## INSPIRING GROWTH, SUSTAINING LEADERSHIP

ANNUAL REPORT 2015

1



## INSPIRING GROWTH, SUSTAINING LEADERSHIP

With a strong foothold in the industry, Adamjee Insurance has a proven track record of excellence and is firmly-rooted, in terms of trust. As a value-driven company, we offer our customers leading-edge products and tailored solutions that cater to their individual needs. Our goal is to continually evolve with our customers and deliver solutions par excellence by setting high industry standards.

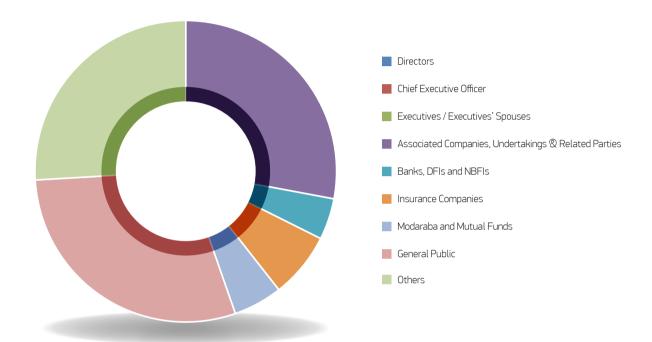




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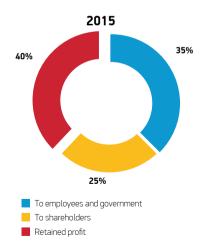
# **CATEGORIES OF SHAREHOLDERS**

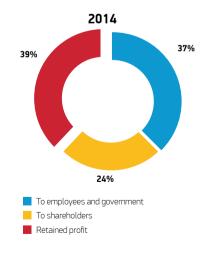


CATEGORIES OF SHAREHOLDERS	Number of Shares	Stake %
Directors	206,942	0.059
Chief Executive Officer	7,073	0.002
Executives / Executives' Spouses	52,024	0.015
Associated Companies, Undertakings & Related Parties	97,535,974	27.867
Banks, DFIs and NBFIs	15,512,531	4.432
Insurance Companies	24,619,953	7.034
Modaraba and Mutual Funds	18,408,527	5.260
General Public	102,898,301	29.400
Others	90,758,675	25.931
	350,000,000	100.000

## STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	201	5	2014				
WEALTH GENERATED	(Rupees in '000')	%	(Rupees in '000')	%			
Gross premium earned Investment and other income	13,040,659 2,595,370 15,636,029		10,875,555 2,189,077 13,064,632				
Management and other expenses	(11,450,471) 4,185,558	100.00	(9,804,945) 3,259,686	100.00			
WEALTH DISTRIBUTED							
To employees To government	1,201,575 271,812 1,473,387	28.71 6.49 35.20	1,040,827 151,374 1,192,201	31.93 4.64 36.57			
To shareholders Cash dividend	1,050,000	25.09	787,500	24.16			
Retained in business Depreciation and amortization Retained profit	161,282 1,500,889 1,662,171 4,185,558	3.85 35.86 39.71 100.00	177,029 1,102,956 1,279,985 3,259,686	5.43 33.84 39.27 100.00			





# VISION

Our will is to explore, innovate and differentiate.

Our passion is to provide leadership to insurance industry.

# CORE VALUES

- Integrity
- Humility
- Fun at the Workplace
- Corporate Social Responsibility

## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Umer Mansha
Ali Muhammad Mahoon
Fredrik Coenrard de Beer
Ibrahim Shamsi
Imran Maqbool
Kamran Rasool
Muhammad Anees
Muhammad Umar Virk
Shahid Malik
Shaikh Muhammad Jawed
Muhammad Ali Zeb

ADVISOR

Mian Muhammad Mansha

### AUDIT COMMITTEE

Shaikh Muhammad Jawed	
Ibrahim Shamsi	
Umer Mansha	

## Member Member

Chairman

Chairman Director Director Director Director Director Director Director Director

Managing Director & CEO

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

Chairman
Member
Member
Member

### UNDERWRITING COMMITTEE

Umer Mansha	Chairman
Fredrik Coenrard de Beer	Member
Muhammad Ali Zeb	Member
Head of Technical	Member

### CLAIM SETTLEMENT COMMITTEE

Shaikh Muhammad Jawed	Chairman
Muhammad Ali Zeb	Member
Head of Claims	Member

### REINSURANCE COMMITTEE AND COINSURANCE

Muhammd Umar Virk	Chairman
Muhammad Ali Zeb	Member
Head of Reinsurance	Member

### COMPANY SECRETARY

Tameez-ul-Haque F.C.A.

## CHIEF FINANCIAL OFFICER

Muhammad Asim Nagi A.C.A.

## EXECUTIVE MANAGEMENT TEAM

Muhammad Ali Zeb Muhammad Asim Nagi Adnan Ahmad Chaudhry Asif Jabbar Muhammad Salim Iqbal

## AUDITORS

M/s. KPMG Taseer Hadi & Co. Chartered Accountants 2nd Floor, Servis House, 2-Main Gulberg, Jail Road, Lahore - 54000, Pakistan

### SHARES REGISTRAR

Technology Trade (Pvt.) Limited Dagia House, 241-C, Block-2, P.E.C.H.S., Off Shahrah-e-Quaideen, Karachi Phone: (92 21) 34391316-7, 34387960-1 Fax: (92 21) 34391318

### BANKERS

Askari Bank Limited Bank Al-Habib Limited Bank Alfalah Limited Dubai Islamic Bank FINCA Microfinance Bank Limited Habib Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Limited Soneri Bank Limited The Punjab Provincial Cooperative Bank Limited United Bank Limited Zarai Taraqiati Bank Limited

## **REGISTERED OFFICE**

4th Floor, 27-C-III, Tanveer Building, M.M. Alam Road, Gulberg-III, Lahore - 54000, Pakistan Phone: (92 42) - 35772960-79, Fax (92 42) - 35772868 Email: info@adamjeeinsurance.com Website: www.adamjeeinsurance.com

## NOTICE OF THE 55<sup>™</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 55th Annual General Meeting (AGM) of Adamjee Insurance Company Limited (the "Company") will be held at The Nishat Hotel, 9A Gulberg III, Mian Mahmood Ali Kasuri Road, Lahore on Monday, April 11, 2016 at 11:00 a.m. to transact the following business:

### **ORDINARY:**

- 1. To receive, consider and adopt the Audited Annual Unconsolidated and Consolidated Financial Statements of the Company for the year ended December 31, 2015 and the Directors' and Auditors' reports thereon.
- 2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Rs. 1.50 per share i.e. (a) 15% in addition to 15% interim cash dividend already declared and paid i.e., total 30% for the year ended December 31, 2015.
- 3. To appoint auditors and fix their remuneration.

### SPECIAL:

4. To consider and if thought fit, to pass the following resolution as special resolution with or without modification(s), addition(s) or deletion(s) to alter the Articles of Association of the Company:

**RESOLVED THAT** in accordance with the provisions of Section 28 and other applicable provisions of the Companies Ordinance, 1984 and subject to requisite permission and clearance, the following new Article 58A be and is hereby inserted after the existing Article 58 in the Articles of Association of the Company:

58A. Electronic Voting:

- I. This article shall only be applicable for the purposes of electronic voting;
- II. The Company shall comply with the mandatory requirements of law regarding the use of electronic voting by its members at general meetings. Members may be allowed to appoint members as well as non-members as proxies for the purposes of electronic voting pursuant to this article.

**RESOLVED FURTHER THAT** the Company Secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and make necessary filings and complete legal formalities as may be required to implement this resolution.

By Order of the Board Tameez-ul-Haque Secretary

March 21, 2016

## Notes:

- 1) The financial statements and reports have been placed on the website of the Company www.adamjeeinsurance.com.
- 2) The share transfer books of the Company will remain closed from Friday April 1, 2016 to Monday April 11, 2016 (both days inclusive). Transfers received in order at the office of the Company's Independent Share Registrar, M/s. Technology Trade (Private) Limited, Dagia House, 241-C, Block-2, P.E.C.H.S., Karachi by the close of business (5:00 PM) on Thursday, March 31, 2016 will be treated in time for the purposes of entitlement of members to the final cash dividend and for attending and voting at the Annual General Meeting.
- 3) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as a proxy to attend and vote instead of him/her. A proxy must be a member of the Company. A corporation or a company being a member of the Company may appoint any of its officers through a resolution of its board of directors for attending and voting at the meeting.
- 4) The instrument appointing a proxy must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting. A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with Company, all such instruments of proxy shall be rendered invalid. In case of corporate entity the Board of Directors resolution / power of attorney with specimen signature of nominee shall be submitted with the above time limit.
- 5) Members who have deposited their shares in the Central Depository System of the Central Depository Company of Pakistan Limited will have to follow the under mentioned quidelines as laid down by Securities and Exchange Commission of Pakistan:

### A. For Attending the Meeting

- i) In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.
- ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

#### B. For Appointing Proxies

- i) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

#### 6. NOTICE to shareholders who have not provided CNIC:

CNIC number of the shareholders is, mandatory for the issuance of dividend warrants in terms of S.R.O. 831(I)/2012 dated July 05, 2012 read with SRO NO. 19 (I)/2014 dated January 10, 2014 and in the absence of this information, payment of dividend shall be withheld. Therefore, the shareholders who have not yet provided their CNICs are once again advised to provide the attested copies of their CNICs (if not already provided) directly to our Independent Share Registrar at the address given hereinafter without any further delay.

#### 7. Mandate for E-Dividends for shareholders:

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged by SECP. The shareholders are encouraged to provide a dividend mandate in favour of e-dividend by providing dividend mandate form duly filled in and signed. The Company shall adopt the procedure of e-dividend in phases. The dividend mandate form is available on the Company's website and can be emailed. The members who have opted for mandate are requested to check the particulars of the bank account which must be in sixteen (16) digits and immediately notify change if any to Independent Share Registrar in case of physical shares and to brokers/CDC in case of CDC account holder.

#### 8. Circulation of annual financials through e mail:

The Securities and Exchange Commission of Pakistan vide SR0 787(1)/2014 dated September 08 2014 has allowed companies to circulate annual balance sheet, profit @ loss account, auditors report and directors report along with notice of Annual General Meeting to its members through e-mail. Members who wish to avail this facility can give their consent on the Standard Request Form available on Company's website.

#### 9. Deduction of Withholding Tax on the amount of Dividend:

Pursuant to Circular No. 19/2014 dated October 24, 2014, SECP has directed all companies to inform shareholders about changes made in the Section 150 of the Income Tax Ordinance, 2001. The Company, hereby advise to its shareholders, the important amendments, as under:

The Government of Pakistan through Finance Act, 2015 has made certain amendments in section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

a.	For filers of income tax returns	12.5%
b.	For non-filers of income tax returns	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 Taxpayers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 17.5% instead @ 12.5%.

In the case of shares registered in the name of two or more shareholders, each joint-holder is to be treated individually as either a filer or non-filer and tax will be deducted by the Company on the basis of shareholding of each joint-holder as may be notified to the Company in writing. The joint-holders are, therefore, requested to submit their shareholdings otherwise each joint-holder shall be presumed to have an equal number of shares.

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or its Independent Share Registrar at the below mentioned address. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

#### Address of Independent Share Registrar of the Company:

Name: Technology Trade (Pvt) Ltd. Address: Dagia House, 241-C Block 2, PECHS, Karachi Phone: +92-21-34391316-17-19

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

This statement sets out the material facts pertaining to the special business to be transacted in the Annual General Meeting of the Company to be held on April 11, 2016.

#### Item 4 of agenda: Insertion of Article 58A in the Articles of Association.

Securities and Exchange Commission of Pakistan has issued Companies (E-Voting) Regulation 2016 on January 22, 2016 vide S.R.O 43(1)/2016. The directors have recommended alteration in the Articles of Association by inserting a new Article 58A therein which will give the members option to be part of the decision making in the general meeting of the Company through electronic means.

The directors are not interested, directly or indirectly, in the above business except to the extent of their investment as has been detailed in the pattern of Shareholding annexed to the Directors' Report.

#### Inspection of Documents

Original and amended copies of the Articles of Association have been kept at the Registered Office of the Company which can be inspected on any working day during usual business hours till the date of Annual General Meeting.



## **BOARD OF DIRECTORS**



## Umer Mansha Chairman

Umer Mansha has been the Chief Executive and Chairman of Nishat Mills Ltd. since September, 2007. He is a Director of MCB Bank Ltd. and also the Chairman of the Risk Management & Portfolio Review Committee and a member of the Business Strategy & Development Committee and Physical Planning and Contingency Arrangements of the Bank. Umer Mansha completed his education from Babson College, Boston, USA. He also serves as the Director of Nishat Dairy (Pvt.) Ltd., Nishat Developers (Pvt.) Ltd., Adamjee Life Assurance Company Ltd., Nishat Agriculture Farming (Pvt.) Ltd, Nishat Farm Supplies (Pvt.) Ltd. and Nishat Hotels & Properties Ltd. Umer Mansha is also a member of the Pakistan Business Council.



## Ali Muhammad Mahoon Director

Ali Muhammad Mahoon has over 20 years of experience with leading international banking and finance institutions including Citibank, ABN AMRO, Samba Financial Group and MCB Bank Ltd. He joined MCB Bank initially in 2005 and served for three years as SEVP and Group Head of Risk Management. After a six-year gap, where he worked for a leading bank in Saudi Arabia, he returned to MCB Bank to head the Islamic Banking Group as of January 1, 2015. In September, 2015, he was appointed as the President/CEO of MCB Islamic Bank Ltd., a wholly owned subsidiary of MCB Bank. During his twenty years in banking, he has held senior level roles in corporate and investment banking as well as the risk management area. He holds a Master's degree in Business Administration from LUMS, and is an Associate Member of the Chartered Institute of Management Accountants, England.



Fredrik started his working career at Cape Town and later transferred to the northern part of South Africa, Pretoria - the capital of South Africa. He holds professional qualifications from SAAF (Aircraft Maintenance) Rand Afrikaans University (Human Resource Development Certification) and has a Master's degree from the University of Cumbria.

He started his insurance career in 1984 and attended various Senior Management Development programs with Old Mutual (CDC / MDC I  $\otimes$  II) and industry-related training institutes. He was awarded the prestigious recognition of "Best Leader of the Year" award by Old Mutual. He acted in the capacity of Director during his management career in South Africa with MDBCS, as well as internationally during his career in the UAE. He is currently the CEO of Adamjee Life Assurance Company Limited.



## Ibrahim Shamsi Director

Ibrahim Shamsi is the Chief Executive of Aladin Water & Amusement Park, Karachi and Joyland, Lahore and is also the Chairman of Cotton Web (Pvt.) Ltd. He is involved in social services as trustee of Jamiat-e-Taleem ul Quran and has served on the editorial board of college and university publications. Ibrahim earned his MBA from the Lahore University of Management Sciences (LUMS). He serves as the Director of Joyland (Pvt.) Ltd., Dupak Developers Pakistan (Pvt.) Ltd., Siddiqsons Ltd., Siddiqsons Tin Plate Ltd., Siddiq Sons Energy Ltd., A.A. Joyland (Pvt.) Ltd. and Dupak Tameer Ltd.



## Imran Maqbool

Imran Maqbool serves as the President  $\otimes$  Chief Executive Officer of MCB Bank Limited. He is a seasoned professional with over three decades of diverse banking experience. Before taking on the CEO position, he was Head of Commercial Branch Banking Group where he successfully managed the largest group of the Bank in terms of market diversity, size of workforce, number of branches on a country-wide basis and diversified spectrum of products. In earlier roles, he worked as Head Wholesale Banking Group-North, Country Head MCB Sri Lanka, Group Head Special Assets Management and Islamic Banking.

Prior to joining MCB Bank in 2002, Maqbool was associated with local banking operations of Bank of America and Citibank for more than seventeen years. He worked at various senior-management level positions in respective banks. He was also elected as the Chairman of Pakistan Banks' Association (PBA) during 2014. Apart from MCB Bank Limited, he is currently on the Boards of MCB Financial Services Limited, MCB Employees Foundation and MNET Services (Pvt.) Limited, where he serves as Chairman. Maqbool holds an MBA degree from the Institute of Business Administration (IBA) Karachi and MS in Management from MIT Sloan School of Management, Massachusetts USA.



## Kamran Rasool

Kamran Rasool joined the Civil Service of Pakistan in 1972 after doing his Master's in English Literature from Punjab University. In 1978, he obtained a Postgraduate Diploma in Development Administration from Manchester University, UK. He served in various fields and Secretariat appointments in Punjab where he was appointed Chief Secretary in 2003. Earlier, he served as Chairman in the Bank of Punjab for a period of about one year. He served as a Secretary in various Ministries of the Federal Government, including Cabinet Secretary, Defense Secretary and retired in 2008. Kamran Rasool is currently serving as Group Head, Security and CSR in MCB Bank Ltd. He is on the Board of Directors of Pakgen Power Ltd., PASSCO, MCB Employees Security System & Services (Pvt.) Ltd., Lalpir Power Ltd., Nishat Chunian Power Ltd., PASSCO, MCB Employees Security System & Services (Pvt.) Ltd.





Muhammad Anees is a leading businessman/industrialist who is highly regarded in the business community. He belongs to a respectable Khawaja family of Multan which has been in business for more than 100 years. Muhammad Anees is a Director of Masood Spinning Ltd. since July, 2003. He is also a Member of the Board's Audit Committee. He holds a Master's degree in Business Administration with a specialization in Marketing from Bahauddin Zakaria University, Multan. He went on to attend the London School of Economics for additional courses. He is involved with the development of the Group's textile operations, particularly the procurement of cotton, yarn, machinery and other assets. Having good experience in sales promotion, he also promoted Group's products in the local as well as international markets. He remained the President of Multan Chamber of Commerce & Industry as well as D.G. Khan Chamber of Commerce & Industry and was also the Chairman of All Pakistan Textile Mills Association for the period 2007 to 2009. He is currently serving as a director in MEPCO.



## Muhammad Umar Virk

Muhammad Umar Virk is the Chairman of Hira Textile Mills Limited ® Hira Terry Mills Ltd. He is a qualified and seasoned professional with over 30 years' experience in textile trade and industry. Umar founded Hira Textile Mills in 1995 by acquiring a spinning unit near Lahore. He successfully turned around this unit through skillful expansion and up gradation by setting up a new value-added towel manufacturing unit. Muhammad Umar Virk did his graduation in Textile Engineering in 1976. He serves as the Director of Hira Textile Mills Ltd. @ Hira Terry Mills Ltd.



## Shahid Malik Director

Shahid Malik joined the Pakistan Foreign Service in 1972. During his career spanning over 35 years, he has held prominent positions in Pakistan Missions abroad including Tokyo, Rome, Washington, New Delhi (twice) and Ottawa. He has served as High Commissioner of Pakistan to Canada with concurrent accreditation as Ambassador to Venezuela and High Commissioner to Guyana, Trinidad and Tobago. He also served as High Commissioner of Pakistan to India from 2007 - 2012. At the Ministry of Foreign Affairs he served in various capacities which included Director, Director General and Additional Foreign Secretary. He has also represented the country in various international conferences including the UN General Assembly, NAM and SAARC Summits, etc. He has been Alternate Permanent Representative of Pakistan to ICAO (Montreal) and has represented Pakistan at various international forums and conferences. Malik is also a Director of Pakgen Power Ltd. and is also on the board of Beacon House National University.



## Shaikh Muhammad Jawed

Shaikh Muhammad Jawed was the Director of Din Leather (Pvt.) Ltd. and has a vast experience in running a modern tannery. Due to his technical expertise, Din Leather has received several export performance awards, merits as well as best export performance trophies for the export of Finished Leather from Pakistan and the Company's contribution in earning valuable foreign exchange for the country. Due to excellence in quality and supply, the Company has also received a Gold Medallion Award from the International Export Association, UK. Shaikh Muhammad Jawed has received technical education in Leather Technology from Leather Sellers College, UK. He also serves as a Director of Adamjee Life Assurance Company Ltd.





Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 20 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as Chief Financial Officer in 2005 where he was promoted to Executive Director Finance. He was appointed as Chief Executive Officer in 2008 and remained in this position until March, 2011. He has also served as the Chief Financial Officer at City School (Pvt.) Ltd. before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013.

He has served as the Chairman, Insurance Association of Pakistan in 2014. He also serves on the Boards of MCB Bank Ltd, Adamjee Life Assurance Company Ltd, Nishat Chunian Ltd and Nishat Chunian Power Ltd.

## MANAGEMENT TEAM



## Muhammad Ali Zeb

Managing Director & Chief Executive Officer

Muhammad Ali Zeb is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 20 years of diverse experience in the Manufacturing, Financial and Insurance sectors. He started his professional career from Nishat Mills in 1995 and joined Adamjee Insurance as Chief Financial Officer in 2005 where he was promoted to Executive Director Finance. He was appointed as Chief Executive Officer in 2008 and remained in this position until March, 2011. He has also served as the Chief Financial Officer at City School (Pvt.) Ltd. before rejoining Adamjee Insurance as the Chief Executive Officer in June 2013.

He has served as the Chairman, Insurance Association of Pakistan in 2014. He also serves on the Boards of MCB Bank Ltd, Adamjee Life Assurance Company Ltd, Nishat Chunian Ltd and Nishat Chunian Power Ltd.



## Muhammad Asim Nagi

Executive Director Finance & Chief Financial Officer

Muhammad Asim Nagi has over 18 years of experience in Accounts and Finance. He is an Economics graduate from University College London and is a qualified Chartered Accountant from the Institute of Chartered Accountants in England & Wales. Asim is also a member of the Institute of Chartered Accountants of Pakistan and a fellow of the Association of Chartered Certified Accountants in United Kingdom. He has worked with a number of organizations at the management level in the UK, including Ernst & Young LLP & UHY Hacker Young LLP in London. His experience in UK comprised assurance and transaction advisory, in particular, IPOs, stock exchange flotations & reverse takeovers. He has also worked with A.F. Ferguson & Co., Chartered Accountants and has headed the Internal Audit function at DH Corporation Limited. Asim has been with Adamjee Insurance Company Limited since November 2011 and is currently serving as the Executive Director Finance & Chief Financial Officer.



## Adnan Ahmad Chaudhry

Executive Director Commercial

Adnan Ahmad Chaudhry has over 22 years of experience in Engineering, Manufacturing & Insurance sectors. He started his career in 1993 from Arden Engineering & Automation after which he moved to ALSTOM in 1995. He then served as Senior Sales Engineer (Abu Dhabi Branch) at Al Hassan Group Companies in 2000 and as General Manager Sales & Operations at Classic Needs Pakistan (Pvt.) Ltd. from 2003. In 2008, Adnan joined Adamjee Insurance as the Head of Motor Department and became General Manager Operations in 2010. He is currently the Executive Director Commercial since June 2013. He was also the Chairman Lahore Insurance Institute in 2015.



## Asif Jabbar

Executive Director Technical

Asif Jabbar has over 22 years of insurance experience in the areas of Technical, Operations and Sales. He started his career in 1993 with Adamjee Insurance Company Limited and worked for almost 19 years in different functions at mid and senior level positions. He also worked as Chief Operating Officer with Marsh Operations in Pakistan with Unique Insurance Brokers from October, 2012 till July, 2013. Since August, 2013 he is serving at Adamjee Insurance as Executive Director Technical.

He is a Chartered Insurer and Associate of Chartered Insurance Institute, London. He is also a Chartered Member of Institute of Logistics and Transport, London.



## Muhammad Salim Iqbal

Executive Director Reinsurance

Muhammad Salim Iqbal has over 29 years of experience in the Insurance ® Reinsurance sector. Salim started his career in 1987 from Wahidis Associates (Pvt.) Ltd. He then joined Adamjee Insurance in 1989 as Probationary Officer and was progressively promoted to the position of Deputy Chief Manager - Engineering Dept. in 1994, after which he joined Al-Dhafra Insurance Company, Abu Dhabi in 1995 as Manager Marine Aviation and Reinsurance. Salim returned to Pakistan in 2005 and joined New Jubilee Insurance Company as Head of Reinsurance. He later joined Adamjee Insurance Company Ltd. in 2006 as Deputy General Manager, Reinsurance. He moved on to IGI Insurance Limited in 2009 as Head of Underwriting and rejoined Adamjee Insurance in 2010 as General Manager Technical. Salim is currently serving as Executive Director Reinsurance. He is a Chartered Insurer and Life member of Pakistan Engineering Council.

Muhammad Salim Iqbal is a qualified engineer B.E. (Civil Engg.) and Fellow of Chartered Insurance Institute (FCII). He served as member of IAP's Fire Section Committee ® Engineering Insurance Sub-committee in 2009-10 and was also a member of Marine Technical Committee of Emirates Insurance Association from 1997 till 2005.



# CEO'S MESSAGE

"At Adamjee, our roots run deep in the communities we serve where we endeavor to satisfy our customers" evolving needs by acting as business partners and personalized insurance solution providers. We take great pride in our commitment to provide excellent services to our customers and aim to evolve with them by setting higher industry standards."

Looking back at the year gone by, one can certainly say that it was a year of challenges and rewards. We were not only able to flourish our relationships with customers but also form new ones thereby assuring them of Adamjee Insurance's unwavering commitment to them.

On behalf of the Board and Management Committee, I would like to thank the shareholders of the Company for the confidence they have shown in us and would like to express my sincere gratitude to our business partners for helping us achieve our corporate goals. We also appreciate the continuous support and guidance provided by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan, and wish to thank our customers for entrusting us, as always.

Finally, I am privileged to be part of the wonderful team at Adamjee Insurance and wish to thank them for their contributions. For Adamjee Insurance, employees are its source of strength. Their devotion and hard work is always valued as a force that drives the Company to accomplish its goals. I thank them for their untiring support and commitment throughout the year.

I trust the coming year proves to be more prolific for Adamjee Insurance, where we turn challenges into opportunities for the Company.

Muhammad Ali Zeb Managing Director & Chief Executive Officer

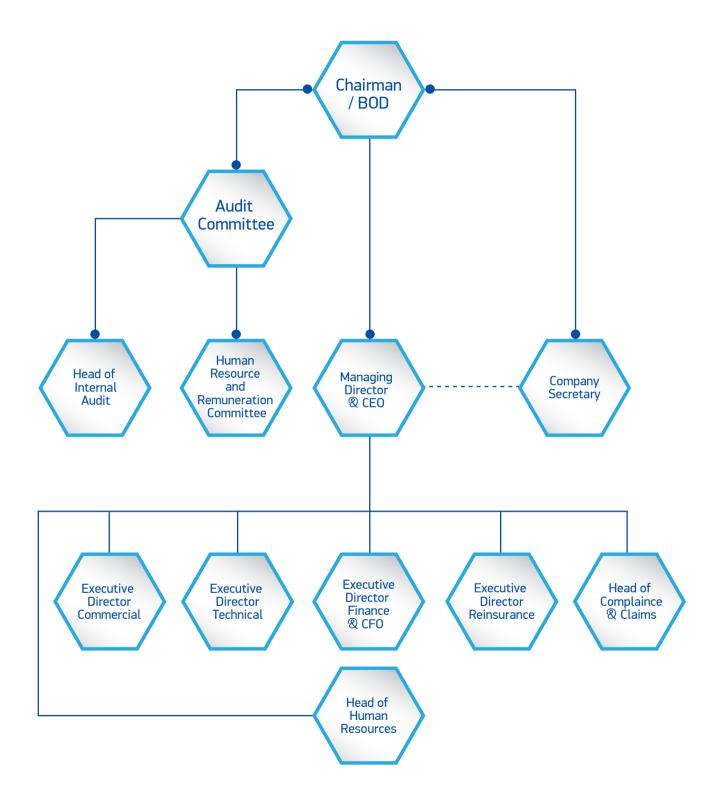
# **QUALITY POLICY**

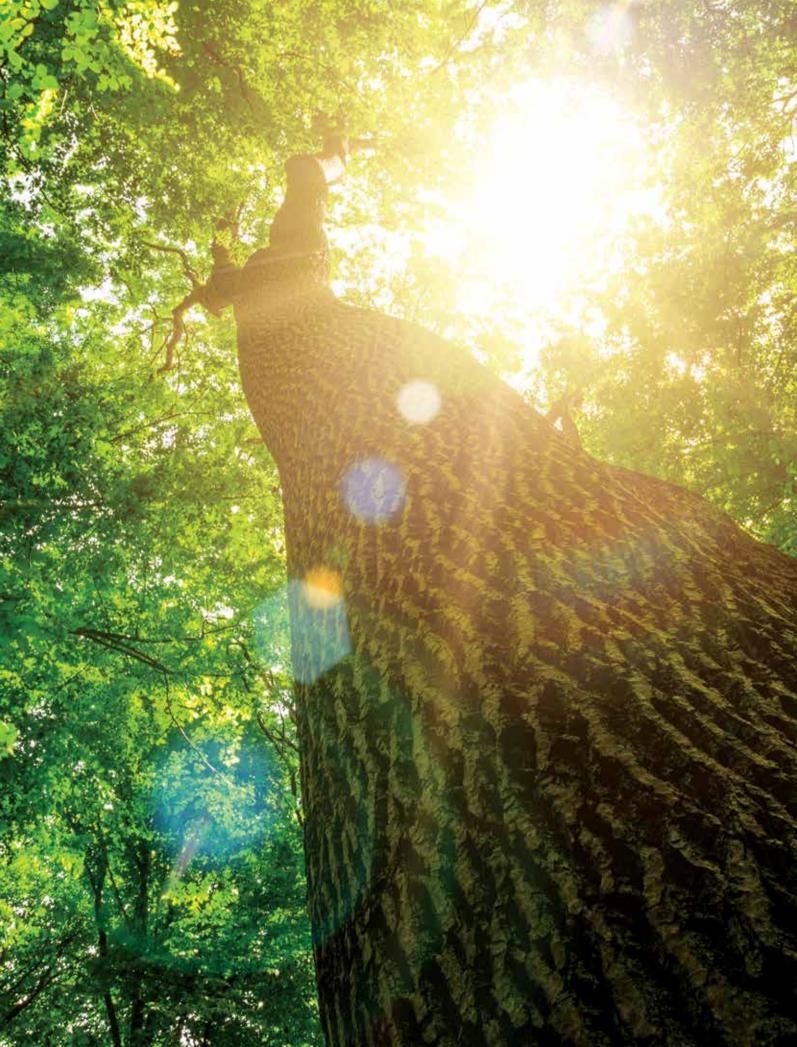
The management and employees of Adamjee Insurance demonstrate commitment to satisfying customer needs by managing risk assessment in General Insurance.

In alignment with satisfaction of customer needs, processes are established to support the vision and values of the Company. We use QMS-9001 as a tool to continually review and improve the effectiveness of our implemented systems.

We regularly assess our processes and practices to build on our relationship with all our stakeholders including customers, shareholders, strategic partners and employees.

# **ORGANIZATIONAL STRUCTURE**





# **COMPANY PROFILE**

Adamjee Insurance Company Limited (AICL) is one of the largest general insurance companies in Pakistan, incorporated as a Public Limited Company on September 28, 1960 and is listed on Pakistan Stock Exchange Limited. AICL has a unique advantage of having regional presence in United Arab Emirates (UAE) and maintains its standing through an unwavering commitment to its corporate philosophy. AICL's competitive advantage is achieved by a combination of having the largest paid-up capital and reserves, and a well diversified business portfolio.

### A Truly Dynamic Business Setting

AICL aims to deliver innovative customer solutions, owing to its wide-ranging line of products. Its employees are dedicated to performing their best for its valued customers, trained with all the skills necessary for a truly outstanding customer service. The Company's focus on strengthening and expanding its global presence is reflected in its tapping the growth potential available in the UAE market. AICL in collaboration with Hollard International, a South African company, has life assurance operations under a separate entity namely, Adamjee Life Assurance Company Limited.

### **Delivering Value to Customers**

Adamjee Insurance is broadly involved in underwriting the following classes of business:

- Fire and Property
- Marine Aviation and Transport
- Motor
- Accident & Health
- Miscellaneous Insurance including (Crop & Livestock Insurance)

As a pioneer in the coverage of Oil & Gas (upstream & midstream), Wind and Thermal Energy Risks, AICL has successfully assumed the role of the leading player in Pakistan's insurance industry. The Company has also managed to secure business being brought in by foreign investors entering Pakistan to execute construction or infrastructure development projects. AICL's confidence lies in the large number of banking and financial sector clients that AICL insures. Some of AICL's high risk-value projects include risk-coverage provision to Petrochemical Factories and Industrial Risk projects. AICL also specializes in insuring Engineering and Telecom concerns. Alternatively, AICL serves Pakistan's primary industry by providing coverage to the Textile and Sugar sectors. AICL is proud to be the premier insurer of Kidnap & Ransom, Professional Indemnity, Product Liability and other specialized lines in Pakistan.

AICL has also commenced Window Takaful Operations in 2016, which allows it to offer a wide range of shariah compliant takaful products.

AICL's customer-centric approach drives it forward in customer care. The Company's financial strength allows the timely remuneration and settlement of hefty claims. A competent team of professionals works tirelessly to ensure comprehensive customer satisfaction and a 24/7 dedicated customer care call center is always on call.

## Achievements Through the Year

- IFS rating of AA+ (Double 'A Plus') by PACRA
- IFS rating of B + ('B' Plus) by AM Best, UK
- Certificate of ISO 9001 by Lloyd's Register Quality Assurance
- Corporate Social Responsibility CSR Awards 2015
- Environment Excellence Award 2015



## CORPORATE SOCIAL RESPONSIBILITY

Adamjee Insurance's Corporate Social Responsibility (CSR) Program aims to address key concerns in society, such as health and education. The Company also stresses on reassuring its chief stakeholders of overall sustainability through compliance, ethics and corporate citizenship. These elements combined form the basis of AICL's corporate philosophy and CSR.

AICL'S CSR is primarily focused on achieving compliance, upholding ethical standards, actively participating in corporate citizenship and maintaining overall sustainability. AICL has undertaken an array of initiatives, including improved communication and extensive training, to cultivate these aspects of its operations.

### **Compliance and Ethics**

Regulations are becoming increasingly complex in light of high transparency prerequisites being enforced globally. AICL has continually striven to develop its capabilities until it can be at par with international players in the global insurance industry, meeting all necessary standards and checks. AICL's edge in the market at home lies in its strict and efficient compliance of international standards.

AICL has incessantly reiterated that its Compliance Performance Standards are applied to all areas of business. AICL ensures to increase compliance and ethical understanding throughout its management hierarchy. Initiatives taken include internal awareness campaigns, specific trainings in detailed regulatory areas and focused efforts on sensitive areas such as conflict of interest.

### Health, Safety & Environment

Health, Safety and Environmental (HSE) responsibilities constitute an essential part of Adamjee Insurance's operations. These become the core of the Company's activities. Adamjee Insurance's management and employees share the belief that good HSE contributes positively and productively to business development and success.

It is this belief that urges Adamjee Insurance to increase team efforts, endeavor for better HSE for employees, customers and neighbors. The Company also hopes to safeguard people's health and minimize the environmental impact of their jobs. AICL's HSE policy observes all existing laws, regulations and amendments.

### **Committed to Excellence**

In an era of intense hectic competition, AICL stays afloat with its unwavering commitment to operational and financial discipline in producing unparalleled results; keeping its promises and continually fulfilling its customers' needs.

During the year, Adamjee Insurance was engaged in various activities with organizations including Jinnah Post Medical Center, The Citizen's Foundation, Institute of Business Management, Pakistan American Cultural Center, Lions Club International, SAFCO Support Foundation and others.



# SIX YEARS AT A GLANCE

PARTICULARS	2015	2014	2013	2012	2011	2010
			Rupees i	n Million		
Balance Sheet						
Paid Up Capital	3,500	3,500	3,500	1,237	1,237	1,237
Reserves	1,437	1,395	1,440	1,442	1,242	1,164
Equity	15,647	14,104	13,047	11,486	10,835	11,000
Investments (Book Value)	15,393	13,482	11,360	9,948	9,452	9,407
Investments (Market Value)	20,780	23,500	18,391	13,189	9,557	10,003
Fixed Assets	1,301	1,114	1,197	1,118	1,063	1,101
Cash and Bank Deposits	2,898	2,877	2,546	2,507	2,379	2,705
Other Assets	12,663	11,360	12,099	11,034	11,173	14,674
Total Assets	32,256	28,832	27,202	24,607	24,067	27,887
Total Liabilities	16,609	14,728	14,155	13,121	13,232	16,887
Operating Data						
Gross Premium	13,639	12,145	10,077	10,059	11,064	11,564
Net Premium	7,747	6,303	5,507	5,672	6,983	6,883
Net Claims	4,780	4,088	3,487	41,413	4,626	4,868
Net Commsiion	558	362	348	359	476	515
Underwriting Result	854	369	137	(412)	166	246
Underwriting Expenses	1,556	1,483	1,535	1,583	1,715	1,255
General and Administrative Expenses	629	527	445	411	1,202	635
Financial Charges	-	-	2	6	15	19
Total Management Expenses	2,185	2,011	1,983	2,000	2,932	1,909
Investment Income	2,404	2,061	2,357	1,332	852	779
Profit / (Loss) Before Tax	2,827	2,030	2,210	670	(42)	542
Profit After Tax	2,555	1,879	1,966	628	132	484
Share Information						
Break-Up Value Per Share (Rs.)	44.7	40.3	37.3	92.9	87.6	88.9
Number of Shares (Million)	350	350	350	123.7	123.7	123.7
Share Price at Year End (Rs.)	56.5	49.4	37.4	68.1	46.5	87.5
Highest Share Price During Year (Rs.)	61.5	53.6	106.4	81.6	96.4	135.2
Lowest Share Price During year (Rs.)	37.9	36.9	37.0	45.0	42.1	63.1
KSE 100 Index	32,816	32,131	25,284	16,905	11,347	12,022
Market Price To Break-Up Value (Times)	1.3	1.2	1.0	0.7	0.5	1.0
Market Capitalization - Amount	19,779	17,273	13,090	8,424	5,752	10,824
Distribution						
Dividend Per Share (Rs.)	3	2.3	3.5	1.5	2.5	3.3
Total dividend - Amount	1,050	787.5	433	185.6	309.3	404.9
Cash Dividend %	30	22.5	35	15	25	23.6
Bonus Dividend %	-	-	182.9	-	-	9.1
Total Dividend %	30	22.5	217.9	15	25	32.7

# **FINANCIAL RATIOS**

PARTICULARS	2015	2014	2013	2012	2011	2010
Profitabilty						
Profit / (Loss) Before Tax / Gross Premium (%)	20.7	16.7	21.9	6.7	(0.4)	4.7
Profit / (Loss) Before Tax / Net Premium (%)	36.5	32.2	40.1	11.8	(0.6)	7.9
Profit After Tax / Gross Premium (%)	18.7	15.5	19.5	6.2	1.2	4.2
Profit After Tax / Net Premium (%)	33.0	29.8	35.7	11.1	1.9	7.0
Combined Ratio (%)	89.0	94.1	97.5	107.3	97.6	96.4
Management Expenses / Gross Premium (%)	16.0	16.6	19.7	19.9	26.5	16.5
Management Expenses / Net Premium (%)	28.1	31.9	36.0	35.3	42.0	27.7
Underwriting Result / Net Premium (%)	11.0	5.9	2.5	(7.3)	2.4	3.6
Net Claims / Net Premium (%)	61.7	64.9	63.3	73.0	66.3	70.7
Investment Income / Net Premium (%)	31.0	32.7	42.8	23.5	12.2	11.3
Underwriting Result / Written Premium (%)	6.3	3.0	1.4	(4.1)	1.5	2.1
Profit / (Loss) Before Tax / Total Income (%)	27.3	23.9	27.6	9.3	(0.5)	6.9
Profit / (Loss) After Tax / Total Income (%)	24.7	22.1	24.5	8.8	1.7	6.2
Net Commission / Net Premium (%)	7.2	5.7	6.3	6.3	6.8	7.5
Return To Shareholders						
Return On Equity - PBT(%)	18.1	14.4	16.9	5.8	(0.4)	4.9
Return On Equity - PAT (%)	16.3	13.3	15.1	5.5	1.2	4.4
Earnings Per Share (Rs.)	7.3	5.4	5.6	5.1	1.1	3.9
P/E Ratio (Times)	7.7	9.2	6.7	13.4	43.6	22.4
Return On Capital Employed (%)	16.3	13.3	15.1	5.5	1.2	4.4
Dividend Yield (%)	5.3	4.6	9.4	2.2	5.4	3.8
Dividend Payout (%)	41.1	41.9	62.3	29.5	234.3	84.3
Dividend Cover (Times)	2.4	2.4	4.5	3.4	0.4	1.2
Return On Total Assets (%)	7.9	6.5	7.2	2.6	0.5	1.7
Earnings Growth (%)	35.2	(3.6)	9.8	363.6	(71.8)	(81.9)
Liquidity / Leverage						
Current Ratio (Times)	1.9	1.9	1.8	1.8	1.7	1.6
Cash / Current Liabilities (%)	17.4	19.5	18.0	19.2	18.1	16.1
Earning Assets / Total Assets (%)	50.3	50.4	46.0	44.6	43.2	39.4
Liquid Ratio (Times)	1.1	1.1	1.0	1.0	0.9	0.7
Liquid Assets / Total Assets (%)	56.7	56.7	51.1	50.6	49.1	43.4
Total Assets Turnover (Times)	0.2	0.2	0.2	0.2	0.3	0.2
Fixed Assets Turnover (Times)	6.0	10.9	4.6	5.1	6.6	6.3
Total Liabilities / Equity (%)	106.1	104.4	108.5	114.2	122.1	153.5
Paid Up Capital / Total Assets (%)	10.9	12.1	12.9	5.0	5.1	4.4
Equity / Total Assets (%)	48.5	48.9	48.0	46.7	45.0	39.4

# **VERTICAL ANALYSIS**

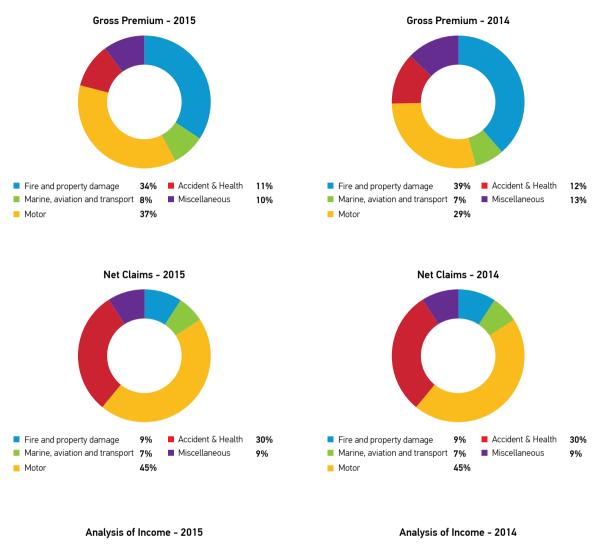
## **Balance Sheet and Income Statement**

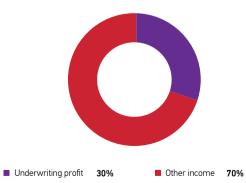
	20	15	20	14	20	13	20	12	20	11	20	10
	Rupees in Million	%										
Balance sheet												
Assets												
Cash and Bank Deposits	2,898	9.0	2,877	10.0	2,546	9.4	2,507	10.2	2,379	9.9	2,705	9.7
Loans to Employees	17	0.1	14	0.0	16	0.1	13	0.1	17	0.1	22	0.1
Investments	15,393	47.7	13,482	46.8	11,360	41.8	9,948	40.4	9,452	39.3	9,407	33.7
Defferred Taxation	84	0.3	98	0.3	105	0.4	241	1.0	195	0.8	0	0
Current Assets - others	12,562	38.9	11,248	39.0	11,978	44.0	10,780	43.8	10,962	45.5	14,651	52.5
Fixed Assets	1,301	4.0	1,114	3.9	1,197	4.4	1,118	4.5	1,063	4.4	1,101	3.9
Total Assets	32,256	100.0	28,832	100.0	27,202	100.0	24,607	100.0	24,067	100.0	27,887	100.0
				-					1			-
Total Equity	15,647	48.5	14,104	48.9	13,046	48.0	11,486	46.7	10,835	45.0	11,000	39.4
Underwriting Provisions	11,916	36.9	11,207	38.9	11,550	42.5	10,636	43.2	10,248	42.6	13,338	47.8
Deferred Liabilities	116	0.4	106	0.4	98	0.4	31	0.1	22	0.1	86	0.3
Creditors and Accruals	4,502	14.0	3,319	11.5	2,456	9.0	2,393	9.7	2,870	11.9	3,326	11.9
Other Liabilitites	75	0.2	95	0.3	52	0.2	61	0.2	92	0.4	137	0.5
Total Equity and Liabilities	32,256	100.0	28,832	100.0	27,202	100.0	24,607	100.0	24,067	100.0	27,887	100.0
Profit and Loss Account												
Revenue account												
Net Premium Revenue	7,747	100.0	6,303	100.0	5,507	100.0	5,672	100.0	6,983	100.0	6,883	100.0
Net Claims	4,780	61.7	4,088	64.9	3,487	63.3	4,143	73.0	4,626	66.2	4,868	70.7
Underwriting Expenses	1,556	20.1	1,483	23.5	1,535	27.9	1,583	27.9	1,715	24.6	1,255	18.2
Net Commission	558	7.2	362	5.7	348	6.3	359	6.3	476	6.8	515	7.5
Underwriting Result	854	11.0	369	5.9	137	2.5	(412)	(7.3)	166	2.4	246	3.6
Investment Income	2,404	31.0	2,061	32.7	2,357	42.8	1,332	23.5	852	12.2	779	11.3
Rental Income	6	0.1	6	0.1	5	0.1	1	0.0	1	0.0	1	0.0
Other Income	185	2.4	122	1.9	148	2.7	164	2.9	157	2.2	171	2.5
General And Administration Expenses	571	7.4	485	7.7	400	7.3	398	7.0	1,184	17.0	623	9.1
Exchange Gain / (Loss)	6	0.1	0	0.0	10	0.2	3	0.1	0	0.0		(0.0)
Finance Charges on Lease Liabilities	0	0.0	0	0.0	2	0.0	6	0.1	15	0.2	19	0.3
Workers' Welfare Fund	58	0.7	42	0.7	45	0.8	13	0.2	18	0.3	12	0.2
Profit Before Tax	2,827	36.5	2,030	32.2	2,210	40.1	670	11.8	(42)	(0.6)	542	7.9
Provision for Taxation	272	3.5	151	2.4	244	4.4	42	0.7	174	2.5	58	0.8
Profit After Tax	2,555	33.0	1,879	29.8	1,966	35.7	628	11.1	132	1.9	484	7.0

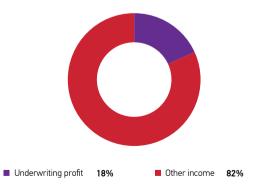
## HORIZONTAL ANALYSIS Balance Sheet and Income Statement

	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010
		Rupees in million					% increase /(decrease) over preceding year					
Balance sheet												
Assets												
Cash and Bank Deposits	2,898	2,877	2,546	2,507	2,379	2,705	0.7	13.0	1.6	5.4	(12.1)	25.4
Loans to Employees	17	14	16	13	17	22	21.4	(12.5)	23.1	(23.5)	(22.7)	(21.4)
Investments	15,393	13,482	11,360	9,948	9,452	9,407	14.2	18.7	14.2	5.2	0.5	(2.6)
Defferred Taxation	84	98	105	241	195	-	(14.3)	(6.7)	(56.4)	23.6	-	-
Current Assets-others	12,562	11,248	11,978	10,780	10,962	14,651	11.7	(6.1)	11.1	(1.7)	(25.2)	68.0
Fixed Assets	1,301	1,114	1,197	1,118	1,063	1,101	16.8	(6.9)	7.1	5.2	(3.5)	4.9
Total Assets	32,256	28,832	27,202	24,607	24,067	27,887	11.9	6.0	10.5	2.2	(13.7)	29.0
Total Equity	15,647	14,104	13,046	11,486	10,835	11,000	10.9	8.1	13.6	6.0	(1.5)	2.0
Underwriting Provisions	11,916	11,207	11,550	10,636	10,248	13,338	6.3	(3.0)	8.6	3.8	(23.2)	62.5
Deferred Liabilities	116	106	98	31	22	86	9.4	8.2	216.1	40.9	(74.4)	(14.9)
Creditors and Accruals	4,502	3,319	2,456	2,393	2,870	3,326	35.6	35.1	2.6	(16.6)	(13.7)	41.8
Other Liabilitites	75	95	52	61	92	137	(21.1)	82.7	(14.8)	(33.7)	(32.8)	(21.7)
Total Equity and Liabilities	32,256	28,832	27,202	24,607	24,067	27,887	11.9	6.0	10.5	2.2	(13.7)	29.0
Profit and Loss Account												
Revenue account												
Net Premium Revenue	7,747	6,303	5,507	5,672	6,983	6,883	22.9	14.5	(2.9)	(18.8)	1.5	1.1
Net Claims	4,780	4,088	3,487	4,143	4,626	4,868	16.9	17.2	(15.8)	(10.4)	(5.0)	9.3
Underwriting Expenses	1,556	1,483	1,535	1,583	1,715	1,255	4.9	(3.4)	(3.0)	(7.7)	36.7	6.8
Net Commission	558	362	348	359	476	515	54.1	4.0	(3.1)	(24.6)	(7.6)	3.0
Underwriting Result	854	369	137	(412)	166	246	131.4	169.3	(133.3)	(348.2)	(32.5)	(63.8)
Investment Income	2,404	2,061	2,357	1,332	852	779	16.6	(12.6)	77.0	56.3	9.4	(68.6)
Rental Income	6	6	5	1	1	1	-	20.0	900.0	(28.6)	(30.0)	100.0
Other Income	185	122	148	164	157	171	51.6	(17.6)	(9.8)	4.5	(8.2)	11.0
General And Administration Expenses	571	485	400	398	1,184	623	17.7	21.3	0.5	(66.4)	90.0	(5.3)
Exchange Gain / (Loss)	6	0	10	3	0		1,176.6	(95.3)	233.3	900.0	(130.0)	(125.0)
Finance Charges on Lease Liabilities	-	-	2	6	15	19	-	(100.0)	(66.7)	(60.0)	(21.1)	58.3
Workers' Welfare Fund	58	42	45	13	18	12	38.1	(6.7)	246.2	(27.8)	50.0	(77.4)
Profit Before Tax	2,827	2,030	2,210	670	(42)	542	39.3	(8.1)	229.9	(1,706.7)	(107.7)	(79.1)
Provision for Taxation	272	151	244	42	174	58	80.1	(38.1)	481.0	(75.9)	200.0	(64.0)
Profit After Tax	2,555	1,879	1,966	628	(216)	484	36.0	(4.4)	213.1	(391.1)	(144.6)	(80.1)

## **ANALYSIS OF FINANCIAL STATEMENTS**



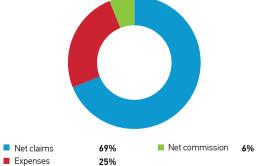




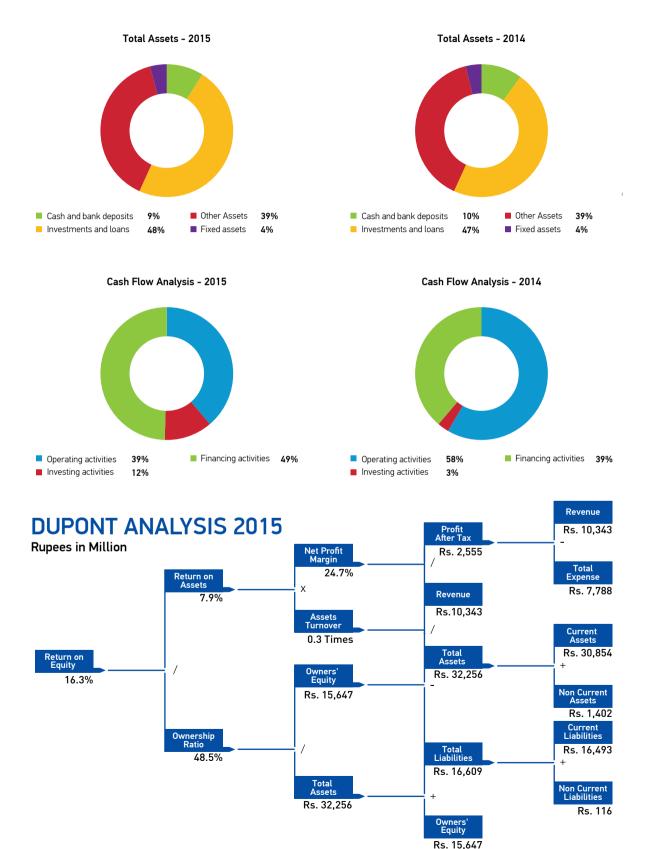
## **ANALYSIS OF FINANCIAL STATEMENTS**



Net claims **69**% Expenses 23% Net commission 8%



## **ANALYSIS OF FINANCIAL STATEMENTS**





# **DIRECTORS' REPORT**

to the Members on Unconsolidated Financial Statements



## **DIRECTORS' REPORT** to the Members on Unconsolidated Financial Statements

On behalf of the Board of Directors, I am pleased to present the 55th Annual Report of your Company together with the audited unconsolidated financial statements for the year ended 31 December, 2015.

## ECONOMIC OVERVIEW

The year showed improvement in Pakistan's overall economic indicators including containment of current account deficit, owing to continuing decline in international oil prices along with an uplift in remittances from abroad. The successful issue of Sukuk Bond in the international market also helped the foreign exchange reserves to swell to unprecedented levels.

China and Pakistan have made agreements to establish China Pakistan Economic Corridor (CPEC) between the two countries. The corridor is expected to boost economy, trade and connectivity of Pakistan with the regional countries. As part of CPEC, Pakistan has also signed a series of energy projects with China, which will enable to overcome the energy crisis in foreseeable future.

The economy grew by 4.24% in fiscal year 2015 which is highest achievement since 2008-2009. Inflation during the year has remained significantly low, achieving the lowest levels since 2003.

Pakistan's equity market remained volatile during the year, with KSE 100 index closing at 32,816 as on 31 December 2015.

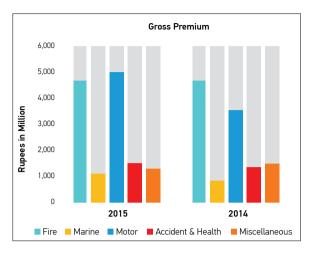
The services sector registered a growth of 5 percent against the target of 5.2% but remained higher compared to the last year growth of 4.4%.

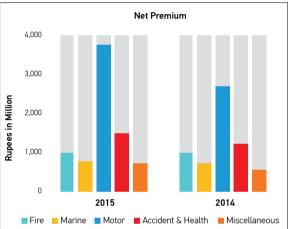
### COMPANY PERFORMANCE REVIEW

In the year 2015, despite pressure of competitive pricing the Company was able to show significant premium growth.

In 2015, the gross premium grew by 12.3% to Rs. 13,639 million as compared to Rs. 12,145 million in 2014. The net premium retention was 57% amounting Rs. 7,747 million of total gross premium underwritten as compared to the net premium retention of 52% amounting Rs. 6,303 million in last year.

The net claim ratio has decreased by 3% to 62% compared to 65% last year. Management expenses increased by 5% and net commission expenses have increased by 54% over the last year. The underwriting results improved by 131% to a profit of Rs. 854 million from Rs. 369 million in the preceding year.





This year, the return on the investment portfolio has increased to Rs. 2,404 million after taking effect of the provison of impairment of Rs. 77 million as compared to Rs. 2,061 million last year.

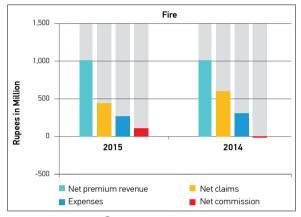
The general and administration expenses have increased to Rs. 629 million in 2015 as compared to Rs. 527 million during last year. This increase of 19% in general and administrative expenses was primarily due to increase in salaries and wages and disbursement of bonus to employees along with inflationary impact on other expenses.

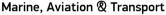
Profit before tax is reported at Rs. 2,827 million compared to profit before tax at Rs. 2,030 million last year, while profit after tax is Rs. 2,555 against profit after tax of Rs. 1,879 million in 2014.

### PORTFOLIO ANALYSIS

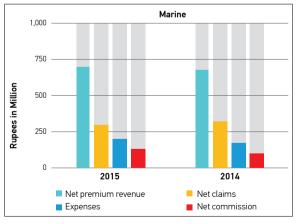
### Fire **@** Property

Fire and property class of business constitutes 34% of the total portfolio. During the year, the Company has underwritten a gross premium of Rs. 4,675 million (2014: Rs. 4,687 million). The ratio of net claims to net premium is 43% this year as compared to 63% last year. The Company incurred an underwriting profit of Rs. 199 million as compared to Rs. 96 million in 2014.





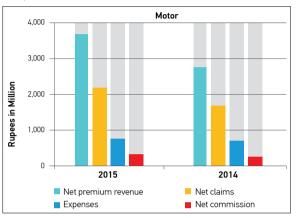
This class of business constitutes 8% of the total portfolio. The Company has underwritten a gross premium of Rs. 1,098 million in current year as compared to Rs. 876 million in the last year. The net claims ratio is 44% as against 48% last year, which resulted in an underwriting profit of Rs. 91 million against Rs. 81 million in 2014.



#### Motor

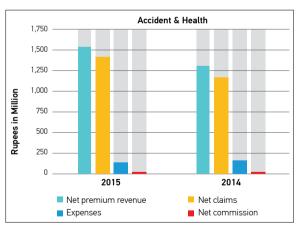
This class of business constitutes 37% of the total portfolio. During the year, the Company has underwritten

a Gross Premium of Rs. 5,008 million as compared to Rs. 3,508 million in 2014. The ratio of net claims to net premium for the current year is 58% as compared to 59% in 2014. Prudent management of motor class of business has resulted in an underwriting profit of Rs. 461 million as compared to Rs. 215 million in 2014.



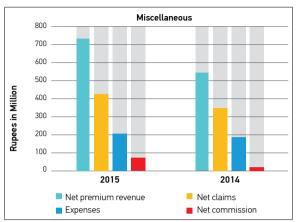
### Accident & Health

The Accident & Health class of business constitutes 11% of the total portfolio. The gross premium showed decrease of 1% over last year with a gross premium written of Rs. 1,489 million (2014: Rs. 1,509 million). The ratio of net claims to net premium was 94% as against 90% last year. The portfolio showed an underwriting loss of Rs. 55 million in current year against the underwriting loss of Rs. 49 million in 2014.



### Miscellaneous

The miscellaneous class of business constitutes 10% of the total portfolio. The gross premium showed a decrease of 12% over last year with a gross premium written of Rs. 1,371 million (2014: Rs. 1,566 million). The ratio of net claims to net premium was 60% as against 64% last year. The portfolio showed an underwriting profit



## of Rs. 138 million in the current year as compared to Rs. 27 million in 2014.

### INVESTMENT INCOME

During the year, market capitalization and the trading volumes in KSE-100 index were more or less stable. The KSE-100 index increased by 2%, closing at 32,816 in 2015 as compared to 32,131 in 2014.

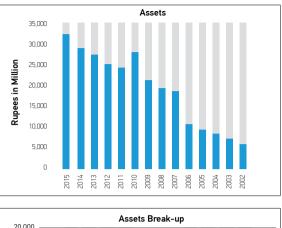
Income from investments increased from Rs. 2,061 million to Rs. 2,404 million.

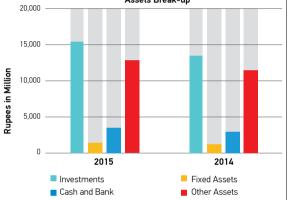
The break-up of investment income is as under:

	2015	2014
	(Rupees i	n million)
Dividend income	1,133	867
Return on TFCs	5	7
Return on Treasury Bills	4	18
Return on PIBs	40	27
Gain on sale of 'available-		
for-sale' investments	1,299	1,148
Provision for impairment	(77)	(6)
Net investment income	2,404	2,061

### **COMPANY'S ASSETS**

The total assets of the Company as on 31 December, 2015 stood at Rs. 32,256 million against Rs. 28,832 million last year showing an increase of 12% mainly due to increase in the investments. The total investment stood at Rs. 15,393 million as compared to Rs. 13,482 million in 2014, an increase of 14%. The management ensures optimum utilization of funds and to make use of better investment opportunities.





### WINDOW TAKAFUL OPERATIONS

The Securities and Exchange Commission of Pakistan authorized the Company to undertake Window Takaful Operations in respect of general takaful in December 2015. Subsequent to signing of Waqf / Participant Takaful Fund deed in January 2016, the Company has now successfully commenced Window Takaful Operations.

### **RISK MITIGATION**

Underwriting risk includes the risks of inappropriate underwriting which includes inadequate pricing, inappropriate terms and conditions and ineffective physical risk management. To manage this risk, the Company pays particular attention to the underwriting controls and risk surveys.

The underwriting heads of each department are responsible for managing and controlling the underwriting operations under their respective domains. Underwriting is conducted in accordance with a number of technical controlling protocols. This includes defined underwriting authorities, guidelines by class of business, rate monitoring, underwriting peer reviews and practice for seeking guidance on large and intricate risks from REG (Risk Exposure Group). This Group is represented by Executive Director Technical, Executive Director Commercial, Executive Director Claims and Compliance and Executive Director Re-Insurance. By making use of Cresta Zones and Geo Coding the Company monitors the risk of accumulation arising from catastrophic events.

The exposure is protected by a comprehensive reinsurance programme that has the capacity to respond to different possible catastrophic events.

The Company also has a separate Physical Risk inspection department which carries out a large number of high risk and large and medium risks surveys before underwriting them. The surveys are conducted both on set schedules and on case to case basis. The department by far carries out the largest number of surveys in the market and provides an insight of the risk to the underwriters thus assisting them in making right decisions.

### HUMAN RESOURCE

At Adamjee "It's all about People", as we truly believe that our employees are the greatest strength we have. Talent Management is a continuous process and we ensure that we hire right people on right jobs. Rewards are based on performance, our culture is based on ethical values and ample career growth opportunities are provided to our employees. The Career Working Groups have focused on improving bench-strength at middle and senior management level, creating opportunities for high potential employees, through development programs.

As a result, all key employees satisfaction indicators i.e. employee productivity, engagement index, employee turnover and female diversity for 2015 are encouraging.

### **ISO 9001 CERTIFICATION**

By upgrading to ISO 9001: 2008 certification, now Adamjee has improved processes, better controls in place, effective monitoring system of processes demonstrates continual improvement.

After implementation of the Quality Management System, we have realized important benefits, including a more organized operating environment, better working conditions, increased job satisfaction and enhanced customer satisfaction.

Quality awareness has increased because all employees have been trained to take the "ownership" of processes that they are involved in developing and improving. This has helped to develop a strong quality culture, where the employees identify problems such as systems or process issues and work on fixing them.

We are successfully moving to complete our Third Certification of ISO 9001: 2008 tenure by November 2016.

### **UAE OPERATIONS**

UAE operations showed an increase of 50% in gross premium underwritten which stood at Rs. 3,329 million against Rs. 2,217 million in the previous year. UAE operations made a profit of Rs. 116 million as compared to a loss of Rs. 13 million last year.

### **CSR ACTIVITIES**

The CSR initiatives taken during the year 2015 have been separately mentioned in the report on page 25.

### PACRA MAINTAINS "AA" RATING

During the year under review, the Pakistan Credit Rating Agency Limited (PACRA) has maintained the Insurer Financial Strength (IFS) rating of the Company as "AA" (Double A). This rating denotes a very strong capacity to meet policyholder and contract obligations. Risk factors are considered modest and the impact of any adverse business and economic factors is expected to be very limited

### SUBSIDIARY COMPANY

The Company has annexed its consolidated financial statements along with its separate financial statements.

Adamjee Life Assurance Company Limited (ALAC) is a subsidiary company of Adamjee Insurance Company Ltd (AIC) and a brief description of ALAC is given below.

ALAC was incorporated in Pakistan under Companies Ordinance 1984 on August 4, 2008 as a public unlisted company and commenced operations from April 24, 2009. ALAC is a subsidiary of AIC and an associate of IVM Inter-surer BV who have 74.28% and 25.72% holding respectively in the capital of ALAC.

### **APPROPRIATIONS**

An interim dividend @ 15% (Rupees 1.50 per share) [2014: @ 12.5% (Rupees 1.25 per share)] was paid during the year. The Board recommended final cash dividend @ 15% (Rupees 1.50 per share) [2014: @15% (Rupees 1.50 per share)].

### EARNINGS PER SHARE

During the year under review, earnings per share was Rs. 7.30 (2014: Rs. 5.37). Detailed working has been reported in Note 25 to the financial statements in this regard.

## STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Corporate laws, rules and regulations framed there under spell out the overall functions of the Board of Directors of the Company. The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, contained in the Listing of Companies and Securities Regulations of Pakistan Stock Exchange and is pleased to give following statement:

• The financial statements, prepared by the Company, present fairly its state of affairs, the results of its operation, cash flows and changes in equity.

• The Company has maintained proper books of accounts as required under the Companies Ordinance, 1984.

• The Company has followed consistently appropriate accounting policies in preparation of the financial statements. Changes wherever made, have been disclosed and accounting estimates are on the basis of prudent and reasonable judgment.

• Financial Statements have been prepared by the Company in accordance with the International Accounting Standards as applicable in Pakistan. The departure therefrom (if any), is disclosed adequately and explained.

• The system of internal control is sound and is being implemented and monitored. However, such a system is designed to manage rather than eliminate the risk of failure to achieve objectives, and provide reasonable but not absolute assurance against material misstatements or loss.

• The fundamentals of the Company are strong and there are no doubts about its ability to continue as a going concern.

• Key operating and financial data for the last six years in summarized form, is included in this annual report on page 27.

• There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as at December 31, 2015, except as those disclosed in the financial statements.

• The value of investments including accrued income of provident and gratuity funds on the basis of un-audited accounts as on December 31, 2015 is as follows:

Provident Fund	1,026,669
Gratuity Fund	175,435

• The meetings of the Board of directors and audit committees are held at least once every quarter. During the year 2015, 5 meetings of the Board of directors and 4 meetings of audit committee were held.

Two meetings each of Claim Settlement, Reinsurance and Underwriting Committees were held and one meeting of Human Resource  $\otimes$  Remuneration Committee during the year 2015.

Leave of absence was granted to member who could not attend the meeting.

	Board of Directors		Board of Addit (		Human Resource & Remuneration Committee		Claim Settlement Committee		Reinsurance Committee & Coinsurance		Underwriting Committee	
	Meeting	js held 5	Meetings held 4		Meetings held 1		Meetings held 2		Meetings held 2		Meetings held 2	
	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended	Member	Attended
Umer Mansha	√	4	V	4	√	1	-	-	-	-	√	2
Ahmed Ebrahim Hasham (Resigned on 25.6.2015)	√	2	V	2	-	-	-	-	-	-	-	-
Ali Muhammad Mahoon	√	3	-	-	-	-	-	-	-	-	-	-
Fredrik Coenrard de Beer	√	4	-	-	-	-	-	-	-	-	√	2
Ibrahim Shamsi	√	3	√	3	√	x	-	-	-	-	-	-
Imran Maqbool	√	3	-	-	-	-	-	-	-	-	-	-
Kamran Rasool	√	5	-	-	√	1	-	-	-	-	-	-
Muhammad Umer Virk	√	5	-	-	-	-	-	-	√	2	-	-
Shahid Malik	√	5	-	-	-	-	-	-	-	-	-	-
Sheikh Muhammad Jawed	√	5	V	4	-	-	√	2	-	-	-	-
Muhammad Ali Zeb	V	5	-	-	٧	1	√	2	V	2	٧	2

The attendance by each director / member is disclosed as under:

Muhammad Anees was appointed director vice Ahmed Ebrahim Hasham. No meeting was held since his appointment was approved by SECP Insurance Division.

### DIRECTORS' TRAINING PROGRAM

One director attended the Directors training programme during the year. Five directors have earlier attended the training programme. Two directors are exempt due to 14 years of education and 15 years of experience on the Board of a listed company.

### PATTERN OF SHAREHOLDING

The pattern of holding of the shares is reported at page 228. The format of reporting, Form 34, has been slightly amended to comply the reporting requirement under Code of Corporate Governance, 2012.

For the category of executive, the Board of directors has set the threshold for the year 2015 and executives in the cadre of General Manager and above are included in it in addition to CEO, CFO, Head of Internal Audit and Company Secretary. The threshold is reviewed annually by the Board.

### DIRECTORS

Mr. Ahmed Ebrahim Hasham resigned as a director on June 25, 2015. The Board of directors filled the casual vacancy within 90 days by appointing Mr. Muhammad Anees for the remainder of the term.

### TRADING IN COMPANY'S SHARES

Except as stated below, during the year 2015, no trading in the shares of the Company was carried out by the Directors, CEO, CFO, Secretary, Head of Internal Audit and Executive

### and their spouses and minor children.

Name of Director	Shares purchased
Ali Muhammad Mahoon	2,500
Muhammad Anees	20,000
Muhammad Umar Virk	52,000

The information about the trading in Company's shares is presented at the meeting of the Board subsequent to such transaction.

### AUDITORS

The present auditors KPMG Taseer Hadi & Company Chartered Accountants being eligible gave consent to act as auditors for next term. The Board of Directors on the suggestion of Audit Committee recommended the appointment of KPMG Taseer Hadi & Co. Chartered Accountants as statutory auditors for the next term.

### STATUS OF PENDING INVESTMENT DECISION

The decision to make investment in MCB Bank Ltd and Nishat Hotels and Properties Ltd under the authority of resolution passed on July 8, 2008 and April 28, 2014, respectively was not implemented fully. The status of decision is explained to members as under as required vide Regulation 4(2) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulation 2012.

Description	MCB Bank Limited	Nishat Hotels & Properties Ltd.
Date of Approval	July 8, 2008	April 28, 2014
Total Investment	Rs. 6 billion	Rs. 500 million
Investment made up to 31.12.2015	Rs. 3.91 billion	-
Reason for not having made complete investment so far	The members in Annual General Meeting held on April 29, 2015 approved to invest up to Rs. 6 billion by May 31, 2020 in terms of Regulation 8(1) of the above referred Regulation. The remaining amount of Rs. 2.09 billion shall be invested when overall economic situation further improves and depending upon market price of shares.	The Company has not received offer of shares
Material changes in financial statement since date of resolution passed:		
	December 2007 Rs. 54.31	June 2013 Rs. 12.26
a. Breakup value	December 2015 Rs. 101.44	June 2015 Rs. 9.91
	December 2007 Rs. 18.26	June 2013 Rs. (0.37)
b. Earnings per share	December 2015 Rs. 22.96	June 2015 Rs. (0.09)
	December 2007 Rs. 55. 12 billion	June 2013 Rs. 2.86 billion
c. Balance Sheet Footing	December 2015 Rs. 137.80 billion	June 2015 Rs. 15.43 billion

## ACKNOWLEDGEMENT

The Company would like to thank the shareholders of the Company for the confidence they have shown in us. We express our sincere thanks to the employees, strategic partners, venders, suppliers and customers. We also appreciate the support and guidance provided by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

On behalf of the Board

Lahore: 23 February 2016

Muhammad Ali Zeb Managing Director & Chief Executive Officer

نشاط موثلزا ينذ يرابر شيز لمييند	ايم ي بي بيك لميشر	مندرچات
2014 پريل2014ء	8 بولائی 2008ء	منظوری کی تاریخ
500 ملين روپ	6 بلین روپے	منظور شده سرما بیکاری
-	3.91 يلىن روپ	31 دىمبر 2015ءتك سرمايەكارى
کمپنی نے حصص خریداری کے لیے پیش نہیں کیے۔	او پردیے گئےر یکولیش کی شق(1)8 کے تحت ممبران نے 29 اپریل 2015ء کے سالاند	منظور شدہ حدتک سرمایہ کاری نہ کرنے
	اجلاس میں 6 بلین روپے کی سرمایہ کاری 31 مئی 2020ء تک کرنے کی منظوری دی ہے۔ بقایا 2.09 بلین روپے کی سرمایہ کاری معاشی صورت ِ حال بہتر ہونے اور شیئر کی قیمت پر مخصر ہوگی۔	کی وجہ
		منظوری کے بعد سے نمایاں تبدیلی، مالیاتی امور میں
جون 2013ء 12.26 روپے	وتمبر 2007ء 54.31روپ <u>ک</u>	(i)بريک اپ ويليو
جون 2015ء 9.91 روپے	دنمبر 2015ء 101.44 روپ	
جون2013ء (0.37)روپے	دسمبر 2007ء 18.26روپ	(ii) في حصص آمدني
جون2015ء (0.09)روپي	د تمبر 2015ء 22.96روپ	
جون 2013ء 2.86 بلين روپے	د <i>سمبر</i> 2007ء 50.12 بلین روپ	(iii) بىلنى شىڭ كامجموعە
جون 2015ء 15.43 بلين روپے	د <i>تمبر</i> 2015ء 137.80 بلين روپ	

**اعتراف** کمپنی اس اعتاد پرشیئر ہولڈرز کا شکر بیادا کرنا چاہتی ہے جوانہوں نے ہم پر دکھایا ہے۔ہم اپنے کارکنوں، اسٹر یُجک پارٹنرز، وینڈرز، سپلا ئیرز اور کسٹمرز سے خلوص دل سے اظہارِ تشکر کرتے ہیں۔ہم اسٹیٹ بینک آف پا کستان اور سیکیو رٹیزا ینڈ ایکچینے کمیشن آف پا کستان کوبھی ان کی فراہم کردہ معاونت اور رہنمائی پرخراجِ تحسین پیش کرتے ہیں۔

منجانب بورڈ

لاہور:23فروری،2016

محم<sup>عل</sup>ی زیب منیجنگ ڈائر کیٹراور چیف ایگر کیٹوآ فیسر

جناب محمدانیس، جناب احمدابرا ہیم ہشام کی جگہڈائر کیٹر تعینات ہوئے۔SECPانشورنس ڈویژن کی طرف سے ان کی تعیناتی کی منظوری کے بعد سے بورڈ کا کوئی اجلاس منعقد نہیں ہوا۔

**ڈائر یکٹرزٹریڈنگ پروگرام** اس سال کے دوران ایک ڈائریکٹر نے ڈائریکٹرزٹریڈنگ پروگرام میں شرکت کی۔اس سے قبل پالچ ڈائریکٹرزٹریڈنگ پروگرام میں شریک ہو چکے ہیں۔ دوڈائریکٹرز 14 سالد تعلیم اور لسلڈ کمپنی سے بورڈ پر15 سالہ تجربے کی وجہ سے منتقن ہیں۔

## شيئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کے پیرن کو صفحہ نمبر 228 پر رپورٹ کیا گیا ہے۔ رپورننگ کے فارمیٹ، فارم34 میں، کوڈ آف کار پوریٹ گودرننس 2012 کے تحت رپورننگ کے تقاضوں کی قتیل میں تھوڑی می ترکی گی ہے۔

CFO، CEO، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکرٹری اور جزل نیچر کے کیڈر کے او پر کے کارکن اگر کمپنی کے شیئر زخریدیں یا فروخت کریں تو ہولڈنگ کے پیٹرن میں بتایا جائے گا۔ ہر سال بورڈ اس پالیسی کا جائزہ لیتا ہے اور او پر بتائے ہوئے طریقہ کار برائے سال 2015 سے بورڈ نے منظور کیا ہے۔

## دائر يكثرز

جناب احمد ابرا تیم ہشام 25 جون 2015 ء کوڈائر کیٹر کی حیثیت سے منتعفی ہو گئے۔ بورڈ آف ڈائر کیٹرز نے بقیہ میعاد کے لیے جناب محمد انیس کی تقرری کرکے 90 دن کے اندر اسامی پُرکردی۔

## سمېنى كے شيئر زميں لين دين

ما سوائے اس کے کہ جیسا ذیل میں بیان کیا گیا ہے، ڈائر یکٹرز، CFO، CEO، سیکرٹری، ہیڈ

آف انٹرنل آ ڈٹ اورا گیزیکٹیواوران کی*ا کے نثر*یک حیات اور چھوٹے بچوں نے تمپینی سے شیئر کی خرید دفر دخت میں حص<sup>نہ</sup> بیں لیا۔

سال2015ء کے دوران خریدے گئے شیئرز	ڈائر یکٹر کا نام
2,500	على محمد ما ہون
20,000	محمدانيس
52,000	محر عمر ورک

## آ ڈیٹرز

موجودہ آڈیٹرز KPMG تا ثیر ہادی اینڈ کمپنی چارٹرڈا کا وَنَنْنَٹُس نے اہلیت کی بنا پر آئندہ میعاد کے لیے بطور آڈیٹر کام کرنے کے لیے رضامندی دے دی ہے۔ بورڈ آف ڈائر یکٹرز نے آڈٹ کمپٹی کی رائے پر KPMG تا ثیر ہادی اینڈ کمپنی چارٹرڈا کا وَنَنْنَٹُس کو آئندہ میعاد کے لیے آڈیٹرز کے انتخاب کے لیے تجویز کیا ہے۔

## انویسٹمنٹ کز پرالتوافیصلے کی موجودہ کیفیت

بالترتیب8جولائی 2008ءاور 28 اپریل 2014ء کو منظور کی گئی قرارداد کی اجازت کے تحت MCB بینک لمیٹڈاورنشاط ہوٹلز اینڈ رپا پر ٹیز لمیٹڈیٹیں سرما یہ کاری کے فیصلے کو پوری طرح عملی جامہ نہیں پہنایا جا سکااور کیفیت کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈر ٹیلنگز)ر کیولیشن 2012 کی شق(2)4 بے تحت درج ذیل جدول میں پیش کی جاتی ہے۔

- کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاردباری سرگرمیوں کے نتائج، کیش فلوزاورا یکو پٹی میں تبدیلی کی مناسب عکا سی کرتے ہیں۔
- سلمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں ، جیسا کدکپنیز آرڈینس1984 کے تحت مطلوب ہے۔
- سمینی نے مالیاتی گوشواروں کی تیاری میں اکا وَنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے۔ جہاں کہیں بھی تبدیلیاں کی گئی ہیں، ان کی نثان دہی کردی گئی ہےاور شاریاتی تخمینے مناسب اور محقول نظریات پرمنی ہیں۔
- سمینی کی طرف سے تیار کردہ مالیاتی گوشوارےا کا وُنٹنگ کے بین الاقوامی معیار کے مطابق ہے، جہاں تک وہ پاکستان میں قابل اطلاق ہیں۔اس حوالے سے کی گئی پہلوتہی کی (اگر کوئی ہو) مناسب انداز میں نشاند ہی اور وضاحت کر دی گئی ہے۔
- انٹرنل کنٹرول کا نظام متحکم ہے اور اس کا اطلاق کیا جاتا ہے۔رسک کا جائزہ لیا جاتار ہتا ہےتا کہ ممکنہ حد تک بڑے نقصان سے بچا جا سکےتا ہم نقصان کے مکمل خاتے کی یقین دہانی ممکن نہیں۔
- سلمپنی کے بنیادی اصول مضبوط میں اور اس کے رواں دواں رہنے کے بارے میں کوئی شکوک وشبہات نہیں ہیں۔

- گزشتہ 6 سال کا اہم آپریٹنگ اور فائنانشل ڈیٹا اس سالا نہ رپورٹ میں سفحہ 27 پر شامل ہے۔
- 31 دسمبر 2015ء کوداجب الاداشیسز، ڈیوٹیز، لیویز اور چارجز کے حوالے سے کوئی قانونی ذمہ داری نہیں، ماسواتے ان کے جو مالیاتی گوشواروں میں خاہر کی جاچکی ہیں۔
- ، غیرآ ڈٹ شدہ اکا دُنٹس کی بنیاد پرانویسٹمنٹس کی قدر بشمول پر دویڈنٹ ادر گریجو یٹی فنڈ ز کی جمع شدہ آمد نی 31 دسمبر 2015 ءکودرج ذیل ہے:

(روپے'000'میں)

1,026,669	<u>پر</u> وویڈنٹ فنڈ
175,435	<sup>ش</sup> ريجويڻ فنڈ

بورڈ آف ڈائر یکٹرز اور آڈٹ کمیٹیز کے اجلاس ہر سہ ماہی میں کم از کم ایک بار منعقد ہوتے ہیں۔سال2015ء کے دوران بورڈ آف ڈائر یکٹرز کے 5 اجلاس اور آڈٹ کمیٹیز کے 4 اجلاس منعقد ہوئے۔

سال2015ء کے دوران کایم سیلنٹ ،ری انشورنس اورانڈ ررا مُنْک کمیٹیز میں سے ہرایک کے دو اجلاس اور ہیون ریسورس اورریمیو نیریشن کمیٹی کا ایک اجلاس منعقد ہوا۔

اجلاس میں شریک نہ ہو پانے والے ممبر کوغیر حاضری پر دخصت دے دی گئی۔

ا ئىنىڭ ئىيىنى	انڈرر	درنس سمیٹی اور انشورنس		مسيطمني	کلیے	ریسورس اور نیریشن سمیٹی		ب صحیحی ا	î	ڈائر <i>یکٹر</i> ز	بوردْ آف	
منعقد ہوئے	2 اجلا آ	ی منعقد <i>ہو</i> ئے	2اجلا	ی منعقد <i>ہو</i> ئے	2اجلا	سمنعقد ہوا	<b>ا</b> جلا	ا منعقد <i>ہ</i> وئے	14جلاتر	ستعقد ہوئے	5اجلاس	
شرکت	مبر	شرکت	مبر	شرکت	مبر	شرکت	مبر	شرکت	مبر	شرکت	مبر	
2	√	-	-	-	-	1	√	4	√	4	$\checkmark$	عمرمنشا
-	-	-	-	-	-	-	-	2	V	2	$\checkmark$	احمد أبرا تيم بشام (25 جون 2015 كوانتعنى ديا)
-	-	-	-	-	-	-	-	-	-	3	$\checkmark$	على محمد ما ہون
2	√	-	-	-	-	-	-	-	-	4	$\checkmark$	فريڈرك كوئىزاردْ دْ ي بيئر
-	-	-	-	-	-	х	V	3	√	3	$\checkmark$	ابراميم شمسي
-	-	-	-	-	-	-	-	-	-	3	$\checkmark$	عمران مقبول
-	-	-	-	-	-	1	√	-	-	5	$\checkmark$	كامران رسول
-	-	2	√	-	-	-	-	-	-	5	$\checkmark$	محمدعمر درک
-	-	-	-	-	-	-	-	-	-	5	$\checkmark$	شابدملک
-	-	-	-	2	√	-	-	4	√	5	$\checkmark$	يشخ محمد جاويد
2	√	2	√	2	V	1	√	-	-	5	$\checkmark$	محمطی زیب

ہرڈائر کیٹر **ا**ممبر کی حاضر ی حسب ذیل ہے:

اور پیچید درسک کی ہدایات کی جنتو کی مثق شامل ہے۔ بیگروپ ایگزیکٹو ڈائریکٹر کیلئیلان)، ایگزیکٹو ڈائریکٹر کمرش ، ایگزیکٹو ڈائریکٹر کلیم اینڈ کمپلائنس اور ایگزیکٹو ڈائریکٹر ری انثورنس پر مشتل ہے۔ کر بیطاز ونز (Cresta Zones) اور جیو کوڈنگ (Geo Coding) کے استعمال کے ذریعے کمپنی خراب اثرات کے حال واقعات سے انجرنے والے معاملات کے خطرے کی امور کا جواب دینے کی صلاحیت رکھتا ہے۔

سمپنی میں ایک فزیکل نسپیشن ڈپار شنٹ بھی ہے جو بڑی تعداد میں مختلف سطح کے رسک کے ،ان کی انڈر رائٹنگ سے پہلے سرویز سرانجام دیتا ہے۔سرویز طے شدہ نظام الا وقات اور حسب معاملہ ، دونوں طرح سرانجام دیے جاتے ہیں۔ بیڈپار شنٹ مارکیٹ میں سب سے زیادہ تعداد میں سروے کرتا ہے اور انڈر رائٹرزکور سک کے بارے میں رہنمائی فراہم کر کے صحیحہ ویصلے کرنے میں ان کی مدد کرتا ہے۔

## افرادی وسائل

آدم جی میں ہم حقیقی معنوں میں یقین رکھتے ہیں کہ ہمارے تمام کارکن ہماری سب سے عظیم طاقت ہیں اور سب کچھ (انہی کی کاوشوں کا'' بنیچہ ہے۔ ٹیلنہ منتجدت ایک مسلسل عمل ہے اور ہم ہر کام کے لیے موزوں افراد کی خدمات کا حصول یقینی بناتے ہیں۔ مشاہرے، تر تی اور پر فار منس سے منسلک ہیں اور ہمارے پال لوگوں کی شولیت کا گچر ہے جس کی بنیا داخلاتی اقدار ہیں اور ہمارے کار کنان کو اپنے کیر یہ کو تر تی دینے کے وافر مواقع فراہم کیے جاتے ہیں۔ ہمارے کیر یہ در کنگ گروپس ڈیو لپرنٹ پہ وگرامز کے ذریعے در میانی اور سینیز منیجند کی سطح پر عبر یہ سنو لیے کے لیے جانشین تیار کرنے ، اعلی صلاحت کے حال کار کنان کے لیے موقع پیدا کرنے پر قوجہ مرکوزر کھتے ہیں۔ کی استعداد، تمام امور میں خواتین کی شرکت وغیرہ۔

## ISO 9001 سر ٹیفکیش

ISO 9001:2008 مرثیقکیشن تک اپ گریڈنگ کے ذریعے، اب آدم جی نے اپنے پروسیسر میں طریق کارمیں بہتری، بہتر کنٹرولز کا اطلاق اور گرانی کا مؤثر نظام ا پنا لیا ہے جس سے مسلسل بہتری کا اظہار ہوتا ہے۔

کوالٹی بنجنٹ سسٹم کےاطلاق کے ساتھ ،ہم ایک زیادہ منظم کاروباری ماحول ،بہتر حالات کار، زیادہ پیشہ درانہ طمانیت اور سٹمر کےاطبیان میں اضافے سمیت اہم فوائد سے استفادہ کررہے ہیں۔

معیار کے حوالے سے شعور میں اضافہ ہوا ہے کیوں کہ تمام ملاز مین کوان تمام کاروباری عوامل کو ''احساس ملکیت'' کے ساتھا پنانے کی تربیت دی گئی، جن کی تیاری اور بہتری میں وہ شامل ہوں۔ اس سے ایک مشحکم کوالٹی کچر تشکیل دینے میں مدد ملی ہے، جہاں ملاز مین سٹم یا پروسیس میں مساکل کی شاخت کرتے ہیں اورانہیں دورکرنے کے لیے کا م کرتے ہیں۔

ہم نومبر2016ء تک 1008 SO امرٹیفکیٹن کی تیسری میعاد کمل کرنے کی طرف کامیابی سے آگے بڑھور ہے ہیں۔

**یواےای آ پریشنز** یواےای آ پریشنز نے انڈررائٹ کیے گئے مجموعی پر میم میں50 فی صداضا فہ دکھایا جو گزشتہ سال

میں217 , 2 ملین روپے کے مقابلے میں3,329 ملین روپے رہا۔ گزشتہ سال میں 13 ملین روپے نقصان کے مقابلے میں 116 ملین روپے منافع حاصل کیا گیا۔

س**ماجی اور معا شرقی سرگرمیاں** سال2015ء میں سابق اور معاشرتی اُمور کے متعلق اقدامات رپورٹ میں صفحہ 25 پر بتائے گئے ہیں۔

PACRA نے ریٹنگ"AA" برقر اررکی ہے

ز ریجائزہ سال کے دوران پاکستان کریڈٹ ریڈنگ ایجنسی کمیٹڈ (PACRA) نے سمپنی کی انتورر فائنانشل اسٹریٹلتھ (IFS) ریڈنگ "AA" (ڈبل اے) برقرار رکھی ہے۔ میرریڈنگ پالیسی ہولڈراور کنٹریکٹ کے حوالے سے ذمہ داریوں کی پنجیل کی انتہائی زبردست صلاحیت کی نشاندہی کرتی ہے۔ خطرات کے حوال معمولی تصور کیے گئے اور کاروباراور معاشی حوالل کے کسی منفی اثرات کے امکانات بہت محدود دینے کی توقع ہے۔

**زیلی کمپنی** <sup>ک</sup>پنی نے اپنے بحقح مالیاتی گوشوارے، اپنے مالیاتی گوشواروں کے ہمراہ منسلک کردیے ہیں۔ آدم جی لائف ایشورنس کمپنی کمیٹڈ (ALAC) ، آدم انشورنس کمپنی کمیٹڈ (AIC) کی ایک ذیلی <sup>کم</sup>پنی ہے اور ALAC کا ایک مختصر تعارف درج ذیل ہے۔

ALAC کو 4اگست 2008ء کو کمپنیز آرڈینن 1984 کے تحت پا کتان میں ایک پبلک اُن لیلڈ کمپنی کے طور پر قائم کیا گیااور اس نے 24 اپریل 2009ء سے کاروبار کا آغاز کیا۔ ALAC کا ایک ذیلی ادارہ اور M V اانٹر شورر V B کی ایک الیوی ایٹ ہے جو ALAC کے کمپیٹل میں بالتر تیب 74.28 فی اور 25.75 فی صد ہولڈنگ کے حامل ہیں۔

## شخصيص APPROPRIATIONS

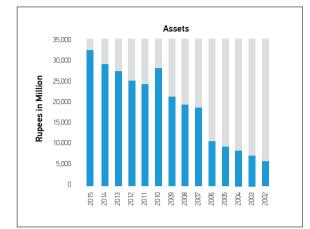
اس سال کے دوران 15 فی صد (1.50 روپے فی شیئر) کی شرح سے ایک عبوری ڈیویڈنڈادا کیا گلیا۔ (2014ء میں بحساب 12.5 فی صد 12.5 روپ فی شیئر) ۔ بورڈ نے 15 فی صد (1.50 روپے فی شیئر) کی شرح صحفی کیش ڈیویڈنڈ کی ادا تیگی کی سفارش کی ہے۔(2014ء میں بحساب 15 فی صد 1.50 روپے فی شیئر)۔

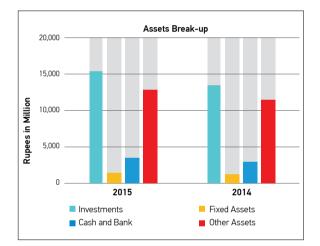
## فىشيئرآمدنى

ز ریجائزہ سال کے دوران فی شیئر آمد نی 7.30 روپے رہی (2014ء میں37.37 روپے)۔ اس حوالے سے تفصیل ورکنگ مالیاتی گوشواروں کے نوٹ25 تفصیل میں درج ہے۔

## کار پوریٹ اور فائنانشل رپورٹنگ فریم ورک کی اسٹیٹمنٹ

کمپنی سے بورڈ آف ڈائر یکٹرز کے مجموعی افعال کار پوریٹ قواندین ، قواعد وضواط یے تحت ہوتے میں ۔ بورڈ اپنی کاروباری ذمدداریوں سے پوری طرح باخبر ہے، پاکستان اسٹاک ایکیچنی کی طرف سے اسٹنگ آف کمپنیز اور سیکیورٹیز ریگولیشنز میں شامل کوڈ آف کار پوریٹ گوورنٹس پر بورڈ عمل پیرا ہےاور بصد مسرت درج ذیل گزارشات پیش کرتا ہے:

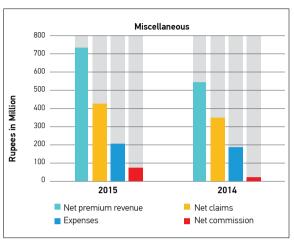




**ونڈ و زکافل وآ پریشنز** سیکیور ٹیز اینڈ ایجیچنی کمیشن آف پاکستان نے کمپنی کو دسمبر 2015ء میں عام تکافل کے حوالے سے ونڈو تکافل آ پریشن شروع کرنے کی اجازت دے دی ہے۔جنوری 2016ء میں وقف/شراکق تکافل فنڈ کے معاہدے پر دستخط کساتھ کمپنی نے اب ونڈ وتکافل آ پریشز کا کامیابی سے آغاز کردیا ہے۔

## خطرے کی تخفیف (Risk Mitigation)

انڈر رائمنگ کے ضمن میں نامناسب انڈر رائمنگ کے خطرات شامل ہیں مثلاً ناکانی قیمتوں کا تعین، نامناسب شرائط وضواوط اور غیر موثر فزیکل رسک منتجزیف شامل ہے۔ اس پر قابو پانے کے لیے کمپنی انڈر رائمنگ کنٹر ولز اور رسک سرویز پر خصوصی توجد دیتی ہے۔ ہرڈ پار شمنٹ کے سر براہان اپنے دائر 6 کار میں انڈ ررائمنگ کی سر گرمیوں کے انتظام اور کنٹر ول کے ذمہ دار ہیں۔ انڈ ررائمنگ متعدد کیلنیکل کنٹر وائک پر دنو کولز کے مطابق سرانجام دی جاتی ہے۔ اس میں معین انڈ ررائمنگ افعار شیز، ہر بزنس کلاس کے لیے رہنمائی، ریٹ کی گرانی، انڈ ررائمنگ کے معاصرین (peers) کے جائز اور BEG (رسک ایک پوؤد رگروپ) کی طرف سے بڑے روپے کے مقابلے میں پورٹ فولیونے اس سال 138 ملین روپے کا نڈر را مُنْگ منافع دکھایا۔



**انویسٹمنٹ سے آمدنی** اس سال کے دوران KSE-100 انڈیکس میں مارکیٹ کیپیلا ئزیشن اور تجارتی جم کم و میش متحکم رہے-100 -KSE انڈیکس 2014ء میں 32,131 کے مقابلے میں 2فی صداضافے کے ساتھ 2015ء میں 32,816 پر بندہوا۔

ڑھ <sup>ر</sup> 2,404 ملين روپے ہو گئی۔	نویشتمنٹس سے آمدنی 2,061 ملین روپے سے ب
	نويسمنٹ سے آمدنی کی تفصيل حسب ذيل ہے:

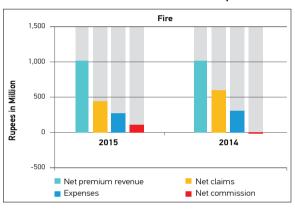
2014	2015	
یں)	(ملين روپوں	
867	1,133	ڈیو <u>ٹ</u> رنڈآ مدنی
7	5	TFCs پرمنافع
18	4	ٹریژری بلز پر منافع
27	40	PIBs پرمنافع
		''دستیاب برائے فروخت''
1,148	1,299	انويسٹمنٹ کی فروخت پر فائدہ
(6)	(77)	خسارے کی تلاقی
2,061	2,404	انویسٹمنٹ سےخالص آمدنی

سمپنی کےا ثاثے

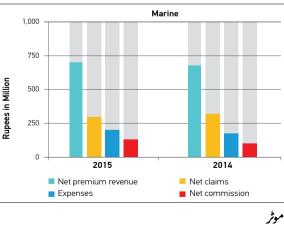
1 3 دسمبر 15 0 2ء کو کمپنی کے مجموعی اثاثے 6 2 5 , 2 3 ملین روپ رہے جو گزشتہ سال 28,832 ملین روپ تھے، اس طرح 12 فی صدا ضافہ ہوا جس کی بنیادی وجہ انویسٹمنٹس میں اضافہ ہے۔ مجموعی انویسٹریٹ 2014ء میں 13,482 ملین روپ کے مقاطبے میں 14 فی صد اضافے کے ساتھ 15,393 ملین روپ رہا۔ انظامیہ سرمایہ کاری کے بہتر مواقع کے استعال نے ندٹر زے زیادہ سے زیادہ استفاد کالیقین دلاتی ہے۔

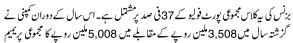
## پورٹ فولیوکا تجزیبہ فائراینڈ پراپرٹی( آگاورجائیداد)

بزنس کی فائرا بنڈ پراپرٹی کلاس مجموع پورٹ فولیو کے 34 فی صد پر مشتل ہے۔ اس سال کے دوران کمپنی نے 4,675 ملین رو پے کا مجموع پر میم انڈر رائٹ کیا ہے (2014: 4,687 ملین روپے )۔ اس سال خالص پر میم پر خالص کلیمز کی شرح گزشتہ سال کے 63 فی صد کے مقابلے میں 43 فی صدر بنی۔ کمپنی نے 2014ء میں 96 ملین روپے کے انڈر رائٹنگ منافع کے مقابلے میں 199 ملین روپے انڈر رائٹنگ منافع حاصل کیا۔

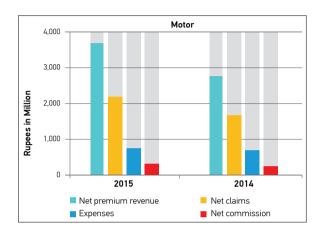


میر بن، ایولی ایشن ایند شرانسپورٹ (جہاز رانی، ہواباز ی اور نقل وحمل) برنس کی یہ کلاس مجموعی پورٹ فولیو کے 8نی صد پر شتل ہے۔ اس سال کے دوران کمپنی نے گزشتہ سال میں 876 ملین روپے کے مقالبے میں 1098 ملین روپے کا مجموعی پر ییم انڈر رائٹ کیا ہے۔خالص پر میم پر خالص کلیمو کی شرح گزشتہ سال کی 48 فی صد شرح کے مقالبے میں 44 فی صدر ہی، جس کے منتیج گزشتہ سال کے 81 ملین روپے کے مقالبے میں اس سال انڈر رائٹک منافع 91 ملین روپے رہا۔

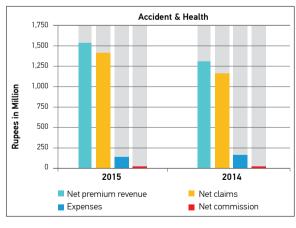




انڈررائٹ کیا ہے۔خالص پر پیم پر خالص کلیمز کی شرح 2014ء میں 59 فی صدکے مقابلے میں 58 فی صد ہے۔ برنس کی موٹر کلاس کے دانش مندانہ نظم ونسق سے انڈر رائٹنگ کے منافع میں بہتری آئی اور بہ 2014 ، میں 215 ملین روپے کے مقابلے میں 461 ملین روپے رہا۔



**ا یک یڈنٹ اینڈ ہیلتھ( حادثة اور صحت )** بزنس کیا ایک یڈنٹ اینڈ ہیلتھ کا س مجموعی پورٹ فولیو کے 11 فی صد پرمشتل ہے ۔مجموعی پر یمیم نے رائٹ کیے گئے 1,489 ملین روپے کے مجموعی پر یمیم کے ساتھ گزشتہ سال کے مقابلے میں 1 فی صدکی دکھائی(2014: 1509 ملین روپے) ۔ خاکص پر یمیم پر خالص گلیمز کی شرح گزشتہ سال کی 90 فی صد شرح کے مقابلے میں 49 فی صدر ہی۔ 2014ء کے انڈر رائنگ انڈر رائنگ خسارہ دکھایا۔



متفرق برنس کی متفرق کلاس مجموعی پورٹ فولیو سے 10 فی صد پر مشتمل ہے ۔مجموعی پر یمیم نے رائٹ کیے گئے 1,371 ملین روپ کے مجموعی پر یمیم سے ساتھ گزشتہ سال کے مقابلے میں 12 فی صد کمی دکھائی (1,566:2014 ملین روپ )۔خالص پر یمیم پر خالص کلیمز کی شرح گزشتہ سال کی 64 فی صد شرح کے مقابلے میں 60 فی صدر ہی۔ گزشتہ سال کے انڈر رائٹنگ منافع 27 ملین

ڈائریکٹرکی رپورٹ غير مجتمع مالياتي گوشواروں يراركان كوڈ ائر يكٹر كى ريورٹ

بورڈ آف ڈائر یکٹرز کی طرف سے کمپنی کی 55 ویں سالا نہ رپورٹ میع 31 دسمبر 2015 ، کوختم ہونے والے سال کے لیے آڈٹ شدہ غیر مجتمع مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

**معانتی جائزہ** اس سال پاکستان کے مجموعی موجودہ کھاتوں کے خسارے کو قایو میں رکھنے کے حوالے سے بہتری بیردنی کمالک کی طرف سے رقوم کی زبردست تر سیل کا منتیجہ ہے۔اس کے علاوہ مین الاقوامی مارکیٹ میں صکوک بانڈ کے کامیاب اجراسے بھی زرمبادلہ کے ذخائر کواطمینان بخش حد تک وسعت ملی۔

چین اور پاکتان نے دونوں مما لک کے درمیان چائنا پاکتان اکنا مک کوریڈ ور قائم کرنے کے لیے معاہدے کیے ہیں۔ یہ کوریڈ ورمعیشت ہتجارت اور پاکستان کو خطے کے ممالک سے منسلک کرنے کے لیے تقدیت کا سبب بنے گا۔اس کے علاوہ پاکستان نے چین کے ساتھ انر جی کے منصوبوں پر دینخط کیے ہیں جس سے قابل قیاس مستقبل میں توانائی کے موجودہ بحران پر قابو پانے میں مدد ملے گی۔

اقتصادی نمویں بہتری ہور ہی ہے جیسا کے مالیاتی سال 2015ء میں 4.24 فی صد نموحاصل ہوئی جو 2008-2008ء سے اب تک سب سے زیادہ کا میا بی ہے۔ اس سال کے دوران افراطِ زر خاطر خواہ حد تک کی میں رکھی گی اور 2003ء سے اب تک سب سے کم سطح حاصل کی گئی۔

> پاکستان کیا یکویٹی مارکیٹ غیر شقکم رہی۔ کراچی اسٹاک <sup>ایک</sup> پینچ 100 انڈ سیس 32,816 پر ہندہوا۔

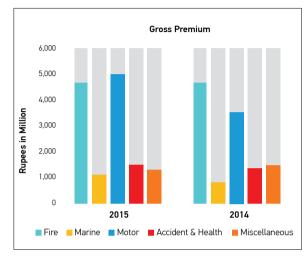
سروسز سیکٹر نے 5.2 فی صد کے ہدف کے مقابلے میں5 فی صدنمو دکھائی کیکن گزشتہ سال ک4.4 فی صد تر قی کے مقابلے میں نمو کی شرح بلندر ہی ۔

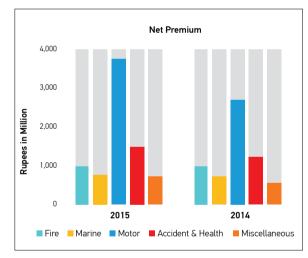
سمپنی کی کارکردگی کاجائزہ

سال 2015ء میں مسابقتی قیتوں کے دباؤ کے باوجود کمپنی پر سیم نمود کھانے میں کا میاب ربی۔2015ء میں مجموعی پر سیم، 2014ء کے 12,145 روپ کے مقابلے میں 22.31 فی صد اضافے کے ساتھ 13,639 ملین روپ ہو گیا۔ خالص برقراری پر میم ( met premium اضافے کے ساتھ 7747 ملین روپ مالیت کے ساتھ انڈر رائٹ کیے جانے والے مجموعی پر میم کا 57 فی صدیقا، جب کہ اس کے مقابلے میں 2014ء کا خالص برقراری پر میم 6,303 ملین روپے تھا۔

کلیم کی خالص شرح گزشتہ سال کی 65 فی صد شرح کے مقابلے میں 3 فی صد کم ہوکر 62 فی صد ہوگئی۔ا نظامی اخراجات میں 5 فی صدا ضافہ ہوا اور کمیشن کے خالص اخراجات میں گزشتہ سال کے مقابلے میں 54 فی صد نے زائدا ضافہ ہوا۔انڈر رائنگ کے منافع میں 131 فی صد بہتر ی ہوئی جو کہ گزشتہ سال کے 369 ملین روپے کے مقابلے میں 854 ملین روپے ہوا۔

انویسٹنٹ پورٹ فولیوکا منافع گزشتہ سال کے 2,061 ملین روپے کے مقابلے میں بڑھ کر 2,404 ملین روپے ہوگیا،77 ملین روپے خسار ے کی تلافی کی مدمیں منہا کرنے کے بعد۔ گزشتہ سال کے 527 ملین روپے کے مقابلے میں 2015ء میں مموی اورانتظا می اخراجات





بڑھ کر 629 ملین روپے ہو گئے ۔عمومی اورا نظامی اخراجات میں 19 فی صداضا فدینیا دی طور پر تتخوا ہوں اوراجرتوں میں اضافے اور دیگر اخراجات پر افراط زر کے اثرات کی وجہ سے ہوا۔ قبل از نیکس منافع 2,827 ملین روپے رہا جو گزشتہ سال 2,030 ملین روپے تھا، جب کہ بعد از نیکس منافع 2,555 ملین روپے رہا جو 2014ء میں 1,879 ملین روپے تھا۔

# Review Report to the Members on the Statement of Compliance with Best Practices of 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 Adamjee Insurance Company Limited ('the Company') for the year ended 31 December 2015 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange 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 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 of Corporate Governance as applicable to the Company for the year ended 31 December 2015.

Date: 23 February 2016 Lahore KPMG Taseer Hadi & Co. Chartered Accountants (Bilal Ali)



## 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 contained in rule book of the Pakistan Stock Exchange Ltd. 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 independent non-executive directors and directors representing minority interests on the Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Muhammad Anees Muhammad Umar Virk
Executive Director	Muhammad Ali Zeb
Non-Executive Directors	Ali Muhammad Mahoon Fredrik Coenrard de Beer Ibrahim Shamsi Imran Maqbool Kamran Rasool Shahid Malik Shaikh Muhammad Jawed Umer Mansha

The independent directors meet the criteria of independence under respective clause 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).
- All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a broker of a stock exchange, has been declared as a defaulter by that stock exchange.
- 4. A casual vacancy occurring on the Board on June 25, 2015 was filled by the directors within 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 a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7. All 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.

- 8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9. The Board arranged one training program for its director during the year.
- 10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.
- 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 3 members, all are non- executive directors.
- 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 as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17. The Board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is a non-executive director.
- The Board has outsourced the internal audit function to M/s. A.F. Ferguson and Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19. 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
- 20. 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.
- 21. 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, executives and stock exchange(s).
- 22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).
- 23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

Muhammad Ali Zeb Managing Director & Chief Executive Officer

Lahore: 23 February 2016

# Statement Under Section 46 (6) of the Insurance Ordinance, 2000

The incharge of the management of the business was Mr. Muhammad Ali Zeb, Managing Director & Chief Executive Officer and the report on the affairs of business during the year 2015 signed by Mr. Muhammad Ali Zeb and approved by the Board of Directors is part of the Annual Report 2015 under the title of "Directors' Report to Members" and

- a. in our opinion the annual statutory accounts of the Adamjee Insurance Co. Ltd. set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder.
- b. Adamjee Insurance Co. Ltd. has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements; and
- c. as at the date of the statement, the Adamjee Insurance Co. Ltd. continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements.

**Umer Mansha** Chairman **Kamran Rasool** Director Muhammad Umar Virk Director **Muhammad Ali Zeb** Managing Director & Chief Executive Officer

# UNCONSOLIDATED

Financial Statements for the Year Ended 31 December 2015



## Auditors' Report to the Members

We have audited the annexed unconsolidated financial statements comprising of:

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

of Adamjee Insurance Company Limited ('the Company') as at 31 December 2015 together with the notes forming part thereof, for the year then ended, in which are incorporated the results and balances of UAE branch, audited by another firm of auditors.

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

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

in our opinion;

- a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984
- b) the unconsolidated 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 further in accordance with accounting policies consistently applied except for the change in accounting policy as referred to in note 3.1 with which we concur;
- c) the unconsolidated financial statements together with the notes thereon, present fairly, in all material respects, the state of Company's affairs as at 31 December 2015 and of the profit, 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) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 23 February 2016 Lahore KPMG Taseer Hadi & Co. Chartered Accountants (Bilal Ali)

## **Unconsolidated Balance Sheet**

As at 31 December 2015

	Note	31 December 2015	31 December 2014
		Rupees in	thousand
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized capital			
375,000,000 (2014: 375,000,000) ordinary shares of Rs. 10 each		3,750,000	3,750,000
Issued, subscribed and paid up capital	4	3,500,000	3,500,000
Reserves	5	1,436,586	1,395,150
Retained earnings		10,709,983	9,209,094
		15,646,569	14,104,244
Underwriting provisions			
Provision for outstanding claims (including IBNR)	6	5,773,824	5,706,373
Provision for unearned premium		5,928,944	5,269,848
Commission income unearned		213,398	231,121
Total underwriting provisions		11,916,166	11,207,342
Deferred liabilities			
Staff retirement benefits	7	116,452	106,248
Creditors and accruals			
Premiums received in advance		213,202	204,539
Amounts due to other insurers / reinsurers		2,013,872	1,226,375
Taxation - provision less payments		53,706	-
Accrued expenses		163,244	68,841
Other creditors and accruals	8	2,057,975	1,819,006
		4,501,999	3,318,761
Other liabilities			
Unclaimed dividends		74,793	95,416
TOTAL LIABILITIES		16,609,410	14,727,767
Contingencies and Commitments	9		
TOTAL EQUITY AND LIABILITIES		32,255,979	28,832,011

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

	Note	31 December 2015	31 December 2014
		Rupees ir	1 thousand
ASSETS			
Cash and bank deposits	10		
Cash and other equivalents		10,704	8,820
Current and other accounts		2,061,098	1,808,107
Deposits maturing within 12 months		826,330	1,059,703
		2,898,132	2,876,630
Loans - secured, considered good			
To employees	11	16,998	14,225
. ,			
Investments	12	15,393,433	13,482,064
Deferred taxation		83,936	97,694
Current assets - others			
Premiums due but unpaid	13	4,539,734	3,627,920
Amounts due from other insurers / reinsurers	14	814,284	817,282
Salvage recoveries accrued		250,602	207,471
Premium and claim reserves retained by cedants	15	-	-
Accrued investment income	16	23,601	26,214
Reinsurance recoveries against outstanding claims	17	3,966,157	3,669,232
Taxation - payments less provision		-	49,843
Deferred commission expense		538,268	477,296
Prepayments	18	2,255,149	2,116,209
Sundry receivables	19	174,488	256,133
		12,562,283	11,247,600
Operating fixed assets - Tangible & intangible Owned	20		
Land and buildings		701,882	410,689
Furniture and fixtures		105,726	124,024
Motor vehicles		296,657	313,417
Machinery and equipment		80,081	106,180
Computers and related accessories		76,391	109,056
Intangible asset - computer software		33,684	48,711
Capital work in progress - intangible		6,776	1,721
		1,301,197	1,113,798
TOTAL ASSETS		32,255,979	28,832,011

Umer ManshaKamran RasoolMuhammad Umar VirkMuhammad Ali ZebChairmanDirectorDirectorManaging Director & Chief Executive Officer

## **Unconsolidated Profit and Loss Account**

## For the Year Ended 31 December 2015

<b>Revenue account</b> Net premium revenue Net claims Expenses					Duncos in			2015	2014
Net premium revenue Net claims					Rupees III	thousand		1	
Net claims									
Net commission <b>Underwriting result</b>	21	1,018,826 (440,289) (261,076) (118,323) 199,138	717,583 (318,730) (187,467) (120,024) 91,362	3,757,455 (2,168,296) (769,275) (358,806) 461,078	1,534,201 (1,439,832) (126,820) (23,040) (55,491)	719,326 (432,892) (211,113) <u>62,196</u> 137,517	- 20,332 - - 20,332	7,747,391 (4,779,707) (1,555,751) (557,997) 853,936	6,302,550 (4,088,215) (1,483,354) (361,771) 369,210
Investment income Rental income Other income	22							2,404,312 6,339 184,719	2,060,861 5,674 122,542
General and admin expenses Exchange gain / (loss) Finance charge on lease liabiliti Workers' welfare fund	23 ies							3,449,306 (570,908) 5,910 - (57,686)	2,558,287 (485,378) (470) (270) (41,697)
Profit before tax Provision for taxation Profit after tax	24							2,826,622 (271,812) 2,554,810	2,030,472 (151,374) 1,879,098
Profit and loss appropriation	n accoun	t							
Balance at the commencement Profit after tax for the Year Other comprehensive (loss)/inco Final dividend for the year ende	come - rei	mesurement o	f defined benef	fit obligation				9,209,094 2,554,810 (3,921)	8,106,138 1,879,098 11,358
<ul> <li>@ 15% (Rupees 1.5/- per share)</li> <li>Interim dividend for the period e</li> <li>@ 15% (Rupees 1.5/- per share)</li> </ul>	e) [2013 : ended 30	@ 10% (Rupee June 2015						(525,000) (525,000)	(350,000) (437,500)
Balance unappropriated prof Earnings per share - Basic a			ear					10,709,983 Rupe 7.30	9,209,094 ees 5.37

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

### Muhammad Ali Zeb

Chairman

Director

Director



## **Unconsolidated Profit and Loss Account**

## For the Year Ended 31 December 2015

Business underwritten Inside Pakistan								
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident ® Health	Miscellaneous	Treaty	31 December 2015	31 December 2014
				Rupees in	thousand			
Revenue account								
Net premium revenue	986,886	693,426	1,639,054	1,517,184	709,682	-	5,546,232	4,796,633
Net claims	(392,137)	(317,298)	(766,315)	(1,429,985)	(427,793)	20,332	(3,313,196)	(3,063,504)
Expenses	(248,670)	(181,198)	(501,220)	(120,232)	(204,956)	-	(1,256,276)	(1,215,447)
Net commission	(116,071)	(116,747)	(119,048)	(19,997)	57,744	-	(314,119)	(183,800)
Underwriting result	230,008	78,183	252,471	(53,030)	134,677	20,332	662,641	333,882
Investment income							2,404,312	2,060,861
Rental income							-	-
Other income							165,306	98,718
							3,232,259	2,493,461
General and administration expenses							(470,047)	(408,261)
Exchange gain / (loss)							6,232	(60)
Finance charge on lease liabilities							-	(270)
Workers' welfare fund							(57,686)	(41,697)
Profit before tax							2,710,758	2,043,173

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director

Managing Director & Chief Executive Officer

## **Unconsolidated Profit and Loss Account**

## For the Year Ended 31 December 2015

Business underwritten Outside Pakistan								
	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident ® Health	Miscellaneous	Treaty	31 December 2015	31 December 2014
				Rupees in	thousand			
Revenue account								
Net premium revenue	31,940	24,157	2,118,401	17,017	9,644	-	2,201,159	1,505,917
Net claims	(48,152)	(1,432)	(1,401,981)	(9,847)	(5,099)	-	(1,466,511)	(1,024,711)
Expenses	(12,406)	(6,269)	(268,055)	(6,588)	(6,157)	-	(299,475)	(267,907)
Net commission	(2,252)	(3,277)	(239,758)	(3,043)	4,452		(243,878)	(177,971)
Underwriting result	(30,870)	13,179	208,607	(2,461)	2,840		191,295	35,328
Rental income							6,339	5,674
Other income							19,413	23,824
							217,047	64,826
General and administration expenses							(100,861)	(77,117)
Exchange loss							(322)	(410)
Profit before tax / (loss)							115,864	(12,701)

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

**Umer Mansha** Chairman Kamran Rasool Director Muhammad Umar Virk

Director

## Muhammad Ali Zeb Managing Director & Chief Executive Officer

60

## **Unconsolidated Statement of Comprehensive Income**

## For the Year Ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees ir	thousand
Profit after taxation	2,554,810	1,879,098
Other comprehensive income		
Items that will not be reclassified to profit and loss:		
Remeasurement of defined benefit obligation	(3,921)	11,358
Items that may be reclassified subsequently to profit and loss:		
Effect of translation of investment in foreign branches - net	41,436	(45,259)
	37,515	(33,901)
Total comprehensive income for the year	2,592,325	1,845,197

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk

Director

Muhammad Ali Zeb Managing Director & Chief Executive Officer

For the Year Ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in	thousand
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	12,772,055	11,248,060
Reinsurance premiums paid	(4,622,608)	(4,348,210)
Claims paid	(8,143,077)	(7,630,278)
Surrenders paid	(35,838)	(21,643)
Reinsurance and other recoveries received	3,080,390	4,120,118
Commissions paid	(1,043,983)	(956,426)
Commissions received	550,335	551,971
Other underwriting payments	(1,283,787)	(960,501)
Net cash generated from underwriting activities	1,273,487	2,003,091
b) Other operating activities		
Income tax paid	(154,505)	(115,262)
General and management expenses paid	(356,122)	(757,562)
Loans disbursed	(51,522)	(51,415)
Loans repayments received	45,214	52,389
Other receipts	81,636	16,553
Net cash used in other operating activities	(435,299)	(855,297)
Total cash generated from all operating activities	838,188	1,147,794
Total cash generated non all operating activities	000,100	1,147,734
Cash flows from investing activities		
Profit / return received on bank deposits	82,132	119,450
Return on Pakistan Investment Bonds	44,408	11,004
Income received from TFCs	4,568	6,829
Dividends received	1,136,677	863,823
Rentals received	3,672	5,674
Payments for investments	(12,047,298)	(6,633,397)
Proceeds from disposal of investments	11,360,606	5,654,991
Fixed capital expenditure - tangible assets	(384,507)	(108,887)
Fixed capital expenditure - intangible assets	(3,501)	-
Proceeds from disposal of operating fixed assets	57,180	25,198
Total cash flow from / (used in) investing activities	253,937	(55,315)
Cash flows from financing activities		
Finance lease rentals paid	-	(6,953)
Dividends paid	(1,070,623)	(755,172)
Net cash used in financing activities	(1,070,623)	(762,125)
Net cash generated from all activities	21,502	330,354
Cash at the beginning of the year	2,867,554	2,537,200
Cash at the end of the year	2,889,056	2,867,554

## For the Year Ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in	thousand
liation to Profit and Loss Account		
rating cash flows	838,188	1,147,79
preciation expense	(142,751)	(157,18
ovision for gratuity	(24,221)	(24,58
her income - bank deposits	82,980	94,5
ain on disposal of operating fixed assets	26,013	11,4
inance charge on lease obligations	-	(27
Rental income	6,339	5,6
ncrease / (decrease) in assets other than cash	1,286,741	(714,05
ncrease) / decrease in liabilities other than running finance	(1,215,801)	736,8
	857,488	1,100,1
ofit on sale of investments	1,298,816	1,147,9
Amortization expense	(18,531)	(19,84
ncrease in unearned premium	(659,096)	(1,225,0
ncrease / (decrease) in loans	6,308	(9'
ncome taxes paid	154,505	115,2
rovision for impairment in value of 'available-for-sale' investments	(76,696)	(5,55
ividend and other income	1,215,278	866,8
come from treasury bills	4,034	17,7
eturn on Pakistan Investment Bonds	39,803	27,1
come from TFCs	4,713	6,7
	1,969,134	930,2
before taxation	2,826,622	2,030,4

### Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. 9,076 thousands (2014: Rs 9,076 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2015	31 December 2014
	Rupees in	thousand
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	10,704	8,820
Current and other accounts	2,061,098	1,808,107
Deposits maturing within 12 months	817,254	1,050,627
Total cash and cash equivalents	2,889,056	2,867,554

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer	Mansha
Cha	airman

Kamran Rasool Director Muhammad Umar Virk

Managing Director  $\otimes$  Chief Executive Officer

For the Year Ended 31 December 2015

Business underwritten Inside Pakistan		
	31 December 2015	31 December 2014
	Rupees in	thousand
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	9,939,783	9,119,864
Reinsurance premiums paid	(3,965,114)	(3,717,388)
Claims paid	(4,991,218)	(4,858,319)
Surrenders paid	(35,838)	(21,643)
Reinsurance and other recoveries received	1,474,066	2,361,937
Commissions paid	(710,733)	(742,181)
Commissions received	488,298	488,240
Other underwriting payments	(1,095,896)	(616,139)
Net cash generated from underwriting activities	1,103,348	2,014,371
	.,,	2,011,071
b) Other operating activities		
Income taxes paid	(154,505)	(115,262)
General and management expenses paid	(295,022)	(683,552)
Loans disbursed	(45,314)	(44,674)
Loans repayments received	40,252	43,973
Other receipts	76,507	15,707
Net cash used in other operating activities	(378,082)	(783,808)
Total cash generated from all operating activities	725,266	1,230,563
	723,200	1,230,303
Cash flows from investing activities		
Profit / return received on bank deposits	66,372	91,965
Return on Pakistan Investment Bonds	44,408	11,004
Income received from TFCs	4,568	6,829
Dividends received	1,136,677	863,823
Rentals received	-	-
Payments for investments	(12,047,298)	(6,633,397)
Proceeds from disposal of investments	11,360,606	5,654,991
Fixed capital expenditure - tangible assets	(378,258)	(102,195)
Fixed capital expenditure - intangible assets	(3,501)	-
Proceeds from disposal of fixed assets	56,017	24,926
Total cash generated from / (used in) investing activities	239,591	(82,054)
Cash flows from financing activities		
-		
Finance lease rentals paid	-	(6,953)
Dividends paid	(1,070,623)	(755,172)
Net cash used in financing activities	(1,070,623)	(762,125)
Net cash (used in) / generated from all activities	(105,766)	386,384
Cash at the beginning of the year	1,660,572	1,274,188
Cash at the end of the year	1,554,806	1,660,572

## For the Year Ended 31 December 2015

	31 December 2015	31 December 2014
Reconciliation to Profit and Loss Account	Rupees in	thousand
	725,266	1.230.563
Operating cash flows Depreciation expense	(121,236)	(133,528)
Provision for gratuity	(121,230)	(133,526) (18,336)
Other income - bank deposits	66,888	(18,336) 72,057
	27,499	11,364
Gain on disposal of operating fixed assets Finance charge on lease obligations	27,499	(270)
Rental income	-	(270)
Increase / (decrease) in assets other than cash	337.297	(353,861)
(Increase) / decrease in liabilities other than running finance	(894,364)	96,466
	123,648	904,455
Others	125,040	504,455
Profit on sale of investments	1,298,816	1,147,927
Amortization expense	(18,293)	(19,843)
Increase in unearned premium	(40,112)	(1,018,263)
Increase in loans	5,062	701
Income taxes paid	154,505	115,262
Provision for impairment in value of 'available-for-sale' investments	(76,696)	(5,554)
Dividend, investment and other income	1,215,278	866.838
Income from treasury bills	4,034	17,715
Return on Pakistan Investment Bonds	39,803	27,158
Income from TFCs	4,713	6,777
	2,587,110	1,138,718
Profit before taxation	2,710,758	2,043,173

### **Definition of cash**

Cash comprises cash in hand, bank balances excluding Rs 9,076 thousands (2014: Rs 9,076 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2015	31 December 2014			
	Rupees in thousand				
Cash for the purposes of the statement of cash flows consists of:					
Cash and other equivalents	10,476	8,601			
Current and other accounts	1,543,595	1,651,236			
Deposits maturing within 12 months	735	735			
Total cash and cash equivalents	1,554,806	1,660,572			

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Ma	nsha
Chairm	an

Kamran Rasool Director Muhammad Umar Virk Director

### Muhammad Ali Zeb

Managing Di



For the Year Ended 31 December 2015

Business underwritten Outside Pakistan		
	31 December 2015	31 December 2014
	Rupees ir	thousand
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	2,832,272	2,128,196
Reinsurance premiums paid	(657,494)	(630,822)
Claims paid	(3,151,859)	(2,771,959)
Reinsurance and other recoveries received	1,606,324	1,758,181
Commissions paid	(333,250)	(214,245)
Commissions received	62,037	63,731
Other underwriting payments	(187,891)	(344,362)
Net cash generated from / (used in) underwriting activities	170,139	(11,280)
b) Other operating activities		
General and management expenses paid	(61,100)	(74,010)
Loans disbursed	(6,208)	
Loans repayments received	4,962	
Other receipts	5,129	
Net cash used in other operating activities	(57,217)	(71,489)
Total cash generated from / (used in) all operating activities	112,922	(82,769)
Cash flows from investing activities		
Profit / return received on bank deposits	15,760	27,485
Return on Pakistan Investment Bonds	-	-
Income received from TFCs	-	-
Income from treasury bills	-	-
Dividends received	-	-
Rentals received	3,672	5,674
Payments for investments	-	-
Proceeds from disposal of investments	-	-
Fixed capital expenditure - tangible assets	(6,249)	(6,692)
Fixed capital expenditure - intangible assets	-	-
Proceeds from disposal of operating fixed assets	1,163	272
Total cash generated from investing activities	14,346	26,739
Cash flows from financing activities		
Finance lease rentals paid	-	] ]
Dividends paid		
Net cash generated from / (used in) financing activities	-	-
Net cash generated from / (used in) in all activities	127,268	(56,030)
Cash at the beginning of the year	1,206,982	1,263,012
Cash at the end of the year	1,334,250	1,206,982

## For the Year Ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in	thousand
Reconciliation to Profit and Loss Account		
Operating cash flows	112,922	(82,769)
Depreciation expense	(21,515)	(23,658)
Provision for gratuity	(6,519)	(6,249)
Other income - bank deposits	16,092	22,465
(Loss) / gain on disposal of operating fixed assets	(1,486)	103
Finance charge on lease obligations	-	-
Rental income	6,339	5,674
Increase / (decrease) in assets other than cash	949,444	(360,190)
(Increase) / decrease in liabilities other than running finance	(321,437)	640,352
	733,840	195,728
Others		
Profit on sale of investments	-	-
Amortization expense	(238)	-
Increase in unearned premium	(618,984)	(206,754)
Increase / (decrease) in loans	1,246	(1,675)
Income taxes paid	-	-
Reversal of provision for impairment in value of 'available-for-sale' investments	-	-
Dividend income	-	-
Income from treasury bills	-	-
Return on Pakistan Investment Bonds	-	-
Income from TFCs	-	_
	(617,976)	(208,429)
Profit / (loss) before taxation	115,864	(12,701)

## Definition of cash

Cash comprises cash in hand, bank balances excluding Rs. Nil (2014: Rs. Nil) held under lien and other deposits which are readily convertible to cash and which are used in the cash management function on a day- to-day basis.

	31 December 2015	31 December 2014			
	Rupees in thousand				
Cash for the purposes of the statement of cash flows consists of:					
Cash and other equivalents	228	219			
Current and other accounts	517,503	156,871			
Deposits maturing within 12 months	816,519	1,049,892			
Total cash and cash equivalents	1,334,250	1,206,982			

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha	
Chairman	

Kamran Rasool Director Muhammad Umar Virk Director

## Muhammad Ali Zeb

Managing Director & Chief Executive Officer

## **Unconsolidated Statement of Changes In Equity**

## For the Year Ended 31 December 2015

	Share Capital	Capital Reserves			Revenue F		
	lssued, subscribed and paid-up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	General reserve	Retained earnings	Total
			Rup	ees in thousa	nd		
Balance as at 31 December 2013	3,500,000	22,859	3,764	477,286	936,500	8,106,138	13,046,547
Comprehensive income for the year ended 31 December 2014							
Profit for the year	-	-	-	_	-	1,879,098	1,879,098
Other comprehensive income	-	-	-	(45,259)	-	11,358	(33,901)
Total comprehensive income for the year	-	-	-	(45,259)	-	1,890,456	1,845,197
Transactions with owners of the Company							
Final dividend for the year ended 31 December 2013 @ 10% (Rupee 1/- per share)	-	-	-	-	-	(350,000)	(350,000)
Interim dividend for the period ended 30 June 2014 @ 12.5% (Rupees 1.25/- per share)	-	_	_	_	_	(437,500)	(437,500)
Balance as at December 2014	3,500,000	22,859	3,764	432,027	936,500	(787,500) 9,209,094	(787,500)
Comprehensive income for the year ended 31 December 2015							
Profit for the year	_	_	_	_	_	2,554,810	2,554,810
Other comprehensive income	-	-	-	41,436	-	(3,921)	37,515
Total comprehensive income for the year	-	-	-	41,436		2,550,889	2,592,325
Transactions with owners of the Company							
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share)	-	_	_	_	_	(525,000)	(525,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share)	_	_	_	_	_	(525,000)	(525,000)
	-	-	-	-	-	(1,050,000)	(1,050,000)
Balance as at 31 December 2015	3,500,000	22,859	3,764	473,463	936,500	10,709,983	15,646,569

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

## Umer Mansha

Kamran Rasool

### Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director



## **Unconsolidated Statement of Premiums**

For the Year Ended 31 December 2015

Class	Premiums	Unearned premium reserve				Reinsurance	Prepaid reinsurance premium ceded		Reinsurance -	Net premiu	im revenue	
	written	Opening		Premiums earned	ceded	Opening	Closing	Currency translation effect	expense	31 December 2015	31 December 2014	
						Rupees in	thousand					
Direct and facultative												
Fire and property damage	4,674,708	2,317,112	2,320,296	1,941	4,673,465	3,828,249	1,653,732	1,828,498	1,156	3,654,639	1,018,826	1,003,802
Marine, aviation and transport	1,097,518	48,712	39,224	247	1,107,253	386,874	5,524	2,729	1	389,670	717,583	690,393
Motor	5,007,929	1,826,457	2,630,869	56,827	4,260,344	512,553	145,516	161,452	6,272	502,889	3,757,455	2,787,643
Accident & Health	1,488,584	563,010	498,615	1,009	1,553,988	20,628	12,704	14,096	551	19,787	1,534,201	1,272,835
Miscellaneous	1,370,629	514,557	439,940	363	1,445,609	661,801	236,190	171,901	193	726,283	719,326	547,877
Total	13,639,368	5,269,848	5,928,944	60,387	13,040,659	5,410,105	2,053,666	2,178,676	8,173	5,293,268	7,747,391	6,302,550
Proportional	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	13,639,368	5,269,848	5,928,944	60,387	13,040,659	5,410,105	2,053,666	2,178,676	8,173	5,293,268	7,747,391	6,302,550

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb Managing Director & Chief Executive Officer

Chairman

Director

Director



## **Unconsolidated Statement of Premiums**

## For the Year Ended 31 December 2015

Business underwritten Inside Pakistan												
	Premiums	Unearne	ed premium	reserve	Premiums	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance	Net premium revenue	
Class	written	Opening	Closing	Currency translation effect	earned		Opening	Closing	Currency translation effect	expense	31 December 2015	31 December 2014
						Rupees in	thousand					
Direct and facultative												
Fire and property damage	4,587,468	2,267,875	2,276,188	-	4,579,155	3,774,551	1,618,179	1,800,461	-	3,592,269	986,886	977,764
Marine, aviation and transport	1,074,278	42,421	33,670	-	1,083,029	386,874	5,458	2,729	-	389,603	693,426	665,436
Motor	1,849,461	718,851	902,200	-	1,666,112	26,522	833	297	-	27,058	1,639,054	1,352,407
Accident & Health	1,450,910	539,400	473,126	-	1,517,184	-	-	-	-	-	1,517,184	1,262,272
Miscellaneous	1,348,413	506,570	430,046	-	1,424,937	649,635	232,065	166,445	-	715,255	709,682	538,754
Total	10,310,530	4,075,117	4,115,230	-	10,270,417	4,837,582	1,856,535	1,969,932	-	4,724,185	5,546,232	4,796,633
Treaty												
Proportional	-	-	-	-	-	-		-	-	-	-	-
Total	-	-	-	-	-	-		-	-	-	-	-
Grand Total	10,310,530	4,075,117	4,115,230	-	10,270,417	4,837,582	1,856,535	1,969,932	-	4,724,185	5,546,232	4,796,633

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk

Director Ma

## Muhammad Ali Zeb Managing Director & Chief Executive Officer

Chairman

## **Unconsolidated Statement of Premiums**

## For the Year Ended 31 December 2015

Business underwritten Out	side Paki	stan										
	Premiums	Unearned premium reserve				Deinement		oaid reinsura remium cede		Reinsurance	Net premium revenue	
Class	written	Opening	Closing	Currency translation effect	Premiums earned	Reinsurance - ceded	Opening	Closing	Currency translation effect	expense	31 December 2015	31 December 2014
						Rupees in	thousand					
Direct and facultative												
Fire and property damage	87,240	49,237	44,108	1,941	94,310	53,698	35,553	28,037	1,156	62,370	31,940	26,038
Marine, aviation and transport	23,240	6,291	5,554	247	24,224	-	66	-	1	67	24,157	24,957
Motor	3,158,468	1,107,606	1,728,669	56,827	2,594,232	486,031	144,683	161,155	6,272	475,831	2,118,401	1,435,236
Accident & Health	37,674	23,610	25,489	1,009	36,804	20,628	12,704	14,096	551	19,787	17,017	10,563
Miscellaneous	22,216	7,987	9,894	363	20,672	12,166	4,125	5,456	193	11,028	9,644	9,123
Total	3,328,838	1,194,731	1,813,714	60,387	2,770,242	572,523	197,131	208,744	8,173	569,083	2,201,159	1,505,917
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	3,328,838	1,194,731	1,813,714	60,387	2,770,242	572,523	197,131	208,744	8,173	569,083	2,201,159	1,505,917

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director

Managing Director & Chief Executive Officer

# **Unconsolidated Statement of Claims**

### For the Year Ended 31 December 2015

		Out	standing cla	ims		Reinsurance and other		and other r of outstandir	ecoveries in ng claims	Reinsurance	Net claims	s expense
Class	Total claims paid	Opening	Closing	Currency translation effect	Claims expenses	recoveries received	Opening	Closing	Currency translation effect	and other recoveries revenue	31 December 2015	31 December 2014
						Rupees in	thousand					
Direct and Facultative												
Fire and property damage	1,928,536	2,403,109	2,067,410	1,638	1,591,199	1,293,345	1,551,981	1,410,937	1,391	1,150,910	440,289	628,394
Marine, aviation and transport	439,321	308,228	180,649	3	311,739	67,159	168,410	94,260	-	(6,991)	318,730	332,068
Motor	3,770,633	2,120,265	2,420,134	84,877	3,985,625	1,554,805	1,664,900	1,999,259	71,835	1,817,329	2,168,296	1,636,847
Accident & Health	1,465,546	146,480	144,062	278	1,462,850	18,626	2,784	7,373	197	23,018	1,439,832	1,140,589
Miscellaneous	539,041	707,959	961,569	15	792,636	143,457	488,628	704,930	15	359,744	432,892	350,317
Total	8,143,077	5,686,041	5,773,824	86,811	8,144,049	3,077,392	3,876,703	4,216,759	73,438	3,344,010	4,800,039	4,088,215
Treaty												
Proportional	-	20,332	-	-	(20,332)	-	-	-	-	-	(20,332)	-
Total	-	20,332	-	-	(20,332)	-	-	-	-	-	(20,332)	-
Grand Total	8,143,077	5,706,373	5,773,824	86,811	8,123,717	3,077,392	3,876,703	4,216,759	73,438	3,344,010	4,779,707	4,088,215

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Chairman

Kamran Rasool Director Muhammad Umar Virk

Director

Muhammad Ali Zeb Managing Director & Chief Executive Officer

# **Unconsolidated Statement of Claims**

### For the Year Ended 31 December 2015

Business underwritten Inside Pakistan												
Class	Total claims paid	Out	standing cla	ims	Claims	Reinsurance	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance	Net claims expense	
		Opening	Closing	Currency translation effect	expenses	and other recoveries received	Opening	Closing	Currency translation effect	and other recoveries revenue	31 December 2015	31 December 2014
						Rupees in	ı thousand					
Direct and Facultative												
Fire and property damage	1,865,057	2,395,537	1,985,358	-	1,454,878	1,267,093	1,545,559	1,341,207	-	1,062,741	392,137	592,444
Marine, aviation and transport	437,889	308,152	180,570	-	310,307	67,159	168,410	94,260	-	(6,991)	317,298	333,014
Motor	725,827	172,203	226,650	-	780,274	3,816	66,356	76,499	-	13,959	766,315	651,712
Accident & Health	1,438,938	142,538	133,585	-	1,429,985	-	-	-	-	-	1,429,985	1,136,020
Miscellaneous	523,507	707,959	960,737	-	776,285	133,000	488,628	704,120	-	348,492	427,793	350,314
Total	4,991,218	3,726,389	3,486,900	-	4,751,729	1,471,068	2,268,953	2,216,086	-	1,418,201	3,333,528	3,063,504
Proportional	-	20,332	-	-	(20,332)	-	-	-	-	-	(20,332)	-
Total	-	20,332	-	-	(20,332)	-	-	-	-	-	(20,332)	-
Grand Total	4,991,218	3,746,721	3,486,900	-	4,731,397	1,471,068	2,268,953	2,216,086	-	1,418,201	3,313,196	3,063,504

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director

Managing Director  $\otimes$  Chief Executive Officer

# **Unconsolidated Statement of Claims**

### For the Year Ended 31 December 2015

Business underwritten Outside Pakistan												
	Total claims	Out	standing cla	ims	Claims	Reinsurance and other		e and other r of outstandir	ecoveries in ng claims	Reinsurance	Net claim	s expense
Class	paid	Opening	Closing	Currency translation effect	expenses	and other recoveries received	Opening	Closing	Currency translation effect	and other recoveries revenue	31 December 2015	31 December 2014
						Rupees in	thousand					
Direct and Facultative												
Fire and property damage	63,479	7,572	82,052	1,638	136,321	26,252	6,422	69,730	1,391	88,169	48,152	35,950
Marine, aviation and transport	1,432	76	79	3	1,432	-	-	-	-	-	1,432	(946)
Motor	3,044,806	1,948,062	2,193,484	84,877	3,205,351	1,550,989	1,598,544	1,922,760	71,835	1,803,370	1,401,981	985,135
Accident & Health	26,608	3,942	10,477	278	32,865	18,626	2,784	7,373	197	23,018	9,847	4,569
Miscellaneous	15,534	-	832	15	16,351	10,457	-	810	15	11,252	5,099	3
Total	3,151,859	1,959,652	2,286,924	86,811	3,392,320	1,606,324	1,607,750	2,000,673	73,438	1,925,809	1,466,511	1,024,711
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	3,151,859	1,959,652	2,286,924	86,811	3,392,320	1,606,324	1,607,750	2,000,673	73,438	1,925,809	1,466,511	1,024,711

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Chairman

Kamran Rasool Director Muhammad Umar Virk

Director

Muhammad Ali Zeb Managing Director & Chief Executive Officer

# **Unconsolidated Statement of Expenses**

## For the Year Ended 31 December 2015

	Commissions	Deferred co	ommission	Currency translation	Net	Other	Underwriting	Commission	Net underwri	ting expense
Class	paid or payable	Opening	Closing	translation effect	commission expense	management expenses	expense	from reinsurers	31 December 2015	31 December 2014
					Rupees	in thousand				
Direct and facultative										
Fire and property damage	464,895	237,072	222,472	312	479,807	261,076	740,883	361,484	379,399	279,471
Marine, aviation and transport	116,294	10,503	4,156	14	122,655	187,467	310,122	2,631	307,491	277,763
Motor	472,715	169,562	252,451	6,147	395,973	769,275	1,165,248	37,167	1,128,081	935,894
Accident & Health	22,528	11,301	10,871	82	23,040	126,820	149,860	-	149,860	181,587
Miscellaneous	105,443	48,858	48,318	47	106,030	211,113	317,143	168,226	148,917	170,410
Total	1,181,875	477,296	538,268	6,602	1,127,505	1,555,751	2,683,256	569,508	2,113,748	1,845,125
Treaty										
Proportional	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Grand Total	1,181,875	477,296	538,268	6,602	1,127,505	1,555,751	2,683,256	569,508	2,113,748	1,845,125

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director

Managing Director & Chief Executive Officer

# **Unconsolidated Statement of Expenses**

## For the Year Ended 31 December 2015

Business underwritten Inside Pakistan											
	Commissions	Deferred co	Deferred commission		Net	Other	Underwriting	Commission	Net underwrit	ting expense	
Class	paid or payable	Opening	Closing	translation effect	commission expense	management expenses	expense	from reinsurers	31 December 2015	31 December 2014	
					Rupees	in thousand					
Direct and facultative											
Fire and property damage	452,189	228,246	216,140	-	464,295	248,670	712,965	348,224	364,741	256,827	
Marine, aviation and transport	112,541	10,308	3,481	-	119,368	181,198	300,566	2,621	297,945	262,198	
Motor	124,287	54,280	59,416	-	119,151	501,220	620,371	103	620,268	551,118	
Accident & Health	19,122	9,514	8,639	-	19,997	120,232	140,229	-	140,229	168,517	
Miscellaneous	102,848	47,698	47,201	-	103,345	204,956	308,301	161,089	147,212	160,587	
Total	810,987	350,046	334,877	-	826,156	1,256,276	2,082,432	512,037	1,570,395	1,399,247	
Treatu											
Treaty											
Proportional Total											
Grand Total	810,987	350,046	334,877	-	826,156	1,256,276	2,082,432	512,037	1,570,395	1,399,247	

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

**Umer Mansha** Chairman Kamran Rasool Director Muhammad Umar Virk

Director

Muhammad Ali Zeb Managing Director & Chief Executive Officer

# **Unconsolidated Statement of Expenses**

## For the Year Ended 31 December 2015

Business underwritten Outside Pakistan										
	Commissions	Deferred commission		Currency	Net	Other	Underwriting	Commission	Net underwrit	ting expense
Class	paid or payable	Opening	Closing	translation effect	commission expense	management expenses	expense	from reinsurers	31 December 2015	31 December 2014
					Rupees	in thousand	1 1		1	
Direct and facultative										
Fire and property damage	12,706	8,826	6,332	312	15,512	12,406	27,918	13,260	14,658	22,644
Marine, aviation and transport	3,753	195	675	14	3,287	6,269	9,556	10	9,546	15,565
Motor	348,428	115,282	193,035	6,147	276,822	268,055	544,877	37,064	507,813	384,776
Accident & Health	3,406	1,787	2,232	82	3,043	6,588	9,631	-	9,631	13,070
Miscellaneous	2,595	1,160	1,117	47	2,685	6,157	8,842	7,137	1,705	9,823
Total	370,888	127,250	203,391	6,602	301,349	299,475	600,824	57,471	543,353	445,878
Treaty										
Proportional	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Grand Total	370,888	127,250	203,391	6,602	301,349	299,475	600,824	57,471	543,353	445,878

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Managing Director & Chief Executive Officer

# Unconsolidated Statement of Investment Income

### For the Year Ended 31 December 2015

Income from non-trading investments	31 December 2015 Rupees in	31 December 2015 thousand
Available-for-sale		
Return on term finance certificates Return on treasury bills Return on Pakistan Investment Bonds Dividend income - related parties - others	4,713 4,034 39,803 698,384 435,258 1,133,642 1,182,192	6,777 17,715 27,158 520,843 345,995 866,838 918,488
Gain on sale of 'available-for-sale' investments - related parties - others Provision for impairment in value of 'available-for-sale' investments-net <b>Net investment income</b>	- 1,298,816 1,298,816 2,481,008 (76,696) 2,404,312	- 1,147,927 1,147,927 2,066,415 (5,554) 2,060,861

The annexed notes 1 to 35 form an integral part of these unconsolidated financial statements.

**Umer Mansha** Chairman Kamran Rasool Director Muhammad Umar Virk

Director

### Muhammad Ali Zeb Managing Director & Chief Executive Officer

#### For the Year Ended 31 December 2015

#### 1 Legal status and nature of business

Adamjee Insurance Company Limited ("the Company") is a public limited company incorporated in Pakistan on 28 September 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on Karachi, Lahore and Islamabad stock exchanges (subsequent to year end due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange) and is engaged in the general insurance business. The registered office of the Company is situated at Tanveer Building, 27-C-III, MM Alam Road, Gulberg III, Lahore.

The Company also operates branches in the United Arab Emirates (UAE), the Kingdom of Saudi Arabia (KSA) and the Export Processing Zone (EPZ). The branch in the KSA has closed down its operations and is in "run-off" status with effect from 01 October 2003.

The Company was granted authorization on 23 December 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) however, there have been no operation of Window Takaful Operations since the Waqf / Participant Takaful Fund Deed is signed subsequent to the year end in January 2016.

#### 2 Basis of preparation

#### 2.1 Statement of compliance

- These unconsolidated 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 issued under the Companies Ordinance, 1984, Insurance Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.
- The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement' in respect of 'available-for-sale' investments until suitable amendments have been made in the laws. Accordingly, the requirements of IAS - 39, to the extent allowed by SECP, have not been considered in the preparation of these unconsolidated financial statements. The effect of such departure from the requirements of IAS - 39 is disclosed in Note 12.1
- These financial statements represent separate unconsolidated financial statements of Adamjee Insurance Company Limited, prepared in accordance with the format of financial statements prescribed under SEC (Insurance) Rules, 2002. The consolidated financial statements of the group are issued separately.

#### 2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except that certain investments are stated at lower of cost and market value and the obligations under certain employee benefits that are measured at present value. Accrual basis of accounting has been used except for cash flow statements.

#### 2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is also the Company's functional currency.

#### For the Year Ended 31 December 2015

#### 2.4 Use of estimates and judgments

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

These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to these unconsolidated finanacial statements or judgement was exercised in application of accounting policies, are as follows:

.. .

		Note
-	Provision for outstanding claim including claims incurred but not reported (IBNR)	3.5
-	Provision for taxation including the amount relating to tax contingency	3.14
-	Provision for doubtful receivables	3.3
-	Useful lives, pattern of economic benefits and impairments - Fixed assets	
-	Defined benefit plans	3.9
-	Classification of investments	3.13
-	Premium deficiency reserve	3.8

#### 2.5 Standards and amendments to published approved International Financial Reporting Standards 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 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.

### For the Year Ended 31 December 2015

- 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.
- 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.

The above improvements are not likely to have material impact on unconsolidated financial statements of the Company.

For the Year Ended 31 December 2015

#### 3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change explained below:

#### 3.1 Change in accounting policy

During the year the Company has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Company has included the additional disclosure in this regard in note 33 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Company has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Company except for certain additional disclosures.

#### 3.2 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

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

Insurance contracts issued by the Company are generally classified in five basic categories i.e. Fire and property, Marine, Aviation and transport, Motor, Accident and health and Miscellaneous, and are issued to multiple types of clients with businesses in engineering, automobiles, cement, power, textiles, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, errection all risk, machinery breakdown and boiler damage, etc.
- Marine aviation and transport insurance contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Accident and health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured.
- Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

### For the Year Ended 31 December 2015

In addition to direct insurance, the Company also participates in risks under co-insurance contracts from other companies and also accepts risks through re-insurance inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the company. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

The Company neither issues investment contracts nor does it issue insurance contracts with discretionary participation features (DPF).

#### 3.3 Premium

Premium received / receivable under a policy is recognized as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognized over the period of insurance from inception to expiry evenly over the period of the policy using twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002 except otherwise stated below:

- for marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies; and
- for crop business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies; and
- for other classes / lines of business, by applying the twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

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

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

#### 3.4 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 period as the related premiums for the direct or accepted reinsurance business being reinsured.

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

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

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

#### For the Year Ended 31 December 2015

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

The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

#### 3.5 Provision for outstanding claims including IBNR

The Company recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in the insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

Provision for IBNR are based on the best estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually incurred subsequent to the balance sheet date.

The Company accounts for IBNR based on an analysis of past claims reporting pattern by tracking movement in claims incurred in an accounting period. Provision for IBNR claims pertaining to Accident and Health Insurance is determined on actuary's advice.

#### 3.6 Reinsurance recoveries against outstanding claims

Claims recoveries receivable from the reinsurer 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.

#### 3.7 Commission expense and other acquisition costs

Commission expense incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue.

Other acquisition costs are charged to profit and loss account at the time the policies are accepted.

#### 3.8 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 reporting date.

The movement in the premium deficiency reserve is recorded as an expense / income in profit or loss account for the year.

### For the Year Ended 31 December 2015

For this purpose, loss ratios for each class are estimated based on historical claim development. 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:

	2015	2014
d property damage	56.64%	74.66%
e, aviation and transport	43.48%	44.02%
	60.16%	63.26%
eous (including Accident & Health)	80.17%	79.89%

Provision for premium deficiency pertaining to Accident and Health insurance business included in Miscellaneous class of business is determined on actuary's advice.

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

#### 3.9 Staff retirement benefits

#### Defined contribution plan

The Company operates an approved contributory provident fund scheme for all its eligible employees. Equal monthly contributions to the fund are made by the Company and the employees at the rate of 8.33% of basic salary.

#### Defined benefit plans

The company operates the following defined benefit plans:

- (a) an approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contribution are made to this scheme on the basis of actuarial recommendations. The Company recognizes expense in accordance with IAS 19 'Employee Benefits'. The contributions have been made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2015.;
- (b) unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations. Provision is made in these unconsolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at 31 December 2015.

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

For the Year Ended 31 December 2015

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### 3.10 Employees' compensated absences

The Company accounts for these benefits in the period in which the absences are earned. The provision has been made in accordance with the actuarial valuation. The valuation uses a discount rate of 7.25% (2014: 10%) and assumes a salary increase average of 5.25% (2014: 8%) in the long term.

#### 3.11 Creditors, accruals and provisions

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

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

#### 3.12 Cash and cash equivalents

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

### 3.13 Investments

All investments are initially recognized at cost being their fair value of the consideration given and include any transaction costs except for held for trading in which case transaction costs are charged to profit and loss account. All purchases and sales of investments that require delivery within the time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investment.

For the Year Ended 31 December 2015

#### 3.13.1 Available-for-sale

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

Subsequent to initial recognition at cost, they are stated at the lower of cost or market value (market value being taken as lower of the reduction other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002. The Company uses stock exchange quotations at the reporting date to determine the market value of its quoted investments. The Company uses appropriate valuation techniques to estimate the fair value of the unquoted investments in delisted / unlisted companies. Such valuation is obtained from independent valuers. If such estimated fair value is lesser than the cost, the Company recognizes the impairment adjustments.

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

#### 3.14 Taxation

#### (a) Current

Provision for current taxation is based on 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.

#### (b) Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

#### 3.15 Fixed assets

#### (a) Tangible

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

For the Year Ended 31 December 2015

Assets subject to finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under lease agreements and the fair value of asset at the inception of the lease contract. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

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

#### (b) Intangible

These are stated at cost less accumulated amortization and any provision for accumulated impairment, if any.

Amortization is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Company. The useful life and amortization methods are reviewed, and adjusted if appropriate, at each reporting date.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Company.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

#### 3.16 Expenses of management

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

#### 3.17 Investment income

#### From available-for-sale investments

#### - Return on fixed income securities

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

### For the Year Ended 31 December 2015

#### - Dividend

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

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

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

#### - Return on Term Finance Certificates

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

#### 3.18 Foreign currencies

Transactions in foreign currencies (other than the result of foreign branches) are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the profit and loss account currently.

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches are translated to Pak Rupees at the average rate of exchange for the year. Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Company net investments in foreign branches, which are taken to the capital reserves (exchange translation reserve).

#### 3.19 Financial instruments

Financial assets and liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognized when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account.

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

#### 3.20 Dividend and other appropriations

Dividend distribution to the Company's shareholders and other appropriations are recognized in the Company's financial statements in the period in which these are approved.

#### 3.21 Off setting of financial assets and financial liabilities

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

#### For the Year Ended 31 December 2015

#### 3.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the Company's reported net profits.

#### 3.23 Impairment

#### **Financial assets**

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

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

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

#### Non financial assets

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

#### 3.24 Segment reporting

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

The Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as primary reporting format based on the Company's practice of reporting to the management on the same basis.

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

### For the Year Ended 31 December 2015

#### 3.25 Borrowing cost

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

#### 3.26 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds.

#### 4 Share capital

#### 4.1 Authorized share capital

201	5	2014		2015	2014
	Number of shares			Rupees in	thousand
37	<u>5,000,000</u>	375,000,000	Ordinary shares of Rs. 10 each	3,750,000	3,750,000
4.2 Issue	d, subscrib	ed and paid up capital			
	250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
	<u>9,750,000</u>	349,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	3,497,500	3,497,500
35	0,000,000	350,000,000		3,500,000	3,500,000

**4.3** As at 31 December 2015, MCB Bank Limited and Nishat Mills Limited , associated undertakings held 97,433, 165 (2014: 102,812, 165) and 102,809 (2014: 102,809) ordinary shares of the Company of Rs. 10 each, respectively.

		Note	2015	2014
			Rupees in	thousand
5	Reserves			
	Capital reserves			
	Reserves for exceptional losses	5.1	22,859	22,859
	Investment fluctuation reserves	5.2	3,764	3,764
	Exchange translation reserves	5.3	473,463	432,027
			500,086	458,650
	Revenue reserves			
	General reserves		936,500	936,500
			1,436,586	1,395,150

### For the Year Ended 31 December 2015

- **5.1** The reserve for exceptional losses represents the amount set aside in prior years up to 31 December 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit the such deduction, the Company discontinued the setting aside of reserves for exceptional losses.
- 5.2 This amount has been set aside in prior years for utilization against possible diminution in the value of investments.
- **5.3** The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.

		Note	2015	2014
			Rupees in	thousand
6	Provision for outstanding claims (including IBNR)			
	Related parties		620,095	302,626
	Others		5,153,729	5,403,747
			5,773,824	5,706,373
7	Staff retirement benefit			
	Unfunded gratuity scheme	7.1	56,693	44,772
	Funded gratuity scheme	7.2	59,759	61,476
			116,452	106,248

#### 7.1 Unfunded gratuity scheme

- 7.1.1 This provision relates to the Company's operations in UAE branches. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2015 under the Projected Unit Credit Method as per the requirements of approved accounting standard International Accounting Standard 19, the details of which are as follows:
- 7.1.2 Movement in the net assets/ (liabilities) recognized in the balance sheet are as follows:

	2015	2014
	Rupees in	thousand
Present value of defined benefit obligation at the start of the year	44,772	45,667
Charge for the year	6,519	6,249
Benefits paid	-	(3,436)
Remeasurement loss on obligation	3,340	3,272
Exchange loss / (gain)	2,062	(6,980)
Present value of defined benefit obligation at the end of the year	56,693	44,772

### For the Year Ended 31 December 2015

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

	2015	2014
	Rate per	annum
<ul> <li>Valuation discount rate</li> <li>Expected rate of increase in salary level</li> </ul>	2.20% 4.00%	3.15% 4.00%
	2015	2014
	Rupees in	thousand
4 The amount charged in profit and loss is as follows:		
Current service cost	5,076	4,578
Interest on obligation	1,443	1,671
Expense for the year	6,519	6,249
	2015	2014
	Rupees in	thousand

#### 7.1.5 The amounts charged to other comprehensive income are as follows:

Remeasurement of the present value of defined benefit obligation due to:

- Changes in financial assumptions	1,916	2,115
- Experience adjustments	1,424	1,157
	3,340	3,272

#### 7.2 Funded gratuity scheme

7.1.4

- **7.2.1** The Company operates an approved funded gratuity scheme for all employees. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2015 under the Projected Unit Credit Method as per the requirements of approved accounting standard International Accounting Standard 19, the details of which are as follows:
- **7.2.2** The following significant assumptions have been used for valuation of this scheme:

	2015	2014
	Rate per annum	
Valuation discount rate	7.25%	10.00%
Expected rate of increase in salary level	5.25%	8.00%
Rate of return on plan assets	7.25%	10.00%

## For the Year Ended 31 December 2015

7.2.3 Movement in the net assets/ (liabilities) recognized in the balance sheet are as follows:

	2015	2014
	Rupees in t	housand
Net liabilities/ assets at the		
beginning of the year	61,476	57,770
Expenses recognized	17,702	18,336
Contribution paid during the year	(20,000)	-
Remeasurement loss/ (gain) recognized - net	581	(14,630)
Net liabilities at the end of the year	59,759	61,476

#### 7.2.4 The amounts recognized in the profit and loss account are as follows:

Current service cost	12,554	11,404
Interest cost	21,011	6,932
Interest income on plan assets	(15,863)	-
	17,702	18,336

### 7.2.5 The amounts recognised in other comprehensive income are as follows:

	2015	2014
	Rupees in the	ousand
<b>Remeasurement of plan obligation from:</b> - Experience on obligation	8,155	8,249
Remeasurement of plan assets:		
- Actual net return on plan assets	(23,437)	(38,442)
- Interest income on plan assets	15,863	15,563
	(7,574)	(22,879)
	581	(14,630)
7.2.6 The amounts recognized in the balance sheet are as follows:		
Present value of the obligation	243,203	218,736
Fair value of plan assets	(183,444)	(157,260)
Net asset	59,759	61,476

### For the Year Ended 31 December 2015

			20	15	2014
				Rupees in thou	sand
7.2.7	Movement in present value of defined benefit obligation	ation			
	Present value of defined benefit obligation as at the beg	inning of the year		218,736	198,316
	Current service cost			12,554	11,404
	Interest cost			21,011	22,495
	Actual benefits paid during the year			(17,253)	(21,728)
	Remeasurement loss / (gain) on obligation			8,155	8,249
	Present value of defined benefit obligation as at the	e end of the year		243,203	218,736
7.2.8	Movement in fair value of plan assets				
	Fair value of plan asset as at the beginning of the year			157,260	140,546
	Interest income on plan assets			15,863	15,563
	Actual benefits paid during the year			(17,253)	(21,728)
	Contribution paid during the year			20,000	-
	Net return on plan assets over interest income			7,574	22,879
	Fair value of plan asset as at the end of the year			183,444	157,260
7.2.9	Actual return on plan assets				
	Expected return on plan assets			15,863	15.563
	Net return on plan assets over interest income			7,574	22,879
				23,437	38,442
		2015	2014	2015	2014
	ī	(Percent	age)	Rupees i	n thousand
7.2.10	Plan assets consist of the following:				

Government Bonds	48.80%	55.56%	89,523	87,367
Corporate Bonds	-	10.53%	-	16,554
Shares and deposits	30.62%	24.93%	56,172	39,205
Unit Trusts	22.07%	12.06%	40,485	18,972
Benefits due	-1.49%	-3.08%	(2,736)	(4,838)
	100.00%	100.00%	183,444	157,260

7.2.11 Plan assets do not include any investment in the Company's ordinary shares as at 31 December 2015 (2014: Nil).

7.2.12 Expected contribution to gratuity fund for the year ending 31 December 2016 is Rs. 21,034 thousands.

7.2.13 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at the beginning of the year.

### For the Year Ended 31 December 2015

- 7.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.5 years (2014: 3.5 years).
- 7.2.15 These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- **7.2.16** The main features of the gratuity schemes are as follows:
  - Under the gratuity scheme the normal retirement age for all employees is 60 years.
  - A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
  - The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.
- 7.3 The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

### 7.4 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

		Impact on Gratuity plans			
		Unfu	nded	Fun	ded
	Change in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Rupees in thousand		ds	
Discount rate	1%	(2,050)	2,227	(7,547)	8,075
Salary growth rate	1%	2,165	(2,034)	8,154	(7,757)

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.

	Note	2015	2014
		Rupees in	thousand
als			
formance bonds		818,985	742,672
		181,483	173,454
		666,866	530,646
		245,436	187,749
		52,441	23,372
/ and sales tax		90,311	159,881
oloyees' Provident Fund	8.1	2,453	1,232
		2,057,975	1,819,006

### For the Year Ended 31 December 2015

**8.1** During the year, an amount of Rs. 26,470 thousands (2014 : Rs. 24,505 thousands) has been charged to the profit and loss account in respect of the Company's contribution to the Employees' Provident Fund.

#### 9 Contingencies and commitments

#### 9.1 Contingencies

The income tax assessments of the Company have been finalized up to and including the tax year 2014. However, the Company has filed appeals in respect of certain assessment years mainly on account of the following:

- (a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,066 thousands. The Company contested the order before Commissioner Inland Revenue (Appeals). Commissioner Inland Revenue (Appeals) decided the case in the favour of the Company. However, the order of the Commissioner Inland Revenue (Appeals) was challenged before Appellate Tribunal Inland by Tax Authorities which is pending adjudication.
- (b) The Additional Commissioner / Taxation Officer has reopened assessments for the assessment year 2000-2001 and 2001-2002 by taxing bonus shares received by the Company during the above mentioned periods resulting in an additional tax liability of Rs. 14,907 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who cancelled the amended order passed by the Additional Commissioner and allowed relief to the Company but the Tax Department had filed an appeal before the ATIR against the order of the Additional Commissioner, which has been decided in favor of the Company. However, the Company received another notice from Additional Commissioner for reassessment of the case in response to which the Company has filed a constitutional petition in Honorable Sindh High Court against such notice.
- (c) While finalizing the assessment for the assessment year 2002-2003, DCIR has reduced the business loss for the year by Rs. 88, 180 thousands by adjusting the dividend income against this loss. The Company maintains that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), The ATIR and the Sindh High Court. The Company has filed a reference application with the Supreme Court of Pakistan. The management is confident that the matter will eventually be decided in favour of the Company and has consequently not made any provision against the additional tax liability of Rs. 26,455 thousands which may arise in this respect.
- (d) The Tax Authorities have also amended the assessments for tax years 2003 to 2005 on ground that the Company has not apportioned management and general administration expenses against capital gain and dividend income. The Company has filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Company may be liable to pay Rs. 5,881 thousands in the event of decision against the Company, out of which Rs. 2,727 thousands have been provided resulting in shortfall of Rs. 3,154 thousands.
- (e) The Taxation officer has passed an order in the tax years 2005 and 2006 under section 221 of Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,358 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who upheld the order of the Taxation Officer. The Company has filed an appeal before the ATIR which is yet to be heard.

### For the Year Ended 31 December 2015

(f) The Company received a notice from Additional Commissioner Inland Revenue pertaining to the amendment of tax year 2008. Amongst others, the Additional Commissioner raised an issue with respect to the claim of exemption claimed on capital gains on listed securities by way of incorrect application of the provisions of law. The Company preferred to contest this matter by way of filing a constitutional petition before the Honorable Sindh High Court. The court has ordered for stay of proceedings.

Pending resolution of the above-mentioned appeals filed by the Company, no provision has been made in these unconsolidated financial statements for the aggregate amount of Rs. 91,940 thousands (2014: Rs. 94,626 thousands) as the management is confident that the eventual outcome of the above matters will be in favour of the Company.

#### 9.2 Commitments

The Company has issued letter of guarantees amounting to Rs. 8,231 thousands (AED 289,000) [2014: Rs. 7898 thousands (AED 289,000)] relating to its UAE branch.

	Note	2015	2014
		Rupees in the	ousand
nd bank deposits			
and other equivalents			
h in hand		10,704	8,820
nt and other accounts			
it accounts		1,200,253	973,713
ngs accounts	10.1	860,845	834,394
		2,061,098	1,808,107
osits maturing within 12 months			
and term deposits	10.2	826,330	1,059,703
		2,898,132	2,876,630

- 10.1 This includes Rs. 50,491 thousands maintained in separate bank account for Window Takaful Operator's Fund.
- 10.2 These include fixed deposits amounting to Rs. 197,962 thousands (AED 6,951 thousands) [2014: Rs. 189,969 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs. 9,076 thousands (2014: Rs. 9,076 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Company for claims under litigation filed against the Company.

### For the Year Ended 31 December 2015

10.3 Cash and bank deposits include an amount of Rs. 1,983,209 thousands (2014: Rs. 1,174,526 thousands) held with related parties.

		Note	2015	2014
			Rupees in	thousand
11	Loans - considered good			
	Secured			
	Executives	11.2	15,882	5,676
	Employees	11.2	23,119	27,017
			39,001	32,693
	Less: Recoverable within one year shown			
	under sundry receivables			
	Executives		11,147	5,103
	Employees		10,856	13,365
			22,003	18,468
			16,998	14,225

**11.1** Loans to employees are granted in accordance with the terms of their employment for the purchase of vehicles, purchase / construction of houses and for other purposes as specified in the SEC (Insurance) Rules, 2002. These loans are recoverable in monthly installments over various periods and are secured by registration of vehicles, deposit of title documents of property with the Company and against provident fund balance of the employees. The loans are interest free except for those granted for the purchase / construction of houses which carry interest at the rate of 5% (2014: 5%) per annum.

#### 11.2 Reconciliation of carrying amount of loans

	2015			
Executives	Others	Total		
F	Rupees in thousand			
5,676	27,017	32,693		
27,990	23,532	51,522		
(17,784)	(27,430)	(45,214)		
15,882	23,119	39,001		
	2014			

	Executives	Others	Total	
	Rupees in thousand			
Opening balance	5,220	28,447	33,667	
Disbursements	15,602	35,813	51,415	
ayments	(15,146)	(37,243)	(52,389)	
sing balance	5,676	27,017	32,693	

### For the Year Ended 31 December 2015

			2015	2011
		Note	2015	2014
			Rupees in the	busand
12	Investments			
	In related parties			
	Available-for-sale:	12.3		
	Marketable securities			
	Listed		6,641,429	5,713,706
			6,641,429	5,713,706
	Investment in Subsidary - Adamjee Life			
	Assurance Company Limited		694,895	694,895
			7,336,324	6,408,601
	Others	12.3		
	Available-for-sale:			
	Marketable securities			
	Listed		7,063,251	6,582,200
	Unlisted		924,535	351,471
	Less: Provision for impairment in value of investments	12.2	(303,140)	(226,444)
			7,684,646	6,707,227
	Fixed income securities		372,463	366,236
			15,393,433	13,482,064

12.1 On 31 December 2015, the fair value of 'available-for-sale' securities was Rs. 20,780,440 thousands (2014: Rs. 23,500,013 thousands). As per the Company's accouting policy, 'available-for-sale' investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary.) However, International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value , their carrying value as at 31 December 2015 would have been higher by Rs. 5,387,007 thousands (2014: Rs. 10,017,949 thousands).

#### 12.2 Reconciliation of provision for impairment in value of investments

	2015	2014
	Rupe	ees in thousand
Balance as at 01 January	226,	<b>,444</b> 220,890
Impairment for the year	76,	<b>,696</b> 5,554
Balance as at 31 December	303,	<b>,140</b> 226,444

		Note		2015		2014
			Cost	Provision there against	Carrying value	Carrying value
12.3	Available-for-sale			Rupees in	thousand	
	In related parties:					
	- Listed shares - Investment is Subsidary - Adamjee Life Assurance	12.3.1	6,641,429	-	6,641,429	5,713,706
	Company Limited		694,895	_	694,895	694,895
			7,336,324	-	7,336,324	6,408,601
	Others					
	- Listed shares		4,335,194	(303,140)	4,032,054	3,196,055
	- Unlisted shares		924,535	-	924,535	351,471
	- Term Finance Certificates		61,739	_	61,739	39,925
	- Mutual Fund Certificates		2,666,157	_	2,666,157	3,119,615
	- NIT Units		161	_	161	161
	- Government treasury bills		93,670	_	93,670	-
	- Pakistan Investment Bonds		278,793	_	278,793	366,236
			8,360,249	(303,140)	8,057,109	7,073,463
			15,696,573	(303,140)	15,393,433	13,482,064

No. of Shares / C	ertificates	Face value	Company's Name	2015	2014
2015	2014	Rupees		Rupees in th	ousand
1 Related parties					
Listed Shares:					
1,258,650	1,258,650	10	Nishat Mills Limited		
			[Equity held 0.36% (2014: 0.36%)]	34,211	34,2
38,122,387	34,641,587	10	MCB Bank Limited	E 07E 2E/	/ 0/75
484,000	440,000	10	[Equity held 3.43% (2014: 3.11%)] Hira Textile Mills Limited	5,875,254	4,947,5
404,000	440,000	10	[Equity held 0.56% (2014: 0.56%)]	5,000	5,0
25,631,181	25,631,181	10	Pakgen Power Limited		
			[Equity held 6.89% (2014: 6.89%)]	355,448	355,4
27,348,388	27,348,388	10	Lalpir Power Limited		
			[Equity held 7.20% (2014: 7.20% )]	371,516	371,5
				6,641,429	5,713,5
Investment in Su	bsidary Company	/			
69,489,545	69,489,545	10	Adamjee Life Assurance Company Limited	CO / 005	co., /
			[Equity held 74.28% (2014: 74.28%)]	694,895	694,8
2 Others - listed s	shares				
			Commercial Banks		
4,143,128	4,143,128	10	Allied Bank Limited	213,480	213,4
-	777,022	10	Askari Bank Limited	-	21,
5,725,178	5,725,178	10	Bank Al-Habib Limited	122,610	122,6
-	640,319	10	Habib Bank Limited	-	84,6
3,901,899	3,901,899	10	Habib Metropolitan Bank Limited National Bank of Pakistan	87,327	87,3
5,385,450	3,798,950	10 10	Bank Alfalah Limited	300,887	189,1
2,550,000 6,010,504	- 4,334,004	10	United Bank Limited	73,549 637,722	357,
0,010,504	4,554,004	10		037,722	557,
			Non Banking Financial Institutions		
617,840	3,396,340	10	MCB-Arif Habib Savings $\otimes$ Investment Limited	12,071	66,3
			Insurance		
3,840	3,840	10	EFU General Insurance Company Limited	211	
146,606	335,706	10	International General Insurance Company of Pakistan Pakistan Reinsurance Company Limited	23,536	22,8
286,843	286,843	10	Paristal Reliburance company Limited	6,326	6,3
			Power Generation & Distribution		
309,500	85,000	10	Kot Addu Power Company Limited	27,142	3,9
-	115,500	10	Hub Power Company Limited	-	3,2
931,500	-	10	Nishat Power Limited	52,426	
2,756,382	1,638,882	10	Saif Power Limited	94,479	49,1
			Oil And Gas Marketing Companies		
247,200	100,000	10	Attock Refinery Limited	48,942	15,
2,213,095	2,213,095	10	Sui Northern Gas Pipelines Limited	127,666	127,6
			Oil And Gas Exploration Companies		
610,000	110,000	10	Oil and Gas Development Company Limited	91,418	27,3
563,485	563,485	10	Pakistan Oilfields Limited	247,635	247,6
1,708,428	1,708,428	10	Pakistan Petroleum Limited	256,246	256,2

No. of Shares / Ce	ertificates	Face value	Company's Name	2015	2014
2015	2014	Rupees		Rupees in the	ousand
			Automobile Assembler		
353,760	406,860	5	Al-Ghazi Tractors Limited	37,414	43,03
452,896	340,996	10	Millat Tractors Limited	93,508	25,23
			Cables And Electrical Goods		
-	326.128	10	Pakistan Cables Limited	-	27,71
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	116,770	116,77
1,000,000	-	10	Pak Elektron Limited	75,122	,.
			Industrial Metals and Mining		
88,000	88,000	10	Aisha Steel Mills Limited	-	
·					
00.350		10	Paper & Board Packages Limited	67 701	
98,250	-	10	Fachages Limited	64,781	
			Fertilizer		
-	1,936,906	10	Fauji Fertilizer Bin Qasim Limited	-	85,6
8,664,140	6,664,140	10	Fauji Fertilizer Company Limited	897,066	640,76
249,500	-	10	Dawood Hercules Limited	32,418	
			Pharmaceutical		
3,646	28,646	10	Abbott Laboratories Pakistan Limited	446	3,5
-	683,661	10	GlaxoSmithKline Pakistan Limited	-	53,50
			Chemical		
_	968,000	10	Arif Habib Corporation Limited	_	98,9
110,401	110,401	10	Archroma Pakistan Limited	11,762	11,76
			Food And Personal Care Products		
65,808	371,868	10	Murree Brewery Company Limited	2,797	15,80
50,290	66,290	10	Rafhan Maize Products Limited	68,483	90,2
			Cement		
6,280,944	5,003,944	10	D.G. Khan Cement Company Limited	510,954	307,1
				4,335,194	3,422,4
3.3 Others - Unliste	d shares				
9,681,374	3,684,914	10	Security General Insurance Company Limited	924,535	351,4
8.4 Others-Term Fin	ance Certificates				
3,000	3,000	5,000	Bank Alfalah Limited	14,967	14,9
-	5,000	5,000	KESC AZM Certificate	-	24,9
50	-	1,000,000	Pak Electron (Commercial Paper)	46,772	
8.5 Others-Mutual F	und Certificates			<u> </u>	39,9
Open-Ended-Mut	ual Funds				
	-				
6,185,152	6,137,613	100	MCB Dynamic Cash Fund	657,432	559,0
-	10,416,977	100	MCB Cash Management Optimizer Fund	-	987,8
16,283,742	22,436,114	50	Metro Bank Pakistan Sovereign Fund	870,529	1,168,8
1,996,856	1,748,646	10	ABL Income Fund	19,988	17,5
9,314,488	5,287,342	50	Pakistan Income Enhancement Fund	500,000	269,3
11,171,104	-	50	Pakistan Income Enhancement Fund (Investment)	600,000	
355,897	334,476 1,016,489	50 100	Meezan Islamic Income Fund PICIC Cash Fund	18,208 -	16,8 100,0

### For the Year Ended 31 December 2015

		Note	2015	2014
			Rupees in the	ousand
13	Premium due but unpaid - unsecured			
	Considered good	13.1	4,539,734	3,627,920
	Considered doubtful		368,729	363,482
			4,908,463	3,991,402
	Less: Provision for doubtful balances	13.2	(368,729)	(363,482)
			4,539,734	3,627,920
13.2	Reconciliation of provision for doubtful balances			
	Balance as at 01 January		363,482	369,231
	Exchange loss / (gain)		5,247	(5,749)
	Charge for the year			( , , ,
	Balance as at 31 December			
			368,729	
14	Amounts due from other insurers / reinsurers - unsecured		368,729	
14			<u>368,729</u> 814,284	

Considered doubling		299,558	299,558_
		1,113,842	1,116,840
Less: Provision for doubtful balances	14.1	(299,558)	(299,558)
		814,284	817,282

#### 14.1 Reconciliation of provision for doubtful balances

Balance as at 01 January	<b>299,558</b> 322,	,810
Reversal for the year	- (23,2	252)
Balance as at 31 December	<b>299,558</b> 299,	,558

#### 15 Premium and claim reserves retained by cedants

Considered doubtful		23,252	(23,252)
		23,252	(23,252)
Less: Provision for doubtful balances	15.1	(23,252)	23,252
		_	_

#### 15.1 Reconciliation of provision for doubtful balances

Balance as at 01 January	23,252	-
Charge for the year	-	23,252
Balance as at 31 December	23,252	23,252

		Note	2015	2014
			Rupees in	thousand
16	Accrued investment income			
	Return accrued on Term Finance Certificates		826	681
	Return accrued on Treasury Bills Return accrued on Pakistan Investment Bonds		4,034 14,587	- 19,192
	Dividend income		14,567	19,192
	- related parties		-	-
	- others			3,035 3,035
	Return on deposit accounts			
	- related parties - others		3,662	-
	- ouriers		492 4,154	3,306
			23,601	26,214
		Note	2015	2014
			Rupees in	thousand
17	Reinsurance recoveries against outstanding claims			
	These are unsecured and considered to be good.			
18	Prepayments			
	Prepaid reinsurance premium ceded		2,178,676	2,053,666
	Others		76,473	62,543
			2,255,149	2,116,209
19	Sundry receivables			
	Considered good			
	Current portion of long-term loans Executives	11	11 1/17	F 100
	Employees	11 11	11,147 10,856	5,103 13,365
	Other advances		95,747	113,840
	Security deposits		36,680	33,609
	Miscellaneous		20,058	90,216
			174,488	256,133
20	Fixed assets			
	Owned assets - tangibles		1,260,737	1,063,366
	Owned assets - intangibles		33,684	48,711
	Leased assets	20.1	1,294,421	1,112,077
	Capital work in progress - intangible	20.2	6,776	1,721
			1,301,197	1,113,798
			i	

## For the Year Ended 31 December 2015

20.1 Property, plant and equipment

	2015											
	Cost					Depreciation					Book value	
01		Additions / transfers*	Exchange differences and other adjustments	Disposals	As at 31 Dec 2015	As at 01 Jan 2015	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2015	As at 31 Dec 2015	Ra
					Rup	pees in thous	and					(
F	538.957	313.798	7,999	(6.953)	853,801	128,268	2.090	(5.238)	26.799	151,919	701,882	1
	210.469	583	857	(0,553)	207,660	86,445	2,090	(3,610)	18.808	101,913	105,726	י 1
	599,611	54,450	911	(52,815)	602,157	286,194	427	(28,480)	47,359	305,500	296,657	1
	238,631	7,127	972	(69,801)	176,929	132,451	341	(52,496)	16,552	96,848	80,081	1
-	200,001	7,127	0/2	(00,001)	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	102,401	041	(52,456)	10,002	50,040		
2	290,114	3,494	582	(26,620)	267,570	181,058	597	(23,709)	33,233	191,179	76,391	3
	-	-	-	-	-	-	-			-	-	1
1	162,387	3,501	93	=	165,981	113,676	90	-	18,531	132,297	33,684	2
2.0	40,169	382,953	11,414	(160,438)	2,274,098	928,092	3,836	(113,533)	161,282	979,677	1,294,421	

	2014											
			Cost			Depreciation					Book value	
	As at 01 Jan 2014	Additions / transfers*	Exchange differences and other adjustments	Disposals	As at 31 Dec 2014	As at 01 Jan 2014	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2014	As at 31 Dec 2014	Rate
					Ruj	pees in thous	and					%
Tangible												
Land and Buildings	546.697	2,402	(8.438)	(1,704)	538.957	101.490	(1,311)	(1,236)	29,325	128,268	410,689	10.00%
Furniture and fixtures	205.886	6.003	(1,317)	(103)	210,469	65,191	(172)	(98)	21,524	86,445	124,024	15.00%
Motor vehicles	483,115	79,804	(353)	(17,338)	599,611	220,307	(451)	(10,301)	45,393	286,194	313,417	15.00%
		54,383						31,246				
Machinery and equipment	228,470	12,029	(1,665)	(203)	238,631	115,042	(302)	(97)	17,808	132,451	106,180	16.67%
Computer and related												
accessories	186,386	104,683	(734)	(221)	290,114	143,463	(589)	(135)	38,319	181,058	109,056	30.00%
Leased												
Motor vehicles					-					-	-	15.00%
	67.100	-	-	(12,717)	-	33.473	-	(6.688)	4.461			
	,	(54,383)		. , ,		,		(31,246)	,			
Intangibles												
Computer software	162,230	568	(411)	-	162,387	93,556	(79)	-	20,199	113,676	48,711	20.00%
Total	1,879,884		(12,918)	(32,286)	2,040,169	772,522	(2,904)	(18,555)	177,029	928,092	1,112,077	

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## For the Year Ended 31 December 2015

#### 20.1.1 Details of tangible assets disposed off during the year are as follows:

Deceription	Cent	Accumulated	Book	Sale	Modo of dispessi	Particulars of purchases
Description	Cost	depreciation	value	proceeds	Mode of disposal	Particulars of purchaser
Puildings		Rupees in tl	nousand			
Buildings North Nazimabad Premises				. = = =	Auction	Mr. Jamshaid Alam
	1,879	1,407	472	4,500	Auction	Mr. Jamshaid Alam
Hajra Mansion Premises Adeel Centre Premises	1,735	1,310	425	5,600		Mr. Jamshaid Alam
Suleman Centre Premises	1,405	1,061	344	2,800	Auction	Mr. Jamshaid Alam
Uni Centre Premises	1,200	906	294	4,225	Auction	
Uni Centre Premises	734	554	180	8,900	Auction	Mr. Jamshaid Alam
Furniture & fixtures	6,953	5,238	1,715	26,025		
Items written off						
Items whiteholi	4,249	3,610	639	-		
Motor vehicles	4,249	3,610	639	-		
Owned:						
					Insurance claim	
Honda Civic Prosmatic (BCL-665)	2,211	137	2,074	2,025	recovery	IGI Insurance Ltd
Volkswagon for Omar Zubair	2,099	668	1,431	579	Negotiation	Omer Zubair - Employee
Toyota Corolla Altic (AZA 967)	2,063	523	1,540	1,925	Insurance claim recovery	IGI Insurance Ltd
Toyota Corolla Altis (AZA-864)	2,003	523	1,540	1,925	Insurance claim	IGI INSURANCE LLU
Honda Civic Vti Oriel (AUN-105)	2,005	1,113	892	1,020	recovery	IGI Insurance Ltd
Honda Civic Oriel Prosmatic (ASV-348)	1,882	1,141	741	963	Auction	Hafiz Muhammad Tahir
Honda Civic (AUU-461)	1,863	951	912	1,110	Auction	Syed Masroor Ali
Honda Civic (1886 1817) Honda Civic Vti Pt Sr (LED-09-6243)	1,801	1,070	731	799	Negotiation	Malik Nazir Ahmad-Employee
Suzuki Jimmy (BF-0422)	1,769	1,082	687	960	Auction	Shakeel Ahmad Afagi
Sazari Siriiriy (Bri Oqee)	1,700	1,002	007	500	Insurance claim	Shareerrannaarragi
Toyota Corolla Xli (AZQ-318)	1,555	346	1,209	1,475	recovery Insurance claim	IGI Insurance Ltd
Toyota Corolla Gli (AWE-649)	1,524	646	878	1,450	recovery	IGI Insurance Ltd
Toyota Corolla Gli (LED-09-6246)	1,412	839	573	626	Negotiation	Syed Ahmer Shoaib-Employee
Toyota Corolla Gli (ASM-659)	1,389	826	563	616	Negotiation	Syeda Riffat Raza-Employee
Toyota Corolla Gli (ASP-785)	1,389	826	563	616	Negotiation	Mohammad Yaqoob Memon-Employee
Honda Civic (AUK-418)	1,328	661	667	865	Auction	Kashif Faroog
Honda ente (Hort 410)	1,520	001	007	000	Insurance claim	Rashir Falooq
Honda Citi (ARX-257)	1,319	840	479	875	recovery	IGI Insurance Ltd
Ford Escape	1,119	693	426	124	Negotiation	Mr. Sami - Seagull Logistics
Ford Explorer	1,119	619	500	185	Negotiation	Mr. Sami - Seagull Logistics
Honda Citi (ARH-156)	1,104	723	381	732	Auction	Muhammad Awais
Toyota Corolla Gli (APX-485)	1,005	731	274	803	Auction	Syed Masroor Ali
Suzuki Cultus (AXP-947)	950	379	571	774	Auction	Syed Masroor Ali
Suzuki Cultus (AVA-959)	918	487	431	586	Auction	Syed Masroor Ali
Suzuki Cultus (AUL-879)	905	503	402	853	Auction	Syed Masroor Ali
Honda Citi (R-7113)	885	708	177	659	Auction	Muhammad Nasir Khan
Toyota Corolla Gli (ASP-791)	879	701	178	927	Auction	Syed Sakhawat Hussain Shah
Suzuki Cultus (ARR-862)	862	547	315	531	Auction	Muhammad Awais Ishaq
Suzuki Cultus (AUE-403)	862	472	390	571	Auction	Muhammad Anwar Khan
Suzuki Cultus (ARW-039)	850	555	295	400	Auction	Syed Masroor Ali
Suzuki Cultus (LEC-09-1944)	851	519	332	563	Auction	Nazeer Iqbal
Suzuki Cultus (ASC-842)	844	511	333	365	Negotiation	Shaikh Zaheeruddin Babar-Employee
Suzuki Cultus (ASC-751)	844	533	311	422	Auction	Syed Masroor Ali
Suzuki Cultus (ASA-153)	839	508	331	552	Auction	, Syed Masroor Ali
Suzuki Cultus (ASE-506)	805	488	317	347	Negotiation	Syed Qudratullah Quadri-Employee
Suzuki Cultus (APQ-801)	632	446	186	386	Auction	Muhammad Awais Ishaq
Suzuki Mehran (ASC-564)	539	326	213	233	Negotiation	Bernard Famon-Employee
Currilli Malaraa (LED. 00. 0000)	F 20	225	200	104	Insurance claim	
Suzuki Mehran (LEB-09-8390)	536	327	209	401	recovery	IGI Insurance Ltd
Suzuki Mehran (LEB-09-8948)	536	332	204	222	Negotiation	Mohammad Yaqoob Khan-Employee
Suzuki Mehran (LEB-09-8951)	536	332	204	222	Negotiation	Iftikhar Hussain-Employee

### For the Year Ended 31 December 2015

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
		Rupees in th	ousand			
Suzuki Mehran (LEB-09-8952)	536	332	204	223	Negotiation	Syed Farhat Hussain-Employee
Suzuki Mehran (LEB-09-8954)	536	332	204	222	Negotiation	Mohammad Shakeel-Employee
Suzuki Mehran (LEC-09-1963)	535	324	211	231	Negotiation	Amjad Saood Quddusi-Employee
Suzuki Mehran (ARY-158)	534	326	208	390	Auction	Sardar Ali Masood Raza
Suzuki Mehran (ASA-542)	534	331	203	222	Negotiation	Jawed Saeed Khan-Employee
Suzuki Mehran (ASA-562)	534	331	203	222	Negotiation	Najam Ayaz-Employee
Suzuki Mehran (ASA-389)	534	331	203	222	Negotiation	Nadeem Ahmed Siddiqui-Employee
Suzuki Mehran (ASA-362)	534	331	203	222	Negotiation	Imran Omar-Employee
Suzuki Mehran (ASA-503)	534	331	203	222	Negotiation	Syed Javed Ali Shah-Employee
Suzuki Mehran (ASA-679)	534	323	211	231	Negotiation	Muhammad Ashraf Memon-Employee
Suzuki Mehran (ASC-692)	534	323	211	231	Negotiation	Muhammed Yousuf-Employee
Suzuki Mehran (ASD-607)	534	323	211	231	Negotiation	Nadeem Ali Shaikh-Employee
Suzuki Mehran (ASD-462)	534	323	211	231	Negotiation	Aftab Alam-Employee
Suzuki Mehran (ASC-791)	534	323	211	231	Negotiation	Mohammad Saleem-Employee
					Insurance claim	
Suzuki Mehran (ASX-507)	525	304	221	460	recovery	IGI Insurance Ltd
Suzuki Mehran (ASL-306)	520	309	211	231	Negotiation	Khurshed Javed-Employee
Suzuki Cultus (ANE-703)	260	174	86	183	Auction	Syed Masroor Ali
	52,815	28,480	24,335	30,967		
Machinery & equipment						
Photo copy machine	408	252	156	156		
tems having book value	.00	_02	.50			
pelow Rs. 50,000	18.735	13.774	4.961	32		
tems written off	50.658	38,470	12,188	-		
	69,801	52,496	17,305	188		
Computer	,-•	,	,			
tems written off	26,620	23,709	2,911	-		
	26,620	23,709	2,911			
Grand Total	, =-	,	, .			

20.2 Capital work in progress represents capital expenditure in respect of IT software.

### For the Year Ended 31 December 2015

		Note	2015	2014
			Rupees in th	iousand
•	oenses aries and wages	23.1	000 (00	00/ 000
	nt, rates and taxes	23.1	968,469 62,061	904,636
	lities		62,061 44,379	56,299 54,208
	nmunication and computer expenses		32,566	29,879
	nting and stationery		25,400	29,879 28,763
	veling and entertainment		39,763	51,562
	pairs and maintenance		79,969	88,524
	vertisement and sales promotion		49,489	32,194
	preciation	20.1	94,596	101,294
	cking and monitoring charges	20.1	99,865	91,600
	gal and professional		34,233	19,756
	ners		24,961	24,639
			1,555,751	1,483,354
				, 100,001
22 Otł	ner income			
Inc	ome from financial assets			
Ret	urn on bank deposits		82,980	94,522
Inte	erest on loans to employees		375	359
Inc	ome from non financial assets			
	n on sale of fixed assets		26,013	11,467
Mis	scellaneous		75,351	16,194
			184,719	122,542
23 Gei	neral and administration expenses			
	aries and wages	23.1	229,185	147,549
	nt, rates and taxes	23.1	22,780	22,039
	preciation	20.1	48,155	55,536
Cor	nmunication and computer expenses		38,763	39,424
	lities		10,946	14,977
Rep	pairs and maintenance		16,214	24,476
Adv	vertisement and sales promotion		31,836	20,091
Tra	veling and entertainment		14,888	27,270
	ectors' fee		390	350
Leg	gal and professional		80,918	57,985
Aud	ditors' remuneration	23.2	5,921	5,594
Dor	nations	23.3	400	300
Am	ortization of intangible asset	20.1	18,531	20,199
Oth	ners		51,981	49,588
			570,908	485,378

23.1 Management expenses and general and administration expenses include Rs. 50,691 thousands (2014: Rs. 43,683 thousands ) in respect of staff retirement benefits.

### For the Year Ended 31 December 2015

		Note	2015	2014
			Rupees in t	housand
23.2	Auditor's remuneration			
23.2	Inside Pakistan:			
	Audit fee		2,380	2,380
	Half yearly review		469	469
	Other certifications		320	370
	Out of pocket expenses		590	518
	Quitaida Dalviatan		3,759	3,737
	Outside Pakistan: Audit fee		1.052	10/7
	Out of pocket expenses		1,952 210	1,647 210
			2,162	1,857
			5,921	5,594
23.3	None of the directors or their spouses had any interest in the donee.			
		Note	2015	2014
			Rupees in t	housand
24	Provision for taxation			
	Current tax		224.224	4/5 000
	For the year Prior year		221,204 36,850	147,660 (3,993)
			30,850	(3,993)
	Deferred tax			
	For the year	24.2	13,758	7,707
			271,812	151,374
			2015	2014
		- 1	(Effective t	
24.1	Tax charge reconciliation Tax at the applicable rate		(Percen	tage)
	of 32% (2014: 33%)		32.00	33.00
	Tax effect of income subject to lower rate		(14.20)	(9.92)
	Tax effect of change in tax rate and others		(3.92)	1.69
	Super tax		1.30	-
	Effect of prior years adjusment		-	(0.20)
	Tax effect of income exempt from tax		(5.57) 9.62	(17.11) 7.46
			9.02	7.40
		Note	2015	2014
		NULE		
24.2	Deferred tax effect due to temporary differences of:		Rupees in t	housand
24.2	Tax depreciation allowance		(59,165)	(70,336)
	Provision for gratuity		(59, 165) 17,575	(70,336) 14,836
	Carried forward tax losses		125,526	153,194_
			83,936	97,694
	Less: Opening balance of deferred tax asset		(97,694)	(105,401)
			(13,758)	(7,707)

### For the Year Ended 31 December 2015

**24.3** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

During the year, the Company has paid an interim dividend of Rs. 1.5/- per share representing 21% of its after tax profits for the year. Further as explained in note 31 to the financial statements, the Board of Directors in their meeting held on 23 February 2016 has recommended a final dividend of Rs. 1.5/- per ordinary share for the year ended 31 December 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in these unconsolidated financial statements

		2015	2014
		Rupees in	thousand
25	<b>Earnings per share - basic and diluted</b> There is no dilutive effect on the basic earnings per share which is based on:		
	Net profit after tax for the year	2,554,810	1,879,098
		(Number	of shares)
	Weighted average number of shares	350,000,000	350,000,000
		Rup	ees
	Basic earning per share	7.30	5.37

### 26 Remuneration of Chief Executive, Executive Director, Non-Executive Directors And Executives

	Chief Ex Officer / E Direc	xecutive	Non-exe Direc		Execut	tives	Tot	al
	2015	2014	2015	2014	2015	2014	2015	2014
				Rupees in t	housands			
Fee	-	-	390	350	-	-	390	350
Managerial remuneration	7,841	6,480	-	-	186,419	160,647	194,260	167,127
Allowances and perquisites	10,390	7,854	-	-	257,329	183,310	267,719	191,164
	18,231	14,334	390	350	443,748	343,957	462,369	358,641
Number	1	1	10	10	169	154	180	165

**26.1** In addition, the Chief Executive Officer (CEO) and certain executives are also provided with free use of the Company's cars, certain household items, furniture and fixtures and equipment in accordance with the policy of the Company.

26.2 No remuneration was paid to non - executive directors of the Company except for meeting fees.

26.3 The retirement benefits paid by the Company for CEO are Rs. 551 thousands (2014: Rs. 540 thousands).

### For the Year Ended 31 December 2015

### 27 Transactions with related parties

The Company has related party relationships with its associated companies, subsidiary company, employee benefit plans, key management personnel and other parties. Transactions entered into with such related parties include the issuance of policies to and disbursements of claims incurred by them and payments of rentals for the use of premises rented from them, etc.

There are no transactions with key management personnel other than as per their terms of employment. These transactions are disclosed in notes 11 and 26 of these unconsolidated financial statements. Particulars of transactions with the Company's staff retirement benefit schemes are disclosed in note 7 and 8.1. Investments in and balances outstanding with related parties have been disclosed in the relevant notes to the unconsolidated balance sheet. Other transactions with related parties not elsewhere disclosed are summarized as follows:

		2015	2014
:)	Turnerting	Rupees in	thousand
i)	Transactions		
	Subsidiary Company		
	Premium underwritten Premium received Claims paid Premiums paid Service charges received	5,209 5,803 3,354 3,967 8,484	2,953 3,448 552 3,409 5,045
	Other related parties		
	Premium underwritten Premium received Claims paid Service charges received Investments made Rent paid Rent received Dividends received Dividend paid Income on deposit account	1,009,702 1,002,714 356,758 - 927,723 8,172 3,672 698,384 292,608 39,512	1,143,225 834,422 322,214 5,045 493,136 870 5,674 520,843 326,627 37,375
	Bonus shares received	44,000	3,004,653
ii)	Year end balances		
	Subsidiary Company		
	Balances receivable Balances payable	566 44	966 136
	Other related parties		
	Balances receivable Balances payable Cash and bank balances	456,582 623,245 1,983,209	347,346 305,383 1,174,526

For the Year Ended 31 December 2015

28 Segment reporting

							ŝ	30 December 2015	15						
	Fire and Proper	perty Damage	Marine, Aviation and Transport	iation and port	Motor	or	Accident	Accident ® Health	Miscell	Miscellaneous	Tre	Treaty	4	Total	
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Aggregate
							弦	Rupees in thousand	and						
Other Information															
Segment assets	5,013,068	146,916	488,093	12,081	803,539	3,827,084	532,160	42,191	1,404,303	18,286	I	Ĩ	8,241,163	4,046,558	12,287,721
Unallocated assets	'							,					18,380,169	1,588,089	19,968,258
Total assets	5,013,068	146,916	488,093	12,081	803,539	3,827,084	532,160	42,191	1,404,303	18,286			26,621,332	5,634,647	32,255,979
Segment liabilities	5,381,537	133,089	443,083	5,864	1,522,424	3,985,797	915,449	36,341	1,707,059	12,599	'		9,969,552	4,173,690	14,143,242
Unallocated liabilities			•			•	•	•		•	'	'	2,140,170	325,998	2,466,168
Total liabilities	5,381,537	133,089	443,083	5,864	1,522,424	3,985,797	915,449	36,341	1,707,059	12,599	•	•	12,109,722	4,499,688	16,609,410
Capital expenditure														643'0	388,008
							ε	31 December 2014	114						
	Fire and Proper	perty Damage	Marine, Aviation and Transport	iation and port	Motor	ō	Accident	Accident & Health	Miscell	Miscellaneous	Tre	Treaty	Ŷ	Total	
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Aggregate
							R	Rupees in thousand	and						
Other Information															
Segment assets	4,917,742	106,037	466,808	14,509	616,153	2,896,256	499,712	33,621	1,283,136	18,891			7,783,551	3,069,314 1 462 020	10,852,865 17 070 176
Total assets	4,917,742	106,037	466,808	14,509	616,153	2,896,256	499,712	33,621	1,283,136	18,891			24,299,768	4,532,243	28,832,011
Segment liabilities	5,423,224	66'499	463,623	7,763	1,088,578	3,182,075	877,587	29,413	1,465,989	10,173	20,332		9,339,333	3,298,923	12,638,256
Unallocated liabilities	•	•	•	•		•		•		•	'	•	1,828,696	260,815	2,089,511
Total liabilities	5,423,224	69,499	463,623	7.763	1.088.578	3.182.075	877.587	29.413	1 465 989	10.173	20.332	•	11.168.029	3 559 738	14 727 767

For the Year Ended 31 December 2015

### 29 Financial and insurance risk management objectives and policies

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / markup rate risk, price risk and currency risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period 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.

The individual risk wise analysis is given below :

#### 29.1 Credit risk and concentration of 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 exposure by undertaking transactions with a large number of counterparties in various sectors 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 affect their ability to meet contractual obligations in a similar manner. The Company's credit risk exposure is not significantly different from that reflected in these unconsolidated financial statements. The management monitors and limits the Company's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified 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 in th	nousand
Bank deposits	2,898,132	2,876,630
Investments	15,393,433	13,482,064
Premium due but unpaid	4,539,734	3,627,920
Amount due from other insurers / reinsurers	814,284	817,282
Salvage recoveries accrued	250,602	207,471
Loans	39,001	32,693
Accrued investment income	23,601	26,214
Reinsurance recoveries against outstanding claims	3,966,157	3,669,232
Sundry receivables	152,485	237,665
	28,077,429	24,977,171

Provision for impairment is made for doubtful receivables according to the Company's policy. The impairment provision is written off when the Company expects that it cannot recover the balance due. The movement in the provision for doubtful debt account is shown in note 13.1, 14.1 and 15.1 to these unconsolidated financial statements.

### For the Year Ended 31 December 2015

			2	015	2014
				Rupees in thou	sand
The age analysis of receivables from ot	her than related par	ties is as follows:			
Up to 1 year				3,546,574	2,866,82
1-2 & prior years				908,403	778,2
				4,454,977	3,645,1
The age analysis of receivables from rel	lated parties is as fol	llows:			
Up to 1 year				411,061	308,3
1-2 $\otimes$ prior years				42,425	37,9
				453,486	346,2
	Ra	ating	Rating	2015	2014
	Ra Short Term	ating Long Term	Rating Agency	2015 Rupees in t	
	Short Term	Long Term	Agency		
Allied Bank Limited	Short Term A1+	Long Term	Agency PACRA		
	Short Term A1+ A1+	Long Term AA+ AA	Agency PACRA PACRA		housand
Askari Bank Limited Bank Alfalah Limited	A1+ A1+ A1+ A1+	Long Term AA+ AA AA	Agency PACRA PACRA PACRA	Rupees in t - 46 68,568	housand 63,72
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited	A1+ A1+ A1+ A1+ A1+	Long Term AA+ AA AA AAA	Agency PACRA PACRA PACRA PACRA	Rupees in ti - 46	housand 2 63,72 26,84
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A.	A1+ A1+ A1+ A1+ A1+ P-2	AA+ AA AA AA AAA A3	Agency PACRA PACRA PACRA PACRA Moody's	Rupees in t - 46 68,568 31,550 -	housand 63,72 26,84
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited	A1+ A1+ A1+ A1+ A1+ P-2 A1	Long Term AA+ AA AA AAA A3 A+	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS	Rupees in t - 46 68,568 31,550 - 50,491	housand 63,72 26,84 9,59
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited	A1+ A1+ A1+ A1+ A1+ P-2	AA+ AA AA AA AAA A3	Agency PACRA PACRA PACRA PACRA Moody's	Rupees in t - 46 68,568 31,550 -	housand 63,72 26,84 9,59
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank	A1+ A1+ A1+ A1+ P-2 A1 A1+	Long Term AA+ AA AA AAA A3 A+	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS	Rupees in t - 46 68,568 31,550 - 50,491	housand 63,72 26,84 9,59 127,99
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank of Pakistan	A1+ A1+ A1+ A1+ A1+ P-2 A1	Long Term AA+ AA AA AAA A3 A+	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS	Rupees in t - 46 68,568 31,550 - 50,491	housand 63,72 26,84 9,59 127,99
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank of Pakistan FINCA Micro Finance	A1+ A1+ A1+ A1+ P-2 A1 A1+	Long Term AA+ AA AA AAA A3 A+	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS	Rupees in t - 46 68,568 31,550 - 50,491 134,033 -	housand 63,72 26,84 9,59 127,99 83
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank of Pakistan FINCA Micro Finance Bank Limited	A1+ A1+ A1+ A1+ P-2 A1 A1+ -	Long Term AA+ AA AAA A3 A+ AAA	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS JCR-VIS JCR-VIS	Rupees in t 46 68,568 31,550 - 50,491 134,033 - 1,043	housand 63,72 26,84 9,55 127,95 83 99
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank of Pakistan FINCA Micro Finance Bank Limited	A1+ A1+ A1+ A1+ P-2 A1 A1+ - A-2	Long Term	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS JCR-VIS - JCR-VIS	Rupees in t - 46 68,568 31,550 - 50,491 134,033 -	housand 63,72 26,84 9,59 127,99 83 99
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank of Pakistan FINCA Micro Finance Bank Limited MCB Bank Limited	A1+ A1+ A1+ A1+ P-2 A1 A1+ - A-2	Long Term	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS JCR-VIS - JCR-VIS	Rupees in t 46 68,568 31,550 - 50,491 134,033 - 1,043	housand 63,72 26,84 9,59 127,99 127,99 83 99 1,174,52
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank of Pakistan FINCA Micro Finance Bank Limited MCB Bank Limited National Bank of Pakistan	A1+ A1+ A1+ A1+ P-2 A1 A1+ - A-2 A1+ A1+ A1+	Long Term	Agency PACRA PACRA PACRA PACRA Moody's JCR-VIS JCR-VIS - JCR-VIS PACRA/JCR-VIS	Rupees in t - 46 68,568 31,550 - 50,491 134,033 - 1,043 1,983,209	housand 63,72 26,84 9,59 127,99 127,99 83 99 1,174,52
Askari Bank Limited Bank Alfalah Limited Bank Al Habib Limited Citibank N.A. Dubai Islamic Bank Pakistan Limited Habib Bank Limited Industrial Development Bank of Pakistan	A1+ A1+ A1+ A1+ P-2 A1 A1+ - A-2 A1+	Long Term	Agency PACRA PACRA PACRA Moody's JCR-VIS JCR-VIS - JCR-VIS PACRA	Rupees in t - 46 68,568 31,550 - 50,491 134,033 - 1,043 1,983,209	

Bank Limited	Not Available	Not Available	Not Available	155,799	139,103
Soneri Bank Limited	A1+	AA-	PACRA	1	1
Standard Chartered Bank					
(Pakistan) Limited	A1+	AAA	PACRA	-	2,691
Tameer Micro Finance Bank Limited	A1	A+	JCR-VIS	-	-
United Bank Limited, Dubai U.A.E	A1+	AA+	JCR-VIS	162,732	1,038,977
Al-Meezan Bank (Formerly HSBC)	A1+	AA	JCR-VIS	-	12,056
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	299,528	266,339
				2,887,428	2,867,810

### For the Year Ended 31 December 2015

The credit quality of amount due from other insurers (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2015	2014
		Rupees in	thousand	
A or Above (including PRCL)	1,090,700	3,883,754	4,974,454	4,350,288
BBB	10,576	37,657	48,233	48,789
Others	12,566	44,746	57,312	386,995
Total	1,113,842	3,966,157	5,079,999	4,786,072

#### 29.2 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Company finances its operations through equity and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

		20	15	
	Carrying amount	Contractual cash flow	Up to one year	More than one year
		Rupees in	thousand	
Financial liabilities				
Provision for outstanding claims	5,773,824	5,773,824	5,773,824	-
Amount due to insurers / reinsurers	2,013,872	2,013,872	2,013,872	-
Accrued expenses	163,244	163,244	163,244	-
Unclaimed dividend	74,793	74,793	74,793	-
Other creditors and accruals	1,669,787	1,669,787	1,669,787	
	9,695,520	9,695,520	9,695,520	
		20	14	
	Carrying amount	Contractual cash flow	Up to one year	More than one vear

	Carrying amount	cash flow	Up to one year	year			
Financial liabilities	Rupees in thousand						
Provision for outstanding claims	5,706,373	5,706,373	5,706,373	-			
Amount due to insurers / reinsurers	1,226,375	1,226,375	1,226,375	-			
Accrued expenses	68,841	68,841	68,841	-			
Unclaimed dividend	95,416	95,416	95,416	-			
Other creditors and accruals	1,448,004	1,448,004	1,448,004				
	8,545,009	8,545,009	8,545,009				

For the Year Ended 31 December 2015

### 29.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Company's business activities are interest / mark-up rate risk, price risk and currency risk.

#### (a) Interest / mark - up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark - up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given period. The Company manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date the interest / mark-up rate profile of the Company's significant interest / mark-up bearing financial instruments was as follows:

	Effective inter	rest rate (%)	Carrying amounts		
	2015 2014		2015	2014	
	Percer	ntage	Rupees in th	nousand	
Fixed rate of financial instruments					
Financial assets:					
Investments- PIBs and Treasury Bills	6.78% - 12.35 %	8.98% - 12.35 %	372,463	366,236	
Loans	5%	5%	6,580	19,328	
Floating rate financial instruments					
Financial assets:					
Bank deposits	<b>4% - 8%</b>	5% - 9%	1,687,175	1,894,097	
Investments - TFCs	9.26% - 15.00%	12.02% - 15.00%	61,739	39,925	

#### 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 affect the fair value of any financial instruments. 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 the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

### For the Year Ended 31 December 2015

	Profit an	d loss
	Increase	Decrease
	Rupees in t	housand
at 31 December 2015 - Fluctuation of 100 bps		
h flow sensitivity - variable rate financial liabilities	-	-
sensitivity - variable rate financial assets	17,489	(17,489)
31 December 2014 - Fluctuation of 100 bps		
ash flow sensitivity - variable rate financial liabilities	-	-
h flow sensitivity - variable rate financial assets	19,340	(19,340)

#### Price risk

Price risk represents the risk that the fair value of financial instruments 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 individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is exposed to equity price risk that arises as a result of changes in the levels of PSE - Index and the value of individual shares. The equity price risk arises from the Company's investment in equity securities for which the prices in the future are uncertain. The Company policy is to manage price risk through selection of blue chip securities.

The Company's strategy is to hold its strategic equity investments on a long term basis. Thus, Company is not affected significantly by short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favorable. The Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The Company has investments in quoted equity securities amounting to Rs. 10,976,623 thousands (2014: Rs. 9,136,205 thousands) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

#### Sensitivity analysis

As the entire investment portfolio has been classified in the 'available-for-sale' category, a 10% increase / decrease in redemption value and share prices at year end would have increased / decreased impairment loss of investment recognized in profit and loss account as follows:

	Impact on profit before tax	Impact on equity
	Rupees in	thousand
2015		
Effect of increase in share price	21,311	19,180
Effect of decrease in share price	(301,041)	(270,937)
2014		
Effect of increase in share price	161	145
Effect of decrease in share price	(125,479)	(112,931)

### For the Year Ended 31 December 2015

#### **Currency** risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Financial assets and liabilities exposed to foreign exchange risk amounted to Rs. 5,596,580 thousands (2014: Rs. 4,532,244 thousands) and Rs. 4,499,688 thousands (2014: Rs. 3,559,737 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2015	2014
	Rup	ees
Rupees per US Dollar		
Average rate	102.74	100.80
Reporting date rate	104.60	100.40
Rupees per AED		
Average rate	27.97	27.44
Reporting date rate	28.48	27.33
. 5	20.40	L7.55

#### Insurance risk

The principal risk that the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Company.

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers are carefully selected and approved and are dispersed over several geographical regions.

Experience shows that larger the portfolio is in similar reinsurance contracts, smaller will be the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board 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.

For the Year Ended 31 December 2015

The Company principally issues the general insurance contracts e.g. property, marine and aviation, motor, and accident and health. Risks under non-life insurance policies usually cover twelve month or lesser duration. For general insurance contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities. Insurance contracts at times also cover risk for single incidents that expose the Company to multiple insurance risks.

#### a) Geographical concentration of insurance risk

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.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated primarily with the commercial / industrial occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurers for their evaluation. Reference is made to the standard construction specifications laid down by Insurance Association of Pakistan (IAP). 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 Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

A risk management solution is implemented to help assess and plan for risks in catastrophic scenarios. It provides a way to better visualize the risk exposure of the Company and to determine the appropriate amount of Reinsurance coverage to protect the business portfolio.

#### b) Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Company.

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the Securities and Exchange Commission of Pakistan on an annual basis.

	Gross sum insured		Reinsu	rance	Net				
	2015	2014	2015	2014	2015	2014			
	Rupees in thousand								
Fire	3,811,799,843	3,596,080,575	3,253,351,327	2,703,936,470	558,448,516	892,144,105			
Marine	1,721,417,329	1,006,744,658	626,827,947	664,733,532	1,094,589,382	342,011,126			
Motor	162,084,722	109,931,734	7,515,873	10,975,728	154,568,849	98,956,006			
Accident & Health	73,790,412	79,234,945	1,486,160	1,026,830	72,304,252	78,208,115			
Miscellaneous	168,370,146	289,892,944	66,668,373	157,296,762	101,701,773	132,596,182			
	5,937,462,452	5,081,884,856	3,955,849,680	3,537,969,322	1,981,612,772	1,543,915,534			

The concentration of risk by type of contracts is summarized below by reference to liabilities.

For the Year Ended 31 December 2015

#### c) 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 insurance contracts. Such estimates are necessary 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 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.

#### d) Neutral assumptions for claim estimation

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

The estimation of IBNR is generally subject to a greater degree of uncertainty that the estimation of the cost of settling claims already notified to the Company, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries.

The estimation process takes into account the past claims reporting pattern and details of reinsurance programs. The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

#### e) Sensitivity analysis

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

### For the Year Ended 31 December 2015

	Pre tax profit	:/ (loss)
	2015	2014
	Rupees in the	ousand
10% increase in claims liability Net:		
Fire	(44,029)	(62,839)
Marine	(31,873)	(33,207)
Motor	(216,830)	(163,685)
Accident & Health	(143,983)	(114,059)
Miscellaneous	(43,289)	(35,032)
	(480,004)	(408,822)
10% decrease in claims liability Net:		
Fire	44,029	62,839
Marine	31,873	33,207
Motor	216,830	163,685
Accident & Health	143,983	114,059
Miscellaneous	43,289	35,032
	480,004	408,822

### f) Claims development table

The following table shows the development of the claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

	31 December 2013	31 December 2014	31 December 2015	Total				
		Rupees in thousand						
Estimate of the ultimate claim cost:								
At end of accident year	7,689,784	6,298,282	6,857,672	20,845,738				
One year later	4,043,963	3,195,074	-	7,239,037				
Two years later	1,251,211	-	-	1,251,211				
Estimate of cumulative claims	1,251,211	3,195,074	6,857,672	11,303,957				
Less: Cumulative payments to date	709,141	2,343,754	3,804,640	6,857,535				
Liability recognized	542,070	851,320	3,053,032	4,446,422				

#### 29.4 Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

### For the Year Ended 31 December 2015

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

	Note		Carrying amount			Fair value				
		Available for sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
					Ruj	pees in thousan	d			
31 December 2015										
Financial assets - not measured at fair value										
Cash and other equivalents*	10									
casirana otner equivatentes		-	-	10,704	-	10,704	-	-	-	-
Current and other accounts*		-	-	2,061,098	-	2,061,098	-	-	-	-
Deposits maturing within 12 months*		-	-	826,330	-	826,330	-	-	-	-
Loans to employees*	11	-	39,001	-	-	39,001	-	-	=	-
Investments	12									
- Listed securities		10,673,483	-	-	-	10,673,483	15,969,117	-	-	15,969,117
- Unlisted securities		1,619,430	-	-	-	1,619,430	-	924,535	1,773,000	2,697,535
- Term Finance Certificates		61,739	-	-	-	61,739	-	61,739	-	61,739
- Mutual Fund Certificates		2,666,157	-	-	-	2,666,157	2,753,690	-	-	2,753,690
- NIT Units		161	-	-	-	161	-	793	-	793
- Government treasury bills		93,670	-	-	-	93,670	-	100,121	-	100,121
- Pakistan Investment Bonds		278,793	-	-	-	278,793	-	298,822	-	298,822
Premium due but unpaid*	13	-	4,539,734	-	-	4,539,734	-	-	=	-
Amounts due from other insurers / reinsurers*	14	-	814,284	-	-	814,284	-	-	-	-
Salvage recoveries accrued*		-	250,602	-	-	250,602	-	-	-	-
Accrued investment income*	16	-	23,601	-	-	23,601	-	-	-	-

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### For the Year Ended 31 December 2015

	Note		Ca	arrying amount			Fair value			
		Available for sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
					Ruj	pees in thousan	ıd			
Reinsurance recoveries against outstanding claims*	17									
Sundry receivables*	19	-	3,966,157	-	-	3,966,157	-	-	-	-
Sundry receivables	15		<u>152,485</u> 9,785,864	2,898,132	-	152,485		- 1,386,010	- 1,773,000	- 21,881,817
			5,763,804	2,050,152		20,077,425	10,722,007	1,300,010	1,773,000	21,001,017
Financial liabilities - mea- sured at fair value										
Staff retirement benefits			-	-	116,452	116,452	-	116,452	-	116,452
Financial liabilities - not measured at fair value										
Provision for outstanding claims (including IBNR)*	6	-	-	-	5,773,824	5,773,824	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	2,013,872	2,013,872	-	-	-	-
Accrued expenses*		-	-	-	163,244	163,244	-	-	-	-
Other creditors and accruals*	8	-	-	-	1,669,787	1,669,787	-	-	-	-
Unclaimed dividend*		-	-	-	74,793	74,793	-	-	-	-
		-	-	-	9,695,520	9,695,520	-	-	-	-

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

#### 30 Capital risk management

The Company's goals and objectives when managing capital are :

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers is Rs. 300,000 thousands. The Company's current paid-up capital is well in excess of the limit prescribed by the SECP;
- 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 the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- To maintain strong ratings and to protect the Company against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

For the Year Ended 31 December 2015

### 31 Non - Adjusting events after the balance sheet date

The Board of Directors of the Company in their meeting held on 23 February 2016 proposed a final cash dividend for the year ended 31 December 2015 @ 15% i.e. Rupees 1.5/- per share (2014: 15% i.e. Rupees 1.5/- share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2014: Rupees 1.25/- per share) resulting in a total cash dividend for the year ended 31 December 2015 of Rupees 3/- per share (2014: Rupees 2.75/- share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2015 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2016.

#### 32 Provident fund related disclosure

The following information is based on unaudited financial statements for the year ended 31 December 2015 and audited financial statements for the year ended 31 December 2014:

2015	2014	
Rupees in thousand		
850,682	863,517	
829,482	720,866	
<b>98</b> %	83%	
1,026,669	836,226	

#### 32.1 The break-up of fair value of investments is as follows:

	2015	2014	2015	2014		
	Perce	Percentage		Percentage Rupees		thousand
and bank balances	1.1%	4.0%	11,310	33,804		
finance certificates	0.5%	4.0%	4,730	33,613		
nvestment Bonds	49.0%	56.3%	503,488	470,210		
ds	38.4%	25.9%	394,637	216,597		
es	11.0%	9.8%	112,504	82,002		
	100.0%	100.0%	1,026,669	836,226		

**32.2** The above investments / placement of funds in a special bank account has been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

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### For the Year Ended 31 December 2015

### 33 Number of employees

The total average number of employees during the year and as at 31 December 2015 and 2014, are as follows:

	2015	2014
At year end	835	840
Average during the year	838	811

#### 34 Date of authorization for issue

These unconsolidated financial statements were approved and authorized for issue on 23 February 2016 by the Board of Directors of the Company.

### 35 General

- 35.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.
- **35.2** Figures in these unconsolidated financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk Director Muhammad Ali Zeb Managing Director & Chief Executive Officer



Chairman

# CONSOLIDATED

Financial Statements for the Year Ended 31 December 2015



# Directors' Report to the Members on Consolidated Financial Statements

### For the Year Ended 31 December 2015

On behalf of the Board, I am pleased to present the consolidated financial information of Adamjee Insurance Company Limited and its subsidiary, Adamjee Life Assurance Company Limited for the year ended 31 December 2015.

The following appropriation of profit has been recommended by the Board of Directors:

	31 December 2015	31 December 2014
	Rupees in	thousand
	2,830,781	2,049,156
	(275,100)	(155,053)
	2,555,681	1,894,103
ntrolling interest	(224)	(3,860)
dinary shareholders	2,555,457	1,890,243
rought forward	8,869,577	7,807,566
ropriation	11,425,034	9,697,809

#### Appropriation

Final dividend for the year ended 31 December 2014 @15% (Rupees 1.5/- per share) [2013: @ 10% (Rupee 1/- per share)]	(525,000)	(350,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share) [2014: @ 12.5% (Rupees 1.25/- per share)]	(525,000)	(437,500)
Other comprehensive income: Remeasurement of defined benefit obligation	(3,921)	11,358
Capital contribution to statutory funds	(10,251)	(52,090)
Total appropriation	(1,064,172)	(828,232)
Profit after appropriation	10,360,862	8,869,577

Earnings per share

### Rupees 7.30 5.40

On Behalf of Board of Directors

Muhammad Ali Zeb Managing Director and Chief Executive Officer

Date: 23 February 2016 Lahore

# Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated Balance Sheet of Adamjee Insurance Company Limited ('the Holding Company') and its subsidiary company (together referred to as 'the Group') as at 31 December 2015 and the related consolidated Profit and Loss Account, consolidated Statement of Comprehensive Income, consolidated Statement of Changes in Equity, consolidated Cash Flow Statement, consolidated Statement of Premiums, consolidated Statement of Claims, consolidated Statement of Expenses and consolidated Statement of Investment Income together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Adamjee Insurance Company Limited and its subsidiary company Adamjee Life Assurance Company Limited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Adamjee insurance Company Limited and its subsidiary company as at 31 December 2015 and the results of their operations for the year then ended.

Date: 23 February 2016 Lahore KPMG Taseer Hadi & Co. Chartered Accountants (Bilal Ali)

# **Consolidated Balance Sheet**

As at 31 December 2015

EQUITY AND LIABILITIES         Share capital and reserves         Authorized share capital         375:00:000 (2014; 375:000:00) ordinary shares of Rs. 10 each       3.750,000         Issued, subscribed and paid up capital       4         Reserves       5         Reserves       5         Retained earnings       10,360,862         Retained earnings       13,356,586         Retained earnings       13,360,862         Retained earnings       13,360,862         Balance of statutory funds (including policy holders' tiabilities of Rs. 13,856 billion (2014; Rs. 7.986 billion))       7         14,444,777       8,256,341         Underwriting provisions       7         Provision for outstanding claims (including [8NR)       8         Commission income unearned       5,972,005         13,338       11,320,841         Deferred liabilities       9         Staff retirement benefits       9         Provision for outstanding claims (including [8NR)       11,320,841         Premumer caved in advance       449,151         Accound expenses       10       25,595         Other creditors and accouls       10       25,83,442         Total underwriting provision less payments       11,830,850,833,422		Note	31 December 2015	31 December 2014
Share capital and reserves Authorized share capital         3,750,000         3,750,000         3,750,000         3,750,000         3,750,000         3,750,000         3,500,000<			Rupees in	thousand
Authorized share capital         3.750.000         3.750.000           375.000.000 (2014: 375.000.000) ordinary shares of Rs. 10 each         3.750.000         3.750.000           Issued, subscribed and paid up capital         4         3.500.000         3.500.000           Reserves         5         1.435.586         1.395,150           Retained earnings         Equity attributable to equity holders of the parent         6         5.201         8.526           Non-controlling interest         6         5.201         8.526         13.773.253           Balance of statutory funds (including policy holders' liabilities of Rs. 13.856 billion (2014: Rs. 7.986 billion))         7         14,444,777         8.256.341           Underwriting provisions         7         14,444,777         8.256.341         5.372,005         5.819.872           Provision for outstanding claims (including IBNR)         8         5.972,005         5.819.872         5.269.84         2.31,121           Total underwriting provisions         9         125,595         112.547         11.320.841           Deferred liabilities         9         125,595         112.547         1.255.94         2.358.342         2.369.842         2.359.342         2.369.263         2.056.253         2.056.253         2.056.253         2.269.253         2.269.263 </th <th>EQUITY AND LIABILITIES</th> <th></th> <th></th> <th></th>	EQUITY AND LIABILITIES			
375,000,000 (2014: 375,000,000) ordinary shares of Rs. 10 each       3,750,000       3,750,000         Issued, subscribed and paid up capital       4       3,500,000       3,500,000         Reserves       5       1,436,586       1,985,150         Retained earnings       10,360,862       8,869,577         Equity attributable to equity holders of the parent       6       5,201       8,526         Non-controlling interest       6       5,201       8,526         Balance of statutory funds (including policy holders' liabilities of Rs. 13,856 billion (2014: Rs. 7.986 billion))       7       14,444,777       8,256,341         Underwriting provisions       7       14,444,777       8,256,341         Provision for outstanding claims (including IBNR)       8       5,972,005       5,819,872         Total underwriting provisions       9       125,595       112,547         Deferred liabilities       9       125,595       112,547         Creditors and accruals       9       125,595       12,245,594         Taxation - provision less payments       10       2,358,342       2,269,223         Other meditors and accruals       10       2,458,544       2,723,366         Other creditors and accruals       10       7,4793       95,416 <t< td=""><td>Share capital and reserves</td><td></td><td></td><td></td></t<>	Share capital and reserves			
Issued, subscribed and paid up capital         4         3,500,000         3,500,000           Reserves         5         1,365,686         1.395,150           Retained earnings         10,360,862         8,869,577           Equity attributable to equity holders of the parent         6         5,201         8,526           Non-controlling interest         6         5,201         8,526           Balance of statutory funds (including policy holders' liabilities of Rs. 13,856 billion (2014: Rs. 7,996 billion))         7         14,444,777         8,256,341           Underwriting provisions         7         14,444,777         8,256,341         5,972,005         5,928,944         23,399         2,31,121           Underwriting provisions for unearned premium         6         5,972,005         5,928,944         23,399         2,21,121         11,320,841           Deferred liabilities         8         5,972,005         12,595         112,547           Creditors and accruals         9         125,595         112,547         11,320,841           Deferred liabilities         9         125,595         112,547         12,449,151         3,46,705           Arounts due to other insures / reinsurers         7,31,183         1,43,27         3,1183         -         1,265,94         2,056,9	Authorized share capital			
Reserves         5         1,436,586         1.395,150           Retained earnings         10,360,862         8.869,577           Equity attributable to equity holders of the parent:         6         5,201         8.526           Non-controlling interest:         6         5,201         8.526           Balance of statutory funds (including policy holders' liabilities of Rs. 13.856 billion) (2014: Rs. 7.986 billion))         7         14,444,777         8.256,341           Underwriting provisions         7         14,444,777         8.256,341           Provision for outstanding claims (including IBNR)         8         5.972,005         5.819,872           Provision for unearned premium         5.928,944         213,398         2.256,948           Cormission income unearned         213,398         12,114,347         11.320,841           Deferred liabilities         9         125,595         112,547           Creditors and accruals         9         125,595         112,547           Creditors and accruals         10         2.383,342         3.183           Accrued expenses         0ther creditors and accruals         10         2.288,223           Other liabilities         7,4,793         3.723,356         3.723,356           Other liabilities         7,4,793 </td <td>375,000,000 (2014: 375,000,000) ordinary shares of Rs. 10 each</td> <td></td> <td>3,750,000</td> <td>3,750,000</td>	375,000,000 (2014: 375,000,000) ordinary shares of Rs. 10 each		3,750,000	3,750,000
Retained earnings10,360,8628,869,577Equity attributable to equity holders of the parent15,297,44813,764,727Non-controlling interest65,2018,52613,73,25313,764,72713,764,727Balance of statutory funds [including policy holders' liabilities of Rs. 13,856 billion (2014: Rs. 7.986 billion)]714,444,7778,256,341Underwriting provisions Provision for outstanding claims (including IBNR) Provision for outstanding claims (including IBNR) 	Issued, subscribed and paid up capital	4	3,500,000	3,500,000
Equity attributable to equity holders of the parent15,297,44813,764,727Non-controlling interest65,2018,52615,302,64913,773,253Balance of statutory funds [including policy holders' liabilities of Rs. 13,856 billion]714,444,7778,256,341Underwriting provisions Provision for unearned premium Commission income unearned Total underwriting provisions85,972,0055,819,872Staff retirement benefits9125,595112,247Creditors and accruals Premiums received in advance Accrued expenses Unclaimed dividends346,7061,245,59412, 258,342 2,358,3422,358,3423,183346,70612, 268,263102,358,3422,358,342Other liabilities Unclaimed dividends102,358,3423,723,356Other liabilities Unclaimed dividends17,369,66715,252,160Contingencies and Commitments1111	Reserves	5	1,436,586	1,395,150
Non-controlling interest65,2018,526Is,302,64913,773,253Balance of statutory funds (including policy holders' liabilities of Rs. 13,856 billion (2014: Rs. 7.986 billion))714,444,7778,256,341Underwriting provisions Provision for uneamed premium Commission income uneamed Total underwriting provisions85,972,005 5,819,872 5,289,844 2,213,3985,819,872 5,269,844 2,213,3985,819,872 5,269,844 2,213,398Total underwriting provisions85,972,005 5,828,944 2,213,3985,819,872 5,269,844 2,213,3985,269,848 2,21,121 11,320,841Deferred liabilities9125,595112,547Creditors and accruals Premiums received in advance Amounts due to other insurers / reinsurers Taxation - provision less payments Accrued expenses Other creditors and accruals102449,151 2,047,672 3,183 168,584 2,269,322 3,723,3563,46,706 1,245,594 3,183 168,584 2,269,322 3,723,356Other inabilities Unclaimed dividends102,559,342 2,054,932 3,723,3563,723,356 3,723,356TOTAL LIABILITIES17,369,66715,252,160Contingencies and Commitments11	Retained earnings		10,360,862	8,869,577
Image: Section of the section of th	Equity attributable to equity holders of the parent		15,297,448	13,764,727
Image: Section of the section of th	Non-controlling interest	6	5,201	8,526
of Rs. 13.856 billion (2014: Rs. 7.986 billion)]       7       14,444,777       8,256,341         Underwriting provisions       Provision for outstanding claims (including IBNR)       8       5,972,005       5,928,944       213,398       231,121         Total underwriting provisions       12,114,347       11,320,841       11,320,841       11,320,841         Deferred liabilities       9       125,595       112,547         Staff retirement benefits       9       125,595       112,547         Creditors and accruals       449,151       346,706       1,245,594         Promiums received in advance       449,151       2,047,672       31,183       -         Accrued expenses       10       2,358,342       2,372,3356       2,058,253       3,723,356         Other tiabilities       10       17,369,667       15,252,160       15,252,160         Total LIABILITIES       17,369,667       15,252,160       15,252,160			15,302,649	13,773,253
of Rs. 13.856 billion (2014: Rs. 7.986 billion)]       7       14,444,777       8,256,341         Underwriting provisions       Provision for outstanding claims (including IBNR)       8       5,972,005       5,928,944       213,398       231,121         Total underwriting provisions       12,114,347       11,320,841       11,320,841       11,320,841         Deferred liabilities       9       125,595       112,547         Staff retirement benefits       9       125,595       112,547         Creditors and accruals       449,151       346,706       1,245,594         Promiums received in advance       449,151       2,047,672       31,183       -         Accrued expenses       10       2,358,342       2,372,3356       2,058,253       3,723,356         Other tiabilities       10       17,369,667       15,252,160       15,252,160         Total LIABILITIES       17,369,667       15,252,160       15,252,160	Balance of statutory funds [including policy holders' liabilities			
Provision for outstanding claims (including IBNR)85,972,0055,819,872Provision for unearned premium5,928,944213,398231,121Commission income unearned12,114,34711,320,841Deferred liabilities9125,595112,547Creditors and accruals9125,595112,547Premiums received in advance449,151346,706Amounts due to other insurers / reinsurers31,183-Taxation - provision less payments102,358,3422,058,253Other liabilities102,358,3423,723,356Other liabilities1074,79395,416TOTAL LIABILITIES17,369,66715,252,160Contingencies and Commitments11-		7	14,444,777	8,256,341
Provision for outstanding claims (including IBNR)85,972,0055,819,872Provision for unearned premium5,928,944213,398231,121Commission income unearned12,114,34711,320,841Deferred liabilities9125,595112,547Staff retirement benefits9125,595112,547Creditors and accruals449,151346,706Premiums received in advance449,151346,706Amounts due to other insurers / reinsurers31,183-Taxation - provision less payments102,358,3423,728,03Other liabilities102,358,3423,728,03Other liabilities74,79395,416TOTAL LIABILITIES17,369,66715,252,160Contingencies and Commitments11-				
Provision for unearned premium5,228,944 213,3985,269,848 231,121Total underwriting provisions12,114,34711,320,841Deferred liabilities9125,595112,547Staff retirement benefits9125,595112,547Creditors and accruals449,151 2,047,672346,706 1,245,594346,706 1,245,594Premiums received in advance449,151 2,047,672346,706 1,245,594Amounts due to other insurers / reinsurers102,358,342 2,358,342346,706 1,245,594Other reditors and accruals102,358,342 2,358,3423,723,356 3,723,356Other liabilities Unclaimed dividends17,369,66715,252,160Total LIABILITIES17,369,66715,252,160	•			
Commission income unearned213,398231,121Total underwriting provisions12,114,34711,320,841Deferred liabilities9125,595112,547Staff retirement benefits9125,595112,547Creditors and accruals9125,595112,547Premiums received in advance449,151346,706Amounts due to other insurers / reinsurers31,183-Accrued expenses102,358,342-Other creditors and accruals102,358,3423,72,803Other creditors and accruals1074,79395,416Total LIABILITIES17,369,66715,252,160Contingencies and Commitments11		8	5,972,005	5,819,872
Total underwriting provisions12,114,34711,320,841Deferred liabilities9125,595112,547Staff retirement benefits9125,595112,547Creditors and accruals449,151346,706Premiums received in advance449,151346,706Amounts due to other insurers / reinsurers31,183-Accrued expenses102,047,67231,183Other creditors and accruals102,358,3422,058,253Other liabilities1074,79395,416TOTAL LIABILITIES17,369,66715,252,160Contingencies and Commitments11	Provision for unearned premium		5,928,944	5,269,848
Deferred liabilities9125,595112,547Staff retirement benefits9125,595112,547Creditors and accruals449,151346,7061,245,594Premiums received in advance449,151346,7061,245,594Amounts due to other insurers / reinsurers31,183-1,245,594Taxation - provision less payments31,183-1,245,594Accrued expenses102,358,3422,058,253Other creditors and accruals102,358,3423,723,356Other liabilities74,79395,41631,183Unclaimed dividends74,79395,41615,252,160Contingencies and Commitments11	Commission income unearned		213,398	231,121
Staff retirement benefits9125,595112,547Creditors and accruals449,151346,706Premiums received in advance449,151346,706Amounts due to other insurers / reinsurers2,047,67231,183Taxation - provision less payments102,358,342-Accrued expenses102,358,3423,723,356Other creditors and accruals1074,79395,416TOTAL LIABILITIES17,369,66715,252,160Contingencies and Commitments11	Total underwriting provisions		12,114,347	11,320,841
Creditors and accruals449,151346,706Premiums received in advance449,151346,706Amounts due to other insurers / reinsurers2,047,67231,183Taxation - provision less payments102,358,342-Accrued expenses102,358,3422,058,253Other creditors and accruals102,358,3423,723,356Other liabilities74,79395,416Unclaimed dividends17,369,66715,252,160Contingencies and Commitments11	Deferred liabilities			
Premiums received in advance449,151346,706Amounts due to other insurers / reinsurers2,047,67231,183Taxation - provision less payments10168,58472,803Accrued expenses102,358,3422,058,253Other creditors and accruals102,358,3423,723,356Other liabilities74,79395,416TOTAL LIABILITIES17,369,66715,252,160Contingencies and Commitments11	Staff retirement benefits	9	125,595	112,547
Amounts due to other insurers / reinsurers       2,047,672       1,245,594         Taxation - provision less payments       31,183       -         Accrued expenses       10       2,358,342       72,803         Other creditors and accruals       10       2,358,342       5,054,932       3,723,356         Other liabilities       74,793       95,416       95,416         TOTAL LIABILITIES       17,369,667       15,252,160         Contingencies and Commitments       11	Creditors and accruals			
Taxation - provision less payments       31,183       -         Accrued expenses       168,584       72,803         Other creditors and accruals       10       2,358,342       5,054,932         Other liabilities       74,793       95,416         Unclaimed dividends       17,369,667       15,252,160         Contingencies and Commitments       11	Premiums received in advance		449,151	346,706
Accrued expenses       168,584       72,803         Other creditors and accruals       10       2,358,342       2,058,253         Other liabilities       5,054,932       3,723,356         Unclaimed dividends       74,793       95,416         TOTAL LIABILITIES       17,369,667       15,252,160         Contingencies and Commitments       11	Amounts due to other insurers / reinsurers		2,047,672	1,245,594
Accrued expenses       168,584       72,803         Other creditors and accruals       10       2,358,342       2,058,253         Other liabilities       5,054,932       3,723,356         Unclaimed dividends       74,793       95,416         TOTAL LIABILITIES       17,369,667       15,252,160         Contingencies and Commitments       11	Taxation - provision less payments		31,183	-
Other creditors and accruals       10       2,358,342       2,058,253         Other liabilities       5,054,932       3,723,356         Unclaimed dividends       74,793       95,416         TOTAL LIABILITIES       17,369,667       15,252,160         Contingencies and Commitments       11				72,803
Other liabilities       3,723,356         Unclaimed dividends       74,793         TOTAL LIABILITIES       17,369,667         Contingencies and Commitments       11		10		
Unclaimed dividends         74,793         95,416           TOTAL LIABILITIES         17,369,667         15,252,160           Contingencies and Commitments         11				
TOTAL LIABILITIES       17,369,667       15,252,160         Contingencies and Commitments       11				
Contingencies and Commitments 11	Unclaimed dividends		74,793	95,416
- 	TOTAL LIABILITIES		17,369,667	15,252,160
TOTAL EQUITY AND LIABILITIES         47,117,093         37,281,754	Contingencies and Commitments	11		
	TOTAL EQUITY AND LIABILITIES		47,117,093	37,281,754

	Note	31 December 2015	31 December 2014		
		Rupees in thousand			
ASSETS					
Cosh and hank donasita	12				
Cash and bank deposits Cash and other equivalents	12	10,749	8,893		
Current and other accounts		3,040,848	2,380,695		
Deposits maturing within 12 months		1,186,330	1,059,703		
		4,237,927	3,449,291		
Loans - secured, considered good					
To employees	13	16,998	14,225		
Loans secured against life insurance policies	14	10,347	3,523		
Loans - unsecured		3,271	-		
Investments	15	28,381,412	20,886,884		
Deferred taxation		83,221	98,873		
Current assets - others					
Premiums due but unpaid	16	4,563,443	3,652,444		
Amounts due from other insurers / reinsurers	17	854,329	820,933		
Salvage recoveries accrued		250,602	207,471		
Premium and claim reserves retained by cedants	18	-	-		
Accrued investment income	19	307,237	357,131		
Reinsurance recoveries against outstanding claims	20	3,966,157	3,669,232		
Taxation - payments less provision		-	57,714		
Deferred commission expense		538,268	477,296		
Prepayments	21	2,288,893	2,147,235		
Sundry receivables	22	243,075	267,025		
		13,012,004	11,656,481		
Operating fixed assets - Tangible and intangible	23				
Owned					
Land and buildings		701,882	410,689		
Furniture and fixtures		129,199	140,439		
Motor vehicles		303,121	323,015		
Machinery and equipment		89,750	112,986		
Computers and related accessories		91,171	126,425		
Intangible asset - computer software		50,014	57,202		
Capital work in progress - Tangible		6,776	1,721		
		1,371,913	1,172,477		
TOTAL ASSETS		47,117,093	37,281,754		

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha	Kamran Rasool	Muhammad Umar Virk	Muhammad Ali Zeb
Chairman	Director	Director	Managing Director $\otimes$ Chief Executive Officer

# **Consolidated Profit and Loss Account**

For the Year ended 31 December 2015

		General Insurance			Life Insurance				Tot	al			
	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident ® Health	Miscellaneous	Treaty	Conventional Business	Accident & Health Business	Non-Unitised Investment Link Business	Unit Linked Business	31 December 2015	31 December 2014
<b>D</b>							Rupees i	n thousand					
Revenue account Net premium revenue		1.018.826	717.583	3.757.455	1.534.201	719.326		150.495		503.951	8,183,245	16 505 000	11.278.983
Net claims		(440,289)	(318,730)	3,757,455 (2,168,296)	(1,439,832)	(432,892)	- 20,332	(99,652)	-	(91,320)	8,183,245 (1,587,320)	16,585,082 (6,557,999)	(5,331,614)
Expenses	24	(261.076)	(187,467)	(769,275)	(1,435,632)	(211,113)	- 20,332	(38,624)	1	(34,974)	(484,633)		
Net commission		(118,323)	(120,024)	(358,806)	(23,040)	62,196	-	(31,934)	-	(42,031)	(1,422,278)		
Net Investment income -													
statutory funds Add: Policyholders' liabilities at beginning		-	-	-	-	-	-	20,193	11	231,923	917,583	1,169,710	1,048,952
of the year		-	-	-	-	-	-	101,213	-	1,613,531	6,271,711	7,986,455	4,732,159
Less: Policyholders' liabilities at end of													
the Year		-	-	-	-	-	-	(104,896)	-	(2,057,292)	(11,693,710)	(13,855,898)	(7,986,455)
(Deficit) / Surplus of Policyholders' funds		_	_	-	-		_	3,205	(12)	(123,788)	(184,598)	(305,193)	(71,578)
Underwriting result		199,138	91,362	461.078	(55,491)	137.517	20,332				(104,550)	853,936	369,210
												,	,
Investment income - other												2,431,856	2,094,715
Rental income												6,339	5,674
Other income	25											176,332	120,663
	20											3,468,463	2,590,262
General and administration expenses Exchange gain / (loss)	26											(585,821) 5,910	(498,669)
Finance charges on												5,910	(470)
lease liabilities												-	(270)
Workers' welfare fund												(57,771)	(41,697)
Profit before tax												2,830,781	2,049,156
Provision for taxation	27											(275,100)	(155,053)
Profit after tax												2,555,681	1,894,103
Profit attributable to:													
Equity holders of the parent												2,555,457	1,890,243
Non-controlling interest												224	3,860
												2,555,681	1,894,103
Profit and loss appropriation account -	Parent	Company											
Palance at the commencement of the	0.0r											0 000 555	7.007.500
Balance at the commencement of the y Profit after tax for the year	edf											8,869,577 2,555,457	7,807,566 1,890,243
Other comprehensive (loss)/income - reme	asureme	ent of defined H	penefit obligat	ion								2,555,457 (3,921)	1,890,243
Final dividend for the year ended 31 Decem												(3,321)	11,300
, [2013: @10% (Rupee 1/- per share)]												(525,000)	(350,000)
Interim dividend for the period ended 30 Ju	ne 2015	@ 15% (Rupe	es 1.5/- per sh	are)								. , -,	. , =,
[2014: @12.5% (Rupees 1.25/- per share)]												(525,000)	(437,500)
Capital contribution to statutory funds												(10,251)	(52,090)
Balance unappropriated profit at the en	nd of the	e year										10,360,862	8,869,577
Rupees													
Earnings per share - basic and diluted (	Note 28	3)										7.30	5.40
5- F												,.50	5.40
The second second 1 to (O ferrer estimates)			late of Gran and all										

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director



# **Consolidated Statement of Comprehensive Income**

### For the Year ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees ir	thousand
Profit after tax for the year	2,555,681	1,894,103
Other comprehensive income		
Items that will not be reclassified subsequently to profit and loss:		
Remeasurement of defined benefit obligation	(3,921)	11,358
Items that may be reclassified subsequently to profit and loss:		
Effect of translation of investment in foreign branches - net	41,436	(45,259)
	37,515	(33,901)
Total comprehensive income for the year	2,593,196	1,860,202
Total comprehensive income attributable to:		
Equity holders of the parent	2,592,972	1,804,252
Non-controlling interest	224	3,860
	2,593,196	1,860,202

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk
Director

Muhammad Ali Zeb

Chairman

Managing Director  $\otimes$  Chief Executive Officer

# **Consolidated Cash Flow Statement**

For the Year ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in	thousand
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	22,017,691	16,522,446
Reinsurance premiums paid	(4,698,764)	(4,421,906)
Claims paid	(10,095,293)	(9,013,836)
Surrenders paid	(35,838)	(21,643)
Reinsurance and other recoveries received	3,080,390	4,120,118
Commissions paid Commissions received	(2,517,962) 550,335	(1,865,036) 551,971
Other underwriting payments	(1,283,787)	
Net cash generated from underwriting activities	7,016,772	4,911,613
Net tash generated nom under writing activities	7,010,772	4,911,015
b) Other operating activities		
Income tax paid	(170,551)	(117,033)
General and management expenses paid	(925,800)	(1,611,067)
Loans disbursed	(51,522)	(51,415)
Loans repayments received	45,214	52,389
Other receipts	81,636 (1,021,023)	
Net cash used in other operating activities	(1,021,023)	(1,300,065)
Total cash generated from all operating activities	5,995,749	3,611,548
Cash flows from investing activities		
Profit / return received on bank deposits	1,053,029	311,942
Return on Pakistan Investment Bonds	44,408	11,004
Income received from TFCs	4,568	6,829
Income from treasury bills	-	-
Dividends received	1,172,274	867,913
Rentals received	3,672	5,674
Disbursement of policy loans	(10,323)	(3,564)
Settlement of policy loans	4,141	1,007
Payments for investments Proceeds from disposal of investments	(36,031,636) 29,992,241	(22,958,111) 19,606,126
Fixed capital expenditure - tangible assets	(424,450)	(139,670)
Fixed capital expenditure - tangible assets	(3,501)	(155,070)
Proceeds from disposal of fixed assets	59,087	31,017
Total cash (used in) investing activities	(4,136,490)	(2,259,833)
Cash flows from financing activities Finance lease rentals paid	_	(6,953)
Dividends paid	(1,070,623)	
Net cash used in financing activities	(1,070,623)	(762,125)
	(1,070,023)	(702,123)
Net cash generated from all activities	788,636	589,590
Cash at the beginning of the year	3,440,215	2,850,625
Cash at the end of the year	4,228,851	3,440,215

# **Consolidated Cash Flow Statement**

### For the Year ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in	n thousand
Reconciliation to Profit and Loss Account		
Operating cash flows	5,995,749	3,611,548
Depreciation expense	(163,296)	(173,246)
Provision for gratuity	(24,221)	(24,585)
Provision for bad and doubtful debts	(4,910)	
Other income - bank deposits	82,980	
Gain on disposal of operating fixed assets	25,937	
Finance charge on lease obligations	-	(270)
Rental income	6,339	
Increase / (decrease) in assets other than cash	1,431,075	
Increase in liabilities other than running finance	(7,693,659)	
	(344,006)	(26,581)
Others	1 (00 510	1 100 000
Profit on sale of investments	1,480,518	
Amortization expense	(23,910)	
Capital contribution from shareholders fund Increase in unearned premium	13,800 (659,096)	
Increase in dheamed premium Increase / (decrease) in loans	6.308	
	,	
Income taxes paid	154,505	115,262
Provision for impairment in value of		
'available-for-sale' investments	(77,403)	(5,554)
Dividend, investment and other income	2,231,515	1,908,672
Income from treasury bills	4,034	17,715
Return on Pakistan Investment Bonds	39,803	27,158
Income from TFCs	4,713	6,777
	3,174,787	
Profit before taxation	2,830,781	2,049,156

#### Definition of cash:

Cash comprises cash in hand, bank balances excluding Rs. 9,076 thousands (2014: Rs 9,076 thousands) held under lien, and other deposits which are readily convertible to cash and which are used in the cash management function on a day-to-day basis.

	31 December 2015	31 December 2014
	Rupees in	1 thousand
Cash for the purposes of the statement of cash flows consists of:		
Cash and other equivalents	10,749	8,893
Current and other accounts	3,040,848	2,380,695
Deposits maturing within 12 months	1,177,254	1,050,627
Total cash and cash equivalents	4,228,851	3,440,215

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha	Kamran Rasool	Muhammad Umar Virk	Muhammad Ali Zeb
Chairman	Director	Director	Managing Director & Chief Execut

Managing Director & Chief Executive Officer

# **Consolidated Statement of Changes in Equity**

### For the Year ended 31 December 2015

	Share capital		Capital reserve	2		Revenue	e reserve		Equity	Nor	
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	General reserve	Capital Contribution to statutory fund	Retained earnings	Net Retained earnings	attributable to equity holders of the parent	Non- controlling interest	Total Equity
					Ruj	pees in thousa	and				
Balance as at 31 December 2013	3,500,000	22,859	3,764	477,286	936,500	(331,638)	8,139,204	7,807,566	12,747,975	22,702	12,770,677
Comprehensive income for the year ended 31 December 2014											
Profit for the year	_						1,890,243	1,890,243	1,890,243	3,860	1,894,103
Other comprehensive income	_	-	_	(45,259)	_	-	11,358	11,358	(33,901)	-	(33,901)
Capital contribution to statutory funds	-	-	-	-	-	(52,090)	-	(52,090)	(52,090)	(18,036)	(70,126)
Total comprehensive income for the year	-	-	-	(45,259)	-	(52,090)	1,901,601	1,849,511	1,804,252	(14,176)	1,790,076
Transactions with owners of the Company											
Final dividend for the year ended 31 December 2013 @ 10% (Rupee 1/- per share)	-	-	-	-	-		(350,000)	(350,000)	(350,000)	-	(350,000)
Interim dividend for the period ended 30 June 2014 @ 12.5% (Rupees 1.25/- per share)	_		_			_	(437,500)	(437,500)	(437,500)		(437,500)
	-	-	-	-	-	-	(787,500)	(787,500)	(787,500)	-	(787,500)
Balance as at 31 December 2014	3,500,000	22,859	3,764	432,027	936,500	(383,728)	9,253,305	8,869,577	13,764,727	8,526	13,773,253
Comprehensive income for the year ended 31 December 2015											
Profit for the year											
Other comprehensive income	-	-	-	- 41,436	-	-	2,555,457 (3,921)	2,555,457 (3,921)	2,555,457 37,515	224	2,555,681 37,515
Capital contribution to statutory funds				41,430		(10,251)	(3,521)	(10,251)	(10,251)	(3,549)	(13,800)
Total comprehensive income for the year	-	-	-	41,436	-	(10,251)	2,551,536	2,541,285	2,582,721	(3,325)	2,579,396
Transactions with owners of the Company											
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share)	_	_	_	_	_	_	(525,000)	(525,000)	(525,000)	_	(525,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share)							(525.000)	(525,000)	(525,000)		(525,000)
	-	-	-	-	-	-		(1,050,000)		-	(1,050,000)
Balance as at 31 December 2015	3,500,000	22,859	3,764	473,463	936,500	(393,979)	10,754,841	10,360,862	15,297,448	5,201	15,302,649

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool Director

Muhammad Umar Virk Director

### Muhammad Ali Zeb

Chairman



# **Consolidated Statement of Premiums**

For the Year ended 31 December 2015

		Unearr	ned premium i	reserve			Prenaid rei	nsurance prei	mium ceded		Net premiu	m revenue
Class	Premiums written	Opening	Closing	Currency translation effect	Premiums earned	Reinsurance ceded	Opening	Closing	Currency translation effect	Reinsurance expense	31 December 2015	
						Rupees in t	nousand					
General insurance:												
Direct and facultative												
Fire and property damage	4,674,708	2,317,112	2,320,296	1,941	4,673,465	3,828,249	1,653,732	1,828,498	1,156	3,654,639	1,018,826	1,003,802
Marine, aviation and transport	1,097,518	48,712	39,224	247	1,107,253	386,874	5,524	2,729	1	389,670	717,583	690,393
Motor	5,007,929	1,826,457	2,630,869	56,827	4,260,344	512,553	145,516	161,452	6,272	502,889	3,757,455	2,787,643
Accident & Health	1,488,584	563,010	498,615	1,009	1,553,988	20,628	12,704	14,096	551	19,787	1,534,201	1,272,835
Miscellaneous	1,370,629	514,557	439,940	363	1,445,609	661,801	236,190	171,901	193	726,283	719,326	547,877
Total	13,639,368	5,269,848	5,928,944	60,387	13,040,659	5,410,105	2,053,666	2,178,676	8,173	5,293,268	7,747,391	6,302,550
Treaty												
Proportional					_		-	-				-
	-	-	-	-	-	-	-	-		-	-	-
Total	13,639,368	5,269,848	5,928,944	60,387	13,040,659	5,410,105	2,053,666	2,178,676	8,173	5,293,268	7,747,391	6,302,550
Life insurance:												
Conventional business	362,126	-	-	-	362,126	211,631	-	-	-	211,631	150,495	138,760
Accident and Health Business	-	-	-		-	_	-	-	-	-	-	-
Non-unitised Investment Link Business	510,469	-	-	-	510,469	6,518	-	-	-	6,518	503,951	521,271
Unit Linked Business	8,278,046	-	-	-	8,278,046	94,801	-	-	-	94,801	8,183,245	4,316,402
Total	9,150,641	-	-		9,150,641	312,950	-	-	-	312,950	8,837,691	4,976,433
Grand Total	22,790,009	5,269,848	5,928,944	60,387	22,191,300	5,723,055	2,053,666	2,178,676	8,173	5,606,218	16,585,082	11,278,983

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director

Managing Director  $\otimes$  Chief Executive Officer

# **Consolidated Statement of Premiums**

For the Year ended 31 December 2015

Business underwritten Inside	e Pakistan											
		Unearn	ed premium r	reserve			Prepaid reir	nsurance prei	mium ceded		Net premiu	m revenue
Class	Premiums written	Opening	Closing	Currency translation effect	Premiums earned	Reinsurance ceded	Opening	Closing	Currency translation effect	Reinsurance expense	31 December 2015	31 Deceember 2014
						Rupees in tl	housand					
General insurance:												
Direct and facultative												
Fire and property damage	4,587,468	2,267,875	2,276,188	-	4,579,155	3,774,551	1,618,179	1,800,461	-	3,592,269	986,886	977,764
Marine, aviation and transport	1,074,278	42,421	33,670	-	1,083,029	386,874	5,458	2,729	-	389,603	693,426	665,436
Motor	1,849,461	718,851	902,200	-	1,666,112	26,522	833	297	-	27,058	1,639,054	1,352,407
Accident ® Health	1,450,910	539,400	473,126	-	1,517,184	-	-	-	-	-	1,517,184	1,262,272
Miscellaneous	1,348,413	506,570	430,046		1,424,937	649,635	232,065	166,445	-	715,255	709,682	538,754
Total	10,310,530	4,075,117	4,115,230	-	10,270,417	4,837,582	1,856,535	1,969,932	-	4,724,185	5,546,232	4,796,633
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-		-	-	-	-	-	-		-
Total	10,310,530	4,075,117	4,115,230	-	10,270,417	4,837,582	1,856,535	1,969,932	-	4,724,185	5,546,232	4,796,633
Life insurance:												
Conventional business	362,126	-	-	-	362,126	211,631	-	-	-	211,631	150,495	138,760
Accident and Health Business	-	_	-	_	-	-	-	-	-	-		-
Non-unitised Investment Link Business	510,469	_	-	_	510,469	6,518	-	-	-	6,518	503,951	521,271
Unit Linked Business	8,278,046	-	-		8,278,046	94,801	-	-	-	94,801	8,183,245	4,316,402
Total	9,150,641	-	-	- -	9,150,641	312,950	-	-	-	312,950	8,837,691	4,976,433
Grand Total	19,461,171	4,075,117	4,115,230	-	19,421,058	5,150,532	1,856,535	1,969,932	-	5,037,135	14,383,923	9,773,066

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk Director

### Muhammad Ali Zeb Managing Director & Chief Executive Officer

Chairman

Director



# **Consolidated Statement of Premiums**

For the Year ended 31 December 2015

Business underwritten Outs	side Pakist	an										
		Unearr	ned premium	reserve			Prepaid rei	nsurance pre	mium ceded		Net premiu	m revenue
Class	Premiums written	Opening	Closing	Currency translation effect	Premiums earned	Reinsurance ceded	Opening	Closing	Currency translation effect	Reinsurance expense	31 December 2015	31 December 2014
						Rupees in t	housand					
Direct and Facultative												
Fire and property damage	87,240	49,237	44,108	1,941	94,310	53,698	35,553	28,037	1,156	62,370	31,940	26,038
Marine, aviation and transport	23,240	6,291	5,554	247	24,224	-	66	-	1	67	24,157	24,957
Motor	3,158,468	1,107,606	1,728,669	56,827	2,594,232	486,031	144,683	161,155	6,272	475,831	2,118,401	1,435,236
Accident ® Health	37,674	23,610	25,489	1,009	36,804	20,628	12,704	14,096	551	19,787	17,017	10,563
Miscellaneous	22,216	7,987	9,894	363	20,672	12,166	4,125	5,456	193	11,028	9,644	9,123
Total	3,328,838	1,194,731	1,813,714	60,387	2,770,242	572,523	197,131	208,744	8,173	569,083	2,201,159	1,505,917
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	3,328,838	1,194,731	1,813,714	60,387	2,770,242	572,523	197,131	208,744	8,173	569,083	2,201,159	1,505,917

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb Managing Director & Chief Executive Officer

Chairman

Director

Director

# **Consolidated Statement of Claims**

For the Year ended 31 December 2015

	Total claims	Ou	itstanding cla	ims	Claims	Reinsurance and other		e and other re of outstandin		Reinsurance and other	Net claim:	s expense
Class	paid	Opening	Closing	Currency translation effect	expenses	recoveries received	Opening	Closing	Currency translation effect	recoveries revenue	31 Deceember 2015	31 December 2014
						Rupees in	thousand					
General insurance:												
Direct and Facultative												
Fire and property damage	1,928,536	2,403,109	2,067,410	1,638	1,591,199	1,293,345	1,551,981	1,410,937	1,391	1,150,910	440,289	628,394
Marine, aviation and transport	439,321	308,228	180,649	3	311,739	67,159	168,410	94,260	-	(6,991)	318,730	332,068
Motor	3,770,633	2,120,265	2,420,134	84,877	3,985,625	1,554,805	1,664,900	1,999,259	71,835	1,817,329	2,168,296	1,636,847
Accident & Health	1,465,546	146,480	144,062	278	1,462,850	18,626	2,784	7,373	197	23,018	1,439,832	1,140,589
Miscellaneous	539,041	707,959	961,569	15	792,636	143,457	488,628	704,930	15	359,744	432,892	350,317
Total	8,143,077	5,686,041	5,773,824	86,811	8,144,049	3,077,392	3,876,703	4,216,759	73,438	3,344,010	4,800,039	4,088,215
Treaty												
Proportional	-	20,332		-	(20,332)	-	-	-	-	-	(20,332)	-
	-	20,332			(20,332)					-	(20,332)	-
Total	8,143,077	5,706,373	5,773,824	86,811	8,123,717	3,077,392	3,876,703	4,216,759	73,438	3,344,010	4,779,707	4,088,215
Life Insurance:												
Conventional Business	270,035	56,380	68,695	-	282,350	182,698	-	-	-	182,698	99,652	62,140
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	-	-
Non-unitised Investment Link	05 000		40.000		00 5 / 5	5 005				5 005		47.004
Business Unit Linked Business	95,022 1.587,159	11,911 45.208	13,436 116.050	-	96,547 1.658.001	5,227 70.681	-	-	-	5,227 70.681	91,320 1,587,320	17,091 1,164,168
Unit Linked Business	1,587,159	45,208	198,181	-	2.036.898	258.606	-		-	258.606	1,587,320	1,164,168
lotal Grand Total												
oranu rotal	10,095,293	5,819,872	5,972,005	86,811	10,160,615	3,335,998	3,876,703	4,216,759	73,438	3,602,616	6,557,999	5,331,614

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk
Director

### Muhammad Ali Zeb Managing Director & Chief Executive Officer

# **Consolidated Statement of Claims**

### For the Year ended 31 December 2015

Business underwri	tten Inside	Pakistan										
	Total claims	Οι	ıtstanding cla	ims	Claims	Reinsurance and other		e and other ro of outstandin		Reinsurance	Net claim	s expense
Class	paid	Opening	Closing	Currency translation effect	expenses	and other recoveries received	Opening	Closing	Currency translation effect	and other recoveries revenue	31 December 2015	31 December 2014
						Rupees in	thousand					
General insurance:												
Direct and Facultative												
Fire and property damage	1,865,057	2,395,537	1,985,358	-	1,454,878	1,267,093	1,545,559	1,341,207	-	1,062,741	392,137	592,444
Marine, aviation and transport	437,889	308,152	180,570	-	310,307	67,159	168,410	94,260	-	(6,991)	317,298	333,014
Motor	725,827	172,203	226,650	=	780,274	3,816	66,356	76,499	-	13,959	766,315	651,712
Accident & Health	1,438,938	142,538	133,585	=	1,429,985	=	-	-	=	-	1,429,985	1,136,020
Miscellaneous	523,507	707,959	960,737		776,285	133,000	488,628	704,120	-	348,492	427,793	350,314
Total	4,991,218	3,726,389	3,486,900	-	4,751,729	1,471,068	2,268,953	2,216,086	-	1,418,201	3,333,528	3,063,504
Treaty												
Proportional	-	20,332		-	(20,332)	-	-	-	-	-	(20,332)	-
	-	20,332	-	-	(20,332)	-	-	-	-	-	(20,332)	-
Total	4,991,218	3,746,721	3,486,900	-	4,731,397	1,471,068	2,268,953	2,216,086		1,418,201	3,313,196	3,063,504
Life Insurance:												
Conventional Business	270,035	56,380	68,695	-	282,350	182,698	-	-	-	182,698	99,652	62,140
Accident and Health Business	-			-			-	-	-	-	-	-
Non-unitised Investment Link	05.000	11.014	12/20		00 5 / 5	E 225				E 225	04 000	17.001
Business Unit Linked Business	95,022 1.587,159	11,911 45.208	13,436 116.050	-	96,547 1.658.001	5,227 70,681	-	-	-	5,227 70,681	91,320 1,587,320	17,091 1,164,168
Total	1,952,216	113,499	198,181	-	2,036,898	258,606	-	-	-	258,606	1,778,292	1,104,108
Grand Total	6.943.434	3.860.220	3.685.081		6.768.295	1.729.674	2.268.953	2.216.086		1.676.807	5.091.488	4,306,903

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Director

Managing Director & Chief Executive Officer

# **Consolidated Statement of Claims**

### For the Year ended 31 December 2015

Business underwri	tten Outsic	le Pakista	n									
		Outstanding claims				Reinsurance		e and other r of outstandin		Reinsurance	Net claims expense	
Class	Total claims paid	Opening	Closing	Currency translation effect	Claims expenses	and other recoveries received	Opening	Closing	Currency translation effect	and other recoveries revenue	31 December 2015	31 December 2014
						Rupees in	thousand					
Direct and Facultative												
Fire and property damage	63,479	7,572	82,052	1,638	136,321	26,252	6,422	69,730	1,391	88,169	48,152	35,950
Marine, aviation and transport	1,432	76	79	3	1,432	-	-	-	-	-	1,432	(946)
Motor	3,044,806	1,948,062	2,193,484	84,877	3,205,351	1,550,989	1,598,544	1,922,760	71,835	1,803,370	1,401,981	985,135
Accident & Health	26,608	3,942	10,477	278	32,865	18,626	2,784	7,373	197	23,018	9,847	4,569
Miscellaneous	15,534		832	15	16,351	10,457	-	810	15	11,252	5,099	3
Total	3,151,859	1,959,652	2,286,924	86,811	3,392,320	1,606,324	1,607,750	2,000,673	73,438	1,925,809	1,466,511	1,024,711
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	3,151,859	1,959,652	2,286,924	86,811	3,392,320	1,606,324	1,607,750	2,000,673	73,438	1,925,809	1,466,511	1,024,711

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

**Umer Mansha** Chairman Kamran Rasool Director Muhammad Umar Virk

Director

Muhammad Ali Zeb Managing Director & Chief Executive Officer

# **Consolidated Statement of Expenses**

### For the Year ended 31 December 2015

		De	ferred commis	sion				_	Net underwri	ting expense
Class	Commissions paid or payable	Opening	Closing	Currency translation effect	Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	31 December 2015	31 December 2014
					Rupees	s in thousand	1. I.	n		
General insurance:										
Direct and facultative										
Fire and property damage	464,895	237,072	222,472	312	479,807	261,076	740,883	361,484	379,399	279,471
Marine, aviation and transport	116,294	10,503	4,156	14	122,655	187,467	310,122	2,631	307,491	277,763
Motor	472,715	169,562	252,451	6,147	395,973	769,275	1,165,248	37,167	1,128,081	935,894
Accident & Health	22,528	11,301	10,871	82	23,040	126,820	149,860	-	149,860	181,587
Miscellaneous	105,443	48,858	48,318	47	106,030	211,113	317,143	168,226	148,917	170,410
Total	1,181,875	477,296	538,268	6,602	1,127,505	1,555,751	2,683,256	569,508	2,113,748	1,845,125
Treaty										
Proportional	-	-	-	-	-	-	-	-	-	-
									-	=
Total	1,181,875	477,296	538,268	6,602	1,127,505	1,555,751	2,683,256	569,508	2,113,748	1,845,125
Life Insurance:										
Conventional Business	31.934	-		-	31,934	38.624	70,558		70,558	65,286
Accident and Health Business		_	_	-	-	(1)	(1)	_	(1)	
Non-unitised Investment Link						(1)			(.,	
Business	42,031	-	-	-	42,031	34,974	77,005	-	77,005	94,730
Unit Linked Business	1,422,278	-	-	-	1,422,278	484,633	1,906,911	-	1,906,911	1,296,096
Total	1,496,243	-	-	-	1,496,243	558,230	2,054,473	J L	2,054,473	1,456,112
Grand Total	2,678,118	477,296	538,268	6,602	2,623,748	2,113,981	4,737,729	569,508	4,168,221	3,301,237

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk
Director

Muhammad Ali Zeb

Chairman

Director

Managing Director  $\otimes$  Chief Executive Officer

# **Consolidated Statement of Expenses**

### For the Year ended 31 December 2015

		De	ferred commis	sion					Net underwriting expense	
Class	Commissions paid or payable	Opening	Closing	Currency translation effect	Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	31 December 2015	31 December 2014
					Rupee	s in thousand				
eneral insurance:										
)irect and facultative										
ire and property damage	452,189	228,246	216,140	-	464,295	248,670	712,965	348,224	364,741	256,827
larine, aviation and transport	112,541	10,308	3,481	-	119,368	181,198	300,566	2,621	297,945	262,198
otor	124,287	54,280	59,416	-	119,151	501,220	620,371	103	620,268	551,118
ccident & Health	19,122	9,514	8,639	-	19,997	120,232	140,229	-	140,229	168,513
liscellaneous	102,848	47,698	47,201	-	103,345	204,956	308,301	161,089	147,212	160,587
otal	810,987	350,046	334,877	-	826,156	1,256,276	2,082,432	512,037	1,570,395	1,399,247
reaty										
roportional	-	-	-	-	-	-	-	-	-	
	-	-		-					-	
otal	810,987	350,046	334,877	-	826,156	1,256,276	2,082,432	512,037	1,570,395	1,399,247
ife Insurance:										
onventional Business	31,934	-	_	-	31,934	38,624	70,558	-	70,558	65,286
ccident and Health Business		_	_		_	(1)	(1)		(1)	00,200
Ion-unitised Investment Link						(1)				
usiness	42,031	-	-	-	42,031	34,974	77,005	-	77,005	94,730
Init Linked Business	1,422,278	-	-	-	1,422,278	484,633	1,906,911	-	1,906,911	1,296,096
otal	1,496,243	-	-	-	1,496,243	558,230	2,054,473	-	2,054,473	1,456,112
irand Total	2,307,230	350.046	334,877		2,322,399	1,814,506	4,136,905	512,037	3,624,868	2,855,359

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk
Director

# **Consolidated Statement of Expenses**

### For the Year ended 31 December 2015

		Deferred commissio		erred commission					Net underwri	ting expense
Class	Commissions paid or payable	Opening	Closing	Currency translation effect	Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	31 December 2015	31 December 2014
					Rupee	s in thousand				
Direct and facultative										
Fire and property damage	12,706	8,826	6,332	312	15,512	12,406	27,918	13,260	14,658	22,644
Aarine, aviation and transport	3,753	195	675	14	3,287	6,269	9,556	10	9,546	15,565
Aotor	348,428	115,282	193,035	6,147	276,822	268,055	544,877	37,064	507,813	384,776
ccident & Health	3,406	1,787	2,232	82	3,043	6,588	9,631	-	9,631	13,070
/iscellaneous	2,595	1,160	1,117	47	2,685	6,157	8,842	7,137	1,705	9,823
otal	370,888	127,250	203,391	6,602	301,349	299,475	600,824	57,471	543,353	445,878
reaty										
Proportional	-	-	-	-	-	-	-	-	-	-
otal		-	-	-	-	-	-	-	-	=
Grand Total	370.888	127.250	203.391	6.602	301.349	299.475	600.824	57,471	543,353	445.878

The annexed notes 1 to 40 form an integral part of these consolidated financial statements.

Umer Mansha

Kamran Rasool Director Muhammad Umar Virk

Muhammad Ali Zeb

Chairman

Director

Managing Director & Chief Executive Officer

# **Consolidated Statement of Investment Income**

### For the Year ended 31 December 2015

		31 December 2015	31 December 2014
	i	Rupees in	thousand
General Insurance:			
Income from non-trading investments			
Available-for-sale			
Return on term finance certificates		4,713	6,777
Return on treasury bills		4,034	17,715
Return on Pakistan Investment Bonds		39,803	27,158
Dividend income			
- associated undertakings		698,384	520,843
- others		435,258	345,995
		1,133,642	866,838
		1,182,192	918,488
Gain on sale of 'available-for-sale' investments			
- associated undertakings		_	-
- others		1,298,816	1,147,927
		1,298,816	1,147,927
		2,481,008	2,066,415
(Provision) for impairment in value of 'available-for-sale investments'	15.2	(76,696)	(5,554)
מימונמטנפיוטו-כמנפ וו ועפטנו ופו ונכ	15.4	2,404,312	2,060,861
Life insurance:			
Shareholders' fund	I		
Unrealised appreciation in value of quoted securities	·	855	208
Return on Government Securities		19,188	26,659
Return on bank deposits		1,211	1,453
Dividend income		2,809	2,415
Gain on sale of non-trading investments		4,108	3,119
(Provision) for impairment in value of 'available-for-sale investments'	15.2	(627)	_
		27,544	33,854
Chata the second s			
Statutory Funds: Conventional Business			
	I	42.407	11 100
Return on Government Securities		13,184	11,170
Investment income on bank deposits		7,067	9,895
Gain on sale of disposal of open-end non trading investments	15.0	22	-
Provision for impairment in value of 'available-for-sale' investments	15.2	(80)	
		20,193	21,065

# **Consolidated Statement of Investment Income**

### For the Year ended 31 December 2015

	31 December 2015	31 December 2014
	Rupee	s in thousand
Accident and Health Business		
Return on Government Securities	7	6
Return on bank deposits	4	6
	11	12
Non-unitised Investment Link Business		
Appreciation in value of quoted securities	17,922	85,667
Return on fixed income securities	3,851	4,663
Return on Government Securities	160,485	133,639
Return on bank deposits	6,448	4,731
Dividend income	347	-
Gain on sale of disposal of trading investments	42,870	2,142
	231,923	230,842
Unit Linked Business		
Appreciation in value of quoted securities	42,262	319,698
Return on Government Securities	668,038	408,502
Return on fixed income securities	8,235	10,036
Dividend income	28,843	1,448
Investment income on bank deposits	35,481	21,471
Gain on disposal of open-end trading / non-trading investments	134,724	35,878
	917,583	797,033
	3,601,566	3,143,667
Net investment income		
Net investment income - statutory funds	1,169,710	1,048,952
Net investment income - other	<u>2,431,856</u> 3,601,566	<u>2,094,715</u> 3,143,667
The annexed notes 1 to 40 form an integral part of these consolidated financi	al statements.	

Umer Mansha

Kamran Rasool

Muhammad Umar Virk
Director

Muhammad Ali Zeb

Chairman

Director

Managing Director & Chief Executive Officer

For the Year Ended 31 December 2015

#### 1 The group and its operations

**1.1** The group comprises of:

Holding Company Adamjee Insurance Company Limited

#### **Subsidiary Company**

Adamjee Life Assurance Company Limited

2015 2014 (Holding percentage)

74.28% 74.28%

#### Adamjee Insurance Company Limited (Holding Company)

Adamjee Insurance Company Limited is a public limited company incorporated in Pakistan on 28 September 1960 under the Companies Act, 1913 (now the Companies Ordinance, 1984). The Company is listed on Karachi, Lahore and Islamabad stock exchanges (subsequent to year end due to demutualization, all stock exchanges are integrated into Pakistan Stock Exchange) and is engaged in the general insurance business. The registered office of the Company is situated at Tanveer Building, 27-C-III, MM Alam Road, Gulberg III, Lahore.

The Company also operates branches in the United Arab Emirates (UAE), the Kingdom of Saudi Arabia (KSA) and the Export Processing Zone (EPZ). The branch in the KSA has closed down its operations and is in "run-off" status with effect from 01 October 2003.

The Holding Company was granted authorization on 23 December 2015 under Rule 6 of the Takaful Rules, 2012 to undertake Window Takaful Operations in respect of general takaful products by Securities and Exchange Commission of Pakistan (SECP) however, there have been no operation of Window Takaful Operations since the Waqf / Participant Takaful Fund Deed is signed subsequent to the year end in January 2016.

### Adamjee Life Assurance Company Limited (Subsidiary Company)

Adamjee Life Assurance Company Limited was incorporated in Pakistan on 4 August 2008 as a public unlisted company under the Companies Ordinance, 1984. The company started its operations from 24 April 2009. The registered office of the Company is located at 1st floor, Islamabad Stock Exchange Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad while its principal place of business is located at 3rd Floor, The Forum, Khayaban-e-Jami, Clifton, Karachi. The Company is a subsidiary of Adamjee Insurance Company Limited and an associate of IVM Intersurer B.V, each having a holding of 74.28% and 25.72% (2014: 74.28% and 25.72%) respectively in the share capital of the Company. IVM Intersurer B.V. has nominated Hollard Life Assurance Company Limited ("HLA"), an associate company of IVM Intersurer B.V. to act on its behalf in respect of matters relating to the Company. HLA is South Africa's largest private sector insurance company.

The Company is engaged in life assurance business carrying on non-participating business only. In accordance with the requirements of the Insurance Ordinance, 2000, the Company has established a shareholders' fund and the following statutory funds in respect of each class of its life assurance business:

- Conventional Business
- Accident and Health Business
- Individual Life Non-unitised Investment Linked Business
- Individual Life Unit Linked Business

For the Year Ended 31 December 2015

#### 2 Basis of preparation

#### 2.1 Statement of compliance

- These consolidated 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 issued under the Companies Ordinance, 2000 and SEC (Insurance) Rules, 2002 shall prevail.
- The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) 39 'Financial Instruments: Recognition and Measurement' in respect of 'available-for-sale' investments until suitable amendments have been made in the laws. Accordingly, the requirements of IAS - 39, to the extent allowed by SECP, have not been considered in the preparation of these consolidated financial statements. The effect of such departure from the requirements of IAS - 39 is disclosed in Note 15.1.

### 2.2 Consolidation

#### 2.2.1 Subsidiary Company

Subsidiary Company is the entity in which Holding Company directly or indirectly controls beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors. The financial statements of the Subsidiary Company are included in the consolidated financial statements from the date the control commences until the date that control ceases.

The assets and liabilities of Subsidiary Company have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Company.

Intergroup balances and transactions have been eliminated.

Non-controlling interests are that part of net results of the operations and of net assets of Subsidiary Company attributable to interest which are not owned by the Holding Company. Non-controlling interests are presented as separate item in the consolidated financial statements.

#### 2.2.2 Associates

Associates are the entities over which the Group has significant influence but not control. Significant influence is generally considered where shareholding percentage is between 20% to 50% of the voting shares. However, such significant influence can also arise where shareholding is lesser than 20% but due to other factors e.g. Group's representation on the Board of Directors of investee Company, the Group can exercise significant influence. Investments in these associates are accounted for using the equity method of accounting and are initially recognized at cost. The Group's investment in associate includes goodwill identified on acquisition, net of any accumulated impairment loss, if any.

The Group's share of its associate's post-acquisition profits or losses, movement in other comprehensive income, and its share of post-acquisition movements in reserves is recognized in the consolidated profit and loss account, consolidated statement of comprehensive income and reserves respectively. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Distributions received from an associate reduce the carrying amount of the investment.

### For the Year Ended 31 December 2015

However, there was no associate during the year required to be accounted for under equity method.

#### 2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that certain investments which are stated at lower of cost and market value and valuation of policyholders liability and employees' retirement benefits which are carried on the basis of actuarial valuation. Accrual basis of accounting has been used except for cash flow statements.

#### 2.4 Functional and presentation currency

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

#### 2.5 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods.

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

Mata

		Note
-	Provision for outstanding claim including claims incurred but not reported (IBNR)	3.3.3
-	Provision for taxation including the amount relating to tax contingency	3.13
-	Provision for doubtful receivables	3.3.1
-	Useful lives, pattern of economic benefits and impairments - Fixed assets	3.14
-	Defined benefit plans	3.7
-	Classification of investments	3.11
-	Premium deficiency reserve	3.3.6

#### 2.6 Standards and amendments to published approved International Financial Reporting Standards 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 Group's financial statements.

### For the Year Ended 31 December 2015

- 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 Group'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 Group'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 Group'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 Group'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.
- 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.

For the Year Ended 31 December 2015

The above improvements are not likely to have material impact on the consolidated financial statements of the Group.

#### 3 Summary of significant accounting policies

#### 3.1 Change in accounting policy

During the year the Group has adopted IFRS 13 'Fair Value Measurement' which became effective for the financial periods beginning on or after 01 January 2015. IFRS 13 Fair Value Measurement establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. It unifies the definition of fair values as the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other IFRSs, including IFRS 7 Financial Instruments Disclosures. As a result, the Group has included the additional disclosure in this regard in note 38 to the financial statements. In accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. The application of IFRS 13 does not have any significant impact on the financial statements of the Group except for certain additional disclosures.

#### 3.2 Insurance contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

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

Insurance contracts issued by the Group are generally classified in nine basic categories among them five categories are covered by the Holding Company i.e. Fire and property, Marine, aviation and transport, Motor, Health and Miscellaneous and four categories i.e. Conventional Business, Accident and Health Business, Non-Unitised Investment Link Business and Unit Link Fund are covered by the Subsidiary Company. These are issued to multiple types of clients with businesses in engineering, automobiles, cement, power, textiles, paper, agriculture, services and trading sectors etc. and individuals as well. The tenure of these insurance contracts depends upon terms of the policies written and vary accordingly.

#### Holding Company - Non Life Business

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage etc.
- Marine aviation and transport insurance contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.
- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.

For the Year Ended 31 December 2015

- Accident and Health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured.
- Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

#### Subsidiary Company - Life Business

- The Conventional Business includes individual life, group life and group credit life assurance.
- Accident and Health Business provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals. The risk underwritten is mainly related to medical expenses relating to hospitalisation and death by accidental means. This business is written through direct sales by the head office as well as through tele-sales.
- Individual Life Non-unitised Investment Linked Business provides life assurance coverage to individuals under universal life
  policies issued by the Company. Benefits are expressed in terms of account value of the policyholder account which is related
  to the market value of the underlying assets of the investment fund. The risk underwritten is mainly death and disability. This
  business is written through bancassurance channel and brokers.
- Individual Life Unit Linked Business provides life assurance coverage to individuals under unit-linked investment policies issued by the Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. Various types of riders (Accidental death, family income benefits etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders fund value, while others are not charged i.e. additional premium is charged there against. The risk underwritten is mainly death and disability. This business is only written through bancassurance channel, brokers and Company's own agency distribution channel.

In addition to direct insurance, the Group also participates in risks under co-insurance contracts from other companies and also accepts risks through re-insurance inward by way of facultative acceptance on case to case basis provided such risks are within the underwriting policies of the group. The nature of the risks undertaken under such arrangement is consistent with the risks in each class of business as stated above.

Since the nature of insurance contracts entered in to by the Holding Company and its Subsidiary Company are different, the respective accounting policies have separately been disclosed here under.

#### 3.3 Holding Company - Non-life business

#### 3.3.1 Premium

Premium received / receivable under a policy is recognized as written from the date of attachment of the policy to which it relates. Premium income under a policy is recognized over the period of insurance from inception to expiry evenly over the period of the policy using twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002 except otherwise stated below:

- for marine cargo business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies; and

### For the Year Ended 31 December 2015

- for crop business, as a ratio of the unexpired period to the total period of the policy applied on the gross premium of the individual policies; and
- for other classes / lines of business, by applying the twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

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

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

#### 3.3.2 Reinsurance ceded

The Holding Company enters into reinsurance contracts in the normal course of business in order to limit the potential for losses arising from certain exposures. Outward reinsurance premiums are accounted for in the same period as the related premiums for the direct or accepted reinsurance business being reinsured.

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

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

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

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

The portion of reinsurance premium not recognized as an expense is shown as a prepayment.

Commission income from reinsurers is recognized at the time of issuance of the underlying insurance policy by the Holding Company. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the reinsurance premium to which it relates. Profit commission, if any, which the Holding Company may be entitled to under the terms of reinsurance, is recognized on accrual basis.

#### 3.3.3 Provision for outstanding claims including IBNR

The Holding Company recognizes liability in respect of all claims incurred up to the reporting date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in the insurance contract. The liability for claims include amounts relating to unpaid reported claims, claims incurred but not reported (IBNR), expected claims settlement costs, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from previous years.

### For the Year Ended 31 December 2015

Provision for IBNR are based on the best estimate which takes into account the past trend, expected future patterns of reporting claims and the claims actually incurred subsequent to the balance sheet date.

The Holding Company accounts for IBNR based on an analysis of past claims reporting pattern by tracking movement in claims incurred in an accounting period. Provision for IBNR claims pertaining to Accident and Health Insurance is determined on actuary's advice.

#### 3.3.4 Reinsurance recoveries against outstanding claims

Claims recoveries receivable from the reinsurer 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.

#### 3.3.5 Commission expense and other acquisition costs

Commission expense incurred in obtaining and recording policies is deferred and recognized as an expense in accordance with pattern of recognition of premium revenue.

Other acquisition costs are charged to profit and loss account at the time the policies are accepted.

#### 3.3.6 Premium deficiency reserve

The Holding 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 reporting date.

The movement in the premium deficiency reserve is recorded as an expense / income in profit or loss account for the year.

For this purpose, loss ratios for each class of non-life insurance business are estimated based on historical claim development. 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 by the Holding Company on these basis for the unexpired portion are as follows:

	2015	2014
Fire and property damage	56.64%	74.66%
Marine, aviation and transport	43.48%	44.02%
Motor	60.16%	63.26%
Miscellaneous (including Accident $\otimes$ Health)	80.17%	79.89%

Provision for premium deficiency pertaining to Accident and Health Insurance business included in Miscellaneous class of business is determined on actuary's advice.

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

For the Year Ended 31 December 2015

#### 3.4 Subsidiary Company - Life business

#### 3.4.1 Conventional Business

The Conventional Business includes individual life, group life and group credit life assurance.

#### 3.4.1.1 Individual life

The individual life business segment provides coverage to individuals against deaths and disability under conventional policies issued by the Company. Additional riders are included on the discretion of the policyholder. The business is written through bancassurance, tele-sales and direct sales made by head office.

#### **Revenue recognition**

Premiums are recognised once the related policies have been issued and the premiums have been received.

#### Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

#### **Claim expenses**

Claims expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Surrender of conventional business policies is made after these have been approved in accordance with the Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

#### 3.4.1.2 Group life and group credit life

Group Life contracts are mainly issued to employers to ensure their commitments to their employees as required under the West Pakistan Industrial and Commercial Employment (Standing Orders) Ordinance, 1968.

The group life business segment provides coverage to members / employees of business enterprises and corporate entities, against death and disability under group life assurance schemes issued by the Subsidiary Company. The group credit life business segment provides coverage to a group of member or subscribers registered under a common platform against death and disability. The business is written mainly through direct sales force and bancassurance.

### For the Year Ended 31 December 2015

#### **Revenue recognition**

Premiums are recognised as and when due. In respect of certain group policies the Subsidiary Company continues to provide insurance cover even if the premium is received after the grace period. Provision for unearned premiums is included in the policyholders' liabilities.

#### Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

#### **Claim expenses**

Claims expenses are recognised on the date the insured event is intimated.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

#### Experience refund of premium

Experience refund of premium payable to policyholders' is included in policyholders' liability in accordance with the advice of the appointed actuary.

#### 3.4.2 Accident and Health Business

Accident and Health Business provides fixed pecuniary benefits or benefits in the nature of indemnity or a combination of both in case of accident or sickness to individuals. The risk underwritten is mainly related to medical expenses relating to hospitalisation and death by accidental means. This business is written through direct sales by the head office as well as through tele-sales.

#### **Revenue recognition**

Premiums are recognised once the related policies have been issued and the premiums have been received.

#### Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

#### **Claim expenses**

Claims expenses are recognised after the date the insured event is initiated and a reliable estimate of the claim amount can be made.

### For the Year Ended 31 December 2015

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

#### 3.4.3 Non-unitised Investment Linked Business

Individual Life Non-unitised Investment Linked Business provides life assurance coverage to individuals under universal life policies issued by the Subsidiary Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. The risk underwritten is mainly death and disability. This business is written through bancassurance channel and brokers.

#### **Revenue recognition**

Premiums are recognised once the related policies have been issued and the premiums have been received.

#### Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

#### Claim expense

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Surrender of non-unitised investment linked business policies is made after these have been approved in accordance with the Subsidiary Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

#### 3.4.4 Unit Linked Business

Individual Life Unit Linked Business provides life assurance coverage to individuals under unit-linked investment policies issued by the Subsidiary Company. Benefits are expressed in terms of account value of the policyholder account which is related to the market value of the underlying assets of the investment fund. Various types of riders (Accidental death, family income benefits etc.) are also sold along with the basic policies. Some of these riders are charged through deductions from policyholders fund value, while others are not charged i.e. additional premium is charged there against. The risk underwritten is mainly death and disability. This business is only written through bancassurance channel, brokers and Subsidiary Company's own agency distribution channel.

#### **Revenue recognition**

Premiums (including first year, renewal and single premiums) are recognised once the resulted policies have been issued / renewed against receipt and realization of premiums.

For the Year Ended 31 December 2015

#### Recognition of policyholders' liabilities

Policyholders' liabilities included in the statutory fund are determined based on the appointed actuary's valuation conducted as at the balance sheet date, in accordance with section 50 of the Insurance Ordinance, 2000.

#### **Claim expenses**

Claim expenses are recognised on the earlier of the policy expiry or the date when the intimation of the event giving rise to the claim is received. Surrender of unit linked business policies is made after these have been approved in accordance with the Company's Policy.

Surrender of unit linked business policies is made after these have been approved in accordance with the Subsidiary Company's Policy.

Liability for outstanding claims includes amounts in relation to unpaid reported claims and is stated at estimated claims settlement cost. Full provision is made for the estimated cost of claims incurred and reported to the date of the balance sheet.

Liability for claims "Incurred But Not Reported" (IBNR) is included in the policyholders' liabilities in accordance with the estimates recommended by the appointed actuary.

#### 3.4.5 Reinsurance contracts held

Individual policies (including joint life policies underwritten as such) are reinsured under an individual life reinsurance agreement whereas group life and group credit life policies are reinsured under group life and group credit life reinsurance agreements respectively.

#### **Reinsurance premium**

Reinsurance premium expense is recognised at the same time when the related premium income is recognised. It is measured in line with the terms and conditions of the reinsurance treaties.

#### **Claim recoveries**

Claim recoveries from reinsurers are recognised at the same time when the claim giving rise to the right of recovery is recognised in the books of accounts of the Subsidiary Company.

#### Experience refund

Experience refund receivable for re-insurance is included in the re-insurance recoveries of claims.

#### Amount due from / to reinsurer

All receivables (reinsurer's share in claims, commission from reinsurer and experience refund) and payables (reinsurance premium) under reinsurance agreements are recognised on net basis in the Subsidiary Company's financial statements, only under the circumstances that there is a clear legal right of off-set of the amounts.

Amounts due from / to reinsurers are carried at cost which is the fair value of the consideration to be received / paid in the future for services rendered / received, less provision for impairment, if any.

### For the Year Ended 31 December 2015

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

These include amounts relating to and from agents and policyholders' which are recognised when due except unpaid premiums. Unpaid premiums are recognised as revenue only:

- during days of grace as specified in the policy; or
- where actuarial valuation assumes that all the premium due have been received.

#### 3.5 Statutory funds

#### Subsidiary Company - Life business

The Subsidiary Company maintains statutory funds in respect of each class of life assurance business in which it operates. Assets, liabilities, revenues and expenses of the Subsidiary Company are referable to the respective statutory funds. However, where these are not referable to statutory funds, these are allocated to shareholders' fund on the basis of actuarial advice. Apportionment of assets, liabilities, revenues and expenses, whenever required between funds are made on the basis certified by the appointed actuary of the Subsidiary Company. Policyholders' liabilities have been included in statutory funds on the basis of the actuarial valuation carried out by the appointed actuary of the Subsidiary Company on the balance sheet date as required by section 50 of the Insurance Ordinance, 2000.

#### 3.6 Policyholders' liabilities

#### 3.6.1 Subsidiary Company - Life business

#### 3..6.1.1 Conventional business

#### Individual life

Policyholders' liabilities constitute the reserves for basic plans and riders attached to the basic plans.

Policy reserves pertaining to the primary plans are based on Full Preliminary Term - Net Premium method using SLIC (2001-05) Individual Life Ultimate Mortality Table and a discounting factor interest rate of 3.75% per annum. This table reflects the recent mortality expectation in Pakistan and in line with the requirements of Circular No: 17 of 2013 issued by the SECP Insurance Division on September 13, 2013. The interest rate is considerably lower than the actual investment return the Subsidiary Company is managing on its conventional portfolio. The difference between the above and actual investment return is intended to be available to the Subsidiary Company for meeting administrative expense and for providing margins against adverse deviations. Policy reserves for both waiver of premium and accidental death riders have been based on net unearned premiums.

#### Incurred But Not Reported (IBNR) claims

IBNR reserves for riders are held as a percentage of rider premium earned in the valuation year in view of grossly insufficient claims experience.

#### Unearned premium and premium deficiency reserve

Unearned Premium Reserves (UPR) methodology is applied to rider premium to arrive at riders' reserves. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves.

For the Year Ended 31 December 2015

#### Group Life and Group Credit Life

Policy reserves for these plans are based on the unearned premium method net of allowances made for acquisition expenses, unexpired reinsurance premium and profit commission. Consideration is also given to the requirement for a Premium Deficiency Reserve. The reserves also comprise allowance for "Incurred But Not Reported" (IBNR) claims. The provision for 'Incurred But Not Reported' (IBNR) claims as included in policyholders' liability is estimated as 10% of the unearned premium for the year. This approach is being used as the Subsidiary Company has recently started business. Once sufficient experience of claim reporting patterns have built up in the Subsidiary Company's books, the appointed actuary of the Subsidiary Company will determine IBNR in accordance with these claim log patterns for each line of business separately. Appropriate margins will be added to ensure that the reserve set aside are resilient to changes in the experience.

#### Accident and Health Business

Currently there are no policyholders' liabilities to consider in this statutory fund.

#### Non-unitised Investment Linked Business

Policyholders' liabilities constitute the account value of investment linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

#### **Incurred But Not Reported Claims**

For IBNR, the Company uses statistical methods to incorporate assumptions made in order to estimate the ultimate cost of claims. The claims experience for this line of business has not developed sufficiently to attach full credibility to the experience. Hence, IBNR reserves are being kept as a percentage of risk charges. A lag study has order to determine the amount of IBNR claims. been conducted at various points of time to attach greater credibility to the experience in order to determine the amount of IBNR claims.

The method involves the analysis of historical claims and the lags estimated based on this historical pattern. Actual IBNR claims experience at various pints of time is compared to the IBNR reserves kept at these time periods, to determine the adequacy of IBNR reserves. This validates the factor that is applied to risk charges in order to arrive at IBNR reserves. Adequate margins are also built-in to compensate for any adverse deviations in claims experience. In view of grossly insufficient claims experience, IBNR reserves for non-linked riders have been held in proportion to the premium earned in the valuation year.

#### Unearned premium and premium deficiency reserve

Unearned premium reserve is not applicable to main policies. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves. Liabilities for claims in course of payment for Waiver of Premium rider are held in accordance with the advice of the appointed actuary.

The Premium Deficiency Reserve (PDR) is not applicable to these policies. For riders, there is no need to hold a PDR since these maintain very reasonable claim ratios.

For the Year Ended 31 December 2015

#### **Unit Linked Business**

Policyholders' liabilities constitute the account value of investment linked contracts as well as non-investment or risk reserves of these contracts. Risk reserves constitute liabilities held to account for risks such as death and risk only riders (accidental death and disability, monthly income benefit, waiver of premium, etc.). Reserves for risk only contracts where premiums are level over the term of the contract are based on the Net Premium Method whereas reserves for age related risk contracts are based on net unearned premiums.

#### **Incurred But Not Reported Claims**

For IBNR, the Company uses statistical methods to incorporate assumptions made in order to estimate the ultimate cost of claims. The claims experience for this line of business has not developed sufficiently to attach full credibility to the experience. Hence, IBNR reserves are being kept as a percentage of risk charges. A lag study has order to determine the amount of IBNR claims. been conducted at various points of time to attach greater credibility to the experience in order to determine the amount of IBNR claims.

The method involves the analysis of historical claims and the lags estimated based on this historical pattern. Actual IBNR claims experience at various pints of time is compared to the IBNR reserves kept at these time periods, to determine the adequacy of IBNR reserves. This validates the factor that is applied to risk charges in order to arrive at IBNR reserves. Adequate margins are also built-in to compensate for any adverse deviations in claims experience. In view of grossly insufficient claims experience, IBNR reserves for non-linked riders have been held in proportion to the premium earned in the valuation year.

#### Unearned premium and premium deficiency reserve

Unearned premium reserve is not applicable to main policies. The rider premium proportionate to the unexpired duration of the period for which the respective premiums have been received are held as unearned premium reserves. Liabilities for claims in course of payment for Waiver of Premium rider are held in accordance with the advice of the appointed actuary.

The Premium Deficiency Reserve (PDR) is not applicable to these policies. For riders, there is no need to hold a PDR since these maintain very reasonable claim ratios.

#### 3.7 Staff retirement benefits

#### 3.7.1 Holding Company

#### Defined contribution plan

The Holding Company operates an approved contributory provident fund scheme for all its eligible employees. Equal monthly contributions to the fund are made by the Holding Company and the employees at the rate of 8.33% of basic salary.

#### Defined benefit plans

The Holding Company operates the following defined benefit plans:

(a) an approved funded gratuity scheme for all its permanent employees in Pakistan. Annual contribution are made to this scheme on the basis of actuarial recommendations. The Holding Company recognizes expense in accordance with IAS 19 'Employee Benefits'. The contributions have been made to pension and gratuity funds in accordance with the actuary's recommendations based on the actuarial valuation of these funds as at 31 December 2015;

### For the Year Ended 31 December 2015

(b) unfunded gratuity scheme covering the employees in the UAE branches as per the requirements of the applicable regulations. Provision is made in these consolidated financial statements on the basis of the actuarial valuation carried out by an independent actuary using the projected unit credit method. The latest valuation has been carried at 31 December 2015.

Past-service costs are recognized immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Holding Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Holding Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Holding Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit and loss account.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit and loss account. The Holding Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### 3.7.2 Subsidiary Company

#### Defined benefit scheme

The Subsidiary Company operates an approved funded gratuity scheme for all permanent, confirmed and full time employees who have completed minimum qualifying eligible service period of six months. Contribution to the fund is made and expense is recognised on the basis of actuarial valuation carried out as at each year end using the Projected Unit Credit Method. Gratuity is based on employees' last drawn salary. Provisions are made to cover the obligations under the scheme on the basis of actuarial assumptions.

The measurement differences representing actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost/income are recognized immediately with a charge or credit to profit and loss and revenue account. The standard requires these to be recognized in other comprehensive income (OCI). However, the format of presentation and disclosure of financial statements notified by SECP does not require preparation of statement of comprehensive income, resultantly the charge / credit has been taken to profit and loss and revenue account. Therefore net interest cost/income of the Subsidiary Company has not recognized in other comprehensive income of these consolidated financial statements.

#### 3.8 Employees' compensated absences

The Group accounts for these benefits in the period in which the absences are earned.

### For the Year Ended 31 December 2015

#### 3.9 Creditors, accruals and provisions

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

Provisions are recognized when the Group 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.

#### 3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank deposits and short term bank borrowings and excludes bank balance held under lien.

#### 3.11 Investments

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

The above investments are classified into following categories:

#### 3.11.1 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of investments in which there is evidence of short term profit taking.

#### 3.11.2 Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has both the intent and the ability to hold till maturity.

#### 3.11.3 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### 3.11.4 Available for sale

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

### For the Year Ended 31 December 2015

All financial assets are recognised when the Group becomes a party to the contractual provision of the instrument. Investments other than those categorised into 'financial assets at fair value through profit or loss' category are initially recognised at fair value plus transaction costs which are directly attributable to the acquisition of the securities. Financial assets classified 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are expensed in the profit and loss / revenue account. All regular way purchases and sales of investments that require delivery within the time frame established by regulations or market convention are recognised at the trade date. Trade date is the date when the Group commits to purchase or sell the investment.

Financial assets classified as 'at fair value through profit or loss' are subsequently measured at their fair values and gains and losses arising from changes in fair value are included in the profit and loss / revenue account. Available for sale investments are subsequently measured at the lower of cost or market value (market value being taken as lower if the reduction is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 and the reduction is recognised as a provision for impairment in value of financial assets. Any change in the provision for impairment in value of investment is recognised in the profit and loss/ revenue account. Amortization of premium/ discounts on acquisition of investments is carried out using effective yield method and charged to profit and loss/ revenue account, as appropriate. Investments classified as held to maturity and loans and receivables are subsequently measured at amortised cost less any impairment losses, taking into account any discount or premium on acquisition by using the effective interest rate method.

#### Fair / market value measurements

For investments in quoted equity securities, the market value is determined by using Stock Exchange quotations at the balance sheet date. For investments in Government securities, the market value is determined using rates announced by the Financial Market Association of Pakistan. The fair market value of Term Finance Certificates is as per the rates issued by the Mutual Funds Association of Pakistan (MUFAP) and the fair value of open end fund is as declared by the relevant fund.

#### Impairment against financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists for 'available for sale' financial assets, the cumulative loss - measured as the difference between the carrying value and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss / revenue account, as the case may be, is taken to the profit and loss account / revenue account. For financial assets classified as 'loans and receivables', a provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash inflows, discounted at the original effective interest rate.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statement only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the assets and settle the liabilities simultaneously.

### For the Year Ended 31 December 2015

#### 3.12 Financial liabilities

All financial liabilities are recognised at the time the Group becomes a party to the contractual provisions of the instrument. Financial liabilities are recognised initially at fair value less any directly attribute transaction cost. Subsequent to initial recognition, these are measured at fair/ market value or amortised cost using the effective interest rate method, as the case may be. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

#### 3.13 Taxation

#### (a) Current

Provision for current taxation is based on 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.

#### (b) Deferred

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

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit and loss account, except in the case of items credited or charged to statement of comprehensive income in which case it is included in statement of comprehensive income.

#### 3.14 Fixed assets

#### (a) Tangible

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

Assets subject to finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under lease agreements and the fair value of asset at the inception of the lease contract. The related obligation under the lease is accounted for as liability. Finance charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

### For the Year Ended 31 December 2015

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss account as and when incurred.

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

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

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

#### (b) Intangible

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably. All other expenses are charged to the profit and loss/ revenue account during the financial period in which they are incurred.

Amortization is calculated from the month the assets are available for use using the straight-line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization methods are reviewed, and adjusted if appropriate, at each reporting date.

Software development costs are only capitalized to the extent that future economic benefits are expected to be derived by the Group.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that this carrying value may not be recoverable. If any such indications exist and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amount.

#### 3.15 Expenses of management

#### Holding Company

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

#### Subsidiary Company

Expenses of management have been allocated to various classes of business as deemed equitable by the management. Allocation to each segment is based on the nature of the expense and its correlation to each segment.

For the Year Ended 31 December 2015

#### 3.16 Investment income

#### From available-for-sale investments

#### - Return on fixed income securities

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

#### - Dividend

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

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

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

### - Return on Term Finance Certificates

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

#### 3.16.2 From held-to-maturity investments

Income from held-to-maturity investments is recognized on a time proportion basis taking into account the effective yield on the investments.

#### 3.16.3 From investments at fair value through profit or loss

Gain or loss on sale of investment is included in profit and loss account or respective revenue account of the fund in the period in which disposal has been made.

#### 3.17 Foreign currencies

Transactions in foreign currencies (other than the result of foreign branches) are accounted for in Pak Rupees at the rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Exchange differences are taken to the profit and loss account currently.

The assets and liabilities of foreign branches are translated to Pak Rupees at exchange rates prevailing at the reporting date. The results of the foreign branches of the Holding Company are translated to Pak Rupees at the average rate of exchange for the year. Translation gains and losses are included in the profit and loss account, except those arising on the translation of the Holding Company net investments in foreign branches, which are taken to the capital reserves (exchange translation reserve).

### For the Year Ended 31 December 2015

#### 3.18 Financial instruments

Financial assets and liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and de-recognized when the Group loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account.

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

#### 3.19 Dividend and other appropriations

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the shareholders and other appropriations are recognized in the period in which these are approved by the Board of Directors.

#### 3.20 Off setting of financial assets and financial liabilities

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

#### 3.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is calculated if there is any potential dilutive effect on the reported net profits.

#### 3.22 Impairment

#### **Financial assets**

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

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

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

For the Year Ended 31 December 2015

#### Non financial assets

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

#### 3.23 Segment reporting

#### 3.23.1 Holding Company

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

The Holding Company accounts for segment reporting using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as primary reporting format based on the Holding Company's practice of reporting to the management on the same basis.

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

#### 3.23.2 Subsidiary Company

Operating segments are reported in a manner consistent with that provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer.

The Subsidiary Company operates in Pakistan only. The Subsidiary Company has four primary business segments for reporting purposes namely; Conventional Business, Accident and Health Business, Non-Unitised Investment Link Business and Unit Linked Business. The Subsidiary Company accounts for segment reporting using the classes or sub-classes of business (Statutory Funds) as specified under the Insurance Ordinance 2000 and SEC (Insurance) Rules, 2002 as the primary reporting format.

#### 3.24 Borrowing cost

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

#### 3.25 Dividend and other appropriations

Dividend and appropriations to reserves allowed by the Insurance Ordinance, 2000 are recognized in the year in which these are approved.

### For the Year Ended 31 December 2015

#### 4 Share capital

4.1 Authorized share capital

	2015	2014		2015	2014
	Number	of shares		Rupees in	thousand
	375,000,000	375,000,000_	Ordinary shares of Rs. 10 each	3,750,000	3,750,000
4.2	Paid-up share c Issued, subscrib	apital bed and fully paid up sha	are capital		
	250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	2,500	2,500
	349,750,000	349,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	3,497,500	3,497,500
	350,000,000	350,000,000		3,500,000	3,500,000

**4.3** As at 31 December 2015, MCB Bank Limited and Nishat Mills Limited, associated undertakings held 97,433,165 (2014: 102,812,165) and 102,809 (2014: 102,809) ordinary shares of the Holding Company of Rs. 10 each, respectively.

	Note	2015	2014
		Rupees in t	thousand
es			
pital reserves			
rves for exceptional losses	5.1	22,859	22,859
stment fluctuation reserves	5.2	3,764	3,764
e translation reserves	5.3	473,463	432,027
		500,086	458,650
e reserves			
ral reserves		936,500	936,500
		1,436,586	1,395,150

- 5.1 The reserve for exceptional losses represents the amount set aside by the Holding Company in prior years up to 31 December 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit the such deduction, the Holding Company discontinued the setting aside of reserves for exceptional losses.
- **5.2** This amount has been set aside by the Holding Company in prior years for utilization against possible diminution in the value of investments.
- **5.3** The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) of Holding Company into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.

### For the Year Ended 31 December 2015

		2015	2014
		Rupees in	thousand
6	Non-Controlling interest		
	Share capital	240,599	240,599
	Profit for the year	224	3,860
	Capital contribution to statutory funds	(261,632)	(258,083)
	Opening retained earnings	26,010	22,150
		5,201	8,526

### 7 Policyholders' Liabilities

7.1

7.2

7.3

Folicyholders Liabilities							
		Statutor	y Funds		Aggregate		
	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	31 December 2015	31 December 2014	
			Rupees in t	housands			
Life insurance:							
<b>Gross of reinsurance</b> Actuarial liability relating to future events	182,562	_	2,059,208	11,769,502	14,011,272	8,103,014	
Provision for incurred but not reported claims	14,786				14,786	17,724	
	197,348		2,059,208	11,769,502	14,026,058	8,120,738	
<b>Net of reinsurance</b> Actuarial liability relating to future events	98,328	-	2,057,292	11,693,710	13,849,330	7,980,741	
Provision for incurred but not reported claims	6,568	_	-	-	6,568		
	104,896	-	2,057,292	11,693,710			
Balance of statutory funds Policyholders' liabilities							
Balance at beginning of the year Increase during the year	101,213 3,683	-	1,613,531 443,761	6,271,711 5,421,999			
Balance at end of the year	104,896	_	2,057,292				
Retained earnings on other than participating business							
Balance at beginning of the year	(115,666)	(1,407)	(95,592)	(159,259)	(371,924)	(443,502)	
Surplus / (deficit) for the year Surplus appropriated to shareholders' fund	(3,206)	12	123,787	184,599	305,192	71,578	
Balance at end of the year	(118,872)	(1,395)	28,195	25,340	- (66,732)	(371,924)	

### For the Year Ended 31 December 2015

	Statutor	Aggregate			
Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	31 December 2015	31 December 2014
		Rupees in t	housand		
fund					
178,123	1,511	226,732	235,445	641,811	571,685
-	-	-	13,800	13,800	70,126
178,123	1,511	226,732	249,245	655,611	641,811
	110	2 2 1 2 2 1 0	11,000,005	4/ /// 888	8.256.341
	Business fund 178,123	Conventional Business and Health Business fund 178,123 1,511  178,123 1,511	Conventional Business       Accident and Health Business       Investment Linked Business         fund       178,123       1,511       226,732         178,123       1,511       226,732         178,123       1,511       226,732	Conventional BusinessAccident and Health BusinessInvestment Linked BusinessUnit Linked Businessfund178,1231,511226,732235,44513,800178,1231,511226,732249,245	Conventional BusinessAccident and Health BusinessInvestment Linked BusinessUnit Linked Business31 December 2015Rupees in thousandfund178,1231,511226,732235,445641,81113,80013,800178,1231,511226,732249,245655,611

7.4 The appointed actuary of the Subsidiary Company has carried out a valuation of the policyholders' liabilities with respect to the Conventional Business, Accident and Health Business, Non-unitised Investment Linked Business and Unit Linked Business (Statutory Funds) as per section 50 of the Insurance Ordinance, 2000. The significant assumptions used in the valuations are disclosed in note 32.4.2 to these consolidated financial statements.

The details of the significant assumptions used by the appointed actuary in computation of policyholders' liability will be specified in the Financial Condition Report for the year ended 31 December 2015 to be issued by the appointed actuary of the Subsidiary Company in accordance with the requirements set out in section 50 of the Insurance Ordinance, 2000.

		Note	2015	2014
			Rupees in	thousand
8	Provision for outstanding claims (including IBNR)			
	General insurance			
	Related parties		620,095	302,626
	Others		5,153,729	5,403,747
			5,773,824	5,706,373
	Life insurance		198,181	113,499
			5,972,005	5,819,872
9	Staff retirement benefit			
	Unfunded Gratuity Scheme - Holding Company	9.1	56,693	44,772
	Funded Gratuity Scheme - Holding Company	9.2	59,759	61,476
	Funded Gratuity Scheme - Subsidiary Company	9.3	9,143	6,299
			125,595	112,547

### For the Year Ended 31 December 2015

#### 9.1 Unfunded Gratuity Scheme - Holding Company

- **9.1.1** This provision relates to the Company's operations in UAE branches. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2015 under the Projected Unit Credit Method as per the requirements of approved accounting standard International Accounting Standard 19, the details of which are as follows:
- **9.1.2** Movement in the net assets/ (liabilities) recognized in the balance sheet are as follows:

	2015	2014
	Rupees in	thousand
Present value of defined benefit obligation at the start of the year	44,772	45,667
Charge for the year	6,519	6,249
Benefits paid	-	(3,436)
Remeasurement loss / (gain) on obligation	3,340	3,272
Exchange loss / (gain)	2,062	(6,980)
Present value of defined benefit obligation at the end of the year	56,693	44,772

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

	2015	2014	
	Rate per annum		
- Valuation discount rate	2.20%	3.15%	
- Expected rate of increase in salary level	4.00%	4.00%	

### 9.1.4 The amount charged in profit and loss is as follows:

	2015	2014	
	Rupees in thousand		
Current service cost	5,076	4,578	
Interest on obligation	1,443	1,671	
Expense for the year	<b>6,519</b> 6,249		

#### 9.1.5 The amounts charged to other comprehensive income are as follows:

	2015	2014
	Rupees in	thousand
Remeasurement of the present value of defined benefit obligation due to:		
- Changes in financial assumptions	1,916	2,115
- Experience adjustments	1,424	1,157
	3,340	3,272

### For the Year Ended 31 December 2015

#### 9.2 Funded Gratuity Scheme - Holding Company

- **9.2.1** The Company operates an approved funded gratuity scheme for all employees. The latest actuarial valuation of gratuity scheme was carried out as at 31 December 2015 under the Projected Unit Credit Method as per the requirements of approved accounting standard International Accounting Standard 19, the details of which are as follows:
- **9.2.2** The following significant assumptions have been used for valuation of this scheme:

	2015	2014	
	Rate per annum		
- Valuation discount rate	7.25%	10.00%	
- Expected rate of increase in salary level	5.25%	8.00%	
- Rate of return on plan assets	7.25%	10.00%	

9.2.3 Movement in the net assets/ (liabilities) recognized in the balance sheet are as follows:

	2015	2014
	Rupees in the	ousand
Net liabilities/ assets at the		
beginning of the year	61,476	57,770
Expenses recognized	17,702	18,336
Contribution paid during the year	(20,000)	-
Remeasurement gain recognized - net	581	(14,630)
Net liabilities at the end of the year	59,759	61,476
The amounts recognized in the profit and loss account are as f	ollows:	
Current service cost	12,554	11,404
Interest cost	21,011	6,932
Interest income on plan assets	(15,863)	-
	17,702	18,336

9.2.5 The amounts recognised in other comprehensive income are as follows:

9.2.4

	2015	2014
	Rupees in	thousand
neasurement of plan obligation from:		
n financial assumptions	-	-
e on obligation	8,155	8,249
	8,155	8,249

### For the Year Ended 31 December 2015

		2015	2014
		Rupees in	thousand
	Remeasurement of plan assets:		
	- Actual net return on plan assets	(23,437)	(38,442)
	- Interest income on plan assets	15,863	15,563
		(7,574)	(22,879)
		581	(14,630)
9.2.6	The amounts recognized in the balance sheet are as follows:		
	Present value of the obligation	243,203	218,736
	Fair value of plan assets	(183,444)	(157,260)
	Net asset	59,759	61,476
		2015	2014
		Rupees in	thousand
9.2.7	Movement in present value of defined benefit obligation		
	Present value of defined benefit obligation		
	as at the beginning of the year	218,736	198,316
	Current service cost	12,554	11,404
	Interest cost	21,011	22,495
	Actual benefits paid during the year	(17,253)	(21,728)
	Remeasurement loss / (gain) on obligation	8,155	8,249
	Present value of defined benefit obligation		
	as at the end of the year	243,203	218,736
9.2.8	Movement in fair value of plan assets		
	Fair value of plan asset as at the		
	beginning of the year	157,260	140,546
	Interest income on plan assets	15,863	15,563
	Actual benefits paid during the year	(17,253)	(21,728)
	Contribution paid during the year	20,000	-
	Net return on plan assets over interest income	7,574	22,879
	Fair value of plan asset as at the end of the year	183,444	157,260
9.2.9	Actual return on plan assets		
	Expected return on plan assets	15,863	15,563
	Net return on plan assets over interest income	7,574	22,879
	Net return or plan assets over interest income	23,437	22,079

### For the Year Ended 31 December 2015

	2015	2014	2015	2014
	Perce	ntage	Rupees in	thousand
9.2.10 Plan assets consist of the following:				
Government Bonds	48.80%	55.56%	89,523	87,367
Corporate Bonds	-	10.53%	-	16,554
Shares and deposits	30.62%	24.93%	56,172	39,205
Unit Trusts	22.07%	12.06%	40,485	18,972
Benefits due	-1.49%	-3.08%	(2,736)	(4,838)
	100.00%	100.00%	183,444	157,260

9.2.11 Plan assets do not include any investment in the Company's ordinary shares as at 31 December 2015 (2014: Nil).

- 9.2.12 Expected contribution to gratuity fund for the year ending 31 December 2016 is Rs. 21,034 thousands.
- **9.2.13** The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the fund, at the beginning of the year.
- 9.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.5 years (2014: 3.5 years).
- **9.2.15** These defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.
- **9.2.16** The main features of the gratuity schemes are as follows:
  - Under the gratuity scheme the normal retirement age for all employees is 60 years.
  - A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
  - The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

		Note	2015	2014
			Rupees in	thousand
9.3	Funded Gratuity Scheme - Subsidiary Company			
	Present value of defined benefit obligations at 31 December	9.3.3	41,888	28,341
	Fair value of plan assets at 31 December	9.3.4	(32,559)	(22,042)
	Impact of uncleared cheques		(186)	-
	Net liability at end of the year	9.3.6	9,143	6,299

**9.3.1** The Subsidiary Company operates an approved funded gratuity scheme for all permanent, confirmed and full time employees who have completed minimum qualifying eligible service period of six months. Contribution to the fund is made and expense is recognised on the basis of actuarial valuation carried out as at each year end using the Projected Unit Credit Method.

### For the Year Ended 31 December 2015

**9.3.2** Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882; the Companies Ordinance, 1984, Income Tax Rules 2002 and Rules under the trust deed of the plan. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the Board of Trustees. The Company appoints the Trustees and all trustees are employees of the Company. Company's obligation under the staff gratuity scheme is determined on the basis of an actuarial valuation carried out by an independent actuary as at 31 December 2015 under the Projected Unit Credit Method.

		Note	2015	2014
			Rupees in the	ousand
9.3.3	Movement in present value of defined benefit obligations			
	Present value of defined benefit obligations at 31 December		28,341	15,675
	Current service cost	9.3.5	7,765	4,976
	Interest cost on defined benefit obligation	9.3.5	4,021	2,597
	Benefits paid during the year	9.3.4	(4,029)	(1,621)
	Remeasurement loss / (gain) on obligation:		., .	
	- due to unexpected experience		811	883
	- due to changes in financial assumptions		4,979	5,831
		9.3.5	5,790	6,714
	Present value of defined benefit obligations at end of the year		41,888	28,341
	<b>,</b>			
9.3.4	Movement in fair value of plan assets			
	Fair value of plan assets at beginning of the year		22,042	-
	Contributions made by the Company to the Fund		12,845	23,248
	Interest income on plan assets		3,058	
	Benefits paid during the year	9.3.3	(4,029)	(1,621)
	Remeasurement gain on plan assets	9.3.5	(1,357)	415
	Fair value of plan assets at end of the year		32,559	22,042
9.3.5	Expense recognised in profit and loss / revenue account			
	Current service cost	9.3.3	7,765	4,976
	Net interest cost	9.3.3	4,021	2,597
	Remeasurement losses / (gains) on obligation	9.3.3	5,790	6,714
	Remeasurement gain on fair value of plan assets	9.3.4	•	(415)
	Interest income on plan assets	5.5.4	1,357 (3,058)	(415)
	Expense for the year			
			15,875	13,872
9.3.6	Net recognised liability			
	Net liability at beginning of the year		6,299	15,675
	Expense recognised in profit and loss account / revenue account	9.3.5	15,875	13,872
	Contributions made to the fund during the year		(12,845)	(23,248)
	Impact of uncleared cheques		(186)	
	Net liability at end of the year	9.3	9,143	6,299

For the Year Ended 31 December 2015

		2016
9.3.7	Estimated Gratuity Cost for the year ending 31 December 2016, is as follows:	Rupees in thousand
	Current service cost Net interest cost	10,956 1.607
	Remeasurements recognised in profit and loss / revenue account Total expense to be recognised in profit and loss / revenue account	

**9.3.7.1** The gratuity cost for the year ending 31 December 2016 is estimated excluding the effect of the actuarial gain/loss, which will be known as at 31 December 2016.

		Note	2015		2014	
			Rupees in thou- sand		Rupees in thou- sand	%
9.3.8	Plan assets consist of the following:					
	Bank balance		17,701	53%	17,980	82%
	Mutual Funds	9.3.8.1	15,547	47%	4,062	18%
	Fair value of plan assets at end of the year		33,248	100%	22,042	100%

9.3.8.1 Investments of Rs. 6,087 thousands in mutual funds are managed by a related party.

**9.3.9** The principal assumptions used in the actuarial valuations carried out as of 31 December 2015, using the Projected Unit Credit' method, are as follows:

	2015	2014	
	Gratuity fund		
Discount rate per annum	11.00 %	11.75%	
Expected per annum rate of return on plan assets	11.00 %	11.75%	
Expected per annum rate of increase in salary level	11.00 %	11.00%	
Expected mortality rate	LIC 94-96 Mortality table for males (rat- ed down by 3 years for females)	LIC 94-96 Mortality table for males (rated down by 3 years for females)	
Expected withdrawal rate	Age dependent	Age dependent	

**9.3.10** The plans expose the Company to actuarial risks such as:

#### Salary risks

The risks that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

For the Year Ended 31 December 2015

#### **Discount risks**

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

#### Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

#### Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

In case of the funded plan, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Company actively monitors the duration and the expected yield of the investments matching the same with expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to mange the risk. Investments are well diversified.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

### 9.3.11 Sensitivity analysis - Subsidiary Company

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

	Impact on Gr Unfu	
Change in assumptions	Increase in assumption	Decrease in assumption
F	Rupees in thousan	d
1%	(6,249)	7,747
1%	8,080	(6,590)

The 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 defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognised within the balance sheet.

- **9.3.12** The weighted average duration of the defined benefit obligation is 19.30 years.
- **9.3.13** The expected maturity analysis of undiscounted retirement benefit plan is between 4-5 years and the amount involved is Rs. 774 thousands.

### For the Year Ended 31 December 2015

**9.4** The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

### 9.5 Sensitivity analysis-Holding Company

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as follows:

		Impact on Gratuity plans					
		Unfu	nded	Funded			
	Change in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption		
		R	upees in thousan	d			
Discount rate	1%	(2,050)	2,227	(7,547)	8,075		
Salary growth rate	1%	2,165	(2,034)	8,154	(7,757)		

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.

		Note	2015	2014
			Rupees in	thousand
10	Other creditors and accruals			
	Cash margin against performance bonds		818,985	742,672
	Sundry creditors	10.1	242,315	412,701
	Commission payable		905,508	530,646
	Workers' welfare fund		246,329	187,749
	Federal insurance fee		52,441	23,372
	Federal excise duty and sales tax		90,311	159,881
	Payable to Employees' Provident Fund	10.2	2,453	1,232
	Others		-	-
			2,358,342	2,058,253

10.1 This includes balance payable by Subsidiary Company to its related parties of Rs. 20,707 thousands (2014: Rs.17,729 thousands).

**10.2** During the year, an amount of Rs. 26,470 thousands (2014 : Rs. 24,505 thousands) has been charged to the profit and loss account in respect of the Holding Company's contribution to the Employees' Provident Fund.

For the Year Ended 31 December 2015

### 11 Contingencies and commitments

### 11.1 Contingencies

### Holding Company

The income tax assessments of the Holding Company have been finalized up to and including the tax year 2014. However, the Holding Company has filed appeals in respect of certain assessment years mainly on account of the following:

- (a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,066 thousands. The Holding Company contested the order before Commissioner Inland Revenue (Appeals). Commissioner Inland Revenue (Appeals) decided the case in the favour of the Holding Company. However, the order of the Commissioner Inland Revenue (Appeals) was challenged before Appellate Tribunal Inland by Tax Authorities which is pending adjudication.
- (b) The Additional Commissioner / Taxation Officer has reopened assessments for the assessment year 2000-2001 and 2001-2002 by taxing bonus shares received by the Holding Company during the above mentioned periods resulting in an additional tax liability of Rs. 14,907 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who cancelled the amended order passed by the Additional Commissioner and allowed relief to the Holding Company but the Tax Department had filed an appeal before the ATIR against the order of the Additional Commissioner, which has been decided in favor of the Holding Company. However, the Holding Company received another notice from Additional Commissioner for reassessment of the case in response to which the Holding Company has filed a constitutional petition in Honorable Sindh High Court against such notice.
- (c) While finalizing the assessment for the assessment year 2002-2003, DCIR has reduced the business loss for the year by Rs. 88,180 thousands by adjusting the dividend income against this loss. The Holding Company maintains that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Holding Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), The ATIR and the Sindh High Court. The Holding Company has filed a reference application with the Supreme Court of Pakistan. The management is confident that the matter will eventually be decided in favour of the Holding Company and has consequently not made any provision against the additional tax liability of Rs. 26,455 thousands which may arise in this respect.
- (d) The Tax Authorities have also amended the assessments for tax years 2003 to 2005 on ground that the Holding Company has not apportioned management and general administration expenses against capital gain and dividend income. The Holding Company has filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Holding Company may be liable to pay Rs. 5,881 thousands in the event of decision against the Holding Company, out of which Rs. 2,727 thousands have been provided resulting in shortfall of Rs. 3,154 thousands.
- (e) The Taxation officer has passed an order in the tax years 2005 and 2006 under section 221 of Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,358 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who upheld the order of the Taxation Officer. The Holding Company has filed an appeal before the ATIR which is yet to be heard.

### For the Year Ended 31 December 2015

(f) The Holding Company received a notice from Additional Commissioner Inland Revenue pertaining to the amendment of tax year 2008. Amongst others, the Additional Commissioner raised an issue with respect to the claim of exemption claimed on capital gains on listed securities by way of incorrect application of the provisions of law. The Holding Company preferred to contest this matter by way of filing a constitutional petition before the Honorable Sindh High Court. The court has ordered for stay of proceedings.

Pending resolution of the above-mentioned appeals filed by the Holding Company, no provision has been made in these consolidated financial statements for the aggregate amount of Rs. 91,940 thousands (2014: Rs. 94,626 thousands) as the management is confident that the eventual outcome of the above matters will be in favour of the Holding Company.

### **Subsidiary Company**

(g) The Subsidiary Company has contingent liabilities in respect of death claims in the ordinary course of business amounting to Rs. 12,904 thousands (2014: Rs. 4,889 thousands). The management of the Subsidiary Company is confident that no provision in respect of these items is required to be made in the financial statements.

### 11.2 Commitments

#### **Holding Company**

The Holding Company has issued letter of guarantees amounting to Rs. 8,231 thousands (AED 289,000) [2014: Rs. 7,898 thousands (AED 289,000)] relating to its UAE branch.

#### **Subsidiary Company**

Commitments in respect of Ijarah rentals payable in future period as at 31 December 2015 amounted to Rs. 16,187 thousands (2014: Rs. 17,539 thousands) for vehicles.

		Note	2015	2014
			Rupees in tho	usand
12	Cash and bank deposits			
	Cash and other equivalents			
	Cash in hand		10,749	8,893
	Current and other accounts			
	Current accounts		1,217,924	988,421
	Savings accounts	12.2	1,822,924	1,392,274
			3,040,848	2,380,695
	Deposits maturing within 12 months			
	Fixed and term deposits	12.1	1,186,330	1,059,703
			4,237,927	3,449,291

### For the Year Ended 31 December 2015

- 12.1 These include fixed deposits amounting to Rs. 197,962 thousands (AED 6,951 thousands) [2014: Rs. 189,969 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches of the Holding Company for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs. 9,076 thousands (2014: Rs. 9,076 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Holding Company for claims under litigation filed against the Company.
- 12.2 This includes Rs. 50,491 thousands maintained by Holding Company in separate bank account for Window Takaful Operator's Fund.
- 12.3 Cash and bank deposits include an amount of Rs. 3,073,236 thousands (2014: Rs. 1,174,526 thousands) held with related parties.

		Note	2015	2014
13	Loans - considered good		Rupees in	thousand
15	Secured			
	Secureu			
	Executives	13.2	15,882	5,676
	Employees	13.2	23,119	27,017
			39,001	32,693
	Less: Recoverable within one year shown			
	under sundry receivables			
	Executives		(11,147)	(5,103)
	Employees		(10,856)	(13,365)
			(22,003)	(18,468)
			16,998	14,225

13.1 Loans to employees are granted in accordance with the terms of their employment for the purchase of vehicles, purchase / construction of houses and for other purposes as specified in the SEC (Insurance) Rules, 2002. These loans are recoverable in monthly installments over various periods and are secured by registration of vehicles, deposit of title documents of property with the Holding Company and against provident fund balance of the employees. The loans are interest free except for those granted for the purchase / construction of houses which carry interest at the rate of 5% (2014: 5%) per annum.

### 13.2 Reconciliation of carrying amount of loans

		2015			2014		
	Executives	Others	Total	Executives	Others	Total	
	Ru	pees in thousar	nd	Ru	Rupees in thousand		
Opening balance	5,676	27,017	32,693	5,220	28,447	33,667	
Disbursements	27,990	23,532	51,522	15,602	35,813	51,415	
Repayments	(17,784)	(27,430)	(45,214)	(15,146)	(37,243)	(52,389)	
Closing balance	15,882	23,119	39,001	5,676	27,017	32,693	

### For the Year Ended 31 December 2015

#### 14 Loans secured against life insurance policies

These loans carry profit rate at 3 month KIBOR plus 4% per annum and are secured against the cash values of the respective policies of the policyholders. These are generally payable within 3 months.

		Note	2015	2014
			Rupees in the	ousand
15	Investments			
	In related parties			
	Available-for-sale:	15.3		
	Marketable securities			
	Listed		6,641,429	5,713,706
	At fair value through profit or loss:			
	Marketable securities			
	Listed		-	_
			6,641,429	5,713,706
			-,,	0,7 10,7 00
	Others	15.3		
	Available-for-sale:			
	Marketable securities			
	Listed		7,169,946	6,610,672
	Unlisted		924,535	351,471
	Less: Provision for impairment in value of investments		(303,847)	(226,444)
			7,790,634	6,735,699
	Fixed income securities	15.3	745,510	881,123
	At fair value through profit or loss:	15.4		
	Marketable securities			
	Listed		1,889,035	1,290,162
	Unlisted		_	-
	Less: Provision for impairment in value of investments		-	-
			1,889,035	1,290,162
	Fixed income securities	15.4	11,314,804	6,266,194
			21,739,983	15,173,178
			28,381,412	20,886,884

15.1 On 31 December 2015, the fair value of 'available-for-sale' securities was Rs. 20,590,909 thousands (2014: Rs. 23,543,990 thousands). As per the Company's accounting policy, 'available-for-sale' investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as at 31 December 2015 would have been higher by Rs. 5,413,336 thousands (2014: Rs. 10,033,454 thousands).

### For the Year Ended 31 December 2015

### 15.2 Reconciliation of provision for impairment in value of investments

					2015	2014
					Rupees in th	ousand
	Balance as at 01 January				226,444	220,890
	, Impairment / (Reversal) for the year				77,403	5,554
	Balance as at 31 December				303,847	226,444
						,
		Note		2015		2014
			Cost	Provision there against	Carrying value	Carrying value
15.3	Available-for-sale			Rupees ir	thousand	
	In related parties:	15 0 4			] [	
	- Listed shares	15.3.1	6,641,429	-	6,641,42	<b>29</b> 5,713,706
	- Mutual Fund Certificates		-	-		
			6,641,429	-	6,641,42	<b>29</b> 5,713,706
	Others	15 2 2				
	- Listed shares	15.3.2	4,359,693	(303,746)		
	- Unlisted shares	15.3.3	924,535		924,53	
	- Term Finance Certificates	15.3.4	61,739		61,73	
	- Mutual Fund Certificates	15.3.5	2,748,353	(101)	2,748,25	3,124,615
	- NIT Units		161	-	16	<b>51</b> 161
	- Government treasury bills		286,320	-	286,32	292,758
	- Pakistan Investment Bonds		459,190	-	459,19	588,365
	- Ijarah sukuks		-	-		-
			8,839,991	(303,847)	8,536,14	7,616,822
			15,481,420	(303,847)	15,177,57	<b>73</b> 13,330,528
			15,401,420	(303,847)	15,177,57	13,330,328

No. of Shares / Ce	ertificates	Face value	Company's Name	2015	2014
2015	2014	Rupees		Rupees in th	ousand
15.3.1 Available-for-sa	le				
Listed Shares:					
1,258,650	1,258,650	10	Nishat Mills Limited	2/ 211	2/ 211
38,122,387	34,641,587	10	[Equity held 0.36% (2014: 0.36%)] MCB Bank Limited	34,211	34,211
484,000	440,000	10	[Equity held 3.43% (2014: 3.11%)] Hira Textile Mills Limited	5,875,254	4,947,531
25,631,181	25,631,181	10	[Equity held 0.56% (2014: 0.56%)] Pakgen Power Limited	5,000	5,000
27,348,388	27,348,388	10	[Equity held 6.89% (2014: 6.89%)] Lalpir Power Limited	355,448	355,448
			[Equity held 7.20% (2014: 7.20% )]	371,516 6,641,429	371,516
15.3.2 Others - listed s	hares				
			Commercial Banks		
4,143,128	4,192,128 777,022	10 10	Allied Bank Limited Askari Bank Limited	213,480 -	218,870 21,359
5,725,178 58,807	5,725,178 666,092	10 10	Bank Al-Habib Limited Habib Bank Limited	122,610 8,050	122,610 87,135
3,901,899	3,901,899 3,878,012	10 10 10	Habib Metropolitan Bank Limited National Bank of Pakistan	87,327	87,327
5,464,512 2,550,000	-	10 10 10	Bank Alfalah Limited United Bank Limited	303,877 73,549	192,691
6,039,904	4,363,404	10		640,222	359,672
617,840	3,396,340	10	Non Banking Financial Institutions MCB-Arif Habib Savings & Investment Limited	12,071	66,356
		10	Insurance		
3,840 146,606	3,840 335,706	10 10	EFU General Insurance Company Limited International General Insurance Company of Pakistan	211 23,536	211 22,888
286,843	286,843	10	Pakistan Reinsurance Company Limited	6,326	6,326
	05 000	10	Power Generation & Distribution Kot Addu Power Company Limited		
321,500 -	85,000 115,500	10 10	Hub Power Company Limited	28,124	3,913 3,224
971,500	-	10	Nishat Power Limited	54,481	
2,781,382 130,000	1,638,882	10 10	Saif Power Limited K-Electric Limited	95,438 975	49,166
130,000			Oil And Gas Marketing Companies	5/5	
247,200	100,000	10	Attock Refinery Limited	48,942	15,157
2,213,095	2,213,095	10	Sui Northern Gas Pipelines Limited	127,666	127,666
		10	Oil And Gas Exploration Companies		
610,000	110,000	10 10	Oil and Gas Development Company Limited Pakistan Oilfields Limited	91,418 247 847	27,326
563,985 1,708,464	574,985 1,744,464	10	Pakistan Petroleum Limited	247,847 256,249	252,515 259,410

No. of Shares / C	ertificates	Face value	Company's Name	2015	2014
2015	2014	Rupees		Rupees in th	ousand
			Automobile Assembler		
353,760	406,860	5	Al-Ghazi Tractors Limited	37,414	43,0
452,896	340,996	10	Millat Tractors Limited	93,508	45,0
432,030	340,330			55,500	20,0
			Cables And Electrical Goods		
-	326,128	10	Pakistan Cables Limited	-	27,
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	116,770	116,
1,000,000	-	10	Pak Elektron Limited	75,122	
			Industrial Metals and Mining		
91,300	91,300	10	Aisha Steel Mills Limited	-	
,					
		10	Paper & Board		
98,250	-	10	Packages Limited	64,781	
			Fertilizer		
-	1,936,906	10	Fauji Fertilizer Bin Qasim Limited	-	85,6
8,701,640	6,701,640	10	Fauji Fertilizer Company Limited	899,115	642,8
249,500		10	Dawood Hercules Limited	32,418	,
9,000	9,000	10	Fatima Fertilizer Company Limited	-	
			Pharmaceutical		
2 6 / 6	28,646	10	Abbott Laboratories Pakistan Limited		21
3,646	28,646 683,661	10	GlaxoSmithKline Pakistan Limited	446	3,5 53,5
	005,001	10			55,
			Chemical		
-	968,000	10	Arif Habib Corporation Limited	-	98,9
110,401	110,401	10	Archroma Pakistan Limited	11,762	11,
			Food And Personal Care Products		
65,808	371,868	10	Murree Brewery Company Limited	2,797	15,8
50,290	66,290	10	Rafhan Maize Products Limited	68,483	90,3
			Cement		
6,280,944	5,003,944	10	D.G. Khan Cement Company Limited	510,954	307,
20,000	-	10	Attock Cement Limited	3,724	
				4,359,693	3,445,9
.3 Others - Unliste	d shares				
9,681,374	3,684,914	10	Security General Insurance Company Limited	924,535	351,4
4 Others-Term Fir	ance Certificates				
3.000	3,000	5,000	Bank Alfalah Limited	14,967	14,9
-	5,000	5,000	KESC AZM Certificate		24,9
50	-	1,000,000	Pak Electron (Commercial Paper)	46,772	<u> </u>
55				,	

No. of Shares / Certificates		Face value	Company's Name	2015	2014					
2015	015 2014 Rupees Rupee		Rupees in	thousand						
15.3.5 Others-Mutua	15.3.5 Others-Mutual Fund Certificates									
Open-Ended-M	utual Funds									
6,185,152	6,137,613	100	MCB Dynamic Cash Fund	657,432	559,097					
-	10,416,977	100	MCB Cash Management Optimizer Fund	-	987,830					
16,283,742	22,436,114	50	Metro Bank Pakistan Sovereign Fund	870,529	1,168,878					
1,996,856	1,748,646	10	ABL Income Fund	19,988	17,534					
9,498,379	5,287,342	50	Pakistan Income Enhancement Fund	510,000	269,395					
11,171,104	-	50	Pakistan Income Enhancement Fund (Investment)	600,000	-					
442,357	334,476	50	Meezan Islamic Income Fund	23,208	16,881					
-	1,016,489	100	PICIC Cash Fund	-	100,000					
717,602	-	100	ABL Government Securities Fund	7,196	-					
-	579,169	100	ABL Islamic Stock Fund	-	5,000					
1,366,120	-	10	Meezan Balanced Fund	20,000	-					
518,192	-	50	MCB Pakistan Asset Allocation Fund	40,000	-					
				2,748,353	3,124,615					

		Note	2015			2014
			Cost	Provision there against	Carrying value	Carrying value
15.4	At fair value through profit or loss			Rupees in	thousand	
	Others					
	- Listed shares	15.4.1	64,493	-	64,493	54,337
	- Unlisted shares		-	_	-	-
	- Term Finance Certificates		122,171	_	122,171	119,191
	- Mutual Fund Certificates	15.4.3	1,702,371	_	1,702,371	1,116,634
	- Government treasury bills		5,254,410	-	5,254,410	24,953
	- Pakistan Investment Bonds		5,959,264	-	5,959,264	6,226,209
	- Ijarah sukuks		101,130	-	101,130	15,032
			13,203,839	-	13,203,839	7,556,356
	Total at fair value through profit or loss		13,203,839		13,203,839	7,556,356

For the Year Ended 31 December 2015

No. of Shares / Certificates Face value		Face value	Company's Name	2015	2014
2015	2014	Rupees		Rupees in t	housand
15.4.1 Others - listed	l shares				
Listed Shares:					
			Industrial Metals and Mining		
8,864	-	10	Amreli Steel Limited	532	
			Chemical		
36,300	36,300	10	Arif Habib Corporation Limited	1,855	99
6,300	5,000	10	Engro Corporation	1,760	1,10
2,200	-	10	ICI Pakistan Limited	1,065	
			Food And Personal Care Products		
-	100	10	Nestle Pakistan Limited	-	91
	10.000	10	Fertilizer	4 54/	1.0
18,000	18,000	10	Engro Fertilizer Limited	1,514	1,40
-	8,500	10	Fauji Fertilizer Company Limited	-	99
2,800	2,800	10	Oil And Gas Marketing Companies		
5,000	-	10	Attock Petroleum Limited	1,414	1,51
			Pakistan State Oil Company Limited	1,629	
5,000	-	10	Oil And Gas Exploration Companies		
18,500	11,420	10	Pakistan Oilfields Limited	1,340	
			Pakistan Petroleum Limited	2,254	2,01
4,000	1,000	10	Paper & Board		
			Packages Limited	2,328	678
			Automobile Assembler		
3,400	3,400	10	Pak Suzuki Motor Company Limited	1,684	1,26
-	1,100	10	Millat Tractors Limited	-	71
1,300	-	10	Indus Motors Company Limited	1,315	
7,500	-	10	Honda Atlas Cars (Pakistan) Limited	1,792	
			Commercial Banks		
1,964	1,964	10	Askari Bank Limited	43	4
158,793	-	10	Habib Bank Limited	31,778	
200,000	200,000	10	Habib Metropolitan Bank Limited	6,094	7,46
-	11,555	10	Meezan Bank Limited	-	54
-	135,338	10	United Bank Limited	-	23,91
			Power Generation & Distribution		
-	14,500	10	Kot Addu Power Company Limited	-	1,14
29,000	69,500	10	Hub Power Company Limited	2,975	5,44
			Cement		
22,000	44,000	10	Fauji Cement Company Limited	810	1,13
-	5,600	10	Attock Cement Pakistan Limited	-	1,09
25,000	25,000	10	Maple Leaf Cement Company Limited	1,865	1,10
900	1,700	10	Lucky Cement Limited	446	85
				64,493	54,33'

For the Year Ended 31 December 2015

No. of	f Shares / C	Certificates	Face value	Company's Name	2015	2014
2015	ō	2014	Rupees		Rupees in	thousand
15.4.2 Oth	ers-Term F	inance Certificate	25			
:	24,023	24,023	5,000	Bank Alfalah Limited	122,171	119,191
15.4. Othe	ers-Mutual	Fund Certificates	;			
Open-	-Ended-Mu	tual Funds				
3(	68,054	778,258	-	MCB Islamic Income Fund	37,966	79,895
28,2	52,889	-	-	MCB Pakistan Islamic Stock Fund	270,603	-
	-	310,066	-	MCB Islamic Allocation Fund	-	18,117
	-	247,820	-	MCB Dynamic Allocation Fund	-	19,637 3.683
	-	70,591 687,445	-	Pakistan Cash Management Fund Pakistan Income Fund	-	3,683
7 //	- 97,526	4,719,116	-	MCB Pakistan Stock Market Fund	- 600,848	347,044
	26,322	572,896	-	MCB Dynamic Cash Fund	46,601	62,033
	61,628	10,011,835	-	, Metrobank-Pakistan Sovereign Fund	743,759	545,648
,	-	893	-	Pakistan Income Enhancement Fund	-	49
:	25,019	23,465	-	Alfalah GHP Money Market Fund	2,594	2,471
					1,702,371	1,116,634
					2015	2014
16 F	Promium	due but unpa	id - upsocu	rod	Rupees in thou	Isand
	Considered	•	iu unsceu		4,563,443	3,652,444
		d doubtful			373,639	363,482
C	.0115146160	addotrat		—	· · ·	
1	acc. Prov	rision for doubt	ful halancos		4,937,082	4,015,926
L			indi balarices		(373,639)	(363,482)
				—	4,563,443	3,652,444
				btful balances		
		s at 01 January	Ý		363,482	369,231
		(gain) / loss			5,247	(5,749)
	harge for	'		_	4,910	-
F	Balance as	s at 31 Decemb	ber		373,639	363,482

16.2 Premium due but unpaid include an amount of Rs. 459,320 thousands (2014: Rs. 355,801 thousands) held with related parties.

## For the Year Ended 31 December 2015

		Note	2015	2014
		Note		
			Rupees in th	nousand
17	Amounts due from other insurers / reinsurers - unsecured			
17	Considered good		05/ 220	820.933
	Considered good		854,329 299,558	820,933 299,558
			1,153,887	1,120,491
	Less: Provision for doubtful balances	17.1	(299,558)	(299,558)
		17.1	<u>    (299,558)</u> <u> </u>	820,933
			0J4,525_	020,333
17.1	Reconciliation of provision for doubtful balances			
	Balance as at 01 January		299,558	322.810
	Reversal for the year			(23,252)
	Written off during the year		-	(_0,_0)
	Balance as at 31 December		299,558	299,558
			<u>.</u>	
18	Premium and claim reserves retained by cedants			
	Considered good		-	-
	Considered doubtful		23,252	23,252
			23,252	23,252
	Less: Provision for doubtful balances	18.1	(23,252)	(23,252)
18.1	Reconciliation of provision for doubtful balances			
	Balance as at 01 January		23,252	-
	Charge for the year		-	23,252
	Balance as at 31 December		23,252	23,252

	Rupees in	thousand
19 Accrued investment income		
Return accrued on Term Finance Certificates	826	681
Return accrued on Treasury Bills	4,034	-
Return accrued on Pakistan Investment Bonds	297,757	343,663
Return on ijarah sukuks	-	415
Return on policy holders loan	-	210
Dividend income		
- associated undertakings	-	-
- others	466	3,083
	466	3,083
Return on deposit accounts		
- associated undertakings	3,662	-
- others	492	9,079
	4,154	9,079
	307,237	357,131

Note 2015

2014

		Note	2015	2014
			Rupees in t	thousand
20	Reinsurance recoveries against outstanding claims			
	These are unsecured and considered to be good.			
21	<b>Prepayments</b> Prepaid reinsurance premium ceded Others		2,178,676 110,217 2,288,893	2,053,666 93,569 2,147,235
22	Sundry receivables Considered good Current portion of long-term loans Executives Employees Other advances Security deposits Miscellaneous	13 13	11,147 10,856 95,747 101,793 23,532 243,075	5,103 13,365 113,840 33,609 <u>101,108</u> <u>267,025</u>
23	Fixed assets Owned assets - tangibles Owned assets - intangibles Leased assets Capital work in progress	23.1 23.1 23.1 23.2	1,315,123 <u>50,014</u> 1,365,137 <u>6,776</u> 1,371,913	1,113,554 

23.1 Property, plant and equipment												
			Cost			2	G107	Depreciation			Book value	
	As at 01 Jan 2015	Additions / transfers*	Exchange differences and other adjust- ments	Disposals	As at 31 Dec 2015	As at 01 Jan 2015	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2015	As at 31 Dec 2015	Rate
Tit/-					Æ	Rupees in thousar	g					%
l angible Land and Buildings	538,957	313,798	2,999	(6,953)	853,801	128,268	2,090	(5,238)	26,799	151,919	701,882	10.00%
Furniture and fixtures	240,934	13,589	857	(5,240)	250,140	100,495	291	(4, 188)	24,343	120,941	129,199	15.00%
Motor vehicles	611,880	54,742	911	(55,009)	612,524	288,865	427	(29,274)	49,385	309,403	303,121	15.00%
Machinery and equipment	249,718	12,673	972	(69,914)	193,449	136,732	341	(52,542)	19, 168	103,699	89,750	16.67%
Computer and related accessories	333,325	11,376	582	(27,000)	318,283	206,900	597	(23,986)	43,601	227,112	91,171	30.00%
Intangibles Computer software	199,154	16.719	6		215,966	141,952	06	ı	23,910	165,952	50,014	20.00%
Total	2,173,968	422,897	11,414	(164,116)	2,444,163	1,003,212	3,836	(115,228)	187,206	1,079,026	1,365,137	
			Coe+			2014	14	Danvaciation			Book value	
			LUSL					nehieriarioii				
	As at 01 Jan 2014	Additions / transfers*	Exchange differences and other adjust- ments	Disposals	As at 31 Dec 2014	As at 01 Jan 2014	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2014	As at 31 Dec 2014	Rate
					æ	Rupees in thousar	Þ					%
Tangible												
Land and Buildings	546,697	2,402	(8:438)	(1,704)	538,957	101,490	(1,311)	(1,236)	29,325	128,268	410,689	10%
Furniture and fixtures	231,642	11, 181	(1,317)	(572)	240,934	75,482	(172)	(354)	25,539	100,495	140,439	1596
Matar vehicles	499,006	84,619	(353)	(25,775)	611,880	226,941	(451)	(16,301)	47,430	288,865	323,015	15%
Machinery and equipment	- 315 700	54,383 17.760	(1 005)	(200)	012 070	110 200		31,246	01	CC7 3C1	200 C1 1	1602
Computer and related accessories	216,414	119,563	(734)	(000)	333,325	161,907	(589)	(1,697)	47,279	206,900	126,425	30%
Intangibles												
Computer software	198,317	1,248	(411)	I	199,154	114,537	(67)		27,494	141,952	57,202	20%
Leased												
Motor vehicles	67,100	- (57, 303)	I	-	ı	33,473	1 1	(6,688)	4,461	I	I	15%
		(000,40)		(117,17)				(043'10)				
Total	1,993,891	236,271	(12,918)	(43,276)	2,173,968	832,120	(2,904)	(26.744)	200,740	1,003,212	1.170.756	

For the Year Ended 31 December 2015

#### 23.1.1 Details of tangible assets disposed off during the year are as follows:

Description	Cost	Accumulated	Book	Sale	Mode of disposal	Particulars of purchaser
		depreciation Rupees in th	value nousand	proceeds		
Buildings		nupeee in a				
North Nazimabad Premises	1,879	1,407	472	4,500	Auction	Mr. Jamshaid Alam
Hajra Mansion Premises	1,735	1,310	425	5,600	Auction	Mr. Jamshaid Alam
Adeel Centre Premises	1,405	1,061	344	2,800	Auction	Mr. Jamshaid Alam
Suleman Centre Premises	1,200	906	294	4,225	Auction	Mr. Jamshaid Alam
Uni Centre Premises	734	554	180	8,900	Auction	Mr. Jamshaid Alam
	6,953	5,238	1,715	26,025		
Furniture & fixtures						
Items having book value below Rs. 50,000	991	578	413	114		
Items written off	4,249	3,610	639	114		
	5,240	4,188	1,052	114		
Motor vehicles	0,210	.,	.,			
Owned:						
					Insurance claim recovery	
Honda Civic Prosmatic (BCL-665)	2,211	137	2,074	2,025	Nogotiation	IGI Insurance Ltd
Volkswagon	2,099	668	1,431	579	Negotiation Insurance claim recovery	Omer Zubair - Employee
Toyota Corolla Altis (AZA-864)	2,063	523	1,540	1,925	Insulance claim recovery	IGI Insurance Ltd
	2,005	525	1,540	1,525	Insurance claim recovery	
Honda Civic Vti Oriel (AUN-105)	2,005	1,113	892	1,020		IGI Insurance Ltd
Honda Civic Oriel Prosmatic (ASV-348)	1,882	1,141	741	963	Auction	Hafiz Muhammad Tahir
Honda Civic (AUU-461)	1,863	951	912	1,110	Auction	Syed Masroor Ali
Honda Civic Vti Pt Sr (LED-09-6243)	1,801	1,070	731	799	Negotiation	Malik Nazir Ahmad-Employee
Suzuki Jimmy (BF-0422)	1,769	1,082	687	960	Auction	Shakeel Ahmad Afaqi
T		0.40	4 000	4 (75	Insurance claim recovery	
Toyota Corolla Xli (AZQ-318)	1,555	346	1,209	1,475	Insurance claim recovery	IGI Insurance Ltd
Toyota Corolla Gli (AWE-649)	1,524	646	878	1,450	1	IGI Insurance Ltd
Toyota Corolla Gli (LED-09-6246)	1,412	839	573	626	Negotiation	Syed Ahmer Shoaib-Employee
Toyota Corolla Gli (ASM-659)	1,389	826	563	616	Negotiation	Syeda Riffat Raza-Employee
Toyota Corolla Gli (ASP-785)	1,389	826	563	616	Negotiation	Mohammad Yaqoob Memon-Employee
Honda Civic (AUK-418)	1,328	661	667	865	Auction	Kashif Farooq
	1 2 4 0	0/0	(50	075	Insurance claim recovery	
Honda Citi (ARX-257)	1,319	840	479	875	Negotiation	IGI Insurance Ltd
Ford Escape	1,119	693	426	124	Negotiation	Mr. Sami - Seagull Logistics
Ford Explorer	1,119	619	500	185	Auction	Mr. Sami - Seagull Logistics
Honda Citi (ARH-156)	1,104	723	381 274	732 803	Auction	Muhammad Awais
Toyota Corolla Gli (APX-485)	1,005	731 379	274 571	803 774	Auction	Syed Masroor Ali
Suzuki Cultus (AXP-947) Suzuki Cultus (AVA-959)	950 918	379 487	431	586	Auction	Syed Masroor Ali Syed Masroor Ali
Suzuki Cultus (AVA-959) Suzuki Cultus (AUL-879)	905	407 503	402	853	Auction	Syed Masroor Ali
Honda Citi (R-7113)	885	708	177	659	Auction	Muhammad Nasir Khan
Toyota Corolla Gli (ASP-791)	879	701	178	927	Auction	Syed Sakhawat Hussain Shah
Suzuki Cultus (ARR-862)	862		315	531	Auction	Muhammad Awais Ishaq
Suzuki Cultus (AUE-403)	862	472	390	571	Auction	Muhammad Anwar Khan
Suzuki Cultus (ARW-039)	850	555	295	400	Auction	Syed Masroor Ali
Suzuki Cultus (LEC-09-1944)	851	519	332	563	Auction	Nazeer Iqbal
Suzuki Cultus (ASC-842)	844	515	333	365	Negotiation	Shaikh Zaheeruddin Babar-Employee
Suzuki Cultus (ASC-042)	844		311	422	Auction	Syed Masroor Ali
Suzuki Cultus (ASA-153)	839		331	552	Auction	Syed Masroor Ali
Suzuki Cultus (ASE-506)	805	488	317	347	Negotiation	Syed Qudratullah Quadri-Employee
Suzuki Cultus (A90-801)	632		186	386	Auction	Muhammad Awais Ishaq
Suzuki Kehran (ASC-564)	539	326	213	233	Negotiation	Bernard Farnon-Employee
	555	520	213	200	Insurance claim recovery	
Suzuki Mehran (LEB-09-8390)	536	327	209	401	,	IGI Insurance Ltd
Suzuki Mehran (LEB-09-8948)	536	332	204	222	Negotiation	Mohammad Yaqoob Khan-Employee
Suzuki Mehran (LEB-09-8951)	536	332	204	222	Negotiation	Iftikhar Hussain-Employee

### For the Year Ended 31 December 2015

				<u> </u>		
Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
		Rupees in t		proceeds		
Suzuki Mehran (LEB-09-8952)	536	332	204	223	Negotiation	Syed Farhat Hussain-Employee
Suzuki Mehran (LEB-09-8954)	536	332	204	222	Negotiation	Mohammad Shakeel-Employee
Suzuki Mehran (LEC-09-1963)	535	324	211	231	Negotiation	Amjad Saood Quddusi-Employee
Suzuki Mehran (ARY-158)	534	326	208	390	Auction	Sardar Ali Masood Raza
Suzuki Mehran (ASA-542)	534	331	203	222	Negotiation	Jawed Saeed Khan-Employee
Suzuki Mehran (ASA-562)	534	331	203	222	Negotiation	Najam Ayaz-Employee
Suzuki Mehran (ASA-389)	534	331	203	222	Negotiation	Nadeem Ahmed Siddiqui-Employee
Suzuki Mehran (ASA-362)	534	331	203	222	Negotiation	Imran Omar-Employee
Suzuki Mehran (ASA-503)	534	331	203	222	Negotiation	Syed Javed Ali Shah-Employee
Suzuki Mehran (ASA-679)	534	323	211	231	Negotiation	Muhammad Ashraf Memon-Employee
Suzuki Mehran (ASC-692)	534	323	211	231	Negotiation	Muhammed Yousuf-Employee
Suzuki Mehran (ASD-607)	534	323	211	231	Negotiation	Nadeem Ali Shaikh-Employee
Suzuki Mehran (ASD-462)	534	323	211	231	Negotiation	Aftab Alam-Employee
Suzuki Mehran (ASC-791)	534	323	211	231	Negotiation	Mohammad Saleem-Employee
					Insurance claim	
Suzuki Mehran (ASX-507)	525	304	221	460	recovery	IGI Insurance Ltd
Suzuki Mehran (ASL-306)	520	309	211	231	Negotiation	Khurshed Javed-Employee
Suzuki Cultus (ANE-703)	260	174	86	183	Auction	Syed Masroor Ali
Honda Civic (i-vtec)	2,153	753	1,400	1,586	Negotiation	Noman Noor-Employee
Items having book value below		( )		10		
Rs. 50,000	41	41	-	19		
	55,009	29,274	25,735	32,572		
Machinery & equipment						
Photo copy machine	408	252	156	156		
Items having book value						
below Rs. 50,000	18,848	13.820	5.028	53		
Items written off	50.658	38,470	12,188	-		
	69,914	52,542	17,372	209		
Computer	,	,				
Laptop	71	20	51	66		
Laptop	71	20	51	66		
Items having book value						
below Rs. 50,000	238	237	1	35		
Items written off	26,620	23,709	2,911	-		
	27,000	23,986	3,014	167		
Grand Total	164,116	115,228	48,888	59,087		

23.2 Capital work in progress represents capital expenditure in respect of IT infrastructure of the Holding Company.

## For the Year Ended 31 December 2015

		Note	2015	2014
			Rupees in t	housand
24 Expension	ses s and waqes	26.1	1 216 / 16	1 107 000
	ates and taxes	∠0. I	1,216,416	1,107,609
Utilitie			98,977 56,148	86,586 62,943
	unication and computer expenses		65,840	35,979
	g and stationery		52,162	33,184
	ng and entertainment		45,938	55,034
	s and maintenance		102,029	124,815
	sement and sales promotion		130,601	42,793
Deprec		23.1	119,635	123,936
	g and monitoring charges	20.1	99,865	91,600
	ind professional		85,092	59,668
Others			41,278	86,793
			2,113,981	1,910,940
25 Other	income			
Incom	e from financial assets			
Return	on bank deposits		82,980	94,522
Interes	t on loans to employees		375	359
Incom	e from non financial assets			
	sale of fixed assets		25,937	14,486
Miscell	aneous		67,040	11,296
			176,332	120,663
26 Genera	al and administration expenses			
	s and wages	26.1	243,529	159,455
	ates and taxes	20.1	24,040	133,433
Deprec		23.1	48,802	56,044
Commi	unication and computer expenses		39,800	39,523
Utilitie			11,424	15,320
Repairs	and maintenance		17,475	25,771
Advert	sement and sales promotion		32,032	19,926
Traveli	ng and entertainment		15,474	27.467
Directo			390	350
Legal a	nd professional		83,662	58,948
Auditor	rs' remuneration	26.2	7,542	6,995
Donati	ons	26.3	400	1,154
Amorti	zation of intangible asset	23.1	18,769	20,762
Others			42,482	48,794
			585,821	498,669

26.1 Management expenses and General and Administration expenses include Rs. 66,567 thousands (2014: Rs. 57,555 thousands ) in respect of staff retirement benefits.

### For the Year Ended 31 December 2015

	2015	2014
	Rupees	in thousand
6.2 Auditor's remmuneration		
Holding Company		
Audit fee	4,33	2 4,027
Half yearly review	46	
Other certifications	32	370
Out of pocket expenses	80	<b>D</b> 728
	5,92	<b>1</b> 5,594
Subsidiary Company		
Audit fee:		
- Not related to statutory fund	18	9 140
<ul> <li>Related to statutory fund</li> </ul>	1,43	2 1,261
	1,62	
	7,54	

**26.3** None of the directors or their spouses had any interest in the donee.

		Note	2015	2014
			Rupees in	thousand
27	Provision for taxation			
	Current tax			
	For the year		222,322	150,573
	Prior year		37,126	(3,993)
	Deferred tax			
	For the year	27.2	15,652	8,473
			275,100	155,053
			2015	2014
			(Effective	tax rate)
27.1	Tax charge reconciliation		(Perce	ntage)
	Tax at the applicable rate			
	of 32% (2014: 33%)		32	33
	Tax effect of income subject to lower rate		(14.2)	(9.92)
	Tax effect of change in tax rate and others		(3.81)	1.8
	Super tax		1.3	-
	Effect of prior years adjusment		-	(0.2)
	Tax effect of income exempt from tax		(5.57)	(17.11)
			9.72	7.57

### For the Year Ended 31 December 2015

	2015	2014
	Rupees in	thousand
27.2 Deferred tax effect due to temporary differences of:		
Tax depreciation allowance	(59,880)	(69,157)
Provision for gratuity	17,575	14,836
Assets subject to finance lease	-	-
Carried forward tax losses	125,526	153,194
	83,221	98,873
Less: Opening balance of deferred tax asset	98,873	107,346
	(15,652)	(8,473)

**27.3** The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for tax year and does not distribute cash dividend within six months of the end of said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40% of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

During the year, the Holding Company has paid an interim dividend of Rs. 1.5/- per share representing 21% of its after tax profits for the year. Further as explained in note 35 to the financial statements, the Board of Directors of the Holding Company in their meeting held on 23 February 2016 has recommended a final dividend of Rs. 1.5/- per ordinary share for the year ended 31 December 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in these consolidated financial statements.

		2015	2014
		Rupees in th	nousand
28	<b>Earnings per share - basic and diluted</b> There is no dilutive effect on the basic earnings per share which is based on: Net profit after tax for the year attributable to owners of the parent		1000 2/ 2
	Net profit alter tax for the year attributable to owners of the parent	2,555,457	1,890,243
		Number of	shares
	Weighted average number of shares	350,000,000	350,000,000
		Rupee	25
	Basic earning per share	7.30	5.40

### For the Year Ended 31 December 2015

### 29 Remuneration Of Chief Executive, Executive Director, Non-Executive Directors And Executives

The aggregate amount charged for the year for remuneration including all benefits to Chief Executive Officer, executive directors, non-executive directors and executives of the Holding Company is as follows:

	Chief Exe Officer / E Direc	xecutive	Non-ex Direc		Execu	tives	Tot	al
	2015	2014	2015	2014	2015	2014	2015	2014
				Rupees in	thousand			
Fee	_	-	390	350	_	_	390	350
Managerial remuneration	7,841	6,480	-	-	186,419	160,647	194,260	167,127
Allowances and perquisites	10,390	7,854	-	-	257,329	183,310	267,719	191,164
	18,231	14,334	390	350	443,748	343,957	462,369	358,641
Number	1	1	10	10	169	154	180	165

- **29.1** In addition, the Chief Executive Officer and certain executives are also provided with free use of the Holding Company's cars, certain household items, furniture and fixtures and equipment in accordance with the policy of the Holding Company.
- 29.2 No remuneration was paid to non executive directors of the Holding Company except for meeting fees.
- 29.3 The retirement benefits paid by the Holding Company for CEO are Rs 551 thousands (2014: Rs. 540 thousands).

### 30 Transactions with related parties

The Group has related party relationships with its associated companies, subsidiary Group, employee benefit plans, key management personnel and other parties. Transactions entered into with such related parties include the issuance of policies to and disbursements of claims incurred by them and payments of rentals for the use of premises rented from them, etc.

There are no transactions with key management personnel other than as per their terms of employment. These transactions are disclosed in notes 13 and 29 of these consolidated financial statements. Particulars of transactions with the Group's staff retirement benefit schemes are disclosed in note 9 and 10.1. Investments in and balances outstanding with related parties have been disclosed in the relevant notes to the consolidated balance sheet. Other transactions with related parties not elsewhere disclosed are summarized as follows.

		2015	2014
		Rupees in t	housand
Hold	ding Company		
i)	Transactions		
	Premium underwritten	1,009,702	1,143,225
	Premium received	1,002,714	834,422
	Claims paid	356,758	322,214
	Service charges received	-	5,045
	Investments made	927,723	493,136
	Rent paid	8,172	870
	Rent received	3,672	5,674
	Dividends received	698,384	520,843
	Dividend paid	292,608	326,627
	Income on deposit account	39,512	37,375

		Numbe	r of Shares
	Bonus shares received	44,000	3,004,653
		2015	2014
ii)	Year end balances	Rupees in	thousand
	Other related parties		
	Balances receivable Balances payable Cash and bank balances	456,582 623,245 1,983,209	347,346 305,383 1,174,526

		2015	2014
		Rupees in th	ousand
Subs	idiary Company		
•,			
i)	Transactions		
	Premium written	90,271	86.727
	Claims expense	56,163	57,882
	Commission and other incentives in respect of Bancassurance	1,006,564	861,870
	Profit on bank deposits	26,101	30,408
	Investment advisor fee	21,135	14,515
	Trustee fee	6,620	4,553
	Technical support fee	-	4,284
	Bank charges	532	186
	Investment purchased	2,475,626	1,311,979
	Investment sold	1,901,504	791,751
	Dividend income	27,897	163
ii)	Year end balances		
·			
	Premium due but unpaid	6,399	9.669
	Bank deposits	1,090,027	501,317
	Dividend receivable	160	-
	Technical support fee payable	14,933	15,520
	Commission payable	180,916	221,359
	Claims payable	3,820	7,290
	Remuneration payable to Investments advisor	5,091	1,763
	Remuneration payable to Trustee	683	447

For the Year Ended 31 December 2015

ed in the profit and loss account prepared in accordance with the

4,216,759 538,268 2,178,676 4,563,443 213,398 5,928,944 449,151 905,478 2,047,671 168,584 1,452,865 1,25,595 31,183 4237.927 110,217 243,075 371,913 854,329 30,616 28,381,412 83,221 307,237 5,972,005 74,793 427,951 5,340 61,757 9,143 (22,523) gregate Life Insurance 24.275 30,045 (715) 283,636 33,744 68,587 198,181 235,949 238,611 33,800 228 8,943 1,339,795 13,618 13,682,874 70.716 Unit Linked Business 1,142,425 1,845 2,105,991 11,158,540 232.818 16,050 182,602 224,933 5.750 1,269 100,430 Non-unitised Investment Link 8,502 44,548 3,436 51.987 7,301 21/2 50,000 . 18 92 168 ខ្ល Life Insurance Accident and Health Business Conventional Business 24,275 74,007 76,437 1,449 - - 169 68,695 1.351 6.342 ' 8 241,814 4,821 29.058 17,896 70,716 3,800 5,340 54,496 9,143 (22,523) 39,943 3,271 (715) 30,256 areholders' Fund 33,626 76,473 174,488 1,301,197 4,216,759 538,268 2,178,676 4,539,168 2,898,132 83,936 23,601 213,398 5,928,944 213,202 666,867 2,013,871 163,244 1,391,108 116,452 53,706 Aggregate General Insurance 74,793 388,008 -814,284 16,998 14,698,538 5,773,824 1,334,250 75,714 174,253 2,000,673 208,744 1,633,750 208.674 25,640 203,391 2,286,924 52,528 8,104 56,693 3,733 139 1.813.714 7,468 689'66 6,249 Outside Pakistan 39,944 2.216,096 2 334,877 1,969,932 2,905,418 76,334 98,774 1,126,944 1,563,882 13,265 173,454 4,115,230 205,734 110,716 1,383,004 59,759 53,706 381,759 814,284 83,936 23,601 458,193 74,793 14,698,538 988231 Inside Pakistan 75,714 52,528 8,104 56,693 Unallocated Corporate Assets, Liabilities Outside Pakistan 1,334,250 3,733 8 × ,563,882 83,936 23,601 76,334 59,759 53,706 74,793 Inside Pakistan 13,265 14,698,538 98,774 110,716 383,004 126.944 Outside Pakistan Inside Pakistan Outside Pakistan 810 1.117 5.456 10,903 832 1,652 50 [393 171 7894 Miscellaneous Inside Pakistan 704,120 47,201 166,445 380,045 106,492 29,249 26,906 26,906 52,489 Outside Pakistan 7,373 2,232 14,096 18,490 85 2,362 290 Accident & Health 896,804 -8,639 473,126 28.951 64,477 Inside Pakistan 1,922,760 193,035 161,155 1,550,134 Outside Pakistan 2,193,484 1,728,669 7,085 197,993 24,328 32,231 76.499 59.416 297 521.264 46,063 226,650 302,200 Inside Pakistan 29 36.904 82.189 Marine, Aviation and Transport Outside Pakistan 11,406 Ŗ 5554 52 1,457 173 675 94,260 3,481 2.729 302,781 33,670 21,436 47,740 Inside Pakistan 84,842 80.570 248 Fire and Property Damage Outside Pakistan 69.730 6.332 28.037 4.2.817 82.052 6.061 44, 108 196 5,469 672 1,341,207 216,140 1,800,461 1,292,960 362,300 1,985,358 143,828 2,276,188 91,537 203,864 884,625 5,585,400 Inside akistan Premium and claim reserves retained by cedants (including IBNR) ease Amounts due from other insurers/reinsurers iabilities against assets subject to finance Reinsurance and other recoveries accrued Prepaid reinsurance premium ceded ixation - provision less payments vision for outstanding claims vision for unearned premium Deferred commission expense Commission income unearned emiums received in advance ounts due to other insurers Accrued investment Income axation payments less provi Other creditors and acoruals Premiums due but unpaid Staff retirement benefits Jnallocated liabilities Cash and bank deposits repayments - others **Jnallocated assets** Commission payable Segment liabilities Inclaimed dividends Other Information Deferred taxation undry receivables Accrued expenses Segment assets apital expenditu otal liabilities rivestments otal assets cans.

31 Segment reporting

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31.1 Forgenel insurance, each dass of business has been identified as reportable segment whereas for life insurance the statutory funds are treated as reportable segments. For general insurance, requirements of the hour area codimente, 2000 and the SEC (insurance) Rules, 2002. The following is a schedule of class of business were assets and liabilities.

For the Year Ended 31 December 2015

		Grand Total	l
		ggregate Life Insurance	
		/ Unit Linked Business	
		Non- unitised Investment Link Business	
	Life Insurance	Accident and Health Business	l
		Conventional Business	
		Inder Pakistan Dutide Inde Outlide Inde Outlide Inde Outlide Inde Pakistan	
		Aggregate General Insurance	l
	Total	Outside Pakistan	
	10	Inside Pakistan	
ver 2014	llocated Corporate Assets/ Liabilities	Outside Pakistan	sand
31 December 2014	Unallocated Co Liabi	Inside Pakistan	upees in thousand
	31 D Treaty Unallocat	Outside Pakistan	Ŀ
	-	Inside Pakistan	
	Miscellaneous	Outside Pakistan	
		Inside Pakistan	
	Accident & Health	Outside Pakistan	
	Accidem	Inside Pakistan	
	Motor	hade Outside Inside Outside Inside Outside Nade Outside Nade Outside Inside Outside Inside Outside Inside Nade Pekistan	
		Inside Pakistan	
	Aviation and insport	Outside Pakistan	
	Marine, Tra	Inside Pakistan	
	ire and Property Marine, Aviation and Damage Transport	Outside Pakistan	
	Fire an Da	Inside Pakistan	

Te l

# Segment assets Reinsurance and other recove Other Information

Segment assets																								
Reinsurance and other recoveries accrued	1,545,559	6,422	168,410	,	66,356 1,	598,544		,	488,628	2.784		,	,		2,268,953 1,607,750		3,876,703			1	1		1	3,876,703
Deferred commission expense	228,246	8,826	10,308	195	54,280	115,282	9,514	1,787	47,698	1,160	,	,		,	350,046	127,250	477,296	,			'			477,296
Prepaid reinsurance premium ceded	1,618,179	35,553	5,458	66	833	144,683	,	12,704	232,065	4,125	,			,	1,856,535 1	197,131	2,053,666			'				2,053,666
Premiums due but unpaid	1,148,803	55,236	212,805 1/	14,248 3	372,467 1)	037,747	060'69£	19,130	387,572	10,823		,			2,490,737 1,137,184		3,627,921	,	24,523	1			24,523	3,652,444
Premium and claim reserves retained by cedants		,	,	,	,	,		,	,	,	,	,		,	,	,				,	,	,	,	,
Amounts due from other insurers/reinsurers	376,955	1	69,827	1	122217		,	,	248,283	,	i.		,		817,282	1	817,282		1	1	3,651	i.	3,651	820,933
Unallocated assets																								
Cash and bank deposits								,	1			- 1,6	,669,648 1,206	1,206,982	1,669,648 1,206,982		2,876,630	10,295	63,831	57	38,529	776'697	572,661	3,449,291
Loans	1	1	1		,	1	1	1	1		,		11/38	2,487	11,738	2,487	14,225	1	1	1	2.794	729	3,523	17.748
Irrvestments		1		,		,	,	,	•	,	,	- 12.7	12,787,169	-	12,787,169	-	12,787,169	264,270	197,166	8	1.660233 5.977,960		8,099,714 2	20,886,883
Deferred taxation		,		,	,	,	,		,	,	,	,	7,694	,	769,72	,	769,72	1,179				,	1,179	98,873
Accrued investment Income				,									26214		26.214	1	26.214	7,336	1,315		71342	250,924	330,917	357,131
Taxation payments less provision	'	1	,	,		,	,	,	•	,		,	49,843	,	619,843	1	49,843	7,871	•	1	•		7,871	57,714
Prepayments - others	'	,		,			,	,		,		,	62,202	341	62,202	341	62,543	27,860		1	,	3,167	31,027	93,570
Sundry receivables		,	,	,	,	,		,	,	,	,	,	188,052 68	68,081	188,052	68,081	256,133	9,792	21	,	,	970,1	10,892	267,025
Fixed assets		1		,			,	,	1	,		رن ۱	928,760 185	185,038	928,760	185,038	1,113,798	58,679		'	1		58,679	1.172,477
Total assets	4,917.742	106,037	466,808 1/	14,509 6	616,153 2)	2,896,256	378,604	33,621	1,404,246	18,892	,	- 15,6	15,821,320 1,46;	1,462,929 2:	23,604,873 4,5	4,532,244 2	28,137,117	387,282	286,856	149	1,776,549 6,693,801		9,144,637 3	37,281,754
Sommont liabilities																								
Provision for outstanding claims (including IBNIR)	2,395,537	7,572	308,152	76 1	172,203 1.	1,948,062	142,538	276'E	707,959	1	20,332				3,746,721 1,959,652		5,706,373	1	56,380	1	11,911	45,208	113,499	5,819,872
Commission income unearned	150,849	7,317	245	10	8	25,468	,	,	46,014	1,133		,			197,193	33,928	231,121	1		1	'			231,121
Provision for unearned premium	2,267,875	49,237	42,421 6	6.291 7	718,851 1.	,107,606	539,400	23,610	506,570	7,987	,	,			4,075,117 1,1	1,194,731	5,269,848					,		8786925
Premiums received in advance	077270		17,476	,	30,587				62,136						204,539	1	204,539		4,514	σ	38,446	99,198	142,167	346,706
Commission payable	165,864	8,308	30,724 2	2.143	53,777	156,079	53,289	2,877	55,956	1,628		,	,	,	359,610	171,035	530,645			1	•			530,645
Amounts due to other insurers / reinsurers	514,624	5,373	62'356	1,386 1	166,852	100,939	1		338,958	2,914	i.				1,115,763 1	110,612	1,226,375	1	12,766	-	1	6,452	19,2,19	1,245,594
Unallocated liabilities																								
Accrued expenses									1				46,121 22	22,720	46,121	22,720	68,84,1	3,962		1	1		3,962	72,803
Other creditors and acoruals	'	,		,			,	,		,		- 1,2	1,265,109 23	22288	1,265,109	22,288	1,287,397	30,770	8,973	R	7,497	192,937	240212	1,527,609
Staff retirement benefits				,									61,475 44	44,772	61,475	44,772	106,247	6,299		1			6233	112,546
Liabilities against assets subject to finance lease		,	,	,	,	,		,	,	,	,	,			,	,							,	,
Unclaimed dividends		1											95,416		95,416	1	95,416							95,416
Total liabilities	5,589,089	77,807	494,347	9,906 1,1	1,142,355 3,	3,338,154	735,227	30,429	1,717,593	13,662	20,332	- 1,4	,468,121 89	89,780 1	11,167,064 3,559,738 14,726,802	559,738 1	4,726,802	41,031	82,633	57	27,854	343,795	525,358 1	15,252,160

525,358 0.783

30,783

108,887 6,692

102,195

For the Year Ended 31 December 2015

				BUSINESS UNDER	WRITTEN INSIDE PAKISTAN	E PAKISTAN								BUSINE	ESS UNDER	ESS UNDERWRITTEN OUTSIDE PAKISTAN	SIDE PAKISTA	N			l
		General I	General Insurance			Life Insurance	Jce		Total			Gene	General Insurance			Life	Life Insurance		Total		Aggregate
	Fire and marine, aviation property and damage transport	Motor	Accident ® Health	liscellaneous Treaty	Conventional Business	Accident ur and Health Inve Business Bu	Non- unitised Unit rvestment Bus Business	Unit Linked 31 Dc Business 2	31 December 3 2015 20	31 Fire and December 2014 damage	and Marine, aviation age transport	ie, ion Motor iort	Accident ©   Health	Miscellaneous Treaty		Conventional A Business B	Accident uni and Health Inves Business L Bus	Non- unitised nvestment Dece Business	31 31 December December 2015 2014	<u></u>	December 31 2015 December 2014
										(Rupees in t	housand)										
Revenue account																					
Net premium revenue	986,886 693,426 1,639,054 1,517,184	1,639,054	1,517,184	709,682	- 150,495	•	503,951 8,	183,245 14,	8,183,245 14,383,923 9,773,066		31,940 24,	24,157 2,118,401	01 17,017	7 9,644	'	•		- 2,2	01,159 1,50	5,917 16,51	- 2,201,159 1,505,917 16,585,082 11,278,983
Net claims	(392,137) (317,298) (766,315) (1,429,985)	(766,315) (	(1,429,985)	(427,793) 20,332	2 (99,652)		(91,320) (1,5	(1,587,320) (5,0	(5,091,488) (4,306,903)		(48,152) (1,4	(1,432) (1,401,981)	31) (9,847)	(5,099)		'	'	- (1,46	56,511) (1,024	,711) (6,55	- (1,466,511) (1,024,711) (6,557,999) (5,331,614)
Expenses	(248,670) (181,198) (501,220) (120,232)	(501,220)	(120,232)	(204,956)	- (38,624)	-	(34,974) (4	1,1) (154,633) (1,1	(484,633) (1,814,506) (1,643,033)		(12,406) (6,2	(6,269) (268,055)	55) (6,588)	(6,157)		•		- (26	99,475) (267	,907) (2,11	(299,475) (267,907) (2,113,981) (1,910,940)
Net commission	(116,071) (116,747) (119,048) (19,997)	(119,048)	(19,997)	57,744	- (31,934)	'	(42,031) (1,4	422,278) (1,1	(1,422,278) (1,810,362) (1,212,326)		(2,252) (3,2	(3,277) (239,758)	58) (3,043)	) 4,452	'	'		- (57	(243,878) (177	,971) (2,05	(177,971) (2,054,240) (1,390,297)
Net investment income -																					
statutory fund		•		,	- 20, 193	F	231,923	917,583 1,	917,583 1,169,710 1,048,952	48,952					•	•	•			- 1,1	- 1,169,710 1,048,952
Add: Policyholder's liabilities at																					
beginning of the year		•	'	·	- 101,213		- 1,613,531 6,	6,271,711 7,	7,986,455 4,732,159	32,159					•	'	•	•		- 7,9	7,986,455 4,732,159
Less: Policyholder's liabilities at					'																
end of the year		'			- (104,896)	- (2)	157,292) (11,6	593,710) (13,i	- (2,057,292) (11,693,710) (13,855,898) (7,986,455)	16,455)					•					- (13,85	- (13,855,898) (7,986,455)
											,				•						
Surplus of Policyholders' funds			'		- 3,205		(12) (123,788) (1	(184,598) (3	(305,193) (7	(71,578)	,	,			•	•	•			- (30	(305,193) (71,578)
Underwriting result	230,008 78,183	252,471	(53,030)	134,677 20,332	-				662,641 33	333,882 (30,870)		13,179 208,607	07 (2,461)	) 2,840					191,295 3	35,328 85	853,936 369,210
-																					
Investment income - other								7	CI1,45U,2 0C0,1C4,2	CI /'te											n'
Rental income																			6,339	5,674	
Other income									156,919 9	96,839									19,413 2	23,824 15	176,332 120,663
								m	3,251,416 2,525,436	25,436								2	217,047 6	64,826 3,46	3,468,463 2,590,262
General and administration expenses								÷	(484,960) (42	(421,552)								10	(100,861) (77	(77,117) (58	(585,821) (498,669)
Exchange gain									6,232	(09)									(322)	(410)	5,910 (470)
Finance charge on lease liabilities										(2/0)											- (270)
Workers' welfare fund									(57,771) (4	(41,697)										- (5	(57,771) (41,697)
Profit before tax								2	2,714,917 2,061,857	61,857								-	115,864 (12	(12,701) 2,8:	2,830,781 2,049,156
Provision for taxation								3	(275,100) (155,053)	i5,053)										- (27	(275,100) (155,053)
Profit after tax								2	2,439,817 1,906,804	06,804								-	115,864 (12	(12,701) 2,5	2,555,681 1,894,103

Following is a schedule of segment wise revenue and results: eated as reportable are tatutory funds he - annce ife reas, for reportable identified as For general insurance, each class of business has been 31.2

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### 32 Financial and insurance risk management objectives and policies

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Group's financial assets and liabilities are limited. The Group consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors of Holding Company has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing the Group's risk management policies.

The individual risk wise analysis is given below :

### 32.1 Credit risk and concentration of 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 Group attempts to control credit risk by monitoring credit exposure by undertaking transactions with a large number of counterparties in various sectors 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 affect their ability to meet contractual obligations in a similar manner. The Group's credit risk exposure is not significantly different from that reflected in these consolidated financial statements. The management monitors and limits the Group's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified 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 in the	ousand
ank deposits	4,227,178	3,440,398
nvestments	28,381,412	20,886,884
Premium due but unpaid	4,563,443	3,652,444
Amount due from other insurers / reinsurers	854,329	820,933
alvage recoveries accrued	250,602	207,471
oans	39,001	32,693
Accrued investment income	307,237	357,131
Reinsurance recoveries against outstanding claims	3,966,157	3,669,232
oundry receivables	221,072	248,557
	42.810.431	33.315.743

Provision for impairment is made for doubtful receivables according to the Group's policy. The impairment provision is written off when the Group expects that it cannot recover the balance due. During the year, receivables of Rs. 4,910 thousands (2014: Rs. Nil) were further impaired and provided for. The movement in the provision for doubtful debt account is shown in note 16.1, 17.1 and 18.1 to these consolidated financial statements.

### For the Year Ended 31 December 2015

			2	015	2014
				Rupees in thou	sand
The age analysis of receivables from ot	her than related par	ties is as follows:			
Up to 1 year				3,570,085	2,891,34
1-2 & prior years				908,601	778,29
				4,478,686	3,669,63
The age analysis of receivables from rel	ated parties is as fo	llows:			
Up to 1 year				411,061	308,37
1-2 & prior years				42,425	37,91
1 /				453,486	346,28
<b>T</b> I II. II. <b>A</b> II. II.					
The credit quality of group's bank balance ca	n be assessed with ref	erence to external c	redit rating as follow	S:	
	R	ating	Rating	2015	2014
	Short Term	Long Term	Agency	Rupees in t	housand
Allied Bank Limited	A1+	AA+	PACRA	-	
Askari Bank Limited	A1+	AA	PACRA	46	4
Bank Alfalah Limited	A1+	AA	PACRA	74,057	64,08
Bank Al Habib Limited	A1+	AAA	PACRA	31,550	26,84
Citibank N.A.	P-2	A3	Moody's	-	9,59
Dubai Islamic Bank Pakistan Limited	A1	A+	JCR-VIS	50,491	
Habib Bank Limited	A1+	AAA	JCR-VIS	134,033	127,95
Industrial Development Bank of Pakistan	-	-	-	-	83
FINCA Micro Finance Bank Limited	A-2	A-	JCR-VIS	1,043	99
Bank Islami Pakistan Limited	A1	A+	PACRA	11,644	7,45
MCB Bank Limited	A1+	AAA	PACRA	3,073,236	1,670,70
National Bank of Pakistan	A1+	ААА	PACRA/JCR-VIS	428	4,11
The Punjab Provincial Cooperative					
Bank Limited	Not Available	Not Available	Not Available	155,799	139,10
Rozgar Micro Finance Bank Limited	A-3	BB+	JCR-VIS	-	
Bank of Punjab	AA+	A-1+	PACRA	8	
Soneri Bank Limited	A1+	AA-	PACRA	1	
Standard Chartered Bank					
(Pakistan) Limited	A1+	ААА	PACRA	50,856	29,11
Tameer Micro Finance Bank Limited	A1	A+	JCR-VIS	-	
Tameer Micro Finance Bank Limited United Bank Limited, Dubai U.A.E	A1 A1+	A+ AA+	JCR-VIS JCR-VIS	- 188,004	1,055,16

A1+

A1+

A2

A1+

AA

AAA

A-1+

AA

JCR-VIS

JCR-VIS

PACRA

JCR-VIS

12,056

266,339

25,980

3,440,398

-

-

299,528

2,708

53,726

4,227,178

Al-Meezan Bank (Formerly HSBC)

Zarai Taraqiati Bank Limited

Waseela Microfinance Bank

Faysal Bank Limited

### For the Year Ended 31 December 2015

The credit quality of amount due from other insurers (gross of provisions) can be assessed with reference to external credit rating as follows:

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2015	2014
		Rupees in	thousand	
A or Above (including PRCL)	1,130,745	3,883,754	5,014,499	4,647,153
BBB	10,576	37,657	48,233	52,117
Others	12,566	44,746	57,312	413,402
Total	1,153,887	3,966,157	5,120,044	5,112,672

Subsidiary Company's receivable from reinsurers is Rs. 40,045 thousands (2014: Rs. 3,651 thousands).

### 32.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of adequate funds through committed credit facilities. The Group finances its operations through equity, borrowings and working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk. The management follows an effective cash management program to mitigate the liquidity risk.

The following are the contractual maturities of financial liabilities, including estimated interest payments on an undiscounted cash flow basis:

		20	15	
	Carrying amount	Contractual cash flow	Up to one year	More than one year
		Rupees in	thousand	
Financial liabilities				
Provision for outstanding claims				
(including IBNR)	5,972,005	5,972,005	5,972,005	-
Amount due to insurers / reinsurers	2,047,672	2,047,672	2,047,672	-
Accrued expenses	168,584	168,584	168,584	-
Unclaimed dividend	74,793	74,793	74,793	-
Other creditors and accruals	1,969,261	1,969,261	1,969,261	
	10,232,315	10,232,315	10,232,315	

### For the Year Ended 31 December 2015

		2014			
	Carrying amount	Contractual cash flow	Up to one year	More than one year	
Financial liabilities		Rupees in	thousand		
Provision for outstanding claims (including IBNR)	5,819,872	5,819,872	5,819,872	_	
Amount due to insurers / reinsurers	1,245,594	1,245,594	1,245,594	-	
Accrued expenses Unclaimed dividend	72,803 95,416	72,803 95,416	72,803 95,416	-	
Other creditors and accruals	1,687,251	1,687,251	1,687,251		
	8,920,936	8,920,936	8,920,936		

### 32.3 Market risk

Market risk means that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The market risks associated with the Group's business activities are interest / mark-up rate risk, price risk and currency risk.

### (a) Interest / mark - up rate risk

Interest / mark-up rate risk is the risk that the value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark - up rates. Sensitivity to interest / mark-up rate risk arises from mismatching of financial assets and liabilities that mature or repaid in a given period. The Group manages this mismatch through risk management strategies where significant changes in gap position can be adjusted. At the reporting date the interest / mark-up rate profile of the Group's significant interest / mark-up bearing financial instruments was as follows:

	Effective interest rate (%)		Carrying amounts	
	2015	2014	2015	2014
	Percer	ntage	Rupees in	thousand
Fixed rate of financial instruments				
Financial assets: Investments- PIBs and Treasury Bills Loans	6.78% - 12.35 % 5%	8.98% - 12.35 % 5%	11,959,184 6,580	7,147,315 19,328
Floating rate financial instruments				
Financial assets: Bank deposits	<b>4% - 8%</b>	5% - 9%	3,009,254	2,466,685
Investments - TFCs	9.26% - 15.00%	12.02% -15.00%	183,910	159,116

For the Year Ended 31 December 2015

#### Sensitivity analysis

The Group 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 affect fair value of any financial instruments. 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 the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees in	thousand
cember 2015 - Fluctuation of 100 bps		
tivity - variable rate financial liabilities	-	-
- variable rate financial assets	18,933	(18,933)
ember 2014 - Fluctuation of 100 bps		
low sensitivity - variable rate financial liabilities	-	-
- variable rate financial assets	20,680	(20,680)

#### Price risk

Price risk represents the risk that the fair value of financial instruments 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 individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Group is exposed to equity price risk that arises as a result of changes in the levels of KSE - Index and the value of individual shares. The equity price risk arises from the Group's investment in equity securities for which the prices in the future are uncertain. The Group policy is to manage price risk through selection of blue chip securities.

The Group's strategy is to hold its strategic equity investments on a long term basis. Thus, Group's management is not concerned with short term fluctuation in its strategic investments provided that the underlying business, economic and management characteristics of the investees remain favorable. The Group strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity volatility. The Group manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The Group has investments in quoted equity securities amounting to Rs. 13,875,868 thousands (2014: Rs. 12,378,716 thousands) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

### Sensitivity analysis

Group's investment portfolio has been classified in the 'available-for-sale' category and fair value through profit and loss categories, a 10% increase / decrease in redemption value and share prices at year end would have increased / decreased impairment loss of investment recognized in profit and loss account or in revenue account of both statutory funds of life insurance business as follows:

### For the Year Ended 31 December 2015

	Impact on profit before tax	Impact on equity
	Rupees in thousand	
2015		
Effect of increase in share price	21,311	19,180
Effect of decrease in share price	(301,041)	(270,937)
2014		
Effect of increase in share price	161	145
Effect of decrease in share price	(125,479)	(112,931)

### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's principal transactions are carried out in Pak Rupees and its exposure to foreign exchange risk arises primarily with respect to AED and US dollars in respect of foreign branches. Financial assets and liabilities exposed to foreign exchange risk amounted to Rs. 5,596,580 thousands (2014: Rs. 4,532,244 thousands) and Rs. 4,499,688 thousands (2014: Rs. 3,559,737 thousands), respectively, at the end of the year.

The following significant exchange rates were applied during the year:

	2015	2014
	Rupees	
er US Dollar		
rate	102.74	100.80
date rate	104.60	100.40
	27.97	27.44
	28.48	27.33

### 32.4 Insurance risk

### 32.4.1 Holding Company

The principal risk that the Holding Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof may differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of the Holding Company is to ensure that sufficient reserves are available to cover these liabilities. The above risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements. Further, strict claims review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims and similar procedures are put in place to reduce the risk exposure of the Holding Company. The Holding Company further enforces a policy of actively managing and prompt pursuing of claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the Holding Company.

For the Year Ended 31 December 2015

Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

Although the Holding Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to ceded insurance, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Holding Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Holding Company substantially dependent upon any single reinsurance contract. Reinsurance policies are written with approved reinsurers on either a proportionate basis or non-proportionate basis. The reinsurers are carefully selected and approved and are dispersed over several geographical regions.

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

The Holding Company principally issues the general insurance contracts e.g. property, marine and aviation, motor, and general accidents. Risks under non-life insurance policies usually cover twelve month or lesser duration. For general insurance contracts the most significant risks arise from accidental fire, atmospheric disaster and terrorist activities . Insurance contracts at times also cover risk for single incidents that expose the Holding Company to multiple insurance risks.

#### a) Geographical concentration of insurance risk

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.

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated primarily with the commercial / industrial occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurers for their evaluation. Reference is made to the standard construction specifications laid down by Insurance Association of Pakistan (IAP). 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 Holding Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Holding Company.

A risk management solution is implemented to help assess and plan for risks in catastrophic scenarios. It provides a way to better visualize the risk exposure of the Holding Company and to determine the appropriate amount of Reinsurance coverage to protect the business portfolio.

#### b) Reinsurance arrangements

Keeping in view the maximum exposure in respect of key zone aggregate, a number of proportional and non-proportional reinsurance arrangements are in place to protect the net account in case of a major catastrophe. Apart from the adequate event limit which is the multiple of the treaty capacity or the primary recovery from the proportional treaty, any loss over and above limit would be recovered from the non-proportional treaty which is very much in line with the risk management philosophy of the Holding Company.

### For the Year Ended 31 December 2015

In compliance with regulatory requirements, the reinsurance agreements are duly submitted to the Securities and Exchange Commission of Pakistan on an annual basis

The concentration of risk by type of contracts is summarized below by reference to liabilities.

	Gross sum insured		Reinsu	ance	Net	
	2015	2014	2015	2014	2015	2014
			Rupees in t	housand		
Fire	3,811,799,843	3.596.080.575	3,253,351,327	2,703,936,470	558,448,516	892,144,105
Marine	1,721,417,329	1,006,744,658	626,827,947	664,733,532		342,011,126
Motor	162,084,722	109,931,734	7,515,873	10,975,728	154,568,849	98,956,006
Accident & Health	73,790,412	79,234,945	1,486,160	1,026,830	72,304,252	78,208,115
Miscellaneous	168,370,146	289,892,944	66,668,373	157,296,762	101,701,773	132,596,182
	5,937,462,452	5,081,884,856	3,955,849,680	3,537,969,322	1,981,612,772	1,543,915,534

### c) 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 is the estimation of amounts due to policyholders arising from claims made under insurance contracts. Such estimates are necessary 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 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.

### d) Neutral assumptions for claim estimation

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

The estimation of IBNR is generally subject to a greater degree of uncertainty that the estimation of the cost of settling claims already notified to the Holding Company, in which case the information about the claim event is available. IBNR provision is initially estimated at a gross level and a separate calculation is carried out to estimate the size of the reinsurance recoveries.

The estimation process takes into account the past claims reporting pattern and details of reinsurance programs. The premium liabilities have been determined such that the total premium liability provisions (unearned premium reserve and premium deficiency reserve) would be sufficient to service the future expected claims and expenses likely to occur on the unexpired policies as of reporting date. The expected future liability is determined using estimates and assumptions based on the experience during the expired period of the contracts and expectations of future events that are believed to be reasonable.

### For the Year Ended 31 December 2015

### e) Sensitivity analysis

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

As the Holding 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 / (loss) before tax, net of reinsurance.

	Pre tax profit/ (loss)	
	2015	2014
General insurance	Rupees in thousand	
10% increase in claims liability Net:		
Fire	(44,029)	(62,839)
Marine	(31,873)	(33,207)
Motor	(216,830)	(163,685)
Accident & Health	(143,983)	(114,059)
Miscellaneous	(43,289)	(35,032)
	(480,004)	(408,822)
10% decrease in claims liability Net:		
Fire	44,029	62,839
Marine	31,873	33,207
Motor	216,830	163,685
Accident & Health	143,983	114,059
Miscellaneous	43,289	35,032
	480,004	408,822

### f) Claims development table

The following table shows the development of the claims over a period of time. The disclosure goes back to the period when the earliest material claim arose for which there is still uncertainty about the amount and timing of the claims payments.

	31 December 2013	31 December 2014	31 December 2015	Total
		Rupees in	thousand	
Estimate of the ultimate claim cost:				
At end of accident year	7,689,784	6,298,282	6,857,672	20,845,738
One year later	4,043,963	3,195,074	-	7,239,037
Two years later	1,251,211	-	-	1,251,211
Estimate of cumulative claims	1,251,211	3,195,074	6,857,672	11,303,957
Less: Cumulative payments to date	(709,141)	(2,343,754)	(3,804,640)	(6,857,535)
Liability recognized	542,070	851,320	3,053,032	4,446,422

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### 32.4.2 Subsidiary Company

### 32.4.2.1Conventional business

### (i) Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

### a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

### For the Year Ended 31 December 2015

Benefits assured per life	Sum assured at the end of 2015					
	Total benefits assured					
Rupees	Before reinsuran	ice	After reinsurand	After reinsurance		
	Rupees in thousand	%	Rupees in thousand	%		
0-200,000 200,001 - 400,000 400,001 - 800,000 800,001 - 1,000,000 More than 1,000,000 Total	3,033 10,169 12,072 1,893 <u>86,024</u> <u>113,191</u>	2.68% 8.98% 10.67% 1.67% 76.00%	910 3,051 3,622 567 <u>12,900</u> 21,050	4.32% 14.49% 17.21% 2.70% 61.28%		

Benefits assured per life	Sum assured at the end of 2014					
	Total benefits assured					
Rupees	Before reinsurar	ice	After reinsurance			
	Rupees in thousand	%	Rupees in thousand	%		
0-200,000	1,868	1.43%	560	2.06%		
200,001 - 400,000	2,083	1.60%	625	2.29%		
400,001 - 800,000	4,697	3.60%	1,409	5.17%		
800,001 - 1,000,000	4,802	3.69%	1,441	5.28%		
More than 1,000,000	116,857	89.68%	23,239	85.20%		
Total	130,307		27,274			

#### b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible. Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rate.

#### c) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line
  of business is not credible.
- Morbidity incidence rates for morbidity are taken as a percentage of reinsurer's risk premium rate.
- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is
  calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution
  channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each
  sales distribution channel.
- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

### For the Year Ended 31 December 2015

- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

### d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

### e) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

### (ii) Group Life

The main risk written by the Subsidiary Company is mortality. The Subsidiary Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Subsidiary Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Subsidiary Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The Management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rs 2 million or above in accordance with the requirements of Circular 11 of 2013 dated June 14, 2013. The Subsidiary Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure to any one life. At the same time, due caution is applied in writing business in areas with a high probability of terrorism. The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

### a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk arising from geographical area is not a factor of concern as the Subsidiary Company aims to achieve a spread of risks across various parts of the country.

The following table presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

### For the Year Ended 31 December 2015

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sun	n assured at	the end of 2015	
		Total bene	fits assured	
Rupees	Before reinsuran	ice	After reinsurand	:e
	Rupees in thousand	%	Rupees in thousand	%
0-200,000 200,001 - 400,000 400,001 - 800,000 800,001 - 1,000,000 More than 1,000,000 Total	79,103 30,900 750 <u>313,050,766</u> <u>313,161,519</u>	0.03% 0.01% 0.00% 0.00% 99.96%	79,103 30,900 225 	0.06% 0.02% 0.00% 0.00% 99.92%

Benefits assured per life	Sum a	ssured a	t the end of 2014	
	т	otal bene	efits assured	
Rupees	Before reinsurance	ļ	After reinsurand	:e
	Rupees in thousand	%	Rupees in thousand	%
0-200,000 200,001 - 400,000	776 300	0.03% 0.01%	776 300	0.06% 0.02%
400,001 - 400,000 800,001 - 1,000,000	8,250	0.00%	2,475 48,300	0.02%
More than 1,000,000 Total	259,490,873 259,548,499	99.96%	<u>132,502,116</u> <u>132,553,967</u>	99.92%

### b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

### c) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and reinsurer risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

### d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

### e) Sensitivity analysis

After reinsurance, the net unearned premium reserve for this business stands at less than 1% of the total policyholder liability. This liability will be on the Subsidiary Company's books for under a year. Due to its immateriality, a sensitivity analysis has not been conducted.

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### 32.4.2.2 Non unitised Investment Linked Business

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

### a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above. The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

### For the Year Ended 31 December 2015

Benefits assured per life	Sun	n assured at	the end of 2015	
		Total bene	fits assured	
Rupees	Before reinsuran	After reinsuran	:e	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000 200,001 - 400,000 400,001 - 800,000 800,001 - 1,000,000 More than 1,000,000 Total	728,902 1,188,505 2,001,041 1,486,272 1,805,939 7,210,659	10.11% 16.48% 27.75% 20.61% 25.05%	218.671 356,552 600,312 445,882 	11.64% 18.98% 31.96% 23.74% 13.69%

Benefits assured per life	Sur	n assured at	the end of 2014	
		Total bene	fits assured	
Rupees	Before reinsurar	ice	After reinsuran	ce
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	229,253	2.70%	28,345	1.49%
200,001 - 400,000	232,228	2.73%	47,536	2.50%
400,001 - 800,000	1,067,239	12.56%	278,804	14.65%
800,001 - 1,000,000	406,464	4.78%	105,068	5.52%
More than 1,000,000	6,563,820	77.23%	1,443,301	75.84%
Total	8,499,004		1,903,054	

### b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term Non-unitised Investment Linked assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity of the insured population and variability in policyholders' behavior.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.
- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.
- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is
  calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution
  channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each
  sales distribution channel.

### c) Process used to decide on assumptions

For long-term Non-unitised Investment Linked assurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.
- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.

### For the Year Ended 31 December 2015

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.
- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.
- Investment returns: The investment returns are based on the historic performance of different types of assets underlying the fund.

### d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

### e) Sensitivity analysis

Periodic sensitivity analyses of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

### 32.4.2.3 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Subsidiary Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one policyholder. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

### For the Year Ended 31 December 2015

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Subsidiary Company.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sun	n assured at	the end of 2015	
		Total benef	its assured	
Rupees	Before reinsuran	ce	After reinsurand	e
	Rupees in thousand	%	Rupees in thousand	%
0-200,000 200,001 - 400,000 400,001 - 800,000 800,001 - 1,000,000 More than 1,000,000 Total	1,623,232 6,691,175 16,402,876 17,596,545 <u>27,091,053</u> <u>69,404,881</u>	2.34% 9.64% 23.63% 25.35% 39.03%	486,970 2,007,353 4,920,863 5,278,963 <u>3,743,100</u> <u>16,437,249</u>	2.96% 12.21% 29.94% 32.12% 22.77%

Benefits assured per life	Sun	n assured at	the end of 2014	
		Total bene	fits assured	
Rupees	Before reinsuran	ce	After reinsurand	:e
	Rupees in thousand	%	Rupees in thousand	%
0-200,000 200,001 - 400,000 400,001 - 800,000 800,001 - 1,000,000 More than 1,000,000 Total	412,559 1,586,156 6,221,041 4,512,854 <u>31,594,171</u> <u>44,326,781</u>	0.93% 3.58% 14.03% 10.18% 71.28%	123,768 475,847 1,866,312 1,353,856 <u>7,104,919</u> <u>10,924,702</u>	1.13% 4.36% 17.08% 12.39% 65.04%

### a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior.

### b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: The business is developing and eventually the Subsidiary Company intends to conduct periodic analyses on its historic book of business, using statistical methods to determine its persistency experience. Persistency rates are expected to vary by product and more importantly the sales distribution channel. Allowance will then be made for any trend in the data to arrive at best estimates of future persistency rates for each sales distribution channel.

For the Year Ended 31 December 2015

### c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: Since the Subsidiary Company has recently started business, it has no own experience to which it can refer. Industry standards for anticipated persistency rates have been used initially. Eventually, a periodic analysis of the Subsidiary Company's recent and historic experience will be performed and persistency will be calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance will then be made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

### d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

### e) Sensitivity analysis

Periodic sensitivity analyses of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

### 33 Reinsurance Risk

In order to minimize the financial exposure arising from large claims, the Subsidiary Company, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the Subsidiary Company obtains reinsurance cover only from companies with sound financial health.

### 34 Capital risk management

The Group's goals and objectives when managing capital are :

To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum
paid-up capital requirement for non-life insurers is Rs. 300,000 thousands while for life insurance it is Rs. 500,000 thousands.
The Group's current paid-up capital is well in excess of the limit prescribed by the SECP and is also complying with solvency
requirements prescribed by the SECP;

### For the Year Ended 31 December 2015

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- To maintain strong ratings and to protect the Group against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

### 35 Non - Adjusting events after the balance sheet date

The Board of Directors of the Holding Company in their meeting held on 23 February 2016 proposed a final cash dividend for the year ended 31 December 2015 @ 15% i.e. Rupees 1.5/- per share (2014: 15% i.e. Rupees 1.5/- per share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2014: 12.5% i.e. Rupees 1.25/- per share) resulting in a total cash dividend for the year ended 31 December 2015 of Rupees 3/- per share (2014: Rupees 2.25/- per share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2015 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2016.

### 36 Provident fund related disclosure

The following information is based on unaudited financial statements for the year ended 31 December 2015 and audited financial statements for the year ended 31 December 2014 of provident fund of the Holding Company:

2015	2014
Rupees in t	nousand
850,682	863,517
829,482	720,866
<b>98</b> %	83%
1,026,669	836,226

### 36.1 The break-up of fair value of investments is as follows:

	2015	2014	2015	2014
	Perce	ntage	Rupees in	thousand
Deposits and bank balances	1.1%	4.0%	11,310	33,804
Term finance certificates	0.5%	4.0%	4,730	33,613
Pakistan Investment Bonds	49.0%	56.3%	503,488	470,210
Mutual funds	38.4%	25.9%	394,637	216,597
Listed securities	11.0%	9.8%	112,504	82,002
	100.0%	100.0%	1,026,669	836,226

**36.2** The above investments / placement of funds in a special bank account has been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

### For the Year Ended 31 December 2015

### 37 Number of employees

The number of employees as at / average during the year were as follows:

	2015	2014
<b>At year end</b> Holding Company Subsidiary Company	<u>835</u> 214	<u>840</u>
Average during the year Holding Company	838	811
Subsidiary Company	199	154

# Fair value measurement of financial instruments æ

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms. A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For the Year Ended 31 December 2015

IFRS 13 'Fair Value Measurement' requires the company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) ī
- Inputs other than quoted prices included within level 1 that are observable for the asset either directly (that is, derived from prices) (Level 2)
  - Inputs for the asset or liability that are not based on observable market data (that is, unadjusted) inputs (Level 3)

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting period during which the changes have occurred.

	Note			Carrying amount	amount				Fairv	Fair value	
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						Rupees in thousand	:housand				
31 December 2015											
Financial assets - not measured at fair value											
Cash and other equivalents*	12	'	'	1	10,749	'	10,749	1	1	1	1
Current and other accounts*			ı		3,040,848		3,040,848		·		
Deposits maturing within 12 months*			ı	'	1,186,330	'	1,186,330	'		'	'
Loans to employees*	13		ı	52,619		'	52,619	'		'	
Investments	15			'		'	'				
- Listed securities		10,697,376	64,493				10,761,869	16,039,857	I		16,039,857
- Unlisted securities		924,535	I	ı			924,535		924,535		924,535
- Term Finance Certificates		61,739	122, 171	ı			183,910		183,910		183,910
- Mutual Fund Certificates		2,748,252	1,702,371	ı		ı	4,450,623	4,495,960	I		4,495,960
- NIT Units		161			ı		161		793		793
- Government treasury bills		286,320	5,254,410	ı	I		5,540,730		5,354,531		5,354,531

# Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2015

	Note			Carrying amount	imount				Fair value	ilue	
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
						Rupees in thousand	Jousand				
- Pakistan Investment Bonds		459,190	5,959,264	I	I		6,418,454	T	6,258,086	I	6,258,086
- Ijarah sukuks		ı	101,130				101,130		101,130		101,130
Premium due but unpaid*	16	I	1	4,563,443	I	ı	4,563,443	ı	ı	I	I
Amounts due from other insurers / reinsurers*	17			854,329			854,329				
Salvage recoveries accrued*		ı		250,602		·	250,602				,
Accrued investment income*	19			307,237			307,237	ı	'		'
Reinsurance recoveries against outstanding claims*	20	·		3,966,157	ı	ı	3,966,157	ı		I	ı
Sundry receivables*	22	,		243,075			243,075	ı			
		15,177,573	13,203,839	10,237,462	4,237,927	1	42,856,801	20,535,817	12,822,985	1	33,358,802
Financial liabilities - measured at fair value											
Staff retirement benefits		1	I	1	1	125,595	125,595	1	125,595		125,595
Financial liabilities - not measured at fair value											
Provision for outstanding claims (including IBNR)*	ω	,	1	'		5,972,005	5,972,005	,	I	1	
Amounts due to other insurers / reinsurers*						2,047,672	2,047,672	I		ı	ı
Accrued expenses*						168,584	168,584	I	ı	I	ı
Other creditors and accruals*	10	I		I		1,969,261	1,969,261	I		I	ı
Unclaimed dividend*		'	'	1		74,793	74,793				
						10,232,315	10,232,315	1	,		,

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

For the Year Ended 31 December 2015

### 39 Date of authorization for issue

These consolidated financial statements were approved and authorized for issue on 23 February 2016 by the Board of Directors of the Company.

### 40 General

- Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary. 40.1
- 40.2 Figures in these consolidated financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.

Umer Mansha

Kamran Rasool

Muhammad Umar Virk

Muhammad Ali Zeb Managing Director & Chief Executive Officer

Chairman

Director

Director

ADAMJEE INSURANCE 227



# Form 34

# The Companies Ordinance 1984 (Section 236(2)(d)) Pattern of Shareholding

### 1 Incorporation Number

4

0001190

2 Name of the Company ADAMJEE INSURANCE COMPANY LIMITED.

### **3** Pattern of holding of the shares held by the shareholders as at 31 December 2015

No. of Shareholders		Sha	reholdings			Total Shares Held
1,072	Shareholding	From	1	То	100	31,847
1,225	Shareholding	From	101	То	500	395,788
713	Shareholding	From	501	То	1000	607,457
2,691	Shareholding	From	1001	То	100000	31,491,700
136	Shareholding	From	100001	То	500000	29,843,122
22	Shareholding	From	505001	То	980000	16,027,504
22	Shareholding	From	1020001	То	3000000	38,410,807
3	Shareholding	From	6005001	То	6310000	12,366,738
1	Shareholding	From	7280001	То	7285000	7,282,000
1	Shareholding	From	8085001	То	8090000	8,087,907
1	Shareholding	From	16455001	То	16460000	16,457,396
1	Shareholding	From	18555001	То	18560000	18,556,087
1	Shareholding	From	18835001	То	18840000	18,835,235
1	Shareholding	From	20720001	То	20725000	20,723,378
1	Shareholding	From	33445001	То	33450000	33,449,869
1	Shareholding	From	97430001	То	97435000	97,433,165
5,892						350,000,000

5	Categories of Shareholders	Shares held	Percentage
5.1(a)	Directors Ali Muhammad Mahoon Fredrik Coenrard De Beer Ibrahim Shamsi Imran Maqbool Malik Kamran Rasool. Mian Umer Mansha Muhammad Anees Muhammad Umar Virk S.M.Jawed Shahid Malik	8,487 59,073 17,117 2,500 7,073 20,000 16,797 60,335 8,487 7,073	0.002 0.017 0.005 0.001 0.002 0.006 0.005 0.017 0.002 0.002
5.1(b)	<b>Chief Executive Officer</b> (7,073 shares of Muhammad Ali Zeb, CEO has been included in the Executives holdings)	-	-
5.1(c)	Directors spouse & minor children	-	-
5.1.1	Executives / Executives' spouse	59,097	0.017
5.2	<ul> <li>Associated Companies, undertakings &amp; related parties</li> <li>a) MCB Bank Ltd.</li> <li>b) Nishat Mills Ltd.</li> </ul>	97,433,165 102,809	27.838 0.029
5.3	NIT and ICP	2,611	0.001
5.4	Banks, DFls and NBFls	15,512,531	4.432
5.5	Insurance Companies (18,556,087 shares held by Security General Insurance Co.Ltd has been included in note # 5.7)	6,063,866	1.733
5.6	Modaraba	1,100	-
5.6.1	Mutual Funds	18,407,427*	5.259
5.7	Shareholders holding 5% or more voting interestMCB Bank Ltd(5.2.a)Trustee-MCB Employees Pension FundSecurity General Insurance Co Ltd (5.5)D.G. Khan Cement Company LimitedAnjum Nisar	- 33,449,869 18,556,087 18,835,235 20,723,378	9.557 5.302 5.382 5.921
5.8	<ul> <li>General Public</li> <li>a) Local (Individuals)</li> <li>b) Foreign Companies/ organizations/ Individuals ( on repatriable basis )</li> </ul>	67,915,739 14,259,184	19.405 4.074
5.9	<b>Others</b> Joint Stock Companies Pension Fund, Provident Fund etc.	18,464,427 20,006,533 350,000,000	5.275 5.716 100.000

### MUHAMMAD ALI ZEB

Managing Director & Chief Executive Officer CNIC # 35202-2689723-9

ADAMJEE INSURANCE 229



### \* Mutual Funds

AL-MEEZAN MUTUAL FUND LIMITED CDC - TRUSTEE ABL INCOME FUND CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND CDC - TRUSTEE AKD INDEX TRACKER FUND CDC - TRUSTEE AKD OPPORTUNITY FUND CDC - TRUSTEE ALFALAH GHP INCOME FUND CDC - TRUSTEE ALFALAH GHP VALUE FUND CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE ATLAS INCOME FUND - MT	2,062 47,000 45,000 52,240 230,500 39,000 250,000 150,000 113,000	0.001 0.013 0.015 0.066 0.011 0.071 0.043
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND CDC - TRUSTEE AKD INDEX TRACKER FUND CDC - TRUSTEE AKD OPPORTUNITY FUND CDC - TRUSTEE ALFALAH GHP INCOME FUND CDC - TRUSTEE ALFALAH GHP VALUE FUND CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE ATLAS INCOME FUND - MT	45,000 52,240 230,500 39,000 250,000 150,000	0.013 0.015 0.066 0.011 0.071
CDC - TRUSTEE AKD INDEX TRACKER FUND CDC - TRUSTEE AKD OPPORTUNITY FUND CDC - TRUSTEE ALFALAH GHP INCOME FUND CDC - TRUSTEE ALFALAH GHP VALUE FUND CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE ATLAS INCOME FUND - MT	52,240 230,500 39,000 250,000 150,000	0.015 0.066 0.011 0.071
CDC - TRUSTEE AKD OPPORTUNITY FUND CDC - TRUSTEE ALFALAH GHP INCOME FUND CDC - TRUSTEE ALFALAH GHP VALUE FUND CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE ATLAS INCOME FUND - MT	230,500 39,000 250,000 150,000	0.066 0.011 0.071
CDC - TRUSTEE ALFALAH GHP INCOME FUND CDC - TRUSTEE ALFALAH GHP VALUE FUND CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE ATLAS INCOME FUND - MT	39,000 250,000 150,000	0.011 0.071
CDC - TRUSTEE ALFALAH GHP VALUE FUND CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE ATLAS INCOME FUND - MT	250,000 150,000	0.071
CDC - TRUSTEE APF-EQUITY SUB FUND CDC - TRUSTEE ATLAS INCOME FUND - MT	150,000	
CDC - TRUSTEE ATLAS INCOME FUND - MT	·	0.043
	113,000	
		0.032
CDC - TRUSTEE ATLAS STOCK MARKET FUND	2,000,000	0.571
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND	57,500	0.016
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	10,574	0.003
CDC - TRUSTEE FIRST HABIB STOCK FUND	40,000	0.011
CDC - TRUSTEE HBL - STOCK FUND	1,372,000	0.392
CDC - TRUSTEE HBL MULTI - ASSET FUND	167,500	0.048
CDC - TRUSTEE JS LARGE CAP. FUND	1,175,000	0.336
CDC - TRUSTEE JS PENSION SAVINGS FUND	245,161	0.070
CDC - TRUSTEE LAKSON EQUITY FUND	507,000	0.145
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	899,580	0.257
CDC - TRUSTEE PICIC INCOME FUND - MT	38,900	0.011
CDC - TRUSTEE PIML VALUE EQUITY FUND	170,000	0.049
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	703,000	0.201
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	3,052,500	0.872
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	2,216,500	0.633
CONFIDENCE MUTUAL FUND LIMITED	3,601	0.001
FIRST CAPITAL MUTUAL FUND LIMITED	67	0.000
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	115,000	0.033
GROWTH MUTUAL FUND LIMITED	1,901	0.001
KASB PREMIER FUND LIMITED	2,778	0.001
MC FSL - TRUSTEE JS GROWTH FUND	3,009,000	0.860
MCBFSL - TRUSTEE JS VALUE FUND	1,638,000	0.468
PRUDENTIAL STOCKS FUND LIMITED (03360)	53,063	0.015
	18,407,427	5.259

# **Investor's Awareness**

With reference to SRO 924(1) / 2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness:



### **Key features:**

- Licensed Entities Verification
- Co Scam meter\*
- 🞮 Jamapunji games\*
- Tax credit calculator\*
- Company Verification
- Insurance & Investment Checklist
- 77? FAQs Answered

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- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler\*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes

21 Jamapunji.pk



cation Initiative of irities and Exchange

"Mobile apps are also available for download for android and ios devices

@jamapunji\_pk

# Notes




# ADAMJEE INSURANCE COMPANY LIMITED

Registered Office: 4th Floor, 27-C-III, Tanveer Building, M.M. Alam Road, Gulberg-III, Lahore.

# **PROXY FORM**

I/We	of	being a member of
Adamjee Insurance Company Limited hereb	y appoint Mr.	
of	or failing him	Mr
of	as my/our Proxy	to vote for me/us and on my/our behalf
at the Fifty-fifth Annual General Meeting of th	e Company to be held	d on Monday, April 11, 2016 at 11.00 a.m.
at the The Nishat Hotel, 9A Gulberg III, Mian	Mahmood Ali Kasuri	Road Lahore, and at any adjournment
thereof.		

Signed this	day	/ of	2016

### WITNESSES:

1-	Signature	
	Name	
	Address	
	CNIC No.	Rupees Five
2-	Signature	Revenue Stamp
	Name	Otamp
	Address	
	CNIC No.	

Signature
Holder of Ordinary Shares
Share Register Folio No.
"CDC" Participant's ID No A/c. No

## NOTES

- 1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as proxy to attend and vote instead of him/her. A corporation or a company being a member of the Company may appoint any of its officers, though not a member of the Company.
- 2. Proxy(s) must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.
- 3. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.
- 4. CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

### A. For attending the Meeting:

- i) In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.
- ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

### B. For appointing Proxies:

- i) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.
- ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.
- v) In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company.

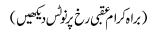
adamiee, آدمجی انشورنس کمپنی لمیٹڈ رجسٹر ڈ آفن: چوشی منزل، تنویر بلڈنگ ۔ااا ۲۲-27، ایم ۔ ایم ۔ عالم روڈ، گلبرگ -ااا ، لا ہور



نمائندگی نامیہ

میاں محمود علی قصوری روڈ، لا ہور میں 11 اپریل 2016 کو صبح 11 بنج اور اس کے سی مکنہ التوائی وقت برمنعقد ، کمپنی کے پچپن ویں سالاً نہ اجلاس عام میں بطور میر *ال* ہمارا نمائندہ ووٹ دینے کے لیےنامزد کرنا چاہتا ہوں/چاہتے ہیں۔ گوابان 1- دىتخط نام..... كميېوٹرائز د قومى شناختى كار د نمبر..... یا پنج روپے کی دستخط -2 نام..... يت كميېوپرائز **د قومي** شاختي كار د نمبر..... دستخط

ما لک.....عدد عام شیئر ز ، رجىر فوليونمبر..... CDC شركق شناختی نمبر......



# نوگس

- 1- سالا نہ اجلاس عام میں شرکت اور رائے دبھی کاحق رکھنے والاممبر کسی دوسر مےمبر کواپنے بجائے شرکت اور حق رائے دبھی کے استعال کے لیےا پنانمائندہ ( پراکسی ) مقرر کر سکتا ہے۔ کوئی کار پوریشن یا کمپنی، بحیثیت کمپنی کی ممبر ،اپنے افسران میں سے کسی کی تقرر کی کر سکتی ہے،خواہ دہ کمپنی کاممبر نہ ہو۔
  - 2- نمائندگی نامہ (Proxy(s اس اجلاس کے انعقاد کے مقررہ وفت سے کم از کم 48 گھنٹے قبل کمپنی کے رجٹر ڈ آفس میں موصول ہوجانا چاہیے۔
    - 3- نمائندگی نامہ پرموجودد یتخط لاز ما کمپنی کے ریکارڈ میں موجودد پتخط کے نمونے کے مطابق ہونا چاہیے۔
- 4- CDC اکا ؤنٹ ہولڈرزکوسیکیو رٹیز اینڈ بیچنج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر 1 بتاریخ26 جنوری 2000ء میں وضع کردہ درج ذیل ہدایات کی مزید بیروی کرنا ہوگی:

# A-اجلاس میں شرکت کے لیے:

- i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈرجس کی رجٹریشن کی CDC ضوابط کے مطابق اپ لوڈ کی جاچکی ہیں، اجلاس میں شرکت کے وقت اپنی شاخت کی تصدیق کے لیے اپنااصل کمپیوٹرائز ڈقو می شاختی کارڈ (CNIC) یا صل پاسپورٹ دکھائے گا۔
- ii) کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائر یکٹرز کی قرارداد /مختار نامہ، نامز دنمائندے کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا ( ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو )

# B-نمائندوں کی تقرری کے لیے

- i) افراد کی صورت میں،اکاؤنٹ یا سب اکاؤنٹ ہولڈرجس کی رجسڑیشن کی CDC ضوابط کے مطابق اپ لوڈ کی جاچکی ہیں،اجلاس میں شرکت کے وقت اجلاس میں شرکت کے وقت مندرجہ بالا نقاضوں کے مطابق نمائندگی نامہ (Proxy Form) جع کرائے گا۔
  - ii) نمائندگی نامے پر دوافراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر تقرری نامے میں درج ہوں۔
  - iii) نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیا کی جائیں۔
    - iv) نمائند کواجلاس کے موقع برا پنااصل CNIC یا صل یا سپورٹ پیش کرنا ہوگا۔
- ۷) کاروباری ادارے کی صورت میں اجلاس کے موقع پرنمائندگی نامے کے ہمراہ بورڈ آف ڈائر یکٹرز کی قرارداد امختار نامہ نمائندے/اٹارنی کے دیتخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جاچکا ہو )

