

# Dynamic Acceleration of Growth

Annual Report

# 2015

Elevated Gross Premium to Rs. 2.0 Billion in 2015  
(2014: Rs 1.7 Billion)

## Financial Highlights

 **+14%**

### Investments

2015: Rs. 1,158 Million  
2014: Rs. 1,014 Million

 **+61%**

### Underwriting Profit

2015: Rs. 338 Million  
2014: Rs. 210 Million

 **+21%**


### Profit After Tax

2015: Rs. 199 Million  
2014: Rs. 163 Million

 **+21%**

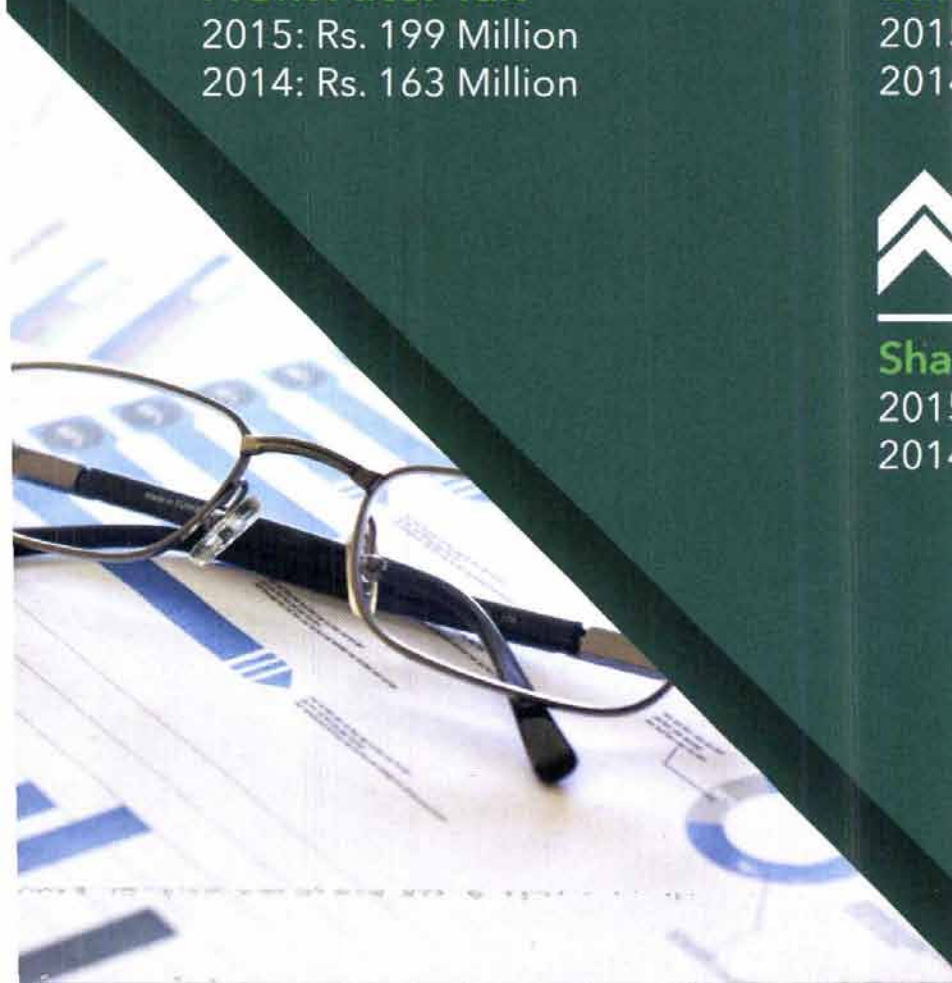
### Earnings Per Share

2015: Rs. 5.11 Million  
2014: Rs. 4.21 Million

 **+25%**

### Shareholders' Equity

2015: Rs. 976 Million  
2014: Rs. 780 Million





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Mr. Abdul Waheed  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director

Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director



Brig M. Aslam Khan (Retd)  
Director

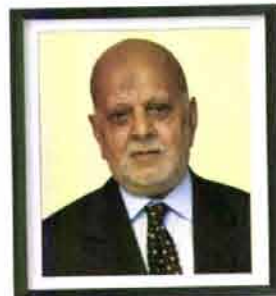
Maj Gen Hamid Mahmud (Retd)  
Director



Malik Riffat Mehmood  
Director



Syed Shahid Hussain  
Director



Mr. Abdul Hai Mahmood Bhaimia  
Director

# Corporate Information

**Chairman**

Lt Gen Khalid Rabbani (Retd)

**President & Chief Executive**

Mr. Abdul Waheed

**Board of Directors**

Maj Gen Syed Taqi Naseer Rizvi (Retd)

Maj Gen Hamid Mahmud (Retd)

Brig M. Ibrahim Khan (Retd)

Brig M. Aslam Khan (Retd)

Malik Riffat Mehmood

Mr. Abdul Hai Mahmood Bhaimia

Syed Shahid Hussain

**Chief Financial Officer**

Mr. Suleman Khalid

**Company Secretary**

Mr. Faizan Zafar

**Head of Internal Audit**

Mr. Rizwan Saeed

**Human Resource and Remuneration (HR&R) Committee**

Maj Gen Hamid Mahmud (Retd)

Chairman

Brig M. Aslam Khan (Retd)

Member

Mr. Abdul Waheed

Member

**Underwriting Committee**

Brig M. Ibrahim Khan (Retd)

Chairman

Mr. Abdul Waheed

Member

Mrs. Samina Khan

Member

**Claim Settlement Committee**

Malik Riffat Mehmood

Chairman

Mr. Abdul Waheed

Member

**Shariah Advisor**

Mufti Ehsan Waquar

**Legal Advisors**

Hassan Kaunain Nafees

**Bankers**

Askari Bank Ltd.

Habib Bank Ltd.

Bank Islami Ltd.

Bank Alfalah Ltd.

Summit Bank Ltd.

Sonari Bank Ltd.

Silk Bank Ltd.

Faysal Bank Ltd.

Bank Al Habib Ltd.

Meezan Bank Ltd.

**Registrar & Share Transfer Office**

THK Associates (Private) Limited

2nd Floor, State Life Building No. 3

Dr. Zia ud Din Ahmad Road,

Karachi 75530. PO Box 8533

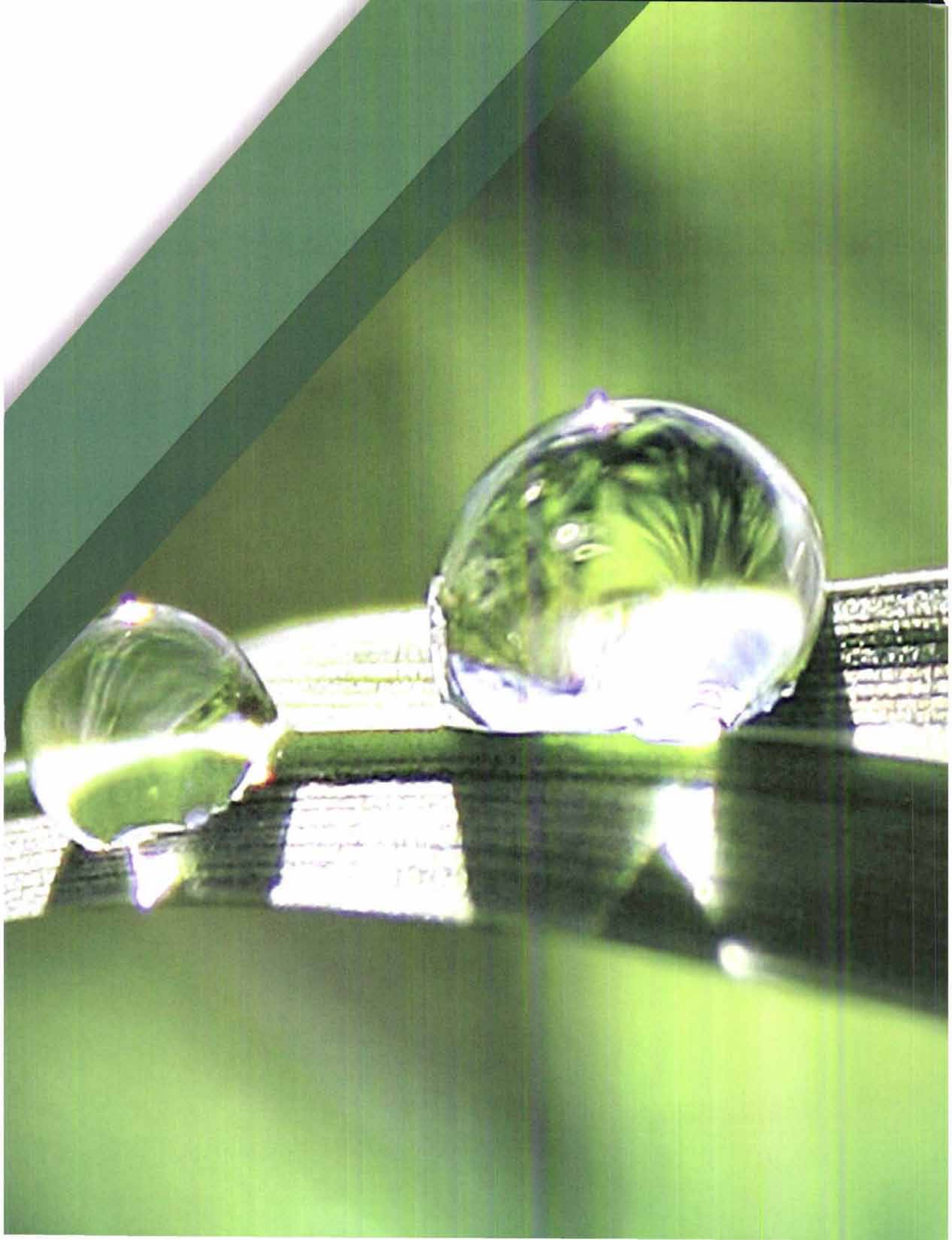
## Vision

The vision of askari general insurance company limited is to be amongst the leading insurance companies of the country with the clear perception of upholding the principles of corporate governance and making agico a profitable and growth oriented insurance company while creating insurance awareness and culture.

## Mission

To become a leading insurance company by providing client friendly services through highly motivated team of dedicated professionals and ensuring progressive return to the shareholders.





# Our Smart Products

Marine  
Insurance



Aviation  
Insurance



Motor  
Insurance



Fire  
Insurance



Travel  
Insurance



Health  
Insurance



Miscellaneous  
Insurance



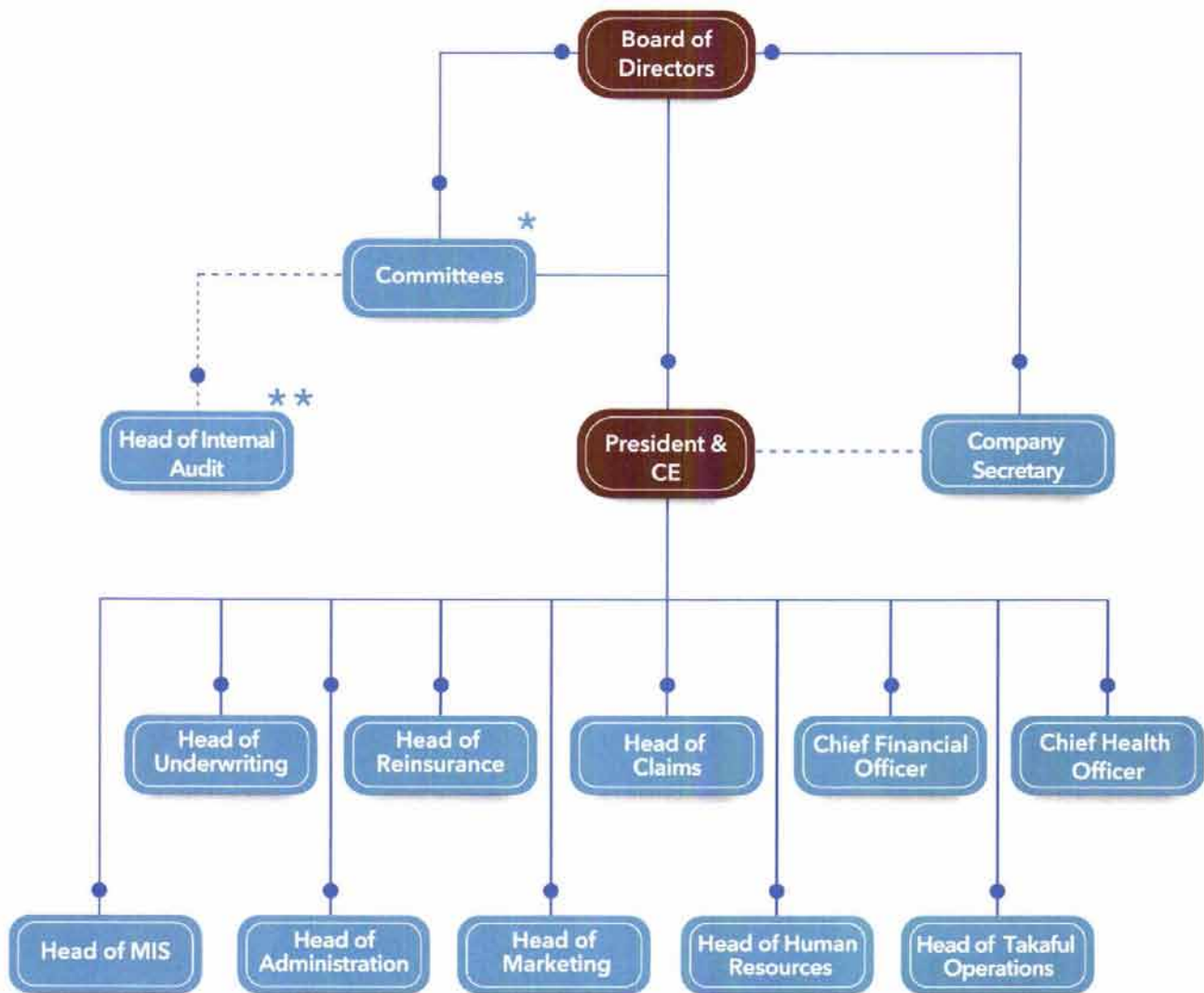
Agriculture  
Insurance



Engineering  
Insurance



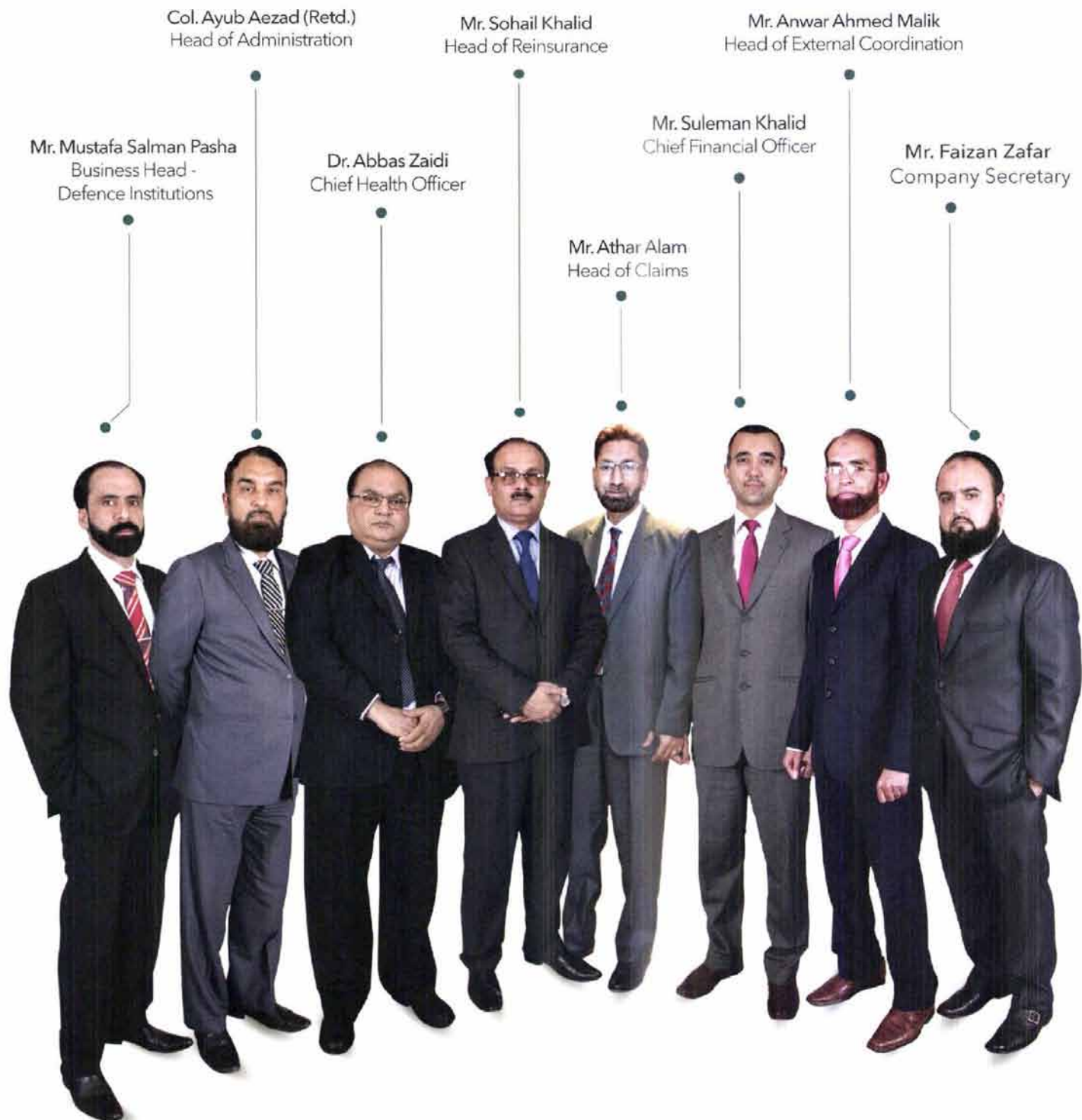
# Organizational Structure



- \* Committees include the following:-
- Human Resource and Remuneration Committee
  - Audit Committee
  - Executive Committee
  - Underwriting Committee
  - Claims Settlement Committee
  - Reinsurance & Co-insurance Committee

\*\* Internal Audit functionally reports to the Audit Committee

# Our Management





Mr. Muhammad Sauood ur Rauf  
Head of MIS

Rana Shahbaz Ahmed  
Head of Marketing

Mr. Imran Abid Bukhari  
Head of Takaful Operations

Mr. Fawad Asif Rana  
Head of HR

Mr. Rizwan Saeed  
Head of Internal Audit

Ch. Shams ul Haq  
Business Head - Agriculture  
Insurance

Mrs. Samina Khan  
Head of Underwriting

Mr. Jamshed Jadoon  
Head of Tracker Services

Mr. Ashraf Malik  
Head of  
Legal Affairs







"2015 proved to be an exciting year for the Company with the highest ever premium written and profits. Our achievement is the result of the confidence shown in our services by our customers and other stakeholders. We look forward to continuing to work with our customers while striving to outshine our performance."

Our business model is simple and is based on provision of insurance via innovative solutions. The excellence of our operations was reflected in 2015 as we became part of a selective group of insurance companies to have ISO 9001:2008 certification.

I am confident that the Window Takaful Operations launch will contribute considerably to our business volume in future.

As we look forward to new challenges and greater achievements, we like to take this opportunity to thank all our loyal customers for the support rendered in year 2015.



**Abdul Waheed**  
President & CE

# Notice of 21<sup>st</sup> Annual General Meeting

We are pleased to announce that 21st Annual General Meeting of askari general insurance company limited (the Company) will be held as per following schedule:

Date & Time: Wednesday, 27th April, 2016 at 11:00 am  
Venue: Blue Lagoon Complex, (Off The Mall)  
Masood Akhtar Road,  
Rawalpindi Cantt.

## Agenda

### Ordinary Business:

1. To confirm the minutes of the 20th Annual General Meeting held on 29th April, 2015.
2. To receive, consider and adopt the Financial Statements of the Company for the year ended December 31, 2015 together with Directors' and Auditors' Reports thereon.
3. To consider and approve the payment of final cash dividend of 15% (Rs. 1.50 per ordinary share of Rs. 10 each) for the year ended December 31, 2015 as recommended by the Directors of the Company.
4. To appoint external auditors and Shariah Compliance Auditors for the year 2016 and to fix their remuneration.

### Special Business:

5. To approve issue of Bonus Shares @ 10% (Ten new shares for every hundred shares held), as recommended by the directors in their meeting held on 21st March 2016, by passing the following resolutions:

**Resolved that** "a sum of Rs. 38,834,403 out of the profit be capitalized and applied for the issue of 3,883,440.3 ordinary shares of Rs. 10 each and allotted as fully paid bonus shares to those members whose names appear in the members register of the Company at the close of business on 14th April, 2016 in the ratio of

10 shares for every hundred shares held."

**Further Resolved that** "the bonus shares so distributed shall rank pari passu in all respects with the existing shares of the Company but shall not be eligible for cash dividend declared for the year ended 31st December 2015."

**Further Resolved that** "the bonus shares so distributed shall also not be considered for purpose of the rights issue approved to be made simultaneously with the bonus issue by the directors in their meeting held on 21st March 2016."

**Further Resolved that** "fractional entitlement of the members shall be consolidated into whole shares and sold on the Pakistan Stock Exchange to pay the proceeds of sale, when realized, to any recognized charitable organization."

**Further resolved that** "for the purpose of giving effect to the above resolution, the Chief Executive and/or Company Secretary be and is/ are hereby authorized to give such directions as may be necessary and to settle any question or difficulties that may arise in regard to the distribution of Bonus Shares or in the payment of the sale proceeds of the fractions as the Directors in their discretions deem fit."

**Further resolved that** "the Chief Executive and / or the Company Secretary be and is / are hereby authorised to complete the necessary corporate and legal formalities in respect of the above."

### Any Other Business:

6. To transact any other business with permission of the Chair.

By order of the Board



**Faizan Zafar**  
Company Secretary

Rawalpindi  
6<sup>th</sup> April 2016



## Notes:

### 1 Closure of Share Transfer Books

The Share Transfer Books of the Company will remain closed from April 15, 2016 to April 27, 2016 (both days inclusive). Transfers received at our Registrars, Messrs. THK Associates (Pvt.) Limited, Second Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi at the close of business on April 14, 2016 will be treated in time.

### 2 Change in Address

Members of the Company are requested to immediately notify the change in address if any, and ask for consolidation of folio number, provided the member holds more than one folio, to our registrar Messrs. THK Associates (Pvt.) Limited.

### 3 Participation in General Meeting

- a. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except that Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
- b. A member shall not be entitled to appoint more than one proxy to attend the meeting. If any member appoints more than one proxy and more than one instruments of proxy are deposited with the Company, all such instruments of proxy shall be rendered invalid. The instrument appointing a proxy duly completed, together with Power of Attorney or Board Resolution, if any, under which it is signed or a notarially certified copy thereof, should be deposited with the Company Secretary, askari general insurance company limited, 3rd Floor, AWT Plaza, The Mall, Rawalpindi, not later than 48 hours before the time of holding the meeting.

- c. For attending the Meeting and appointing proxies, CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 of 2000 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

### 4 Right share issue

The Directors have decided to issue Right Shares @ 30% (Thirty new shares for every hundred shares held) at Rs. 20 per share (inclusive of premium of Rs. 10 per share) by passing the following resolutions:

**Resolved that** "the ordinary paid-up capital of askari general insurance co. ltd. (the Company) be and is hereby increased by issue of further 11,650,320.9 ordinary shares to be offered as 30% Right Shares in the ratio of 30 new shares for every 100 shares held at Rs. 20 per share (inclusive of premium of Rs. 10 per share) under the provisions of Section 86 of the Companies Ordinance, 1984. Such right shares shall be offered to those shareholders whose names appear in the members' register of the Company at the close of business on 14th April, 2016."

**Further Resolved that** "the Chief Executive and/or Company Secretary be and is/are hereby authorized singly/jointly to appoint the consultants/advisors for Rights Issue, announce book closure dates or any change therein and to prepare the schedule for issue of right shares and to make any amendment in the said schedule and to take all necessary actions required by the Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange Limited, Central Depository Company of Pakistan Limited or any other authority and to take all necessary actions as may be required in this regard."

**Further Resolved that** "the right shares so distributed shall rank pari passu in all respects with the existing shares of the Company but shall not be eligible for dividend declared for the year ended 31st December 2015."

# Notice of 21<sup>st</sup> Annual General Meeting

## 5 New tax implications on dividends

### Deduction of Withholding Tax on the Amount of Dividend

Under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2015 withholding tax on dividend income will be deducted as follows:

|                                     |       |
|-------------------------------------|-------|
| For filers of Income Tax return     | 12.5% |
| For non-filers of Income Tax return | 17.5% |

To enable the Company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are requested to make sure that their names are entered into ATL before close of business on 14th April 2016, otherwise tax on their cash dividend will be deducted @ 17.5% instead of 12.5%.

### Requirement of valid tax exemption certificate for claiming exemption from withholding tax:

As per FBR circulars C. No. 1(29) WHT/2006 dated 30 June 2010 and C. No. 1(43) DG (WHT) /2008 - Vol. II - 66417-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax u/s 150 of the Income Tax Ordinance 2001 (tax on dividend amount) where the statutory exemption under clause 47B of part IV of Second Schedule is available. The shareholders, who fall in the category mentioned in the above clause and want to avail the above mentioned exemption, must provide valid Tax Exemption Certificate to our Share Registrar by April 14, 2016 otherwise tax will be deducted from dividend as per applicable rates.

### Taxation for Joint shareholders

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 to our Share Registrar, on the address mentioned at the end of the notice, in writing as follows:

| Name of Principal Shareholder/Joint Holders | Shareholding proportions (%) | CNIC No.<br>(copy to be attached) | Signature |
|---|------------------------------|-----------------------------------|-----------|
|   |                              |                                   |           |
|   |                              |                                   |           |
|   |                              |                                   |           |



## 6 Statement under Section 160(1)(b) of the Companies Ordinance, 1984

The Statement under section 160(1)(b) of the Companies Ordinance, 1984, pertaining to the special business referred to above is being circulated to the members along with the notice of the meeting.

## Agenda item No. 5 of the notice - Issue of Bonus Shares

The Directors are of the view that the unappropriated profits/reserves of the Company are adequate for capitalization of Rupees 38,834,403/- enabling the issue of proposed 10% Bonus shares. The Directors have no interest, directly or indirectly, in this business except to the extent of their respective shareholdings in the Company.

### Special notes to the shareholders:

#### a. Submission of CNIC (Mandatory)

The Securities and Exchange Commission of Pakistan (SECP) vide its SRO 779 (I)/2011 dated August 18, 2011, SRO 831(I)/2012 dated July 5, 2012 and SRO 19(I)/2014 dated January 10, 2014 has made it mandatory that the dividend warrants should bear the CNIC of the registered member or authorized person except in the case of minor(s) and corporate members. Therefore, individual members/their authorized representatives are requested, if they have not already done so, to provide an attested copy of their valid CNICs to the Share Registrar at their earliest to avoid any inconvenience. The corporate entities are requested to provide their NTN to the Share Registrar.

#### b. Electronic payment of cash dividend (optional)

Shareholders have been given an opportunity to authorize the Company to make payment of cash dividend through direct credit to shareholders' bank account. The shareholders,

who wish to avail this facility, are requested to do the following:

I) *All shareholders who hold shares with Central Depository Company of Pakistan Limited (CDC) are requested to submit their bank account details to the concerned stock broker/CDC.*

II) *All non-CDC shareholders are requested to send the bank account details to the Company's Share Registrar.*

#### c. Transmission of Audited Financial Statements & Notices to members through email (optional)

The Company has made available a Standard Request Form, on its website, which members may use to communicate their e-mail address and consent for electronic transmission of Audited Financial Statements and Notices, along with postal and email address of Share Registrar to whom such requests shall be sent.

For any query/problem/information, the investors may contact the Company and/or the Share Registrar at the following:

#### Company Representative:

**Faizan Zafar**

Company Secretary

051-9028119,

051-9270080

faizan.zafar@agico.com.pk

#### Share Registrar:

THK Associates (Private) Limited

2nd Floor, State Life Building No. 3,

Dr. Zia ud Din Ahmad Road, Karachi. 75530,

PO Box 8533.

021-111-000-322

# Directors' Report

The Directors of askari general insurance company limited (the Company) take pleasure in presenting the 21st Annual Report of the Company, together with the audited financial statements for the year ended 31st December 2015 and Auditors' Report thereon.

## ECONOMIC REVIEW

Economic performance of the country was very encouraging in 2015 despite significant slowdown of the global economy. GDP growth improved to a 7-year high of 4.2% due to improvement in the agriculture and services sectors. The improved economic performance, owing largely to the increased consumer and investor confidence stemming from steps taken by the leadership of the country, was recognized by international ratings agencies with upgrades from both Moody's and Standards & Poor's.

The headline inflation reached an average rate of 2.07 % in 1st half (H1) of Fiscal Year (FY) 2016 against 4.56 % for full FY 2015. This was mainly due to a considerable decrease in energy and commodity prices and a relatively stable local currency. The State Bank of Pakistan (SBP) continued its policy of monetary easing throughout 2015, lowering the discount rate by 300 bps to 6.50%.

The overall budget deficit in 1st quarter of FY16 was lower than that of last year, recorded at PKR 306 billion and well below IMF target of PKR 329 billion. The government took additional tax measures in October 2015 to boost revenues of Federal Board of Revenues which helped contain fiscal deficit.

## 2015 FOR THE COMPANY

The highlight of the Company's success in 2015 was achieving record Gross Premium Written of Rs. 2.01 billion (inclusive of Rs. 5.47 million of Takaful contribution). The Company also posted 21% increase in net profit after tax and enjoyed profitability in all classes of business. The investments of the Company stood at its highest at Rs 1.16 billion.

## KEY HIGHLIGHTS

### Insurer Financial Strength (IFS) Rating

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

## ISO 9001:2008 Certification

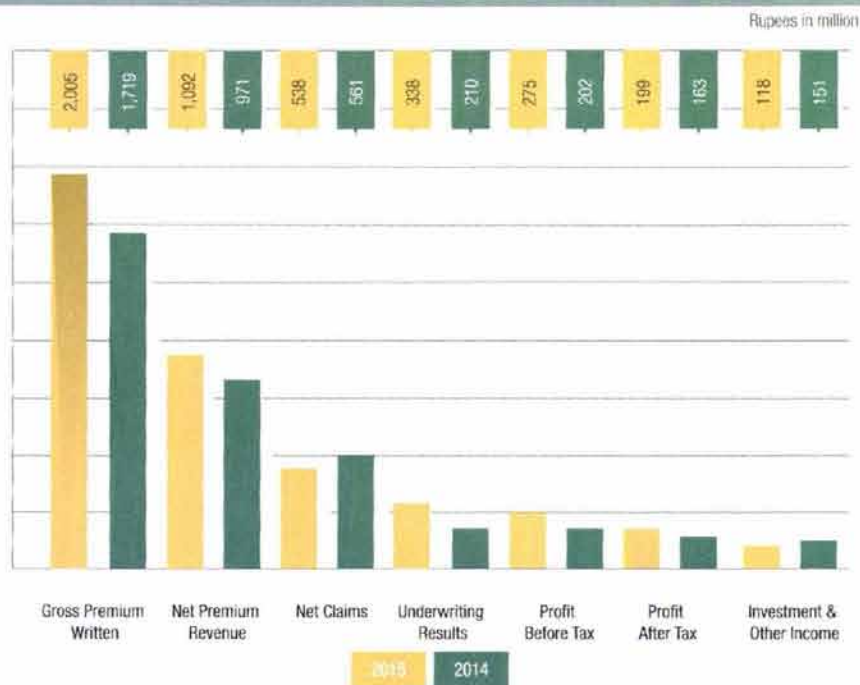
The Company was among the few insurance companies in the country to be awarded ISO 9001:2008 certification. The result is enhanced customer satisfaction through the effective application of the systems, including processes for continual improvement of the system and the assurance of conformity to customers and applicable statutory and regulatory requirements.

## PERFORMANCE REVIEW

The key performance indicators of the Company are summarized below:

|  | 2015      | 2014      |
|--|-----------|-----------|
| Rupees in thousands (unless specified otherwise) |           |           |
| Gross premium written                            | 2,005,056 | 1,719,458 |
| Net premium revenue                              | 1,091,884 | 971,450   |
| Net Claims                                       | 537,792   | 561,424   |
| Underwriting results                             | 337,909   | 209,801   |
| Investment & other income                        | 117,877   | 150,533   |
| Profit before tax                                | 274,916   | 202,216   |
| Profit after tax                                 | 198,508   | 163,415   |
| Return on equity                                 | 23%       | 23%       |
| Earnings Per Share (Rs.)                         | 5.11      | 4.21      |





## SEGMENT WISE PERFORMANCE ANALYSIS

### Fire & Property Damage

The gross premium underwritten for this segment in 2015 was Rs. 321.89 m (2014: Rs. 245.27 m) which constituted 16% of our portfolio.

The Company had underwritten Rs 76.62 m more business this year and underwriting profit of this segment was Rs. 62.02 m as compared with Rs. 48.84 m in the previous year. Loss ratio increased from 26% last year to 32% in 2015.

### Marine, Aviation & Transport

This segment constituted 8% of our portfolio in 2015 with gross premium underwritten of Rs. 158.98 m (2014: Rs. 140.53 m).

The underwriting profit from this segment in 2015 was Rs. 25.32 m against profit of Rs. 26.07 m in 2014, depicting a decrease of 2%. Loss ratio increased from 40% last year to 42% this year. The Company maintained a steady approach towards premium ceded to the Re-insurers.

### Motor

This segment constituted 41% of our portfolio, same as the last year. This segment contributed Rs. 189.85 m underwriting profit in the current year as compared to Rs. 76.21 m in the previous year. This segment contributed 56% of the total underwriting profit for the current year as opposed to 36% in 2014. Loss ratio of this segment decreased from 53% last year to 41% this year due to enhanced controls and better claims management.

### Accident & Health

Accident & Health portfolio contributed 22% to our portfolio in 2015. The segment achieved profit of Rs. 15.30 m as compared to nominal loss of Rs. 0.26 m in the previous year. This turnaround was achieved primarily by implementation of a number of strict control measures by the management including improved underwriting and effective claims management.

# Directors' Report

## Miscellaneous

This segment comprises of miscellaneous classes of business including engineering insurance, bond insurance, crop insurance, travel insurance etc. This segment contributed 13% to our portfolio, however, the underwriting profit decreased by 23% from Rs. 58.95 m 2014 to Rs. 45.41 m in 2015. The loss ratio slightly increased to 42% this year as compared to 41% last year.

## Investment and Other Income

Investment and other income of the Company suffered a setback and reduced to Rs. 118 m this year from Rs. 151 m last year, due to the cutting back of the basis points by the SBP and volatility in the stock market.

## Re-Insurance

The Company enjoys long standing business relationships with internationally renowned Re-Insurers such as SCOR Re, Swiss Re, Malaysian Re, Trust Int'l, Korean Re and Hannover Re as well as local re-insurers such as Pakistan Reinsurance Company Limited (PRCL). We are also engaged with internationally reputed Reinsurance brokers including AON Benfield Asia, Al Futtaim Willis, MIB, NASCO France, Al Wasl and J.B. Boda.

## WINDOW TAKAFUL OPERATIONS

The Company was granted approval for Takaful operations in August 2015 by the Securities and Exchange Commission of Pakistan. We are confident that the Window Takaful Operations will add volume and profitability in the coming years and will help increase overall market share of the Company.

The contribution written for the period from 10 August 2015 to 31 December 2015 was Rs. 5.47 million while net contribution revenue was Rs. 0.27 million. Being in early stages, loss for the period was Rs. 1.95 million.

## PROPOSED SUBSEQUENT EVENTS

The Board of Directors has recommended following entitlements for approval by the shareholders in the upcoming Annual General Meeting of the Company:

- Final cash dividend of Rs. 1.5 per share (15%);
- Bonus share issue of 10% at par value of Rs. 10 per share; and

Further, the Board of Directors has also approved Right share issue of 30% at Rs. 20 per share (inclusive of premium of Rs. 10 per share).

The cash dividend is being announced after a decade. Bonus and right share issues will allow the Company to meet the minimum paid-up capital requirements.

## AUDITORS

KPMG Taseer Hadi & Co. Chartered Accountants have audited the financial statements for the year 2015. The Board, on the recommendation of the Audit Committee, has recommended KPMG Taseer Hadi & Co. Chartered Accountants for reappointment as auditors of the Company for the next financial year ending December 31, 2016.

## Shariah Compliance Auditors

The Board, on recommendation of the Audit Committee, has also recommended the appointment of S.M.Suhail & Co. Chartered Accountants for appointment as Shariah Compliance Auditors of the company, as required under Takaful Rules 2012, for the next financial year ending December 31, 2016.

## STATEMENT OF DIRECTORS RESPONSIBILITIES

In compliance with the Corporate and Financial Reporting Framework of the Code of Corporate Governance the Directors confirm the following:

- ◆ The financial statements, together with the notes forming an integral part of these statements, have been prepared by the management of the Company in conformity with the Companies Ordinance 1984 and the Insurance Ordinance 2000; present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- ◆ Proper books of accounts of the Company have been maintained.
- ◆ Appropriate accounting policies have been consistently applied in preparation of these financial statements and accounting estimates are based on reasonable and prudent judgment.
- ◆ Approved Accounting Standards, as applicable in Pakistan, have been followed in preparation of these financial statements and any departures therefrom have been adequately disclosed and explained.
- ◆ The system of internal controls is sound in design and has been effectively implemented and monitored throughout the year. Internal controls and their implementation are reviewed



continuously by the Internal Audit department and any weakness in controls is timely addressed.

- ◆ There are no significant doubts upon the Company's ability to continue as a going concern.
- ◆ There has been no material departure from the best practices of Code of Corporate Governance as detailed in the listing regulations.
- ◆ There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at 31 December 2015, except as disclosed in the financial statements. All such dues primarily related to the dues of last month of the financial year 2015 and were subsequently deposited in Government treasury in time.
- ◆ The related party transactions are approved or ratified by the Audit Committee and the Board of Directors.

#### KEY FINANCIAL DATA

Key operational and financial data for the last 6 years is annexed at page 34 of the Annual Report.

#### VALUE OF INVESTMENT IN PROVIDENT FUND AND GRATUITY FUND

The value of investment in provident fund and gratuity fund, on the basis of audited accounts, as at 31 December 2015 was:

| Name of Fund              | 2015               | 2014 |
|---------------------------|--------------------|------|
|                           | Rupees In Millions |      |
| Employees' Provident Fund | 59                 | 45   |
| Employees' Gratuity Fund  | 59                 | 49   |

#### BOARD MEETINGS

Five meetings of the Board of Directors were held during 2015. Attendance by each director was as follows:

| Name of Directors                     | Meetings Attended |
|---------------------------------------|-------------------|
| Lt Gen Khalid Rabbani (Retd)          | 5                 |
| Maj Gen Syed Taqi Naseer Rizvi (Retd) | 5                 |
| Maj Gen Hamid Mahmud (Retd)           | 1                 |
| Brig M. Ibrahim Khan (Retd)           | 5                 |
| Brig M. Aslam Khan (Retd)             | 2                 |
| Malik Riffat Mehmood                  | 1                 |
| Mr. Abdul Hai Mahmood Bhaimia         | 5                 |
| Syed Shahid Hussain                   | 4                 |

The Board granted leave of absence to those directors who could not attend the Board Meeting.

#### PATTERN OF SHAREHOLDING

The pattern of shareholding is given at page 142 of this report.

There was no trading in shares of the Company by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children.

# Directors' Report

## CASUAL VACANCIES IN THE BOARD OF DIRECTORS

| Who resigned                 | Casual vacancy filled by              | Date             |
|------------------------------|---------------------------------------|------------------|
| Lt Gen Tahir Mahmood (Retd)  | Lt Gen Khalid Rabbani (Retd)          | 16th March 2015  |
| Maj Gen Mukhtar Ahmed (Retd) | Maj Gen Syed Taqi Naseer Rizvi (Retd) | 16th March 2015  |
| Brig Irfan Azam (Retd)       | Brig M. Aslam Khan (Retd)             | 8th October 2015 |
| M. A. Ghazali Marghoob       | Malik Riffat Mehmood                  | 9th October 2015 |
| Farrukh Iqbal Khan           | Maj Gen Hamid Mahmud (Retd)           | 9th October 2015 |

## BOARD COMMITTEES

During the year, the Audit Committee held four meetings whereas Human Resource & Remuneration Committee held one meeting. The composition of the Board Committees and their terms of reference are given at page 26.

Further, the Company has three sub committees of the Board which cover the core areas of business; these are Underwriting Committee, Claims Settlement Committee and Re-insurance & Co-Insurance Committee. The names of members and the terms of references of these committees are given at page 27.

## FUTURE PROSPECTS

GDP growth is expected to continue to move upwards in 2016. The medium term financial outlook is positive due to resources getting mobilized for projects linked to the China Pakistan Economic Corridor (CPEC). With the country approaching the conclusion of its first ever successful IMF programme, it is expected that structural reforms in the energy sector and tax administration along with rebirth of privatization plan for public sector entities will become even more decisive.

The infrastructure projects related to CPEC are also expected to significantly boost the over all insurance business in the country. We expect Motor Insurance business to increase in the year 2016 since banks have increased lease financing after the SBP reduced mark-up rates. The Window Takaful business would also add to growth as year 2016 will be the first full year of those operations.

Keeping in view the above expected developments, we plan on achieving sustainable, profitable growth with increased market share in a dynamic and competitive business environment. We also plan to continue investing in latest technologies to better understand our customers' needs and provide them with best quality services and support.

## ACKNOWLEDGMENTS

The Directors would like to thank the regulatory authorities, banks and financial institutions, Re-Insurers and credit rating companies for their guidance and valued support. We also thank our shareholders for posing their trust and confidence in the Company. Finally, we place on record our appreciation for the commitment and hard work of our employees towards the growth of the Company.

For and on behalf of the Board

Rawalpindi  
March 21, 2016

Lt Gen Khalid Rabbani (Retd)  
Chairman



# منتظمین کی رپورٹ

| اسٹیفنی دہندہ                    | آسانی پر کرنے والے                    | تاریخ          |
|----------------------------------|---------------------------------------|----------------|
| لیفٹنٹ جنرل (ریٹائرڈ) طاہر محمود | لیفٹنٹ جنرل (ریٹائرڈ) خالد ربانی      | ۱۶ مارچ ۲۰۱۵   |
| میجر جنرل (ریٹائرڈ) مختار احمد   | میجر جنرل (ریٹائرڈ) سید تقی نصیر رضوی | ۱۶ مارچ ۲۰۱۵   |
| بریگیڈیئر (ریٹائرڈ) عرفان اعظم   | بریگیڈیئر (ریٹائرڈ) ایم اسلم خان      | ۱۸ اکتوبر ۲۰۱۵ |
| ایم اے غزالی مرغوب               | ملک رفعت محمود                        | ۹ اکتوبر ۲۰۱۵  |
| فرخ اقبال خان                    | میجر جنرل (ریٹائرڈ) حامد محمود        | ۹ اکتوبر ۲۰۱۵  |

## حصہ داری کا نمونہ

حصہ داری کا نمونہ گوشوارہ ہذا کے صفحہ نمبر 142 پر دیا گیا ہے۔

## کمیٹیوں کے اجلاس

دوران سال محاسنی کمیٹی کے چار اجلاس ہوئے جبکہ انسانی وسائل و معاوضہ کمیٹی کا اجلاس ایک مرتبہ ہوا۔ کمیٹیوں کی تشکیل اور ان کی استعداد کار صفحہ نمبر 26 پر دی گئی ہے۔ مزید برآں کمیٹی کی تین ذیلی کمیٹیاں ہیں جو کہ کاروبار کے مرکزی حصوں کا احاطہ کرتی ہیں۔ ذیل کمیٹی، مطالبات کمیٹی، مکرر بیرونی کار اور شریک بیرونی کار کمیٹی، جن کے ممبران کے نام اور دائرہ کار صفحہ نمبر 27 پر دیے گئے ہیں۔

## مستقبل کے امکانات

مالی سال ۲۰۱۶ میں مجموعی ملکی پیداوار میں اضافہ متوقع ہے۔ چین پاکستان اقتصادی راہداری سے منسلک منصوبوں کے لیے وسائل متحرک ہونے کی وجہ سے مستقبل قریب کے مالی اشارے مثبت ہیں۔ ملک میں پہلی بار آئی ایم ایف کے کامیاب پروگرام کی تکمیل کی بنا پر توانائی کے شعبے میں اور نیکیس انتظامی اصلاحات اور عوامی شعبہ کے لئے چکوری کے جدید منصوبے مزید فیصلہ کن ہوں گے۔ صنعت بیرونی خاص طور پر غیر روایتی شعبوں مثلاً فصل اور مال مویشی وغیرہ کے بیرونی وسعت کی توقع ہے۔ پاک چین اقتصادی راہداری سے منسلک بنیادی ڈھانچے کے منصوبے ملک بھر کے کاروبار بیرونی کو فروغ دیں گے۔ ہمیں ۲۰۱۶ میں موثر گاڑی کے کاروبار میں اضافے کی توقع ہے۔ کیونکہ بینک دولت پاکستان کی طرف سے شرح منافع میں کمی کے باعث بینکوں نے مالیاتی اجارہ میں اضافہ کر دیا ہے۔ نافذہ الکافل عمل کاری کے کاروبار کو بھی فروغ ملے گا کیونکہ اس میدان عمل میں یہ پہلا مکمل سال ہوگا۔

مندرجہ بالا متوقع ترقی کو پیش نظر رکھتے ہوئے ہم مزید استحکام، منافع میں اضافہ اور بازار حصص میں اضافہ، کاروبار میں مسابقت کی فضا کے لئے منصوبہ بندی کر رہے ہیں۔ ہمارا ارادہ ہے کہ بہترین ٹیکنالوجی میں سرمایہ کاری کے ذریعے اپنے صارفین کی ضروریات کو سمجھیں اور انہیں معیاری خدمات اور معاونت فراہم کریں۔

## اظہار تشکر

منتظمین ریگولیٹری اتھارٹیوں، بینکوں اور مالیاتی اداروں، مکرر بیرونی کاروباروں اور معیارات کی درجہ بندی کرنے والی کمیٹیوں کا شکریہ ادا کرتے ہیں جنہوں نے ہماری رہنمائی اور قابل قدر معاونت کی۔ ہم حصہ داروں کے بھی شکر گزار ہیں جنہوں نے کمیٹی پر بھرپور اعتماد کیا اور آخر میں اپنے ملازمین کی خدمات اور ادائیگی کو سہا جتے ہیں جنہوں نے کمیٹی کی ترقی اور اس مقام کے حصول کے لیے انتھک محنت سرانجام دی۔

## منجانب مجلس منتظمین



لیفٹنٹ جنرل (ریٹائرڈ) خالد ربانی

چیئرمین

راولپنڈی  
۳۱ مارچ ۲۰۱۶

☆ یہ مالیاتی گوشوارے بناتے وقت موزوں ترین حساباتی پالیسیوں کا لحاظ رکھا گیا ہے اور یہ حساباتی تحیئے معقول اور محتاط اندازوں پر مبنی ہیں۔

☆ مالیاتی بیانات کی تیاری میں پاکستانی منظور شدہ حساباتی معیارات اختیار کیے گئے ہیں اور ان کی معقول طریقہ سے وضاحت کی گئی ہے۔

☆ اندرونی کنٹرول کا نظام بہت اچھا ہے اور اس کے موثر اطلاق کی نگرانی سال بھر کی جاتی ہے۔ داخلی محاسبہ، اندرونی کنٹرول اور اس کے اطلاق کا مسلسل جائزہ لیتا رہتا ہے اور اس کی خامیوں کو بروقت دور کر لیا جاتا ہے۔

☆ کمپنی کے کاروبار کے تسلسل کی استعداد کار میں بظاہر کوئی نمایاں شبہ موجود نہیں۔

☆ ایسا کوئی بہترین رویہ حقیقی طور پر ترک نہیں کیا گیا جو لٹھڑ ضوابط کے کوڈ آف کارپوریٹ گورننس میں درج ہے۔

☆ ۳۱ دسمبر ۲۰۱۵ تک کوئی ٹیکس، ڈیوٹی، محصول یا چوگی واجب الادا نہیں ہے ماسوائے اس کے جس کی وضاحت مالی گوشوارے میں کر دی گئی ہے۔ تمام واجب الادا اہل جو مالی سال ۲۰۱۵ سے متعلق ہیں۔ جو بعد میں قومی خزانے میں بروقت جمع کرا دیئے گئے ہیں۔

☆ متعلقہ پارٹی معاملات محاسب کمپنی اور مجلس منتظمین سے منظور شدہ ہیں۔

### کلیدی مالیاتی اعداد و شمار

پچھلے چھ سالوں کے کلیدی عملیاتی اور مالیاتی اعداد و شمار سالانہ رپورٹ کے صفحہ نمبر 34 پر دیے گئے ہیں۔

### کفالتی فنڈ اور ملازمتی انعامی فنڈ میں سرمایہ کاری کی اقدار

۳۱ دسمبر ۲۰۱۵ تک کی کفالتی فنڈ اور ملازمتی انعامی فنڈ میں سرمایہ کاری کی اقدار درج ذیل ہیں۔

| فنڈ کا نام         | ۲۰۱۵ | ۲۰۱۴ |
|--------------------|------|------|
| کفالتی فنڈ         | 59   | 45   |
| ملازمتی انعامی فنڈ | 59   | 49   |

### مجلس منتظمین کے اجلاس

سال ۲۰۱۵ میں مجلس منتظمین کے پانچ اجلاس منعقد ہوئے جس میں منتظمین کی شرکت درج ذیل رہی۔

| ناظم کا نام                           | اجلاس میں شرکت |
|---------------------------------------|----------------|
| لیٹنٹ جنرل (ریٹائرڈ) خالد ربانی       | ۵              |
| میجر جنرل (ریٹائرڈ) سید تقی نصیر رضوی | ۵              |
| میجر جنرل (ریٹائرڈ) حامد محمود        | ۱              |
| بریگیڈیر (ریٹائرڈ) ایم ابراہیم خان    | ۵              |
| بریگیڈیر (ریٹائرڈ) ایم اسلم خان       | ۲              |
| ملک رفعت محمود                        | ۱              |
| جناب عبدالحی محمود بھائی میا          | ۵              |
| سید شاہد حسین                         | ۳              |

مجلس منتظمین نے غیر حاضر منتظمین کو ان مواقع پر رخصت عطا کر دی تھی۔



# منتظمین کی رپورٹ

## سرمایہ کاری اور دیگر آمدن

اس سال سرمایہ کاری اور دوسری آمدن ۱۵۱ ملین روپے سے کم ہو کر ۱۱۸ ملین روپے ہو گئی اس کی وجہ سٹاک مارکیٹ میں عدم استحکام اور دولت پاکستان کی جانب سے مختفی شرح میں کمی تھی۔

## مکرر بہرہ کار

عسکری جنرل انشورنس کمپنی لمیٹڈ بین الاقوامی معروف مکرر بہرہ کاروں مثلاً سکوری، سوکس ری، ملائین ری، ٹرسٹ ری، کورین ری، ہنوورا اور مقامی مکرر بہرہ کاروں جیسے پاکستان ری انشورنس کمپنی لمیٹڈ کے ساتھ اشتراک کاروبار سے لطف اندوز ہوتی ہے۔

ہمارا اشتراک کاروبار معروف مکرر بہرہ کرنے والے بروکرز بشمول AON، بین فیلڈ ایشیا، لفظیم ولیر، ایم آئی بی۔ NASCO فرانس الوصل اور جے بی بوڈا کے ساتھ بھی چل رہا ہے۔

## نافذہ الٹکا فل عمل کاری

۱۰ اگست ۲۰۱۵ کو عسکری جنرل انشورنس کو یکورٹیز اینڈ ایڈجسٹنگ کمیشن پاکستان کی طرف سے نافذہ الٹکا فل عمل کاری کی منظوری حاصل ہوئی۔ ہمیں امید ہے کہ نافذہ الٹکا فل آئندہ سالوں میں منافع اور ذمہ داری میں اضافے کا سبب بنے گا۔

ٹکافل کی مدد میں ۱۰ اگست سے لے کر ۳۱ دسمبر تک اندراج ۵.۴۷ ملین روپے جبکہ شراکتی آمدن ۰.۲۷ ملین روپے رہی۔ ابتدائی مدارج میں ہونے کے باعث ٹکافل کے میدان میں منافع مستقبل قریب میں ہوگا، مگر فی الحال ۱.۹۵ ملین روپے کا نقصان ہی دیکھنے میں آیا ہے۔

## مجوزہ بعد از اوقات

مجلس منتظمین نے حصص داروں کے لیے آنے والے سالانہ اجلاس عام میں درج ذیل مراعات کی منظوری کی۔ سفارش کی ہے۔

☆ نقد منافع منقسمہ فی حصہ ۵ فی صد

☆ حصص بونس ۱۰ فی صد حصہ

علاوہ ازیں مجلس منتظمین نے ۳۰ فی صد اجراء رابیت حصہ ۲۰ روپے فی حصہ (بشمول پریمیم ۱۰ فی صد فی حصہ) کی منظوری بھی دی ہے۔

نقد منافع منقسمہ کا اعلان دس سال کے وقفے کے بعد کیا جا رہا ہے بونس اور رابیت حصہ کا اجر ۲۰۱۷ تک کمپنی کم سے کم ادا شدہ سرمائے کی حد کو پورا کرے گی۔

## محاسب

کے پی ایم جی تاثیر حامدی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے سال ۲۰۱۵ کے مالیاتی گوشواروں کا محاسبہ کیا۔ مجلس منتظمین نے محاسب کمپنی کی سفارش پر اگلے سال یعنی ۳۱ دسمبر ۲۰۱۶ تک کے مالیاتی گوشواروں کے محاسبے کے لیے کے پی ایم جی تاثیر حامدی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کے تقرر کی سفارش کی ہے۔

## محاسبہ تعمیل شریعہ

مجلس منتظمین نے محاسب کمپنی کی سفارش پر ٹکافل قوانین کی رو سے ۳۱ دسمبر ۲۰۱۶ کو ختم ہونے والے سال کے محاسبے کے لیے ایس ایم اے اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی مقرر کی سفارش کی ہے۔

## اجتماعی اور مالیاتی رپورٹنگ کا ڈھانچہ

### منتظمین کی ذمہ داریوں کا بیان

کوڈ آف کارپوریٹ گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ کے ڈھانچہ کی رو سے مجلس منتظمین درج ذیل کی پابند ہے:

☆ مالیاتی بیانات (مع ملاحظہ ہو کہ ان بیانات کا ناگزیر حصہ ہیں) کمپنی کی منظمہ سے تیار کیے ہیں جو کہ کمپنیز آرڈیننس ۱۹۸۲ انشورنس آرڈیننس ۲۰۰۰ کے مطابق ہیں اور اس کے معاملات، آپریشنز کے نتائج، نقل و حرکت، معادلت کے اتار چڑھاؤ کا ادراک رکھ کر بنائے گئے ہیں۔

☆ کمپنی کے کھاتہ جات کا باقاعدہ اندراج کیا گیا ہے۔

| تفصیل                               | ۲۰۱۵                                | ۲۰۱۴      |
|-------------------------------------|-------------------------------------|-----------|
| روپے ہزاروں میں (ماسوائے تخصیص شدہ) | روپے ہزاروں میں (ماسوائے تخصیص شدہ) |           |
| کل درج شدہ پریمیم                   | 2,005,056                           | 1,719,458 |
| خالص پریمیم آمدن                    | 1,091,890                           | 971,450   |
| خالص مطالبات                        | 537,762                             | 561,424   |
| منافع ذمہ داری                      | 337,909                             | 209,802   |
| سرما یا کاری اور دوسری آمدن         | 117,877                             | 150,533   |
| منافع قبل از ٹیکس                   | 274,916                             | 202,916   |
| منافع بعد از ٹیکس                   | 198,508                             | 163,415   |
| ایکویٹی پر حاصلات                   | 23%                                 | 23%       |
| فی حصص آمدن (روپے)                  | 5.11                                | 4.21      |

## تجزیہ کارکردگی بلحاظ شعبہ

### ۲. تشرذگی اور املاک کا نقصان

اس شعبہ نے اس سال ہمارے کل درج شدہ ذمہ داری میں ۱۶ فی صد حصہ ڈالا جو ۳۲۱ ملین روپے تھا جبکہ ۲۰۱۴ میں یہ رقم ۲۴۵.۲۷ ملین روپے تھی۔ کمپنی نے اس سال ۶.۶۲ ملین روپے اضافی پریمیم درج کیا اور اس شعبے کا درج شدہ منافع ۶۲.۰۲ ملین روپے نکلا جو کہ پچھلے سال ۵۰ ملین روپے تھا۔ شرح نقصان (جو کہ پریمیم کی آمدنی کا فی صد ہوتا ہے) میں اضافہ ہوا جو کہ ۳۲ فی صد رہا یہ رقم پچھلے سال ۲۶ فی صد تھی۔ مگر ریمہ کار کو ادا کیا جانے والا پریمیم ۷۹ فی صد سے بڑھ کر ۸۰ فی صد ہو گیا۔

### بری، بحری، فضائی مواصلات

اس شعبے نے کل ۸ فی صد حصہ ڈالا جو کہ اس سال کل درج شدہ ذمہ داری کی شکل میں ۱۵۸.۹۸ ملین روپے تھا جبکہ ۲۰۱۴ میں یہ رقم ۱۴۰.۵۳ ملین روپے تھی۔ ۲۰۱۵ میں اس شعبے کا درج شدہ منافع ۲۵.۳۳ ملین روپے رہا جبکہ یہ منافع ۲۰۱۴ میں ۲۰.۷۱ ملین روپے تھا۔ اس طرح اضافہ کی شرح ۳ فی صد رہی۔ شرح نقصان ۴۰ سے بڑھ کر ۴۲ فی صد ہو گئی۔ مگر ریمہ کار کو اس شعبہ کی مد میں ادا کی جانے والی رقم پچھلے سال کے برابر تھی۔

### موٹر گاڑیاں

کل خرچے میں اس شعبے کا حصہ ۴۱ فی صد تھا جو کہ پچھلے سال کے برابر ہے۔ اس شعبے سے ۱۸۹.۸۵ ملین روپے منافع ہوا جو کہ اس شعبے میں پچھلے سال ۶.۲۱ ملین روپے تھا اس شعبہ کا روبرو بار کا منافع کل ذمہ داری منافع ۵۶ فی صد تھا جو کہ ۲۰۱۴ میں ۳۶ فی صد تھا۔ شرح نقصان اس شعبہ کا روبرو بار میں گھٹ کر ۴۱ فی صد ہو گئی جو کہ پچھلے سال ۵۳ فی صد تھی۔

### حادثات و نقص صحت

حادثات و نقص صحت کے شعبہ نے کل حسابات میں ۲۲ فی صد حصہ ڈالا جو کہ پچھلے سال ۲۳ فی صد تھا۔ اس سال اس شعبے میں ۱۵.۳ ملین منافع دیکھنے میں آیا جو پچھلے سال ۰.۲۶ ملین روپے نقصان میں تھا یہ بہتری انتظامیہ کے سخت اور مربوط اقدامات کے بدولت ممکن ہوئی جس میں پریمیم کے لحاظ ذمہ داری اور نقصانات کے مطالبات کی بہتر انداز میں چھان بین شامل ہیں۔

### متفرق کاروبار

اس شعبہ میں متفرق قطعات کاروبار مثلاً مہندی، معاہدات، فصل، سفر وغیرہ کا بیمہ شامل ہیں۔ اس شعبہ کاروبار کا حصہ کل حسابات میں ۳۱ فی صد تھا۔ جبکہ درج شدہ پریمیم ۲۳ فی صد کم ہو کر ۳۵.۴۱ ملین روپے ہو گیا جو کہ پچھلے سال ۵۸.۹۵ ملین روپے تھا۔ اس شعبہ میں شرح نقصان ۴۲ فی صد رہی جو کہ پچھلے سال ۴۱ فی صد تھی۔



# منتظمین کی رپورٹ

عسکری جنرل انشورنس کمپنی لمیٹڈ کے منتظمین کی جانب سے ۳۱ دسمبر ۲۰۱۵ کو اختتام شدہ سال کے محاسبہ شدہ مالی گوشوارے، محاسب کی رپورٹ اور منتظمین کی رپورٹ پیش خدمت ہے۔

## معاشی جائزہ

عالمی معیشت میں واضح ست روی کے باوجود ملک کی معاشی کارکردگی ۲۰۱۵ میں حوصلہ افزا رہی۔ زراعت اور خدمات کے شعبوں میں بہتری کے پیش نظر ملکی مجموعی آمدنی میں اضافہ ۴.۲ فیصد رہا جو سات سالہ بہترین تھا۔ ملکی قیادت کے مثبت اقدامات کی وجہ سے صارفین اور سرمایہ کاروں کے اعتماد میں اضافہ ہوا نتیجتاً ملکی معاشی کارکردگی میں نمایاں بہتری دیکھنے کو ملی جس کا اعتراف بین الاقوامی رینٹنگ ایجنسیوں Moody's اور Standard & Poor's نے بھی کیا۔

۲۰۱۶ کی پہلی ششماہی میں نمائندہ افراط زر کی اوسط شرح ۲.۰۷ فیصد رہی جو کہ ۲۰۱۵ کے مقابلے میں کم ہے جس کی وجہ توانائی اور روزمرہ اشیاء کی قیمتوں میں قابل لحاظ کمی اور مقامی زرمبادلہ کی قیمتوں میں سستا ہونا تھا۔ بینک دولت پاکستان نے ۲۰۱۵ کے دوران تخفیفی شرح کو ۳.۰۰ پی اے ایس سے کم کر کے ۲.۵۰ فی صد تک کر کے گمرانی کو باسہولت رکھا۔

بطور کل بجٹ کا خسارہ ۲۰۱۶ کی پہلی سہ ماہی میں پچھلے اسی دورانیہ کے مقابلے میں کم تھا جو کہ ۳۰.۶ ارب روپے ریکارڈ کیا گیا۔ یہ عالمی مالیاتی ادارے کے ٹارگٹ ۳۲.۹ ارب روپے سے کہیں کم تھا۔ اکتوبر ۲۰۱۵ میں حکومت کے اضافی ٹیکس اقدامات کی وجہ سے ایف بی آر کے محاصل میں اضافہ ہوا جس سے مالی خسارے کو قابو رکھنے میں مدد ملی۔

## ۲۰۱۵ برائے عسکری جنرل انشورنس کمپنی لمیٹڈ

۲۰۱۵ کی کامرانہوں میں سرفہرست ۲۰.۱ ارب روپے کا کل بیمہ آمدن کی سطح کا حصول ہے جس میں ۵.۴ ملین روپے پے کافل کی آمدنی شامل ہے۔ کمپنی کے بعد از ٹیکس منافع میں ۲۱ فیصد اضافہ ہوا جو کہ تمام شعبوں کے منافع بخش ہونے کی وجہ سے ممکن ہو سکا۔ اس سال کمپنی کی سرمایہ کاری ۱.۱۶ ارب روپے کی بلند ترین سطح پر تھی۔

## کلیدی جھلکیاں

بیمہ کاری کی مالی استطاعت کا معیار

PACRA نے عسکری جنرل انشورنس کی درجہ بندی اے پلس برقرار رکھی۔ یہ معیار معاہداتی پالیسی برداروں کے استحقاق کے تحفظ کے لئے مضبوط مالی حیثیت اور منظمہ کے کاروبار بیمہ میں اعلیٰ معیار کے حصول کو ظاہر کرتا ہے۔

آئی ایس او تصدیقی معیار

کمپنی ملک کی ان چند بیمہ کمپنیوں میں شامل ہو گئی جنہیں ISO-9001:2008 تصدیقی معیار سے نوازا گیا۔ قواعد و ضوابط کے مطابق طریقہ کار کے موثر عملدرآمد اور طریق کار میں بہتری پیدا ہونے سے صارفین کی تسفی میں اضافہ ہوا۔

## جائزہ کارکردگی

درج ذیل خلاصہ کارکردگی کے اشارے ہیں۔

# Board Committees

The Company has three committees at the board level. These committees meet on quarterly basis to review the company's performance, which strengthens its governance framework.

The terms of reference and composition of these committees are given below:

## Executive Committee

The terms of reference of this committee include the following:

- ◆ Approve all investments over Rs. 10 million and review progress of investments.
- ◆ Review yearly budget and recommend its approval to the Board.
- ◆ Review monthly performance of the Company.
- ◆ Review and approve claim payments over Rs. 1 million.
- ◆ Review legal suits filed by or against the Company.
- ◆ Consider any other matter related to the performance and operations of the Company.

The Committee comprises of three members, including the Chairman of this committee. Following is the composition of this committee:

| Name of Member                        | Status in Committee |
|---------------------------------------|---------------------|
| Maj Gen Syed Taqi Naseer Rizvi (Retd) | Chairman            |
| Brig M. Ibrahim Khan (Retd)           | Member              |
| Mr. Abdul Waheed                      | Member              |

## Audit Committee

The terms of reference of this committee include the following:

- ◆ determination of appropriate measures to safeguard the Company's assets;
- ◆ review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - major judgmental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumption;
  - any changes in accounting policies and practices;
  - compliance with applicable accounting standards;
  - compliance with listing regulations and other statutory and regulatory requirements; and
  - significant related party transactions.

- ◆ review of preliminary announcements of results prior to publication;
- ◆ facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- ◆ review of management letter issued by external auditors and management's response thereto;
- ◆ ensuring coordination between the internal and external auditors of the Company;
- ◆ review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- ◆ consideration of major findings of internal investigations and management's response thereto;
- ◆ ascertaining that the internal control systems including financial and operational controls, accounting systems and the reporting structure are adequate and effective;
- ◆ review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- ◆ determination of compliance with relevant statutory requirements;
- ◆ monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- ◆ consideration of any other issue or matter as may be assigned by the Board of Directors.

The Committee comprises of three members, including the Chairman of this committee, all of whom are non-executive directors. Following is the composition of this committee:

| Name of Member              | Status in Committee |
|-----------------------------|---------------------|
| Brig M. Ibrahim Khan (Retd) | Chairman            |
| Brig M. Aslam Khan (Retd)   | Member              |
| Syed Shahid Hussain         | Member              |



# Board Committees

## Human Resource & Remuneration Committee

The terms of reference of this committee include the following:

- ◆ recommending human resource management policies to the board;
- ◆ recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO;
- ◆ recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and
- ◆ consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.

The committee comprises of three members including the Chairman of this Committee, out of which two are non-executive directors and one is executive director. Following is the composition of this committee:

| Name of Member              | Status in Committee |
|-----------------------------|---------------------|
| Maj Gen Hamid Mahmud (Retd) | Chairman            |
| Brig M. Aslam Khan (Retd)   | Member              |
| Mr. Abdul Waheed            | Member              |

Furthermore, the Company has three sub-committees of the Board, which cover the core areas of business. These committees meet on regular basis and are headed by non-executive directors. The functions and composition of the committees are given below:

## Underwriting Committee

The under writing committee formulates the under writing policy of the Company. It sets out the criteria for assessing various types of insurance risks and determines the premium policy of different insurance covers. It regularly reviews the underwriting and premium policies of the Company with due regard to relevant factors such as business portfolio and the market development.

Following is the composition of this committee:

| Name of Member              | Status in Committee |
|-----------------------------|---------------------|
| Brig M. Ibrahim Khan (Retd) | Chairman            |
| Mr. Abdul Waheed            | Member              |
| Mrs. Samina Khan            | Member              |

## Claims Settlement Committee

This committee devises the claims settling policy of the Company. It oversees the claims position of the Company and ensures that adequate claims reserves are made. It pays particular attention to significant claims cases or events, which give rise to a series of claims. The Claims Settlement Committee determines the circumstances under which the claims disputes be brought to its attention and decide how to deal with such claims disputes. It also oversees the implementation of the measures for combating fraudulent claims cases.

Following is the composition of this committee:

| Name of Member       | Status in Committee |
|----------------------|---------------------|
| Malik Riffat Mehmood | Chairman            |
| Mr. Abdul Waheed     | Member              |
| Dr. Abbas Zaidi      | Member              |
| Mr. Athar Alam       | Member              |

## Re-insurance & Co-insurance Committee

This committee ensures that adequate reinsurance arrangements are made for the Company. It peruses the proposed reinsurances arrangements prior to their execution, reviews the arrangements from time to time and subject to the consent of the participating reinsures, makes appropriate adjustments to those arrangements in the light of the market development. It also assesses the effectiveness of the reinsurance programme for the future reference.

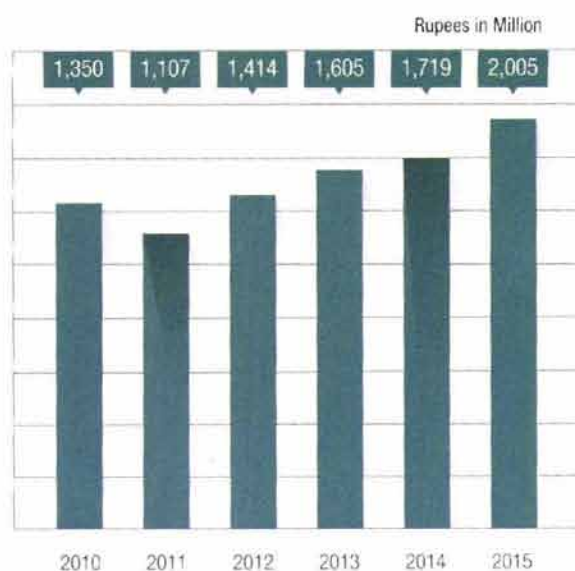
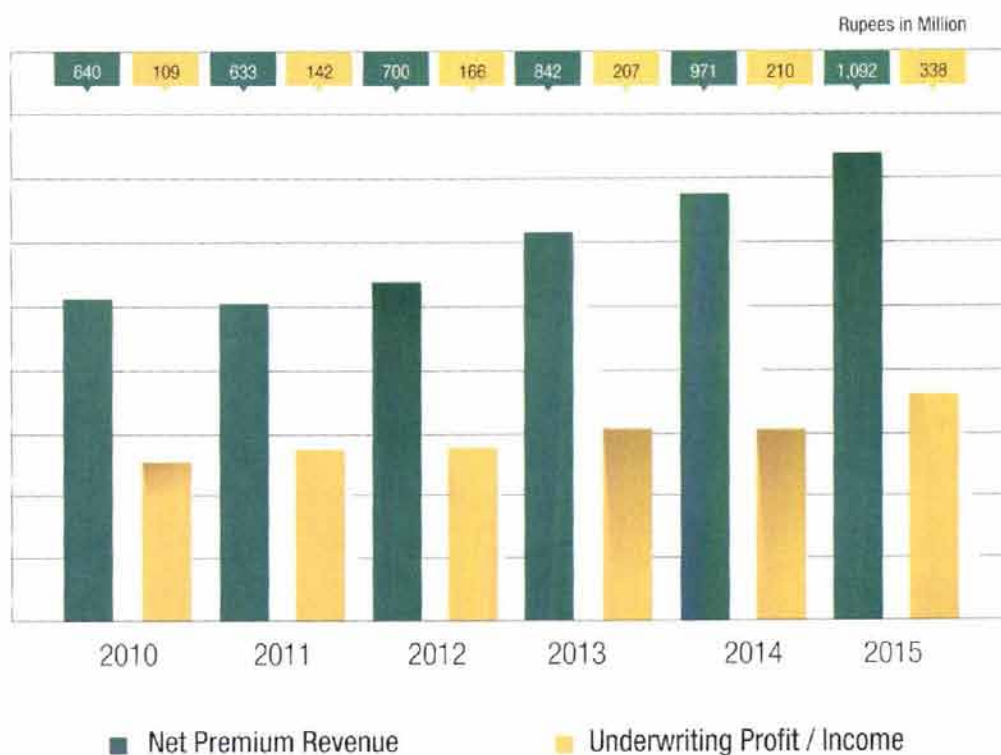
Following is the composition of this committee:

| Name of Member                        | Status in Committee |
|---------------------------------------|---------------------|
| Maj Gen Syed Taqi Naseer Rizvi (Retd) | Chairman            |
| Mr. Abdul Waheed                      | Member              |
| Mr. Sohail Khalid                     | Member              |

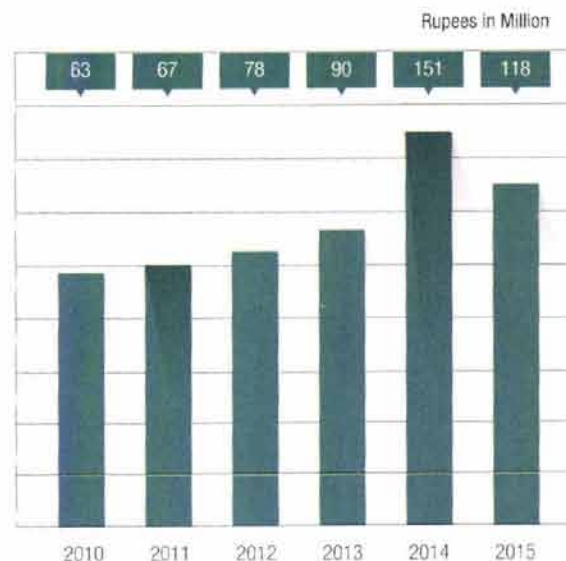




# Performance at a Glance



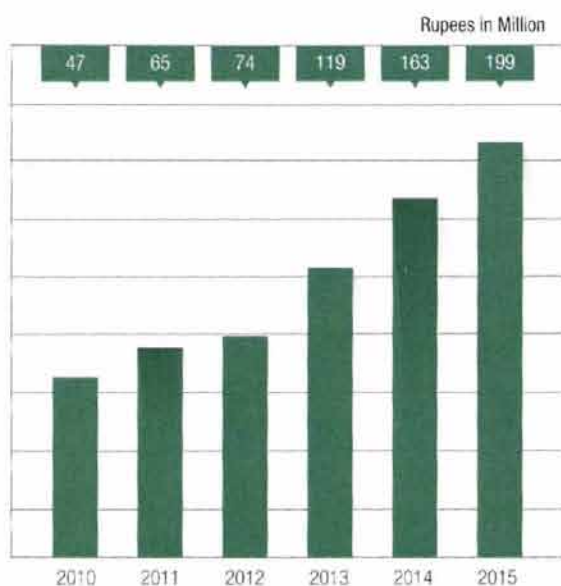
Gross Premium Written



Investment & Other Income

# Performance at a Glance

## Equity and Total Assets



Profit After Tax



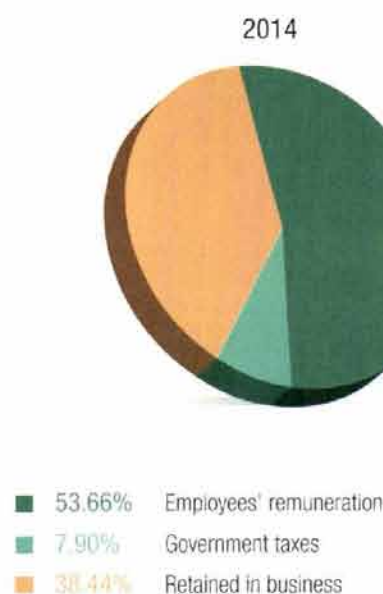
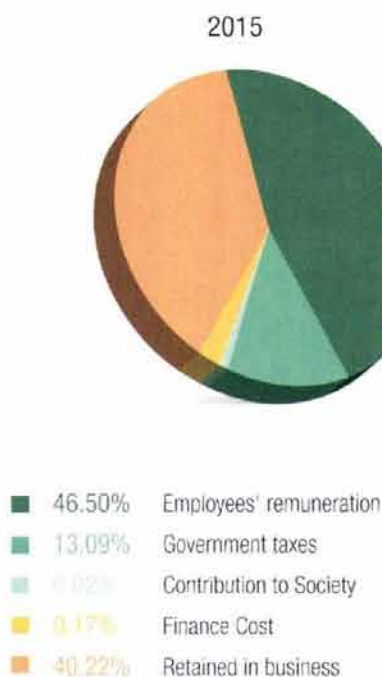
■ Market Share Price (Rs.) ■ Breakup Price (Rs.)



# Statement of Value Added

For the year ended 31 December 2015

|  | 2015           | 2014           |
|--|----------------|----------------|
|  | Rupees '000    |                |
| <b>Wealth Generated</b>  |                |                |
| Net Premium Revenue  | 1,091,884      | 971,450        |
| Commission from reinsurers   | 198,365        | 188,287        |
| Investment income and profit on bank deposits  | 110,438        | 144,297        |
| Rental income  | 2,887          | 3,069          |
| Other income - net   | 2,286          | 811            |
| Loss from Window Takaful Operations  | (1,952)        | -              |
|  | 1,403,908      | 1,307,914      |
| <b>Less:</b>   |                |                |
| Claims, commission and expenses (excluding employees remuneration, depreciation and other taxes) | 818,323        | 815,142        |
| <b>Net wealth generated</b>  | <b>585,585</b> | <b>492,772</b> |
| <b>Wealth distribution:</b>  |                |                |
| Employees' remuneration  | 272,296        | 264,436        |
| Government taxes (includes income tax and other taxes)   | 76,638         | 38,937         |
| Finance cost   | 983            | -              |
| Contribution to Society  | 100            | -              |
| <b>Retained in business:</b>   |                |                |
| Depreciation and amortization  | 39,326         | 28,340         |
| Earnings   | 196,242        | 161,059        |
|  | 235,568        | 189,399        |
| <b>Total Wealth Distributed</b>  | <b>585,585</b> | <b>492,772</b> |



# Financial Statement Analysis - Vertical

| Balance Sheet  | 2015             |               | 2014             |               | 2013             |               | 2012             |               | 2011             |               | 2010             |               |
|--|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|
|  | Rupees '000      | %             | Rupees '000      | %             | Rupees '000      | %             | Rupees '000      | %             | Rupees '000      | %             | Rupees '000      | %             |
| Cash and Bank Deposits                                       | 115,254          | 4.06          | 133,969          | 5.36          | 119,602          | 5.34          | 483,242          | 21.73         | 130,566          | 8.45          | 91,251           | 6.28          |
| Loans to Employees   | 1,468            | 0.05          | 1,586            | 0.06          | 1,111            | 0.05          | 1,736            | 0.08          | 1,190            | 0.08          | 2,159            | 0.15          |
| Investments  | 1,157,928        | 40.75         | 1,014,304        | 40.61         | 864,102          | 38.61         | 605,034          | 27.20         | 503,413          | 32.58         | 457,772          | 31.49         |
| Investment Properties  | 45,741           | 1.61          | 47,051           | 1.88          | 48,361           | 2.16          | 49,671           | 2.23          | 50,981           | 3.30          | 52,291           | 3.60          |
| Deferred Taxation  | 11,232           | 0.40          | 3,942            | 0.16          | 7,190            | 0.32          | 4,595            | 0.21          | 3,282            | 0.21          | 877              | 0.06          |
| Other Assets   | 1,360,156        | 47.86         | 1,247,777        | 49.95         | 1,130,506        | 50.51         | 1,003,037        | 45.10         | 807,558          | 52.27         | 801,936          | 55.16         |
| Fixed Assets- Tangible and Intangible                        | 99,524           | 3.50          | 49,321           | 1.97          | 67,123           | 3.00          | 76,699           | 3.45          | 47,990           | 3.11          | 47,648           | 3.28          |
| Takaful Assets   | 50,368           | 1.77          | -                | -             | -                | -             | -                | -             | -                | -             | -                | -             |
| <b>Total Assets</b>  | <b>2,841,701</b> | <b>100.00</b> | <b>2,497,950</b> | <b>100.00</b> | <b>2,237,995</b> | <b>100.00</b> | <b>2,224,014</b> | <b>100.00</b> | <b>1,544,980</b> | <b>100.00</b> | <b>1,453,934</b> | <b>100.00</b> |
| Total Equity   | 975,777          | 34.34         | 779,535          | 31.21         | 618,475          | 27.64         | 502,897          | 22.61         | 432,207          | 27.97         | 315,833          | 21.72         |
| Underwriting Provisions                                      | 1,412,067        | 49.69         | 1,344,770        | 53.83         | 1,307,779        | 58.44         | 1,084,383        | 48.76         | 810,378          | 52.45         | 833,019          | 57.29         |
| Staff Retirement Benefits                                    | 19,737           | 0.69          | 15,132           | 0.61          | 11,081           | 0.50          | 9,916            | 0.45          | 9,178            | 0.59          | 6,951            | 0.48          |
| Creditors and Accruals                                       | 381,616          | 13.43         | 343,744          | 13.75         | 281,639          | 12.58         | 617,859          | 27.78         | 280,647          | 18.17         | 290,058          | 19.95         |
| Finance Lease Liability                                      | 31,474           | 1.11          | -                | -             | -                | -             | -                | -             | -                | -             | -                | -             |
| Other Liabilities  | 18,710           | 0.66          | 14,769           | 0.59          | 19,021           | 0.85          | 8,959            | 0.40          | 12,570           | 0.81          | 8,073            | 0.56          |
| Takaful Liabilities  | 2,320            | 0.082         | -                | -             | -                | -             | -                | -             | -                | -             | -                | -             |
| <b>Total Share Holders' Equity and Liabilities</b>           | <b>2,841,701</b> | <b>100.00</b> | <b>2,497,950</b> | <b>100.00</b> | <b>2,237,995</b> | <b>100.00</b> | <b>2,224,014</b> | <b>100.00</b> | <b>1,544,980</b> | <b>100.00</b> | <b>1,453,934</b> | <b>100.00</b> |
| <b>Profit &amp; Loss Account</b>                             |                  |               |                  |               |                  |               |                  |               |                  |               |                  |               |
| Net Premium Revenue  | 1,091,884        | 100.00        | 971,450          | 100.00        | 841,925          | 100.00        | 699,947          | 100.00        | 633,283          | 100.00        | 639,901          | 100.00        |
| Net Claims   | 537,792          | 49.25         | 561,424          | 57.79         | 464,838          | 55.21         | 372,934          | 53.28         | 327,857          | 51.77         | 385,890          | 60.30         |
| Expenses   | 271,148          | 24.83         | 260,299          | 26.79         | 220,939          | 26.24         | 194,921          | 27.85         | 182,398          | 28.80         | 153,942          | 24.06         |
| Net Commission   | 54,965           | 5.03          | 60,074           | 6.18          | 60,616           | 6.01          | 33,715           | 4.82          | 19,322           | 3.05          | 9,068            | 1.42          |
| Investment Income Including Rental & - Bank Deposits Returns | 113,325          | 10.38         | 136,925          | 14.09         | 75,528           | 8.97          | 64,826           | 9.26          | 56,482           | 8.92          | 56,246           | 8.79          |
| Other Income Including Share of Profit of Associates         | 4,552            | 0.42          | 13,608           | 1.40          | 14,446           | 1.72          | 13,280           | 1.90          | 10,141           | 1.60          | 6,810            | 1.06          |
| Finance Cost   | 983              | -             | -                | -             | -                | -             | -                | -             | -                | -             | -                | -             |
| General and Administration Expenses                          | 177,935          | 16.30         | 158,118          | 16.27         | 147,103          | 17.47         | 157,521          | 22.50         | 130,051          | 20.54         | 118,811          | 18.57         |
| Impairment in Value of Available for Sale Securities         | 4,251            | 0.39          | -                | -             | -                | -             | -                | -             | -                | -             | 64,738           | 10.12         |
| Profit Before Window Takaful Operations and Tax              | 276,868          | 25.36         | 202,216          | 20.81         | 149,636          | 17.77         | 86,393           | 12.34         | 78,921           | 12.46         | 53,347           | 8.34          |
| Loss from Window Takaful Operations                          | 1,952            | 0.002         | -                | -             | -                | -             | -                | -             | -                | -             | -                | -             |
| Taxation - net   | 76,408           | 7.00          | 38,801           | 3.99          | 30,571           | 3.63          | 12,107           | 1.73          | 13,487           | 2.13          | 5,929            | 0.93          |
| <b>Profit After Tax</b>                                      | <b>198,508</b>   | <b>18.18</b>  | <b>163,415</b>   | <b>16.82</b>  | <b>119,065</b>   | <b>14.14</b>  | <b>74,286</b>    | <b>10.61</b>  | <b>65,434</b>    | <b>10.33</b>  | <b>47,418</b>    | <b>7.41</b>   |



# Financial Statement Analysis - Horizontal

|  | Rupees '000      |                  |                  |                  |                  |                  | % increase / (decrease) over preceding year |              |              |              |              |               |
|--|------------------|------------------|------------------|------------------|------------------|------------------|---|--------------|--------------|--------------|--------------|---------------|
|  | 2015             | 2014             | 2013             | 2012             | 2011             | 2010             | 2015  | 2014         | 2013         | 2012         | 2011         | 2010          |
| <b>Balance Sheet</b>   |                  |                  |                  |                  |                  |                  |   |              |              |              |              |               |
| Cash and Bank Deposits                                       | 115,264          | 133,969          | 119,602          | 483,242          | 130,566          | 91,251           | (13.96)                                     | 12.01        | (75.25)      | 270.11       | 43.08        | (20.15)       |
| Loans to Employees   | 1,488            | 1,586            | 1,111            | 1,736            | 1,190            | 2,159            | (6.18)                                      | 42.75        | (36.00)      | 45.88        | (44.88)      | (48.57)       |
| Investments  | 1,157,928        | 1,014,304        | 864,102          | 605,034          | 503,413          | 457,772          | 14.16                                       | 17.38        | 42.82        | 20.19        | 9.97         | 10.68         |
| Investment Property  | 45,741           | 47,051           | 48,361           | 49,671           | 50,981           | 52,291           | (2.78)                                      | (2.71)       | (2.64)       | (2.57)       | (2.51)       | 100.00        |
| Deferred Taxation  | 11,232           | 3,942            | 7,190            | 4,595            | 3,282            | 877              | 184.93                                      | (45.17)      | 56.47        | 40.01        | 274.23       | 100.00        |
| Other Assets   | 1,360,156        | 1,247,777        | 1,130,506        | 1,003,037        | 807,558          | 807,936          | 9.01  | 10.37        | 12.71        | 24.21        | 9.70         | 50.45         |
| Fixed Assets - Tangible and Intangible                       | 99,524           | 49,321           | 67,123           | 76,699           | 47,990           | 47,648           | 101.79                                      | (26.52)      | (12.49)      | 59.82        | 0.72         | (63.53)       |
| Takaful Assets   | 50,368           | -                | -                | -                | -                | -                | 100.00                                      | -            | -            | -            | -            | -             |
| <b>Total Assets</b>  | <b>2,841,701</b> | <b>2,497,950</b> | <b>2,237,995</b> | <b>2,224,014</b> | <b>1,544,980</b> | <b>1,453,934</b> | <b>13.76</b>                                | <b>11.62</b> | <b>0.63</b>  | <b>43.95</b> | <b>6.26</b>  | <b>21.59</b>  |
| <b>Total Equity</b>  | <b>975,777</b>   | <b>779,535</b>   | <b>618,475</b>   | <b>502,897</b>   | <b>432,207</b>   | <b>315,833</b>   | <b>25.17</b>                                | <b>26.04</b> | <b>22.98</b> | <b>16.36</b> | <b>36.85</b> | <b>17.67</b>  |
| Undervating Provisions                                       | 1,412,067        | 1,344,770        | 1,307,779        | 1,094,383        | 810,378          | 833,019          | 5.00  | 2.83         | 20.60        | 33.81        | (2.72)       | 7.27          |
| Staff Retirement Benefits                                    | 19,737           | 15,132           | 11,081           | 9,916            | 9,178            | 6,951            | 30.43                                       | 36.56        | 11.75        | 8.04         | 32.04        | (43.46)       |
| Creditors and Accruals                                       | 381,616          | 343,744          | 281,639          | 617,859          | 290,647          | 290,058          | 11.02                                       | 22.05        | (54.42)      | 120.16       | (3.24)       | 343.76        |
| Finance Lease Liability                                      | 31,474           | -                | -                | -                | -                | -                | 100.00                                      | -            | -            | -            | -            | -             |
| Other Liabilities  | 18,710           | 14,769           | 19,021           | 8,959            | 12,570           | 8,073            | 26.68                                       | (22.38)      | 112.31       | (28.73)      | 55.70        | (88.96)       |
| Takaful Liabilities  | 2,320            | -                | -                | -                | -                | -                | -   | -            | -            | -            | -            | -             |
| <b>Total Share Holders' Equity - and Liabilities</b>         | <b>2,841,701</b> | <b>2,497,950</b> | <b>2,237,995</b> | <b>2,224,014</b> | <b>1,544,980</b> | <b>1,453,934</b> | <b>13.76</b>                                | <b>11.62</b> | <b>0.63</b>  | <b>43.95</b> | <b>6.26</b>  | <b>21.59</b>  |
| <b>Profit &amp; Loss Account</b>                             |                  |                  |                  |                  |                  |                  |   |              |              |              |              |               |
| Net Premium Revenue  | 1,091,884        | 971,450          | 841,925          | 699,947          | 633,283          | 639,901          | 12.40                                       | 15.38        | 20.28        | 10.53        | (1.03)       | (20.53)       |
| Net Claims   | 537,792          | 561,424          | 464,838          | 372,934          | 327,857          | 385,890          | (4.21)                                      | 20.78        | 24.04        | 13.75        | (15.04)      | (26.14)       |
| Expenses   | 271,148          | 280,299          | 220,939          | 194,971          | 182,398          | 153,942          | 4.17  | 17.81        | 13.35        | 6.87         | 18.48        | (0.68)        |
| Net Commission   | 54,965           | 60,074           | 50,616           | 33,715           | 19,322           | 9,068            | (8.50)                                      | 18.69        | 50.13        | 74.49        | 113.08       | (81.49)       |
| Investment Income Including - Rental & Bank Deposits Returns | 113,325          | 136,925          | 75,528           | 64,826           | 56,482           | 56,246           | (12.24)                                     | 81.29        | 16.51        | 14.77        | 0.42         | 326.98        |
| Other Income   | 4,552            | 13,608           | 14,446           | 13,280           | 10,141           | 6,810            | (66.55)                                     | (5.80)       | 8.78         | 30.95        | 48.91        | (69.57)       |
| Finance Cost   | 983              | -                | -                | -                | -                | -                | 100.00                                      | -            | -            | -            | -            | -             |
| General and Administration - Expenses                        | 177,935          | 158,118          | 147,103          | 157,521          | 130,051          | 118,811          | 12.53                                       | 7.49         | (6.61)       | 21.12        | 9.46         | 29.95         |
| Impairment in Value of - Available for Sale Securities       | 4,251            | -                | -                | -                | -                | 64,738           | 100.00                                      | -            | -            | -            | -            | 196.97        |
| Profit Before Window Takaful Operations and Tax              | 276,868          | 202,216          | 149,636          | 86,393           | 78,921           | 53,547           | 36.92                                       | 35.14        | 73.20        | 9.47         | 47.94        | 453.86        |
| Loss from Window Takaful Operations                          | 1,952            | -                | -                | -                | -                | -                | (100.00)                                    | -            | -            | -            | -            | -             |
| Taxation - net   | 76,408           | 38,801           | 30,571           | 12,107           | 13,487           | 5,029            | 96.92                                       | 26.92        | 152.51       | (10.23)      | 127.48       | (52.46)       |
| <b>Profit After Tax</b>                                      | <b>198,508</b>   | <b>163,415</b>   | <b>119,065</b>   | <b>74,286</b>    | <b>65,434</b>    | <b>47,418</b>    | <b>21.47</b>                                | <b>37.25</b> | <b>60.28</b> | <b>13.53</b> | <b>37.99</b> | <b>272.15</b> |

# A Glimpse of Six Years Performance

(Rupees in Thousands unless stated otherwise)

|   | 2015      | 2014      | 2013      | 2012      | 2011      | 2010      |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>Financial Position</b>                       |           |           |           |           |           |           |
| Paid-Up Capital                                 | 388,344   | 388,344   | 388,344   | 323,620   | 308,210   | 203,775   |
| General Reserve                                 | 74,658    | 74,658    | 74,658    | 74,658    | 74,658    | 74,658    |
| Equity  | 975,777   | 779,535   | 618,475   | 502,897   | 432,207   | 315,833   |
| Undervriting Reserve                            | 986,731   | 895,426   | 926,428   | 767,175   | 465,342   | 491,774   |
| Investments                                     | 1,157,928 | 1,014,304 | 864,102   | 605,034   | 503,413   | 457,772   |
| Investment Property                             | 45,741    | 47,051    | 48,361    | 49,671    | 50,981    | 52,291    |
| Fixed Assets - Tangible and Intangible          | 99,524    | 49,321    | 67,123    | 76,699    | 47,990    | 47,648    |
| Retained Profit                                 | 512,775   | 316,533   | 155,474   | 104,619   | 49,350    | 37,397    |
| Total Assets                                    | 2,841,701 | 2,497,950 | 2,237,995 | 2,224,014 | 1,544,980 | 1,453,934 |
| Market Share Price (Rupees)                     | 32.40     | 27.40     | 19.50     | 13.51     | 8.07      | 11.00     |
| Breakup Value Per Share (Rupees)                | 25.13     | 20.07     | 15.93     | 15.54     | 14.03     | 15.49     |
| <b>Financial Performance</b>                    |           |           |           |           |           |           |
| Gross Premium Written                           | 2,005,056 | 1,719,458 | 1,605,033 | 1,413,554 | 1,106,539 | 1,350,017 |
| Net Premium Revenue                             | 1,091,884 | 971,450   | 841,925   | 699,947   | 633,283   | 639,901   |
| Net Claims                                      | 537,792   | 561,424   | 464,838   | 372,934   | 327,857   | 385,890   |
| Underwriting Income                             | 337,909   | 209,801   | 206,764   | 165,807   | 142,350   | 109,137   |
| Management Expenses                             | 271,148   | 260,299   | 220,939   | 194,921   | 182,398   | 153,942   |
| Administration Expenses                         | 177,935   | 158,118   | 147,103   | 157,521   | 130,051   | 118,811   |
| Investment and Other Income                     | 117,877   | 150,533   | 89,974    | 78,106    | 66,623    | 63,056    |
| Finance Cost                                    | 983       | -         | -         | -         | -         | -         |
| Profit Before Window Takaful Operations and Tax | 276,868   | 202,216   | 149,636   | 86,393    | 78,921    | 53,347    |
| Loss from Window Takaful Operations             | 1,952     | -         | -         | -         | -         | -         |
| Profit After Tax                                | 198,508   | 163,415   | 119,065   | 74,286    | 65,434    | 47,418    |
| Dividend (Restated)                             | -         | -         | -         | 20% (B)   | 5% (B)    | 10% (B)   |
| Earning Per Share (Rupees)                      | 5.11      | 4.21      | 3.07      | 1.91      | 2.18      | 2.33      |
| <b>Cash Flows Summary</b>                       |           |           |           |           |           |           |
| Operating Activities                            | 120,099   | 28,955    | (169,060) | 435,940   | (17,098)  | (53,585)  |
| Investing Activities                            | (137,800) | (14,587)  | (194,579) | (83,264)  | 5,473     | 31,318    |
| Financing Activities                            | (1,004)   | -         | -         | -         | 50,940    | (759)     |
| Cash & Cash Equiv. at the year end              | 115,264   | 133,969   | 119,602   | 483,242   | 130,566   | 91,251    |



# Financial Ratios

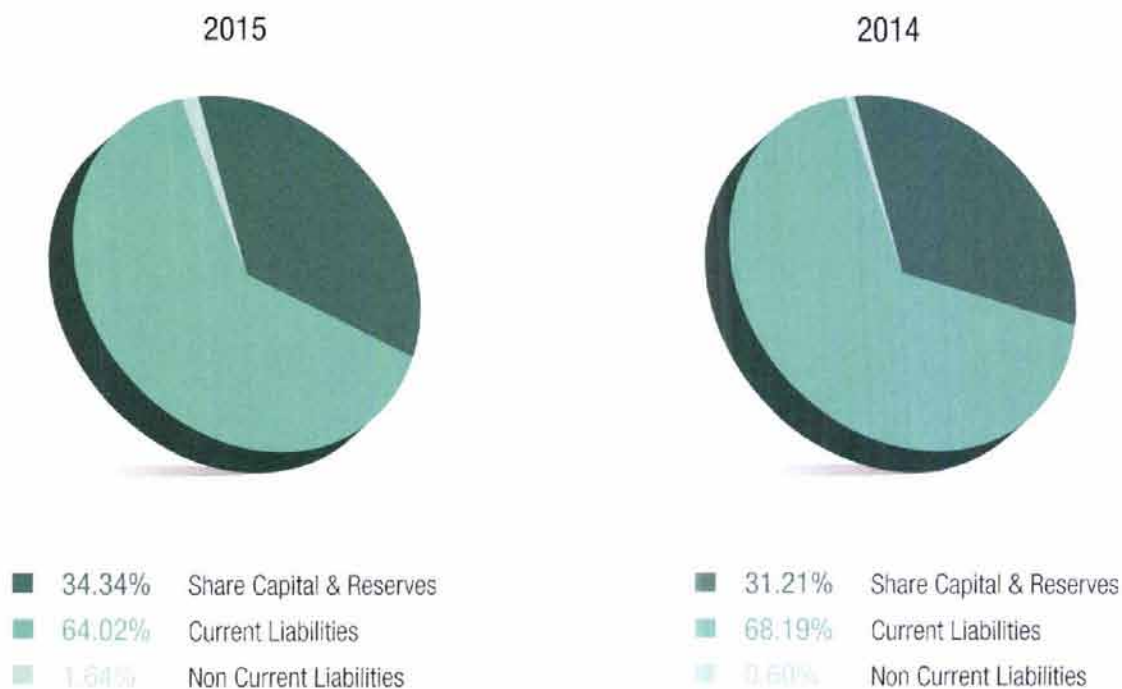
|                                     | 2015  | 2014  | 2013    | 2012  | 2011   | 2010     |
|-------------------------------------|-------|-------|---------|-------|--------|----------|
| <b>Profitability</b>                |       |       |         |       |        |          |
| Profit Before Tax / Gross Premium   | 13.72 | 11.76 | 9.32    | 6.11  | 7.14   | 3.93     |
| Profit Before Tax / Net Premium     | 25.18 | 20.82 | 17.77   | 12.34 | 12.48  | 8.28     |
| Profit After Tax / Gross Premium    | 9.93  | 9.50  | 7.42    | 5.26  | 5.87   | 3.48     |
| Profit After Tax / Net Premium      | 18.22 | 16.82 | 14.14   | 10.61 | 10.27  | 7.34     |
| Underwriting Result / Gross Premium | 16.86 | 12.20 | 12.88   | 11.73 | 12.83  | 8.07     |
| Underwriting Result / Net Premium   | 30.95 | 21.60 | 24.56   | 23.69 | 22.43  | 17.03    |
| Profit Before Tax / Total Income    | 21.74 | 17.11 | 15.23   | 10.64 | 11.29  | 7.54     |
| Profit After Tax / Total Income     | 15.70 | 13.82 | 12.12   | 9.15  | 9.29   | 6.69     |
| Combined ratio                      | 73.41 | 75.38 | 73.75   | 75.36 | 72.50  | 65.68    |
| Net Claims / Net Premium            | 49.27 | 57.79 | 55.21   | 53.28 | 51.82  | 60.31    |
| Management Expense / Net Premium    | 24.82 | 26.79 | 26.24   | 27.85 | 28.75  | 24.06    |
| <b>Return to Share Holders</b>      |       |       |         |       |        |          |
| Return on Equity - PAT              | 20.39 | 26.42 | 23.68   | 17.19 | 15.05  | 14.87    |
| Earnings Growth                     | 22.09 | 37.25 | 60.28   | 13.53 | 38.3   | (267.86) |
| Return on Assets (Book value)       | 7.00  | 6.54  | 5.32    | 3.34  | 4.21   | 3.23     |
| Earnings Per Share                  | 5.11  | 4.21  | 3.07    | 1.91  | 2.18   | 2.33     |
| Breakup Value Per Share             | 25.13 | 20.07 | 15.93   | 15.54 | 14.03  | 15.49    |
| Market Share Price                  | 32.40 | 27.40 | 19.50   | 13.51 | 8.07   | 11.00    |
| <b>Performance / Liquidity</b>      |       |       |         |       |        |          |
| Current Ratio                       | 1.43  | 1.34  | 1.22    | 1.15  | 1.35   | 1.24     |
| Cash / Current Liabilities          | 0.06  | 0.08  | 0.07    | 0.28  | 0.12   | 0.08     |
| Total Assets Turnover               | 0.71  | 0.69  | 0.72    | 0.64  | 0.72   | 0.93     |
| Fixed Assets Turnover               | 20.05 | 35.08 | 23.91   | 18.43 | 23.06  | 28.13    |
| Total Liabilities / Equity          | 1.91  | 2.23  | 2.62    | 3.42  | 2.58   | 3.6      |
| Paid-up Capital / Total Assets      | 13.65 | 15.55 | 17.35   | 14.55 | 19.94  | 14.03    |
| Earning Assets / Total Assets       | 46.41 | 47.85 | 46.11   | 51.17 | 44.34  | 41.33    |
| Equity / Total Assets               | 34.34 | 31.21 | 27.64   | 22.61 | 27.96  | 21.73    |
| Cash Flows from Operations / Sales  | 5.99  | 1.69  | (10.53) | 30.83 | (1.54) | (4.00)   |

# Graphical Composition of Balance Sheet

## Assets



## Shareholders' Equity and Liabilities

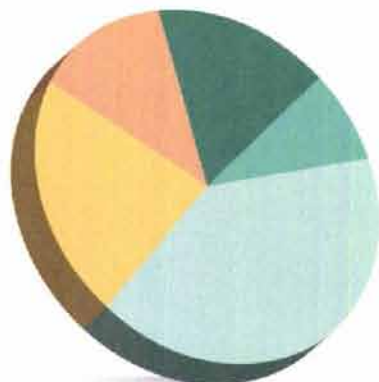




# Graphical Analysis of Profit & Loss

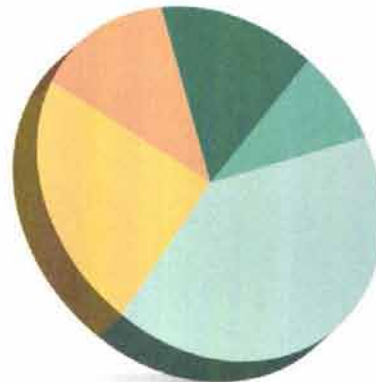
## Gross Premium Written - Segment Wise

2015



|        |                                |
|--------|--------------------------------|
| 16.05% | Fire and property damage       |
| 7.93%  | Marine, aviation and transport |
| 40.65% | Motor                          |
| 21.80% | Accident and health            |
| 13.57% | Miscellaneous                  |

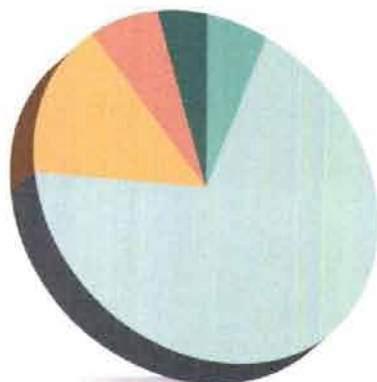
2014



|        |                                |
|--------|--------------------------------|
| 14.27% | Fire and property damage       |
| 8.17%  | Marine, aviation and transport |
| 40.70% | Motor                          |
| 23.14% | Accident and health            |
| 13.72% | Miscellaneous                  |

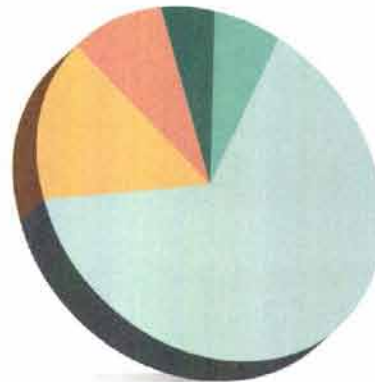
## Net Premium Revenue - Segment Wise

2015



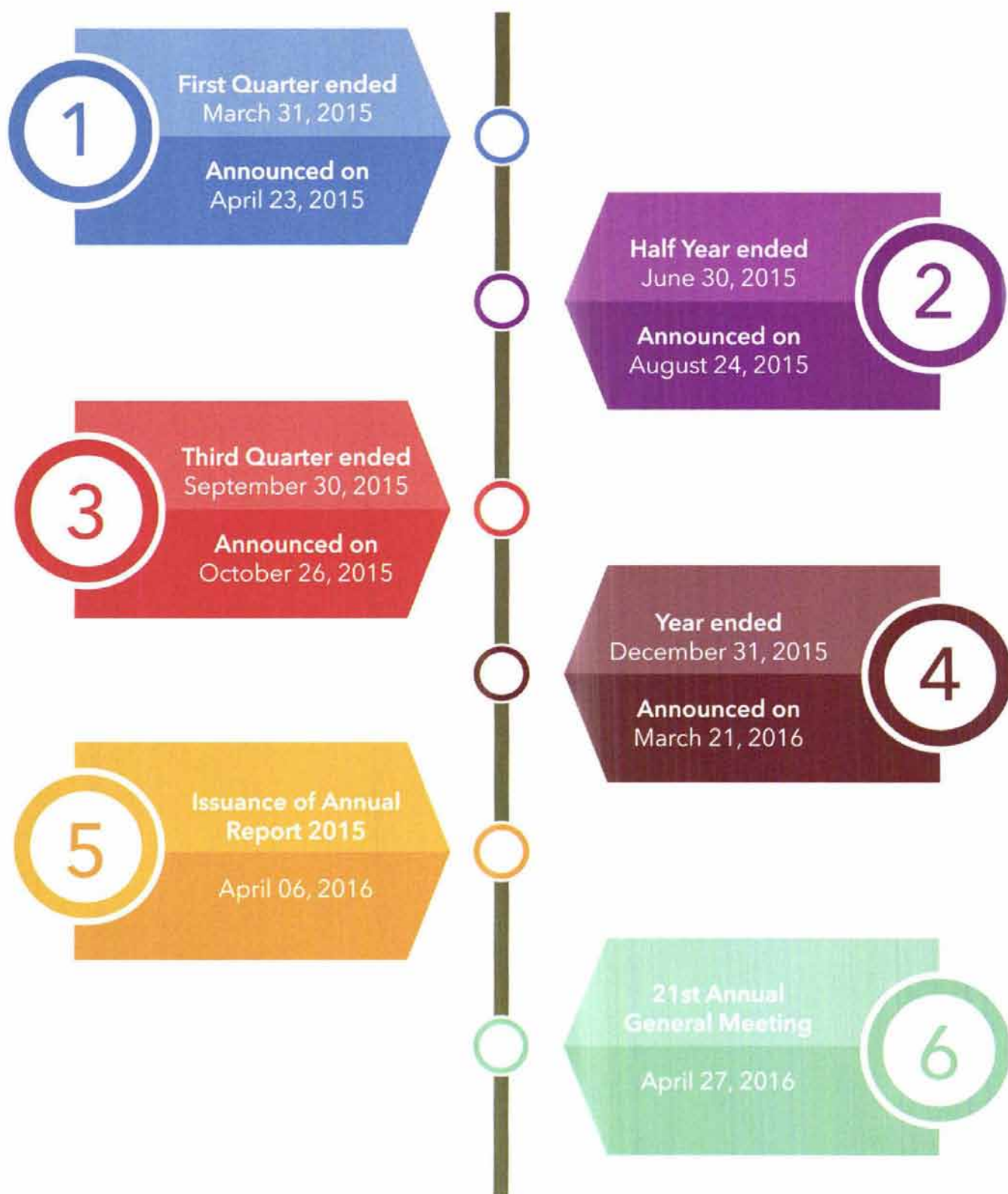
|        |                                |
|--------|--------------------------------|
| 4.94%  | Fire and property damage       |
| 5.61%  | Marine, aviation and transport |
| 67.48% | Motor                          |
| 15.06% | Accident and health            |
| 6.91%  | Miscellaneous                  |

2014



|        |                                |
|--------|--------------------------------|
| 5.15%  | Fire and property damage       |
| 6.14%  | Marine, aviation and transport |
| 63.96% | Motor                          |
| 15.51% | Accident and health            |
| 9.24%  | Miscellaneous                  |

# Financial Calendar





|   |     |
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# Statement of Compliance

with the Code of Corporate Governance

For the year ended 31 December 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the Listing Regulations of the Pakistan Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

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

| Category                | Name   |
|-------------------------|--|
| Independent Directors   | Mr. Abdul Hai Mahmood Bhaimia<br>Syed Shahid Hussain   |
| Non-Executive Directors | Lt Gen Khalid Rabbani (Retd)<br>Maj Gen Syed Taqi Naseer Rizvi (Retd)<br>Maj Gen Hamid Mahmud (Retd)<br>Brig M. Ibrahim Khan (Retd)<br>Brig M. Aslam Khan (Retd)<br>Malik Riffat Mehmood |

The independent directors meet the criteria of independence under clause i (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, DFI or NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Five casual vacancies occurred on the Board during the year 2015 which were duly filled within the stipulated time of 90 days.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The board has developed vision and mission statements, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the 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 CEO, other executive and non-executive directors, have been taken by the board/shareholders.
8. The meetings of the board were presided over by the Chairman and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors are well conversant with listing regulations, legal requirement and operational imperatives of the Company, and as such are fully aware of their duties and responsibilities. Brig M. Ibrahim Khan (Retd) obtained the certification under the directors' training program during the year. Consequently, one director and the President & CE now have the said certification.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.



# Statement of Compliance

with the Code of Corporate Governance

For the year ended 31 December 2015

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of three members, who are non-executive directors including the chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The meeting of underwriting, claims settlement, reinsurance & coinsurance and investment committees were held regularly during the year.
18. The Board has formed Human Resource & Remuneration Committee. It comprises 3 members, one of whom is executive director and other members including the Chairman are non-executive directors.
19. The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
20. All related party transactions during the year were arm's length basis and these have been placed before the Audit Committee and the Board of Directors. These transactions are duly reviewed and approved by the Audit Committee and the Board of Directors.
21. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, 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 ICAP.
22. 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.
23. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
24. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

**For and on behalf of the Board**

**Lt Gen Khalid Rabbani (Retd)**  
Chairman

21 March, 2016  
Rawalpindi



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of askari general insurance company limited ("the Company") for the year ended 31 December 2015 to comply with the requirements of Listing Regulations No. 35 (XI) of Pakistan Stock Exchange Limited, where the Company is listed.

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

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine 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 best practices contained in the Code as applicable to the Company for the year ended 31 December 2015.

Date: 21 March 2016  
Islamabad

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Engagement partner:  
Syed Bakhtiyar Kazmi

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.



## INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS AND SHARIAH ADVISOR OF THE COMPANY IN RESPECT OF COMPANY'S COMPLIANCE WITH THE TAKAFUL RULES, 2012 AND SHARIAH RULES AND PRINCIPLES PRESCRIBED BY THE SHARIAH ADVISOR

We have performed an independent assurance engagement (Shariah Compliance Audit) of Askari General Insurance Company Limited (the Company) to ensure that the Company has complied with the Takaful Rules 2012 and Shariah rules and principles prescribed by the Shariah Advisor/Board of the Company during the period from August 10, 2015 to December 31, 2015.

### 2. Management's Responsibility for Shariah Compliance

It is the responsibility of the Company to ensure that the financial arrangements, contracts, products and transactions entered into by the Company and Askari General Insurance Company Limited Waqf Fund (the Waqf) with participants, other financial institutions and stakeholders are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles as determined by the Shariah Advisor/ Board and the Takaful Rules, 2012.

### 3. Our Responsibility

- 3.1 Our responsibility in connection with this engagement is to express an opinion based on the procedures performed on a sample basis, whether these financial arrangements, Contracts, products and transactions are in compliance with the requirements of the Shariah rules and principles as prescribed by the Company's Shariah Advisor/Board and the Takaful Rules, 2012.
- 3.2 The procedures selected by us for the engagement depended on our judgment. Including the assessment of the risks of material non-compliance with the said Shariah rules and principles. In making those risk assessments; we considered such internal control procedures as were relevant to the Company's compliance with the Shariah rules and principles. Our engagement was, however, not intended for expressing opinion on the effectiveness of the Company's internal controls for purposes of compliance with the Shariah rules and principles.
- 3.3 We believe that the evidence we have obtained through performing our procedures on a sample basis were sufficient and appropriate to provide a basis for our opinion.
- 3.4 During the course of our assignment, we came across certain matters that have been brought to the attention of the Shariah Advisor/ Board and the management of the Company entailing certain Shariah issues.. We were informed that it was the opinion of the Shariah Advisor/Board that such matters have no materially adverse Shariah compliance effect. In addition interpretation and conclusion of the Shariah Advisor/Board of the Company is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

#### 4. Framework for the Engagement

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

#### 5. Our Opinion

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the Company and the Waqf, as the case may be, for the period from August 10, 2015 to December 31, 2015 are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Advisor/Board and the Takaful Rules, .2012 in all material respects.

*S. M. Suhail & Co.*

S.M.Suhail & Co.  
Chartered Accountants  
Karachi.

Our Ref: SMS-A-2062016  
Date: 16 March 2016



# Shariah Advisor's Report to the Board of Directors

For the period from 10 August 2015 to 31 December 2015

As Shariah Advisor of Askari General Insurance-Window Takaful Operations (WTO), I have reviewed all the product documents including Waqf Deed, PTF Policies, Takaful Policies, Brochures, MOU with Islamic Banks, and Re-takaful Agreements etc and I have found them in accordance with Shariah Principles. Further, I confirm that the Takaful participant documents issued during the year under review are in accordance with the guidelines of Shariah.

Segregation of Window Takaful Operations is the essential part of valid Takaful operations. Askari General Insurance Company Window Takaful Operation has segregated Takaful Funds, Investments, Bank Accounts and Systems from its conventional insurance business, as per requirement of Shariah.

For the fulfillment of the financial needs of Window Takaful Operations, Askari General Insurance Company-WTO has arranged Shariah Compliant Funds and has made all expenses of Takaful including the seed money of Waqf from these funds.

Based on the information provided to me I found the overall operations at Askari General Insurance-WTO in accordance with the Shariah principles.

E.W. 

Mufti Ehsan Waquar  
Shariah Advisor  
March 16, 2016



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sixth Floor, State Life Building No: 5  
Jinnah Avenue, Blue Area  
Islamabad, Pakistan

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Internet www.kpmg.com.pk

## AUDITORS' REPORT TO THE MEMBERS of askari general insurance company limited

We have audited the annexed financial statements comprising of:

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

of askari general insurance company limited ("the Company") as at 31 December 2015 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied except for change as mentioned in note 5 with which we concur;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2015 and of the profit, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 21 March 2016  
Islamabad

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Engagement partner:  
Syed Bakhtiyar Kazmi

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## AUDITORS' REPORT TO THE MEMBERS of askari general insurance company limited - Window Takaful Operations

We have audited the annexed financial statements comprising of:

- (i) balance sheet;
- (ii) profit and loss account / statement of comprehensive income;
- (iii) statement of changes in fund;
- (iv) statement of cash flows;
- (v) statement of contributions;
- (vi) statement of claims;
- (vii) statement of expenses of operator's fund;
- (viii) statement of expenses of participants' takaful fund; and
- (ix) statement of investment income

of askari general insurance company limited - Window Takaful Operations ("the Operator") as at 31 December 2015 together with the notes forming part thereof, for the period then ended.

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

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

In our opinion:

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- b) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Operator's affairs as at 31 December 2015 and of the loss, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980)

Date: 21 March 2016  
Islamabad

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Engagement partner:  
Syed Bakhtiyar Kazmi

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.

# Balance Sheet

As at 31 December 2015

|   | Note | 2015<br>Rupees '000 | 2014      |
|---|------|---------------------|-----------|
| <b>Share Capital and Reserves</b>   |      |                     |           |
| Authorized share capital<br>100,000,000 (2014: 100,000,000) ordinary<br>shares of Rs. 10 each |      | 1,000,000           | 1,000,000 |
| Paid up share capital   | 6    | 388,344             | 388,344   |
| Retained earnings   |      | 512,775             | 316,533   |
| Reserves  |      | 74,658              | 74,658    |
|   |      | 975,777             | 779,535   |
| <b>Underwriting Provisions</b>  |      |                     |           |
| Provision for outstanding claims (including IBNR)   |      | 330,310             | 357,316   |
| Provision for unearned premium  |      | 986,731             | 895,426   |
| Commission income unearned  |      | 95,026              | 92,028    |
|   |      | 1,412,067           | 1,344,770 |
| <b>Deferred Liability</b>   |      |                     |           |
| Staff compensated absences  | 7    | 19,737              | 15,132    |
| <b>Creditors and Accruals</b>   |      |                     |           |
| Premium received in advance   |      | 20,183              | 16,159    |
| Amounts due to other insurers / reinsurers  |      | 165,073             | 164,534   |
| Accrued expenses  |      | 20,234              | 18,985    |
| Taxation - Provision less payments  |      | 4,354               | -         |
| Other creditors and accruals  | 8    | 171,772             | 144,066   |
|   |      | 381,616             | 343,744   |
| <b>Borrowings</b>   |      |                     |           |
| Liabilities against assets subject to finance lease   | 9    | 31,474              | -         |
| <b>Other Liabilities</b>  |      |                     |           |
| Unclaimed dividend  |      | 809                 | 830       |
| Others  |      | 17,901              | 13,939    |
|   |      | 18,710              | 14,769    |
| <b>TOTAL LIABILITIES</b>  |      | 1,863,604           | 1,718,415 |
| Total liabilities of Window Takaful Operations - Operators' Fund (OPF)                        | 36   | 2,320               | -         |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |      | 2,841,701           | 2,497,950 |

## CONTINGENCIES AND COMMITMENTS

10

The annexed notes 1 to 37 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director



# Balance Sheet

As at 31 December 2015

|   | Note | 2015<br>Rupees '000 | 2014             |
|---|------|---------------------|------------------|
| Cash and Bank Deposits  |      |                     |                  |
| Cash and other equivalents  | 11   | 1,098               | 1,062            |
| Current and other accounts  | 12   | 114,166             | 132,907          |
| Total Cash and Bank   |      | 115,264             | 133,969          |
| Advances to Employees   | 13   | 1,488               | 1,586            |
| Investments   | 14   | 1,157,928           | 1,014,304        |
| Investment Property   | 15   | 45,741              | 47,051           |
| Deferred Taxation   | 16   | 11,232              | 3,942            |
| Current Assets - Others   |      |                     |                  |
| Premium due but unpaid - unsecured, considered good                               | 17   | 514,021             | 425,640          |
| Amounts due from other insurers /<br>reinsurers - unsecured, considered good      | 18   | 132,049             | 149,669          |
| Salvage recoveries accrued  |      | 6,865               | 9,632            |
| Accrued investment income   |      | 2,590               | 2,583            |
| Reinsurance recoveries against outstanding<br>claims - unsecured, considered good |      | 172,084             | 146,802          |
| Taxation - payment less provision   |      | -                   | 6,800            |
| Deferred commission expense   |      | 62,965              | 59,330           |
| Prepayments   | 19   | 447,082             | 421,647          |
| Sundry receivables  | 20   | 22,500              | 25,674           |
|   |      | 1,360,156           | 1,247,777        |
| Fixed Assets  | 21   |                     |                  |
| Furniture and fixtures  |      | 5,536               | 7,588            |
| Computer and office equipment   |      | 8,288               | 6,623            |
| Motor vehicles  |      | 45,348              | 3,993            |
| Tracking devices  |      | 34,466              | 15,630           |
| Leasehold improvements  |      | 325                 | 2,485            |
| Software license  |      | 1,225               | 2,462            |
| Capital work in progress  |      | 4,336               | 10,540           |
|   |      | 99,524              | 49,321           |
| Total assets from Window Takaful Operations - OPF                                 | 36   | 50,368              | -                |
| <b>TOTAL ASSETS</b>   |      | <b>2,841,701</b>    | <b>2,497,950</b> |

Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director

Lt Gen Khalid Rabbani (Retd)  
Chairman

# Profit and Loss Account / Statement of Comprehensive Income

For the year ended 31 December 2015

| Revenue Account   | Note | Fire and Property Damage | Marine, Aviation and Transport | Motor     | Accident and Health | Miscellaneous | 2015 Aggregate | 2014 Aggregate |
|---|------|--------------------------|--------------------------------|-----------|---------------------|---------------|----------------|----------------|
|   |      |                          |                                |           |                     |               |                |                |
| Net premium revenue   | 22   | 53,915                   | 61,285                         | 736,822   | 164,409             | 75,453        | 1,091,884      | 971,450        |
| Net claims  |      | (17,117)                 | (25,799)                       | (299,295) | (163,753)           | (31,828)      | (537,792)      | (561,424)      |
| Expenses  | 23   | (11,190)                 | (12,720)                       | (197,453) | (34,124)            | (15,661)      | (271,148)      | (260,299)      |
| Net commission  |      | 36,415                   | 2,556                          | (50,226)  | 48,769              | 17,451        | 54,965         | 60,074         |
| Underwriting Results  |      | 62,023                   | 25,322                         | 189,848   | 15,301              | 45,415        | 337,909        | 209,801        |
| Other Income and Expenses   |      |                          |                                |           |                     |               |                |                |
| Investment income   |      |                          |                                |           |                     |               |                |                |
| Rental income   |      |                          |                                |           |                     |               |                |                |
| Other income  | 24   |                          |                                |           |                     |               |                |                |
| Profit on bank deposits   |      |                          |                                |           |                     |               |                |                |
| Share of profit in associated company                                       |      |                          |                                |           |                     |               |                |                |
| Finance Cost  | 25   |                          |                                |           |                     |               |                |                |
| General and administration expenses   |      |                          |                                |           |                     |               |                |                |
| Profit before tax from General Insurance Operations                         |      |                          |                                |           |                     |               |                |                |
| Loss from Window Takatuf Operations - QPF                                   | 26   |                          |                                |           |                     |               |                |                |
| Profit before taxation  |      |                          |                                |           |                     |               |                |                |
| Provision for taxation  | 27   |                          |                                |           |                     |               |                |                |
| Profit after taxation   |      |                          |                                |           |                     |               |                |                |
| Other comprehensive income for the year                                     |      |                          |                                |           |                     |               |                |                |
| Items that will not be reclassified subsequently to profit and loss account |      |                          |                                |           |                     |               |                |                |
| Effect of remeasurement of staff retirement benefit plan                    |      |                          |                                |           |                     |               |                |                |
| Tax effect on experience adjustments  | 27   |                          |                                |           |                     |               |                |                |
| Total other comprehensive income for the year                               |      |                          |                                |           |                     |               |                |                |
| Total comprehensive income for the year                                     |      |                          |                                |           |                     |               |                |                |
| Profit and loss appropriation account                                       |      |                          |                                |           |                     |               |                |                |
| Balance at commencement of the year   |      |                          |                                |           |                     |               |                |                |
| Total comprehensive income for the year                                     |      |                          |                                |           |                     |               |                |                |
| Balance of unappropriated profit at end of the year                         |      |                          |                                |           |                     |               |                |                |
| Earnings per share - basic and diluted                                      | 28   |                          |                                |           |                     |               |                |                |

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Atahul Wajed  
President & Chief Executive

  
Brig M. Ibrahim Khan (Retd)  
Director

  
May Gen Syed  
Director

  
Lt Gen Khalid Hashmi (Retd)  
Chairman



# Statement of Cash Flows

For the year ended 31 December 2015

|  | 2015        | 2014      |
|--|-------------|-----------|
|  | Rupees '000 |           |
| Operating Cash Flows                                     |             |           |
| a) Underwriting activities:                              |             |           |
| Premium received   | 1,926,894   | 1,515,934 |
| Reinsurance premium paid                                 | (399,004)   | (374,764) |
| Claims paid  | (1,017,248) | (854,646) |
| Reinsurance and other recoveries received                | 90,200      | 148,549   |
| Commission paid  | (109,771)   | (110,727) |
| Commission received                                      | 86,784      | 101,183   |
| Other underwriting payments (management expenses)        | (238,634)   | (227,038) |
| Net cash flows generated from underwriting activities    | 339,221     | 198,491   |
| b) Other Operating activities:                           |             |           |
| Income tax paid  | (71,478)    | (36,150)  |
| General management expenses paid                         | (155,073)   | (145,092) |
| Other operating receipts                                 | 7,331       | 12,181    |
| Advances to employees                                    | 98          | (475)     |
| Net cash used in other Operating activities              | (219,122)   | (169,536) |
| Total cash flows generated from all Operating activities | 120,099     | 28,955    |
| Investing activities:                                    |             |           |
| Profit / return received                                 | 12,642      | 13,833    |
| Dividends received                                       | 8,321       | 1,683     |
| Payments for investments                                 | (1,028,228) | (677,309) |
| Proceeds from disposal of investments                    | 924,071     | 648,720   |
| Redemption of term finance certificates                  | -           | 6,237     |
| Fixed capital expenditure                                | (57,250)    | (10,754)  |
| Proceeds from disposal of fixed assets                   | 2,644       | 3,003     |
| Total cash used in Investing activities                  | (137,800)   | (14,587)  |
| Financing activities:                                    |             |           |
| Financial charges paid                                   | (983)       | -         |
| Dividend paid  | (21)        | -         |
| Total cash used in Financing activities                  | (1,004)     | -         |
| Net cash (used in)/ generated from all activities        | (18,705)    | 14,368    |
| Cash at beginning of the year                            | 133,969     | 119,601   |
| Cash at end of the year                                  | 115,264     | 133,969   |

The annexed notes 1 to 37 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director



Lt Gen Khalid Rabbani (Retd)  
Chairman

# Statement of Cash Flows

For the year ended 31 December 2015

|   | 2015        | 2014     |
|---|-------------|----------|
|   | Rupees '000 |          |
| Reconciliation to Profit and Loss Account:              |             |          |
| Operating cash flows                                    | 120,099     | 28,955   |
| Depreciation expense                                    | (39,326)    | (28,340) |
| Financial Charges                                       | (983)       | -        |
| Gain on disposal of fixed assets                        | 2,139       | 1,478    |
| Increase in assets other than cash                      | 130,689     | 124,460  |
| Decrease in liabilities other than running finance      | (109,383)   | (98,895) |
| Provision against doubtful debts                        | (8,283)     | (5,888)  |
| Unrealized gain on investments, held for trading        | 3,129       | 64,544   |
| Provision for diminution in value of AFS investments    | (4,251)     | -        |
| Dividend income   | 8,321       | 1,683    |
| Investment income                                       | 28,764      | 27,754   |
| Profit on bank deposits                                 | 6,406       | 7,897    |
| Share of profit in associated company                   | -           | 10,441   |
| Income tax provision                                    | (76,408)    | (38,802) |
| Gain on trading   | 68,069      | 32,027   |
| Investment related expense                              | -           | (49)     |
| Tax paid  | 71,478      | 36,150   |
| Profit after taxation from General Insurance Operations | 200,460     | 163,415  |
| Loss from Window Takaful Operations - OPF               | (1,952)     | -        |
| Profit after taxation                                   | 198,508     | 163,415  |

## Definition of cash :

Cash comprises of cash in hand, bank balances, stamp in hand and short term placements with banks which are readily convertible to cash in hand and which are used in the cash management function on a day-to-day basis.

## Cash for the purpose of the statement of cash flows consist of:

|                            | 2015        | 2014    |
|----------------------------|-------------|---------|
|                            | Rupees '000 |         |
| Cash and other equivalents |             |         |
| Cash in hand               | 837         | 807     |
| Stamp in hand              | 261         | 255     |
|                            | 1,098       | 1,062   |
| Current and other accounts |             |         |
| On current accounts        | 16,086      | 17,825  |
| On deposit accounts        | 98,080      | 115,082 |
|                            | 114,166     | 132,907 |
| Total                      | 115,264     | 133,969 |

The annexed notes 1 to 37 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director



Lt Gen Khalid Rabbani (Retd)  
Chairman



# Statement of Changes in Equity

For the year ended 31 December 2015

|  | Share capital<br>Issued,<br>subscribed<br>and paid up | Capital reserve<br>Share<br>premium | Reserves<br>Revenue reserve<br>General<br>reserve | Retained<br>earning | Total<br>reserves | Total<br>equity |
|--|---|-------------------------------------|---|---------------------|-------------------|-----------------|
|  |   |                                     |   |                     |                   |                 |
|  |   |                                     |   | Rupees '000         |                   |                 |
| As at 01 January 2014                      | 388,344   | 4,658                               | 70,000  | 155,474             | 230,132           | 618,476         |
| Total comprehensive<br>income for the year |   |                                     |   |                     |                   |                 |
| Profit for the year                        | -   | -                                   | -   | 163,415             | 163,415           | 163,415         |
| Other comprehensive<br>income for the year | -   | -                                   | -   | (2,356)             | (2,356)           | (2,356)         |
| Total comprehensive<br>income for the year | -   | -                                   | -   | 161,059             | 161,059           | 161,059         |
| As at 31 December 2014                     | 388,344   | 4,658                               | 70,000  | 316,533             | 391,191           | 779,535         |
| As at 01 January 2015                      | 388,344   | 4,658                               | 70,000  | 316,533             | 391,191           | 779,535         |
| Total comprehensive<br>income for the year |   |                                     |   |                     |                   |                 |
| Profit for the year                        | -   | -                                   | -   | 198,508             | 198,508           | 198,508         |
| Other comprehensive<br>income for the year | -   | -                                   | -   | (2,266)             | (2,266)           | (2,266)         |
| Total comprehensive<br>income for the year | -   | -                                   | -   | 196,242             | 196,242           | 196,242         |
| As at 31 December 2015                     | 388,344   | 4,658                               | 70,000  | 512,775             | 587,433           | 975,777         |

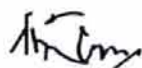
The annexed notes 1 to 37 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Lt Gen Khalid Rabbani (Retd)  
Chairman



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director

# Statement of Premiums

For the year ended 31 December 2015

Business Underwritten inside Pakistan

| Class of Business              | Premiums written | Unearned premium reserve |         | Premiums earned | Reinsurance ceded | Prepaid reinsurance |         | Reinsurance expense | 2015 Net premium revenue | 2014 Net premium revenue |
|--------------------------------|------------------|--------------------------|---------|-----------------|-------------------|---------------------|---------|---------------------|--------------------------|--------------------------|
|                                |                  | Opening                  | Closing |                 |                   | premium ceded       | Closing |                     |                          |                          |
|                                |                  |                          |         |                 |                   |                     |         |                     |                          |                          |
|                                |                  |                          |         |                 |                   |                     |         |                     |                          |                          |
| Rupees '000                    |                  |                          |         |                 |                   |                     |         |                     |                          |                          |
| Direct and facultative         |                  |                          |         |                 |                   |                     |         |                     |                          |                          |
| Fire and property damage       | 321,892          | 125,952                  | 172,736 | 275,108         | 258,794           | 104,190             | 141,791 | 221,193             | 53,915                   | 49,996                   |
| Marine, aviation and transport | 158,978          | 21,311                   | 36,903  | 143,386         | 92,786            | 12,512              | 23,197  | 82,101              | 61,285                   | 59,612                   |
| Motor                          | 815,140          | 328,840                  | 378,012 | 765,968         | 16,529            | 20,304              | 7,687   | 29,146              | 736,822                  | 621,372                  |
| Accident and health            | 437,035          | 242,033                  | 271,848 | 407,220         | 260,574           | 145,276             | 163,039 | 242,811             | 164,409                  | 150,660                  |
| Miscellaneous                  | 272,011          | 177,289                  | 127,232 | 322,068         | 219,849           | 128,236             | 101,470 | 246,615             | 75,453                   | 89,810                   |
| Grand total                    | 2,005,056        | 895,425                  | 986,731 | 1,913,750       | 848,532           | 410,518             | 437,184 | 821,866             | 1,091,884                | 971,450                  |

The annexed notes 1 to 37 form an integral part of these financial statements.



Abdul Wahid  
President & Chief Executive



Siraj M. Ibrahim Khan (Field)  
Director



Maj Gen Syed Tahir Nasser Khan (Head)  
Director



Lt Gen Khairuddin Rabbani (Field)  
Chairman



# Statement of Claims

For the year ended 31 December 2015

Business Underwritten inside Pakistan

Class of Business

Rupees '000

Direct and facultative

| Class of Business              | Claims paid | Outstanding Claims |         | Claims expense | Reinsurance and other recoveries received | Reinsurance and other recoveries in respect of outstanding claims |         | Reinsurance and other recoveries revenue | 2015 Net claims expense | 2014 Net claims expense |
|--------------------------------|-------------|--------------------|---------|----------------|---|---|---------|--|-------------------------|-------------------------|
|                                |             | Opening            | Closing |                |   | Opening   | Closing |  |                         |                         |
| Fire and property damage       | 72,052      | 45,193             | 34,551  | 61,410         | 49,865                                    | 34,825  | 29,253  | 44,293                                   | 17,117                  | 12,794                  |
| Marine, aviation and transport | 83,299      | 39,356             | 30,683  | 74,626         | 59,190                                    | 31,449  | 21,086  | 48,827                                   | 25,799                  | 23,904                  |
| Motor                          | 331,632     | 136,611            | 113,585 | 308,606        | 9,315                                     | 834   | 830     | 9,311                                    | 299,295                 | 330,852                 |
| Accident and health            | 420,130     | 51,614             | 40,867  | 409,383        | 252,078                                   | 30,968  | 24,520  | 245,630                                  | 163,753                 | 157,034                 |
| Miscellaneous                  | 110,135     | 84,543             | 110,624 | 136,216        | 56,719                                    | 48,726  | 96,395  | 104,388                                  | 31,828                  | 36,840                  |
| Grand total                    | 1,017,248   | 357,317            | 330,310 | 990,241        | 427,167                                   | 146,802   | 172,084 | 452,449                                  | 537,792                 | 561,424                 |

The annexed notes 1 to 37 form an integral part of these financial statements.

  
Abdul Wahid  
President & Chief Executive

  
Brig M. Ibrahim Khan (Retd)  
Director

  
Maj Gen Syed Tag Nasser Rizvi (Retd)  
Director

  
Lt Gen Khalid Rubani (Retd)  
Chairman

# Statement of Expenses

For the year ended 31 December 2015

Business underwritten inside Pakistan

| Class of Business              | Commission<br>Paid or payable | Deferred Commission |         | Net commission<br>expense | Other<br>management<br>expenses | Underwriting<br>expenses | Commission<br>from<br>reinsurers* | 2015           |                                | 2014                           |  |
|--------------------------------|-------------------------------|---------------------|---------|---------------------------|---------------------------------|--------------------------|-----------------------------------|----------------|--------------------------------|--------------------------------|--|
|                                |                               | Opening             | Closing |                           |                                 |                          |                                   | Net<br>expense | Net<br>underwriting<br>expense | Net<br>underwriting<br>expense |  |
| Rupees '000                    |                               |                     |         |                           |                                 |                          |                                   |                |                                |                                |  |
| Direct and facultative         |                               |                     |         |                           |                                 |                          |                                   |                |                                |                                |  |
| Fire and property damage       | 37,779                        | 16,995              | 18,014  | 36,760                    | 11,190                          | 47,950                   | 73,175                            | (25,225)       |                                | (11,634)                       |  |
| Marine, aviation and transport | 24,667                        | 3,259               | 2,898   | 25,028                    | 12,720                          | 37,748                   | 27,584                            | 10,164         |                                | 9,638                          |  |
| Motor                          | 56,349                        | 25,157              | 27,467  | 54,039                    | 197,453                         | 251,492                  | 3,813                             | 247,679        |                                | 214,315                        |  |
| Accident and health            | 14,684                        | 7,131               | 9,261   | 12,554                    | 34,124                          | 46,678                   | 61,323                            | (14,645)       |                                | (6,115)                        |  |
| Miscellaneous                  | 13,556                        | 6,788               | 5,325   | 15,019                    | 15,661                          | 30,680                   | 32,470                            | (1,790)        |                                | (5,978)                        |  |
| Grand total                    | 147,035                       | 59,330              | 62,965  | 143,400                   | 271,148                         | 414,548                  | 198,365                           | 216,183        |                                | 200,226                        |  |

\* Commission from reinsurers is arrived at after taking the impact of opening and closing unearned commission.

The annexed notes 1 to 37 form an integral part of these financial statements.



Abdul Wahid  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Iqbal Hussain (Retd)  
Director



Lt Gen Khalid Rafique (Retd)  
Chairman



# Statement of Investment Income

For the year ended 31 December 2015

|   | 2015        | 2014    |
|---|-------------|---------|
|   | Rupees '000 |         |
| Income from trading investments                                       |             |         |
| Gain on trading   | 68,069      | 32,027  |
| Dividend income   | 2,108       | 781     |
|   | 70,177      | 32,808  |
| Income from non-trading investments                                   |             |         |
| Return on government securities                                       | 4,629       | 4,971   |
| Return on other fixed income securities                               | 1,615       | 1,898   |
|   | 6,244       | 6,869   |
| Available For Sale investments  |             |         |
| Dividend income   | 6,213       | 902     |
| Gain on sale of investments   | 22,520      | 20,885  |
|   | 28,733      | 21,787  |
| Unrealized profit on remeasurement<br>of investments held for trading | 3,129       | 64,544  |
| Provision for diminution in available for sale investments            | (4,251)     | -       |
| Investment related expense  | -           | (49)    |
| Net investment income   | 104,032     | 125,959 |

The annexed notes 1 to 37 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Lt Gen Khalid Rabbani (Retd)  
Chairman



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director

# Notes to the Financial Statements

For the year ended 31 December 2015

## 1 STATUS AND NATURE OF BUSINESS

askari general insurance company limited ("the Company") was incorporated under the Companies Ordinance, 1984 as a public limited company on 12 April 1995. The Company is engaged in non-life insurance business comprising of fire, marine, motor, accident, health and miscellaneous. Further the Company also operates Islamic Takaful Window. The Company commenced its commercial operations on 15 October 1995. Shares of the Company are quoted on Pakistan Stock Exchange. The registered office and principal place of business of the Company is located at AWT Plaza, Rawalpindi. The Company has 19 branches in Pakistan. During the year, the Company became subsidiary of Army Welfare Trust, Rawalpindi.

## 2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated 12 December 2002.

## 3 STATEMENT OF COMPLIANCE

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

The Securities and Exchange Commission of Pakistan (SECP) has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

## 4 BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost convention except for certain financial instruments which are stated at their fair values and obligation under certain employee retirement benefit funds including staff compensated absences which are measured at their present values as determined under the provisions of IAS-19, "Employee Benefits".

### 4.1 Use of estimates and judgments

The preparation of financial statements in conformity with the requirements of approved accounting standards as applicable to insurance companies in Pakistan requires management to make judgments/estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These judgments/estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from their estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.



# Notes to the Financial Statements

For the year ended 31 December 2015

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are discussed below:

a) Income tax

In making the estimates for income taxes currently payable by the Company, the management takes into account current income tax laws and the decisions of appellate authorities on certain issues in the past. In making the provision for deferred taxes, estimates of the Company's future taxable profits are taken into account.

b) Fixed assets, depreciation and amortisation

In making estimates of the depreciation / amortisation method, the management uses depreciation / amortisation rate which reflects the pattern in which economic benefits are expected to be consumed by the Company. These rates are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the depreciation / amortisation rates would be changed to reflect the change in pattern. Further, the assets residual values are reviewed and adjusted if appropriate, at each financial year end.

c) Outstanding claims including incurred but not reported (IBNR)

The liability for IBNR is accounted for from subsequent to year end data on an estimated basis by the management and in case of accident and health business on actuary recommendation. Any significant event may affect the management's judgment which could effect the provision made for IBNR. Reinsurance recoveries against outstanding claims and salvage recoveries are recognized as an asset and are measured at the amount expected to be received.

d) Premium deficiency reserves

The Company carries out an analysis of loss / combined ratios for the expired year, such ratio being calculated after taking into account the relevant IBNR provision for the determination of premium deficiency reserve for each class of business.

e) Defined benefits plan

Defined benefit plan is provided to eligible employees of the Company. Calculations in this respect require assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration, the expected long-term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

f) Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

g) Provision against premiums due but unpaid and amounts due from other insurers / reinsurers

The Company reviews its premium due but unpaid and amounts due from other insurers / reinsurers portfolio to assess



# Notes to the Financial Statements

For the year ended 31 December 2015

their recoverability and provision required there-against. While assessing this requirement, various factors including the delinquency and financial position of the counter party are considered.

## h) Classification of investment

In classifying investments as "held-for-trading" the Company has determined securities which are acquired with the intention to trade by taking advantage of short term market / interest rate movements.

In classifying investments as "held-to-maturity" the Company has determined financial assets with fixed or determinable payments and fixed maturity. In making this judgment, the Company evaluates its intention and ability to hold such investments to maturity.

The investments which are not classified as held for trading or held to maturity are classified as available for sale.

## i) Allocation of management expenses

Management expenses which are not specifically related to a class of business are allocated on all classes of business based on their respective net premium share in the total net premiums of the Company.

## j) Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

## k) Fair value of investments

The fair value of held for trading and available for sales investment is determined by reference to their quoted closing repurchase price at the reporting date. Any change in the estimate might effect carrying amount of investments held for trading with corresponding effect in profit and loss account. Fair value of held to maturity instruments is determined with reference to general interest rates prevailing in the market. Fair value of available for sales and held to maturity investments is determined for disclosure purpose only.

## 4.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency. Amounts presented in Pakistani Rupees have been rounded off to nearest thousands of Rupees unless otherwise stated.

## 4.3 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

# Notes to the Financial Statements

For the year ended 31 December 2015

The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.
- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:
  - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
  - IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.



# Notes to the Financial Statements

For the year ended 31 December 2015

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.
- Securities and Exchange Commission of Pakistan through its circular No 9 of 2016 dated 09 March 2016 has issued Guidelines for Estimation of Incurred but not Reported (IBNR) Claims Reserve, 2016 ("The Guidelines") for non-life insurance companies. These Guidelines prescribe method for estimating IBNR reserve and are effective from 01 July 2016. The management is currently assessing the impact of these Guidelines on the Company's financial statements.

The above amendments are not likely to have an impact on Company's financial statements.

## 5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in preparation of these financial statements are set out below. The policies have been applied consistently to all years presented except for the change in following paragraph:

IFRS 13 consolidates the guidance on how to measure fair value, which was spread across various IFRS, into one comprehensive standard. It introduces the use of an exact price, as well as extensive disclosure requirements, particularly the inclusion of non-financial instruments in the fair value hierarchy. The application of IFRS 13 does not have an impact on the financial statements of the Company except for the additional disclosures.

### 5.1 Insurance contracts

Insurance contracts are those contracts under which the Company as insurer has accepted insurance risk from the insurance contract holder (insured) by agreeing to compensate the insured if a specified uncertain future event (the insured event) adversely affects the insured. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its tenure, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

Insurance contracts are classified into following main categories, depending on the nature and duration of risk and whether or not the terms and conditions are fixed.

- Fire and property damage;
- Marine, aviation and transport;
- Motor;
- Health and accident; and
- Miscellaneous.

These contracts are normally one year insurance contracts except marine and miscellaneous classes. Normally all marine insurance contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts and few bond insurance contracts in miscellaneous class expire within one month time.



# Notes to the Financial Statements

For the year ended 31 December 2015

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

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers 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.

Marine insurance 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.

Motor insurance provides protection against losses incurred as a result of theft, traffic accidents and against third party liability that could be incurred in an accident.

Liability insurance contracts protect the insured against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, personal accident, worker compensation, travel, products of financial institutions, livestock and crop insurance etc.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer.

## Reinsurance contracts

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 into reinsurance contracts with both foreign and local reinsurers. The Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same year as the related premiums for the direct or accepted reinsurance business being reinsured. Once a contract has been classified as insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the year, unless all rights and liabilities are extinguished or expired.

### 5.1.1 Premium and receivable under insurance contracts

Premium written under all insurance policies is recognized as income over the period of insurance from the date of issuance of policy to its expiry, after taking into account the unearned portion of premiums. Amount is recorded as premium written at the time the policy is written. Where the pattern of incidence of risk varies over the year of the policy, premium is recognized as revenue in accordance with the pattern of the incidence of risk. The portion of premium written relating to the unexpired year of coverage is recognized as unearned premium by the Company. The unearned premium is calculated by applying 1/24 method as specified in the SEC (Insurance) Rules, 2002.

Premium income includes administrative surcharge that represents documentation charges recovered by the Company from policy holders in respect of policies issued. Administrative surcharge is recognised as premium income at the time of issuance of policy.

# Notes to the Financial Statements

For the year ended 31 December 2015

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

## 5.1.2 Reinsurance ceded

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 year as the related premiums for the direct or accepted reinsurance business being reinsured. Reinsurance premium is recognised as expense after taking into account the proportion of deferred premium expense which is calculated using pattern similar to calculation of premium income for the same policy. The deferred portion of premium expense is recognised as prepayment.

Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in the manner consistent with the related reinsurance contract. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurance 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 contracts.

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

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

Pakistan Reinsurance Company Limited (PRCL) retrocession business is booked on the basis of PRCL statements pertaining to the previous years.

## 5.1.3 Claim expense including provision for outstanding claims including Incurred But Not Reported

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

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the management's best estimates and the claims actually reported subsequent to the balance sheet date however in case of health business, provision is determined using actuary recommendations.

## 5.1.4 Reinsurance recoveries against claims

Claims recoveries receivables from the reinsurers are recognized as an asset at the same time as the claims which give rise to the right of recovery are recognized as a liability and are measured at the amount expected to be received in accordance with respective reinsurance arrangements.

## 5.1.5 Commission

Commission expense incurred on issuance of policies is deferred and recognized as asset and is recognized in the profit and loss account as an expense in accordance with pattern of recognition of premium revenue. Commission and other forms of



# Notes to the Financial Statements

For the year ended 31 December 2015

revenue (apart from recoveries) from reinsurers are deferred and recognized as liability and recognized in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premium. Profit / commission, if any, under the terms of reinsurance arrangements, is recognized when the Company's right to receive the same is established.

## 5.1.6 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve is recorded as an expense in profit and loss account for the year. Income is recognised to the extent of reversal of deficit previously recognised, if any.

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

|                                   |     |
|-----------------------------------|-----|
| - Fire and property damage;       | 36% |
| - Marine, aviation and transport; | 45% |
| - Motor;                          | 50% |
| - Accident and health; and        | 91% |
| - Miscellaneous.                  | 36% |

Based on an analysis of combined operating ratio for the expired year 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 balance sheet date in respect of policies in those classes of business in force at the balance sheet date. Hence, no reserve for the same has been made in these financial statements.

## 5.2 Provision for unearned premium and prepaid reinsurance premium ceded

In accordance with the requirements of Insurance Rules 2002, provision for unearned premium is calculated by applying 1/24th method. Unearned portion of premium is recognized as liability.

The deferred portion of reinsurance premium is recognised as reinsurance premium ceded using 1/24th method.

## 5.3 Creditors, accruals and provisions

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

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

# Notes to the Financial Statements

For the year ended 31 December 2015

## 5.4 Fixed assets

### Owned - tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life. Depreciation is charged on monthly basis where full month depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

Effecting from January 1, 2015 the entity changed the depreciation method for all its classes of assets, except for tracker devices, from reducing balance to straight line to better reflect the pattern of consumption of the expected benefits from these assets. This had the effect of increasing the depreciation expense for the year ended December 31, 2015 by Rs. 8.82 million (previously Rs. 29.2 million per year, now Rs. 38.02 million per year). Depreciation for each of the next 9 years is expected to be similarly affected by this change in accounting estimate.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

### Owned - intangible

Software development cost are only capitalized to the extent that future economic benefits are expected to flow to the entity. Intangible assets with finite useful lives are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged on the amortizable amount over the useful life of the asset by applying straight line method. Intangible assets with indefinite useful lives are stated at cost less impairment losses, if any.

### Leased - tangible

Assets held under finance leases are initially recorded at lower of the present value of minimum lease payments under the lease agreements and the fair value of the leased assets. The related obligations under the leases less financial charges allocated to future periods are shown as a liability.

The financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of interest on the outstanding liability.

Depreciation on leased assets is charged by allocating their depreciable amount over the estimated useful lives or the lease term of the assets, whichever is shorter, from the month these are available for use, while on disposals, depreciation is charged up to the month in which the assets are disposed off.

## 5.5 Financial instruments

### 5.5.1 Non-derivative financial assets

These are initially recognised on the date that they are originated i.e. on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.



# Notes to the Financial Statements

For the year ended 31 December 2015

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company classifies non-derivative financial assets into the following categories: held to maturity, financial assets at fair value through profit or loss, available for sale investments and loans and receivables.

**a) Held to maturity**

Investments with fixed maturity, where the management has both the intent and ability to hold to maturity, are classified as held to maturity. Subsequent to initial recognition, these investments are measured at amortised cost, less provision for impairment in value, if any. Amortised cost is calculated taking into account effective interest rate method. Profit on held to maturity instruments is recognized on a time proportion basis taking into account the effective yield on investments.

**b) Investments at fair value through profit and loss - Held for trading**

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss is included in net profit or loss for the year in which it arises.

**c) Available for sale**

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity are classified as available for sale. Subsequent to initial recognition at cost, quoted investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan on 12 December 2002. Had the Company adopted IAS 39 "Financial Instruments: Recognition and Measurement" the investments available for sale as of 31 December 2015 would have been lower by Rs. 14.39 million (2014: higher by Rs. 2.08 million) with the corresponding increase in equity by the same amount. The Company's available for sale investments represent investment in mutual funds and shares of listed companies. Investment in the units of these funds is valued at their respective redemption/ repurchase price and investment in listed shares are valued at the prices quoted on stock exchange.

**d) Loans and receivables**

Loans and receivables comprise cash and bank deposits, advances to employees, premium due but unpaid, amounts due from other insurers / reinsurers, reinsurance recoveries against outstanding claims and sundry receivables.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances, stamps in hand and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

# Notes to the Financial Statements

For the year ended 31 December 2015

## All other loans and receivables

These are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on the Company's assessment of the collectability of counterparty accounts. The Company regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

## 5.5.2 Non-derivative financial liabilities

The Company initially recognises non derivative financial liabilities on the date that they are originated or the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise amounts due from other insurers / reinsurers, unclaimed dividend, other payables and other creditors and accruals.

## 5.5.3 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

## 5.6 Investment in associates

Associates are those entities in which the Company has significant influence but not control over the financial and operating policies. Investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is initially recognized at cost and the carrying value is increased or decreased to recognize the Company's share of the profit and loss of the associate after the date of its acquisition and the Company's share in the associates' equity that has not been recognized in the associate's profit and loss account. The Company's share of profit and loss of associates is included in the profit and loss account for the year. This method is applied from the date when significant influence commences until the date when the significant influence ceases. When the associates' share of losses exceed the carrying amount of investment in associates, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has incurred obligation in respect of the associate.

## 5.7 Investment Property

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



# Notes to the Financial Statements

For the year ended 31 December 2015

Depreciation is charged on depreciable amount on straight line basis over its estimated useful life at the rate of 2.5% per annum.

Subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as tangible fixed assets.

## 5.8 Taxation

### Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also include adjustments, where considered necessary, to provision for tax made in previous years arising from assessments finalized during the current year for such years.

### Deferred taxation

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences at the balance sheet date between the tax bases and carrying amounts of assets and liabilities for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences unused tax losses and tax credits can be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

## 5.9 Employees' retirement benefits

### a) Defined benefit plan

The Company operates a funded gratuity scheme covering all eligible employees completing the minimum qualifying year of service as specified by the scheme. The assets of the funded plan are held independently in a separate fund. Provision for gratuity is made to cover obligations under the scheme in accordance with the actuarial recommendations. The latest actuarial valuation was carried out as at 31 December 2015.

Actuarial valuation was carried out using the Projected Unit Credit Method based on the following significant assumptions:

|  |                  |
|--|------------------|
| Discount rate  | 9% per annum     |
| Expected return on plan assets                               | 9% per annum     |
| Expected rate of increase in salary                          | 9% per annum     |
| Average expected remaining working life time of the employee | 8 years          |
| Mortality rate   | SLIC 2001 - 2005 |

The Company recognizes the actuarial gains or losses in other comprehensive income in the year in which they arise.

# Notes to the Financial Statements

For the year ended 31 December 2015

## b) Defined contribution plan

The Company operates a recognized staff provident fund as a defined contribution plan for all eligible employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.33% of basic salary. The Company's contribution is charged to income during the year.

## c) Compensated absences

Provisions for compensated absences is recognised annually to cover the obligation for compensated absences and charged to profit and loss account. The provision is determined using the projected unit credit method.

The latest actuarial valuation was carried out as at 31 December 2015 based on the following significant assumptions:

|  |                                      |
|--|--------------------------------------|
| Discount rate                                  | 9% per annum                         |
| Expected rate of increase in salary            | 9% per annum                         |
| Average number of leaves accumulated per annum | 9 days                               |
| Mortality rate                                 | SLIC 2001 - 2005 with 1 year setback |

## 5.10 Management expenses

Management expenses have been allocated to various classes of business on equitable basis. Expenses not allocable to underwriting business are charged under general and administrative business.

## 5.11 Earnings per share

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

## 5.12 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The reported operating segments are also consistent with the internal reporting provided to Strategy Committee and 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 following business segments:

Fire insurance segment provides insurance cover against damages caused by fire, riot and strike, explosion, earthquake, atmospheric damage, flood, electric fluctuation and impact.

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

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



# Notes to the Financial Statements

For the year ended 31 December 2015

Accident and health provides inpatient and outpatient medical coverage.

Miscellaneous insurance provides cover against burglary, loss of cash in safe and cash in transit, personal accident, money, engineering losses and other coverage.

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 while the carrying amount of certain assets pertaining to two or more segments have been allocated to segments on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

## 5.13 Foreign currency transactions

Transactions in foreign currencies are translated into reporting currency at the rates of exchange prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All exchange differences are routed through profit and loss account.

## 5.14 Finance income

Finance income comprises interest income on funds invested, dividend income, exchange gain and changes in the fair value of financial assets at fair value through profit or loss - held for trading. Income on bank deposits is accrued on a time proportion basis using effective rate of interest. Income on investments is recognized on time proportion basis taking into account the effective yield of such securities. Dividend income on equity investments is recognized when the right to receive the payment is established. Foreign currency gains and losses are reported on a net basis.

## 5.15 Impairment

### a) Non-derivative financial assets

All financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers and economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Company considers evidence of impairment for financial assets measured at amortised cost at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

# Notes to the Financial Statements

For the year ended 31 December 2015

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in as allowance against financial asset measured at amortized cost. Interest on the impaired asset is recognized only to the extent it is considered recoverable. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## b) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 5.16 Distribution and appropriations

Cash dividends declared, bonus shares issued and other reserves' appropriations are recognized in the year in which these announcements or appropriations are made.

## 6 PAID UP SHARE CAPITAL

| 2015                                      | 2014       |                           | 2015        | 2014    |
|---|------------|---------------------------|-------------|---------|
| Number of shares                          |            |                           | Rupees '000 |         |
| Ordinary shares of Rs. 10 each issued as: |            |                           |             |         |
| 12,708,378                                | 12,708,378 | - fully paid cash shares  | 127,084     | 127,084 |
| 26,126,025                                | 26,126,025 | - fully paid bonus shares | 261,260     | 261,260 |
| 38,834,403                                | 38,834,403 |                           | 388,344     | 388,344 |

6.1 Army Welfare Trust (AWT) and Askari Securites Limited hold 22,981,715 (2014: 12,426,277), and 117 (2014: 117) shares of the Company respectively at the year end.



# Notes to the Financial Statements

For the year ended 31 December 2015

|  | Note       | 2015<br>Rupees '000 | 2014          |
|--|------------|---------------------|---------------|
| <b>7 STAFF COMPENSATED ABSENCES</b>                            | <b>7.1</b> | <b>19,737</b>       | <b>15,132</b> |
| <b>7.1 Movement in liability</b>                               |            |                     |               |
| Balance at beginning of the year                               |            | 15,132              | 11,081        |
| Charge for the year  | 7.1.1      | 5,483               | 5,867         |
| Benefits paid  |            | (878)               | (1,816)       |
| Balance at end of the year                                     |            | 19,737              | 15,132        |
| <b>7.1.1 Charge for the year</b>                               |            |                     |               |
| Current service cost   |            | 2,107               | 1,907         |
| Interest cost  |            | 1,543               | 1,272         |
| Actuarial loss on experience adjustment                        |            | 1,833               | 2,688         |
|  |            | 5,483               | 5,867         |
| <b>8 OTHER CREDITORS AND ACCRUALS</b>                          |            |                     |               |
| Agents' commission payable                                     |            | 89,641              | 62,507        |
| Security deposit against bond insurance                        |            | 40,565              | 41,437        |
| Payable to staff gratuity fund                                 | 8.1        | 11,744              | 7,729         |
| Tax deducted at source   |            | 2,197               | 2,019         |
| Federal excise duty and federal insurance fee                  |            | 22,918              | 23,022        |
| Workers' Welfare Fund  |            | 2,753               | 2,753         |
| Payable against tracker devices and monitoring expenses        |            | 1,954               | 4,599         |
|  |            | 171,772             | 144,066       |
| <b>8.1 Payable to staff gratuity fund</b>                      |            |                     |               |
| <b>8.1.1 Amount recognized in the balance sheet</b>            |            |                     |               |
| Present value of defined benefit obligation                    | 8.1.3      | 68,982              | 53,344        |
| Benefits due but not paid during the year                      |            | 3,224               | 3,631         |
|  |            | 72,206              | 56,975        |
| Fair value of plan assets                                      | 8.1.4      | (60,462)            | (49,246)      |
| Net liability at end of the year                               |            | 11,744              | 7,729         |
| <b>8.1.2 Movement in liability recognized in balance sheet</b> |            |                     |               |
| Balance at beginning of the year                               |            | 7,729               | 6,677         |
| Expense for the year   | 8.1.5      | 6,706               | 5,128         |
| Actuarial loss recognized in other comprehensive income        |            | 3,332               | 3,517         |
|  |            | 17,766              | 15,321        |
| Contributions to the fund during the year                      |            | (6,022)             | (7,592)       |
| Balance at end of the year                                     |            | 11,744              | 7,729         |

# Notes to the Financial Statements

For the year ended 31 December 2015

|  | 2015        | 2014    |
|--|-------------|---------|
|  | Rupees '000 |         |
| <b>8.1.3 Reconciliation of the present value of defined benefits obligations</b> |             |         |
| Present value of obligations as at beginning of the year                         | 53,344      | 41,751  |
| Current service cost   | 6,622       | 5,328   |
| Interest cost  | 5,563       | 5,044   |
| Benefits paid  | (733)       | (2,512) |
| Benefits due but not paid  | -           | (295)   |
| Actuarial loss   | 4,186       | 4,028   |
| Present value of obligations as at end of the year                               | 68,982      | 53,344  |

## 8.1.4 Movement in the fair value of plan assets

|   |         |         |
|---|---------|---------|
| Fair value of plan assets as at beginning of the year | 49,246  | 39,414  |
| Interest income on plan assets                        | 5,479   | 5,244   |
| Contribution to the fund                              | 6,022   | 7,592   |
| Benefits paid   | (1,140) | (3,515) |
| Actuarial gain  | 855     | 511     |
| Fair value of plan assets as at end of the year       | 60,462  | 49,246  |

## 8.1.5 Expense for the year

|                                |         |         |
|--------------------------------|---------|---------|
| Current service cost           | 6,622   | 5,328   |
| Interest cost                  | 5,563   | 5,044   |
| Interest income on plan assets | (5,479) | (5,244) |
| Expense for the year           | 6,706   | 5,128   |

8.1.6 The estimated charge to profit and loss account for the defined benefit plan for the year ending 31 December 2016 is Rs. 9.64 million.

## 8.1.7 Composition of fair value of plan assets

|                           | 2015                      |                 | 2014                      |                 |
|---------------------------|---------------------------|-----------------|---------------------------|-----------------|
|                           | Fair value<br>Rupees '000 | Percentage<br>% | Fair value<br>Rupees' 000 | Percentage<br>% |
| Debt instruments          | 16,835                    | 28%             | 15,794                    | 32%             |
| Cash and bank balances    | 1,980                     | 3%              | 38                        | 0%              |
| Mutual funds              | 41,647                    | 69%             | 33,413                    | 68%             |
| Fair value of plan assets | 60,462                    | 100%            | 49,245                    | 100%            |



# Notes to the Financial Statements

For the year ended 31 December 2015

## 8.1.8 Comparison of present value of defined obligation, fair value of plan assets and surplus / (deficit) of gratuity fund for the last four years:

|  | 2015        | 2014     | 2013     | 2012     | 2011     |
|--|-------------|----------|----------|----------|----------|
|  | Rupees '000 |          |          |          |          |
| Present value of defined benefit obligation                      | 68,982      | 53,344   | 41,751   | 32,793   | 28,965   |
| Fair value of plan assets  | (60,462)    | (49,246) | (39,414) | (32,966) | (23,962) |
| Deficit / (surplus)  | 8,520       | 4,098    | 2,337    | (173)    | 5,003    |
| Effect of remeasurment:  |             |          |          |          |          |
| - Actuarial loss / (gain) on experience adjustment on obligation | 4,186       | 4,028    | 4,521    | 1,561    | (1,367)  |
| - Actuarial gain / (loss) on interest income on plan assets      | 855         | 511      | (967)    | 1,009    | (1,904)  |

## 8.1.9 Sensitivity Analysis

The calculation of the defined benefit obligation is sensitive to the assumption used. The following table summarizes the impact on the defined benefit obligation at the end of the reporting period as a result of a change in the respective assumptions by one percent.

|                      | (Increase) / decrease in Defined Benefit Obligation |             |
|----------------------|---|-------------|
|                      | 1% increase   | 1% decrease |
|                      | Rupees '000   |             |
| Discount rate        | 5,349   | (6,141)     |
| Future salary growth | (6,224)   | 5,525       |

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit obligation recognized within the statement of financial position.

## 8.1.10 Expected maturity analysis of staff gratuity fund is as follows: Rupees '000

|                           |         |
|---------------------------|---------|
| Within one year           | 4,216   |
| Between one to two years  | 5,557   |
| Between two to five years | 18,894  |
| Over five years           | 464,589 |

# Notes to the Financial Statements

For the year ended 31 December 2015

## 8.1.11 Significant Actuarial Assumptions

The following significant assumptions have been used for valuation of this scheme:

|    |   | 2015        | 2014  |
|----|---|-------------|-------|
|    |   | (per annum) |       |
| a) | Expected rate of increase in salary level | 9%          | 10.5% |
| b) | Discount rate                             | 9%          | 10.5% |

## 8.1.12 Risks

These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk, final salary risk, asset volatility, withdrawal and market (investment) risk.

|   | 2015        | 2014 |
|---|-------------|------|
|   | Rupees '000 |      |
| <b>9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE</b>  |             |      |
| Present value of minimum lease payments   | 31,474      | -    |
| <b>9.1 Minimum lease payments</b>   |             |      |
| Not later than 1 year   | 8,881       | -    |
| Later than 1 year and not later than 5 years  | 28,349      | -    |
|   | 37,230      | -    |
| Future finance charges on finance lease   | (5,756)     | -    |
| Present value of finance lease liability  | 31,474      | -    |
| <b>9.2 Present value of Minimum lease payments</b>  |             |      |
| Not later than 1 year   | 6,797       | -    |
| Later than 1 year and not later than 5 years  | 24,677      | -    |
|   | 31,474      | -    |
| <b>9.3</b>  |             |      |
| The above represents finance lease entered into with different banks for motor vehicles. The liability has a term of five years |             |      |



# Notes to the Financial Statements

For the year ended 31 December 2015

## 10 CONTINGENCIES AND COMMITMENTS

### Contingencies

Tax assessments for Assessment Years 1996-1997 to 1999-2000 were finalized by the tax authorities mainly by curtailing management expenses and thereby raising demands aggregating to Rs. 6.6 million. On appeals filed by the Company, these assessments were set aside by the Income Tax Appellate Tribunal (ITAT). The Company has filed reference applications to the High Court on question of admissibility of management expenses for the Assessment Years 1996-1997 to 1999-2000. The management firmly believes that the matter will be resolved in favor of the Company.

### Commitments

At the balance sheet date, the Company does not have any capital commitment (2014: Nil).

|                                      | Note | 2015<br>Rupees '000 | 2014         |
|--------------------------------------|------|---------------------|--------------|
| <b>11 CASH AND OTHER EQUIVALENTS</b> |      |                     |              |
| Cash in hand                         |      | 837                 | 807          |
| Stamps in hand                       |      | 261                 | 255          |
|                                      |      | <b>1,098</b>        | <b>1,062</b> |

## 12 CURRENT AND OTHER ACCOUNTS

|                    |      |                |                |
|--------------------|------|----------------|----------------|
| Cash at bank:      |      |                |                |
| Current accounts   |      | 16,086         | 17,825         |
| Deposit accounts   |      |                |                |
| - local currency   | 12.1 | 97,922         | 110,510        |
| - foreign currency | 12.2 | 158            | 4,572          |
|                    |      | <b>98,080</b>  | <b>115,082</b> |
|                    |      | <b>114,166</b> | <b>132,907</b> |

12.1 These carry effective markup rate ranging from 4% to 5% per annum (2014 : 6.5% to 9% per annum).

12.2 This carry effective markup rate of 0.25% per annum (2014: 0.25%).

## 13 ADVANCES TO EMPLOYEES

These represent short term interest free advances given in accordance with terms of employment. These are secured and considered good. The maximum amount due from executives at the end of any month during the year was Rs. 1.83 million (2014: Rs. 0.51 million).

# Notes to the Financial Statements

For the year ended 31 December 2015

|   | Note | 2015<br>Rupees '000 | 2014             |
|---|------|---------------------|------------------|
| <b>14 INVESTMENTS</b>                                     |      |                     |                  |
| Held to maturity  | 14.1 | 39,442              | 40,254           |
| Loans and receivables - Certificates of investment (COIs) | 14.2 | 18,961              | 18,308           |
| Fair value through profit and loss - held for trading     | 14.3 | 839,956             | 749,223          |
| Available for sale  | 14.4 | 259,569             | 125,632          |
| Investment in associated company                          | 14.5 | -                   | 80,887           |
|   |      | <b>1,157,928</b>    | <b>1,014,304</b> |

## 14.1 Held to maturity

|                       |        |        |        |
|-----------------------|--------|--------|--------|
| Government securities | 14.1.1 | 39,442 | 40,254 |
|-----------------------|--------|--------|--------|

### 14.1.1 Government securities - Pakistan Investment Bonds (PIBs)

PIBs are placed as statutory deposit with State Bank of Pakistan in accordance with the requirements of clause (a) of sub section 2 of section 29 of Insurance Ordinance, 2000. These carry interest at effective rate ranging from 6.5% to 12.5% per annum (2014: 8% to 12.5% per annum) and will mature by 18 July 2018 (2014: 18 July 2018). Market value of PIBs carried at amortised cost amounts to Rs. 44.81 million (2014: Rs.44.15 million).

|   | 2015<br>Rupees '000 | 2014          |
|---|---------------------|---------------|
| <b>14.2 Loans and receivables - Certificates of Investment (COIs)</b> |                     |               |
| Certificates of Investment  | 35,179              | 34,526        |
| Provision for impairment  | (16,218)            | (16,218)      |
|   | <b>18,961</b>       | <b>18,308</b> |

These carry interest rate ranging from 6.75% to 9% (2014: 8.5% to 9%) per annum having maturity for a period of one year (2014: three month to one year). The Company has created a provision against certain COIs. All other COIs are placed with a financial institution having long term and short term credit rating of AA+ and A1+ respectively.



# Notes to the Financial Statements

For the year ended 31 December 2015

## 14.3 Fair value through profit and loss - held for trading: Investment in shares / units - quoted

| Number of<br>shares / units |           | Face<br>value per<br>share / unit | Investee Name                                 | Carrying value/ market value |         |
|-----------------------------|-----------|-----------------------------------|---|------------------------------|---------|
| 2015                        | 2014      | Rupees                            |   | 2015                         | 2014    |
|                             |           |                                   |   | Rupees '000                  |         |
| Open-Ended Mutual Funds     |           |                                   |   |                              |         |
| 9,098,377                   | -         | 10                                | ABL Cash Fund                                 | 93,786                       | -       |
| -                           | 3,539,122 | 10                                | ABL Government Securities Fund                | -                            | 38,570  |
| -                           | 52,378    | 500                               | Atlas Income Fund                             | -                            | 28,187  |
| 59,314                      | -         | 500                               | Atlas Money Market Fund                       | 30,812                       | -       |
| 121,341                     | -         |                                   | Alfalsh GHP Cash Fund                         | 62,456                       | -       |
| -                           | 1,100,397 | 50                                | Alfalsh GHP Income Multiplier Fund            | -                            | 56,783  |
| -                           | 200,657   | 100                               | Alfalsh GHP Sovereign Fund                    | -                            | 21,881  |
| 1,317,347                   | 460,500   | 50                                | AKD Cash Fund                                 | 67,877                       | 24,088  |
| 1,023,440                   | -         | 100                               | Askari Sovereign Cash Fund                    | 106,171                      | -       |
| -                           | 108,622   | 100                               | Faysal Financial Sector Opportunity Fund      | -                            | 11,429  |
| 690,233                     | -         | 100                               | Faysal Money Market Fund                      | 71,729                       | -       |
| -                           | 34,488    | 100                               | Faysal Savings Growth Fund                    | -                            | 3,736   |
| -                           | 788,664   | 100                               | HBL Income Fund                               | -                            | 85,063  |
| 290,916                     | -         |                                   | JS Cash Fund                                  | 30,651                       | -       |
| -                           | 202,964   | 50                                | JS Income Fund                                | -                            | 18,669  |
| 195,091                     | -         |                                   | Lakson Money Market Fund                      | 20,081                       | -       |
| -                           | 386,553   | 50                                | MetroBank Pakistan Sovereign Fund             | -                            | 21,067  |
| 899,832                     | -         | 100                               | MCB Cash Management Optimizer Fund            | 92,775                       | -       |
| -                           | 581,095   | 100                               | MCB Dynamic Cash Fund                         | -                            | 62,921  |
| 5,421,328                   | 7,965,071 | 10                                | NAFA Income Opportunity Fund                  | 60,414                       | 88,929  |
| -                           | 2,464,214 | 10                                | NIT Government Bond Fund                      | -                            | 26,821  |
| -                           | 769,631   | 50                                | Pakistan Cash Management Fund                 | -                            | 40,145  |
| 576,855                     | -         | 100                               | PICIC Cash Fund                               | 59,665                       | -       |
| -                           | 689,862   | 100                               | PICIC Income Fund                             | -                            | 73,793  |
| 809,709                     | -         | 100                               | Primus Daily Reserve Fund                     | 83,125                       | -       |
| -                           | 661,663   | 100                               | PIML Income Fund                              | -                            | 71,618  |
| -                           | 645,120   | 100                               | UBL Government Securities Fund                | -                            | 70,296  |
| 559,794                     | -         | 100                               | UBL Liquidity Plus Fund                       | 57,773                       | -       |
| Banks                       |           |                                   |   |                              |         |
| -                           | 78,594    | 10                                | Faysal Bank Limited                           | -                            | 1,430   |
| Chemicals                   |           |                                   |   |                              |         |
| -                           | 24,834    | 10                                | Arif Habib Corporation Limited                | -                            | 683     |
| Telecommunication           |           |                                   |   |                              |         |
| 48,322                      | 48,322    | 10                                | Pakistan Telecommunication<br>Company Limited | 797                          | 1,113   |
| -                           | 16,718    | 10                                | Worldcall Telecom Limited                     | -                            | 28      |
| Non Life Insurance          |           |                                   |   |                              |         |
| 20,000                      | 24,550    | 10                                | Century Insurance Company Limited             | 505                          | 614     |
| 39,545                      | 44,800    | 10                                | Pak Reinsurance Company Limited               | 1,339                        | 1,359   |
|                             |           |                                   |   | 839,956                      | 749,223 |

# Notes to the Financial Statements

For the year ended 31 December 2015

## 14.4 Available for sale

### Investments in units / shares - quoted

| Investments in units / shares - quoted |           | Face value per share / unit | Investee Name                                       | Carrying value/ market value |        |
|--|-----------|-----------------------------|---|------------------------------|--------|
| 2015                                   | 2014      | Rupees                      |   | 2015                         | 2014   |
|  |           |                             |   | Rupees '000                  |        |
| Open-End Mutual Funds                  |           |                             |   |                              |        |
| 21,608                                 | 21,608    | 100                         | Dawood Income Fund                                  | 1,492                        | 1,492  |
| 187,003                                | 414,398   | 100                         | JS Large Capital Fund                               | 20,029                       | 40,172 |
| 116,320                                | 8,209     | 50                          | Pakistan Stock Market Fund                          | 10,000                       | 501    |
| 2,218,753                              | 1,981,076 | 10                          | ABL Stock Fund                                      | 31,677                       | 24,639 |
| 136,909                                | 383,270   | 50                          | AKD Opportunity Fund                                | 11,363                       | 25,000 |
| 190,458                                | -         | 100                         | PIML Value Equity Fund                              | 20,406                       | -      |
| 194,839                                | -         | 100                         | Alfalah GHP Stock Fund                              | 23,877                       | -      |
| 331,236                                | -         | 50                          | UBL Stock Advantage Fund                            | 20,000                       | -      |
| 1,553,584                              | -         | 10                          | NAFA Stock Fund                                     | 21,165                       | -      |
| 307,268                                | -         | 100                         | JS Growth Fund                                      | 50,266                       | -      |
| Closed-End Mutual Funds                |           |                             |   |                              |        |
| 116,150                                | 116,150   | 10                          | First Dawood Mutual Fund                            | 220                          | 220    |
| 220,000                                | -         | 10                          | Golden Arrow Fund                                   | 2,601                        | -      |
| 240                                    | 1,200     | 10                          | Automobile and Parts<br>Indus Motor Company Limited | 242                          | 1,074  |
| Banks                                  |           |                             |   |                              |        |
| 20,000                                 | 18,000    | 10                          | United Bank Limited                                 | 3,660                        | 3,304  |
| -                                      | 20,000    | 10                          | Bank Alfalah Limited                                | -                            | 611    |
| -                                      | 20,000    | 10                          | National Bank of Pakistan                           | -                            | 1,227  |
| Chemicals                              |           |                             |   |                              |        |
| 10,000                                 | 18,500    | 10                          | Engro Corporations Limited                          | 2,990                        | 4,025  |
| 12,500                                 | -         | 10                          | Dawood Hercules Chemicals Ltd                       | 1,726                        | -      |
| Construction and Materials             |           |                             |   |                              |        |
| 100,000                                | -         | 10                          | Fauji Cement Company Limited                        | 3,690                        | -      |
| 50,000                                 | -         | 10                          | Pioneer Cement Limited                              | 4,279                        | -      |
| 30,000                                 | -         | 10                          | Cherat Cement Company Ltd                           | 2,704                        | -      |
| Pharmaceutical                         |           |                             |   |                              |        |
| 1,450                                  | 2,500     | 10                          | Feroz Sons Laboratories                             | 1,563                        | 1,580  |
| Telecommunications                     |           |                             |   |                              |        |
| 75,000                                 | -         | 10                          | TRG Pakistan Ltd                                    | 2,839                        | -      |
| Textile                                |           |                             |   |                              |        |
| 50,000                                 | 42,000    | 10                          | Nishat Chunian Limited                              | 2,430                        | 2,230  |
| -                                      | 40,000    | 10                          | Nishat Mills Limited                                | -                            | 4,669  |
| Transport                              |           |                             |   |                              |        |
| 40,000                                 | -         | 10                          | Pakistan Int Bulk Terminal Ltd                      | 1,171                        | -      |
| Food Producers                         |           |                             |   |                              |        |
| 10,000                                 | -         | 10                          | Engro Foods Limited                                 | 1,645                        | -      |
| Fertilizers                            |           |                             |   |                              |        |
| -                                      | 12,500    | 10                          | Engro Fertilizers Limited                           | -                            | 832    |



# Notes to the Financial Statements

For the year ended 31 December 2015

| Number of<br>shares / units              |        | Face<br>value per<br>share / unit | Investee Name                      | Carrying value/ market value |         |
|--|--------|-----------------------------------|------------------------------------|------------------------------|---------|
| 2015                                     | 2014   | Rupees                            |                                    | 2015                         | 2014    |
|  |        |                                   |                                    | Rupees '000                  |         |
| Oil and Gas                              |        |                                   |                                    |                              |         |
| -  | 12,000 | 10                                | Attock Refinery Limited            | -                            | 2,438   |
| -  | 12,000 | 10                                | National Refinery Limited          | -                            | 2,747   |
| 12,000                                   | 1,500  | 10                                | Pakistan Oil Fields Limited        | 4,808                        | 791     |
| 20,000                                   | 17,500 | 10                                | Pakistan Petroleum Limited         | 4,366                        | 3,953   |
| -  | 2,000  | 10                                | Hascol Petroleum Limited           | -                            | 153     |
| 35,000                                   | -      | 10                                | Sui Northern Gas Pipelines Limited | 1,042                        | -       |
| Non Life Insurance                       |        |                                   |                                    |                              |         |
| 21,000                                   | 30,000 | 10                                | Adamjee Insurance Company Limited  | 5,182                        | 1,417   |
| General Industries                       |        |                                   |                                    |                              |         |
| 8,200                                    | 4,000  | 10                                | Packages Limited                   | 4,944                        | 2,557   |
| Cable & Electrical Goods                 |        |                                   |                                    |                              |         |
| 20,000                                   | -      | 10                                | Pak Electron Ltd                   | 1,443                        | -       |
| Carrying value                           |        |                                   |                                    | 263,820                      | 125,632 |
| Provision for diminution in market value |        |                                   |                                    | (4,251)                      | -       |
| Carrying value                           |        |                                   |                                    | 259,569                      | 125,632 |
| Market value                             |        |                                   |                                    | 249,364                      | 127,649 |

## 14.5 Investment in associated company

| Number of units |         | Face value | Investee Name            | Carrying value/ market value |        |
|-----------------|---------|------------|--------------------------|------------------------------|--------|
| 2015            | 2014    | Rupees     |                          | 2015                         | 2014   |
|                 |         |            |                          | Rupees '000                  |        |
| -               | 757,738 | 100        | Askari High Yield Scheme | -                            | 80,887 |
|                 |         |            | Carrying value           | -                            | 80,887 |
|                 |         |            | Market value             | -                            | 80,887 |

14.5.1 The summarized financial information of associated companies on the basis of unaudited financial information for the half year ended 31 December 2015 and 2014 is as follows:

|                             |  | Askari High Yield Scheme |       |
|-----------------------------|--|--------------------------|-------|
|                             |  | 2015                     | 2014  |
|                             |  | Rupees '000              |       |
| Total assets                |  | -                        | 3,941 |
| Total liabilities           |  | -                        | 236   |
| Net assets                  |  | -                        | 3,705 |
| Total income for the period |  | -                        | 336   |
| Net income for the period   |  | -                        | 253   |

# Notes to the Financial Statements

For the year ended 31 December 2015

## 15 INVESTMENT PROPERTY

This represents the carrying amount of two offices in Islamabad Stock Exchange building, classified as investment property based on the management's intention to hold the property for earning rentals and / or capital appreciation.

|                                  | Note | 2015<br>Rupees '000 | 2014   |
|----------------------------------|------|---------------------|--------|
| Cost                             |      | 52,400              | 52,400 |
| Depreciation                     |      |                     |        |
| Balance at beginning of the year |      | 5,349               | 4,039  |
| Charge for the year              | 15.2 | 1,310               | 1,310  |
| Balance at end of the year       |      | 6,659               | 5,349  |
| Carrying value                   |      | 45,741              | 47,051 |

15.1 The market value of the investment property is Rs. 81.22 million (2014: Rs. 81.22 million) as on 31 December 2015 as per valuation carried out by an independent valuer. Useful life of the investment property is estimated to be 40 years.

15.2 The amount of depreciation has been allocated to general and administration expenses.

|   | Note | 2015<br>Rupees '000 | 2014    |
|---|------|---------------------|---------|
| Deferred tax asset in respect of:                                   |      |                     |         |
| - Provision for impairment in loans and receivables investments     |      | 2,916               | 2,659   |
| - Provision against premium due but unpaid                          |      | 5,196               | 3,163   |
| - Provision against amounts due from other insurers / reinsurers    |      | 3,120               | 3,641   |
| Deferred tax liability in respect of unrealised gain on investments |      | -                   | (5,521) |
|   |      | 11,232              | 3,942   |

## 17 PREMIUMS DUE BUT UNPAID - UNSECURED

|                                 |      |          |         |
|---------------------------------|------|----------|---------|
| Considered good                 | 17.1 | 514,021  | 425,640 |
| Considered doubtful             |      | 17,320   | 9,037   |
|                                 |      | 531,341  | 434,677 |
| Provision for doubtful balances | 17.2 | (17,320) | (9,037) |
|                                 |      | 514,021  | 425,640 |



# Notes to the Financial Statements

For the year ended 31 December 2015

- 17.1 This includes premium amounting of Rs.60.45 million (2014: Rs. 47.94 million) receivable from the associated undertakings, the movement of which is as follows:

|  | Note | 2015<br>Rupees '000 | 2014      |
|--|------|---------------------|-----------|
| Balance at beginning of the year   |      | 47,944              | 44,739    |
| Insurance premium written (including government levies administrative surcharge and policies stamps) |      | 104,614             | 308,825   |
| Premium received during the year   |      | (92,110)            | (305,620) |
| Balance at end of the year   |      | 60,448              | 47,944    |

- 17.2 Provision for doubtful balances

|                                  |    |        |       |
|----------------------------------|----|--------|-------|
| Balance at beginning of the year |    | 9,037  | 9,037 |
| Provision made during the year   | 25 | 8,283  | -     |
| Balance at end of the year       |    | 17,320 | 9,037 |

- 17.3 Age analysis of amounts receivable from related parties:

|              |  |        |        |
|--------------|--|--------|--------|
| Up to 1 year |  | 59,535 | 44,915 |
| 1 to 2 years |  | 913    | 3,029  |
|              |  | 60,448 | 47,944 |

## 18 AMOUNTS DUE FROM OTHER INSURERS / REINSURERS

|                                 |      |          |          |
|---------------------------------|------|----------|----------|
| Considered good                 |      | 132,049  | 149,669  |
| Considered doubtful             |      | 10,401   | 10,401   |
|                                 |      | 142,450  | 160,070  |
| Provision for doubtful balances | 18.1 | (10,401) | (10,401) |
|                                 |      | 132,049  | 149,669  |

- 18.1 Provision for doubtful balances

|                                  |    |        |        |
|----------------------------------|----|--------|--------|
| Balance at beginning of the year |    | 10,401 | 4,513  |
| Provision made during the year   | 25 | -      | 5,888  |
| Balance at end of the year       |    | 10,401 | 10,401 |

# Notes to the Financial Statements

For the year ended 31 December 2015

|  | Note | 2015<br>Rupees '000 | 2014    |
|--|------|---------------------|---------|
| 19 PREPAYMENTS                                     |      |                     |         |
| Prepaid reinsurance premium ceded                  |      | 437,184             | 410,516 |
| Others   |      | 9,898               | 11,131  |
|  |      | 447,082             | 421,647 |
| 20 SUNDRY RECEIVABLES                              |      |                     |         |
| Security deposits                                  |      | 8,699               | 7,089   |
| Advances to suppliers - unsecured, considered good |      | 1,147               | 871     |
| Other receivables - unsecured, considered good     | 20.1 | 12,654              | 17,714  |
|  |      | 22,500              | 25,674  |

20.1 This includes Rs. 0.16 million (2014: 4.24 million) receivable from a related party on account of sale of securities as broker of the Company. The balance is current, unsecured and receivable on demand.



# Notes to the Financial Statements

For the year ended 31 December 2015

## 21. FIXED ASSETS

| 21. FIXED ASSETS              | Rupees '000            |                                |                        |                         |                  |                        |                   |                          |
|-------------------------------|------------------------|--------------------------------|------------------------|-------------------------|------------------|------------------------|-------------------|--------------------------|
|                               | Tangible               |                                |                        |                         | Intangible       |                        |                   |                          |
|                               | Furniture and fixtures | Computers and office equipment | Motor vehicles (Owned) | Motor vehicles (Leased) | Tracking devices | Leasehold improvements | Software licenses | Capital work in progress |
| COST                          |                        |                                |                        |                         |                  |                        |                   |                          |
| As at 01 January 2014         | 18,001                 | 46,334                         | 12,462                 | -                       | 53,874           | 19,846                 | 10,122            | 174,830                  |
| Additions during the year     | 1,293                  | 2,395                          | 1,647                  | -                       | -                | 239                    | 254               | 10,754                   |
| Disposals                     | (301)                  | (3,969)                        | (4,552)                | -                       | -                | -                      | -                 | (8,822)                  |
| Transfers / adjustments       | -                      | -                              | -                      | -                       | 8,577            | -                      | -                 | (8,577)                  |
| As at 31 December 2014        | 18,993                 | 44,760                         | 9,557                  | -                       | 62,451           | 20,085                 | 10,376            | 176,762                  |
| Additions during the year     | 2,020                  | 8,348                          | 3,703                  | 45,115                  | -                | 190                    | -                 | 88,724                   |
| Disposals                     | (3,065)                | (1,936)                        | (2,291)                | -                       | -                | (5,850)                | -                 | (13,142)                 |
| Transfers / adjustments       | -                      | -                              | -                      | -                       | 35,552           | -                      | -                 | (35,552)                 |
| As at 31 December 2015        | 17,948                 | 51,172                         | 10,969                 | 45,115                  | 98,003           | 14,425                 | 10,376            | 252,344                  |
| DEPRECIATION AND AMORTISATION |                        |                                |                        |                         |                  |                        |                   |                          |
| As at 01 January 2014         | 10,836                 | 38,999                         | 7,772                  | -                       | 27,655           | 16,466                 | 5,981             | 107,709                  |
| Charge for the year           | 799                    | 2,972                          | 1,025                  | -                       | 19,166           | 1,134                  | 1,933             | 27,029                   |
| Depreciation on disposals     | (230)                  | (3,834)                        | (3,233)                | -                       | -                | -                      | -                 | (7,297)                  |
| As at 31 December 2014        | 11,405                 | 38,137                         | 5,564                  | -                       | 46,821           | 17,600                 | 7,914             | 127,441                  |
| Charge for the year           | 3,711                  | 6,683                          | 2,441                  | 4,878                   | 16,716           | 2,350                  | 1,237             | 38,016                   |
| Depreciation on disposals     | (2,704)                | (1,936)                        | (2,147)                | -                       | -                | (5,850)                | -                 | (12,637)                 |
| As at 31 December 2015        | 12,412                 | 42,884                         | 5,858                  | 4,878                   | 63,537           | 14,100                 | 9,151             | 152,820                  |
| Carrying value as at:         |                        |                                |                        |                         |                  |                        |                   |                          |
| - 31 December 2014            | 7,588                  | 6,623                          | 3,993                  | -                       | 15,630           | 2,485                  | 2,462             | 49,321                   |
| - 31 December 2015            | 5,536                  | 8,288                          | 5,111                  | 40,237                  | 34,466           | 325                    | 1,225             | 99,524                   |
| Useful life (years)           | 10                     | 3                              | 5                      | 5                       | 3                | 3                      | 5                 |                          |

# Notes to the Financial Statements

For the year ended 31 December 2015

|   | Note | 2015<br>Rupees '000 | 2014   |
|---|------|---------------------|--------|
| 21.1 Depreciation and amortization is allocated as follows: |      |                     |        |
| Management expenses   | 23   | 27,853              | 22,014 |
| General and administration expenses                         | 25   | 10,163              | 5,015  |
|   |      | 38,016              | 27,029 |

## 21.2 Detail of disposals of fixed assets during the year

| Particulars of<br>assets / buyers  | Cost   | Accumulated<br>depreciation | Book value<br>Rupees '000 | Sale<br>proceeds | Gain / (loss)<br>on sale |
|--|--------|-----------------------------|---------------------------|------------------|--------------------------|
| 2015   |        |                             |                           |                  |                          |
| Vehicles *   |        |                             |                           |                  |                          |
| Abdul Waheed **  | 1,818  | 1,818                       | -                         | 498              | 498                      |
| Riasat   | 179    | 36                          | 143                       | 250              | 107                      |
| Usman Amjad  | 90     | 90                          | -                         | 140              | 140                      |
| Salman Munir   | 200    | 200                         | -                         | 150              | 150                      |
| Equipments   |        |                             |                           |                  |                          |
| Rehman Wali  | 204    | 204                         | -                         | 20               | 20                       |
| Ali Sher   | 101    | 101                         | -                         | 36               | 36                       |
| Zia ur Rehman  | 351    | 351                         | -                         | 63               | 63                       |
| Naveed   | 354    | 354                         | -                         | 150              | 150                      |
| Multitech Computers  | 749    | 749                         | -                         | 91               | 91                       |
| Furniture  |        |                             |                           |                  |                          |
| Sherbaz Khan   | 1,473  | 1,380                       | 93                        | 364              | 271                      |
| Askari Cement  | 1,527  | 1,265                       | 262                       | 515              | 253                      |
| Leasehold improvements   |        |                             |                           |                  |                          |
| Askari Cement  | 5,850  | 5,850                       | -                         | 301              | 301                      |
| Aggregate value of other items with<br>individual book value not exceeding<br>Rs. 50,000 | 246    | 239                         | 7                         | 66               | 59                       |
| 2015 - Total   | 13,142 | 12,637                      | 505                       | 2,644            | 2,139                    |
| 2014 - Total   | 8,822  | 7,297                       | 1,525                     | 3,003            | 1,478                    |

\* Vehicles were sold to employees of the Company as per the Company policy.

\*\* Chief Executive of the Company

# Notes to the Financial Statements

For the year ended 31 December 2015

|   | Note | 2015<br>Rupees '000 | 2014           |
|---|------|---------------------|----------------|
| <b>22 NET PREMIUM REVENUE</b>   |      |                     |                |
| Premium revenue (net of reinsurance expense)                                |      | 1,048,214           | 931,638        |
| Administrative surcharge  | 22.1 | 43,670              | 39,812         |
|   |      | <b>1,091,884</b>    | <b>971,450</b> |
| <b>22.1 Net premium revenue includes administrative surcharge as under:</b> |      |                     |                |
| Fire and property damage  |      | 5,777               | 5,023          |
| Marine, aviation and transport  |      | 4,957               | 4,177          |
| Motor   |      | 29,408              | 25,388         |
| Accident and health   |      | 690                 | 735            |
| Miscellaneous   |      | 2,838               | 4,489          |
|   |      | <b>43,670</b>       | <b>39,812</b>  |
| <b>23 MANAGEMENT EXPENSES</b>   |      |                     |                |
| Salaries and other benefits   | 23.1 | 166,868             | 163,914        |
| Rent expense  |      | 22,714              | 22,436         |
| Communication   |      | 8,703               | 8,696          |
| Tracker devices   |      | 16,145              | 14,961         |
| Monitoring of trackers  |      | 8,638               | 8,987          |
| Printing and stationery   |      | 1,388               | 1,291          |
| Traveling and entertainment   |      | 3,038               | 2,603          |
| Depreciation and amortization   | 21.1 | 27,853              | 22,014         |
| Repair and maintenance  |      | 5,391               | 3,722          |
| Utilities   |      | 7,226               | 7,926          |
| Advertisement   |      | 99                  | 596            |
| Inspection expenses   |      | 872                 | 1,128          |
| Bank charges  |      | 413                 | 333            |
| Miscellaneous   |      | 1,800               | 1,692          |
|   |      | <b>271,148</b>      | <b>260,299</b> |

23.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 3.82 million (2014: Rs. 3.07 million), Rs. 3.13 million (2014: Rs. 3.52 million) and Rs.4.26 million (2014: Rs. 3.51 million) respectively.



# Notes to the Financial Statements

For the year ended 31 December 2015

|   | Note        | 2015<br>Rupees '000 | 2014    |
|---|-------------|---------------------|---------|
| 24 OTHER INCOME - net   |             |                     |         |
| From non-financial assets   |             |                     |         |
| Gain on disposal of fixed assets                                  | 21.2        | 2,139               | 1,478   |
| Miscellaneous   |             | 2,413               | 1,689   |
|   |             | 4,552               | 3,167   |
| 25 GENERAL AND ADMINISTRATION EXPENSES                            |             |                     |         |
| Salaries and other benefits                                       | 25.1        | 105,427             | 100,523 |
| Rent expenses   |             | 14,701              | 10,122  |
| Communication   |             | 3,758               | 3,819   |
| Printing and stationery   |             | 5,485               | 4,176   |
| Traveling and entertainment                                       |             | 2,915               | 2,303   |
| Depreciation and amortization                                     | 15.1 & 21.1 | 11,473              | 6,325   |
| Repair and maintenance  |             | 7,539               | 3,167   |
| Legal and professional  |             | 4,682               | 4,673   |
| Subscription  |             | 4,838               | 4,488   |
| Utilities   |             | 2,987               | 2,916   |
| Advertisement   |             | 1,147               | 7,212   |
| Auditor's remuneration  | 25.2        | 1,014               | 966     |
| Bank charges  |             | 430                 | 314     |
| Provision against premium due but unpaid                          | 17.2        | 8,283               | -       |
| Provision against amounts due<br>from other insurers / reinsurers | 18.1        | -                   | 5,888   |
| Miscellaneous expenses  |             | 3,256               | 1,226   |
|   |             | 177,935             | 158,118 |

25.1 This includes charges for defined benefit plans, staff compensated absences and defined contribution plans amounting to Rs. 2.88 million (2014: Rs. 2.05 million), Rs. 2.36 million (2014: Rs. 2.34 million) and Rs.3.35 million (2014: Rs. 2.96 million) respectively.

|                             | 2015<br>Rupees'000 | 2014 |
|-----------------------------|--------------------|------|
| 25.2 Auditor's remuneration |                    |      |
| Audit fee                   | 477                | 374  |
| Half yearly review          | 184                | 144  |
| Other certifications        | 263                | 112  |
| Tax advisory services       | 90                 | 336  |
|                             | 1,014              | 966  |

# Notes to the Financial Statements

For the year ended 31 December 2015

|   | 2015        | 2014 |
|---|-------------|------|
|   | Rupees '000 |      |
| 26 General Takaful Operations - OPF                                 |             |      |
| Wakala fee  | 295         | -    |
| Management expenses   | (511)       | -    |
| Commission expenses   | (54)        | -    |
| Mudarib's share of Participant Takaful Fund (PTF) investment income | 3           | -    |
| Investment income   | 1,289       | -    |
| General and administration expenses                                 | (2,974)     | -    |
| Loss from General Takaful Operations                                | (1,952)     | -    |

|  | Note | 2015        | 2014   |
|--|------|-------------|--------|
|  |      | Rupees '000 |        |
| 27 PROVISION FOR TAXATION                        |      |             |        |
| 27.1 Taxation charged to profit and loss account |      |             |        |
| Current  |      | 83,698      | 35,553 |
| Deferred tax                                     |      | (7,290)     | 3,248  |
|  | 27.2 | 76,408      | 38,801 |

## 27.2 Relationship between tax expense and accounting profit

|   | 2015                   | 2014    | 2015        | 2014     |
|---|------------------------|---------|-------------|----------|
|   | Effective tax rate (%) |         | Rupees '000 |          |
| Profit for the year before taxation   |                        |         | 274,916     | 202,216  |
| Tax at the applicable rate  | 32                     | 33      | 87,974      | 66,731   |
| Effect of items that are not considered in determining taxable income - net | (2.09)                 | 0.08    | (5,743)     | 165      |
| Effect of amounts chargeable to tax at reduced rate                         | (2.61)                 | (13.76) | (7,175)     | (27,825) |
| Effect of change in tax rate  | 0.49                   | (0.13)  | 1,352       | (270)    |
|   | 27.79                  | 19.19   | 76,408      | 38,801   |

|   | 2015        | 2014  |
|---|-------------|-------|
|   | Rupees '000 |       |
| 27.3 Taxation charged to other comprehensive income |             |       |
| Current tax income                                  | 1,066       | 1,160 |

27.4 Tax returns for the Tax Years 2009 to Tax Year 2015 were assessed in terms of section 120 of the income Tax Ordinance 2001 however the tax authorities are empowered to amend the assessment within five years (05) years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order.

# Notes to the Financial Statements

For the year ended 31 December 2015

- 27.5 The Board of Directors in their meeting held on 21 March 2016 has proposed cash dividend for the year ended 31 December 2015 (refer note - 37.2) which complies with requirements of Section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision for tax on undistributed reserves has been recognized in these financial statements for the year ended 31 December 2015.

| 28 | EARNING PER SHARE - BASIC AND DILUTED      |            | 2015       | 2014       |
|----|--|------------|------------|------------|
|    | Profit after taxation                      | Rupees'000 | 198,508    | 163,415    |
|    | Weighted average number of ordinary shares | Numbers    | 38,834,403 | 38,834,403 |
|    | Earnings per share                         | Rupees     | 5.11       | 4.21       |

- 28.1 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.

## 29 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of directors, major shareholders, key management personnel, entities under common control, entities with common directors and employees retirement benefit funds. Army Welfare Trust ("AWT") holds directly and indirectly significant portion of the Company's equity, therefore all subsidiaries and associated undertakings of AWT are related parties of the Company.

The amounts due to and due from associated undertakings are disclosed in note 12, 14, 17 and 20 to the financial statements. Remuneration to chief executive, directors and executives under the terms of their employment are disclosed in note 30 to the financial statements. Transactions with related parties during the year are as follows:

2015                      2014  
— Rupees '000 —

|  |         |         |
|--|---------|---------|
| Insurance premium written (including government levies administrative surcharge and policies stamps) | 104,614 | 308,825 |
| Premium received during the year   | 92,110  | 305,620 |
| Profit on deposit accounts   | -       | 3,211   |
| Bank charges   | -       | 643     |
| Insurance claims paid  | 14,103  | 75,019  |
| Purchase of listed securities through broker, ASL including brokerage fee                            | 182,145 | 146,728 |
| Sale of listed securities through broker, ASL including brokerage fee                                | 172,506 | 152,082 |
| Rent paid  | 16,408  | 9,777   |
| Contribution to staff retirement benefit funds   | 21,250  | 20,542  |



# Notes to the Financial Statements

For the year ended 31 December 2015

## 30 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

30.1 The aggregate amounts charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

|                        | 2015            |                          |            |
|------------------------|-----------------|--------------------------|------------|
|                        | Chief Executive | Directors<br>Rupees '000 | Executives |
| Remuneration and bonus | 10,337          | -                        | 37,985     |
| Housing and utilities  | 4,254           | -                        | 9,636      |
| Provident fund         | 645             | -                        | 1,427      |
| Meeting fee            | -               | 586                      | -          |
|                        | 15,236          | 586                      | 49,048     |
| No of person(s)        | 1               | 8                        | 23         |

|                        | 2014            |                          |            |
|------------------------|-----------------|--------------------------|------------|
|                        | Chief Executive | Directors<br>Rupees '000 | Executives |
| Remuneration and bonus | 9,512           | -                        | 30,147     |
| Housing and utilities  | 3,846           | -                        | 6,567      |
| Provident fund         | 569             | -                        | 988        |
| Meeting fee            | -               | 559                      | -          |
|                        | 13,927          | 559                      | 37,702     |
| No of person(s)        | 1               | 8                        | 16         |

30.2 The Chief Executive and Executives are also provided with the Company's maintained car. They are also entitled to gratuity and leave encashment for which the provision is determined by the actuary.

# Notes to the Financial Statements

For the year ended 31 December 2015

## 31 MANAGEMENT OF FINANCIAL AND INSURANCE RISK

### 31.1 Financial risk

The Company's activities exposes it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous year in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

#### i) Credit risk

Credit risk is the risk that 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 counterparties in various industries and by continually assessing the credit worthiness of counterparties.

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would effect their ability to meet contractual obligations in similar manner. The management monitors and limits the Company's exposure to credit risk through monitoring of client's exposure and maintaining conservative estimates of provisions for doubtful assets, if required. The management believes it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

|   | 2015        | 2014    |
|---|-------------|---------|
|   | Rupees '000 |         |
| Bank deposits                                     | 114,166     | 132,907 |
| Investments                                       | 58,403      | 58,562  |
| Advances to employees                             | 1,488       | 1,586   |
| Premium due but unpaid                            | 514,021     | 425,640 |
| Amounts due from other insurers / reinsurers      | 132,049     | 149,669 |
| Accrued investment income                         | 2,590       | 2,583   |
| Reinsurance recoveries against outstanding claims | 172,084     | 146,802 |
| Sundry receivables                                | 22,500      | 25,674  |
|   | 1,017,301   | 943,423 |

# Notes to the Financial Statements

For the year ended 31 December 2015

The Company does not hold any collateral against the above balances. Provision against receivable is written off when the Company expects that it cannot recover the balance due. Except as already provided for in these financial statements, past due balances were not impaired as they relate to a number of policy holders and other insurers / reinsurers for whom there is no recent history of default. The age analysis of gross receivables is as follows:

|              | Premium due but unpaid | Amount due from other insurers / reinsurers | Reinsurance recoveries against outstanding claims | Sundry receivables | 2015 Aggregate | 2014 Aggregate |
|--------------|------------------------|---|---|--------------------|----------------|----------------|
|              | Rupees '000            |   |   |                    |                |                |
| Upto 1 year  | 467,300                | 118,102                                     | 55,388  | 22,500             | 663,290        | 606,643        |
| 1-2 years    | 48,810                 | 13,162                                      | 20,351  | -                  | 82,323         | 96,712         |
| 2-3 years    | 15,231                 | 6,676                                       | 10,577  | -                  | 32,484         | 16,404         |
| Over 3 years | -                      | 4,510                                       | 85,768  | -                  | 90,278         | 47,454         |
|              | 531,341                | 142,450                                     | 172,084   | 22,500             | 868,375        | 767,213        |

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

| Rating                       | Rating     |           | agency  | 2015        | 2014    |
|------------------------------|------------|-----------|---------|-------------|---------|
| Financial institution        | Short term | Long term |         | Rupees' 000 |         |
| Askari Bank Limited          | A-1+       | AA        | JCR-VIS | 71,064      | 77,374  |
| Summit Bank Limited          | A-1        | A         | JCR-VIS | 39,479      | 42,404  |
| Habib Bank Limited           | A-1+       | AAA       | JCR-VIS | 933         | 655     |
| Faysal Bank Limited          | A1+        | AA        | PACRA   | 1,931       | 1,360   |
| Soneri Bank Limited          | A1+        | AA-       | PACRA   | 1           | 2       |
| Silk Bank Limited            | A-2        | A-        | JCR-VIS | 1           | 59      |
| Bank Alfalah Limited         | A1+        | AA        | PACRA   | 686         | 1,004   |
| Bank Islami Pakistan Limited | A1         | A+        | PACRA   | 56          | 10,050  |
| Bank Al-Habib Limited        | A1+        | AA+       | PACRA   | 15          | -       |
|                              |            |           |         | 114,166     | 132,908 |

b) Sector wise analysis of gross premiums due but unpaid is as follows:

|                        |         |         |
|------------------------|---------|---------|
| Financial services     | 23,817  | 25,180  |
| Textile and composites | 24,168  | 25,791  |
| Pharmaceuticals        | 3,940   | 2,375   |
| Engineering            | 8,107   | 2,910   |
| Other manufacturing    | 16,474  | 8,185   |
| Construction companies | 6,488   | 4,299   |
| Education              | 42,036  | 37,762  |
| Development            | 21,689  | 44,971  |
| Telecommunication      | 6,835   | 8,349   |
| Logistics              | 4,607   | 4,124   |
| Agriculture            | 8,395   | 2,310   |
| Other services         | 171,533 | 84,483  |
| Poultry Industry       | 157     | 2,794   |
| Sugar Industry         | 51,306  | -       |
| Miscellaneous          | 141,789 | 181,144 |
|                        | 531,341 | 434,677 |



# Notes to the Financial Statements

For the year ended 31 December 2015

- c) The credit quality of amounts due from other insurers / reinsurers and reinsurance recoveries against outstanding claims can be assessed with reference to external credit rating as follows:

|            |   | 2015  |           | 2014      |
|------------|---|---|-----------|-----------|
|            | Amount due from other insurers / reinsurers | Reinsurance recoveries against outstanding claims | Aggregate | Aggregate |
|            | Rupees '000                                 |   |           |           |
| Rating     |   |   |           |           |
| A or above | 125,864                                     | 172,084   | 297,948   | 284,339   |
| Others     | 6,185                                       | -   | 6,185     | 12,132    |
|            | 132,049                                     | 172,084   | 304,133   | 296,471   |

- d) The Company has diversified portfolio of investment to mitigate the risk. The major credit risk exposure relates to held to maturity investment which are placed with Government of Pakistan and a financial institution as mentioned in note 14.2 to the financial statements. The Company has also maintained a provision against certain certificates of investments as disclosed in note 14.2 to the financial statements.

## ii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity requirements are monitored by management to ensure that adequate funds are available to meet any obligations as they arise. To guard against risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities.

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 balance sheet 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.

# Notes to the Financial Statements

For the year ended 31 December 2015

|   | 2015            |                        |                |                    |
|---|-----------------|------------------------|----------------|--------------------|
|   | Carrying amount | Contractual cash flows | Up to one year | More than one year |
| Financial liabilities                               | Rupees '000     |                        |                |                    |
| Provision for outstanding claims (including IBNR)   | 330,310         | 330,310                | 330,310        | -                  |
| Amounts due to other insurers / reinsurers          | 165,073         | 165,073                | 165,073        | -                  |
| Accrued expenses                                    | 20,234          | 20,234                 | 20,234         | -                  |
| Other creditors & accruals                          | 146,657         | 146,657                | 146,657        | -                  |
| Unclaimed dividend                                  | 809             | 809                    | 809            | -                  |
| Liabilities against assets subject to finance lease | 31,474          | 37,230                 | 8,881          | 28,349             |
| Other liabilities                                   | 17,901          | 17,901                 | 17,901         | -                  |
|   | 712,458         | 718,214                | 689,865        | 28,349             |

|   | 2014            |                        |                |                    |
|---|-----------------|------------------------|----------------|--------------------|
|   | Carrying amount | Contractual cash flows | Up to one year | More than one year |
| Financial liabilities                             | Rupees '000     |                        |                |                    |
| Provision for outstanding claims (including IBNR) | 357,316         | 357,316                | 357,316        | -                  |
| Amounts due to other insurers / reinsurers        | 164,534         | 164,534                | 164,534        | -                  |
| Accrued expenses                                  | 18,985          | 18,985                 | 18,985         | -                  |
| Other creditors & accruals                        | 119,025         | 119,025                | 119,025        | -                  |
| Unclaimed dividend                                | 830             | 830                    | 830            | -                  |
| Other liabilities                                 | 13,939          | 13,939                 | 13,939         | -                  |
|   | 674,629         | 674,629                | 674,629        | -                  |

## iii) Market risk

- a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market variable such as interest / mark up rate, foreign exchange rate and equity prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark up rate risk and price risk.

### Interest / mark up rate risk

Interest / mark-up rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in the market interest / mark up rates. The Company invests in securities and has deposits that are subject to interest / mark up rates 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 Company's financial liabilities are not exposed to interest / mark up rate risk. At the balance sheet date exposure to interest bearing financial assets is as follows:

# Notes to the Financial Statements

For the year ended 31 December 2015

|                             | 2015                        | 2014        | 2015             | 2014    |
|-----------------------------|-----------------------------|-------------|------------------|---------|
|                             | Effective interest rate (%) |             | Carrying amounts |         |
|                             |                             |             | Rupees '000      |         |
| Fixed rate financial assets |                             |             |                  |         |
| Deposit accounts            | 0.25% to 5%                 | 0.25% to 9% | 98,080           | 115,082 |
| Investments                 | 6.5% to 12.5%               | 8% to 12.5% | 58,403           | 58,562  |
|                             |                             |             | 156,483          | 173,644 |

## Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not effect the fair value of any financial instrument.

For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / increased profit for the year by Nil (2014: Rs. Nil).

It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The analysis assumes that all other variables remain constant actual results might differ from those reflected above.

## b) Foreign currency risk

Foreign currency risk is the risk that fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company, at present, is not materially exposed to currency risk as majority of the transactions are carried out in Pak Rupees.

## c) Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. The Company is exposed to price risk since it has investments in quoted securities amounting to Rs. 1,099.53 million (2014: Rs. 874.85 million) at the balance sheet date out of which Rs. 839.96 million (2014: Rs. 749.22 million) are carried at fair value. The Company manages price risk by monitoring exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of investments are based on quoted market prices as of the balance sheet date except for investments held to maturity securities which are measured at their amortized cost, investment in associates which are carried under equity method and available for sale equity instruments which are stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP).

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.



# Notes to the Financial Statements

For the year ended 31 December 2015

## Sensitivity analysis

A 10% increase / (decrease) in market prices of held for trading investments at the year end, would have increased / (decreased) profit before tax by Rs. 83.99 million (2014: Rs. 74.92 million).

## iv) Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of all financial assets and financial liabilities approximate their fair values except for available for sale and held to maturity investments whose fair values are determined for disclosure purpose only and have been disclosed in their respective notes to these financial statements.

The basis for determining the fair values is as follows:

### Fair value hierarchy

The table below analysis financial instruments carried at fair value, by valuation method. The different levels are defined as below:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the balance sheet date, the Company's investments in fair value through profit or loss of Rs. 839.96 million (2014: Rs. 749.22 million) are carried in the financial statements at their fair values. The fair values for these investments have been determined using the valuation method as described in fair value hierarchy level 1. Fair value of available for sale investments, determined for disclosure purpose only are also determined using the valuation method as described in fair value hierarchy level 1. Fair value of government securities determined for disclosure purpose only are determined using the valuation method as described in fair value hierarchy level 2.

### Determination of fair values

Fair values have been determined for measurement / or disclosure purpose based on the following methods:

#### Investment in fair value through profit and loss account - held for trading

The fair value of held for trading investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date.

#### Available for sale investment

The fair value of available for sale investment is determined by reference to their closing repurchase price / price quoted on the stock exchange at the reporting date. The fair value is determined for disclosure purposes.

#### Held to maturity investment

Fair value for held to maturity investment is estimated as the present values of future cash flows, discounted at the market rate of interest at the reporting date. The fair values are determined for disclosure purposes.

# Notes to the Financial Statements

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## Non-derivatives financial assets and liabilities

The fair value is estimated based on the present values of future cash flows, discounted at the market rate of interest at the reporting date. However, since these assets and liabilities are due to be settled within one year, their fair values approximate their carrying values.

### v) Capital management

The Company's objectives when managing capital are 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 management closely monitors the return on capital along with the level of distributions to ordinary shareholders. The Company is compliant with the minimum capital requirement under the Insurance Ordinance 2000.

SECP under S.R.O.828 (I) 2015 dated 18th August 2015 has prescribed the following minimum paid up capital requirement for all non life insurers:

|           | 30 June     | 31 December |
|-----------|-------------|-------------|
|           | Rupees '000 |             |
| Year 2015 | -           | 300,000     |
| Year 2016 | 350,000     | 400,000     |
| Year 2017 | 450,000     | 500,000     |

The Company has adopted a policy of profit capitalization to meet the regulatory requirements for minimum paid up capital and where required call further capital. There was no change in the Company's approach towards capital management during the year.

### 31.2 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.

Based on past experience, management is of the view that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome is. 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.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical location and type of industry covered.

#### (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



# Notes to the Financial Statements

For the year ended 31 December 2015

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 are 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 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 on a periodic basis 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 claim payments

Claims reported and otherwise are analyzed separately. The development of large losses / catastrophes is analyzed separately. The shorter settlement year 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 to ensure that it has appropriate information regarding its claims exposures. However, given the 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 year.

Liability in respect of outstanding claims is based on the best estimate of the claims intimated or assessed. In calculating the estimated cost of unpaid claims (both reported and not), the Company estimation techniques are a combination of loss-ratio-



# Notes to the Financial Statements

For the year ended 31 December 2015

based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a prior financial years in relation to such claims) and an estimate 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 cost 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 years. Claims are assessed on a case-by-case basis separately

## Statement of age-wise breakup of unclaimed insurance benefit

| 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 in '000   |                |                 |                 |                  |
| Claims not encashed | 34,406       | 25,433           | 4,840          | 2,408           | 1,725           | -                |

## (c) Sensitivity analysis

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

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

|                               | Profit before tax |          | Shareholders' equity |          |
|-------------------------------|-------------------|----------|----------------------|----------|
|                               | 2015              | 2014     | 2015                 | 2014     |
|                               | Rupees in '000    |          |                      |          |
| 10% Increase in loss          |                   |          |                      |          |
| Fire and property damage      | (530)             | (1,037)  | (355)                | (695)    |
| Marine aviation and transport | (960)             | (791)    | (643)                | (530)    |
| Motor                         | (11,276)          | (13,578) | (7,555)              | (9,097)  |
| Health                        | (1,635)           | (2,065)  | (1,095)              | (1,384)  |
| Miscellaneous                 | (1,423)           | (3,582)  | (953)                | (2,400)  |
|                               | (15,824)          | (21,053) | (10,601)             | (14,106) |

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

## (d) 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 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.

# Notes to the Financial Statements

For the year ended 31 December 2015

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

|                                | Gross sum<br>insured | Reinsurance | Net         |
|--------------------------------|----------------------|-------------|-------------|
| 2015                           | Rupees in '000       |             |             |
| Fire and property              | 220,963,695          | 179,864,448 | 41,099,247  |
| Marine, aviation and transport | 153,206,528          | 92,092,444  | 61,114,084  |
| Motor                          | 36,206,919           | 818,276     | 35,388,643  |
| Miscellaneous                  | 54,003,241           | 34,812,058  | 19,191,183  |
|                                | 464,380,383          | 307,587,226 | 156,793,157 |
| 2014                           |                      |             |             |
| Fire and property              | 181,866,000          | 149,040,000 | 32,827,000  |
| Marine, aviation and transport | 139,079,000          | 84,282,000  | 54,797,000  |
| Motor                          | 31,155,000           | 1,751,000   | 29,404,000  |
| Miscellaneous                  | 56,301,000           | 42,102,000  | 14,199,000  |
|                                | 408,401,000          | 277,175,000 | 131,227,000 |

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

|                                | Maximum Gross Risk Exposure |           |
|--------------------------------|-----------------------------|-----------|
|                                | 2015                        | 2014      |
|                                | Rupees '000                 |           |
| Fire and property              | 8,899,000                   | 4,933,000 |
| Marine, aviation and transport | 4,010,000                   | 8,000,000 |
| Motor                          | 29,000                      | 30,000    |
| Liability                      | 510,000                     | 515,000   |
| Accident and health            | 3,202,000                   | 901,000   |
| Miscellaneous                  | 3,862,000                   | 1,900,000 |

# Notes to the Financial Statements

For the year ended 31 December 2015

## (e) Claims development tables

The following table shows the development of fire claims over a year of time. The disclosure goes back to the year when the earliest material claim arose for which there is still uncertainty about the amount and timing of i.e. claims payments. For other classes of business, the uncertainty about the amount and timings of claims payment is usually resolved within a year. In accordance with the guidelines issued by the Securities and Exchange Commission of Pakistan vide Circular No. 4/2010 dated 23 January 2010, the claims where uncertainty about the amount and timings of claims payment is usually resolved within a year are not disclosed in the below table.

Analysis on gross basis

| Accident Years                             | 2008        | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | Total   |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|---------|
|  | Rupees '000 |        |        |        |        |        |        |        |         |
| <b>Estimate of Ultimate Claim Cost</b>     |             |        |        |        |        |        |        |        |         |
| At the end of accident year                | 123,448     | 72,270 | 59,098 | 74,829 | 77,425 | 80,795 | 41,226 | 40,106 | 569,197 |
| One year later                             | 115,950     | 76,356 | 49,985 | 82,599 | 65,391 | 75,292 | 60,209 | -      | 525,782 |
| Two years later                            | 116,568     | 73,494 | 49,325 | 81,855 | 66,609 | 75,296 | -      | -      | 463,147 |
| Three years later                          | 115,875     | 73,717 | 49,118 | 81,855 | 68,150 | -      | -      | -      | 388,715 |
| Four years later                           | 116,510     | 73,785 | 49,018 | 81,811 | -      | -      | -      | -      | 321,124 |
| Five years later                           | 116,429     | 73,762 | 48,943 | -      | -      | -      | -      | -      | 239,134 |
| Six years later                            | 116,429     | 74,658 | -      | -      | -      | -      | -      | -      | 191,087 |
| Seven years later                          | 116,429     | -      | -      | -      | -      | -      | -      | -      | 116,429 |
| Estimate of cumulative claim               | 116,429     | 74,658 | 48,943 | 81,811 | 68,150 | 75,296 | 60,209 | 40,106 | 565,602 |
| Cumulative payments to date                | 101,024     | 74,631 | 48,942 | 81,766 | 67,635 | 74,608 | 56,087 | 26,358 | 531,051 |
| Liability recognised at the reporting date | 15,405      | 27     | 1      | 45     | 515    | 688    | 4,122  | 13,748 | 34,551  |



# Notes to the Financial Statements

For the year ended 31 December 2015

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## 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 Circular no. 03 of 2007 of SECP, minimum paid-up capital requirement to be complied with by Insurance / Takaful companies at the 31 December 2015 and subsequent year is Rs. 300 million. At 31 December 2015 the Company's paid-up capital is in excess of the prescribed limit.

# Notes to the Financial Statements

For the year ended 31 December 2015

## 33 FAIR VALUE OF FINANCIAL INSTRUMENTS

On balance sheet financial instruments

|  | 2015             |                    |                  |                       |                             |             |
|--|------------------|--------------------|------------------|-----------------------|-----------------------------|-------------|
|  | Held-for-trading | Available-for-sale | Held-to-maturity | Loans and receivables | Other financial liabilities | Total       |
|  |                  |                    |                  |                       |                             | Rupees '000 |
| Financial assets measured at fair value            |                  |                    |                  |                       |                             |             |
| Investment at fair value through profit and loss   | 839,956          | -                  | -                | -                     | -                           | 839,956     |
| Financial assets not measured at fair value        |                  |                    |                  |                       |                             |             |
| Cash and bank deposits*                            | -                | -                  | -                | 115,264               | -                           | 115,264     |
| Loans to employees                                 | -                | -                  | -                | 1,488                 | -                           | 1,488       |
| Investments  | -                | -                  | -                | -                     | -                           | -           |
| - Government securities                            | -                | -                  | 39,442           | -                     | -                           | 39,442      |
| - Certificates of Investment (COIs)                | -                | -                  | -                | 18,961                | -                           | 18,961      |
| - Quoted equity securities / mutual funds          | -                | 259,569            | -                | -                     | -                           | 259,569     |
| Premiums due but unpaid*                           | -                | -                  | -                | 514,021               | -                           | 514,021     |
| Amounts due from other insurers / reinsurers*      | -                | -                  | -                | 132,049               | -                           | 132,049     |
| Salvage recoveries accrued*                        | -                | -                  | -                | 6,865                 | -                           | 6,865       |
| Accrued investment income*                         | -                | -                  | -                | 2,590                 | -                           | 2,590       |
| Reinsurance recoveries against outstanding claims* | -                | -                  | -                | 172,084               | -                           | 172,084     |
| Sundry receivables*                                | -                | -                  | -                | 22,500                | -                           | 22,500      |
| Total assets of Window Takaful                     | -                | -                  | -                | 50,368                | -                           | 50,368      |
| Operations - Operator's Fund*                      | -                | -                  | -                | -                     | -                           | -           |
| Financial liabilities not measured at fair value   |                  |                    |                  |                       |                             |             |
| Provision for outstanding claims (including RNP)*  | -                | -                  | -                | -                     | 330,310                     | 330,310     |
| Amounts due to other insurers / reinsurers*        | -                | -                  | -                | -                     | 165,073                     | 165,073     |
| Accrued expenses*                                  | -                | -                  | -                | -                     | 20,234                      | 20,234      |
| Other creditors and accruals*                      | -                | -                  | -                | -                     | 171,772                     | 171,772     |
| Deposits and other payables*                       | -                | -                  | -                | -                     | 17,901                      | 17,901      |
| Unclaimed dividend*                                | -                | -                  | -                | -                     | 809                         | 809         |
| Total liabilities of Window Takaful                | -                | -                  | -                | -                     | 2,320                       | 2,320       |
| Operations - Operator's Fund*                      | -                | -                  | -                | -                     | -                           | -           |
|  | 839,956          | 259,569            | 39,442           | 1,036,190             | 708,419                     | 2,883,576   |
|  |                  |                    |                  |                       | 1,214,789                   | 58,403      |
|  |                  |                    |                  |                       |                             | 1,610,384   |
|  |                  |                    |                  |                       |                             | 2,883,576   |

# Notes to the Financial Statements

For the year ended 31 December 2015

2014

|  | Held-for-trading | Available-for-sale | Held-to-maturity | Loans and receivables | Other financial liabilities | Total     | Level 1   | Level 2 | Level 3   | Total     |
|--|------------------|--------------------|------------------|-----------------------|-----------------------------|-----------|-----------|---------|-----------|-----------|
|  |                  |                    |                  |                       |                             |           |           |         |           |           |
| Financial assets measured at fair value            |                  |                    |                  |                       |                             |           |           |         |           |           |
| Investment at fair value through profit and loss   | 749,223          | -                  | -                | -                     | -                           | 749,223   | 749,223   | -       | -         | 749,223   |
| Investment in related parties                      | -                | 80,887             | -                | -                     | -                           | 80,887    | 80,887    | -       | -         | 80,887    |
| Financial assets not measured at fair value        |                  |                    |                  |                       |                             |           |           |         |           |           |
| Cash and bank deposits*                            | -                | -                  | -                | 133,969               | -                           | 133,969   | 133,969   | -       | -         | 133,969   |
| Loans to employees                                 | -                | -                  | -                | 1,586                 | -                           | 1,586     | -         | -       | 1,586     | 1,586     |
| Investments  |                  |                    |                  |                       |                             |           |           |         |           |           |
| - Government securities                            | -                | -                  | 40,254           | -                     | -                           | 40,254    | -         | 40,254  | -         | 40,254    |
| - Certificates of Investment (COIs)                | -                | -                  | -                | 18,308                | -                           | 18,308    | -         | 18,308  | -         | 18,308    |
| - Quoted equity securities / mutual funds          | -                | 125,632            | -                | -                     | -                           | 125,632   | 125,632   | -       | -         | 125,632   |
| Premiums due but unpaid*                           | -                | -                  | -                | 425,640               | -                           | 425,640   | -         | -       | 425,640   | 425,640   |
| Amounts due from other insurers / reinsurers*      | -                | -                  | -                | 132,049               | -                           | 132,049   | -         | -       | 132,049   | 132,049   |
| Salvage recoveries accrued*                        | -                | -                  | -                | 9,632                 | -                           | 9,632     | -         | -       | 9,632     | 9,632     |
| Accrued investment income*                         | -                | -                  | -                | 2,583                 | -                           | 2,583     | -         | -       | 2,583     | 2,583     |
| Reinsurance recoveries against outstanding claims* | -                | -                  | -                | 146,802               | -                           | 146,802   | -         | -       | 146,802   | 146,802   |
| Sundry receivables*                                | -                | -                  | -                | 25,674                | -                           | 25,674    | -         | -       | 25,674    | 25,674    |
| Financial liabilities not measured at fair value   |                  |                    |                  |                       |                             |           |           |         |           |           |
| Provision for outstanding claims (including IBNR)* | -                | -                  | -                | -                     | 357,316                     | 357,316   | -         | -       | 357,316   | 357,316   |
| Amounts due to other insurers / reinsurers*        | -                | -                  | -                | -                     | 165,073                     | 165,073   | -         | -       | 165,073   | 165,073   |
| Accrued expenses*                                  | -                | -                  | -                | -                     | 20,234                      | 20,234    | -         | -       | 20,234    | 20,234    |
| Other creditors and accruals*                      | -                | -                  | -                | -                     | 160,225                     | 160,225   | -         | -       | 160,225   | 160,225   |
| Deposits and other payables*                       | -                | -                  | -                | -                     | 13,939                      | 13,939    | -         | -       | 13,939    | 13,939    |
| Unclaimed dividend*                                | -                | -                  | -                | -                     | 830                         | 830       | -         | -       | 830       | 830       |
|  | 749,223          | 206,519            | 40,254           | 896,243               | 717,617                     | 2,609,856 | 1,089,711 | 58,562  | 1,461,583 | 2,609,856 |



# Notes to the Financial Statements

For the year ended 31 December 2015

\* The Company 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 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).

# Notes to the Financial Statements

For the year ended 31 December 2015

## 34 SEGMENT REPORTING

Rupees '000

Business class wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of Insurance Ordinance, 2000 and SEC (Insurance) Rules 2002. The following table presents estimated information regarding certain assets and liabilities of the segments for the years ended 31 December 2015 and 2014, unallocated capital expenditure and non-cash expenses during the year.

|  | Fire and property damage |         | Marine, aviation and transport |        | Motor   |         | Accident and Health |         | Miscellaneous |           | TOTAL     |
|--|--------------------------|---------|--------------------------------|--------|---------|---------|---------------------|---------|---------------|-----------|-----------|
|  | 2015                     | 2014    | 2015                           | 2014   | 2015    | 2014    | 2015                | 2014    | 2015          | 2014      |           |
| Corporate Segment assets - Conventional                  | 302,526                  | 186,809 | 103,221                        | 83,944 | 368,991 | 464,892 | 350,876             | 276,189 | 239,077       | 1,424,688 | 1,250,911 |
| Corporate Segment assets - Takatul OPF                   | 428                      | -       | 190                            | -      | 1,823   | -       | -                   | -       | -             | 2,441     | -         |
| Corporate unallocated assets - Conventional              |                          |         |                                |        |         |         |                     |         |               | 1,366,645 | 1,247,039 |
| Corporate unallocated assets - Takatul OPF               |                          |         |                                |        |         |         |                     |         |               | 47,927    | -         |
| Consolidated total assets                                |                          |         |                                |        |         |         |                     |         |               | 2,841,701 | 2,497,950 |
| Corporate Segment liabilities - Conventional             | 292,979                  | 211,515 | 97,294                         | 80,565 | 515,243 | 643,292 | 417,734             | 372,143 | 329,150       | 1,752,400 | 1,657,026 |
| Corporate Segment liabilities - Takatul OPF              | 328                      | -       | 42                             | -      | 421     | -       | -                   | -       | -             | 791       | -         |
| Corporate unallocated Segment liabilities - Conventional |                          |         |                                |        |         |         |                     |         |               | 111,204   | 61,387    |
| Corporate unallocated Segment liabilities - Takatul OPF  |                          |         |                                |        |         |         |                     |         |               | 1,529     | -         |
| Consolidated total liabilities                           |                          |         |                                |        |         |         |                     |         |               | 1,865,924 | 1,718,413 |
| Capital expenditure                                      | 9,532                    | 300     | 4,708                          | 358    | 53,487  | 8,654   | 12,942              | 904     | 8,055         | 88,725    | 10,754    |
| Depreciation and amortisation - Conventional             | 1,788                    | 147     | 883                            | 175    | 21,243  | 20,988  | 2,428               | 442     | 1,511         | 27,853    | 22,014    |
| Non-cash expenses other than depreciation / amortisation | -                        | 303     | -                              | 361    | -       | 3,766   | -                   | 913     | -             | -         | 5,888     |
| Unallocated Capital expenditure - Takatul OPF            |                          |         |                                |        |         |         |                     |         |               | 36        | -         |
| Unallocated depreciation and amortisation - Conventional |                          |         |                                |        |         |         |                     |         |               | 11,473    | 6,326     |
| Unallocated depreciation and amortisation - Takatul OPF  |                          |         |                                |        |         |         |                     |         |               | 17        | -         |
| Total Depreciation                                       |                          |         |                                |        |         |         |                     |         |               | 11,490    | 6,326     |

# Notes to the Financial Statements

For the year ended 31 December 2015

## 35 PROVIDENT FUND

|   | 2015       | 2014   |
|---|------------|--------|
|   | Rupees'000 |        |
| Size of the fund - total assets                     | 58,899     | 45,147 |
| Percentage of investment made (based on fair value) | 78%        | 94%    |
| Fair value of investments                           | 45,916     | 42,282 |

35.1 The cost of above investments amounted to Rs. 45.75 million (2014: Rs. 42.28 million).

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

|                             | 2015       | 2014 | 2015       | 2014   |
|-----------------------------|------------|------|------------|--------|
|                             | Percentage |      | Rupees'000 |        |
| Pakistan Stock Market Funds | 18%        | 17%  | 8,297      | 7,250  |
| Pakistan Investment Bond    | 77%        | 83%  | 35,305     | 35,032 |
| NIT Islamic Equity Fund     | 5%         | 0%   | 2,314      | -      |
|                             | 100%       | 100% | 45,916     | 42,282 |

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

## 36 WINDOW TAKAFUL OPERATIONS

|                                     | 2015        |
|-------------------------------------|-------------|
|                                     | Rupees '000 |
| Assets                              |             |
| Cash and bank deposits              | 7,578       |
| Investments                         | 40,258      |
| Current assets - others             | 2,496       |
| Fixed assets                        | 36          |
| Total assets                        | 50,368      |
| Total liabilities - current         | 2,320       |
| Loss from Window Takaful Operations | (1,952)     |

Details of total assets, total liabilities and segment disclosure of Window Takaful Operations are stated in the annexed financial statements.



# Notes to the Financial Statements

For the year ended 31 December 2015

## 37 GENERAL

### 37.1 Number of employees

Total number of employees at the end of the year were 407 (2014: 386). Average number of employees during the year were 396 (2014: 392).

### 37.2 Subsequent event

The Board of Directors of the Company in the meeting held on 21 March 2016 have proposed a final dividend of Rs. 1.50 per share, bonus issue of 10% and right share issue of 30%.

### 37.3 Date of approval

These financial statements have been authorized for issue by the Board of Directors of the Company on 21 March 2016.



Abdul Waheed  
President & Chief Executive



Lt Gen Khalid Rabbani (Retd)  
Chairman



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director

Askari General Insurance Co. Ltd

# Window Takaful Operations

For the period from 10 August 2015 to 31 December 2015

# askari general insurance co. ltd. - Window Takaful Operations

## Balance Sheet

As at 31 December 2015

|   | Notes | 2015            |   |           |
|---|-------|-----------------|---|-----------|
|   |       | Operator's Fund | Participants' Takaful Fund<br>Rupees '000 | Aggregate |
| Operator's Fund                                   |       |                 |   |           |
| Statutory Fund                                    |       | 50,000          | -   | 50,000    |
| Accumulated loss                                  |       | (1,952)         | -   | (1,952)   |
|   |       | 48,048          | -   | 48,048    |
| Waqf/Participants' Takaful Fund                   |       |                 |   |           |
| Cede money  |       | -               | 1,000                                     | 1,000     |
| Accumulated loss                                  |       | -               | (279)                                     | (279)     |
|   |       | -               | 721                                       | 721       |
| Underwriting Provisions                           |       |                 |   |           |
| Provision for outstanding claims (including IBNR) |       | -               | 550                                       | 550       |
| Provision for unearned contribution               |       | -               | 4,713                                     | 4,713     |
| Unearned Retakaful rebate                         |       | -               | 183                                       | 183       |
| Total underwriting provisions                     |       | -               | 5,446                                     | 5,446     |
| Creditors and Accruals                            |       |                 |   |           |
| Contribution received in advance                  |       | -               | 36  | 36        |
| Amounts due to other Takaful / Retakaful operator |       | -               | 2,660                                     | 2,660     |
| Unearned Wakala fee                               |       | 1,785           | -   | 1,785     |
| Wakala fee payable                                |       | -               | 2,080                                     | 2,080     |
| Mudarib fee payable                               |       | -               | 3   | 3         |
| Other creditors and accruals                      | 4     | 535             | 248                                       | 783       |
|   |       | 2,320           | 5,027                                     | 7,347     |
| TOTAL LIABILITIES                                 |       | 2,320           | 10,473                                    | 12,793    |
| TOTAL EQUITY AND LIABILITIES                      |       | 50,368          | 11,194                                    | 61,562    |

The annexed notes 1 to 15 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director



|  | Notes | 2015            |   |               |
|--|-------|-----------------|---|---------------|
|  |       | Operator's Fund | Participants' Takaful Fund<br>Rupees '000 | Aggregate     |
| Cash and Bank Deposits                               |       |                 |   |               |
| Cash and other equivalents                           | 5     | -               | 42  | 42            |
| Current and other accounts                           | 6     | 7,578           | 3,297                                     | 10,875        |
| Total Cash and Bank                                  |       | 7,578           | 3,339                                     | 10,917        |
| Investments  | 7     | 40,258          | -   | 40,258        |
| Current Assets - Others                              |       |                 |   |               |
| Contribution due but unpaid - net                    |       | -               | 2,144                                     | 2,144         |
| Amounts due from other Takaful & Retakaful Operators |       | -               | 1,286                                     | 1,286         |
| Deferred commission expense                          |       | 323             | -   | 323           |
| Retakaful recoveries against outstanding claims      |       | -               | 250                                       | 250           |
| Wakala fee receivable                                |       | 2,080           | -   | 2,080         |
| Mudarib fee receivable                               |       | 3               | -   | 3             |
| Deferred Wakala fee                                  |       | -               | 1,785                                     | 1,785         |
| Prepayments  |       | -               | 2,390                                     | 2,390         |
| Sundry receivables                                   |       | 90              | -   | 90            |
|  |       | 2,496           | 7,855                                     | 10,351        |
| Fixed Assets   | 8     |                 |   |               |
| Furniture and fixtures                               |       | 36              | -   | 36            |
| <b>TOTAL ASSETS</b>                                  |       | <b>50,368</b>   | <b>11,194</b>                             | <b>61,562</b> |

  
 Maj Gen Syed Taqi Naseer Rizvi (Retd)  
 Director

  
 Lt Gen Khalid Rabbani (Retd)  
 Chairman

# askari general insurance co. ltd. - Window Takaful Operations Profit and Loss Account / Statement of Comprehensive Income

For the period from 10 August 2015 to 31 December 2015

| PTF Revenue Account                      | Note | Rupees '000                 |                                   |       | 2015<br>Aggregate |
|--|------|-----------------------------|-----------------------------------|-------|-------------------|
|  |      | Fire and<br>Property Damage | Marine,<br>Aviation and Transport | Motor |                   |
| Net contribution revenue                 |      | (91)                        | 26                                | 336   | 271               |
| Wakala expense                           |      | (40)                        | (23)                              | (232) | (295)             |
| Net claims                               |      | (250)                       | -                                 | (50)  | (300)             |
| Retakaful rebate                         |      | 25                          | 12                                | -     | 37                |
| Underwriting Results                     |      | (356)                       | 15                                | 54    | (287)             |
| Investment income                        |      |                             |                                   |       |                   |
| Mudarib's share                          |      |                             |                                   |       | 11                |
| Loss for the period                      |      |                             |                                   |       | (3)               |
|  |      |                             |                                   |       | 8                 |
|  |      |                             |                                   |       | (279)             |
| OPF Revenue Account                      |      |                             |                                   |       |                   |
| Wakala fee                               |      | 40                          | 23                                | 232   | 295               |
| Management expenses                      | 9    | 171                         | (49)                              | (633) | (511)             |
| Commission expense                       |      | (22)                        | (14)                              | (18)  | (54)              |
|  |      | 189                         | (40)                              | (419) | (270)             |
| Mudarib's share of PTF investment income |      |                             |                                   |       |                   |
| Investment income                        |      |                             |                                   |       | 3                 |
| General and administration expenses      | 10   |                             |                                   |       | 1,288             |
| Loss for the period                      |      |                             |                                   |       | (2,973)           |
|  |      |                             |                                   |       | (1,682)           |
|  |      |                             |                                   |       | (1,952)           |

The annexed notes 1 to 15 form an integral part of these financial statements.

  
Abdul Wahid  
President & Chief Executive

  
Brig. M. Ibrahim Khan (Retd.)  
Director

  
Maj. Gen. Syed Tahir Nadeem (Retd.)  
Director

  
Lt. Gen. Khalid Fakhari (Retd.)  
Chairman

# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Cash Flows

For the period from 10 August 2015 to 31 December 2015

2015  
Rupees '000

### Operating activities:

#### a) Takaful/underwriting activities

|   |       |
|---|-------|
| Contribution received                                 | 1,903 |
| Commission paid                                       | (7)   |
| Management expenses paid                              | (322) |
| Net cash flows generated from underwriting activities | 1,574 |

#### b) Other Operating activities:

|   |         |
|---|---------|
| Income tax paid                             | (90)    |
| General and administration expenses paid    | (2,831) |
| Net operating receipts                      | 276     |
| Net cash used in other operating activities | (2,645) |

|   |         |
|---|---------|
| Total cash used in operating activities | (1,071) |
|---|---------|

### Investment activities:

|                                       |          |
|---------------------------------------|----------|
| Profit / return received              | 1,041    |
| Payment for investments               | (40,258) |
| Proceeds from disposal of investments | 258      |
| Fixed capital expenditure             | (53)     |

|   |          |
|---|----------|
| Total cash used in investing activities | (39,012) |
|---|----------|

### Financing activities:

|                                     |        |
|-------------------------------------|--------|
| Contribution to the Operator's Fund | 50,000 |
| Cede money                          | 1,000  |

|  |        |
|--|--------|
| Total cash generated from financing activities | 51,000 |
|--|--------|

|  |        |
|--|--------|
| Net cash generated from all activities | 10,917 |
|--|--------|

|                                 |   |
|---------------------------------|---|
| Cash at beginning of the period | - |
|---------------------------------|---|

|                           |        |
|---------------------------|--------|
| Cash at end of the period | 10,917 |
|---------------------------|--------|

The annexed notes 1 to 15 form an integral part of these financial statements.



Abdul Waseed  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Tariq Naseer Rizvi (Retd)  
Director



Lt Gen Khaleel Razvi (Retd)  
Chairman



# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Cash Flows

For the period from 10 August 2015 to 31 December 2015

| Reconciliation to Profit and Loss Account:         | 2015<br>Rupees '000 |
|--|---------------------|
| Operating cash flows                               | (1,071)             |
| Depreciation expense                               | (17)                |
| Increase in assets other than cash                 | 10,351              |
| Increase in liabilities other than running finance | (12,793)            |
| Unrealized gain on investments held for trading    | 219                 |
| Investment income                                  | 1,080               |
| Loss for the period                                | (2,231)             |
| Attributed to                                      |                     |
| Operator's Fund                                    | (1,952)             |
| Participants' Takaful Fund                         | (279)               |
|  | (2,231)             |

### Definition of cash:

Cash comprises of cash in hand, bank balances, stamps in hand and short term placements with banks which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

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

|                            |        |
|----------------------------|--------|
| Cash and other equivalents | 42     |
| Current and other accounts | 10,875 |
|                            | 10,917 |

The annexed notes 1 to 15 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Lt Gen Khalid Rabbani (Retd)  
Chairman



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director

# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Changes in Fund

For the period from 10 August 2015 to 31 December 2015

|   | Statutory Fund | Operator's Fund<br>Accumulated<br>Loss<br>Rupees '000 | Total   |
|---|----------------|---|---------|
| Total comprehensive loss for the period |                |   |         |
| Loss for the period                     | -              | (1,952)   | (1,952) |
| Transaction with operators              |                |   |         |
| Contribution made during the period     | 50,000         | -   | 50,000  |
| Balance as at 31 December 2015          | 50,000         | (1,952)   | 48,048  |

|   | Cede<br>Money | Participants' Takaful Fund<br>Accumulated<br>Loss<br>Rupees '000 | Total |
|---|---------------|--|-------|
| Total comprehensive loss for the period |               |  |       |
| Loss for the period                     | -             | (279)  | (279) |
| Transaction with participants           |               |  |       |
| Cede money received                     | 1,000         | -  | 1,000 |
| Balance as at 31 December 2015          | 1,000         | (279)  | 721   |

The annexed notes 1 to 15 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Lt Gen Khalid Rabbani (Retd)  
Chairman



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director

# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Contributions

For the period from 10 August 2015 to 31 December 2015

Business Underwritten inside Pakistan

| Class of Business              | Contribution written | Unearned Contribution reserve |         | Contribution earned | Retakaful ceded | Prepaid retakaful Contribution ceded |         | Retakaful expense | 2015 Net contribution revenue |
|--------------------------------|----------------------|-------------------------------|---------|---------------------|-----------------|--------------------------------------|---------|-------------------|-------------------------------|
|                                |                      | Opening                       | Closing |                     |                 | Opening                              | Closing |                   |                               |
|                                |                      |                               |         |                     |                 |                                      |         |                   |                               |
| Rupees' 000                    |                      |                               |         |                     |                 |                                      |         |                   |                               |
| Direct and facultative         |                      |                               |         |                     |                 |                                      |         |                   |                               |
| Fire and property damage       | 966                  | -                             | 851     | 115                 | 1,607           | -                                    | 1,401   | 206               | (91)                          |
| Marine, aviation and transport | 225                  | -                             | 152     | 73                  | 135             | -                                    | 88      | 47                | 26                            |
| Motor                          | 4,283                | -                             | 3,710   | 573                 | 1,138           | -                                    | 901     | 237               | 336                           |
| Grand total                    | 5,474                | -                             | 4,713   | 761                 | 2,880           | -                                    | 2,390   | 490               | 271                           |

The annexed notes 1 to 15 form an integral part of these financial statements.

  
Abdul Wahid  
President & Chief Executive

  
Bqir M. Ibrahim Khan (Firdi)  
Director

  
Maj Gen Syed Saq Ali Khan (Firdi)  
Director

  
Li Gen Khair Hashmi (Firdi)  
Chairman



# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Claims

For the period from 10 August 2015 to 31 December 2015

Business Underwritten inside Pakistan

Class of Business

Rupees '000

Direct and facultative

|                                |   |   |     |     |   |   |  |                         |
|--------------------------------|---|---|-----|-----|---|---|--|-------------------------|
| Fire and property damage       | - | - | 500 | 500 | - | Retakaful and other recoveries in respect of outstanding claims | Retakaful and other recoveries revenue | 2015 Net claims expense |
| Marine, aviation and transport | - | - | -   | -   | - | Opening   | Closing                                |                         |
| Motor                          | - | - | 50  | 50  | - | -   | -                                      | 50                      |
| Grand total                    | - | - | 550 | 550 | - | 250   | 250                                    | 300                     |

The annexed notes 1 to 15 form an integral part of these financial statements.

  
Abdul Wahid  
President & Chief Executive

  
Bilal M. Ibrahim Khan (Pdt)  
Director

  
Muz Gani Syed Taji (Muz Gani Syed Taji)  
Director

  
Lt Gen Khuram Raza (Hd)  
Chairman

# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Expenses - PTF

For the period from 10 August 2015 to 31 December 2015

Business Underwritten inside Pakistan

| Class of Business              | Gross Wakala fee | Deferred Wakala fee |         | Net expense | PTF Direct expenses | Retakaful Rebate Income | Unearned retakaful rebate |         | Rebate from retakaful operators | Net PTF expense 2015 |
|--------------------------------|------------------|---------------------|---------|-------------|---------------------|-------------------------|---------------------------|---------|---------------------------------|----------------------|
|                                |                  | Opening             | Closing |             |                     |                         | Opening                   | Closing |                                 |                      |
| Rupees '000                    |                  |                     |         |             |                     |                         |                           |         |                                 |                      |
| Direct and facultative         |                  |                     |         |             |                     |                         |                           |         |                                 |                      |
| Fire and property damage       | 295              | -                   | 255     | 40          | -                   | 186                     | -                         | 161     | 25                              | 15                   |
| Marine, aviation and transport | 69               | -                   | 46      | 23          | -                   | 34                      | -                         | 22      | 12                              | 11                   |
| Motor                          | 1,716            | -                   | 1,484   | 232         | -                   | -                       | -                         | -       | -                               | 232                  |
| Grand total                    | 2,080            | -                   | 1,785   | 295         | -                   | 220                     | -                         | 183     | 37                              | 258                  |

The annexed notes 1 to 15 form an integral part of these financial statements.

  
Abdul Wahed  
President & Chief Executive

  
Brig M. Ibrahim Khan (Retd)  
Director

  
Maj Gen Syed Iqbal Hussain (Retd)  
Director

  
Lt Gen Khaleel Rabbani (Retd)  
Chairman

# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Expenses - OPF

For the period from 10 August 2015 to 31 December 2015

Business Underwritten inside Pakistan

| Class of Business              | Rupees '000 |   |     |    |       |       |
|--------------------------------|-------------|---|-----|----|-------|-------|
|                                |             |   |     |    |       |       |
| Direct and facultative         |             |   |     |    |       |       |
| Fire and property damage       | 163         | - | 141 | 22 | (171) | (149) |
| Marine, aviation and transport | 39          | - | 25  | 14 | 49    | 63    |
| Motor                          | 175         | - | 157 | 18 | 633   | 651   |
| Grand total                    | 377         | - | 323 | 54 | 511   | 565   |

The annexed notes 1 to 15 form an integral part of these financial statements.



Abdul Wahid  
President & Chief Executive



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Tan Nissar Rizvi (Retd)  
Director



Lt Gen Khaleel Haidari (Retd)  
Chairman



# askari general insurance co. ltd. - Window Takaful Operations

## Statement of Investment Income

For the period from 10 August 2015 to 31 December 2015

2015  
Rupees '000

### Income from non-trading investments

#### Participants' Takaful Fund (PTF)

|                              |          |
|------------------------------|----------|
| Profit on Bank deposits      | 11       |
|                              | 11       |
| Mudarib's fee                | (3)      |
| <b>Net investment income</b> | <b>8</b> |

#### Operator's Fund

|  |       |
|--|-------|
| Profit on bank deposits  | 1,030 |
| Income from trading investments  |       |
| Gain on trading  | 39    |
| Unrealized profit on re-measurement<br>of investments held for trading | 219   |
|  | 1,288 |

The annexed notes 1 to 15 form an integral part of these financial statements.



Abdul Waheed  
President & Chief Executive



Brig M Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director



Lt Gen Khalid Raabani (Retd)  
Chairman

# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 1 Status and nature of business

askari general insurance company limited ("the Operator") has been allowed to undertake Window Takaful Operations (WTO) on 10 August 2015 by Securities and Exchange Commission of Pakistan under SECP Takaful Rules 2012 to carry on General Window Takaful Operations in Pakistan.

For the purpose of carrying on the takaful business, the Operator has formed a Waqf/ Participants' Takaful Fund (PTF) under the Waqf deed. The Waqf deed governs the relationship of Operator and participants for management of takaful operations.

### 2 Basis of preparation

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

These financial statements reflect the financial position and results of operations of both the Operator's Fund (OPF) and Participants' Takaful Fund (PTF) in a manner that the assets, liabilities, income and expenses of the Operator and PTF remain separately identifiable. These are the first set of financial statements of the askari general insurance co. ltd. - Window Takaful Operations.

#### 2.1 Statement of compliance

These financial statements of the WTO for the period from 10 August 2015 to 31 December 2015 have been prepared in accordance with the requirements of accounting standards as applicable in Pakistan. Approved accounting standards which comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case where requirements differ, the provisions and directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, the SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) has allowed the insurance companies to defer the application of International Accounting Standard – 39 (IAS-39) "Financial Instruments: Recognition and Measurement" in respect of valuation of 'available-for-sale investments'. Accordingly, the requirements of IAS-39, to the extent allowed by SECP as aforesaid, have not been considered in the preparation of these financial statements.

#### 2.2 Basis of measurement

This financial information has been prepared under the historical cost basis.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is the Operator's functional and presentation currency. All financial information presented in Pak Rupees has been rounded to the nearest thousand.

#### 2.4 Significant Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make



# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The judgments, estimates and assumptions are based on historical experience, current trends and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the estimates about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the future periods if the revision affects both current and future periods.

In particular, the matters involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are:

|   | Note |
|---|------|
| - Provision for unearned contribution               | 3.3  |
| - Contribution deficiency reserve                   | 3.4  |
| - Provision for outstanding claims (including IBNR) | 3.6  |
| - Useful lives of fixed assets                      | 8    |

### 3 Summary of significant accounting policies

#### 3.1 Takaful contracts

Takaful contracts are those contracts where the Participants' Takaful Fund (PTF) has accepted significant Takaful risk from another party (the participants) by agreeing to compensate the participants if a specified uncertain future event adversely affects the policyholders.

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 Operator underwrites non-life takaful contracts that can be categorised into Fire and Property Damage, Marine, Aviation and Transport, Motor, Health and Accident and Miscellaneous contracts. Contracts may be concluded for a fixed term of one year, for less than one year and in some cases for more than one year. However, most of the contracts are for twelve months duration. Takaful contracts entered into by the Operator under which the contract holder is another Takaful Operator (inwards retakaful) of a facultative nature are included within the individual category of takaful contracts, other than those which fall under Treaty. The takaful risk involved in these contracts is similar to the contracts undertaken by the Operator as takaful operator.

Fire and Property damage takaful contracts mainly compensate the customers for damage suffered to their property. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the covered properties in their business activities (business interruption cover).

Marine, Aviation and Transport class of business provides coverage against loss and damage to goods in transit by any means of conveyance, physical loss or damage to aircraft, ships, and liabilities to third parties and passengers arising from their use.

Motor takaful covers physical loss or damage to the vehicle and liabilities to third parties as provided under the requirements of the Motor Vehicle Ordinance, 1965.



# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

All other takaful contracts like cash in hand, cash in transit, personal accident, infidelity, public liabilities, crop, livestock, travel, bankers and other financial institutions packages, product liabilities, professional indemnity, workers compensation etc. are included under Miscellaneous takaful cover.

### 3.2 Contribution

For all the takaful contracts, Contributions including administrative surcharge received/ receivable under a takaful policy are recognized as written at the time of issuance of policy. Where Contribution for a policy are payable in installments, full Contribution for the duration of the policy is recognised as written at the inception of the policy and related assets set up for Contribution receivable at a later date. Contributions are stated gross of commission payable to intermediaries and exclusive of taxes and duties levied on Contributions.

### 3.3 Provision for unearned Contribution

The unearned Contribution reserve is the unexpired portion of the Contribution including administrative surcharge which relates to business in force at the balance sheet date. Unearned Contribution have been calculated by applying 1/24th method as specified in the SEC (Insurance) Rules, 2002.

### 3.4 Contribution deficiency reserve (liability adequacy test)

At each balance sheet date, liability adequacy tests are performed separately for each class of business to ensure the adequacy of the unearned contribution liability for that class. It is performed by comparing the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after balance sheet date in respect of policies in force at balance sheet date with the carrying amount of unearned contribution liability. Any deficiency is recognised by establishing a provision (contribution deficiency reserve) to meet the deficit.

No provision has been made as the unearned contribution reserve for each class of business as at the balance sheet date is adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expenses, commissions and other underwriting expenses, expected to be incurred after balance sheet date in respect of takaful contracts in force at balance sheet date.

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

|                                |     |
|--------------------------------|-----|
| Fire and property damage       | 36% |
| Marine, aviation and transport | 45% |
| Motor                          | 50% |

### 3.5 Claims

Claims are charged to PTF as incurred based on estimated liability for compensation owed under the takaful contracts. It includes 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.

# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 3.6 Provision for outstanding claims (including IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred up to the balance sheet date which is measured at the undiscounted value of expected future payments. Provision for outstanding claims include amounts in relation to claims reported but not settled, claims incurred but not reported (IBNR) and expected claims settlement costs. Retakaful recoveries against outstanding claims are recognised as an asset and measured at the amount expected to be received.

### 3.7 Retakaful contracts

Retakaful Contribution is recognised as an expense at the time the retakaful is ceded. Rebate from retakaful is recognised in accordance with the policy of recognising contribution revenue.

Retakaful assets represent balances due from retakaful operators and retakaful recoveries against outstanding claims. Retakaful liabilities represent balances due to retakaful operators and are primarily retakaful contribution payable for retakaful contracts and are recognised at the same time when retakaful Contribution are recognised as an expense.

### 3.8 Commission

#### 3.8.1 Commission expense

Commission expense incurred in obtaining and recording policies is deferred and recognised as an expense in accordance with pattern of recognition of contribution revenue by applying 1/24th method.

#### 3.8.2 Rebate from retakaful operators

Rebate from retakaful operators is deferred and recognised as revenue in accordance with the pattern of recognition of retakaful contribution to which it relates.

### 3.9 Wakala fees

The Operator manages the general takaful operations for the participants and charges 30% for Fire and Property damage, 30% for Marine, Aviation and Transport, 40% for Motor, 20% for Accident and Health, 35% for miscellaneous, of gross contribution written as wakala fee against the services.

Wakala fee is recognised on the same basis on which the related revenue is recognised. Unexpired portion of Wakala fee is recognised as an asset of OPF and a liability of PTF.

### 3.10 Revenue recognition

#### 3.10.1 Participants' Takaful Fund (PTF)

##### 3.10.1.1 Contribution

The revenue recognition policy for Contribution is given under note 3.1

##### 3.10.1.2 Rebate from retakaful operators

The revenue recognition policy for rebate from retakaful operators is given under note 3.7



# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 3.10.2 Operator's Fund (OPF)

The revenue recognition policy for wakala fee is given under note 3.8

### 3.10.3 PTF/OPF

#### Investment Income

Return on investments, profit on profit and loss sharing accounts and bank deposits are recognised on accrual basis.

### 3.11 Provisions

Provisions are recognised when the Operator has a legal or constructive obligation as a result of a past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. However, the provision are reviewed at balance sheet date and adjusted to reflect current best estimates.

### 3.12 Fixed assets

#### Tangible

These are stated at cost less accumulated depreciation and impairment losses, if any, except for capital work in progress which is stated at cost less impairment losses, if any. Depreciation is charged on depreciable amount over the estimated useful life.

Depreciation is charged on monthly basis where full depreciation is charged in the month of addition and no depreciation is charged in the month of disposal.

Subsequent costs are included in the asset's carrying amount or recognised separate asset, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Operator and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to the profit and loss account in the year in which they are incurred. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense.

### 3.13 Financial instruments

#### 3.13.1 Non-derivative financial assets

These are initially recognised on the date that they are originated i.e. on the trade date, which is the date that the WTO becomes a party to the contractual provisions of the instrument. Investments are recognised on settlement date.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the WTO transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the WTO is recognised as a separate asset or liability.



# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

Non-derivative financial assets are classified into the following categories: held to maturity, financial assets at fair value through profit or loss, available for sale investments and loans and receivables.

b) Investments at fair value through profit and loss - Held for trading

These financial assets are acquired principally for the purpose of generating profit from short-term fluctuation in prices or are part of a portfolio for which there is a recent actual pattern of short-term profit taking. Subsequent to initial recognition these are measured at fair value by reference to quoted market prices with the resulting gain or loss is included in net profit or loss for the year in which it arises.

c) Available for sale

Available for sale investments are those non-derivative investments that are designated as available for sale or are not classified in any other category. These are primarily those investments that are intended to be held for an undefined period of time or may be sold in response to the need for liquidity are classified as available for sale. Subsequent to initial recognition at cost, quoted investments are stated at lower of cost or market value (market value being taken as lower if the fall is other than temporary) in accordance with the requirements of S.R.O 938 issued by the Securities and Exchange Commission of Pakistan on 12 December 2002. Had WTO adopted IAS 39 "Financial Instruments: Recognition and Measurement" the investments available for sale as of 31 December 2015 would have been higher by Rs. 31,000 with the corresponding increase in operator's fund by the same amount. WTO's available for sale investments represent investment in mutual funds. Investment in the units of these funds is valued at their respective redemption/ repurchase price.

d) Loans and receivables

Loans and receivables comprise cash and bank deposits, contribution due but unpaid, amounts due from other Takaful & Retakaful operators, Wakala fee receivable, Mudarib fee receivable and sundry receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, stamps in hand and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Operator in the management of its short-term commitments.

All other loans and receivables

These are stated initially at the fair value, subsequent to initial recognition these are stated at their fair value as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

The allowance for doubtful accounts is based on WTO's assessment of the collectability of counterparty accounts. WTO regularly reviews its debts and receivables that remain outstanding past their applicable payment terms and establishes allowance and potential write-offs by considering factors such as historical experience, credit quality, age of the accounts receivable balances, and current economic conditions that may affect a customer's ability to pay.

### 3.13.2 Non-derivative financial liabilities

These are initially recognised on the date that they are originated or the date that WTO becomes a party to the contractual

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## Notes to the Financial Statements

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provisions of the instrument. WTO derecognises a financial liability when its contractual obligations are discharged, canceled or expired.

These financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Non derivative financial liabilities comprise amounts due from other takaful/re takaful Mudarib fee payable and other creditors and accruals.

### 3.13.3 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, WTO has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 3.14 Management Expenses

Management expenses have been allocated to various revenue accounts on equitable basis.

### 3.15 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents include cash at bank in current and saving accounts, cash and stamps in hand and bank deposits.

### 3.16 Foreign currencies

Revenue transactions in foreign currencies are recorded at the rates prevailing on the date of the transactions.

### 3.17 Impairment

The carrying amount of the Operator's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, recoverable amount is estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

### 3.18 Operating segments

An operating segment is a component of the Operator that engages in business activities from which it may earn revenues and incur expenses. The Operator presents segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000, Takaful Rules 2012 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

The Operator has five primary business segments for reporting purposes namely, fire and property, marine, motor, health and accident and miscellaneous. The nature and business activities of these segments are disclosed in note no. 3.1.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them while the carrying amount of certain assets used jointly by two or more segments have been allocated to segments on a reasonable



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basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated corporate assets and liabilities.

### 3.19 New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2016:

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on WTO's financial statements.
- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 – Consolidated Financial Statements and IAS 28 – Investments in Associates and Joint Ventures) (effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on WTO's financial statements.
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on WTO's financial statements.
- Amendment to IAS 27 'Separate Financial Statements' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on WTO's financial statements.
- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, an Operator can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on WTO's financial statements.
- Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:



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- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.
- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.
- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.
- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.
- Securities and Exchange Commission of Pakistan through its circular No 9 of 2016 dated 09 March 2016 has issued Guidelines for Estimation of Incurred but not Reported (IBNR) Claims Reserve, 2016 ("The Guidelines") for non-life insurance companies. These Guidelines prescribe method for estimating IBNR reserve and are effective from 01 July 2016. The management is currently assessing the impact of these Guidelines on the WTO's financial statements.

The above amendments are not likely to have an impact on WTO's financial statements.

| 4 | Other creditors and accruals - PTF | 2015<br>Rupees '000 |
|---|------------------------------------|---------------------|
|   | Federal takaful fee payable        | 54                  |
|   | Federal excise duty payable        | 194                 |
|   |                                    | 248                 |

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## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 5 Cash and other equivalents

|                | Note | 2015            |   |                       |
|----------------|------|-----------------|---|-----------------------|
|                |      | Operator's Fund | Participants' Takaful Fund<br>Rupees '000 | Carrying/Market value |
| Stamps in hand |      | -               | 42  | 42                    |
|                |      | -               | 42  | 42                    |

### 6 Current and other accounts

|                |     |       |       |        |
|----------------|-----|-------|-------|--------|
| Saving account | 6.1 | 7,578 | 3,297 | 10,875 |
|----------------|-----|-------|-------|--------|

6.1 The rate of profit on profit and loss sharing accounts from various banks ranges from 2.60% to 2.87% per annum depending on the size of average deposits

### 7 Investments

|   | Note | 2015            |   |                       |
|---|------|-----------------|---|-----------------------|
|   |      | Operator's Fund | Participants' Takaful Fund<br>Rupees '000 | Carrying/Market value |
| Investment at fair value through profit and loss - Held for trading |      | 32,758          | -   | 32,758                |
| Available for sale  |      | 7,500           | -   | 7,500                 |
|   |      | 40,258          | -   | 40,258                |

#### 7.1 Fair value through profit and loss - held for trading Investments

| Number of units 2015 | Face value per unit Rupees | Investee Name                           | 2015            |   |                       |
|----------------------|----------------------------|---|-----------------|---|-----------------------|
|                      |                            |   | Operator's Fund | Participants' Takaful Fund<br>Rupees '000 | Carrying/Market value |
| 73,521               | 100                        | Alfalah GHP Islamic income Fund         | 7,537           | -   | 7,537                 |
| 46,045               | 100                        | JS Islamic Government Securities Fund   | 7,562           | -   | 7,562                 |
| 44,243               | 100                        | Al-Ameen Islamic Aggressive Income Fund | 7,559           | -   | 7,559                 |
| 1,025,546            | 10                         | NAFA Islamic Aggressive Income Fund     | 10,100          | -   | 10,100                |
|                      |                            |   | 32,758          | -   | 32,758                |

#### 7.2 Available for sale investments

| Number of units 2015 | Face value per unit Rupees | Investee Name                  | 2015            |   |                       |
|----------------------|----------------------------|--------------------------------|-----------------|---|-----------------------|
|                      |                            |                                | Operator's Fund | Participants' Takaful Fund<br>Rupees '000 | Carrying/Market value |
| 39,096               | 50                         | Alfalah GHP Islamic Stock Fund | 2,500           | -   | 2,500                 |
| 26,438               | 100                        | JS Islamic Fund                | 2,500           | -   | 2,500                 |
| 21,369               | 100                        | Al-Ameen Shariah Stock Fund    | 2,500           | -   | 2,500                 |
|                      |                            | Carrying value                 | 7,500           | -   | 7,500                 |
|                      |                            | Market value                   | 7,531           | -   | 7,531                 |

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For the period from 10 August 2015 to 31 December 2015

| 8   | Fixed assets - tangible   | Note | 2015                                  |
|-----|---|------|---------------------------------------|
|     | Cost  |      | Furniture and fixtures<br>Rupees '000 |
|     | As at 10 August 2015  |      | -                                     |
|     | Additions during the period   |      | 53                                    |
|     | Disposals   |      | -                                     |
|     |   |      | 53                                    |
|     | Depreciation and amortisation   |      |                                       |
|     | Charge for the period   |      | 17                                    |
|     | Depreciation on disposals   |      | -                                     |
|     |   |      | 17                                    |
|     | Carrying value as at:<br>- 31 December 2015                                       |      | 36                                    |
|     | Useful life (years)   |      | 10                                    |
| 9   | Management Expenses - OPF   |      |                                       |
|     | Salaries and other benefits   | 9.1  | 511                                   |
|     |   |      | 511                                   |
| 9.1 | These include Rs.20.02 thousand being contribution for employees' provident fund. |      |                                       |
| 10  | General and administration expenses   |      |                                       |
|     | Salaries and other benefits   | 10.1 | 1,801                                 |
|     | Communication   |      | 31                                    |
|     | Printing and stationery   |      | 120                                   |
|     | Depreciation  |      | 17                                    |
|     | Bank Charges  |      | 4                                     |
|     | Cede money  |      | 1,000                                 |
|     |   |      | 2,973                                 |

10.1 These include Rs.41.32 thousand being contribution for employees' provident fund.



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## Notes to the Financial Statements

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### 11 Management of takaful and financial risk

The principal risk that is faced under takaful contracts is the possibility that the covered event occurs, the uncertainty of the amount of the resulting claims i.e. the frequency and severity of claims and that the actual claims payments exceed the carrying amount of the takaful liabilities. By the very nature of the takaful contract, this risk is random and therefore unpredictable. The objective of the Operator is to ensure that sufficient reserves are available to cover these liabilities.

The Operator manages these risks through its underwriting strategy, adequate retakaful arrangements and proactive claims handling. The underwriting strategy aims to minimise takaful risks with a balanced mix and spread of business classes and by observing underwriting guidelines and limits. The Operator underwrites mainly fire and property damage, motor, marine cargo and transportation and other miscellaneous business. These classes of takaful are generally regarded as short term takaful contracts where claims are normally intimated and settled within a short time span, usually one year. This helps to mitigate takaful risk.

Underwriting limits are in place to enforce appropriate risk selection criteria. For example, the Operator has the right not to renew individual policies, it can impose deductibles and it has the right to reject the payment of a fraudulent claim. For large risks, particularly in property segment of business, risk inspections are carried out before accepting the risks. Similarly, in case of large risks, annual renewals are also preceded by on-site surveys. Where needed, risk mitigation measures are identified and communicated to the clients to improve the risk to an acceptable level.

Retakaful arrangements in place include treaty and facultative arrangements, on proportional and non-proportional basis and also include catastrophe cover. The effect of such retakaful arrangements is that the PTF may not suffer ultimate net takaful losses beyond the PTF's risk appetite in any one year.

The Operator's arrangement of retakaful is diversified such that it is neither dependent on a single retakaful operator nor the operations of the Operator are substantially dependent upon any single retakaful contract. The Operator obtains retakaful cover only from companies with sound financial health.

#### 11.1 Frequency and severity of claims

The frequency and severity of claims can be affected by several factors like political violence, environmental and economical, atmospheric disturbances, natural disasters, concentration of risks, civil riots etc. The Operator manages these risk through the measures described above. The Operator has limited its exposure to catastrophic and riot events by use of retakaful arrangements.

The Operator also monitors concentration of risk by evaluating multiple risks covered in the same geographical location. For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly, for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Operator evaluates the concentration of exposures to individual and cumulative takaful risks and establishes its retakaful policy to reduce such exposures to levels acceptable to the Operator.

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

| Class of business              | 2015<br>Rupees'000 |
|--------------------------------|--------------------|
| Fire and property damage       | 333,500            |
| Marine, aviation and transport | 42,075             |
| Motor                          | 120,000            |

Since the Operator operates in Pakistan only, hence, all the takaful risks relate to policies written in Pakistan.

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## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 11.2 Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date. The details of estimation of outstanding claims (including IBNR) are given under note 3.6.

### 11.3 Sensitivity analysis

The Operator believes that the claim liabilities under takaful contracts outstanding at the period end are adequate. However, these amounts are not certain and actual payments may differ from the claims liabilities provided in the financial statements. The impact on the PTF surplus of the changes in the claim liabilities net of retakaful is analysed below. The sensitivity to changes in claim liabilities net of retakaful is determined separately for each class of business while keeping all other assumptions constant.

|                               | 2015        |                            |
|-------------------------------|-------------|----------------------------|
|                               | PTF Revenue | Participants' Takaful Fund |
|                               | Rupees '000 |                            |
| 10% increase in loss          |             |                            |
| Fire and property damage      | (25)        | (17)                       |
| Marine aviation and transport | -           | -                          |
| Motor                         | (5)         | (3)                        |
|                               | (30)        | (20)                       |

A 10% decrease would have had equal but opposite effect on the profit and loss account and shareholders' equity.

### 11.4 Financial risk

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

The Board of Directors has overall responsibility for establishment and over sight of the Operator's risk management framework. There are Board Committees and Management Committees for developing and monitoring the risk management policies.



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## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 11.5 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 management monitors exposure to credit risk through regular review of credit exposure, undertaking transactions with a large number of counter parties in various industries and by continually assessing the credit worthiness of counter parties.

Concentration of credit risk arises when a number of counterparties have a similar type of business activities. As a result, any change in economic, political or other conditions would affect their ability to meet contractual obligations in similar manner. Due to the nature of financial assets, the Operator believes it is not exposed to any major concentration of credit risk.

The carrying amounts of the following financial assets represent the Operator's maximum exposure to credit risk:

|   | Operator's Fund | 2015                                      | Aggregate |
|---|-----------------|---|-----------|
|   |                 | Participants' Takaful Fund<br>Rupees '000 |           |
| Bank deposits                                       | 7,578           | 3,297                                     | 10,875    |
| Investments   | 40,258          | -   | 40,258    |
| Contribution due but unpaid                         | -               | 2,144                                     | 2,144     |
| Amount due from other Takaful & Retakaful Operators | -               | 1,286                                     | 1,286     |
| Retakaful recoveries against outstanding claims     | -               | 250                                       | 250       |
| Wakala fees receivable                              | 2,080           | -   | 2,080     |
| Mudarib fees receivable                             | 3               | -   | 3         |
| Sundry receivables                                  | 90              | -   | 90        |
|   | 50,009          | 6,977                                     | 56,986    |

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

| Financial institution | Rating     |           | Rating agency | 2015                           |   |
|-----------------------|------------|-----------|---------------|--------------------------------|---|
|                       | Short term | Long term |               | Operator's Fund<br>Rupees '000 | Participants' Takaful Fund<br>Rupees '000 |
| Askari Islamic Bank   | A-1+       | AA        | JCR-VIS       | 7,578                          | -   |
| Meezan Bank           | A-1+       | AA        | JCR-VIS       | -                              | 3,297                                     |
|                       |            |           |               | 7,578                          | 3,297                                     |

The management monitors exposure to credit risk in contribution receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables.

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

|            | Amount due from other Takaful & Retakaful Operators | Retakaful recoveries against Outstanding claims | Aggregate |
|------------|---|---|-----------|
|            | Rupees '000   |   |           |
| A or above | -   | 225   | 225       |
| Others     | 1,286   | 25  | 1,311     |
|            | 1,286   | 250   | 1,536     |



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## Notes to the Financial Statements

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### 11.6 Liquidity risk

Liquidity risk is the risk that the Operator will encounter difficulty in meeting its obligations associated with financial liabilities. In respect of major loss event, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected retakaful recoveries.

The objective of the Operator's liquidity management process is to ensure, as far as possible, that it will always have sufficient liquidity to meet its claim and other liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Operator's reputation. It includes measuring and monitoring the future cash flows on daily, monthly and quarterly basis, maintaining sufficient cash reserves in bank accounts and a portfolio of highly marketable financial assets that can be easily liquidated in the event of an unforeseen interruption to cash flows.

The table below provides the maturity analysis of the Operator's liabilities as at balance sheet date. The contractual maturities of these liabilities at the year end have been determined on the basis of the remaining period at the balance sheet 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.

|                              | 2015            |                        |                |                    |
|------------------------------|-----------------|------------------------|----------------|--------------------|
|                              | Carrying amount | Contractual cash flows | Up to one year | More than one year |
|                              | Rupees '000     |                        |                |                    |
| Financial Liabilities - OPF  |                 |                        |                |                    |
| Other creditors and accruals | 535             | 535                    | 535            | -                  |

|   | 2015            |                        |                |                    |
|---|-----------------|------------------------|----------------|--------------------|
|   | Carrying amount | Contractual cash flows | Up to one year | More than one year |
|   | Rupees '000     |                        |                |                    |
| Financial Liabilities - PTF                       |                 |                        |                |                    |
| Provision for outstanding claims (including IBNR) | 550             | 550                    | 550            | -                  |
| Amounts due to other takaful / retakaful operator | 2,660           | 2,660                  | 2,660          | -                  |
| Wakala fees payable                               | 2,080           | 2,080                  | 2,080          | -                  |
| Mudarib fees payable                              | 3               | 3                      | 3              | -                  |
| Other creditors and accruals                      | 248             | 248                    | 248            | -                  |
|   | 5,541           | 5,541                  | 5,541          | -                  |

### 11.7 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of change in market prices such as profit rates, foreign exchange rates and equity prices.

The Operator limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in Government securities, equity and term finance certificates' markets. In addition, the Operator actively monitors the key factors that affect the underlying value of these securities.

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### Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market profit rates. The Operator has securities and deposits that are subject to profit rate risk. The Operator limits profit rate risk by monitoring changes in profit rates in the currencies in which its financial assets are denominated.

The Operator's financial liabilities are not exposed to profit rate risk. The information about Operator's exposure to profit rate risk based on contractual reprising or maturity dates whichever is earlier is as follows:

|                  | Profit rate /<br>markup bearing<br>(%) | 2015            |                               |
|------------------|--|-----------------|-------------------------------|
|                  |  | Operator's Fund | Participants'<br>Takaful Fund |
| Financial assets |  |                 |                               |
| Deposit accounts | 2.60% to 2.87%                         | 7,578           | 3,297                         |
| Investments      | 4.11% to 5.98%                         | 40,258          | -                             |
|                  |  | 47,836          | 3,297                         |

### Sensitivity analysis

As on 31 December 2015, the Operator had no financial instruments valued at fair value through profit or loss.

### Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instrument will fluctuate because of changes in foreign exchange rates. The Operator, at present is not materially exposed to currency risk as majority of the transactions are carried out in Pakistani Rupees.

### 11.8 Price risk

Price risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices (other than those arising from profit 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.

### 11.9 Fair value

The fair value of all major financial assets is estimated to be not significantly different from their carrying values.



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### 12 FAIR VALUE OF FINANCIAL INSTRUMENTS

On balance sheet financial instruments

|  | 2015             |                    |                  |                       |                             |        |
|--|------------------|--------------------|------------------|-----------------------|-----------------------------|--------|
|  | Held-for-trading | Available-for-sale | Held-to-maturity | Loans and receivables | Other financial liabilities | Total  |
|  |                  |                    |                  |                       |                             |        |
| Financial assets not measured at fair value - OPF      |                  |                    |                  |                       |                             |        |
| Cash and bank deposits - OPF                           | -                | -                  | -                | 7,578                 | -                           | 7,578  |
| Investments  |                  |                    |                  |                       |                             |        |
| - Mutual funds   | -                | 7,500              | -                | -                     | -                           | 7,500  |
| Wakala fees receivable                                 | -                | -                  | -                | 2,080                 | -                           | 2,080  |
| Mudarib fees receivable                                | -                | -                  | -                | 3                     | -                           | 3      |
| Sundry receivables*                                    | -                | -                  | -                | 90                    | -                           | 90     |
| Financial assets not measured at fair value - PTF      |                  |                    |                  |                       |                             |        |
| Cash and bank deposits - PTF                           | -                | -                  | -                | 3,339                 | -                           | 3,339  |
| Contribution due but unpaid*                           | -                | -                  | -                | 2,144                 | -                           | 2,144  |
| Amount due from other Takaful & Retakaful Operators    | -                | -                  | -                | 1,286                 | -                           | 1,286  |
| Retakaful recoveries against outstanding claims        | -                | -                  | -                | 250                   | -                           | 250    |
| Financial liabilities not measured at fair value - OPF |                  |                    |                  |                       |                             |        |
| Other creditors and accruals*                          | -                | -                  | -                | -                     | 535                         | 535    |
| Financial liabilities not measured at fair value - PTF |                  |                    |                  |                       |                             |        |
| Provision for outstanding claims (including IBNR)*     | -                | -                  | -                | -                     | 550                         | 550    |
| Amounts due to other insurers / reinsurers*            | -                | -                  | -                | -                     | 2,660                       | 2,660  |
| Wakala fees payable                                    | -                | -                  | -                | -                     | 2,080                       | 2,080  |
| Mudarib fees payable                                   | -                | -                  | -                | -                     | 3                           | 3      |
| Other creditors and accruals*                          | -                | -                  | -                | -                     | 248                         | 248    |
|  | -                | 7,500              | -                | 16,770                | 6,076                       | 30,346 |
|  |                  |                    |                  |                       |                             | 15,078 |
|  |                  |                    |                  |                       |                             | 15,268 |
|  |                  |                    |                  |                       |                             | 30,346 |

\* The Operator 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 Operator 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).



# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 13 Operating segment

#### 13.1 Operator's Fund

|   | Fire and<br>property damage | Marine, aviation<br>and transport | Motor | TOTAL   |
|---|-----------------------------|-----------------------------------|-------|---------|
|   |                             | 2015<br>Rupees '000               |       |         |
| Wakala Fee                                      | 40                          | 23                                | 232   | 295     |
| Segment Result                                  | 189                         | (40)                              | (419) | (270)   |
| Investment income                               |                             |                                   |       | 1,288   |
| Unallocated general and administration expenses |                             |                                   |       | (2,973) |
| Loss for the period                             |                             |                                   |       | (1,685) |
|   |                             |                                   |       | (1,955) |
| Corporate segment assets                        |                             |                                   |       | 2,405   |
| Corporate unallocated assets                    | 423                         | 187                               | 1,795 | 47,963  |
| Total assets                                    |                             |                                   |       | 50,368  |
| Corporate segment liabilities                   |                             |                                   |       | 791     |
| Corporate unallocated liabilities               | 328                         | 42                                | 421   | 1,529   |
| Total liabilities                               |                             |                                   |       | 2,320   |
| Capital expenditures                            | 7                           | 4                                 | 42    | 53      |
| Segment depreciation                            | 2                           | 1                                 | 14    | 17      |

#### 13.2 Participants' Takaful Fund

|                                   |       |     |       |        |
|-----------------------------------|-------|-----|-------|--------|
| Net contribution revenue          | (91)  | 26  | 336   | 271    |
| Corporate segment assets          | 754   | 463 | 6,638 | 7,855  |
| Corporate unallocated assets      |       |     |       | 3,339  |
| Total assets                      |       |     |       | 11,194 |
| Corporate segment liabilities     |       |     |       | 10,473 |
| Corporate unallocated liabilities | (176) | 656 | 9,993 | -      |
| Total liabilities                 |       |     |       | 10,473 |

# askari general insurance co. ltd. - Window Takaful Operations

## Notes to the Financial Statements

For the period from 10 August 2015 to 31 December 2015

### 14 Related party transactions

The related parties comprise of directors, major shareholders, key management personnel, entities under common control, entities with common directors and employees retirement benefit funds. The transactions with related parties are carried out at commercial terms and conditions except for compensation to key management personnel which are on employment terms.

Transactions and balances with related parties for the period from 10 August, 2015 to 31 December 2015 are as follows:

|   | 2015<br>Rupees'000 |
|---|--------------------|
| Contribution written (including government levies and stamp duties) | 1,188              |
| Balance as at period end  | 1,188              |

### 15 General

Being the first financial statements of Window Takaful Operations there were no comparative figures to report.

These financial statements were authorised for issue by the Board of Directors on its meeting held on 21 March 2016.



Abdul Waheed  
President & Chief Executive



Lt Gen Khalid Rabbani (Retd)  
Chairman



Brig M. Ibrahim Khan (Retd)  
Director



Maj Gen Syed Taqi Naseer Rizvi (Retd)  
Director

# Pattern of Shareholding

As at 31 December 2015

| NO. OF SHAREHOLDERS | From     | To       | SHARES HELD |
|---------------------|----------|----------|-------------|
| 291                 | 1        | 100      | 10024       |
| 673                 | 101      | 500      | 190499      |
| 186                 | 501      | 1000     | 140065      |
| 270                 | 1001     | 5000     | 713983      |
| 60                  | 5001     | 10000    | 472939      |
| 20                  | 10001    | 15000    | 255740      |
| 21                  | 15001    | 20000    | 396633      |
| 12                  | 20001    | 25000    | 274959      |
| 11                  | 25001    | 30000    | 311092      |
| 7                   | 30001    | 35000    | 228154      |
| 5                   | 35001    | 40000    | 189012      |
| 6                   | 40001    | 45000    | 257407      |
| 2                   | 45001    | 50000    | 97502       |
| 2                   | 50001    | 55000    | 109626      |
| 3                   | 55001    | 60000    | 171422      |
| 2                   | 60001    | 65000    | 127018      |
| 3                   | 70001    | 75000    | 220500      |
| 1                   | 80001    | 85000    | 81559       |
| 3                   | 85001    | 90000    | 266500      |
| 2                   | 90001    | 95000    | 190000      |
| 2                   | 95001    | 100000   | 195287      |
| 1                   | 100001   | 105000   | 100500      |
| 2                   | 105001   | 110000   | 218044      |
| 1                   | 120001   | 125000   | 125000      |
| 1                   | 125001   | 130000   | 125884      |
| 1                   | 135001   | 140000   | 137000      |
| 1                   | 140001   | 145000   | 144000      |
| 1                   | 155001   | 160000   | 156000      |
| 1                   | 165001   | 170000   | 166000      |
| 1                   | 180001   | 185000   | 182000      |
| 5                   | 195001   | 200000   | 999500      |
| 1                   | 215001   | 220000   | 216571      |
| 1                   | 220001   | 225000   | 224000      |
| 1                   | 270001   | 275000   | 275000      |
| 1                   | 275001   | 280000   | 275528      |
| 1                   | 320001   | 325000   | 324894      |
| 1                   | 345001   | 350000   | 348819      |
| 1                   | 495001   | 500000   | 500000      |
| 1                   | 570001   | 575000   | 575000      |
| 1                   | 1350001  | 1355000  | 1351000     |
| 1                   | 1560001  | 1565000  | 1563200     |
| 1                   | 2945001  | 2950000  | 2949646     |
| 1                   | 22975001 | 22980000 | 22976896    |
| 1,609               | Total    |          | 38,834,403  |



# Pattern of Shareholding

As at 31 December 2015

| Categories of Shareholders   | No. of Shareholders | Shares Held       | Percentage     |
|--|---------------------|-------------------|----------------|
| Associated companies, undertakings & related parties   |                     |                   |                |
| Army Welfare Trust   | 4                   | 22,981,715        | 59.18%         |
| Askari Securities Limited  | 1                   | 117               | 0.00%          |
| NIT/ICP  | -                   | -                 | -              |
| Directors, CEO, their spouse & minor children  |                     |                   |                |
| Lt Gen Khalid Rabbani (Retd)   | 1                   | 1,904             | 0.00%          |
| Maj Gen Syed Taqi Naseer Rizvi (Retd)  | 1                   | 1,904             | 0.00%          |
| Maj Gen Hamid Mahmud (Retd)  | 1                   | 500               | 0.00%          |
| Brig M. Ibrahim Khan (Retd)  | 1                   | 1,904             | 0.00%          |
| Brig M. Aslam Khan (Retd)  | 1                   | 1,904             | 0.00%          |
| Malik Riffat Mehmood   | 1                   | 500               | 0.00%          |
| Mr. Abdul Hai Mahmood Bhaimia  | 1                   | 2,475             | 0.01%          |
| Mr. Shahid Hussain Syed  | 1                   | 500               | 0.00%          |
| Executives   | -                   | -                 | -              |
| Public Sector Companies and Corporations<br>(other than specified above)   | -                   | -                 | -              |
| Banks, Development Financial Institutions, Non Banking<br>Financial Institutions, Insurance Companies,<br>Modarabas & pension funds (other than specified above) |                     |                   |                |
| Escorts Investment Bank Limited  | 1                   | 36,558            | 0.09%          |
| Mutual Funds   | -                   | -                 | -              |
| Shareholders holding five percent or more<br>voting rights in the Company  |                     |                   |                |
| Muhammad Iqbal   | 1                   | 2,949,646         | 7.60%          |
| Individuals - local  | 1,551               | 8,547,192         | 22.01%         |
| - foreign  | 17                  | 105,423           | 0.27%          |
| Others   | 26                  | 4,202,161         | 10.82%         |
| <b>Total</b>   | <b>1,609</b>        | <b>38,834,403</b> | <b>100.00%</b> |

There was no trading in shares of the Company by the Directors, Chief Executive, Chief Financial Officer, Company Secretary and their spouses and minor children.

# Branch Network

- 1) **Head Office**  
Askari general insurance co ltd  
3rd Floor, AWT Plaza,  
The Mall,  
Rawalpindi  
Tel No. 051-9028101-2  
Fax No. 051-9272424  
agicoho@agico.com.pk
- 2) **Abbottabad**  
Askari general insurance co ltd  
Room No. 10 & 11, 2nd Floor  
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Tel No. 0992-342439  
Fax No. 0992-342440  
agicoabt@agico.com.pk
- 3) **Bahawalpur**  
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agicobwp@agico.com.pk
- 4) **Faisalabad -I**  
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Fax No. 041-2412301  
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- 5) **Faisalabad-II**  
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Fax No. 041-8501861  
agicofsd2@agico.com.pk
- 6) **Faisalabad-III**  
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Civil lines,  
Faisalabad  
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Fax No. 041-2408563  
agicofsd3@agico.com.pk
- 7) **Gujranwala**  
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Iqbal High School  
Ghalla Mandi, GT Road,  
Gujranwala  
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Fax No. 055-3856325  
agicogr@agico.com.pk
- 8) **Hyderabad**  
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Sarak,  
Hyderabad  
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Fax No. 022-2783976  
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- 9) **Islamabad**  
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Fax No. 051-2279566  
agicoisb@agico.com.pk
- 10) **Karachi-I**  
Askari general insurance co ltd  
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agicoch@agico.com.pk
- 11) **Karachi-II & Corporate**  
Askari general insurance co ltd  
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agicoch2@agico.com.pk
- 12) **Karachi-III**  
Askari general insurance co ltd  
401, 4th Floor, Shaheen Centre  
Near Schone Circle, Clifton,  
Karachi  
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Fax No. 0213-5308114
- 13) **Lahore-I**  
Askari general insurance co ltd  
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Fax No. 0423-5940136  
agicolhr@agico.com.pk
- 14) **Lahore-II**  
Askari general insurance co ltd  
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100-Ferozpur Road, Lahore  
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- 15) **Multan**  
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agicomtn@agico.com.pk
- 16) **Peshawar**  
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6th Floor, State Life Building  
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Fax No. 091-5284769  
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- 17) **Rawalpindi-II**  
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- 18) **Rawalpindi-III**  
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- 19) **Sialkot**  
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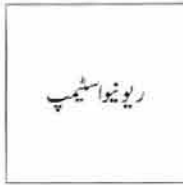


# عسکری جنرل انشورنس کمپنی لمیٹڈ

## پراکسی فارم

میں/ہم \_\_\_\_\_ ساکن \_\_\_\_\_  
 بحیثیت ممبر عسکری جنرل انشورنس لمیٹڈ بذریعہ مذکور ممبر \_\_\_\_\_ ساکن \_\_\_\_\_  
 کو یا ان کی عدم دستیابی کی صورت میں ممبر \_\_\_\_\_ ساکن \_\_\_\_\_  
 کو اپنی/ہماری جانب سے پراکسی مقرر کر رہا/رہی ہوں تاکہ وہ ۲۷ اپریل ۲۰۱۶ء بوقت ۱۱:۰۰ بجے منعقد ہونے والے ۲۱ ویں سالانہ اجلاس عام  
 یا اس کے کسی بھی التواء میں میری/ہماری جگہ شرکت کرے اور ووٹ ڈالے۔  
 دستخط بروڑ \_\_\_\_\_ تاریخ \_\_\_\_\_ ۲۰۱۶ء

### گواہان:



ممبر (ممبران) کے دستخط

۱۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 سی این آئی سی یا پاسپورٹ نمبر \_\_\_\_\_  
 ۲۔ دستخط: \_\_\_\_\_  
 نام: \_\_\_\_\_  
 پتہ: \_\_\_\_\_  
 سی این آئی سی یا پاسپورٹ نمبر \_\_\_\_\_

شیئر ہولڈر کا فوئیو نمبر اور/یا سی سی \_\_\_\_\_  
 پارٹیسپنٹ کا آئی ڈی نمبر \_\_\_\_\_  
 اور ذیلی اکاؤنٹ نمبر \_\_\_\_\_

### اہم نوٹ:

پراکسی کا یہ فارم جو ہر طرح سے مکمل ہو، لازماً کمپنی کے رجسٹرڈ آفس واقع پی او بکس نمبر 843، تھرڈ فلور، AWT پلازہ، دی مال، راولپنڈی میں اجلاس کے  
 طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل جمع کرا دیا جائے۔  
 سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے درخواست ہے کہ ہر ایک اپنے کمپیوٹر پر قومی شناختی کارڈ (سی این آئی سی) یا پاسپورٹ کی مصدقہ نقل کمپنی کو پراکسی  
 فارم جمع کرانے سے قبل اس کے ساتھ منسلک کرے۔  
 سی ڈی سی شیئر ہولڈرز یا ان کے پراکسیز سے درخواست ہے کہ اپنے اصل کمپیوٹر پر قومی شناختی کارڈ یا پاسپورٹ بشمول پارٹیسپنٹ کا آئی ڈی نمبر اور ان کے  
 اکاؤنٹ نمبر اپنی شناخت میں سہولت کی غرض سے سالانہ اجلاس عام میں شرکت کے وقت ہمراہ لائیں۔

# Form of Proxy

I/We \_\_\_\_\_ of \_\_\_\_\_ being Member(s) of askari general insurance co. ltd, holding \_\_\_\_\_ ordinary shares, hereby appoint Mr./Mrs./Miss \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ who is also a member of the Company, as my/our proxy to vote for me/us, and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company to be held on Wednesday 27<sup>th</sup> April 2016 at 11 am and at any adjournment thereof.

| Folio No. | CDC Account No. |             | Signature on<br>Rs. 5.00 Revenue Stamp<br><br>(Signature should agree with the<br>specimen signature registered with<br>the Company) |
|-----------|-----------------|-------------|--|
|           | Participant ID  | Account No. |  |
|           |                 |             |  |

As we witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Witness:

1

2

Signature \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

CNIC No./ Passport No. \_\_\_\_\_

## Notes:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote for him/her. No person shall act as proxy, who is not a member of the Company except Government of Pakistan/Corporate entity may appoint a person who is not a member of the Company. If the member is corporate entity (other than Government of Pakistan) its common seal should be affixed on the instrument.
2. The instrument appointing a proxy duly completed, together with Power of Attorney, if any, under which it is signed or a notarially certificate copy thereof, should be deposited with the Company Secretary, askarigeneral insurance company limited 3<sup>rd</sup> Floor AWT Plaza, The Mall Rawalpindi, not later than 48 hours before the time of holding the meeting.
3. CDC account holders will further have to comply with the guidelines as laid down by the Circular No.1 dated January 26, 2000, issued by Securities and Exchange Commission of Pakistan.
4. If a member appoints more than one proxy, and more than one instruments of proxy, are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

AFFIX  
CORRECT  
POSTAGE

The Company Secretary  
askari general insurance co. ltd.  
P.O. Box No. 843, 3<sup>rd</sup> Floor, AWT Plaza,  
The Mall, Rawalpindi - Pakistan