- (Rupees) -----		
Commission paid or payable	109,874,531	97,266,352
Add : Deferred commission expense opening	32,232,773	30,829,820
Less: Deferred commission expense closing	33,060,770	32,232,773
Net commission	109,046,534	95,863,399
Less: Commission received or recoverable	121,205,461	114,506,577
Add: Unearned Reinsurance commission opening	38,529,301	43,125,928
Less: Unearned Reinsurance commission closing	39,191,757	38,529,301
Commission from reinsurers	120,543,005	119,103,204
	(11,496,471)	(23,239,805)

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

27. MANAGEMENT EXPENSES

	Note	2018 ----- (Rupees) -----	2017 -----
Salaries, wages and benefits	27.1	174,701,961	165,008,502
Rent, rates and taxes		15,854,653	14,153,385
Communications		7,744,811	7,704,701
Printing and stationery		4,351,883	4,606,290
Travelling and entertainment		6,524,111	6,305,777
Repairs and maintenance		4,581,185	4,275,506
Advertisement and sales promotion		3,187,795	4,958,732
Rental for tracking devices		28,567,674	19,769,317
Depreciation		12,763,846	11,864,846
Amortisation		446,180	621,110
Legal and professional charges		1,489,056	1,292,750
Electricity, gas and water		5,555,691	5,475,540
Insurance		6,171,949	5,039,786
Bank charges		287,160	362,168
Annual Supervision fee SECP		2,017,204	2,069,684
Vehicle running expense		3,690,753	2,661,282
Provision against premium due but unpaid - net		699,505	348,854
Provision against amount due from other insurers / reinsurers		-	21,838,792
Service charges		3,145,428	3,186,776
Other expenses		2,082,134	2,257,841
		283,862,979	283,801,639
27.1 Employee benefit cost			
Salaries, wages and benefits		164,062,149	155,643,536
Post employment benefits	27.1.1	10,639,812	9,364,966
		174,701,961	165,008,502

27.1.1 These include Rs. 6.53 million (2017: Rs. 5.74 million) being contribution for employees' provident fund and Rs. 4.11 million (2017: Rs. 3.63 million) in respect of defined benefit plan.

27.2 Provident Fund (the Fund) Disclosures

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

	Un-audited 2018 ----- (Rupees) -----	Audited 2017 -----
Size of the Fund - total assets	56,263,067	47,222,964
Cost of investment made	57,342,875	45,667,858
Fair value of investments	53,802,197	45,021,362
Percentage of investment made	96%	97%



27.2.1 The break-up of fair value of investments is:

	Un-audited 2018		Audited 2017	
	----(Rupees)----	----%----	----(Rupees)----	----%----
Bank balances	4,311,233	8.01	2,232,507	4.96
Government securities	3,891,200	7.23	34,535,172	76.71
Debt securities	36,969,689	68.75	1,990,566	4.42
Mutual funds	8,630,075	16.01	6,263,117	13.91
	53,802,197	100.00	45,021,362	100.00

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

28. INVESTMENT INCOME

	2018	2017
	----- (Rupees) -----	
Income from equity securities		
Available-for-sale		
- Dividend income	5,486,603	98,554,964
Fair value through profit or loss		
- Dividend income	7,464,717	9,065,441
Income from debt securities		
Held to maturity		
- Return on government securities	5,779,313	6,342,939
- Return on other fixed income securities and deposits	2,149,341	749,793
	7,928,654	7,092,732
Available-for-sale		
- Return on other fixed income securities and deposits	2,095,973	44,258
Income from term deposits		
- Return on term deposits	7,577,137	16,433,671
Net realised gains on investments		
Available for sale		
- Gain on sale of equity securities	5,121,100	51,447,986
Fair value through profit or loss		
- Gain / (loss) on sale of equity securities	2,665,797	(11,280,727)
- Gain on sale of debt securities	3,040,022	4,643,710
	5,705,819	6,637,017
Net unrealised loss on investments at fair value through profit and loss		
- Equity securities	(14,232,138)	(25,202,474)
- Debt securities	-	268,934
	(14,232,138)	(24,933,540)
Total investment income	27,147,865	151,068,495
Add: Reversal of impairment in debt securities-Held to maturity	-	4,253
Less: Impairment in value of available for sale securities	(77,876,671)	(1,127,349)
Less: Investment related expenses	(3,607,486)	(2,889,630)
Investment (loss) / income	(54,336,292)	147,055,769

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
		----- (Rupees) -----	-----
29. OTHER INCOME			
Return on bank balances		27,537,866	4,439,904
(Loss) / gain on sale of fixed assets		(116,827)	771,484
Others		1,041,141	140,994
		<u>28,462,180</u>	<u>5,352,382</u>
30. OTHER EXPENSE			
Rate and taxes		1,077,472	469,434
Fees and subscription		3,156,815	2,862,400
Legal and professional charges		1,502,544	1,141,731
Auditors' remuneration	30.1	1,649,840	1,434,610
Donation	30.2	1,000,000	1,000,000
Security charges		1,939,174	1,570,587
Other expenses		140,408	119,453
		<u>10,466,253</u>	<u>8,598,215</u>
30.1 Auditors' remuneration			
Statutory audit fee		340,000	305,000
Half year review		185,000	165,000
Review of code of corporate governance		120,000	110,000
Special reports and other certifications		745,000	625,000
		<u>1,390,000</u>	<u>1,205,000</u>
Sindh sales tax		111,200	108,400
Out of pocket expenses		148,640	121,210
		<u>1,649,840</u>	<u>1,434,610</u>
30.2	This includes sum of Rs. 0.5 million (December 31, 2017 : Rs. 0.5 million) paid to Layton Rahmatulla Benevolent Trust in which the chairman of the Company, Mr. Iqbal Ali Lakhani, is a trustee.		
31. TAXATION - NET			
		2018	2017
		----- (Rupees) -----	-----
Current		55,799,771	85,521,282
Prior		275,239	25,410,818
Deferred		(22,381,738)	(17,344,981)
		<u>33,693,272</u>	<u>93,587,119</u>
31.1	The Company has filed returns upto tax year 2018. The returns filed for tax years upto 2017 has been finalized.		
31.2	The Board of Directors of the Company has proposed to distribute sufficient cash dividend / bonus shares for the year ended December 31, 2018 to comply with the requirements of Section 5A of the Income Tax Ordinance, 2001 (Tax on Undistributed Profits). Accordingly, no provision for tax on undistributed profits has been recognised in these financial statements for the year ended December 31, 2018.		



	2018	2017
	----- (Rupees) -----	
31.3 Relationship between tax expense and accounting profit		
Profit for the year before taxation	105,019,996	233,593,395
Tax at the applicable rate of 29% (December 31, 2017: 30%)	30,455,799	70,078,019
Impact on deferred tax due to change in tax rate	1,284,871	25,410,818
Prior year tax charge	275,237	-
Others	1,677,365	(1,901,718)
	<u>33,693,272</u>	<u>93,587,119</u>
32. EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after tax for the year	<u>71,326,724</u>	<u>140,006,276</u>
	----- (Numbers) -----	
Weighted average number of ordinary shares	<u>50,296,803</u>	<u>50,296,803</u>
	----- (Rupees) -----	
Earnings per share - basic and diluted	<u>1.42</u>	<u>2.78</u>

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

33. COMPENSATION OF DIRECTORS AND EXECUTIVES

	Chief Executive		Executives		Total	
	2018	2017	2018	2017	2018	2017
	----- (Rupees) -----					
Managerial remuneration	8,626,260	7,852,080	21,514,250	19,533,704	30,140,510	27,385,784
Bonus	2,092,525	1,898,978	5,195,227	4,573,552	7,287,752	6,472,530
Retirement benefits	863,199	785,784	1,614,021	993,644	2,477,220	1,779,428
House rent	3,881,820	3,533,424	9,681,410	8,792,231	13,563,230	12,325,655
Others	879,720	802,296	2,944,292	2,555,035	3,824,012	3,357,331
	<u>16,343,524</u>	<u>14,872,562</u>	<u>40,949,200</u>	<u>36,448,166</u>	<u>57,292,724</u>	<u>51,320,728</u>
Number of persons	<u>1</u>	<u>1</u>	<u>11</u>	<u>10</u>	<u>12</u>	<u>11</u>

33.1 Aggregate amount charged in these financial statements in respect of Director's fee for attending Board and Audit Committee meetings amounted to Rs. 200,000 (December 31, 2017: Rs. 130,000) and Rs. 200,000 (December 31, 2017: Rs. 200,000) respectively.

Notes to and Forming Part of the Financial Statements

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34. RELATED PARTY TRANSACTIONS

Related parties comprise of group companies, window takaful operations, directors and their close family members, staff retirement funds, key management personnel and major shareholders of the Company. The associated companies are associated either based equity or due to the same management and / or common directors. All transactions involving related parties arising in the normal course of business are conducted at agreed terms and conditions. Transactions with the key management personnel are made under their terms of employment / entitlements. Contributions to the employee retirement benefits are made in accordance with the terms of employee retirement benefit schemes.

Balances and transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Name of related party	Premiums written	Commission paid and due	Claims paid	Investment in mutual funds	Sales of shares / units of mutual funds	Dividend received	Bonus share received	Dividend paid	Bonus share issue	Purchase of equipment	Donation paid	Expenses	Retirement Fund
	(Rupees)												
Associated companies / undertaking													
Accuray Surgical Limited	1,739,276	135,817	714,719	-	-	-	-	-	-	-	-	-	-
Alan (Private) Limited	80,200	8,020	-	-	-	-	-	-	-	-	-	-	-
Anchor Commodities (Private) Limited	3,241,301	317,160	883,230	-	-	-	-	-	-	-	-	-	-
Baluchistan Polyproducts (Private) Limited	467,520	61,680	-	-	-	-	-	-	-	-	-	-	-
Caraway (Private) Limited	224,294	33,644	-	-	-	-	-	-	-	-	-	-	-
Century Paper & Board Mills Limited	132,200,281	13,685,029	11,415,301	-	-	472,121	-	-	-	-	-	2,257,526	-
Colgate Palmolive (Pakistan) Limited	216,601,641	26,086,020	66,225,546	-	-	617,364	3,527	-	-	-	-	60,000	-
Cyber Internet Services (Private) Limited	42,255,567	1,348,739	17,243,582	-	-	-	-	-	-	-	-	394,854	-
GAM Corporation (Private) Limited	42,393,783	3,095,700	6,897,671	-	-	-	-	-	-	-	-	-	-
Hasanali and Gulbanoo Lakhani Foundation	1,622,321	124,647	1,381,235	-	-	-	-	-	-	-	-	829,513	-
ICE Animations (Private) Limited	1,934,966	100,762	1,711,259	-	-	-	-	-	-	-	-	-	-
Lakson Business Solution Limited	1,115,470	4,400	788,749	-	-	-	-	-	-	-	-	1,932,992	-
Lakson Private Equity Fund	-	-	-	143,000,000	-	-	-	-	-	-	-	-	-
Lakson Investments Limited	1,938,141	-	2,422,470	-	-	-	-	-	-	-	-	2,131,474	-
Lakson Tactical Fund	-	-	-	-	70,000,000	-	-	-	-	-	-	-	-
Layton Rehmatullah Benevolent Trust (LRBT)	-	-	-	-	-	-	-	-	-	-	500,000	-	-
Merit Packaging Limited	21,918,086	2,488,779	1,857,547	-	-	-	-	-	-	-	-	-	-
Premier Fashions (Private) Limited	16,652	2,498	-	-	-	-	-	25,488,528	-	-	-	-	-
Princeton Travels (Private) Limited	1,039,413	146,556	521,314	-	-	-	-	-	-	-	-	1,003,010	-
R and I Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Reliance Chemicals Limited	100,525	15,079	-	-	-	-	-	-	-	-	-	-	-
Siza (Private) Limited	840,451	20,219	449,882	-	-	-	-	12,525,382	-	-	-	2,761,477	-
Siza Commodities (Private) Limited	119,502	200	102,090	-	-	-	-	8,737,930	-	-	-	4,420	-
Siza Foods (Private) Limited	31,742,308	2,217,361	8,029,721	-	-	-	-	-	-	-	-	10,000	-
Siza Services (Private) Limited	4,082,792	257,561	1,693,626	-	-	-	-	20,741,247	-	-	-	8,051,099	-
Sybird (Private) Limited	10,692,074	95,874	6,837,348	-	-	-	-	-	-	-	-	1,001,296	-
Others													
Ajinomoto Lakson Pakistan (Private) Ltd	1,787,003	146,064	180,206	-	-	-	-	-	-	-	-	-	-
Express Publication (Private) Limited	31,108,799	558,295	16,829,776	-	-	-	-	-	-	-	-	915,095	-
Express Digital (Private) Limited	1,325,399	-	681,794	-	-	-	-	-	-	-	-	-	-
Matrix Press (Private) Limited	6,411,647	151,793	3,553,429	-	-	-	-	15,793	-	-	-	-	-
Misha Fashion (Private) Limited	70,000	-	-	-	-	-	-	-	-	-	-	-	-
Printek (Private) Limited	563,020	77,641	6,539	-	-	-	-	-	-	-	-	-	-
Television Media Network (Private) Limited	39,591,284	1,239,589	18,279,989	-	-	-	-	-	-	-	-	-	-
Century Insurance Window Takaful Operations	-	-	-	-	-	-	-	-	-	-	-	3,895,044	-
Key management personnel	618,791	6,793	46,400	-	-	-	-	116,275	-	-	-	-	-
Retirement benefit plans													
Contribution to staff provident fund	-	-	-	-	-	-	-	-	-	-	-	-	6,531,748
Contribution to staff gratuity fund	-	-	-	-	-	-	-	-	-	-	-	-	4,108,064
December 31, 2018	597,842,507	52,425,920	168,753,423	143,000,000	70,000,000	1,089,485	3,527	67,609,362	-	-	500,000	25,247,800	10,639,812
December 31, 2017	503,997,383	48,060,395	118,971,202	74,723,683	44,653,938	60,839,618	-	61,460,952	3,512,245	752,805	500,000	21,440,234	9,364,966



35. SEGMENT INFORMATION

	December 31, 2018					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	(Rupees)					
Premium received / receivable (inclusive of Sales tax / Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	424,135,660	248,962,293	353,073,701	249,140,898	70,956,612	1,346,269,164
Less: - Federal Excise Duty / Sales Tax	51,401,786	27,173,800	42,152,473	15,330,188	8,720,009	144,778,256
- Federal Insurance Fee	3,707,750	2,108,544	3,112,807	2,458,851	615,885	12,003,837
- Others	38,040	9,845,400	370,920	10,190	62,820	10,327,370
- Facultative inward premium	6,488,474	-	-	-	-	6,488,474
Gross written premium (inclusive of Administrative Surcharge)	375,476,558	209,834,549	307,437,501	231,341,669	61,557,898	1,185,648,175
- Gross direct premium	367,298,574	204,803,400	281,300,880	231,036,225	60,726,346	1,145,165,425
- Facultative inward premium	6,488,474	-	-	-	-	6,488,474
- Administrative surcharge	1,689,510	5,031,149	26,136,621	305,444	831,552	33,994,276
	375,476,558	209,834,549	307,437,501	231,341,669	61,557,898	1,185,648,175
Insurance premium earned	353,694,140	207,688,676	290,519,766	215,454,540	62,018,749	1,129,375,871
Insurance premium ceded to reinsurers	(316,229,943)	(68,746,368)	(5,821,868)	(381,269)	(47,906,468)	(439,085,916)
Net Insurance premium	37,464,197	138,942,308	284,697,898	215,073,271	14,112,281	690,289,955
Commission income	78,062,088	28,269,641	171,549	108,252	13,931,475	120,543,005
Net underwriting income	115,526,285	167,211,949	284,869,447	215,181,523	28,043,756	810,832,960
Insurance claims	(120,840,314)	(55,525,683)	(122,160,159)	(162,785,977)	(12,106,457)	(473,418,590)
Insurance claims recovered from reinsurers	114,632,128	33,837,534	27,903,765	(2,500)	8,849,006	185,219,933
Net claims	(6,208,186)	(21,688,149)	(94,256,394)	(162,788,477)	(3,257,451)	(288,198,657)
Commission expense	(47,866,307)	(30,437,505)	(21,760,811)	(3,041,285)	(5,940,626)	(109,046,534)
Management expense	(89,895,044)	(50,237,719)	(73,605,414)	(55,386,865)	(14,737,937)	(283,862,979)
Net insurance claims and expenses	(143,969,537)	(102,363,373)	(189,622,619)	(221,216,627)	(23,936,014)	(681,108,170)
Underwriting results	(28,443,252)	64,848,576	95,246,828	(6,035,104)	4,107,742	129,724,790
Investment loss						(54,336,292)
Other income						28,462,180
Other expense						(10,466,253)
Share of profit of associates						4,212,621
Profit from Window Takaful Operations						7,422,950
Profit before tax for the year						105,019,996
Segment assets	367,258,686	104,912,024	128,800,239	88,070,189	71,698,753	760,739,891
Unallocated corporate assets						1,999,281,952
Unallocated assets of Window Takaful Operation - Operator's Fund						69,721,881
Total assets						2,829,743,724
Segment liabilities	336,765,429	87,707,307	214,541,647	188,973,641	75,971,685	903,959,709
Unallocated corporate liabilities						190,207,666
Unallocated liabilities of Window Takaful Operation - Operator's Fund						15,172,054
Total liabilities						1,109,339,429

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

December 31, 2017 (Restated)

	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	(Rupees)					
Premium received / receivable (inclusive of Sales tax / Federal Excise Duty, Federal Insurance Fee and Administrative Surcharge)	376,171,361	204,770,587	323,264,915	220,673,143	70,526,001	1,195,406,007
Less: - Federal Excise Duty / Sales Tax	45,184,082	22,443,990	38,570,076	16,949,932	7,023,753	130,171,833
- Federal Insurance Fee	3,290,222	1,757,374	2,841,469	2,189,554	547,853	10,626,472
- Others	35,802	7,370,561	316,880	5,365	55,865	7,784,473
- Facultative inward premium	1,946,550	-	-	-	953,773	2,900,323
Gross written premium (inclusive of Administrative Surcharge)	329,607,805	173,198,662	281,536,490	201,528,292	63,852,303	1,049,723,552
- Gross direct premium	326,125,977	168,485,040	257,072,368	201,372,069	61,936,717	1,014,992,171
- Facultative inward premium	1,946,550	4,713,622	24,464,122	156,223	961,813	32,242,330
- Administrative surcharge	1,535,278	-	-	-	953,773	2,489,051
Insurance premium earned	323,336,672	172,441,778	282,288,272	161,911,156	63,773,837	1,003,751,715
Insurance premium ceded to reinsurers	(288,789,449)	(62,060,881)	(8,451,084)	(347,885)	(51,051,381)	(410,700,680)
Net Insurance premium	34,547,223	110,380,897	273,837,188	161,563,271	12,722,456	593,051,035
Commission income	75,651,550	28,172,659	218,257	89,324	14,971,414	119,103,204
Net underwriting income	110,198,773	138,553,556	274,055,445	161,652,595	27,693,870	712,154,239
Insurance claims	(66,557,721)	(30,820,620)	(126,697,956)	(121,099,373)	(42,127,857)	(387,303,527)
Insurance claims recovered from reinsurers	63,050,286	18,824,935	21,254,375	15,192	37,202,602	140,347,390
Net claims	(3,507,435)	(11,995,685)	(105,443,581)	(121,084,181)	(4,925,255)	(246,956,137)
Commission expense	(41,708,284)	(25,295,705)	(19,825,869)	(3,075,248)	(5,958,293)	(95,863,399)
Management expense	(89,112,257)	(46,825,723)	(76,115,771)	(54,484,877)	(17,263,010)	(238,801,639)
Net insurance claims and expenses	(134,327,976)	(84,117,113)	(201,385,221)	(178,644,306)	(28,146,558)	(626,621,175)
Underwriting results	(24,129,203)	54,436,443	72,670,224	(16,991,711)	(452,688)	85,533,064
Investment income						147,055,769
Other income						5,352,382
Other expense						(8,598,215)
Share of profit of associates						5,482,214
Profit from Window Takaful Operations						(1,231,819)
Profit before tax for the year						233,593,395
Segment assets	326,913,690	91,889,872	130,719,597	70,345,273	78,642,868	698,511,300
Unallocated corporate assets						1,984,365,147
Unallocated assets of Window Takaful Operation - Operator's Fund						52,755,690
Total assets						2,735,632,137
Segment liabilities	286,300,680	78,484,032	212,608,190	153,138,080	82,524,542	813,055,524
Unallocated corporate liabilities						188,510,226
Unallocated liabilities of Window Takaful Operation - Operator's Fund						3,532,514
Total liabilities						1,005,098,264



36. MOVEMENT IN INVESTMENTS

	Held to maturity	Available for sale	Fair value through P&L	Total
	(Rupees)			
At beginning of previous year	348,725,260	1,417,837,486	205,615,736	1,972,178,482
Additions	1,045,615,131	371,654,381	1,159,156,631	2,576,426,143
Disposals (sales and redemptions)	(1,048,500,000)	(623,514,948)	(1,151,753,504)	(2,823,768,452)
Fair value net gains (Excluding net realised gains)	-	51,447,986	(6,637,017)	44,810,969
Designated at available for sale upon initial recognition	-	(267,666,183)	-	(267,666,183)
Unrealized loss on investments classified as fair value through profit and loss	-	-	(24,933,540)	(24,933,540)
Amortisation of premium	1,078,468	-	-	1,078,468
Impairment losses	-	(1,127,348)	-	(1,127,348)
At beginning of current year	346,918,859	948,631,374	181,448,306	1,476,998,539
Additions	152,623,560	443,076,522	859,747,795	1,455,447,877
Disposals (sales and redemptions)	(325,000,000)	(245,000,000)	(936,667,174)	(1,506,667,174)
Fair value net gains (Excluding net realised gains)	-	5,121,100	5,705,819	10,826,919
Designated at available for sale upon initial recognition	-	12,094,746	-	12,094,746
Unrealized loss on investments classified as fair value through profit and loss	-	-	(14,232,138)	(14,232,138)
Amortisation of premium	2,454,653	-	-	2,454,653
Impairment losses	-	(77,876,671)	-	(77,876,671)
	176,997,072	1,086,047,071	96,002,608	1,359,046,751

37. MANAGEMENT OF INSURANCE RISK AND FINANCIAL RISK

37.1 Insurance Risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable. The principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims is greater than estimated. Insurance events are random, and the actual number and amount of claims will vary from year to year from the level established.

The Company generally deals in short tail insurance contracts (maximum for one year). Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

The Company accepts insurance through issuance of general insurance contracts. For these general insurance contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health insurance contracts, significant risks arise from epidemics.

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 of the claims, regular detailed review of claim handling procedures and frequent investigation of possible false claims to reduce the insurance risk.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

(a) Frequency and severity of claims

Political, environmental, economical and climatic changes give rise to more frequent and severe extreme events (for example, fire, theft, steal, riot and strike, explosion, earthquake, atmospheric damage, hurricanes, typhoons, river flooding, electric fluctuation, terrorism, war risk, damages occurring in inland transit, burglary, loss of cash in safe and cash in transit, travel and personal accident, money losses, engineering losses and other events) and their consequences (for example, subsidence claims). For certain contracts, the Company has also limited the number of claims that can be paid in any policy year or introduced a maximum amount payable for claims in any policy year.

Insurance contracts which is divided into direct and facultative arrangements are further subdivided into five segments: fire, marine, motor, accident and health and miscellaneous. The insurance risk arising from these contracts is concentrated in the territories in which the Company operates, and there is a balance between commercial and personal properties / assets in the overall portfolio of insured properties / assets. The Company underwrites insurance contract in Pakistan. The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

- The underwriting strategy attempts to ensure that the underwritten risks are well diversified in terms of type and amount of risk, industry and geography. The Company has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Insurance contracts also entitle the Company to pursue third parties for payment of some or all costs (for example, subrogation). The claims payments are limited to the extent of sum insured on occurrence of the insured event.
- The Company has entered into reinsurance cover / arrangements, with local and foreign reinsurers having good credit rating by reputable rating agencies, to reduce its exposure to risks and resulting claims. Keeping in view the maximum exposure in respect of key zone aggregates, a number of proportional and non-proportional facultative reinsurance arrangements are in place to protect the net account in case of a major catastrophe. The effect of such reinsurance arrangements is that the Company recovers the share of claims from reinsurers thereby reducing its exposure to risk. Apart from the adequate event limit which is a multiple of the treaty capacity or the primary recovery from the proportional reinsurance arrangements, any loss over and above the said limit would be recovered under non-proportional treaty which is very much in line with the risk management philosophy of the Company.

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

- The Company has claims department dealing with the mitigation of risks surrounding claims incurred whether reported or not. This department investigates and settles all claims based on surveyor's report / assessment. The unsettled claims are reviewed individually at least semi-annually and adjusted to reflect the latest information on the underlying facts, contractual terms and conditions, and other factors. The Company actively manages and pursues early settlements of claims to reduce its exposure to unpredictable developments.

(b) Sources of uncertainty in the estimation of future claims payments

Claims reported and otherwise are analysed separately. The development of large losses / catastrophes is analysed separately. The shorter settlement period for claims allows the Company to achieve a higher degree of certainty about the estimated cost of claims including IBNR. However, the longer time needed to assess the emergence of a subsidence claim makes the estimation process more uncertain for these claims.

The estimated cost of claims includes direct expenses to be incurred in settling claims, net of the expected subrogation value, reinsurance and other recoveries. The Company takes all reasonable steps uncertainty in establishing claims provisions, it is likely that the final outcome may be different from the original liability established. The liability comprises amount in relations to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs and a provision for unexpired risks at the end of the reporting period.



Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated costs of unpaid claims (both reported and non reported), the Company estimation technique is based upon actual claims experience using predetermined basis where greater weight is given to actual claims experience as time passes.

In estimating the liability for the costs of reported claims not yet paid, the Company considers any information available from surveyor's assessment and information on the cost of settling claims with similar characteristics in previous periods. Claims are assessed on a case-by-case basis separately.

(c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Premium Deficiency Reserves is that the Company's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

The actuary determines adequacy of liability of premium deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

(d) Changes in assumptions

The Company did not change its assumptions as disclosed in (b) and (c) above .

Sensitivity Analysis

The analysis of exposure described in paragraph (c) above is also used to test the sensitivity of the selected assumptions to changes in the key underlying factors. Assumptions of different levels have been used to assess the relative severity of subsidence claims given past experience. The key material factor in the Company's exposure to subsidence claims is the risk of more permanent changes in geographical location in which Company is exposed.

The risks associated with the insurance contracts are complex and subject to a number of variables techniques based on past claims development experience. This includes indications such as average claims cost, ultimate claims numbers and expected loss ratios. The Company considers that the liability for insurance claims recognised in the balance sheet is adequate as the Company generally deals in short tail insurance contracts. However, actual experience will differ from the expected outcome.

As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, results of sensitivity testing assuming 10% change in the claim incidence net of recoveries showing effect on underwriting results and shareholders' equity is set out below.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

	Underwriting results		Shareholders' equity	
	2018	2017	2018	2017
	----- (Rupees) -----			
10% increase in loss / decrease				
Fire and property damage	(620,819)	(350,743)	(440,781)	(245,520)
Marine, aviation and transport	(2,168,815)	(1,199,569)	(1,539,859)	(839,698)
Motor	(9,425,639)	(10,544,358)	(6,692,204)	(7,381,051)
Accident and health	(16,278,848)	(12,108,418)	(11,557,982)	(8,475,893)
Miscellaneous	(325,745)	(492,526)	(231,279)	(344,768)
	(28,819,866)	(24,695,614)	(20,462,105)	(17,286,930)
10% decrease in loss / increase				
Fire and property damage	620,819	350,743	440,781	245,520
Marine, aviation and transport	2,168,815	1,199,569	1,539,859	839,698
Motor	9,425,639	10,544,358	6,692,204	7,381,051
Accident and health	16,278,848	12,108,418	11,557,982	8,475,893
Miscellaneous	325,745	492,526	231,279	344,768
	28,819,866	24,695,614	20,462,105	17,286,930

The insurance claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:

	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
	----- (Rupees) -----				
2018	± 10%	47,341,859	28,819,866	28,819,866	20,462,105
2017	± 10%	38,730,353	24,695,614	24,695,614	17,286,930

Concentration of insurance risk

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

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

The Company's class wise major risk exposure is as follows:

	Maximum Gross Risk Exposure	
Class	2018	2017
	----- (Rupees in '000) -----	
Fire and property damage	8,145,739	11,571,852
Marine, aviation and transport	681,853	481,954
Motor	25,000	27,000
Accident and health	139,000	120,200
Miscellaneous	2,939,415	1,981,392

The reinsurance arrangements against major risk exposure include excess of loss, surplus arrangements, stop loss and catastrophic coverage.

The objective of having such arrangements is to mitigate adverse impacts of severe losses on Company's net retentions. As the major reinsurance arrangements are on excess of loss basis, therefore the reinsurance coverage against Company's risk exposures is not quantifiable.



Statement of Age-wise Breakup of Unclaimed Insurance Benefits

Particulars	Total amount	Age-wise Breakup				
		1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months
		(Rupees)				
Claims not encashed	1,573,520	236,492	340,911	410,775	256,879	328,463

Reinsurance Risk

Reinsurance ceded does not relieve the Company from its obligation towards policy holders and, as a result, the Company remains liable for the portion of outstanding claims reinsured to the extent that reinsurer fails to meet the obligation under the reinsurance agreements.

To minimise its exposure to significant losses from reinsurer insolvencies, the Company obtains reinsurance rating from a number of reinsurers, who are dispersed over several geographical regions.

An analysis of all reinsurance assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Other reinsurance assets	2018	2017
Rating	(Rupees)				
A or above including Pakistan Reinsurance Company Limited	-	87,332,469	91,151,251	178,483,720	159,249,882
BBB	125,175	77,070	-	202,245	204,475
	125,175	87,409,539	91,151,251	178,685,965	159,454,357

37.2 Financial risk management objectives and policies

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Credit risk

The Board meets frequently throughout the year 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.

The 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 Company's Audit Committee is assisted in its oversight role by in-house Internal Audit function. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

37.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, equity prices and units prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. All transactions are carried in Pak Rupees therefore, the Company is not exposed to currency risk. However, the Company is exposed to interest rate risk and equity / units price risk. The Company manages the market risk exposure by following internal risk management policies.

37.2.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company invests in securities and has deposits that are subject to interest / mark-up rate risk. The Company limits interest / mark-up rate risk by monitoring changes in interest / mark-up rates in the currencies in which its cash and investments are denominated.

The information about Company's exposure to interest rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

		2018					
Effective rate % per annum	Interest / mark-up bearing financial instruments				Non-interest / mark-up bearing financial instruments	Total	
	Maturity upto one year	Maturity over one year to five years	Maturity more than five years	Sub total			
----- (Rupees) -----							
Financial assets							
Investments in associates		-	-	-	-	45,144,162	45,144,162
Investments							
Equity securities / Mutual funds		-	-	-	-	1,097,049,399	1,097,049,399
Debt securities	7.00-12.28	40,000,280	24,365,268	74,631,804	138,997,352	-	138,997,352
Term deposits	10.75	123,000,000	-	-	123,000,000	-	123,000,000
Loans and other receivables	6.0	-	-	-	-	15,895,709	15,895,709
Insurance / reinsurance receivables		-	-	-	-	452,631,626	452,631,626
Reinsurance recoveries against outstanding claims		-	-	-	-	100,016,385	100,016,385
Cash and bank	3.75 to 8.50	403,594,378	-	-	403,594,378	36,772,098	440,366,476
Total assets of Window Takaful							
Operations - Operator's Fund		8,966,046	-	-	8,966,046	58,246,591	67,212,637
		575,560,704	24,365,268	74,631,804	674,557,776	1,805,755,970	2,480,313,746
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	192,759,004	192,759,004
Insurance / reinsurance payables						232,154,530	232,154,530
Other creditors and accruals		-	-	-	-	130,364,763	130,364,763
Total liabilities of Window Takaful							
Operations - Operator's Fund		-	-	-	-	3,732,073	3,732,073
		-	-	-	-	559,010,370	559,010,370
Interest risk sensitivity gap		575,560,704	24,365,268	74,631,804	674,557,776	1,246,745,600	1,921,303,376
Cumulative interest risk sensitivity gap		575,560,704	599,925,972	674,557,776			



	Effective rate % per annum	2017				Non-interest / mark-up bearing financial instruments	Total
		Interest / mark-up bearing financial instruments			Sub total		
		Maturity upto one year	Maturity over one year to five years	Maturity more than five years			
		----- (Rupees) -----					
Financial assets							
Investments in associates		-	-	-	-	42,137,247	42,137,247
Investments							
Equity securities		-	-	-	-	1,102,099,243	1,102,099,243
Debt securities	3.75 to 12.00	105,667,793	24,231,503	-	129,899,296	-	129,899,296
Term deposits	6.70 to 11.00	245,000,000	-	-	245,000,000	-	245,000,000
Loans and other receivables	6.00	-	-	-	-	235,767,565	235,767,565
Insurance / reinsurance receivables		-	-	-	-	426,728,740	426,728,740
Reinsurance recoveries against outstanding claims		-	-	-	-	74,912,821	74,912,821
Cash and bank	3.75 to 11.00	105,956,623	-	-	105,956,623	10,824,619	116,781,242
Total assets of Window Takaful							
Operations - Operator's Fund	3.5 to 5.3	24,673,106	-	-	24,673,106	27,155,416	51,828,522
		481,297,522	24,231,503	-	505,529,025	1,919,625,651	2,425,154,676
Financial liabilities							
Outstanding claims including IBNR		-	-	-	-	165,560,979	165,560,979
Insurance / reinsurance payables		-	-	-	-	225,151,644	225,151,644
Other creditors and accruals		-	-	-	-	113,890,499	113,890,499
Total liabilities of Window Takaful							
Operations - Operator's Fund		-	-	-	-	1,959,633	1,959,633
		-	-	-	-	506,562,755	506,562,755
<hr/>							
Interest risk sensitivity gap		481,297,522	24,231,503	-	505,529,025	1,413,062,896	1,918,591,921
<hr/>							
Cumulative interest risk sensitivity gap		481,297,522	505,529,025	505,529,025			

Cash flow sensitivity analysis of variable rate instruments

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax and equity based upon average balances and rates:

	Increase / (decrease) in basis points	Effect on profit before tax ----- (Rupees) -----	Effect on equity -----
December 31, 2018	100	6,342,360	4,439,652
	-100	(6,342,360)	(4,439,652)
December 31, 2017	100	4,643,832	3,204,244
	-100	(4,643,832)	(3,204,244)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rate financial assets at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect profit and loss account and equity of the Company.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

37.2.1.2 Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The price risk exposure arises from the Company's investments in equity securities and units of mutual funds. This arises from investments held by the Company for which prices in the future are uncertain. The Company policy is to manage price risk through diversification and selection of securities and investment in different categories of mutual funds within specified limits set by internal risk management guidelines. A summary analysis of investments is disclosed in note 08 to these financial statements.

The management monitors the fluctuations of prices on regular basis. The Company also has necessary skills for monitoring and managing the equity portfolio in line with fluctuations of the market and also monitor fluctuation in unit prices through a related party as disclosed in note 34. Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security / units may be affected by the relative quantity of the security / units being sold.

The following table summarizes the Company's other price risk as at December 31, 2018 and as at December 31, 2017. It shows the effects of an estimated increase of 10% in the market prices as on those dates. A decrease of 10% in the fair values of the quoted securities would affect it in a similar and opposite manner.

	Fair value ----- (Rupees) -----	Price change ----- % -----	Effect on fair value ----- (Rupees) -----
December 31, 2018	1,180,337,119	+10%	118,033,712
	(1,180,337,119)	-10%	(118,033,712)
 December 31, 2017	 1,190,598,967	 +10%	 119,059,897
	 (1,190,598,967)	 -10%	 (119,059,897)

37.2.1.3 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. At present, the Company, is not exposed to foreign currency risk.

37.2.2 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 difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. 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 ensures that it has sufficient cash on demand to meet expected operational requirements. The Company also manages this risk by investing in deposit accounts that can be readily encashed.

The table below summarises the maturity profile of the Company's financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.



	2018			
	Within one year	Over one year to five years	Over five years	Total
	----- (Rupees) -----			
Financial liabilities				
Outstanding claims including IBNR	192,759,004	-	-	192,759,004
Insurance / reinsurance payables	232,154,530	-	-	232,154,530
Other creditors and accruals	130,364,763	-	-	130,364,763
Total liabilities of Window Takaful Operations - Operator's Fund	3,732,073	-	-	3,732,073
	559,010,370	-	-	559,010,370

	2017			
	Within one year	Over one year to five years	Over five years	Total
	----- (Rupees) -----			
Financial liabilities				
Outstanding claims including IBNR	165,560,979	-	-	165,560,979
Insurance / reinsurance payables	225,151,644	-	-	225,151,644
Other creditors and accruals	113,890,499	-	-	113,890,499
Total liabilities of Window Takaful Operations - Operator's Fund	1,959,633	-	-	1,959,633
	506,562,755	-	-	506,562,755

37.2.3 Credit Risk

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

37.2.3.1 Concentration of credit risk and credit exposure of the financial instruments

Credit risk of the Company arises principally from the bank balances, investments (except for investment in associates and government securities), premium due but unpaid, amount due from other insurers / reinsurers, reinsurance recoveries. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its policyholders and other insurers / reinsurers. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

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

	2018	2017
	----- (Rupees) -----	
Cash and bank	438,789,066	360,322,534
Investments	1,359,046,751	1,327,373,807
Insurance / reinsurance receivable	452,631,626	426,728,740
Reinsurance recoveries against outstanding claims	100,016,385	74,912,821
Loans and receivables	15,895,709	235,767,565
Total assets of Window Takaful Operations - Operator's Fund	67,212,637	51,706,452
	2,433,592,174	2,476,811,919

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

Bank	Long term rating	Rating agency	2018 ----- (Rupees) -----	2017 -----
Bank Alfalah Limited	AA+	PACRA	811,720	7,346,355
Habib Metropolitan Bank Limited	AA+	PACRA	76,865,268	85,104,670
MCB Bank Limited	AAA	PACRA	33,234	1,807,824
Standard Chartered Bank (Pakistan) Limited	AAA	PACRA	3,203,406	9,370,242
Habib Bank Limited	AAA	JCR-VIS	7,660,996	7,021,397
United Bank Limited	AAA	JCR-VIS	5,132,122	4,600,836
NRSP Microfinance Bank Ltd	A	PACRA	153,003	71,210
Silk Bank Limited	A-	JCR-VIS	3,085,316	-
Telenor Microfinance Bank	A+	JCR-VIS	316,844,001	-
			413,789,066	115,322,534

Investments

The Company is exposed to credit risk in respect of investments made in term finance certificates, sukuk, commercial paper, quoted equity securities and mutual funds. The Company invests in term finance certificates of banks having sound credit rating by recognised credit rating agencies whereas investment in quoted securities and open end mutual funds are made which can be liquidate by selling through stock exchange and encashment of units at the counter of mutual funds.

The credit quality of Company's quoted equity securities and mutual funds can be assessed as follows:

Rating	2018 ----- (Rupees) -----	2017 -----
A or above	701,991,174	786,289,378
others	251,982,351	315,733,991
	953,973,525	1,102,023,369

Due from insurance contract holders

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The management monitors exposure to credit risk in premium receivable from group companies and corporate clients through regular review of credit exposure and prudent estimates of provision for doubtful balances. The age analysis of premium due but unpaid at the reporting date is as follows:

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. Age wise analysis of premium due but unpaid at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----			
Upto 1 year	327,620,868	-	301,937,621	-
1-2 years	20,660,677	-	10,023,188	-
2-3 years	3,404,007	-	2,318,922	-
Over 3 years	9,896,616	9,896,616	9,197,111	9,197,111
Total	361,582,168	9,896,616	323,476,842	9,197,111

Amount due from other insurers / reinsurers / reinsurance recoveries against outstanding claims



Age analysis of amount due from other insurers / reinsurers at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	44,952,047	-	36,511,125	-
1-2 years	4,723,594	-	23,743,350	-
2-3 years	7,775,947	7,619,142	42,274,003	43,674,515
Over 3 years	37,545,683	36,871,475	7,726,273	816,102
Total	94,997,271	44,490,617	110,254,751	44,490,617

Age analysis of reinsurance recoveries against outstanding claims at the reporting date was:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	72,031,834	-	33,402,309	-
1-2 years	3,189,182	-	6,208,271	-
2-3 years	2,110,929	-	1,740,372	-
Over 3 years	22,684,440	-	33,561,869	-
Total	100,016,385	-	74,912,821	-

In respect of aforementioned due from insurance contract holders, reinsurance asset and receivables, the company takes into account its past history / track record of recoveries and financial position of counter parties while creating provision for doubtful receivables. The credit quality of amount due from co-insurer, and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 37. Premium due but unpaid is recoverable from group companies and corporate clients are considered good.

38. CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

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

In accordance with SECP Circular no. 225 of 2015 of Securities and Exchange Commission of Pakistan (SECP), minimum paid-up capital requirement to be complied with by Insurance / Takaful companies as at December 31, 2017 and subsequent year is Rs. 500 million. As at December 31, 2018 the Company's paid-up capital is in excess of the prescribed limit.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

39. STATEMENT OF SOLVENCY

Assets

	December 31, 2018	December 31, 2017 (Restated)
	----- (Rupees) -----	
Property and equipment	72,325,607	65,669,519
Intangible assets	26,407	472,587
Investment in associates	45,144,162	42,137,247
Investments		
Equity securities	1,097,049,399	1,102,099,243
Debt securities	138,997,352	129,899,296
Term deposits	123,000,000	245,000,000
Loan and other receivable	20,585,208	238,537,198
Insurance / reinsurance receivable	452,631,626	426,728,740
Reinsurance recoveries against outstanding claims	100,016,385	74,912,821
Salvage recoveries accrued	3,975,000	2,426,000
Deferred commission expense	33,060,770	32,232,773
Deferred taxation	53,228,969	35,264,815
Prepayments	179,614,482	170,714,966
Cash and bank	440,366,476	116,781,242
Total assets of Window Takaful Operations - Operator's fund	69,721,881	52,755,690
Total assets (A)	2,829,743,724	2,735,632,137

In-admissible assets as per following clauses section 32(2) of Insurance Ordinance 2000.

Property and equipment	72,325,607	65,669,519
Intangible assets	26,407	472,587
Investments	609,329,593	553,669,908
Insurance / reinsurance receivable	221,056,968	255,024,878
Security deposits against bond insurance	5,893,883	5,389,134
Deferred taxation	53,228,969	35,264,815
Total assets of Window Takaful Operations - Operator's Fund	-	369,546
Total of In-admissible assets	961,861,427	915,860,387

Liabilities

Underwriting Provisions		
Outstanding claims including IBNR	192,759,004	165,560,979
Unearned premium reserve	439,281,123	383,008,819
Unearned reinsurance commission	39,191,757	38,529,301
Premiums received in advance	573,295	804,781
Insurance / reinsurance payables	232,154,530	225,151,644
Other creditors and accruals	160,938,338	140,516,479
Taxation - provision less payments	29,269,328	47,993,747
Total liabilities of Window Takaful Operations - Operator's Fund	15,172,054	3,532,514
Total liabilities	1,109,339,429	1,005,098,264

Total Net Admissible Assets

Minimum solvency requirement (higher of following)

- Method A - U/s 36(3)(a)	150,000,000
- Method B - U/s 36(3)(b)	138,057,991
- Method C - U/s 36(3)(c)	72,920,903

Excess in Net Admissible Assets over minimum requirement

608,542,868	664,673,486
--------------------	--------------------

- 39.1 The law is silent with regard to the inadmissibility of the "Prepaid reinsurance premium ceded" and "Deferred commission expense" in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible assets for the purpose of this statement.



40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

December 31, 2018									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees)									
Financial assets measured at fair value									
Investments									
- Equity securities	96,002,608	857,971,508	-	-	-	953,974,116	146,362,485	807,611,632	953,974,117
- Debt securities	-	40,000,280	-	-	-	40,000,280	-	40,000,280	40,000,280
Assets of Window Takaful Operations - Operator's fund	-	43,037,487	-	-	-	43,037,487	-	43,037,487	43,037,487
Financial assets not measured at fair value									
Cash and bank*	-	-	440,366,476	-	-	440,366,476	-	-	-
Investments									
- In associates	-	-	-	45,144,162	-	45,144,162	83,287,720	-	83,287,720
- Debt securities	-	45,000,000	53,997,072	-	-	98,997,072	-	53,975,000	53,975,000
- Unquoted equity shares*	-	143,075,283	-	-	-	143,075,283	-	-	-
- Term Deposits	-	-	123,000,000	-	-	123,000,000	-	-	-
Insurance / reinsurance receivable*	-	-	452,631,626	-	-	452,631,626	-	-	-
Loan and other receivable*	-	-	15,895,709	-	-	15,895,709	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	100,016,385	-	-	100,016,385	-	-	-
Assets of Window Takaful Operations - Operator's fund*	-	-	24,175,150	-	-	24,175,150	-	-	-
Financial liabilities not measured at fair value									
Outstanding claims including IBNR*	-	-	-	-	(192,759,004)	(192,759,004)	-	-	-
Insurance / reinsurance payables*	-	-	-	-	(232,154,530)	(232,154,530)	-	-	-
Other creditors and accruals*	-	-	-	-	(130,364,763)	(130,364,763)	-	-	-
Total liabilities of Window Takaful Operations - Operator's fund*	-	-	-	-	(3,732,073)	(3,732,073)	-	-	-
	96,002,608	1,129,084,558	176,997,072	1,033,085,346	45,144,162	(559,010,370)	1,921,303,376	229,650,205	1,174,274,604

December 31, 2017 - Restated									
Held-for-trading	Available-for-sale	Held-to-maturity	Loans and receivables	Investment in Associate	Other financial liabilities	Total	Level 1	Level 2	Total
(Rupees)									
Financial assets measured at fair value									
Investments									
- Equity securities	158,467,869	943,556,091	-	-	-	1,102,023,960	222,004,775	880,019,185	1,102,023,960
- Debt securities	22,980,437	5,000,000	-	-	-	27,980,437	-	27,980,437	27,980,437
Assets of Window Takaful Operations - Operator's fund	-	25,122,070	-	-	-	25,122,070	-	25,122,070	25,122,070
Financial assets not measured at fair value									
Cash and bank*	-	-	116,781,242	-	-	116,781,242	-	-	-
Investments									
- In associates	-	-	-	42,137,247	-	42,137,247	88,499,724	-	88,499,724
- Debt securities	-	49,068,199	-	-	-	49,068,199	-	54,949,400	54,949,400
- Commercial paper	-	52,850,660	-	-	-	52,850,660	-	-	-
- Unquoted equity shares*	-	75,283	-	-	-	75,283	-	-	-
- Term Deposits	-	245,000,000	-	-	-	245,000,000	-	-	-
Insurance / reinsurance receivable*	-	-	426,728,740	-	-	426,728,740	-	-	-
Loan and other receivables	-	-	235,767,565	-	-	235,767,565	-	-	-
Reinsurance recoveries against outstanding claims*	-	-	74,912,821	-	-	74,912,821	-	-	-
Total assets of Window Takaful Operations	-	-	26,706,452	-	-	26,706,452	-	-	-
Financial liabilities not measured at fair value									
Outstanding claims including IBNR	-	-	-	-	(165,560,979)	(165,560,979)	-	-	-
Insurance / reinsurance payables*	-	-	-	-	(225,151,644)	(225,151,644)	-	-	-
Other creditors and accruals*	-	-	-	-	(113,890,499)	(113,890,499)	-	-	-
Total liabilities of Window Takaful Operations - Operator's fund	-	-	-	-	(1,959,633)	(1,959,633)	-	-	-
	181,448,306	973,753,444	346,918,859	880,896,820	42,137,247	(506,562,755)	1,918,591,921	310,504,499	1,298,575,591

* The Company has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

- 40.1 Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

41. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, wherever necessary, to align them with the presentation requirements of the Insurance Accounting Regulations, 2017.

42. SUBSEQUENT EVENT - NON ADJUSTING

The Board of Directors in its meeting held on February 28, 2019 has recommended cash dividend of 12.5 % i.e. Rs. 1.25 per share in respect of the year ended December 31, 2018 (December 31, 2017 : 17.5% i.e. Rs.1.75 per share). These financial statements for the year ended December 31, 2018 do not include the effect of this appropriation which will be accounted for when approved.

43. NUMBER OF EMPLOYEES

	2018	2017
	----- (Number) -----	
As at December 31	150	144
Average Number of employees during the year	143	146

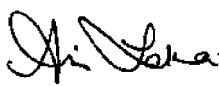
44. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors on February 28, 2019.

45. GENERAL

Figures in these financial statements have been rounded off to the nearest rupees, unless otherwise stated.


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer



Window TAKAFUL Operations

Financial Statements



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

INDEPENDENT AUDITORS' REPORT

To the members of Century Insurance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Century Insurance Company Limited – Window Takaful Operations (the “Company”)**, which comprise the statement of financial position as at December 31, 2018 and the profit and loss account, the statement of comprehensive income, the statement of changes in Fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information and we state that 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 and to the best of our information and according to the explanations given to us, the statement of financial position, the profit and loss account, the statement of comprehensive income, the statement of changes in Fund 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 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of Company's affairs as at December 31, 2018 and of the profit and other comprehensive income, the changes in Fund and its cash flows for the year then ended.

Basis for opinion

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 Auditors' 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.

Emphasis of matter

We draw your attention to Note 32 to the financial statements which describes the status of the requirements of Rule 10(k) of Takaful Rules 2012. Our report is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Company's Annual Report for 2018 but does not include the financial statements and our auditors' report thereon.

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International Cooperative
("KPMG International"), a Swiss entity.



KPMG Taseer Hadi & Co.

Our opinion on the 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 the 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 a 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 accounting and reporting standards as applicable in Pakistan and the requirements of Insurance Ordinance, 2000 and, Companies Act, 2017 (XIX of 2017), 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.

Auditors' 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



KPMG Taseer Hadi & Co.

exists, we are required to draw attention in our auditors' 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 auditors' 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:

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

The engagement partner on the audit resulting in this independent auditors' report is Muhammad Nadeem.

Date: February 28, 2019

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



Statement of Financial Position

As at December 31, 2018

		December 31, 2018			December 31, 2017
		Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate (Restated)
	Note	(Rupees) -----			
Assets					
Investments					
Equity securities	5	43,037,487	15,007,771	58,045,258	25,122,070
Debt securities	6	-	500,000	500,000	500,000
Loans and other receivables	7	97,879	110,067	207,946	68,392
Takaful / Re-takaful receivables	8	-	13,703,244	13,703,244	2,430,801
Retakaful recoveries against outstanding claims	15	-	9,687,600	9,687,600	-
Deferred commission expense / acquisition cost	18	2,509,244	-	2,509,244	442,992
Wakala and mudarib fee receivable		15,101,225	-	15,101,225	1,965,245
Deferred wakala fee	17	-	10,039,727	10,039,727	1,527,297
Prepaid re-takaful contribution ceded	14	-	4,958,997	4,958,997	740,562
Taxation		-	-	-	484,176
Cash and bank	10	8,976,046	15,729,935	24,705,981	27,157,800
Total Assets		69,721,881	69,737,341	139,459,222	60,439,335
Funds and Liabilities					
Funds attributable to:					
Operator's Fund					
Statutory fund		50,000,000	-	50,000,000	50,000,000
Reserves		141,806	-	141,806	85,449
Accumulated gain / (loss)		4,408,021	-	4,408,021	(862,273)
Participants' Takaful Fund					
Ceded Money		-	500,000	500,000	500,000
Accumulated surplus / (deficit)		-	98,359	98,359	(174,543)
Total Funds		54,549,827	598,359	55,148,186	49,548,633
Liabilities					
Underwriting provisions					
Outstanding claims including IBNR	15	-	20,916,014	20,916,014	-
Unearned contribution reserves	14	-	27,096,213	27,096,213	4,050,516
Unearned re-takaful rebate	16	-	730,503	730,503	134,362
Unearned Wakala fee	17	10,039,727	-	10,039,727	1,527,297
Wakala and mudarib fee payable		-	15,101,225	15,101,225	1,965,245
Deferred taxation		55,146	-	55,146	36,621
Contribution received in advance		-	170,233	170,233	155,243
Takaful / Re-takaful payables	11	-	4,536,090	4,536,090	741,858
Other creditors and accruals	12	3,778,895	588,704	4,367,599	2,279,560
Taxation - provision less payment	9	1,298,286	-	1,298,286	-
Total Liabilities		15,172,054	69,138,982	84,311,036	10,890,702
Total Funds and Liabilities		69,721,881	69,737,341	139,459,222	60,439,335
Contingency and Commitment					
	13				

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

Iqbal Ali Lakhani
Chairman

Amin Mohammed Lakhani
Director

Tasleemuddin Ahmed Batlay
Director

Mohammad Hussain Hirji
Director & Chief Executive

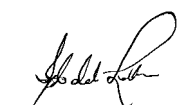
Sabza Ali Pirani
Chief Financial Officer

Profit and Loss Account

For the year ended December 31, 2018

		December 31, 2018	For the period from August 17, 2017 to December 31, 2017
	Note	----- (Rupees) -----	
Participants' Takaful Fund - (PTF) Revenue account			
Net takaful contribution	14	26,743,212	222,106
Wakala expense	17	(14,373,757)	(434,950)
Net takaful claims	15	(13,690,895)	(21,526)
Re-takaful rebate earned	16	1,801,638	61,573
Direct expenses	20	(725,589)	(13,737)
		(26,988,603)	(408,640)
Deficit before investment income		(245,391)	(186,534)
Investment income	21	19,597	7,783
Profit on bank balances		618,556	7,206
Mudarib fee		(127,631)	(2,998)
Surplus / (deficit) for the year		265,131	(174,543)
Operator's Fund - (OPF) Revenue account			
Wakala fee income	17	14,373,757	434,950
Commission and other acquisition costs	18	(4,209,521)	(137,492)
Management expenses	19	(4,750,561)	(2,581,983)
		(8,960,082)	(2,719,475)
Investment income	22	1,483,290	-
Other income	23	841,792	1,202,706
Other expenses	24	(315,807)	(150,000)
Profit / (loss) before tax		7,422,950	(1,231,819)
Income tax expense		(2,152,656)	369,546
Profit / (loss) after tax		5,270,294	(862,273)

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



Iqbal Ali Lakhani
Chairman



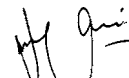
Amin Mohammed Lakhani
Director



Tasleemuddin Ahmed Batlay
Director



Mohammad Hussain Hirji
Director & Chief Executive



Sabza Ali Pirani
Chief Financial Officer



Statement of Comprehensive Income

For the year ended December 31, 2018

	December 31, 2018	For the period from August 17, 2017 to December 31, 2017
	----- (Rupees) -----	
Participants' Takaful Fund - (PTF) Revenue account		
Surplus / (Deficit) for the year	265,131	(174,543)
Other Comprehensive Income for the year		
- Unrealized gain on available for sale investments	7,771	-
Total Comprehensive Income / (loss) for the year	272,902	(174,543)
		(Restated)
Operator's Fund - (OPF) Revenue account		
Profit / (loss) after tax	5,270,294	(862,273)
Other Comprehensive Income for the year		
Items that will be reclassified to profit and loss account		
- Unrealized gain on available for sale investments - net of tax	141,806	85,449
- Reclassification adjustment for net (gain) on available for sale investments included in profit and loss account - net of tax	(85,449)	-
Other comprehensive income for the year	56,357	85,449
Total comprehensive income / (loss) for the year	5,326,651	(776,824)

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

Iqbal Ali Lakhani
Chairman

Amin Mohammed Lakhani
Director

Tasleemuddin Ahmed Batlay
Director

Mohammad Hussain Hirji
Director & Chief Executive

Sabza Ali Pirani
Chief Financial Officer

Statement of Changes in Fund

For the year ended December 31, 2018

	Operator's Fund			Total
	Statutory fund	Revenue reserve Available for sale Investment revaluation reserve	Accumulated surplus	
	(Rupees)			
Contribution made during the year	50,000,000	-	-	50,000,000
Changes in fund for the year ended December 31, 2017				
Loss after tax for the year	-	-	(862,273)	(862,273)
Balance as at December 31, 2017	50,000,000	-	(862,273)	49,137,727
Balances as at December 31, 2017 as previously reported	50,000,000	-	(862,273)	49,137,727
Net effect of change in accounting policy (Refer Note 3.1)	-	85,449	-	85,449
Balance as at January 01, 2018 as restated	50,000,000	85,449	(862,273)	49,223,176
Changes in fund for the year ended December 31, 2018				
Profit after tax for the year	-	-	5,270,294	5,270,294
Other comprehensive income				
Unrealised gains on available for sale investments - net of tax	-	141,806	-	141,806
Realised gains on available for sale investments - net of tax	-	(85,449)	-	(85,449)
	-	56,357	-	56,357
Balance as at December 31, 2018	50,000,000	141,806	4,408,021	54,549,827

	Participants' Takaful Fund		Total
	Ceded money	Accumulated surplus	
	(Rupees)		
Contribution received during the year from Operator	500,000	-	500,000
Changes in fund for the year ended December 31, 2017			
Deficit for the year ended	-	(174,543)	(174,543)
Balance as at December 31, 2017	500,000	(174,543)	325,457
Balances as at January 01, 2018	500,000	(174,543)	325,457
Changes in fund for the year ended December 31, 2018			
Surplus for the year ended	-	265,131	265,131
Other comprehensive income			
Unrealised gains on available for sale investments - net of tax	-	7,771	7,771
Balance as at December 31, 2018	500,000	98,359	598,359

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


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer



Statement of Cash Flows

For the year ended December 31, 2018

Note	December 31, 2018			For the Period from 17 August 2017 to 31, December, 2017
	Operator's Fund	Participants' Takaful Fund	Aggregate	Aggregate
(Rupees) -----				
Operating Cashflows				
(a) Takaful activities				
Takaful Contribution received	-	51,189,796	51,189,796	4,508,779
Re-takaful contributions paid	-	(12,652,002)	(12,652,002)	(2,164,071)
Claims paid	-	(2,497,233)	(2,497,233)	(142,280)
Re-takaful and other recoveries received	-	120,856	120,856	34,650
Commission paid	(4,036,701)	-	(4,036,701)	(68,684)
Re-takaful rebate received	-	2,130,718	2,130,718	21,795
Wakala fee received / paid	9,877,838	(9,877,838)	-	-
Direct expenses paid	-	(725,589)	(725,589)	(13,737)
Net cash inflow from takaful activities	5,841,137	27,688,708	33,529,845	2,176,452
(b) Other operating activities				
Income tax paid	-	-	-	(114,630)
Management and other expenses paid	(5,533,000)	-	(5,533,000)	(1,284,150)
Other operating receipts	-	35,939	35,939	233,823
Other operating payments	(230,228)	-	(230,228)	-
Net cash (outflow) / inflow from other operating activities	(5,763,228)	35,939	(5,727,289)	(1,164,957)
Total cash inflow from all operating activities	77,909	27,724,647	27,802,556	1,011,495
Investment activities				
Profit / return received	674,383	530,594	1,204,977	1,146,305
Dividend received	680,697	-	680,697	-
Payment for investments	(43,521,232)	(15,000,000)	(58,521,232)	(25,500,000)
Proceeds from investments	26,381,183	-	26,381,183	-
Total cash (outflow) from investing activities	(15,784,969)	(14,469,406)	(30,254,375)	(24,353,695)
Financing activities				
Contribution to operator's fund	-	-	-	50,000,000
Ceded money	-	-	-	500,000
Total cash inflow from financing activities	-	-	-	50,500,000
Net cash (outflow) / inflow from all activities	(15,707,060)	13,255,241	(2,451,819)	27,157,800
Cash and cash equivalents at beginning of year	24,683,106	2,474,694	27,157,800	-
Cash and cash equivalents at end of year	8,976,046	15,729,935	24,705,981	27,157,800
Reconciliation to profit and loss account				
Operating cash flows	77,909	27,724,647	27,802,556	1,011,495
Profit on disposal of investments	802,593	-	802,593	-
Profit / returns received	841,792	510,522	1,352,314	1,146,305
Dividend income	680,697	-	680,697	-
Increase in assets other than cash	14,757,834	33,790,684	48,548,518	7,659,465
(Increase) in liabilities other than borrowings	(11,890,531)	(61,760,722)	(73,651,253)	(10,854,081)
Profit / (loss) after tax / Surplus for the year	5,270,294	265,131	5,535,425	(1,036,816)

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


Iqbal Ali Lakhani
Chairman


Amin Mohammed Lakhani
Director


Tasleemuddin Ahmed Batlay
Director


Mohammad Hussain Hirji
Director & Chief Executive


Sabza Ali Pirani
Chief Financial Officer

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

Century Insurance Company Limited (“the Operator”) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act 2017) on October 10, 1985. The Operator is listed on Pakistan Stock Exchange and is engaged in general insurance business. The registered office of the Operator is situated at Lakson Square Building No. 2, Sarwar Shaheed Road, Karachi.

The Operator was granted authorisation on August 07, 2017 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations (“the Operations”) by Securities and Exchange Commission of Pakistan (“SECP”) under Takaful Rules, 2012 to carry on general takaful operations in Pakistan.

The Operator transferred statutory fund of Rs. 50 million in a separate bank account for the Operations as per the requirement of circular 8 of 2014. Thereafter, the Operator has formed a Waqf for Participants’ Fund (“PTF”) by executing the Waqf deed dated August 17, 2017 by investing a ceded money of Rs. 0.5 million. The ceded money is required to be invested in shariah compliant investments and any profit thereon can be utilized only to pay benefits to Participants’ or defray PTF expenses. Waqf Deed governs the relationship of Operator and participants for management of takaful operations, investments of participants’ funds and investments of the Operator’s funds approved by the shariah advisor of the Operator. The Operator commenced activities of the Operations on August 18, 2017.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as are notified under Companies Act, 2017; and
- Provision of and directive issued under the Companies Act, 2017 and Insurance Ordinance, 2000, Insurance Rules, 2017, Insurance Accounting Regulations, 2017 and Takaful Rules, 2012.

In case requirements differ, the provisions or directives of the Companies Act, 2017, the Insurance Ordinance, 2000, the Insurance Rules, 2017, the Insurance Accounting Regulations, 2017 and Takaful Rules, 2012, shall prevail.

The Securities and Exchange Commission of Pakistan (“SECP”) vide its S.R.O 89(1)/2017 dated 9 February, 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 (refer note 3.1).

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

2.1 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments which are stated at their fair values.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Operations’ functional currency.



2.3 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Operations' accounting periods beginning on or after January 01, 2018 but are considered not to be relevant or do not have any significant effect on the Operations and therefore not stated in these financial statements.

Securities and Exchange Commission of Pakistan ("SECP") vide S.R.O 88(1)/2017 and S.R.O 89(1)/2017 dated February 09, 2017 has issued the Insurance Rules, 2017 and Insurance Accounting Regulations, 2017 (the Rules and Accounting Regulations 2017). The application of these Rules and Accounting Regulations 2017 for the purpose of preparation and presentation of the financial statements was effective from April 01, 2017. SECP vide letter ID /OSM /Century/2017 /12197, dated October 06, 2017 has granted exemption from application of Rules and Accounting Regulations 2017 to the Operator till December 31, 2017. Therefore, the application of Rules and Accounting Regulations 2017 became effective from the accounting year commencing from January 01, 2018.

The Rules and Accounting Regulations 2017 require significant disclosures / requirements, which are relevant to the Operations includes but not limited to: Presentation and disclosure of financial statements prescribed in Annexure II of the Insurance Rules, 2017, recognition of available-for-sale investments at fair value as per IAS 39 "Financial Instruments: Recognition and Measurement", recognition of contribution receivable under an takaful policy / cover note as written from the date of attachment of risk to the policy / cover note.

The Operator has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies (refer note 3.1).

In addition, Companies Act 2017 also became effective for the financial statements for the year ended December 31, 2017. As the Operations' financial statements are prepared in accordance with the format prescribed by SECP, it did not have a direct impact on the financial statements.

2.4 Standards, interpretations and amendments to accounting and reporting standards as applicable in Pakistan that are not yet effective

The following standards, amendments and interpretations of accounting and reporting standards as applicable in Pakistan will be effective for accounting periods beginning on or after January 01, 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after January 01, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. Based on the the initial assessment, the Operator considered that the application of interpretation is not likely to have an impact on the Operations' financial statements.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on the Operations' financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 01, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The application of amendment is not likely to have an impact on the Operations' financial statements.

- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 01, 2018 and January 01, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Amendment to IFRS 4 'Insurance Contracts'- Applying IFRS 9 'Financial Instruments' with IFRS 4 (effective for annual periods beginning on or after July 01, 2018). The amendment address issue arising from the different effective dates of IFRS 9 and the forthcoming new standard IFRS 17 'Insurance Contracts'. The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, notably a temporary exemption and an overlay approach. The temporary exemption enables eligible entities to defer the implementation date of IFRS 9. The overlay approach allows an entity applying IFRS 9 from July 01, 2018 onwards to remove from profit or loss the effects of some of the accounting mismatches that may occur from applying IFRS 9 before IFRS 17 is applied. The Operator has adopted the temporary exemption which allows the Operator to defer the application of both IFRS 9 and IFRS 17 until December 31, 2021.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after January 01, 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The application of this amendment is not likely to have impact on the Operations' financial statements.
- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after January 01, 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Operations' financial statements.
- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 01, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The amendment is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 01, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.



- Annual Improvements to IFRS Standards 2015–2017 Cycle. The new cycle of improvements addresses improvements to following accounting and reporting standards:
- IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
- IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
- IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The application of above amendments is not likely to have an impact on the Operations' financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies as stated below have been applied consistently to all years presented in these financial statements, except for the changes in accounting policies as follows:

3.1 Changes in Accounting Policies

3.1.1 Application of Insurance Rules 2017 and Insurance Accounting regulation 2017

The Operator has adopted these Rules and Accounting Regulations 2017 and accordingly has changed its accounting policies as follows:

3.1.1.1 Available for sale investments

Up to December 31, 2017, the available for sale investments subsequent to initial recognition had been stated at the lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) as the application of International Accounting Standard-39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of available for sale investments had been deferred in accordance with repealed SEC (Insurance) Rules 2002.

Accordingly to the Insurance Rules and Accounting Regulations 2017, the Operator has changed its accounting policy for subsequent measurement of investments classified as available for sale from lower of cost or market value (market value on an individual investment basis being taken lower as if the fall is other than temporary) to fair value as per the requirements of IAS 39 and any unrealised gains or losses arising on re-measurement of available-for-sale investments are taken to Other Comprehensive Income. On de-recognition or impairment of available-for-sale investments, the cumulative gains or losses previously reported in revaluation reserves are reclassified to profit and loss account for the period.

3.1.1.2 Presentation of Financial Statements

The Operator has adopted format for preparation and presentation of its financial statements in line with the requirements of the Insurance Rules and Accounting Regulations 2017. Significant changes in presentation are rearrangements in sequence of assets / liabilities in the statement of financial position; presentation of single profit and loss account instead of segment wise (classes of business) presentation and discontinuation

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

of separate statements of Contributions, Claims, Expense and investment Income. The segment wise contributions, claims, expenses and investment income are now included in notes to the financial statements.

3.1.1.3 Financial Impact of change in accounting policy

The significant effects of `changes in accounting policy as stated above has been applied retrospectively in accordance with the requirement of IAS - 8 'Accounting Policy, Change in Accounting Estimates and Error' and comparatives have been restated to conform to the changed policy. The summary of the effects are as follows:

	December 31, 2017		
	As previously reported	As re-stated	Restatement
	----- (Rupees) -----		
Effect on Statement of financial position - OPF			
Assets			
Investments in Equity Securities	25,000,000	25,122,070	122,070
Liability			
Deferred taxation	-	36,621	36,621
Equity:			
Reserves	-	85,449	85,449
	December 31, 2017		
	As previously reported	As re-stated	Restatement
	----- (Rupees) -----		
Effects of other comprehensive income			
Item to be reclassified to profit and loss account in subsequent period			
Net unrealised gain arising during the year on revaluation of available for sale investments-net of tax	-	85,449	85,449
Net change in other comprehensive income	-	85,449	85,449

3.2 Takaful contracts

The takaful contracts are based on the principles of Wakala. The takaful contracts so agreed usually inspire concept of tabarru (to donate for benefit of others) and mutual sharing of losses with the overall objective of eliminating the element of uncertainty.

Contracts under which the Participant Takaful Fund (PTF) accepts significant takaful risk from another party (the participant) by agreeing to compensate the participant if a specified uncertain future event (the takaful event) adversely affects the participant are classified as takaful contracts. Takaful risk is significant if a takaful event could cause the PTF to pay significant benefits due to the happening of the takaful event compared to its non happening. Once a contract has been classified as a takaful contract, it remains a takaful contract for the remainder of its lifetime, even if the takaful risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.



The Operations underwrites non-life takaful contracts that can be categorised into following main categories:

a) Fire and property

Fire and property takaful contracts mainly compensate the Participants' for damage suffered to their properties or for the value of property lost. Participants' who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities. These contracts are generally one year contracts except some contracts that are of three months period.

b) Marine, aviation and transport

Marine takaful covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination. These contracts are generally for three months period.

c) Motor

Motor takaful provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident. These contracts are generally one year contracts.

d) Accident and health

Accident and health takaful contract mainly compensate hospitalisation and outpatient medical coverage to the participant. These contracts are generally one year contracts.

e) Miscellaneous

All other various types of takaful contracts are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, workmen compensation, travel and products of financial institutions etc. These contracts are normally one year takaful contracts except some engineering takaful contracts that are of more than one year period, whereas, normally travel takaful contracts expire within one month time.

These takaful contracts are provided to all types of customers based on assessment of takaful risk by the Operator. Normally personal takaful contracts e.g. vehicle, travel, personal accident, etc. are provided to individual customers, whereas, takaful contracts of fire and property, marine, aviation and transport, accident and health and other commercial line products are provided to commercial organizations.

3.3 Deferred Commission expense / Acquisition cost

Commission expense incurred in obtaining and recording policies is deferred and recognised in Operator's Fund as an expense in accordance with pattern of recognition of contribution revenue.

3.4 Unearned contribution

The provision for unearned portion of contribution is calculated by applying twenty fourths' method, as prescribed by repealed SEC (Insurance) Rules, 2002.

3.5 Contribution deficiency

The Operations is required as per Insurance Rules and Accounting Regulations, 2017 to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after re-takaful, from claims and other expenses, including re-takaful expense, commissions and other underwriting expenses, expected to be incurred after the reporting date in respect of policies in that class of business at the reporting date. The movement in the contribution deficiency reserve is recorded as an expense and the same shall be recognised as a liability.

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For the year ended December 31, 2018

For this purpose, loss ratios for each class are estimated based on historical claim development. Judgement is used in assessing the extent to which past trends may not apply in future or the effects of one-off claims. If these ratios are adverse, contribution deficiency is estimated. The loss ratios estimated on these basis for the unexpired portion are as follows:

Class	2018 ------(%)	2017 -----
Fire and property damage	155	-
Marine, aviation and transport	-	-
Motor	42	-
Accident and health	90	-
Miscellaneous	36	123

Based on an analysis of combined operating ratio for the expired period of each reportable segment, the management considers that the unearned contribution reserve for all classes of business as at the year end is adequate to meet the expected future liability after re-takaful, from claims and other expenses, expected to be incurred after the reporting date in respect of policies in those classes of business in force at the reporting date and therefore no provision for the same has been made in these financial statements.

3.6 Re-takaful contracts held

These are contracts entered into by the Operation with re-takaful operators for compensation of losses suffered on takaful contracts issued. These re-takaful contracts include both facultative and treaty arrangement contracts and are classified in same categories of takaful contracts for the purpose of these financial statements. The PTF recognise the entitled benefits under the contracts as various retakaful assets. Re-takaful contribution is recognised as an expense when retakaful is ceded. Re-takaful assets and liabilities are derecognised when contractual right are extinguished or expired.

The deferred portion of re-takaful contribution is recognized as a prepayment in PTF. The deferred portion of re-takaful contribution ceded is calculated by using twenty fourths' method.

3.7 Receivables and payables related to takaful contracts

Receivables including contribution due but unpaid relating to takaful contracts are recognized when due. The claim payable is recorded when intimation is received. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any. Contribution received in advance is recognised as liability till the time of issuance of takaful contract there against.

If there is an objective evidence that any contribution due but unpaid is impaired, the Operations reduces the carrying amount of that contribution receivable and recognizes the loss in profit and loss account.

3.8 Segment reporting

An operating segment is a component of the Operations 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 Operator's other components. All operating segments' results are reviewed regularly by the Operator's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Operator presents segments reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the Insurance Rule, 2017. The reported operating segments are also consistent with the internal reporting process of the Operator for allocating resources and assessing performance of the operating segments. The performance of segments is evaluated on the basis of underwriting results of each segment. All the Operator's business segments operate in Pakistan only.



Based on its classification of takaful contracts issued, the Operations has five primary business segments for reporting purposes namely fire, marine, motor, accident and health and miscellaneous. The nature and business activities of these segments are disclosed in note 3.2.

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

3.9 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, policy stamps, bank balances and the term deposit receipts having maturity of not more than twelve months and are subject to insignificant risk of change in value.

3.10 Revenue recognition

a) Contribution

Contribution under a policy are recognised as revenue at the time of issuance of takaful policy / cover note. Where the pattern of incidence of risk varies over the period of the policy / cover note, contribution is recognised as revenue in accordance with the pattern of the incidence of risk. The portion of contribution written relating to the unexpired period of coverage is recognised as unearned contribution by the Operator. The unearned contribution is calculated by applying twenty fourths' method as specified in the Accounting Regulation, 2017. Administrative surcharge are recognised as revenue at the time of issuance of takaful policy / cover note.

Re-takaful ceded is recognised as expense after taking into account the proportion of deferred re-takaful contribution expense which is calculated using twenty fourths' method. The deferred portion of re-takaful contribution expense is recognised as a prepayment.

b) Re-takaful rebate

Rebate and other forms of revenue (apart from recoveries) from re-takaful operators are deferred and recognised as liability and recognised in the profit and loss account as revenue of PTF in accordance with the pattern of recognition of the re-takaful contributions.

c) Investment income

- Profit on bank deposits is recognised on a time proportion basis taking into account the effective yield.
- Income from held to maturity investments is recognised on a time proportion basis taking into account the effective yield on the investments. The difference between the redemption value and the purchase price of the held to maturity investments is amortised and taken to the profit and loss account over the term of the investment.
- Dividend income is recognised when the Operations' right to receive the payment is established.
- Return on fixed income securities classified as available for sale is recognised on a time proportion basis taking into account the effective yield on the investments.
- Gain / loss on sale of investments is included in income currently.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

3.11 Investments

3.11.1 Classification and recognition

All investments are initially recognized at cost, being the fair value of the consideration given and include transaction costs, except for investment at fair value through profit or loss in which case transaction costs are charged to the profit and loss account. These are recognized and classified as follows:

- Investment at fair value through profit or loss
- Held to maturity
- Available-for-sale

The classification depends on the purpose for which the financial assets were acquired.

3.11.2 Measurement

3.11.2.1 Investment at fair value through profit or loss

- Investments which are acquired principally for the purposes of generating profit from short term fluctuation in price or are part of the portfolio in which there is recent actual pattern of short term profit taking are classified as held for trading.
- Investments which are designated at fair value through profit or loss upon initial recognition.

Subsequent to initial recognition, these investments are premeasured at fair value. Gains or losses on remeasurement of these investments are recognised in profit and loss account.

3.11.2.2 Held to maturity

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

Subsequently, these are measured at amortised cost less provision for impairment, if any.

Any premium paid or discount availed on government securities and term finance certificates is deferred and amortised over the period to maturity of investment using the effective yield.

3.11.2.3 Available-for-sale

Investments which are not eligible to be classified as "held for trading" or "held to maturity" are classified as 'available-for-sale'. These investments are intended to be held for an indefinite period of time which may be sold in response to the need for liquidity, changes in interest rates, equity prices or exchange rates are classified as available-for-sale.

Subsequent to initial recognition, these investments are remeasured at fair value. Gains or losses on remeasurement of these investments are recognised in other comprehensive income.

Fair / market value measurements

For investments in quoted mutual funds, fair / market value is determined by reference to rates quoted by Mutual Fund Association of Pakistan (MUFAP).



Date of recognition

Regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date on which the Operator commits to purchase or sell the investment.

3.12 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amount and the Operator intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.13 Provisions

Provisions are recognized when the Operations has a present legal or constructive obligation as a result of past events, 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 best estimate.

3.14 Provision for outstanding claims including Incurred But Not Reported (IBNR)

Provision for outstanding claims include amounts in relation to unpaid reported claims, claims incurred but not reported (IBNR) and expected claims settlement costs.

Outstanding claims

The amount of claims that have been reported and are yet unpaid or partially unpaid at the end of reporting year for a given accident year.

A liability for outstanding claims (claim incurred) is recognized for all claims incurred which represents the estimates of the claims intimated or assessed before the end of the reporting period and measured at the undiscounted value of expected future payments. Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates while taking into consideration the past claims settlement experience including handling costs and the Operation's reserving policy. Where applicable, deductions are made for salvage and their recoveries.

Retakaful recoveries against outstanding claims and salvage recoveries are recognized as an asset and measured at the amount expected to be received.

Incurred But Not Reported (IBNR) Claims

The losses that have incurred or are in the occurrence period at the end of reporting year and have not been intimated to the Operator by that end of reporting year, or if reported, complete details are not available to the Operator, so as to ascertain the amount of loss for that claim as claims outstanding.

The Operations is required, as per SECP circular no. 9 of 2016 dated March 09, 2016 "Guidelines for Estimation of Incurred but not reported claims reserve, 2016" to estimate and maintain the provision for claims incurred but not reported for each class of business by using prescribed Method "Chain Ladder Method" and other alternate method as allowed under the provisions of the Guidelines. The actuarial valuation as at December 31, 2018 has been carried out by independent firm of actuaries for determination of IBNR for each class of business.

3.15 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Operator's

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For the year ended December 31, 2018

profit and loss account in accordance with Rule 12 of Takaful Rule 2012, except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively. In making the estimates for income taxes currently payable by the Operator, the management considers the current income tax law and the decisions of appellate authorities on certain issues in the past.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year of the Operator's Fund, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable if any in respect of previous years.

Provisions for current taxation is based on taxability of certain income streams of the Operator's Fund under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime and / or minimum tax liability, as applicable, after taking into account tax credits and tax rebates available, if any.

Deferred tax

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

The Operator recognises a deferred tax asset to the extent of taxable timing differences or it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The taxation of the Operator's Fund is calculated by including in the Company's results as a whole and accordingly taxation has been recorded.

3.16 Impairment of assets

The carrying amount of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. Impairment losses are recognised in profit and loss account.

Impairment is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investments classified as available-for-sale below its cost is also considered an objective evidence of impairment. Impairment losses are reversed when there is an indication that impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. However, in case of equity securities classified as available for sale the decrease in impairment loss is not reversed.

3.17 Management expenses

Expenses of management have been allocated to various classes of business as deemed equitable by the Operator. Expenses not allocable to the underwriting business are charged under other expenses.

3.18 Financial instruments

Financial instruments carried on the balance sheet include contributions due but unpaid, amount due to other



takaful / re-takaful operator, accrued investment income, sundry receivables, accrued expenses and other creditors and accruals.

All the financial assets and financial liabilities are recognised at the time when the Operations becomes a party to the contractual provisions of the instrument and derecognized when the Operations loses control of contractual rights that comprises the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. At the time of initial recognition all financial assets and financial liabilities are measured at cost, which is the fair value of the consideration given or received for it. Any gain or loss on derecognition of financial assets and financial liabilities is taken to profit and loss account of the period in which financial instrument is derecognised.

3.19 Takaful surplus

Takaful surplus attributable to the Participants' is calculated after charging all direct cost and setting aside various reserves. Allocation to Participants', if applicable, is made after adjustment of claims paid to them during the period.

3.20 Provision for unearned wakala fee

The Operator manages the general takaful operations for the Participants' and charges wakala fee to PTF on gross contributions recognized for each class of business to meet the general and administrative expenses of the Operator including commissions to agents at following rates:

Class	Percentage ----- % -----
Fire and property damage	30
Marine, aviation and transport	30
Motor	40
Health	20
Miscellaneous	35

Wakala fee is recognised as income in Operator's Fund on the same basis on which the related contribution revenue is recognized. Unearned portion of wakala fee is recognised as a liability of Operator's Fund and an asset of Participants' Fund.

3.21 Mudarib's fee

The Operator also manages the participants' investment as Mudarib and charges 20 percent of the investment income and profits on bank deposits earned by the PTF as Mudarib's fee. It is recognized on the same basis on which related revenue is recognised.

3.22 Qard-e-Hasna

Qard-e-Hasna is provided by Operator's Fund to PTF in case of deficit or to fulfil cash flow requirements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

4.1 Use of estimates and judgements

In preparing these financial statement, management has made judgement, estimates and assumptions that affect the application of the Operations' accounting policies and reported amounts of assets, liabilities, Income and expenses. Actual results may differ from the estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the subsequent years are included in following notes:

- a) provision for unearned contribution (note 3.4);
- b) provision for contribution due but unpaid and amount due from other takaful / re-takaful operators; (note 3.7)
- c) provision for outstanding claims including IBNR and re-takaful recoveries there against (note 3.14);
- d) contribution deficiency reserve (note 3.5);
- e) provision for unearned wakala fee (note 3.20);
- f) classification of investments (note 3.11);
- g) allocation of management expenses (note 3.17);
- h) taxation (note 3.15);
- i) segment reporting (note 3.8); and
- j) impairment (note 3.16)

5. INVESTMENTS IN EQUITY SECURITIES - Available for sale

	Note	2018		2017	
		Cost	Carrying Value	Cost	Carrying Value (Restated)
		(Rupees)			
Operator's Fund					
Mutual funds	5.1	42,840,535	43,037,487	25,000,000	25,122,070
Participants' Fund					
Mutual funds	5.2	15,000,000	15,007,771	-	-
5.1 Mutual Funds - OPF					
		Number of units			
		2018	2017	2018	2017
		Cost	Carrying value	Cost	Carrying value (Restated)
		(Rupees)			
Other than related parties					
Open - end mutual funds					
HBL Islamic Income Fund	143,371	-	15,000,000	-	-
Meezan Cash Fund	-	488,281	-	25,000,000	25,122,070
Meezan Islamic Income Fund	524,921	-	27,840,535	-	-
			42,840,535	25,000,000	25,122,070
5.2 Mutual Funds - PTF					
Other than related parties					
Open - end mutual funds					
HBL Islamic Income Fund	143,371	-	15,000,000	-	-



6. INVESTMENTS IN DEBT SECURITIES - Held to Maturity

		2018		2017	
		Cost	Carrying value	Cost	Carrying value
	Note	(Rupees)			
Other than related parties					
Participants' Fund					
Certificate of Islamic Investment	6.1	500,000	500,000	500,000	500,000

- 6.1 This represents Certificate of Islamic Investment carrying expected profit rate ranging from 4.80% to 4.91% in 2018 (2017: 4.79% to 4.83%).

7. LOANS AND OTHER RECEIVABLES - Considered good

	2018			2017
	OPF	PTF	Aggregate	Aggregate
	----- (Rupees) -----			
Accrued investment income	97,879	110,067	207,946	68,392

8. TAKAFUL / RE-TAKAFUL RECEIVABLES - PTF - Unsecured and considered good

	Note	2018	2017
		----- (Rupees) -----	-----
Due from Takaful contract holders		7,271,107	1,083,016
Due from other Takaful / Re-takaful operators	8.1 & 8.2	6,432,137	1,261,681
Re-takaful recoveries due but unpaid		-	86,104
		<u>13,703,244</u>	<u>2,430,801</u>

- 8.1 This includes Rs. 0.6 million (2017: Rs. Nil) receivable from operator. The amount is not over due/impaired as at December 31, 2018.

- 8.2 The maximum aggregate amount due from operator at end of any month during the year was Rs. 0.6 million (2017: Rs. Nil).

9. TAXATION - PROVISION LESS PAYMENTS

	2018	2017
	----- (Rupees) -----	-----
Provision for taxation	2,152,656	(369,546)
Less: Taxes paid / deducted at source	(854,370)	(114,630)
	<u>1,298,286</u>	<u>(484,176)</u>

10. CASH AND BANK

CASH AND BANK		2018			2017
		OPF	PTF	Aggregate	Aggregate
	Note	(Rupees)			
Cash and cash equivalent					
Cash in hand		10,000	-	10,000	10,000
Cash at bank					
Savings accounts	10.1	8,966,046	15,729,935	24,695,981	27,147,800
		8,976,046	15,729,935	24,705,981	27,157,800

- 10.1 Savings accounts carry expected profit rates ranging from 3.50% to 7.00% (2017: 3.50% to 5.30%) per annum.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

11.	TAKAFUL / RE-TAKAFUL PAYABLES - PTF	2018		2017
		----- (Rupees) -----		
	Due to other takaful / re-takaful operators	4,536,090		741,858
12.	OTHER CREDITORS AND ACCRUALS	2018		2017
		OPF	PTF	Aggregate
		----- (Rupees) -----		Aggregate
	Agents' Commission payable	2,750,872	-	2,750,872
	Federal excise duty / sales tax	-	543,732	543,732
	Federal takaful fee	-	40,481	40,481
	Accrued expenses	831,201	-	831,201
	Audit fee payable	150,000	-	150,000
	Tax deducted at source	46,822	4,491	51,313
		3,778,895	588,704	4,367,599
13.	CONTINGENCY AND COMMITMENT			
	There is no contingency and commitment as at December 31, 2018 (December 31, 2017: Nil).			
14.	NET TAKAFUL CONTRIBUTION - PTF	2018		2017
		----- (Rupees) -----		
	Written Gross contribution	62,398,206		5,436,552
	Add: Unearned contribution reserve opening	4,050,516		-
	Less: Unearned contribution reserve closing	(27,096,213)		(4,050,516)
	Contribution earned	39,352,509		1,386,036
	Less:			
	Re-takaful Contribution ceded	16,827,732		1,904,492
	Add: Prepaid re-takaful contribution ceded opening	740,562		-
	Less: Prepaid re-takaful contribution ceded closing	(4,958,997)		(740,562)
	Re-takaful expense	12,609,297		1,163,930
		26,743,212		222,106
15.	NET TAKAFUL CLAIMS EXPENSE - PTF			
	Claim paid	2,497,233		142,280
	Add: Outstanding claims including IBNR closing	20,916,014		-
	Less: Outstanding claims including IBNR opening	-		-
	Claims expense	23,413,247		142,280
	Less: Re-takaful and others recoveries received	34,752		120,754
	Add: Re-takaful and others recoveries in respect of outstanding claims closing	9,687,600		-
	Less: Re-takaful and others recoveries in respect of outstanding claims opening	-		-
	Re-takaful and other recoveries revenue	9,722,352		120,754
		13,690,895		21,526

Claims development

Since there were no outstanding claims liabilities at the previous year, the claim development table is not presented.



		2018	2017
	Note	----- (Rupees) -----	-----
16. REBATE ON RE-TAKAFUL - PTF			
Re-takaful rebate received or recoverable		2,397,779	195,935
Add: Unearned re-takaful rebate - opening		134,362	-
Less: Unearned re-takaful rebate - closing		(730,503)	(134,362)
		<u>1,801,638</u>	<u>61,573</u>
17. WAKALA FEE INCOME - OPF			
Gross Wakala fee		22,886,187	1,962,247
Add: Unearned Wakala fee income - opening		1,527,297	-
Less: Unearned Wakala fee income - closing		(10,039,727)	(1,527,297)
		<u>14,373,757</u>	<u>434,950</u>
18. COMMISSION EXPENSE / ACQUISITION COST - OPF			
Commission paid or payable		6,275,773	580,484
Add: Deferred commission expense - opening		442,992	-
Less: Deferred commission expense - closing		(2,509,244)	(442,992)
		<u>4,209,521</u>	<u>137,492</u>
19. MANAGEMENT EXPENSES - OPF			
Employee benefit cost	19.1	3,346,012	1,297,833
Shahriah Advisor Fees		960,000	720,000
Tracker Charges		302,205	-
Training		94,344	-
Printing and stationery		46,750	62,900
Ceded money		-	500,000
Miscellaneous		1,250	1,250
		<u>4,750,561</u>	<u>2,581,983</u>
19.1 Employee benefit cost			
Salaries, allowance and other benefits		3,193,478	1,245,189
Charges for post employment benefit	19.1.1	152,534	52,644
		<u>3,346,012</u>	<u>1,297,833</u>
19.1.1	This represents contribution to employee's provident fund managed by the Operator.		
20. DIRECT EXPENSES - PTF		2018	2017
		----- (Rupees) -----	-----
Co-takaful service charges		693,199	7,671
Bank charges		32,390	6,066
		<u>725,589</u>	<u>13,737</u>
21. INVESTMENT INCOME - PTF			
Income from debt securities - Held to maturity			
Return on Certificate of Islamic Investment		19,597	7,783
22. INVESTMENT INCOME - OPF			
Income from equity securities - Available for sale			
Dividend income		680,697	-
Realised gain on sale of equity securities		802,593	-
		<u>1,483,290</u>	<u>-</u>

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

		2018	2017
	Note	----- (Rupees) -----	-----
23. OTHER INCOME - OPF			
Operator's Fund			
Return on bank balances		714,161	1,199,708
Mudarib's share of PTF investment income		127,631	2,998
		<u>841,792</u>	<u>1,202,706</u>
24. OTHER EXPENSES - OPF			
Auditors' remuneration	24.1	250,500	150,000
Others		65,307	-
		<u>315,807</u>	<u>150,000</u>
24.1 Auditors' remuneration			
Audit fee		100,000	100,000
Interim review fee		75,000	-
Shariah Compliance audit		50,000	50,000
Out of pocket expenses including government levy		25,500	-
		<u>250,500</u>	<u>150,000</u>
25. TAXATION - NET			
The current tax charge for the year is Rs. 2.15 million at the tax rate of 29 percent (2017 : Rs. 0.37 million at the tax rate of 30 percent) and the same has been recorded in these financial statements hence no tax reconciliation has been presented. Deferred tax on unrealised gain / (loss) on investments has been stated separately.			
26. REMUNERATION OF HEAD OF WINDOW TAKAFUL OPERATIONS		2018	2017
		----- (Rupees) -----	-----
Managerial remuneration		1,348,848	558,294
Bonus		318,332	-
Contribution to defined contribution plan		135,456	46,750
Rent and house maintenance		606,972	209,360
Conveyance		265,794	93,650
Others		295,980	113,645
		<u>2,971,382</u>	<u>1,021,699</u>



27. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise the Operator, associated companies, companies under common control, companies with common directors, major shareholders, employees' retirement benefit plans, directors and key management personnel of the Operator. All transactions involving related parties arising in the normal course of business are conducted at commercial terms and conditions and on an arm's length basis. The transactions and balances with related parties / associated companies, other than those which have been disclosed elsewhere in these financial information, are as follows:

		2018	2017
Note		(Rupees)	
Associated companies / undertakings			
	Takaful contribution written	6,012,183	-
	Claim paid	72,350	-
27.1	Managerial remuneration	3,895,044	-
Others			
	Takaful contribution written	453,652	-
	Contributions to staff retirement benefit plans	152,534	52,644

- 27.1** This represents remuneration of Head of Window Takaful Operations and Shariah Compliance Officer paid to the Operator.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

28. SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

	December 31, 2018					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	------(Rupees)-----					
Contribution received or receivable (inclusive of Federal Excise Duty / sales tax, Federal takaful fee and Administrative Surcharge)	10,419,795	4,947,739	48,874,760	2,829,180	4,337,199	71,408,673
Less: Federal Excise Duty / Sales Tax	1,228,640	527,410	5,853,872	-	518,418	8,128,340
Federal takaful fee	90,997	40,326	426,500	28,010	37,809	623,642
Others	5,680	347,079	16,370	150	460	369,739
Facultative inward contribution	89,208	22,046	-	-	-	111,254
Gross written Contribution (inclusive of Administrative Surcharge)	9,183,686	4,054,970	42,578,018	2,801,020	3,780,512	62,398,206
Gross direct Contribution	8,970,718	3,851,399	41,267,964	2,795,020	3,763,835	60,648,936
Facultative inward contribution	89,208	22,046	-	-	-	111,254
Administrative surcharge	123,760	181,525	1,310,054	6,000	16,677	1,638,016
	9,183,686	4,054,970	42,578,018	2,801,020	3,780,512	62,398,206
Participants' fund - revenue account						
Takaful contribution earned	7,319,319	3,915,638	25,007,431	588,296	2,521,825	39,352,509
Takaful contribution ceded to re-takaful operators	(5,902,257)	(2,836,466)	(1,853,719)	-	(2,016,855)	(12,609,297)
Net Takaful contribution	1,417,062	1,079,172	23,153,712	588,296	504,970	26,743,212
Re-takaful rebate	1,024,110	439,372	5,553	-	332,603	1,801,638
Net revenue	2,441,172	1,518,544	23,159,265	588,296	837,573	28,544,850
Takaful claims	(11,362,500)	-	(10,621,524)	(530,766)	(898,457)	(23,413,247)
Takaful claims recovered from re-takaful operators	9,000,000	-	10,462	-	711,890	9,722,352
Net claims	(2,362,500)	-	(10,611,062)	(530,766)	(186,567)	(13,690,895)
Wakala fee expense	(2,195,796)	(1,174,692)	(10,002,972)	(117,659)	(882,638)	(14,373,757)
Direct expenses	(106,791)	(47,153)	(495,113)	(32,571)	(43,961)	(725,589)
(Deficit) / surplus before investment income	(2,223,915)	296,699	2,050,118	(92,700)	(275,593)	(245,391)
Investment income						19,597
Profit on bank balances						618,556
Mudarib fee						(127,631)
Surplus for the year						265,131
Operator's Fund - revenue account						
Wakala fee income	2,195,796	1,174,692	10,002,972	117,659	882,638	14,373,757
Commission expense	(869,448)	(379,842)	(2,565,956)	(40,762)	(353,513)	(4,209,521)
Management expense	(699,181)	(308,717)	(3,241,591)	(213,250)	(287,822)	(4,750,561)
	627,167	486,133	4,195,425	(136,353)	241,303	5,413,675
Investment income						1,483,290
Other income						841,792
Other expenses						(315,807)
Profit before tax						7,422,950



SEGMENT INFORMATION

Segment information prepared in accordance with the requirement of Insurance Ordinance, 2000 and Insurance Rules, 2017 for class of business wise revenues, results, assets and liabilities.

	December 31, 2017					
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Aggregate
	----- (Rupees) -----					
Contribution received or receivable (inclusive of Federal Excise Duty / sales tax, Federal takaful fee and Administrative Surcharge)	1,339,522	254,478	4,434,265	-	25,880	6,054,145
Less: Federal Excise Duty / Sales Tax	168,543	25,829	520,977	-	3,528	718,877
Federal takaful fee	11,584	1,983	38,793	-	221	52,581
Others	980	28,451	2,200	-	80	31,711
Facultative inward contribution	94,595	-	48,195	-	42,786	185,576
Gross written Contribution (inclusive of Administrative Surcharge)	1,253,010	198,215	3,920,490	-	64,837	5,436,552
Gross direct Contribution	1,122,207	189,547	3,746,848	-	21,000	5,079,602
Facultative inward contribution	94,595	-	48,195	-	42,786	185,576
Administrative surcharge	36,208	8,668	125,447	-	1,051	171,374
	1,253,010	198,215	3,920,490	-	64,837	5,436,552
Participants' fund - Revenue account						
Takaful contribution earned	433,136	105,306	815,375	-	32,219	1,386,036
Takaful contribution ceded to re-takaful operators	(338,311)	(60,953)	(750,000)	-	(14,666)	(1,163,930)
Net Takaful contribution	94,825	44,353	65,375	-	17,553	222,106
Re-takaful rebate	50,174	9,143	-	-	2,256	61,573
Net revenue	144,999	53,496	65,375	-	19,809	283,679
Takaful claims	-	-	-	-	(142,280)	(142,280)
Takaful claims recovered from re-takaful operators	-	-	-	-	120,754	120,754
Net claims	-	-	-	-	(21,526)	(21,526)
Wakala fee expense	(119,079)	(28,991)	(275,971)	-	(10,909)	(434,950)
Direct expenses	(3,166)	(501)	(9,906)	-	(164)	(13,737)
Surplus/(deficit) before investment income	22,754	24,004	(220,502)	-	(12,790)	(186,534)
Investment income						7,783
Profit on bank balances						7,206
Mudarib fee						(2,998)
(Deficit) for the period						(174,543)
Operator's Fund - Revenue Account						
Wakala fee income	119,079	28,991	275,971	-	10,909	434,950
Commission expense	(41,905)	(14,496)	(77,655)	-	(3,436)	(137,492)
Management expense	(595,092)	(94,138)	(1,861,960)	-	(30,793)	(2,581,983)
	(517,918)	(79,643)	(1,663,644)	-	(23,320)	(2,284,525)
Investment income						-
Other income						1,202,706
Other expenses						(150,000)
Loss before tax						(1,231,819)

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The classwise assets and liabilities are as follows:

	December 31, 2018					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	
	----- (Rupees) -----					
Segment assets	14,932,984	1,643,860	18,168,776	647,400	2,996,548	38,389,568
Unallocated assets						
Participants' Takaful Fund						31,347,773
Operator's Fund						69,721,881
Total assets						139,459,222
Segment liabilities	18,333,499	2,282,462	41,948,957	2,834,683	3,630,414	69,030,015
Unallocated liabilities - Operator's Fund						
Participants' Takaful Fund						108,967
Operator's Fund						15,172,054
Total liabilities						84,311,036

	December 31, 2017 (Restated)					Total
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	
	----- (Rupees) -----					
Segment assets	1,466,862	282,764	1,717,977	-	146,752	3,614,355
Unallocated assets						
Participants' Takaful Fund						4,069,290
Operator's Fund						52,755,690
Total assets						60,439,335
Segment liabilities	1,835,800	324,237	4,790,943	-	99,595	7,050,575
Unallocated liabilities						
Participants' Takaful Fund						307,613
Operator's Fund						3,532,514
Total liabilities						10,890,702

29. MOVEMENT IN INVESTMENTS - OPF

	Available for sale
	---(Rupees)---
Balance as at January 01, 2017	-
Additions	25,000,000
Disposals	-
Fair value net gains (excluding net realized gains as at December 31, 2017)	122,070
Balance as at January 01, 2018 as restated	25,122,070
Additions	42,840,535
Disposals	(25,122,070)
Fair value net gains (excluding net realized gains as at December 31, 2018)	196,952
Balance as at December 31, 2018	43,037,487



30. MOVEMENT IN INVESTMENTS - PTF

	2018		
	Available for sale	Held to Maturity	Total
	----- (Rupees) -----		
Balance as at January 01, 2017	-	-	-
Additions	-	500,000	500,000
Disposals	-	-	-
Balance as at January 01, 2018	-	500,000	500,000
Additions	15,000,000	500,000	15,500,000
Disposals	-	(500,000)	(500,000)
Fair value net gains (excluding net realized gains as at December 31, 2018)	7,771	-	7,771
Balance as at December 31, 2018	15,007,771	500,000	15,507,771

31. MANAGEMENT OF TAKAFUL RISK AND FINANCIAL RISK

31.1 TAKAFUL RISK

The risk under any takaful contract is the possibility that the covered event occurs and the uncertainty in the amount of compensation to the participant. Generally, most takaful contracts carry the takaful risk for a period of one year (refer note 3.2).

The Operations accepts takaful through issuance of general takaful contracts. For these general takaful contracts the most significant risks arise from fire, atmospheric disturbance, earthquake, terrorist activities and other catastrophes. For health takaful contracts, significant risks arise from epidemics.

a) Frequency and severity of claims

Risk associated with general takaful contracts includes the reasonable possibility of significant loss as well as the frequent occurrence of the takaful events. This has been managed by having in place underwriting strategy, re-takaful arrangements and proactive claim handling procedures. The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions.

The operation's class wise major risk exposure is as follows:

Class	Maximum gross risk exposure	
	2018	2017
	----- (Rupees) -----	
Fire and property	720,000,000	160,072,796
Marine, aviation and transport	123,146,041	23,257,388
Motor	41,000,000	45,975,594
Accident and health	1,500,000	-
Miscellaneous	120,243,781	1,550,320

The re-takaful arrangements against major risk exposure include excess of loss, quota arrangements, facultative arrangements and catastrophic coverage. The objective of having such arrangements is to mitigate adverse impacts of severe losses on operation's net retentions. As the major re-takaful arrangements are on excess of loss basis, therefore the re-takaful coverage against PTF's risk exposures is not quantifiable.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

b) Sources of Uncertainty in the estimation of future claims payments

Claims on general takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contract including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the operations. The estimation of the amount is based on operator's judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The operations 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 significantly different from initial recognized amount.

c) Process used to decide on assumptions

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the Operation's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgment to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgment includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc. The internal factors such as portfolio mix, policy conditions and claim handling procedures are further used in this regard.

During the year actuarial valuation is carried out for the determination of IBNR which is based on a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation as required / allowed by the circular 9 of 2016. IBNR is determined by using Chain Ladder Method for all class of business. The claims outstanding and claims paid till date are deducted from the ultimate claim payments for that particular year to derive an IBNR estimate for that year. IBNR triangles are made on a yearly basis for each class of business. The methods used, and the estimates made, are reviewed regularly.

The actuary determines adequacy of liability of contribution deficiency by carrying out analysis of its loss ratio of expired periods of the contracts. For this purpose average loss ratio of last three years inclusive of claim settlement cost are taken into consideration to determine ultimate loss ratio to be applied on unearned contribution.

d) Changes in assumptions

The Operator did not change its assumptions as disclosed in (b) and (c) above .

e) Sensitivity Analysis

The takaful claim liabilities are sensitive to the incidence of insured events and severity / size of claims. The impact of variation in incidence of insured events on gross claim liabilities, net claim liabilities, profit before tax and equity is as follows:



	Change in assumption	Impact on gross liabilities	Impact on net liabilities	Impact on Surplus / Deficit	Impact on Fund
				(Rupees)	
Average claim costs					
2018	± 10%	2,341,325	1,369,090	1,369,090	1,369,090
2017	± 10%	14,228	2,153	2,153	2,153

Statement of Age-wise Breakup of Unclaimed Takaful Benefits

Statement of age-wise breakup of unclaimed takaful benefits is not presented as there are no unclaimed takaful benefits.

Re-takaful risk

Re-takaful ceded does not relieve the PTF from its obligation towards participants and, as a result, the PTF remains liable for the portion of outstanding claims covered through re-takaful to the extent that re-takaful operators fails to meet the obligation under the re-takaful agreements.

To minimise its exposure to significant losses from re-takaful operators' insolvencies, the operations obtain re-takaful rating from a number of re-takaful operators, who are dispersed over several geographical regions.

An analysis of all retakaful assets recognised by the rating of the entity from which it is due is as follows:

	Amount due from other takaful / re-takaful holders	Re-takaful recoveries against outstanding claims	Other re-takaful assets	2018	2017
				(Rupees)	
Rating					
A or above including Pakistan Reinsurance Company Limited	6,432,137	9,687,600	4,958,997	21,078,734	381,976
BBB	-	-	-	-	95,494
	<u>6,432,137</u>	<u>9,687,600</u>	<u>4,958,997</u>	<u>21,078,734</u>	<u>477,470</u>

31.2 Financial risk management objectives and policies

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

- Market risk
- Liquidity risk
- Credit risk

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

31.2.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of interest rate risk, foreign currency risk and other price risk. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

31.2.1.1 Profit rate risk

Profit rate risk is the risk that the value of a financial instrument will fluctuate due to change in the market profit rate.

The information about the Operation's exposure to profit rate risk based on contractual repricing or maturity dates whichever is earlier is as follows:

All financial assets of the operations are non profit bearing except for cash and bank deposits ranging profit rate 3.50% to 7.00% (2017: 3.50 % to 5.30%) and certificate of islamic investment ranging from 4.80% to 4.91% (2017: 4.79% to 4.83%).

31.2.1.2 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 Operations, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

31.2.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Operations at present, is not materially exposed to other price risk.

Sensitivity analysis of investments as at the reporting date is as follows:

For available-for-sale investments in case of 10% increase / decrease in prices at the reporting date, the profit and loss account and Operator's Fund would have been higher / lower by Rs. 4.304 million.

For available-for-sale investments in case of 10% increase / decrease in prices at the reporting date, the surplus / (deficit) and Participants' Fund would have been higher / lower by Rs. 1.501 million.

31.2.2 Liquidity risk

Liquidity risk is the risk that the Operations will not be able to meet its financial obligations as they fall due. The Operations' 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 operation's reputation. The following are the contractual maturities of financial liabilities based on the remaining period at the reporting date to maturity date.

The table below summaries the maturity profile of the financial liabilities. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the reporting date to the contractual maturity date. Financial liabilities not having a contractual maturity are assumed to mature on the expected date on which these liabilities will be settled.



	2018			Total
	With in one year	Over one year to five year	Over five year	
	----- (Rupees) -----			
Financial liabilities				
Provision for outstanding claims (including IBNR)	20,916,014	-	-	20,916,014
Takaful / re-takaful payables	4,536,090	-	-	4,536,090
Wakala and mudarib fee payable	15,101,225	-	-	15,101,225
Other creditors and accruals	3,732,073	-	-	3,732,073
	44,285,402	-	-	44,285,402

	2017			Total
	With in one year	Over one year to five year	Over five year	
	----- (Rupees) -----			
Financial liabilities				
Provision for outstanding claims (including IBNR)	-	-	-	-
Takaful / re-takaful payables	741,858	-	-	741,858
Wakala and mudarib fee payable	1,965,245	-	-	1,965,245
Other creditors and accruals	1,959,633	-	-	1,959,633
	4,666,736	-	-	4,666,736

31.2.3 Credit risk

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

31.2.3.1 Concentration of credit risk and credit exposure of the financial instruments

Credit risk of the Operator arises principally from the bank balances, investments and due from takaful contract holders. To reduce the credit risk the Company has developed a formal approval process whereby credit limits are applied to its participants. The management continuously monitors the credit exposure towards the policyholders and other insurers / reinsurers and makes provision against those balances considered doubtful of recovery.

Bank Balances

The bank balances and deposits represents low credit risk as they are placed with reputed financial institutions with strong credit ratings. The credit quality of bank balances can be assessed with reference to external credit ratings as follows:

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

Bank	Long Term	Rating	2018 ----- (Rupees) -----	2017 -----
Meezan Bank Limited	AA+	JCR-VIS	21,208,908	26,288,746
Al Baraka Bank (Pakistan) Limited	A+	JCR-VIS	778,443	859,054
BankIslami Pakistan Limited	A+	PACRA	2,708,630	-
			<u>24,695,981</u>	<u>27,147,800</u>

Investments

The Operator's investments are in open end mutual funds which can be liquidate by encashment of units at the counter of mutual funds.

The credit quality of all the mutual funds is A or above.

Due from takaful contract holders

Concentration of credit risk arises when a number of counter parties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Operator manages concentration of credit risk through diversification of activities among individuals, groups and industry segment.

The management monitors exposure to credit risk in contribution receivable from group companies and corporate clients through regular review of credit exposure and prudent estimates of provision for doubtful balances. The age analysis of due from takaful contract holders at the reporting date is as follows:

	2018	
	Gross	Impairment
	----- (Rupees) -----	
Upto 1 year	7,267,041	-
1-2 years	4,066	-
	<u>7,271,107</u>	<u>-</u>



32. STATEMENT OF SOLVENCY - PTF

	Note	2018 ----- (Rupees) -----	2017 -----
Assets			
Investments			
Equity securities		15,007,771	-
Debt securities		500,000	500,000
Loans and other receivables		110,067	10,291
Takaful / Re-takaful receivables		13,703,244	2,430,801
Retakaful recoveries against outstanding claims		9,687,600	-
Deferred wakala fee	32.1	10,039,727	1,527,297
Prepaid re-takaful contribution ceded	32.1	4,958,997	740,562
Cash and bank		15,729,935	2,474,694
Total assets		69,737,341	7,683,645
In-admissible assets as per following clauses section 32(2) of Insurance Ordinance 2000.			
Investments		11,884,000	-
Takaful / re-takaful receivables		4,166,599	6,970
Total of In-admissible assets		16,050,599	6,970
Total of admissible assets		53,686,742	7,676,675
Liabilities			
Underwriting provisions			
Outstanding claims including IBNR		20,916,014	-
Unearned contribution reserves		27,096,213	4,050,516
Unearned re-takaful rebate		730,503	134,362
Contribution received in advance		170,233	155,243
Wakala and mudarib fee payable		15,101,225	1,965,245
Takaful / Re-takaful payables		4,536,090	741,858
Other creditors and accruals		588,704	310,964
Total liabilities		69,138,982	7,358,188
Total net admissible assets		(15,452,240)	318,487

- 32.1 The law is silent with regard to the inadmissibility of the “Prepaid re-takaful contribution ceded” and “Deferred wakala fee” in Section 32(2) of the Insurance Ordinance, 2000 and, hence, these have been treated as admissible assets for the purpose of this statement.
- 32.2 Rule 10(k) of Takaful Rules 2012 requires that an Operator shall ensure that there is in each Participant Takaful Fund, at all times, a surplus of admissible assets excess of its liabilities. The assets of the PTF are in excess of its liabilities by Rs. 0.6 million at balance sheet date. However, certain portion of PTF's investments in HBL Islamic Income Fund and contribution due from takaful contracts holders have not been considered as admissible assets as per guidelines provided for determination of solvency. Resultantly, as at December 31, 2018, the admissible assets of Participants Takaful Fund (PTF) are less than its liabilities by Rs. 15.45 million which is not consistent with the requirements of the said Rule. The Operator is making efforts to mitigate the deficit including providing Qard-e-hasna and it is expected that the deficit would be met in the near future.

Notes to and Forming Part of the Financial Statements

For the year ended December 31, 2018

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

December 31, 2018									
Carrying amount					Fair value				
Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total	
----- (Rupees) -----									
Financial assets measured at fair value									
Investments in equity securities	58,045,258	-	-	-	58,045,258	-	58,045,258	-	58,045,258
Financial assets not measured at fair value									
Cash and bank*	-	-	24,705,981	-	24,705,981	-	-	-	-
Investments in debt securities	-	-	500,000	-	500,000	-	-	-	-
Takaful / Re-takaful receivables*	-	-	13,703,244	-	13,703,244	-	-	-	-
Wakala and mudarib fee receivable*	-	-	15,101,225	-	15,101,225	-	-	-	-
Loans and receivables*	-	-	207,946	-	207,946	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	9,687,600	-	9,687,600	-	-	-	-
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	(20,916,014)	(20,916,014)	-	-	-	-
Takaful / Re-takaful payables*	-	-	-	(4,536,090)	(4,536,090)	-	-	-	-
Wakala and mudarib fee payable*	-	-	-	(15,101,225)	(15,101,225)	-	-	-	-
Other creditors and accruals*	-	-	-	(3,732,073)	(3,732,073)	-	-	-	-
	58,045,258	-	63,905,996	(44,285,402)	77,665,852	-	58,045,258	-	58,045,258

	December 31, 2017 (Restated)								
	Carrying amount					Fair value			
	Available-for-sale	Held to maturity	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	----- (Rupees) -----								
Financial assets measured at fair value									
Investments in equity securities	25,122,070	-	-	-	25,122,070	-	25,122,070	-	25,122,070
Financial assets not measured at fair value									
Cash and bank*	-	-	27,157,800	-	27,157,800	-	-	-	-
Investments in debt securities	-	500,000	-	-	500,000	-	-	-	-
Takaful / Re-takaful receivables*	-	-	2,430,801	-	2,430,801	-	-	-	-
Wakala and mudarib fee receivable*	-	-	1,965,245	-	1,965,245	-	-	-	-
Loans and receivables*	-	-	68,392	-	68,392	-	-	-	-
Re-takaful recoveries against outstanding claims*	-	-	-	-	-	-	-	-	-
Financial liabilities not measured at fair value									
Provision for outstanding claims (including IBNR)*	-	-	-	-	-	-	-	-	-
Takaful / Re-takaful payables*	-	-	-	(741,858)	(741,858)	-	-	-	-
Wakala and mudarib fee payable*	-	-	-	(1,965,245)	(1,965,245)	-	-	-	-
Other creditors and accruals*	-	-	-	(1,959,633)	(1,959,633)	-	-	-	-
	25,122,070	500,000	31,622,238	(4,666,736)	52,577,572	-	25,122,070	-	25,122,070

* The operations has not disclosed the fair value of these items because their carrying amounts are a reasonable approximation of fair value.



Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair values estimates.

The operations measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

34. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever necessary in line with the requirements of the Rules and Accounting Regulations 2017 (refer note 3.1).

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 28, 2019.

36. GENERAL

Figures in these financial statements have been rounded off to the nearest rupee, unless otherwise stated.


 Iqbal Ali Lakhani
 Chairman


 Amin Mohammed Lakhani
 Director


 Tasleemuddin Ahmed Batlay
 Director


 Mohammad Hussain Hirji
 Director & Chief Executive


 Sabza Ali Pirani
 Chief Financial Officer








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







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Form of Proxy

I/We _____

of _____

a member of CENTURY INSURANCE COMPANY LIMITED hereby

appoint _____

of _____

or failing him _____

of _____

who is/are also member/s of Century Insurance Company Limited to act as my/our proxy and to vote for me/us and on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on the April 26, 2019 or at any adjournment thereof.

Signed this _____ day of April 2019.

Folio No.	CDC Participant ID No.	CDC Account/ Sub-Account No.	No. of shares held

Signature

Witness 1

Signature _____

Name _____

CNIC No. _____

Address _____

Witness 2

Signature _____

Name _____

CNIC No. _____

Address _____

Notes:

1. The proxy must be a member of the Company.
2. The signature must tally with the specimen signature/s registered with the Company.
3. If a proxy is granted by a member who has deposited his/her shares in Central Depository Company of Pakistan Limited, the proxy must be accompanied with participant's ID number and CDC account/sub-account number alongwith attested photocopies of Computerized National Identity Card (CNIC) or the Passport of the beneficial owner. Representatives of corporate members should bring the usual documents required for such purpose.
4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting.

مختار نامہ (پراکسی فارم)

میں / ہم _____ ساکن
_____ بحیثیت رکن (ممبر) سینچری انشورنس کمپنی لمیٹڈ مقرر کرتا / کرتی ہوں / کرتے ہیں مسی / مسماة _____ ساکن
_____ کو یا ان کی غیر حاضری میں مسی / مسماة _____ ساکن

کوجو خود بھی سینچری انشورنس کمپنی لمیٹڈ کا رکن ہے کہ وہ بطور میرا / ہمارا مختار (پراکسی) سینچری انشورنس کمپنی لمیٹڈ کے سالانہ اجلاس عام جو ۲۶ اپریل ۲۰۱۹ کو منعقد ہو رہا ہے یا اس کے کسی ملتوی شدہ اجلاس میں شرکت کرے اور وہ میری / ہماری جگہ میری / ہماری طرف سے حق رائے دہی استعمال کرے۔

مورخہ اپریل _____ ۲۰۱۹ کو میرے / ہمارے دستخط سے جاری ہوا۔

فولیو نمبر	سی ڈی سی کھاتہ نمبر	حصص کی تعداد

دستخط

گواہ نمبر ۱	گواہ نمبر ۲
_____ دستخط	_____ دستخط
_____ نام	_____ نام
_____ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	_____ کمپیوٹرائزڈ قومی شناختی کارڈ نمبر
_____ پتہ	_____ پتہ

ہدایات:

- ۱۔ مختار (پراکسی) کا کمپنی کا رکن (ممبر) ہونا ضروری ہے۔
- ۲۔ ممبر (رکن) کے دستخط، نمونہ دستخط / اندراج شدہ دستخط سے مماثلت ہونا ضروری ہے۔
- ۳۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو مختار نامہ (پراکسی فارم) کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل منسلک کرنا ضروری ہے۔ کارپوریٹ ادارے کے نمائندوں کو معمول کے مطابق دستاویزات ساتھ لانا ضروری ہے۔
- ۴۔ مختار نامہ (پراکسی فارم) مکمل پر شدہ کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرانا ضروری ہے۔

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