TPL Direct Insurance



ANNUAL REPORT 2016

LEADING
innovation



“INNOVATION distinguishes BETWEEN A LEADER and a FOLLOWER.”

TPL Direct Insurance limited is synonymous with innovation. From its inception, TPL Direct Insurance has been a game changer in the insurance industry, pioneering the concept of Direct Insurance in Pakistan way back in 1995. With a passion for innovation coupled with cutting edge technology, TPL Direct Insurance is constantly evolving to set the highest standards of quality products and services. Here at TPL Direct Insurance, we take pride in leading innovation as we believe that the best way to predict the future, is to create it.

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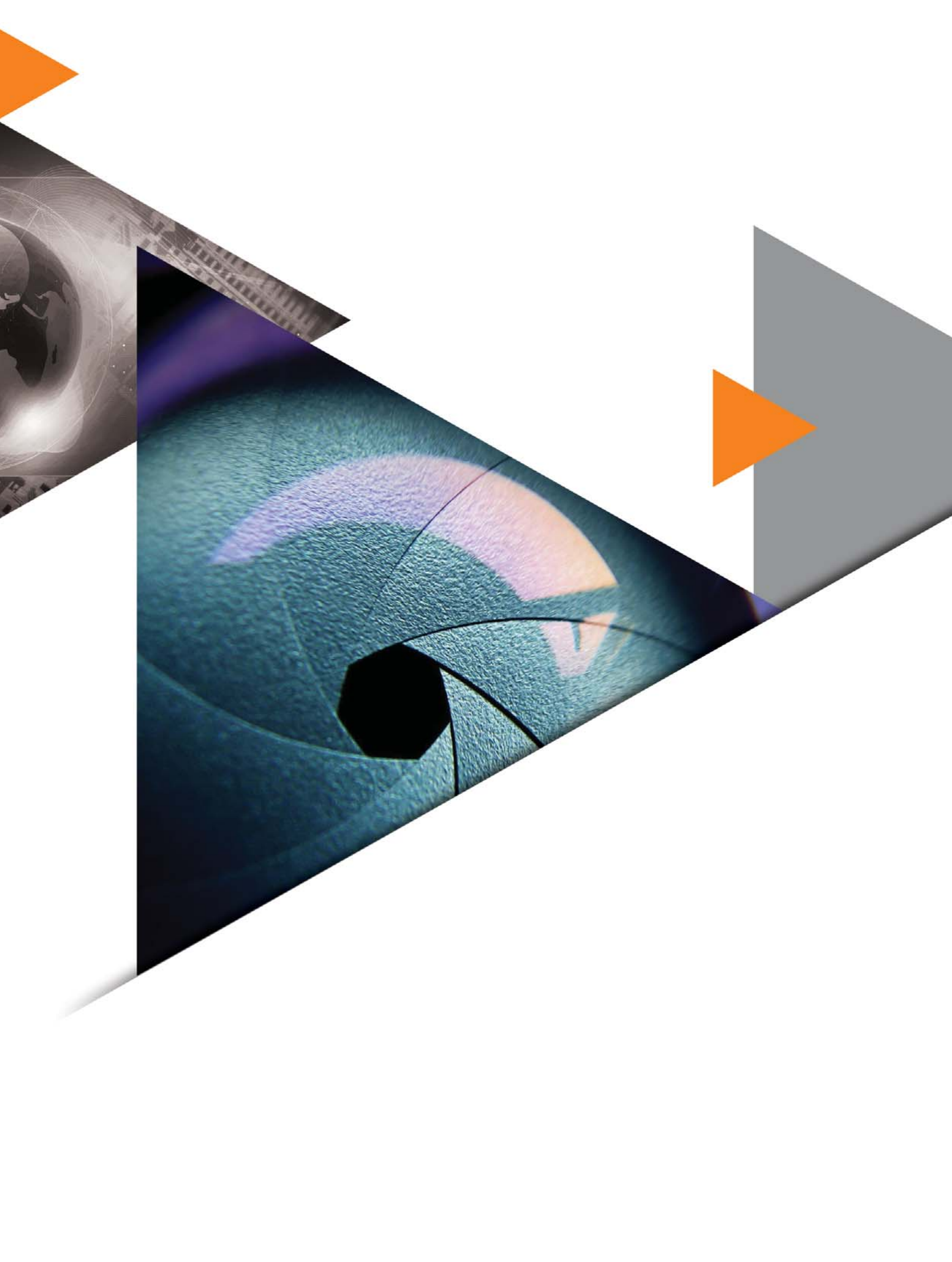
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01

CORPORATE
PROFILE



focused
ON INNOVATION

Keeping a close focus on innovative practices, TPL Direct Insurance nurtures the ability to collaborate and share ideas with its stakeholders, to gain the clarity and strategy to become a dominant player in the industry. TPL Direct Insurance aims to be at the forefront of technology, with transparency and integrity in its business practices, to bring the Company's vision to life.

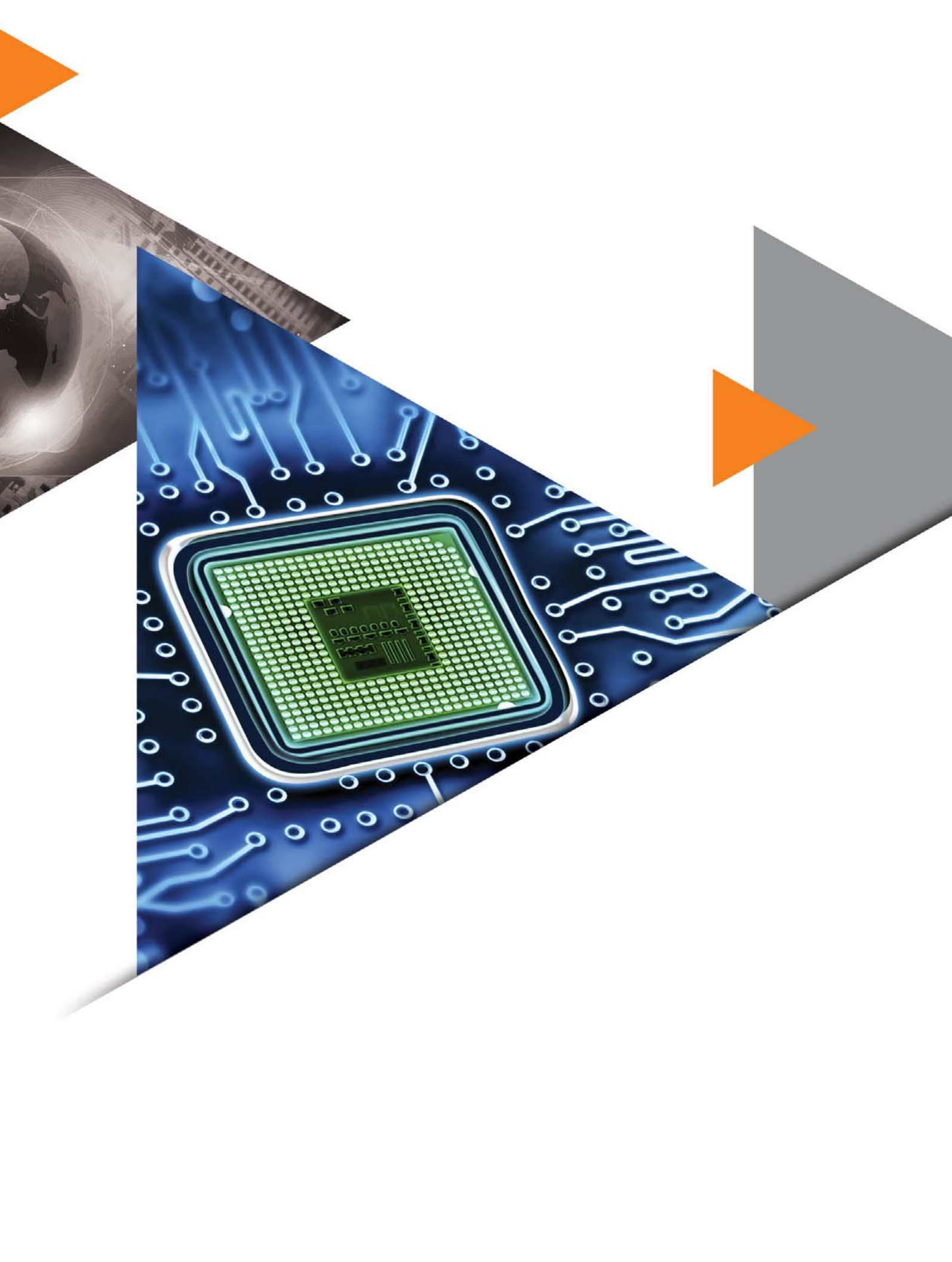


VISION

To evolve as a dominant insurance player in Pakistan by exploiting profitable niches through deployment of cutting-edge technology and proficient human capital.

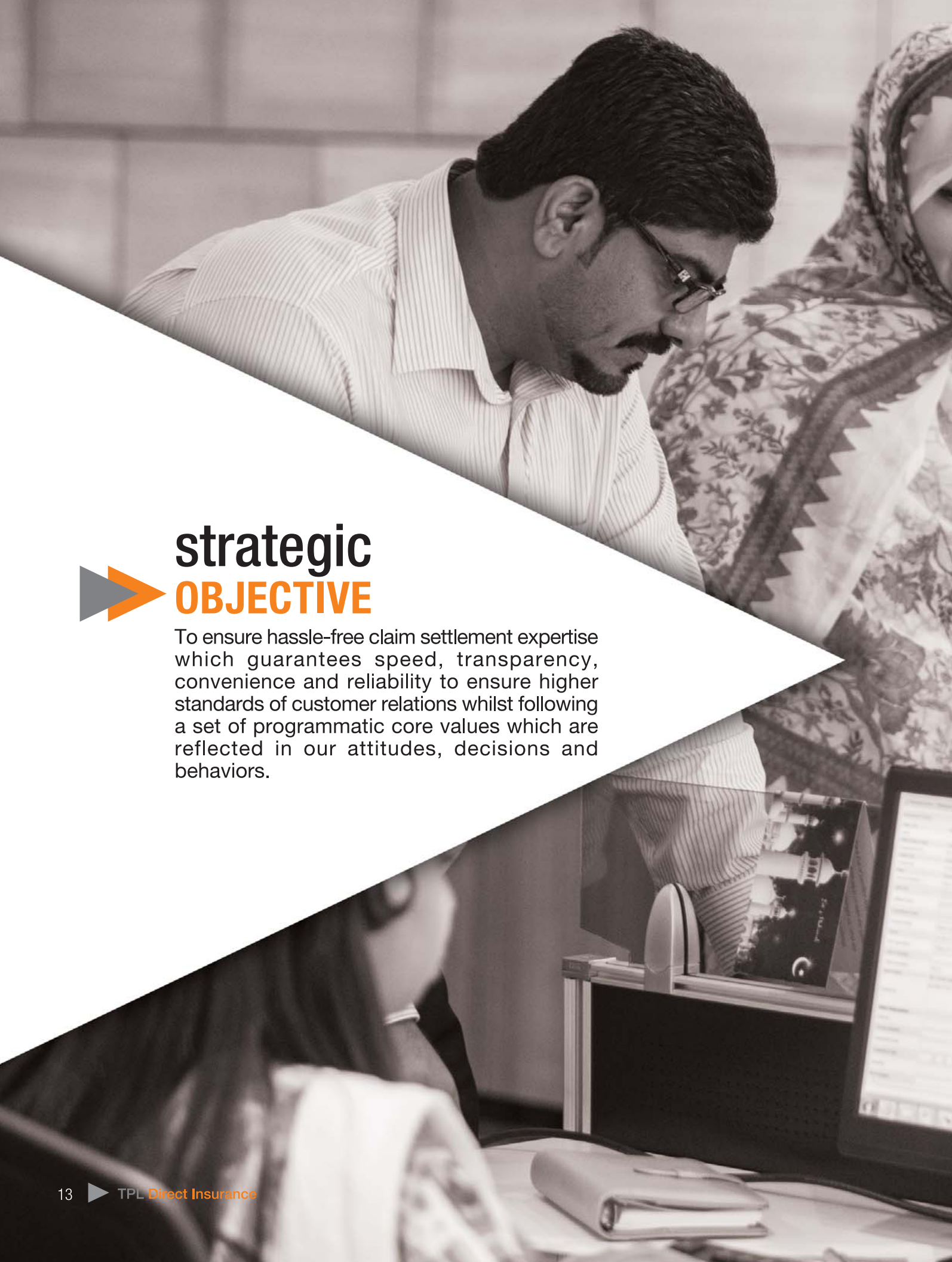
MISSION

To combine aggressive strategic marketing with effective and efficient execution; providing incomparable services and product innovations to continuously create sustainable value for our stakeholders.



innovative
TO THE CORE

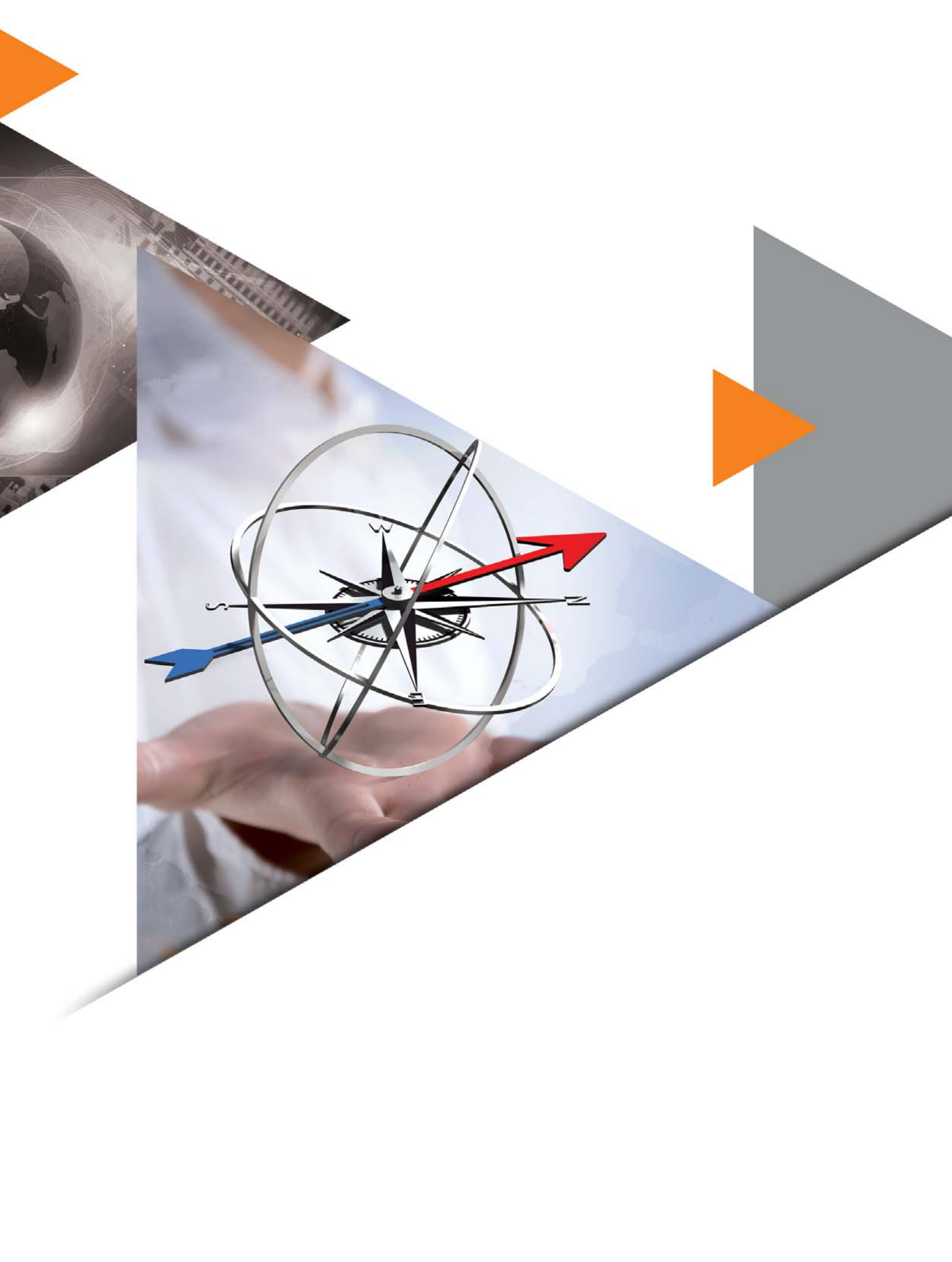
At TPL Direct Insurance, innovation is a core driver of performance, growth and valuation. This makes technology as well as human capital an intrinsic part of our workforce. Every employee, across the organization, reflects our culture and lives our core values to synthesize towards making TPL Direct Insurance a trendsetter in the industry.



strategic OBJECTIVE

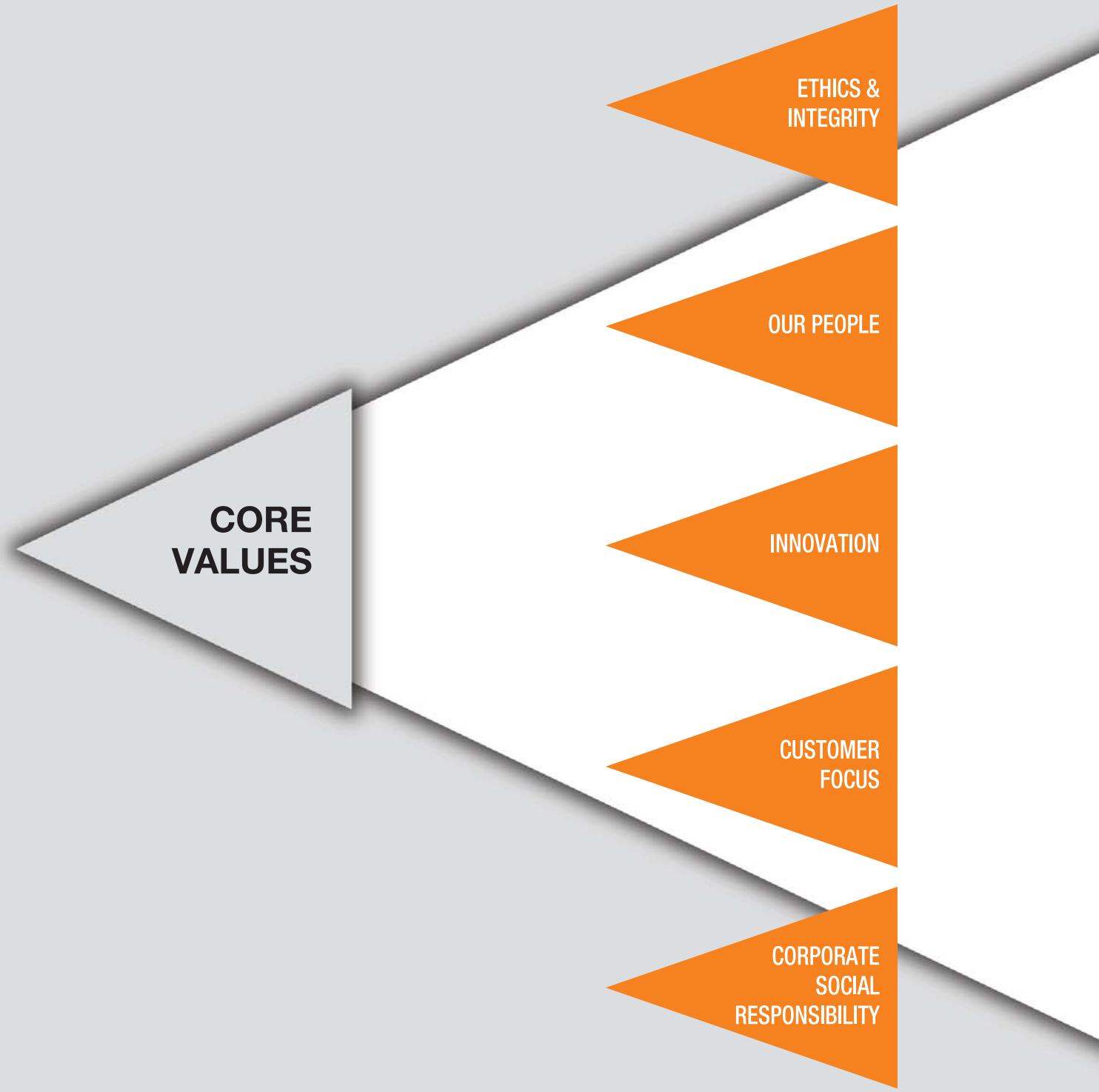
To ensure hassle-free claim settlement expertise which guarantees speed, transparency, convenience and reliability to ensure higher standards of customer relations whilst following a set of programmatic core values which are reflected in our attitudes, decisions and behaviors.





harnessing
CHANGING MARKETS

With an eye on the future, TPL Direct Insurance is harnessing new frontiers to accelerate its growth and profitability. After successfully launching personal lines, TPL Direct Insurance has now ventured into commercial lines as well. In addition, TPL Direct Insurance offers all its products through conventional insurance as well as its Takaful window operation.


CORE VALUES
ETHICS & INTEGRITY
OUR PEOPLE
INNOVATION
CUSTOMER FOCUS
CORPORATE SOCIAL RESPONSIBILITY

core VALUES

Ethics & Integrity:

We conduct our business fairly with ethics & integrity being a cornerstone of everything what we do. We match our behaviors to our words and take responsibility for our actions.

Our People:

We are committed to the professional development and the personal growth of the employees. We strive to provide the highest quality services and continually challenge ourselves to be the best. We assume responsibility for our actions and conduct ourselves with the highest level of professionalism and personal integrity and treat others with respect. We foster productive relationships and work as a team to meet the organization's goal.

Innovation:

We continue to seek ways to improve the way we do business for the betterment of our employees, customer and the organization.

Customer Focus:

We are dedicated to meet and exceed our customer expectations and honoring the commitment made to them.

Corporate Social Responsibility:

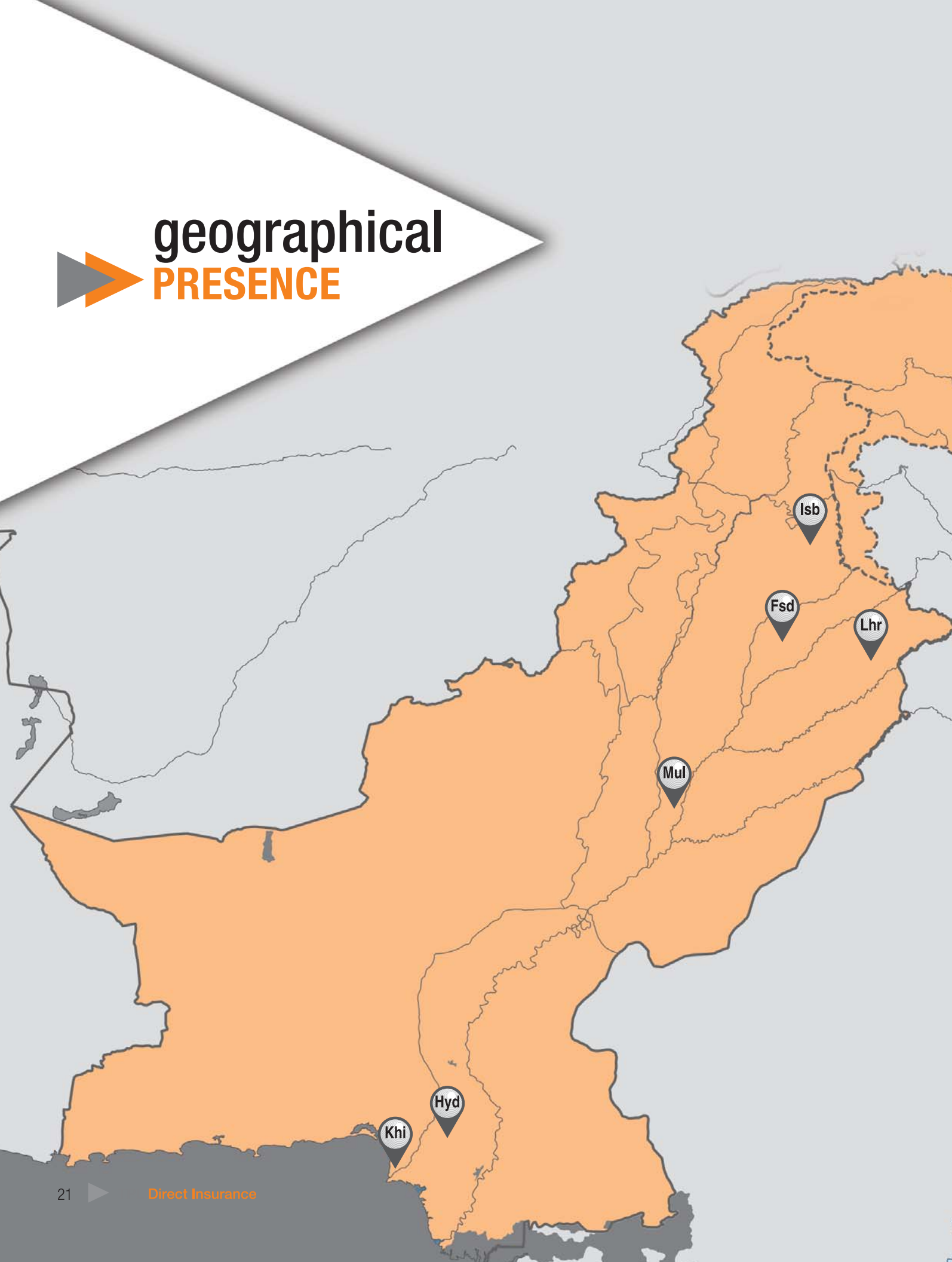
We are committed to behave ethically and to contribute economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.



synergy
THROUGH COLLABORATION

Our successful business partnerships continue to enable us to capitalize mutual markets and expand our business reach. With collaboration, we also foster long term relationships with our customers. TPL Direct Insurance holds customer feedback, suggestions, needs analysis and forecasts as keys to its success.

geographical PRESENCE



KARACHI

Head Office
TPL Direct Insurace Ltd.
11 & 12 Floor, Centrepoint,
Off Shaheed-e-Millat Expressway,
Adjacent K.P.T. Interchange, Karachi - 74900
Tel: 021.37130223
Fax: 021.35316031-2
UAN: 021.111.000.301

LAHORE

Branch Office Lahore
51-M, Denim Road,
Quaid-e-Azam Industrial Estate,
Kot Lakhpat, Lahore.
UAN: 042.111.000.301
Fax: 042.35157233

ISLAMABAD

Branch Office Islamabad 55-B,
10th Floor (South) ISE Tower,
Jinnah Avenue, Blue Area, Islamabad.
UAN: 051.111.000.301
Fax: 051.2895073

FAISALABAD

Branch Office Faisalabad
P-6161, West Canal Road,
Adjacent to Toyota Faisalabad Motors and
behind HBL Canal Road Branch, Faisalabad.
Tel: 041.8501471-3
Fax: 041.8501470

MULTAN

Branch Office Multan
Haider Street, Shalimar Colony
Northern Bypass-Boson Road
Multan.
UAN: 061.111.000.301
Fax: 061.44243451

HYDERABAD

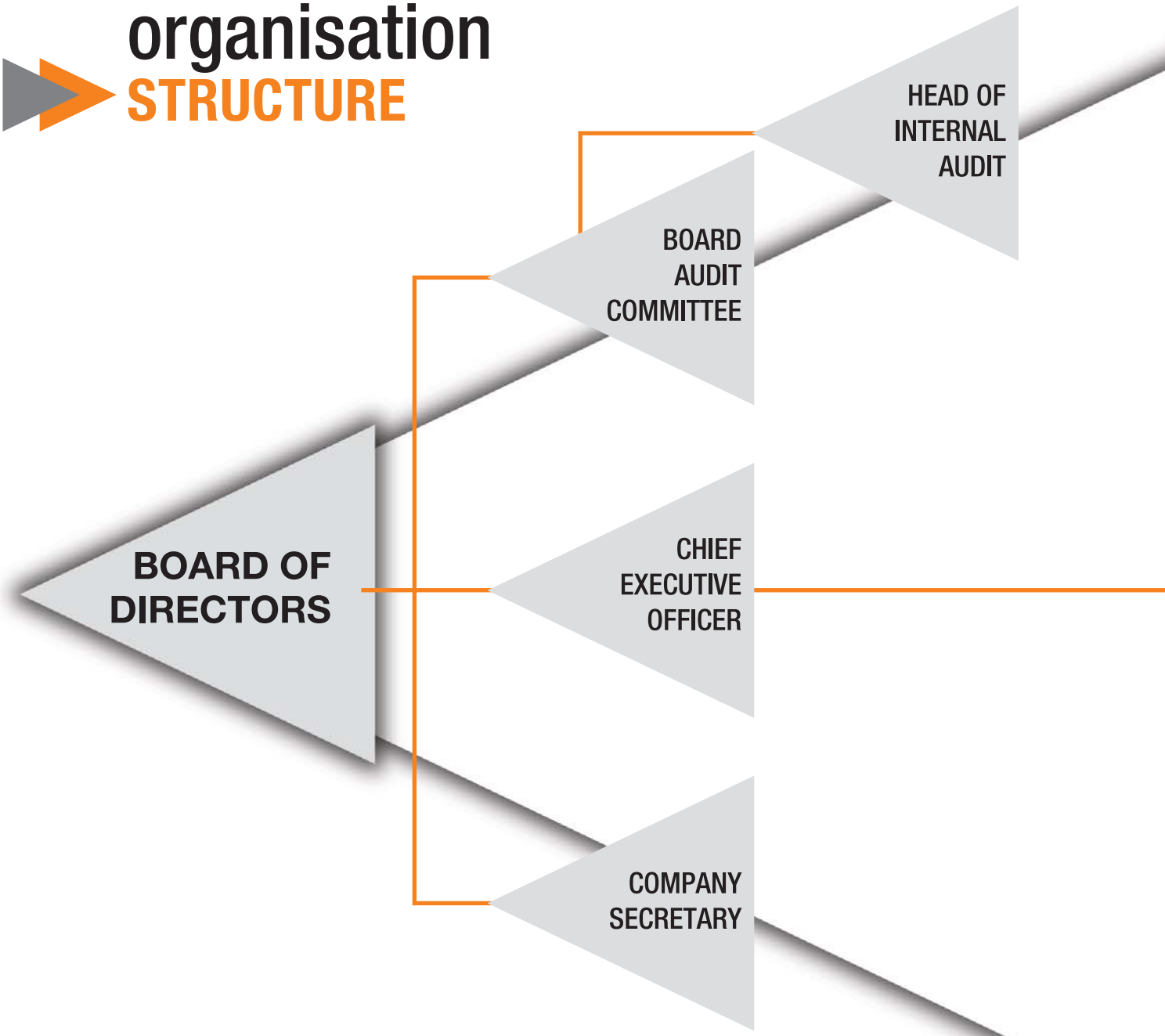
Branch Office Hyderabad
A-8, District Council Complex,
Hyderabad.
Tel: 022.2728676
Fax: 022.2783154

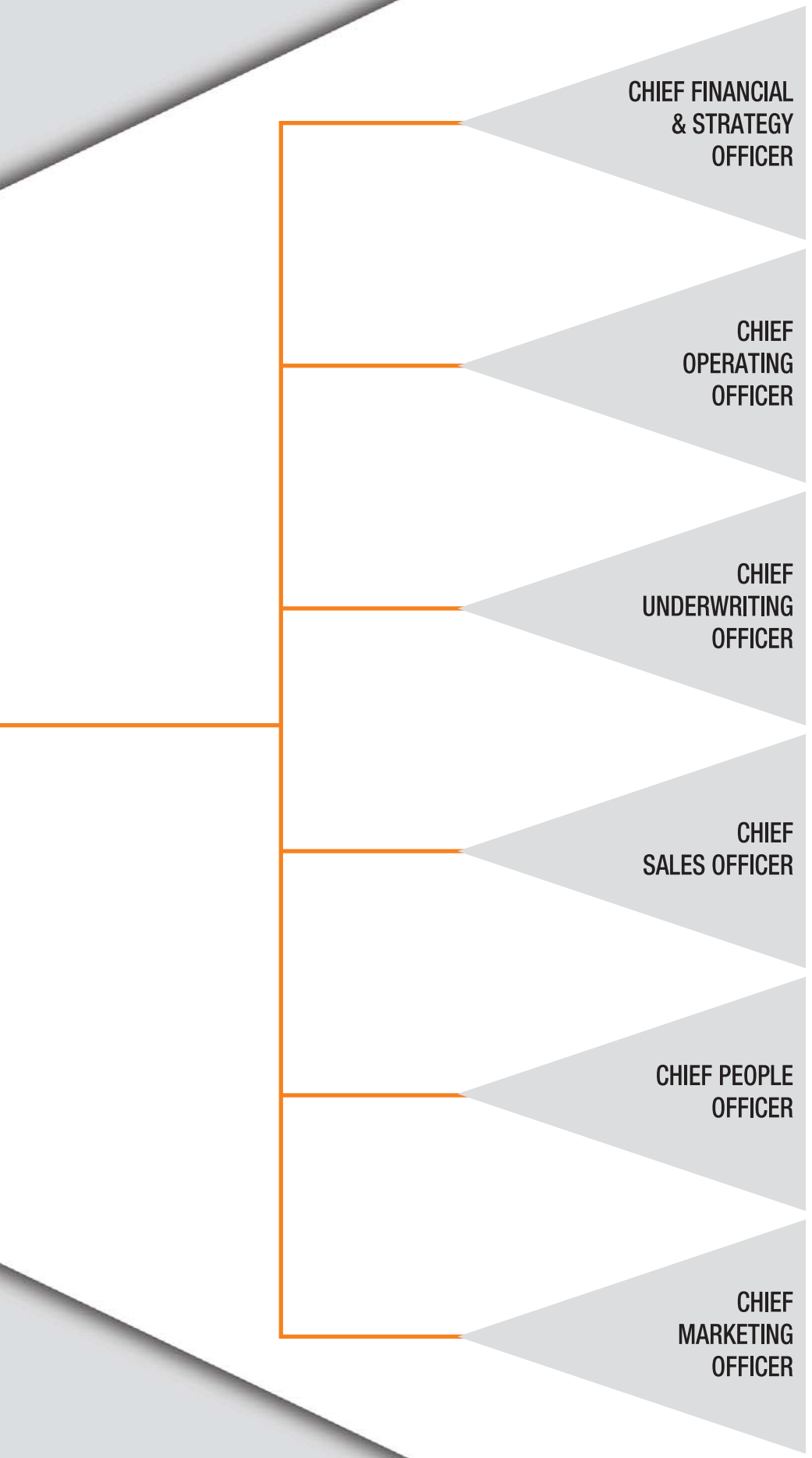

Social network

convenience
WITH SPEED

TPL Direct Insurance has not only set, but raised the levels of customer service in the industry. Our customers can reach us using multiple platforms (Call Center, Yodelee App, Social Media / Website) which are available round the clock. Our call center representatives and staff managing our social media, website and Yodelee app are experienced and committed to excellence in serving our customers.

organisation STRUCTURE




CHIEF FINANCIAL & STRATEGY OFFICER
CHIEF OPERATING OFFICER
CHIEF UNDERWRITING OFFICER
CHIEF SALES OFFICER
CHIEF PEOPLE OFFICER
CHIEF MARKETING OFFICER

company INFORMATION

BOARD OF DIRECTORS

Jameel Yusuf (S.St.)	Chairman
Ali Jameel	Director
Saad Nissar	Director / CEO
Andrew Borda	Director
Bilal Bin Zafar	Director
Waqar Ahmed Malik	Director
Syed Nadir Shah	Director

BOARD COMMITTEES

Audit Committee

Syed Nadir Shah	Chairman
Ali Jameel	Member
Bilal Bin Zafar	Member
Naseer Khan	Secretary

Ethics, Human Resources, Remuneration & Appointment Committee

Waqar Ahmed Malik	Chairman
Ali Jameel	Member
Andrew Borda	Member
Nader Nawaz	Secretary

Finance & Investment Committee

Ali Jameel	Chairman
Bilal Bin Zafar	Member
Waqar Ahmed Malik	Member
Saad Nissar	Member
Ali Hassan Zaidi	Secretary

OPERATIONS COMMITTEES

Underwriting Committee

Bilal Bin Zafar	Chairman
Syed Kazim Hasan	Member
Kamran M. Hanif	Secretary

Claims Committee

Bilal Bin Zafar	Chairman
Saad Nissar	Member
Syed Kazim Hasan	Member
Muhammad Owais Alam	Secretary

Coinsurance & Reinsurance Committee

Bilal Bin Zafar	Chairman
Syed Kazim Hasan	Member
Kamran M. Hanif	Member
Muhammad Saleem Junejo	Secretary

company INFORMATION

BANKERS

AlBaraka Bank Pakistan Ltd.
Bank Al Habib Ltd.
Dubai Islamic Bank Ltd.
Faysal Bank Ltd.
Habib Bank Ltd.
Habib Metropolitan Bank Ltd.
JS Bank Ltd.
MCB Bank Ltd.
Meezan Bank Ltd.
National Bank of Pakistan
NIB Bank Ltd.
Tameer Micro Finance Bank Ltd.
United Bank Ltd.

AUDITORS

Ernst & Young Ford Rhodes
Chartered Accountants

LEGAL ADVISOR

Lari & Co.
Maritime & Insurance Advocates

SHARE REGISTRAR

THK Associates (Pvt) Limited
1st Floor, 40-C,
Block-6, P.E.C.H.S,
Karachi-75400, Pakistan.
Tel: 021.34168270
UAN: 021.111.000.322
Fax: 021.34168271

REGISTERED OFFICE

11th &12th Floor, Centrepoint,
Off Shaheed-e-Millat Expressway,
Adjacent KPT Interchange Flyover,
Karachi, Postal Code: 74900
Fax: 021.35316032
UAN: 021.111.000.301
Tel: 021.37130223

WEB PRESENCE

www.tplinsurance.com


02

CEO'S
MESSAGE



CEO'S MESSAGE

It gives me great pleasure to announce that TPL Direct Insurance Ltd. (TDI) has completed another year of substantial growth in CY16. Not only did TDI cross the 2 Billion Gross Written Premium mark and continued churning a 26% growth rate.

There were two main drivers for our growth; further geographic expansion into Central and Northern region as well as consciously soliciting FIG business. Due to reduction in KIBOR, more and more customers are buying vehicles through Bank Finance (Conventional & Islamic) which presented a growing opportunity within the FIG business. Cash (retail) sales are dwindling with financing becoming the most preferred option so TDI continued its march and partnered with more banks. Further, we ventured into Tier 2 Cities of Central & North regions further increasing our penetration, both for sales and better customer service. Our strategy is continually driven with an aggressive approach to sales, premium risk based pricing to ensure underwriting profits and most importantly, transparent and swift claim services, which are the hallmark of our success. With law & order substantially improving in the country, I am most confident that we will see much better underwriting results going forward.

Other than motor insurance, TDI now offers comprehensive coverages for commercial lines segment. With a complete range of solutions in Property Insurance and Marine Insurance, I am quite confident that TDI will reach new heights of success in 2017. Moreover, the microinsurance segment continues to show promise and with penetration into other distribution channels, we are poised to take this to the next level with innovative products and delivery on promise.

We greatly value our team, our people and their development is of utmost importance since it holds great significance in achieving focused excellence in all our endeavors. Team TDI is without a doubt our 'X' factor and we will continue to give ourselves opportunities for growth and enrichment. With a pledge of making further advancements and becoming a dominant insurance player in Pakistan, Team TDI is poised for success.

We are extremely optimistic about the future of Pakistan and TDI will ensure to strive forward with the same zeal and fervor as we have in the past. I look forward to developing our non-motor products even further to be ready for the next phase of our journey with the help of our extremely dedicated, supportive and hardworking teams. Our primacy is to create maximum value for our stakeholders, who have aided TDI tremendously with their support and loyalty.

SAAD NISSAR
CHIEF EXECUTIVE OFFICER


03

STAKEHOLDERS'
INFORMATION

HORIZONTAL ANALYSIS

Balance Sheet	2016	2015	2014	2013	2012	2011
			Rupees in million			
Cash and bank deposits	893.4	640.6	8.9	108.3	17.8	22.1
Investments	102.5	101.4	49.9	153.2	149.3	163.1
Deferred tax	0.0	1.3	0.0	0.0	0.0	24.2
Premiums due but unpaid - unsecured	282.6	144.9	81.6	88.2	47.2	33.1
Amounts due from other insurers / reinsurers - unsecured	2.3	3.2	5.9	0.0	1.5	3.2
Accrued investment income	8.3	7.6	2.1	2.1	2.1	2.1
Reinsurance recoveries against outstanding claims	39.9	24.3	23.6	5.1	11.2	2.8
Deferred commission expense	60.9	59.6	80.3	57.4	32.6	24.2
Prepayments	192.2	290.8	351.7	356.6	279.9	216.5
Taxation - payments less provision	0.0	0.0	0.0	0.0	4.8	0.0
Sundry receivables and others	15.7	19.9	144.0	16.3	28.8	30.4
Loan to associated company	0.0	0.0	126.7	100.0	100.0	0.0
Fixed assets	361.2	384.7	308.7	169.1	120.2	106.3
Capital work in progress	0.0	0.0	4.8	19.1	47.9	147.9
Total Assets of general takaful operations	318.9	190.7	81.4	0.0	0.0	0.0
Total Assets	**2278.0**	**1869.0**	**1269.7**	**1075.5**	**843.1**	**775.9**
Issued, subscribed and paid up share capital	893.8	893.8	452.3	452.3	452.3	452.3
Accumulated profits / (losses)	148.9	45.7	12.4	-13.5	-65.0	-84.7
Total Shareholders' Equity	**1042.7**	**939.6**	**464.8**	**438.8**	**387.3**	**367.6**
Provision for outstanding claims [including IBNR]	126.6	121.2	152.8	126.1	76.7	52.3
Provision for unearned premium	699.9	572.6	543.0	441.9	328.2	247.7
Deferred commission income	4.6	0.0	0.0	0.0	0.0	0.0
Premiums received in advance	1.6	1.8	2.2	2.5	2.3	2.3
Amounts due to other insurers / reinsurers	57.0	18.5	12.5	15.4	10.6	12.5
Deferred tax liability	2.4	0.0	15.1	7.3	3.4	0.0
Accrued expenses	6.7	6.0	2.0	3.8	2.6	2.3
Sundry creditors and others	158.1	95.4	46.9	30.1	32.0	89.7
Taxation - provision less payments	0.4	8.2	2.7	9.7	0.0	0.0
Obligation under finance lease	0.0	0.0	0.0	0.0	0.0	1.6
Total Liabilities of general takaful operations	178.1	105.7	27.5	0.0	0.0	0.0
Total Shareholders' Equity and Liabilities	**2278.0**	**1869.0**	**1269.7**	**1075.5**	**843.1**	**775.9**

Profit and Loss Account	2016	2015	2014	2013	2012	2011
			Rupees in million			
Net premium revenue	1,204.4	1,129.3	1,042.9	733.5	619.9	453.6
Net claims	(507.9)	(531.8)	(527.0)	(314.2)	(253.9)	(171.3)
Expenses	(445.9)	(400.8)	(292.7)	(227.4)	(213.5)	(163.0)
Net commission	(120.8)	(141.8)	(145.4)	(78.3)	(65.0)	(46.4)
Underwriting results	**129.8**	**54.9**	**77.8**	**113.6**	**87.5**	**73.0**
Investment income	11.4	9.8	13.8	7.0	6.2	8.5
Profit on term deposits	37.9	31.9	-	-	-	-
Other income	132.2	98.7	79.4	67.3	76.4	33.2
Financial charges	(0.4)	(0.5)	(0.6)	(0.8)	(1.2)	(5.2)
General, administration and other expenses	(197.6)	(159.6)	(134.6)	(108.8)	(106.7)	(66.6)
Profit / (Loss) before tax	**113.3**	**35.2**	**35.7**	**78.4**	**62.2**	**42.8**
Profit before tax from Window Takaful Operations	35.5	10.4	3.2	-	-	-
Profit / (Loss) before tax for the year	**148.8**	**45.6**	**39.0**	**78.4**	**62.2**	**42.8**
Taxation	(45.7)	(12.3)	(13.0)	(26.8)	(19.5)	(13.0)
Profit / (Loss) after tax	**103.2**	**33.3**	**25.9**	**51.5**	**42.7**	**29.8**

VERTICAL ANALYSIS

Balance Sheet	2016	2015	2014	2013	2012	2011
Cash and bank deposits	39.2%	34.3%	0.7%	10.1%	2.1%	2.8%
Investments	4.5%	5.4%	3.9%	14.2%	17.7%	21.0%
Deferred tax	0.0%	0.1%	0.0%	0.0%	0.0%	3.1%
Premiums due but unpaid - unsecured	12.4%	7.8%	6.4%	8.2%	5.6%	4.3%
Amounts due from other insurers / reinsurers - unsecured	0.1%	0.2%	0.5%	0.0%	0.2%	0.4%
Accrued investment income	0.4%	0.4%	0.2%	0.2%	0.3%	0.3%
Reinsurance recoveries against outstanding claims	1.8%	1.3%	1.9%	0.5%	1.3%	0.4%
Deferred commission expense	2.7%	3.2%	6.3%	5.3%	3.9%	3.1%
Prepayments	8.4%	15.6%	27.7%	33.2%	33.2%	27.9%
Taxation - payments less provision	0.0%	0.0%	0.0%	0.0%	0.6%	0.0%
Sundry receivables and others	0.7%	1.1%	11.3%	1.5%	3.4%	3.9%
Loan to associated company	0.0%	0.0%	10.0%	9.3%	11.9%	0.0%
Fixed assets	15.9%	20.6%	24.3%	15.7%	14.3%	13.7%
Capital work in progress	0.0%	0.0%	0.4%	1.8%	5.7%	19.1%
Total Assets of general takaful operations	14.0%	10.2%	6.4%	0.0%	0.0%	0.0%
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Issued, subscribed and paid up share capital	39.2%	47.8%	35.6%	42.1%	53.7%	58.3%
Accumulated profits / (losses)	6.5%	2.4%	1.0%	-1.3%	-7.7%	-10.9%
Total Shareholders' Equity	45.8%	50.3%	36.6%	40.8%	45.9%	**47.4%**
Provision for outstanding claims [including IBNR]	5.6%	6.5%	12.0%	11.7%	9.1%	6.7%
Provision for unearned premium	30.7%	30.6%	42.8%	41.1%	38.9%	31.9%
Deferred commission income	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Premiums received in advance	0.1%	0.1%	0.2%	0.2%	0.3%	0.3%
Amounts due to other insurers / reinsurers	2.5%	1.0%	1.0%	1.4%	1.3%	1.6%
Deferred tax liability	0.1%	0.0%	1.2%	0.7%	0.4%	0.0%
Accrued expenses	0.3%	0.3%	0.2%	0.3%	0.3%	0.3%
Sundry creditors and others	6.9%	5.1%	3.7%	2.8%	3.8%	11.6%
Taxation - provision less payments	0.0%	0.4%	0.2%	0.9%	0.0%	0.0%
Obligation under finance lease	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
Total Liabilities of general takaful operations	7.8%	5.7%	2.2%	0.0%	0.0%	0.0%
Total Shareholders' Equity and Liabilities	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Profit and Loss Account	2016	2015	2014	2013	2012	2011
Net premium revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Net claims	-42.2%	-47.1%	-50.5%	-42.8%	-41.0%	-37.8%
Expenses	-37.0%	-35.5%	-28.1%	-31.0%	-34.5%	-35.9%
Net commission	-10.0%	-12.6%	-13.9%	-10.7%	-10.5%	-10.2%
Underwriting results	10.8%	4.9%	7.5%	15.5%	14.1%	**16.1%**
Investment income	0.9%	0.9%	1.3%	1.0%	1.0%	1.9%
Profit on term deposits	3.1%	2.8%	0.0%	0.0%	0.0%	0.0%
Other income	11.0%	8.7%	7.6%	9.2%	12.3%	7.3%
Financial charges	0.0%	0.0%	-0.1%	-0.1%	-0.2%	-1.1%
General, administration and other expenses	-16.4%	-14.1%	-12.9%	-14.8%	-17.2%	-14.7%
Profit / (Loss) before tax	9.4%	3.1%	3.4%	10.7%	10.0%	9.5%
Profit before tax from Window Takaful Operations	3.0%	0.9%	0.3%	0.0%	0.0%	0.0%
Profit / (Loss) before tax for the year	12.4%	4.0%	3.7%	10.7%	10.0%	9.5%
Taxation	-3.8%	-1.1%	-1.2%	-3.7%	-3.1%	-2.9%
Profit / (Loss) after tax	**8.6%**	**2.9%**	**2.5%**	**7.0%**	**6.9%**	**6.6%**

CASH FLOW ANALYSIS

	2016	2015	2014	2013	2012	2011
Operating activities						
(a) Underwriting activities						
Premiums received	1,224.9	1,109.5	1,162.3	829.0	692.4	484.2
Reinsurance premiums paid	(29.0)	(3.7)	(17.3)	(16.5)	(6.1)	(0.4)
Claims paid	(735.4)	(717.9)	(676.1)	(410.3)	(327.9)	(246.3)
Reinsurance and other recoveries received	217.3	153.8	157.2	151.6	90.0	77.0
Commission paid	(109.5)	(122.4)	(168.8)	(101.9)	(72.3)	(44.0)
Commission received	-	-	-	-	-	0.1
Net cash inflow from underwriting activities	568.2	419.4	457.3	452.0	376.0	270.6
(b) Other operating activities						
Income tax paid	(29.9)	(20.7)	(12.2)	(8.5)	(3.5)	(1.2)
General management expenses paid	(264.2)	(240.7)	(270.4)	(294.4)	(258.6)	(211.9)
Other operating receipts / (payments)	3.2	21.1	(11.1)	6.5	(58.5)	15.6
Loans advanced	(1.0)	(1.1)	(0.9)	(0.5)	(2.0)	(0.6)
Loans repayments received	1.0	0.9	0.6	1.1	1.5	0.5
Net cash outflow from other operating activities	(291.0)	(240.4)	(294.0)	(295.7)	(321.1)	(197.6)
Total cash inflow from all operating activities	277.2	178.9	163.4	156.3	54.8	73.0
Investment activities						
Payments for purchase of investments	-	(51.1)	-	(3.0)	(1.0)	(138.3)
Proceeds from disposal of investments	-	107.9	3.3	-	10.8	14.2
Loan advanced to associated company	-	-	(67.9)	-	-	-
Loans repayment received from associated company	-	126.7	41.2	-	-	-
Fixed capital expenditure	(74.0)	(177.2)	(182.8)	(31.8)	(55.9)	(42.5)
Advance given against CWIP	-	-	(18.1)	(40.4)	(1.6)	(61.9)
Advance against construction of office space refunded	-	-	-	-	-	75.0
Other receipts from investing activities	50.0	5.5	12.1	10.2	13.1	3.9
Total cash outflow from investing activities	(24.0)	11.8	(212.2)	(65.0)	(34.7)	(149.6)
Financing activities						
Issue of new shares	-	295.2	-	-	-	142.3
Financial charges paid	(0.4)	(0.5)	(0.6)	(0.8)	(1.0)	(4.5)
Payment to Operator Fund	-	-	(50.0)	-	-	-
Share premium	-	147.6	-	-	-	-
Share issue cost	-	(1.2)	-	-	-	-
Payments on finance leases	-	-	-	-	(0.5)	(6.1)
Dividend	-	-	-	-	(23.0)	-
Total cash inflow / (outflow) from financing activities	(0.4)	441.0	(50.6)	(0.8)	(24.5)	131.7
Net cash inflow / (outflow) from all activities	252.8	631.7	(99.4)	90.6	(4.3)	55.1
Cash and cash equivalent at beginning of the year	640.6	8.9	108.3	17.8	22.1	(33.0)
Cash and cash equivalent at end of the year	893.4	640.6	8.9	108.3	17.8	22.1

RATIO ANALYSIS

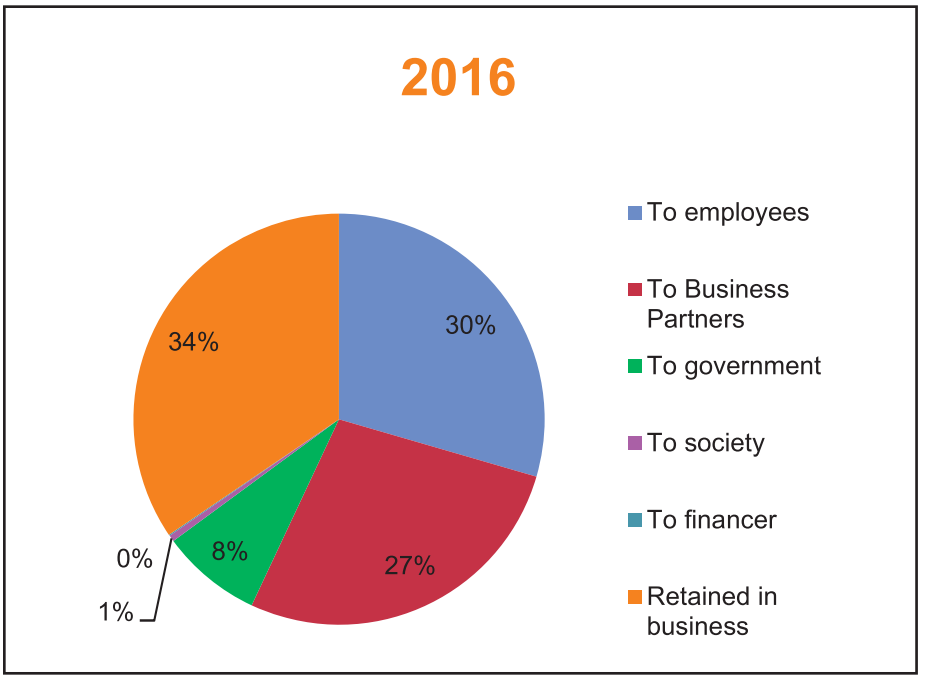
	2016	2015	2014	2013	2012	2011
Profitability Ratios						
Return on Assets	4.5%	1.8%	2.0%	4.8%	5.1%	3.8%
Return on Equity	9.9%	3.5%	5.6%	11.7%	11.0%	8.1%
Underwriting Margin	10.8%	4.9%	7.5%	15.5%	14.1%	16.1%
Net profit Margin	8.6%	2.9%	2.5%	7.0%	6.9%	6.6%
EBITDA Margin	20.4%	13.6%	10.9%	17.6%	18.0%	21.1%
Return on Capital Employed	8.5%	3.0%	3.9%	8.9%	8.8%	7.8%
Liquidity Ratios						
Current ratio	4.51	4.89	3.68	3.66	4.04	1.98
Cash to Current Liabilities	260.9%	280.5%	31.8%	58.6%	14.6%	14.1%
Cashflow from Operations Margin	23.0%	15.8%	15.7%	21.3%	8.8%	16.1%
Activity / Turnover Ratios						
Asset Turnover Ratio	52.9%	60.4%	82.1%	68.2%	73.5%	58.5%
No. of days in Premium Receivable	86	47	29	44	28	27
Fixed Asset Turnover	30%	34%	30%	23%	19%	23%
No. of days in Claim Settlement	62	64	79	100	79	77
Investment Valuation Ratios						
Break-up value per share	13.8	12.4	10.1	9.5	8.4	8.0
Earning per share	1.4	0.5	0.5	1.1	0.9	0.8
Capital Structure Ratio						
Debt Equity Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%

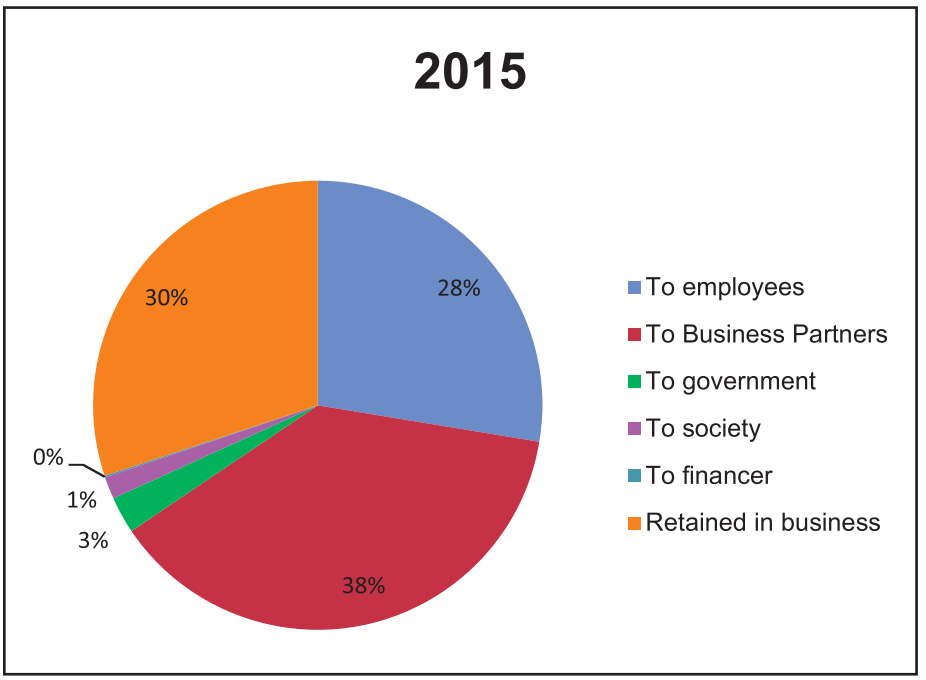
STATEMENT OF VALUE ADDITION

STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

WEALTH GENERATED	2016 Rupees	%	2015 Rupees	%
Net premium earned	1,197,090,802		1,131,292,652	
Wakala fee earned	236,534,772		129,711,178	
Investment and other income	190,313,328		147,587,127	
	1,623,938,902		1,408,590,957	
Management and other expenses	(1,046,717,250)		(942,405,134)	
	577,221,652	100.0%	466,185,823	100.0%
WEALTH DISTRIBUTED				
To employees	170,307,581	29.5%	128,617,087	27.6%
To Business Partners	158,582,738	27.5%	176,976,326	38.0%
To government	45,664,468	7.9%	12,343,013	2.6%
To society	3,064,138	0.5%	7,398,992	1.6%
To financer	500,579	0.1%	566,185	0.1%
To shareholders				
Cash dividend	-	0.0%	-	0.0%
Retained in business				
Depreciation and amortization	95,933,436	16.6%	107,006,627	23.0%
Retained profit / loss	103,168,714	17.9%	33,277,593	7.1%
	199,102,150	34.5%	140,284,220	30.1%
	577,221,654	100.0%	466,185,823	100.0%

STATEMENT OF VALUE ADDITION






04

CORPORATE
GOVERNANCE

profile of DIRECTORS



JAMEEL YUSUF (S.St.) ▶ Chairman

Mr. Jameel Yusuf Ahmed (S.St.) is a businessman and is the Chairman of TPL Holdings. He was the founder chairman of Citizen Police Liaison Committee (CPLC), and remained its chairman from September 1989 to March 2003. He is also the Director of Asia Crime Prevention Foundation (ACPF) and is the founding trustee of "PANAH" a shelter home established for women in distress. Mr. Yusuf is also a member of Advisory Council Fellowship Fund for Pakistan (FFFP), Woodrow Wilson International Centre for Scholars (WWC) since 2004.

He was awarded Presidential Award "Sitara-e-Shujaat" for gallantry services in August 1992 and was also nominated for the First United Nations Vienna Civil Society Award in 1999.

ALI JAMEEL

Director

Mr. Ali Jameel is the CEO of TPL Trakker Ltd. - Pakistan's first vehicle tracking company. He is also the director of TRG Pakistan Ltd. Formerly, Mr. Jameel was the Chief Executive of Jahangir Siddiqui Investment Bank. He has also held several advisory posts in Board of Investment, Economic Advisory Council, the Pakistan's information technology and telecommunication sectors, including appointments on the task Force on Telecom Deregulation, the Fiscal Incentive Group on the IT Commission and the Task Force on Venture Capital. Mr. Jameel received his B.Sc. degree in Economics from the London School of Economics. He is also an Associate Member of the Institute of Chartered Accountants in England & Wales and qualified in 1994 at KPMG Peat Marwick in London.





SAAD NISSAR ▶ Director

Mr. Saad Nissar is an experienced marketing professional. He joined TPL Trakker Limited in the year 2000 at its inception as National Sales Manager.

He has been instrumental in setting up and executing the retail network nationwide, successful packaging and promotion of fleet management and portfolio management services in the corporate sector and Financial Institution Group (FIG) of Pakistan respectively.

He was appointed as Director of TPL Direct Insurance effective July 2005 and consequently he assumed the role of Chief Executive Officer. TPL Direct Insurance has won “Brand of the Year Award” for seven consecutive years under his leadership.

He holds an MBA degree from the Institute of Business Administration.

ANDREW BORDA ▶ Director

Mr. Andrew Borda is a Nominee Director of Greenoaks Global Holdings Ltd. and has received a Bachelor's of Arts (B.A.) degree from Washington and Lee University, Virginia, United States and a Master's of Science (M.S) degree from Graduate Institute of International and Development Studies, Geneva, Switzerland. Currently, Mr. Borda holds a Managing Partner position at Greenoaks Global Operations Ltd. (London) since September 2013. Prior to this, Mr. Borda was the Vice President at Swiss Re (Zurich Switzerland, London U.K. and New York U.S.A) from 2011 to 2013 and a Senior Associate at McKinsey & Company for 3 years from 2008 to 2011 in Geneva and Zurich, Switzerland.





SYED NADIR SHAH ▶▶ Director

Mr. Syed Nadir Shah is an experienced professional who has served at ANZ Banking Group, Grindlays Bank Ltd., Jardine Fleming Pakistan, World Tel (MECA), Infinity Global Telecom and Energy Saving Solution Ltd. Mr. Shah holds a BA Degree in Economics and a BBA Degree in the Finance major.

Mr. Shah is serving as the Chairman of the Audit Committee of TPL Direct Insurance Limited. His valuable inputs have made it possible to achieve the highest standards in the audit and HR functions. At present, he is also holding positions of directorship in Fauji Akbar Portia Terminals (Pvt.) Limited, Meskay & Famtee Trading Co. (Pvt.) Limited and Princely Jets Private Limited.

BILAL BIN ZAFAR

Director

Mr. Bilal Bin Zafar is an experienced insurance and reinsurance professional, with several years of experience in the industry. He is a Director at GGH Ltd., UK. Prior to that, Mr. Zafar served as Vice President at Swiss Re, one of the largest reinsurance companies in the world, working in underwriting, actuarial and business development roles. He is a co founder of SBZtech, a technology firm based in Switzerland. During his career he has worked in Switzerland, Malaysia, US and the UK.

Mr. Zafar holds degrees in Economics from the University of Geneva, Switzerland, and in Business IT from Curtin University of Technology, Australia. He is a qualified Associate of the Chartered Insurance Institute (ACII) and Chartered Insurer.





WAQAR AHMED MALIK ▶ Director

Mr. Malik's corporate and business experience spans over 30 years across three continents. A specialist in strategy, corporate business leadership and board governance, his professional experience includes managing and leading businesses in the petrochemicals, consumer and the life sciences industry. His career with ICI PLC Group UK and Akzo Nobel, based in Netherlands spanned over 27 years and provided him opportunity to work in Europe and the Americas. In Pakistan he served for the Group as the CEO of ICI Pakistan (now part of Younus brothers Group), Chairman and CEO of Pakistan PTA Limited (now Part of Lotte Group).

Mr. Malik is a fellow of the Institute of Chartered Accountants in England and Wales and is also an Alumnus of the Harvard Business School and INSEAD. His other current engagements are: Director (Non-Executive, Independent), Engro Corporation Limited Director, Adira Capital Holdings (Pvt) Limited and Chairman, Noesis (Pvt) Ltd.

Mr. Malik is active in philanthropic activities: he is a trustee of I-care Pakistan and received the Prince of Wales medal for his contribution as a Trustee of the Prince of Wales Pakistan Recovery Fund, a subsidiary of the British Asian Trust.

He has also been the past President of the Overseas Investors Chamber of Commerce and Industry, and the Management Association of Pakistan; Director, Pakistan Business Council, Board member, State Bank of Pakistan; Chairman Pakistan Petroleum Limited, Chairman Sui Southern Gas Company Limited; Board member of Oil and Gas Development Company Limited, Trustee of the Board of Lahore University of Management Sciences, The Duke of Edinburgh Trust and the Indus Valley School of Art.

management TEAM





DIRECTORS' report

On behalf of the Board of Directors of TPL Direct Insurance Limited, I am pleased to present the annual report of the Company for the year ended 31 December 2016.

ECONOMIC OUTLOOK

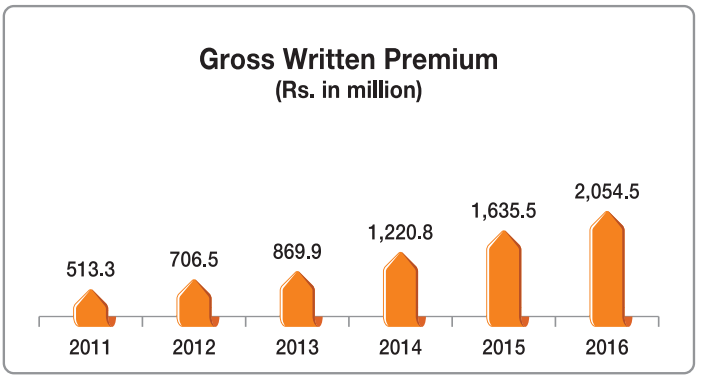
Growth accelerated in Pakistan in Fiscal Year 2016 on the cumulative impact of the government's macroeconomic and structural reform program, sharply lower oil prices, and improved security, outpacing earlier growth forecast. Inflation and the current account deficit were lower than expected, while foreign exchange reserves strengthened and the budget deficit shrank. Pakistan is eyeing 5.7 percent economic growth in the fiscal year 2017, helped by lower global oil prices, investment in China Pakistan Economic Corridor that envisages $46 billion investment in infrastructure projects that include roads, railway and power plants and improvement in energy supplies. Outlook for equity market much depends on subsequent economic policy decisions and political situation. Emerging trends such as rising domestic inflation, strengthening of USD in the wake of expected US fed rate increase and pick up in US / China economic growth, should prove to be a volatile environment for equities. However, better corporate earnings, improved market liquidity and ongoing market multiple re-rating under MSCI could offset potential valuation pressures from such trends.

BUSINESS REVIEW

Gross Written Premium

The company continued its trajectory towards growth with gross written premiums increasing by 26% in 2016 and achieving the much awaited Rs. 2 billion mark. The premium includes contributions written by window takaful operations of the company which amounts to Rs. 684.3 million.

Year	Gross Written Premium	Growth %
2011	513.3	25%
2012	706.5	38%
2013	869.9	23%
2014	1,220.8	40%
2015	1,635.5*	34%
2016	**2,054.5***	**26%**



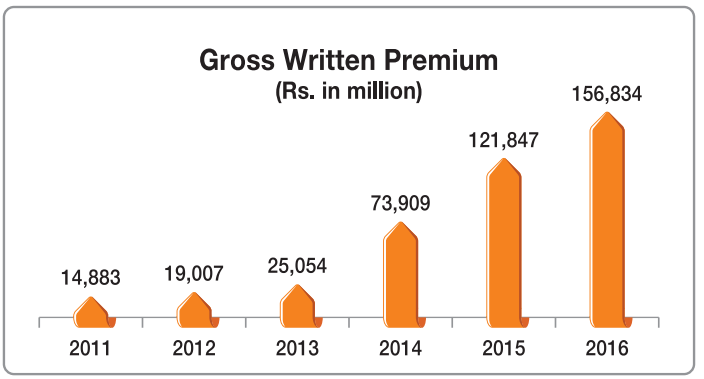
* includes window takaful contributions amounting to Rs. 684.3 million (2015: Rs. 464.2 million)

The company launched its commercial lines business during the second half of year 2016 with a watchful approach and has underwritten premiums amounting to Rs. 67.12 million in the segment. Further, the company consolidated its position in the motor insurance industry amongst the top players retaining third position in motor insurance as of 30 September 2016.

The healthy growth of TDI is built around the customer's confidence in the company as it upholds its motto of providing equitable premium rates, recording claims in 60 seconds, claims processing in 45 minutes and settlement of total loss and theft claims in 7 days. With declining discount rate, auto leasing portfolios of bank grew significantly allowing the company to cement its position in banking portfolios and achieving a healthy growth of 22% in the segment that now constitute 34% of the fresh motor premiums.

Our portfolio is largely skewed towards motor insurance (about 93% of gross written premium), while other lines of business (fire, marine, health and miscellaneous) contributed 7% promising significant growth in the years to come. The company is actively working to develop the commercial lines and has concluded reinsurance agreements with leading reinsurance including Swiss Re and Hannover Re in the segment.

Year	Number of Policies	Growth %
2011	14,883	28%
2012	19,007	28%
2013	25,054	32%
2014	73,909	195%
2015	121,847*	65%
2016	**156,834***	**29%**

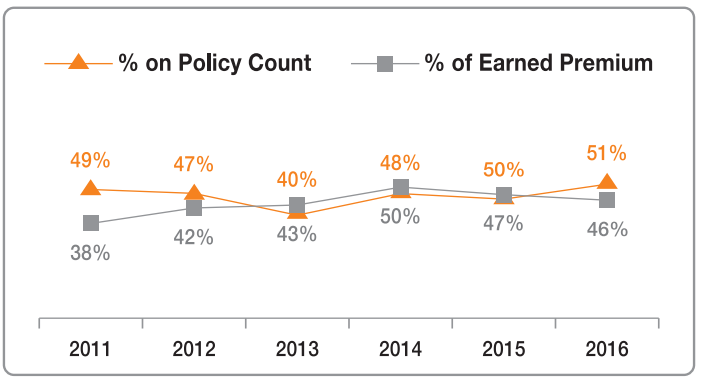


* including 108,538 (2015: 85,152) micro health policies and 19,075 (2015: 12,922) policies underwritten in window takaful operations

Claims Analysis

In 2016, the Company managed its motor claims severity by putting effective controls under partial damage claims and improved theft claims resulted in overall reduction of motor claims to 46.8% from 47.3% last year. We aim to further enhance the efficiency in the settlement of claims which is a fundamental driver of success, both for the policyholders as well as for its shareholders.

YEARLY CLAIMS INCUERRED		
Year	% on Policy Count	% of Earned Premium
2011	49%	38%
2012	47%	42%
2013	40%	43%
2014	50%	50%
2015	46%	47%
2016	**51%**	**45%**



The health claims ratio was maintained at 28.12% (2015: 77.7%). The significant decrease in claims ratio was achieved through development of micro health segment and conservative approach on corporate health business. The company is determined to develop the health segment profitably. We expect that micro health segment will grow further and will develop into a mainstream profit center of the company.

Since commercial line is in its infancy stage, the claims are minimal. The company has developed a team of professionals in the segment to ensure effective risk management and underwriting to ensure that claims costs are managed in the segment.

Window Takaful Operations

The Company's Window Takaful Operations (WTO) managed to underwrite contributions amounting to Rs. 684.3 million (2015: Rs. 464.2 million) registering a growth of 47.4%. The consolidated assets of operator fund and participant takaful fund amounts to Rs. 844.5 million (2015: Rs. 491.7 million).

Company's WTO has underwritten contributions in fire & property, motor and health segments with the assistance of its Shariah Advisor and Shariah Compliance Officer. WTO is planning to launch additional lines of business which will allow us to expand into new solutions, addressing explicit requests from a number of clients and business partners and further developing the market.

The participant takaful fund registered a loss of Rs. 66.8 million (2015: Rs. 53.2 million); due to competitive pricing, higher claims ratio and mandatory tracking on business underwritten through banks. The company managed to reduce the loss to Rs. 12.3 million in 2H2016 as compared to a loss of Rs. 54.5 million in 1H2016. WTO is focusing on penetration in the retail segment, improvement in pricing of bank business along with launch of profitable corporate lines of business. It is projected that participant takaful fund will break even in the next years and the company will recover the Qard e Hasna provided to the fund.

Reinsurance

For 2017 our commercial lines underwriting is backed by leading international reinsurers Swiss Re. The general accident treaty including Motor is under the lead of Hannover Re followed by Trust Re and Pakistan Reinsurance Company Limited. Likewise our lead re - takaful operator is Hannover Re followed by GIC Re.

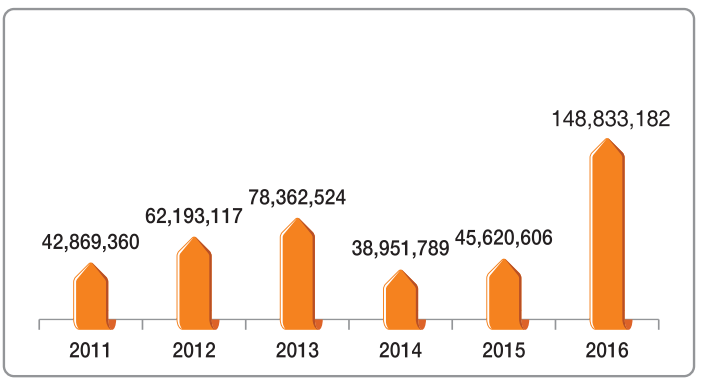
FINANCIAL REVIEW

Profitability And Growth

The Company has recorded a pretax profit of Rs. 148.8 million (2015: Rs. 45.62 million), including profit from operator fund of Rs. 35.5 million (2015: 10.4 million). The loss from participant takaful fund of Rs. 66.8 million (2015: 53.2 million) is not included in the profit of the Company as per SECP's circular 25 of 2015. The pre-tax and post-tax basic earnings per share are Rs. 1.97 and Rs. 1.37 respectively (2015: Rs. 0.65 and Rs. 0.47).

During the year, the Company changed its estimate of the useful lives of tracking devices from 5 years to 6 years to better reflect the pattern in which economic benefit are expected to be consumed by the Company. Had the estimate not been revised the depreciation charge for the year would have been higher by Rs. 26.06 million and net profit before tax for the year and basic and diluted earnings per share would have been lower by Rs. 17.98 million and Rs. 0.24 respectively.

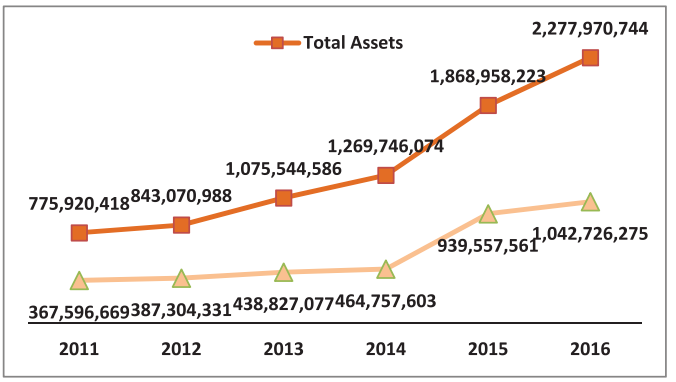
Year	Profit / (Loss) before tax
2011	42,869,360
2012	62,193,117
2013	78,362,524
2014	**38,951,789**
2015	**45,620,606**
2016	**148,833,182**



We have plans to continue growing the company's premium base as well as significantly increasing profitability to achieve higher returns for our shareholders. Premium growth initiatives include further expansions on the existing products and segments (motor, micro-health, window takaful operations) as well as the expansion into corporate lines of business of fire and marine segment.

The Company has improved its assets base over the years and has cemented a strong platform to launch new and value added insurance products in the market.

Year	Total Assets	Net Assets
2011	775,920,418	367,596,669
2012	843,070,988	387,304,331
2013	1,075,544,586	438,827,077
2014	1,269,746,074	464,757,603
2015	1,868,958,223*	939,557,561
2016	**2,277,970,744***	**1,042,726,275**



* assets amounting to Rs. 525.53 million (2015: Rs. 300.96 million) pertaining to participant takaful fund are not included in total assets of the company.

Investments

As at 31 December 2016, investments made by the Company stands at Rs. 102.50 million (2015: Rs. 101.35 million) which mainly comprise of investments in government securities amounting to Rs. 100.39 million (2015: Rs. 99.55 million). The aggregate market of value of these investments is Rs. 113.94 million (2015: Rs. 111.94 million).

Cash & Bank Deposits

The cash and bank deposits of the Company stands at Rs. 893.4 million (2015: Rs. 640.6 million) out of which an amount of Rs.717 million (2015: Rs. 624 million) is placed under short term bank deposits. In addition, cash and bank deposits of participant takaful fund stands at Rs. 187.2 million (2015: Rs. 112.9 million) out of which an amount of Rs. 135 million (Rs. 110 million) is placed in short term bank deposits.

Subsequent Event

Subsequent to year end, Greenoaks Global Holdings Ltd (GGHL), having a controlling interest of 69.12% in the Company, has entered into an agreement with TPL Trakker Limited, an associated company, for sale of GGHL's shareholding in the Company to TPL Trakker Limited subject to regulatory approvals.

Dividend

We, the Board of Directors, recommend to hold the profit for the year as retained earnings and to invest in development of new innovative products to enhance future profitability of the Company.

CREDIT RATING

The Pakistan Credit Rating Agency Ltd (PACRA) has maintained the credit rating of the Company to "A" with a stable outlook.

KEY FINANCIAL DATA FOR THE LAST SIX YEARS

(Rs. in millions)

Balance Sheet	2016	2015	2014	2013	2012	2011
Paid up share capital	893.84	893.84	452.31	452.31	452.31	452.31
Accumulated losses / Unappropriated profits	148.89	45.72	12.44	-13.49	-65	-84.66
Total Equity	**1,042.72**	**939.56**	**464.76**	**438.83**	**387.31**	**367.65**
Investments	102.50	101.35	49.94	153.24	149.27	163.11
Fixed assets	361.16	384.71	308.70	169.09	120.16	106.35
Capital work in progress	-	-	4.84	19.05	47.89	147.93
Cash and bank deposits	893.42	640.65	8.95	108.35	17.77	22.06
Other assets	601.96	551.57	815.91	625.82	507.98	336.52
Total assets of General Takaful Operations - OF	318.93	190.68	81.40	-	-	-
Total Assets	**2,277.97**	**1,868.96**	**1269.75**	**1,075.54**	**843.07**	**775.98**
Underwriting liabilities	831.03	693.85	695.88	568	418.84	314.78
Short term finance	-	-	-	-	-	-
Other liabilities	226.09	129.86	81.57	68.72	36.9	93.54
Total liabilities of General Takaful Operations - OF	178.13	105.69	27.54	-	-	-
Total Liabilities	**1,235.24**	**929.40**	**804.99**	**636.72**	**455.74**	**408.32**
Profit and Loss	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Gross premium written	1,370.19	1171.26	1155.95	869.88	706.48	513.33
Net premium revenue	1,204.42	1129.28	1042.93	733.46	619.85	453.63
Underwriting expenses	-1,074.77	-1074.40	-965.12	(619.88)	(532.39)	(380.68)
Underwriting results	129.65	54.88	77.80	113.58	87.46	72.96
Investment income and other income	181.50	140.49	93.13	74.34	82.63	41.74
Administrative and other expenses	-197.86	-160.14	-135.19	(109.56)	(107.89)	(71.82)
Profit / (Loss) before tax from General Insurance Operations	113.30	35.23	35.74	78.36	62.19	42.87
Profit before tax from Window Takaful Operations	35.53	10.39	3.21	-	-	-
Profit / (Loss) before tax for the year	148.83	45.62	38.95	-	-	-
Profit / (Loss) after tax	**103.17**	**33.28**	**25.93**	**51.52**	**42.71**	**29.83**

Auditors

M/s Ernst & Young Ford Rhodes, Chartered Accountants retire and offer themselves for reappointment. The Board of Directors has recommended their appointment as auditors for the year ending 31 December 2017, at a fee to be mutually agreed.

Related Party Transactions

The related party transactions were placed before the Board of Audit Committee and approved by the Board. These transactions were in line with the International Financial Reports Standards and the Companies Ordinance, 1984.

Corporate Social Responsibility

We take great care in advancing our mission of promoting financial and social mobility for underdeveloped population segments. Company invest in systems and solutions that address social challenges such as poor education outcomes, low health and living standards and improving the economic wellbeing of the people wherever they are, regardless of race, color, religion or ethnicity. We strive to attain a meaningful impact on society with a strong connection with our core competencies and that's the very reason and spirit through which we want to uplift the marginalized segments of the society.

Statement on Corporate and Financial Reporting Framewor

The Board is fully aware of its corporate responsibilities as envisaged under the Code of Corporate Governance, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that:

- The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- The Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, International Financial Reporting Standard and other regulations (including but not limited to the Shariah guidelines /principles) as applicable in Pakistan, have been followed in the preparation of the financial statements and any departure there from have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The fundamentals of the Company are strong and there are no doubts about Company's ability to continue as a going concern.
- The Company has followed the best practices of the Corporate Governance and there has been no material departure there from.
- Key operating and financial data for the last six years in summarized form, is included in this annual report.
- No significant deviations from last year's operating results have been noted apart from deficit in participant takaful fund which is explained in this report
- Statutory payments on account of taxes, duties, levies and charges outstanding are in the normal course of business
- The board has ensured trainings for its directors; five directors of the Company have attended the director's training program whereas one director is exempt from the aforesaid training in compliance with the Code of Corporate Governance.
- The value of investments of provident fund on the basis of unaudited accounts of the provident fund as on 30 June 2016 is Rs. 21.5 million.

Insurance Ordinance 2000

As required under the Insurance Ordinance 2000 and rules framed there under, the Directors confirm that:

- In their opinion and to the best of their belief, the annual statutory accounts of the Company set out in the forms attached with this statement have been drawn up in accordance with Insurance Ordinance 2000 and rules made there under.
- The Company has at all times in the year complied with the provisions of the Ordinance and the rules made there under relating to the paid up capital, solvency and reinsurance arrangements; and as at the date of the statement, it continues to be in compliance with the provisions of the Ordinance and rules framed there under as mentioned above.

Code of Conduct

The Company ensures that all its activities are carried out in a transparent manner strictly following the code of business ethics with zero tolerance.

Pattern of Share - Holding

A statement of pattern of share-holding of the Company as at 31 December 2016 is as follows:

Shareholder's Category	Number of Shares Held	Percentage of Shareholding
Holding company – Greenoaks Global Holdings Ltd - UK	52,196,397	69.12%
Associated companies	18,966,114	25.12%
Directors, their spouses and minor children	222,501	0.29%
Banks, DFIs and NBFIs	816,878	1.53%
Modarabas and mutual funds	814,758	1.11%
Others	2,472,251	3.27%
Total	75,515,899	100%

Trading In Company's Shares

No trading in Company's share was done by the directors during the year other than for qualification shares to become director of the Company. The returns under section 222 of the Companies Ordinance 1984 were submitted in this regard within stipulated time. A statement showing the pattern of shareholding is attached with this report.

Board Meetings

The Board of Directors held five meetings in 2016. Attendance of Directors is indicated below:

Name of Director	Meetings Attended
Mr. Jameel Yusuf	5
Mr. Ali Jameel	5
Mr. Andrew Borda*	4
Mr. Bilal Bin Zafar	5
Mr. Waqar Malik	5
Syed Nadir Shah	5
Mr. Saad Nissar	5
Mr. Charles Robert Platt**	1

* resigned during the year
** filled casual vacancy during the year

Future Outlook

Pakistan's automobile industry is anticipating new launches in 2017 with at least 3 new players entering the market. The existing auto manufacturers citing competition have planned to cut down production to improve quality and efficiencies and retain their market size in future. Car sales remained down by 3% in last calendar year however bank car financing; which is 100% insured, increased due to low discount rate which is expected to remain stable in the foreseeable future. With CPEC projects kicking off, transportation business is booming and there are opportunities to underwrite transportation risks. Trucking segment is the most significant gainer in the automobile industry and grew by 47% during the year. CPEC further offers opportunity to invest in commercial lines and company is investing

in resources to develop a standing in corporate business through diligent underwriting and require a push to compete in the corporate against major players for these opportunities. Also some major power projects and other mega projects are in pipeline which offers lucrative long term opportunities.

Acknowledgement

We would like to thank the shareholders of the Company for the confidence they have reflected in us. We also appreciate the valued support and guidance provided by the Pakistan Stock Exchange, Federal Board of Revenue, Provincial Revenue Authorities, Central Depository Company and Securities and Exchange Commission of Pakistan over time. We would also express our sincere thanks to the employees, strategic partners, vendors, bankers and customers for their support in pursuit of our corporate objectives.

CATEGORY OF SHAREHOLDING

As on 31 December 2016

Shareholder's Category	No. of Shareholders	Number of Shares Held	Percentage of Shareholding
HOLDING COMPANY/ ASSOCIATED COMPANIES/UNDERTAKINGS AND RELATED PARTIES			
Greenoaks Global Holdings	1	52,196,397	69.1197%
TPL Trakker Limited	1	18,419,000	24.3909%
TPL Holdings (Pvt.) Limited	1	547,114	0.7245%
DIRECTORS, THEIR SPOUSES AND MINOR CHILDREN			
Mr. Saad Nissar	1	220,000	0.2913%
Mr. Jameel Yusuf	1	500	0.0007%
Mr. Ali Jameel	1	500	0.0007%
Mr. Syed Nadir Shah	1	500	0.0007%
Mr. Bilal Bin Zafar	1	500	0.0007%
Mr. Waqar Ahmed Malik	1	500	0.0007%
BANKS, DFIS AND NBFIS, MODARABA ETC			
National Bank of Pakistan	1	816,878	1.0817%
MUTUAL FUNDS			
Golden Arrow Selected Stocks Fund Limited	1	301,686	0.3995%
CDC - Trustee PICIC Investment Fund	1	153,708	0.2035%
CDC - Trustee PICIC Growth Fund	1	321,388	0.4256%
CDC - Trustee AKD Opportunity Fund	1	64,976	0.0860%
MORE THAN 5% VOTING RIGHTS			
Greenoaks Global Holdings	1	52,196,397	69.1197%
TPL Trakker Limited	1	18,419,000	24.3909%

PATTERN OF SHAREHOLDING

As on 31 December 2016

NO. OF SHAREHOLDERS	FROM	TO	SHARES HELD	PERCENTAGE %
213	1	100	1,544	0.0020
116	101	500	54,153	0.0717
66	501	1,000	65,233	0.0864
66	1,001	5,000	180,117	0.2385
18	5,001	10,000	153,432	0.2032
1	10,001	15,000	15,000	0.0199
7	15,001	20,000	134,048	0.1775
6	20,001	25,000	142,284	0.1884
2	25,001	30,000	52,504	0.0695
2	30,001	35,000	65,742	0.0871
2	45,001	50,000	96,644	0.1280
1	50,001	55,000	54,000	0.0715
1	55,001	60,000	56,592	0.0749
2	60,001	65,000	128,976	0.1708
1	75,001	80,000	77,500	0.1026
1	95,001	100,000	100,000	0.1324
1	105,001	110,000	108,000	0.1430
1	125,001	130,000	129,813	0.1719
1	135,001	140,000	137,684	0.1823
1	145,001	150,000	147,000	0.1947
1	150,001	155,000	153,708	0.2035
1	215,001	220,000	220,000	0.2913
1	285,001	290,000	289,847	0.3838
1	300,001	305,000	301,686	0.3995
1	320,001	325,000	321,388	0.4256
1	345,001	350,000	349,615	0.4630
1	545,001	550,000	547,114	0.7245
1	815,001	820,000	816,878	1.0817
2	18,415,001	18,420,000	18,419,000	24.3909
1	52,195,001	52,200,000	52,196,397	69.1197
520	**Company Total**		**75,515,899**	**100**


05

COMPLIANCE WITH
CODE OF CORPORATE GOVERNANCE

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

We have reviewed the enclosed Statement of Compliance (the Statement) with the the Code of Corporate Governance (the Code) prepared by the Board of Directors of TPL Direct Insurance Limited (the Company) for the year ended 31 December 2016 to comply with the requirements of Listing Regulations of the 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 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 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 requirement to the extent of approval of 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 does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2016.

Further, we highlight the following:

Serial No.	Non-compliance	Clause reference
1	The Company is required to maintain register of persons having access to inside information by designated senior management officer in a timely manner and maintain proper record including the basis for inclusion or exclusion of names of persons from the said list. The Company is in the process of implementing this requirement.	30
2	The Company has not formulated a comprehensive proxy voting policy for institutional investors for which the Company has sought exemption from the Securities and Exchange Commission of Pakistan.	31



Date: 27th March, 2017
Karachi.

Chartered Accountants
Audit Engagement Partner:
Arslan Khalid

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

For the year ended 31 December 2016

This statement is being presented in compliance with the Code of Governance for Insurers, 2016 (the Code) for the purpose of establishing a framework of good governance, whereby an insurer is managed in compliance with the best practices of corporate governance.

TPL Direct Insurance Limited (the "Company") has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of Independent, Non-Executive Directors and Directors representing minority interests on its Board of Directors. At present Board includes:

Category	Names
Independent Director	Syed Nadir Shah
Executive Director (Chief Executive Officer)	Mr. Saad Nissar
Non-Executive Directors	Mr. Jameel Yusuf, Mr. Ali Jameel, Mr. Charles Robert Platt, Mr. Bilal Bin Zafar, Mr. Waqar Ahmed Malik

Independent director meets the criteria of independence as laid down under the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by a stock exchange.

4. The casual vacancies occurring on the Board was filled up by the directors as follows:

S.No.	Resigned	Dated	Appointment	Dated
1	Andrew Borda	Sept 24, 2016	Mr. Charles Robert Platt	Sept 24, 2016

5. The Company has prepared a Code of Conduct, which has been disseminated among all the directors and employees of the company.

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive directors and the key officers, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven (7) days before the meeting. The minutes of the meeting were appropriately recorded and circulated.

9. The Board has established a system of sound internal control, which is effectively implemented at all levels within the Company. The Company has adopted and complied with all the necessary aspects of internal controls given in the Code.

10. The management of the Company has submitted a Booklet to the Board of Directors in the Board meeting held on March 27, 2017 to consider it as an orientation course for its Directors and to apprise them of their duties and responsibilities. The course Booklet also apprised the Directors about changes in Code of Corporate Governance. As per the Code, Directors of the Company having 15 years of experience on the Board of listed company and 14 years of education are exempted from directors' training program. Hence two directors are exempted. While the Executive Director is "Certified Director" from Pakistan Institute of Corporate Governance and remaining three Directors are certified from Institute of Business Administration Karachi.

11. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

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

13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The directors, Chief Executive Officer and other executives do not hold any interest in the shares of the Company other than disclosed in the pattern of shareholding.

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

16. The Board has formed the following Management Committees:

Underwriting Committee:

Name of the Member	Category
Bilal Bin Zafar	Chairman
Syed Kazim Hasan	Member
Kamran Hanif	Secretary

Claim Settlement Committee:

Name of the Member	Category
Charles Robert Platt	Chairman
Saad Nissar	Member
Syed Kazim Hassan	Secretary

Reinsurance and Co-insurance Committee:

Name of the Member	Category
Bilal Bin Zafar	Chairman
Syed Kazim Hassan	Member
Kamran Hanif	Member
Muhammad Saleem Junejo	Secretary

17. The Board has formed the following Board Committees:

Risk Management and Compliance Committee:

Name of the Member	Category
Waqar Ahmed Malik	Chairman
Bilal Bin Zafar	Member
Saad Nissar	Member
Syed Ali Hassan Zaidi	Secretary
Mehar Ameer	Co-Secretary

Ethics, HR, Remuneration and Nomination Committee:

Name of the Member	Category
Waqar Ahmed Malik	Chairman
Ali Jameel	Member
Charles Robert Platt	Member
Nader Nawaz	Secretary

Investment Committee:

Name of the Member	Category
Ali Jameel	Chairman
Charles Robert Platt	Member
Waqar Ahmed Malik	Member
Saad Nissar	Member
Syed Ali Hassan Zaidi	Secretary

18. The Board has formed an Audit Committee. It comprises of four members of whom one is an independent director and two are non-executive directors. The chairman of the Committee is an independent director The composition of the Audit Committee is as follows:

Audit Committee:

Name of the Member	Category
Syed Nadir Shah	Chairman
Ali Jameel	Member
Bilal Bin Zafar	Member
Naseer Khan	Secretary

19. Meetings of the committees were held during the year as required under the Code. All committees were formed as per the requirements of the Code. The terms of references of all committees were duly formed and the Committees were further advised to comply.

20. The Board has set up an effective internal audit function / who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and they are involved in the internal audit function on a regular basis..

21. The Chief Executive Officer, Chief Financial Officer, Compliance Officer and the Head of Internal Audit possess such qualification and experience as is required under the Code. Moreover, the persons heading the underwriting, claim, reinsurance and risk management departments possess qualification and experience of direct relevance to their respective functions, as required under section 12 of the Insurance Ordinance. 2000 (Ordinance No. XXXIX of 2000):

Name of Person	Designation
Saad Nissar	Chief Executive Officer
Syed Kazim Hasan	Chief Operating Officer
Syed Ali Hassan Zaidi	Chief Financial Officer
Mehar Ameer	Compliance Officer
Mehar Ameer	Company Secretary
Naseer Khan	Head of Internal Audit
Kamran Hanif	Head of Underwriting
Imran Shah	Head of Claims
Muhammad Saleem Junejo	Head of Reinsurance
Syed Kazim Hasan	Head of Risk Management
Sania Hassan Khan	Head of Grievance Dept.

During the year, there were changes in positions of, Chief Financial Officer, Compliance Officer and Company Secretary. The reason for the change was mainly due to their promotions for respective positions.

22. The statutory auditors of the Company have been appointed from the panel of auditors approved by the Commission in terms of section 48 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000). The statutory auditors have confirmed that they have been given a satisfactory rating under the Quality Control Review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the insurer and that the firm and all its partners are in compliance with the international Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

23. The statutory auditors or the persons associated with them have not been appointed to provide other services and the auditors have confirmed that they have observed IFAC guidelines in this regard.

24. The Company has an Investment Policy, however the Company will align the policy with the requirements of revised Code within the prescribed timeline.

25. The Company already has Risk Management function. The tasks of new Risk Management and Compliance function as covered under revised Code will be approved by the Board within the prescribed timeline.

26. The Company has been rated by PACRA and the rating assigned by the rating agency on December 06, 2016 is A with stable outlook.

27. The Board shall set up a grievance department/function, which shall fully comply with the requirements of the Code of Corporate Governance for Insurers, 2016.

28. The 'closed period', prior to the announcement of interim / final results and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange.

29. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

30. The Company is required to maintain register of persons having access to inside information by designated senior management officer in a timely manner and maintain proper record including basis for inclusion or exclusion of names of persons from the said list. The Company is in the process of implementing this requirement.

31. Clause XI (f) of the Code requires the Board of Directors to formulate of a comprehensive proxy voting policy for institutional investors. The Company has sought exemption from the Securities and Exchange Commission of Pakistan in respect of this requirement of the Code.

32. We confirm that all other material principles contained in the Code of Corporate Governance for Insurers, 2016 have been complied with.



Saad Nissar
Chief Executive Offier

Dated: 27th March, 2017


06

MANAGEMENT'S
CORNER

CORPORATE
social responsibility

TPL Direct Insurance Limited ensures that Corporate Social Responsibility functions as a self-regulatory mechanism which must adhere to spirit of the law, ethical values and standards, international / national cultural. We focus on action which goes beyond the interests of the firm by contributing to social good of the society at large and by improving the quality of life of underprivileged members of our society without compromising on their pride and dignity.

We believe in an approach of "giving something back". Our policy is to contribute to health, educational institutes and various individuals / communities to improve the quality of life of every human facing social challenges. We also encourage contributions to Disaster Relief Programs. Our commitment to CSR is deeply concerned within the very core of our business. We believe in "Creating Shared Value" i.e. emphasizing the concept that corporate success and social welfare are interdependent. Hence we thrive to achieve optimum balance between company's earnings and community's welfare.

TPL Direct Insurance remains committed in its operational and financial disciplines to fulfill customers desires with quality products. We encourage the policy of sharing our business gains with our stake-holders, along with a great sense of responsibility towards communities in need. We partner with public, private and non-profit organisation to make positive change in our local communities; we take measures to good governance and ethics. Moreover, we also give our teams the opportunities to focus on local needs and encourage employees to use their passions, business skills and expertise to make a meaningful contribution to their communities.

We take great care in advancing our mission of promoting financial and social mobility for underdeveloped population segments. TPL Direct Insurance invests in systems and solutions that address social challenges such as poor education outcomes, low health and living standards and improving the economic wellbeing of the people wherever they are, regardless of race, color, religion or ethnicity. We strive to attain a meaningful impact on society with a strong connection with our core competencies and that's the very reason and spirit through which we want to uplift the marginalized segments of the society.

Here at TPL Direct Insurance, we also welcome the concept of social accounting i.e., communicating the social and environmental effects of organization's economic actions to particular interest groups within society and to society at large. Moreover, we ensure that CSR is being implemented on the Board's agenda of corporate governance issues. We appreciate the ideas of integrity, accountability, transparency and disclosure in every business action and have also taken steps in enhancing the knowledge and understanding of compliance and ethical obligations through all levels of our employees and management. TPL Direct Insurance clearly understands the philosophy of economic viability, social responsibility and environmental responsibility and take meaningful actions for their subsequent achievement.

Community Investment & Welfare Schemes

In the year 2016, TPL Direct Insurance Limited's Corporate Social Responsibility (CSR) Program focused primarily to address key concerns in the communities' Health sector, while the Education sector was a close second. TPL Direct Insurance engaged in various charities and events where we actively participated and donated to the following organizations:

- Aga Khan Hospital and Medical College Foundation (AKHMCF)
- Mary Adelaide Center for Leprosy (MALC)
- Lady Dufferin Hospital
- Karwan-e-Hayat
- Shamsi Hospital

- Dow 86 Children Critical Care Foundation
- Koohi Goth Hospital
- The Layton Rehmatullah Benevolent Trust (LRBT)
- Poor Patients Aid Society (PPAS)
- Patients Welfare Association
- Sada Welfare Association
- The Society for the Prevention & Cure of Blindness
- Ida Rieu Welfare Association
- Al Umeed Rehabilitation Association
- We are also actively donated to various educational institutions

Energy Conservation

The office premises of TPL Direct Insurance have windows on both front and sides of the building which are constructed with tempered and double-glazed glass for sound proofing and energy conservation. The state-of-the-art glass used minimizes access of sunlight into the building which results in saving energy and air-conditioning costs. TPL Direct Insurance conference rooms and office premises have motion sensor lights to utilize maximum efficiency and energy conservation. Additionally, energy efficient lighting and equipment has been used throughout the building to reduce the energy demand and the losses in power distributions are curtailed using sandwiched bus.

The offices are installed with a heat recovery system which supplies fresh air into the building and consequently reduces the cooling load. Gas generators with 80% cogency rating are utilized for power production and the waste heat, generated from them, is used for operate multi-energy absorption chillers; saving gas energy over direct fired chillers.

Environmental Protection Measures

In an attempt to reduce its carbon footprint, TPL Direct Insurance has been actively playing its part in energy conservation and paper saving. This global cause is emphasized and reinforced on all TPL Direct Insurance employees. All employees of TPL Direct Insurance follow these principles and guidelines:

- Think before you print.
- Use both sides of the paper for printing.
- Check your draft 2-3 times on screen before you print.
- Send emails, scan documents and use electronic means rather than scanning copies and printing.
- Don’t throw away misprints instead use them as drafts or print on the other side.
- Opt for electronic bank statements, credit card statements, bills etc.

Consumer protection measures

TPL Direct Insurance has always put its consumers’ interests first. All policy holders have access to lodge complaints through its call center, website, as well as Yodelee app. All the three customer-centric platforms are available 24/7. Our teams have been trained to resolve any consumer grievances in a timely and efficient manner and are proud to have the swiftest lodge and resolution time. TPL Direct Insurance enacts policies and practices to actively seek respect and protect consumer rights and has been acknowledged and awarded for observing, maintaining and raising the Quality and Standards.

Industrial Relations

TPL Direct Insurance code of business conduct aims at the highest professional standards. As such its Human Resources Department ensures that all employees strictly comply with all laws and regulations which are set by governing bodies. The Human Resources Department is also responsible for amending the existing laws and regulations according to statutory requirements and ensures its implementation.

Equal Opportunity / Employment of special persons

TPL Direct Insurance Human Resources department ensures that its employment-related decisions are based entirely on relevant qualifications, merit, performance and all the job-related factors. TPL Direct Insurance is an equal opportunity employer and does not tolerate unlawful discrimination relating to employment. Employment of special persons are encouraged, upheld and looked after by TPL Direct Insurance.

Occupational Safety & Health

TPL Direct Insurance regards all employees as its own family and maintains the safety, security and health of all employees as a top priority. The following steps are ensured:
All permanent employees and their families are covered under:

- Health Insurance
- Life Insurance.

TPL Direct Insurance's offices maintain the highest standards of fire safety. These standards are acceptable to most international/multinational companies operating in Pakistan. Some of the fire safety measures include:

- Two fire escape staircases (front & rear)
- Two fire hose cabinets, with fire extinguishers
- Sprinkler system on the floor, including parking floors
- Fire detection system in compliance with NFPA 72
- All ducts have automatic fire dampers
- Water storage for fire fighting

TPL Direct Insurance's offices are among the most secure international/multinational companies. A multi-tiered physical, human and electronic security system is installed on the premises; all entry points have controlled access, with a state-of-the-art centralized system. Security buffer zones have been set-up on the periphery of the property which utilize the latest in security advancements, including CCTV's covering the entire building, end-to-end and its periphery, bollards, tire killers, vehicle scanning and mechanical blocks. Radio frequency identification and management system, which is linked to CCTV's, is also installed for personnel, vehicle and asset tracking. Some of the other security features of TPL Direct Insurance's offices include:

- Automatic elevator recalls and voice evacuation systems
- Metal detectors and smart gates
- RFID Turnstiles and Blast Barriers
- Bio metric recognition for secure access to key locations
- Fence and perimeter protection system ensures a considerable level of external security
- Latest integrated building management systems

Business Ethics & Anti-Corruption

TPL Direct Insurance maintains the highest standards in ensuring that business ethics are always upheld and no corruption takes place. TPL Direct Insurance ensures all employees uphold and adhere to the code of conduct when dealing with potential customers, policy holders, vendors and suppliers. TPL Direct Insurance management emphasizes and upholds the integrity expected of every TPL Direct Insurance employee.

Contribution to National Exchequer

TPL Direct Insurance has contributed Rs.286 million to the National Exchequer during the year in the form of direct taxes (Income Tax, G.S.T and Federal Insurance Fee).

CODE OF BUSINESS
following ethical principals

Ethical Obligations

TPL Direct Insurance Limited strives to maintain a positive work environment where employees treat each other with respect and courtesy. Certain guidelines of acceptable conduct such as responsibility and diligence towards work duties, courteous and civil behavior towards colleagues and customers alike, and high standards of integrity and honesty must be observed by all employees of the organization at all times. This includes avoiding using abusive or insulting language in communication (verbal or written). Any language which is deemed offensive by normal standards and practice is prohibited.

Code of Conduct

It is our aim to establish business principles for the professional conduct of the employees of TPL Direct Insurance. All employees are liable for disciplinary action if found in violation of the policies. In general, the use of good judgment, based on high ethical principles, are the standards of acceptable conduct.

The successful business operation and reputation of TPL Direct Insurance is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence require careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

The continued success of TPL Direct Insurance is dependent upon our customers' trust and we are dedicated to preserving that trust. Employees owe a duty to TPL Direct Insurance customers, and shareholders to act in a way that will merit the continued trust and confidence of the public. TPL Direct Insurance will comply with all applicable laws and regulations and expects its directors, officers, and employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws and to refrain from any illegal, dishonest, or unethical conduct.

Conflict of Interest

TPL Direct Insurance policy regarding possible conflict of interest is based on the principle that an employee's decisions in the business must be made solely in the best interest of TPL Direct Insurance. In reaching these decisions, an employee should not be influenced by personal or family considerations which might consciously (or unconsciously) affect his or her judgment as to what is in the best interest of TPL Direct Insurance. Each employee has an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This document establishes only the framework within which TPL Direct Insurance wishes the business to operate. As a principle, relatives will not be hired. On a later occasion if it is found out that a relative was hired with prior knowledge of an employee, this could become grounds for termination.

Child Labor and Worker Exploitation Policy

TPL Direct Insurance does not use child or forced labor in any of our operations or facilities. We do not tolerate unacceptable worker treatment, such as exploitation of children, physical punishment or abuse, or involuntary servitude. We expect our suppliers and contractors with whom we do business to uphold the same standards. We do not commit to exposing workers to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy. TPL Direct Insurance does not hire any employee under the age of 18 years for employment.

Confidentiality

All employees must protect confidential information, and prevent such information from being improperly

disclosed to others inside or outside TPL Direct Insurance. Any employee may not disclose any confidential information obtained from their position at TPL Direct Insurance. to others or use any such information to obtain any benefit. Employees should not communicate or transmit confidential or sensitive information through external online communications services, such as the Internet. Interaction with competitors beyond the approved level will be regarded as gross misconduct. Appropriate disciplinary actions will be taken in case of negligence in case of non-compliance with the above policy.

Privacy of Records

It is vital that all employees maintain the utmost confidentiality with regard to work and employee information. All employees must ensure that organization work files are returned to their appropriate location at the end of each working day. All aspects of the employee records and information must be treated in the strictest confidence. Any violation will be treated under Gross Misconduct as applicable under the service rules. Access to HR files will only be provided to related HR Officials, HODs, Internal/External Auditors, CEO, and CFO and can be viewed in the HR offices only.

Environmental Friendly

TPL Direct Insurance is committed to running its business in an environmentally sound and sustainable manner. Accordingly, its aim is to ensure that, its processes and services have the minimum adverse impact commensurate with legitimate needs of the business.

Bribery & Fraud

Bribery is not tolerated in any form and any such matters must be reported to HR immediately. In acting on TPL Direct Insurance's behalf, the employee is strictly prohibited from offering, paying, soliciting or accepting bribes/gifts. External and internal bribery risks will be regularly and systematically assessed and preventative measure are put in place to avoid such matters. Engaging in fraud is a fundamental breach of our core value of honesty and we treat it as a most serious breach of discipline. TPL Direct Insurance management is required to establish and maintain sufficient controls to ensure that fraud risk is properly identified, monitored and mitigated.

Gifts, Entertainment and Gratuities

We conduct our business on the basis of the superior value of goods and services we buy and sell. Our policy on gifts, entertainment and gratuities is designed to preserve and maintain TPL Direct Insurance's reputation as a global enterprise, which acts with integrity and bases decisions only on legitimate business considerations. Receiving gifts, entertainment or other gratuities from people with whom we do business is generally not acceptable because doing so could imply an obligation on the part of TPL Direct Insurance and potentially pose a conflict of interest.

Misconduct

The following acts will be considered as misconduct and shall be liable for termination of service without notice and benefits. The service of an employee may be suspended without pay (14 days' maximum) in case of misconduct, during the pendency of the proceedings initiated.

- Habitual late attendance
- Absent from duty without information for more than 03 days.
- Habitual negligence or neglect of work
- Insubordination or disobedience of senior member of the employee
- Resorting to strike or instigating other employees to stop working or go slow or spreading

discontentment

- Giving or possessing classified/unclassified information to unauthorized persons
- Any act bringing disrepute to TPL Direct Insurance
- Any fraudulent act or forgery or another criminal act
- Misuse of TPL Direct Insurance assets
- Non-adherence to the Code of Conduct at TPL Direct Insurance.

Health & Fire Safety

To build awareness on the Health, Safety and Environment standards, the organization will on recurring basis, provide relevant information and training to the employees. The Administration/Security department will ensure safe and healthy environment, conduct regular fire drills, so as to prepare every employee of the organization in the case of emergency situation. There are emergency exit routes, fire exists and fire extinguishers placed strategically. Associates will have the opportunity to have hands-on training on fire extinguisher and briefings on the proper use of firefighting equipment's in their areas.

Environmental Safety

All employees are requested to ensure a safe work environment is maintained at all times. The use of alcohol, chewing of betel nut, illegal drugs may seriously affect a person's ability to perform their duties in a proper and safe manner and therefor are strictly prohibited while on duty both on and off premises. Smoking of cigarettes is prohibited on all office premises.

Legal Proceedings

It is essential that an employee, who becomes involved in legal proceedings, whether civil or criminal, should immediately inform his/her superior with a copy to the HR in writing. Failure to do so may result in termination of employment.

Compliance

Compliance with Business Ethics and Conduct is the responsibility of every TPL Direct Insurance employee. Disregarding or failing to comply with this standard of Business Ethics and Conduct could lead to disciplinary action, up to and including the possible termination of employment. It is the responsibility of the HR and all the immediate managers to ensure that the principles embodied in this code are communicated to, understood and observed by all employees.

POLICY & PROCEDURES
for stakeholders engagement

Institutional Investors

TPL Direct Insurance Limited convenes Annual General and Extra Ordinary Meetings in accordance with the Companies Ordinance, 1984. TPL Direct Insurance quarterly financial reports, annual reports and complete financial statements are published and hosted on TPL Direct Insurance website (https://tplinsurance.com). This transparency allows shareholders to remain connected with TPL Direct Insurance as well as reaffirm their trust in TPL Direct Insurance promising performance and growth. Additionally, it facilitates potential investors in making their investment choices. In compliance with the Code of Corporate Governance and the listing regulations of the stock exchange, TPL Direct Insurance notifies information to the Stock Exchange Commission regarding the dates of Board of Directors meetings and financial results in a timely manner.

Customers

TPL Direct Insurance philosophy has always been to keep its customers and policy holders above all. TPL Direct Insurance, with its customer-centric service philosophy, offers three 24/7 platforms such as the call center, TPL Direct Insurance website and Yodelee App. Our dedicated teams for sales, claims, renewals, and customer services have been acknowledged and awarded for observing, maintaining and raising the Quality and Standard in the industry. TPL Direct Insurance also reaches out and engages its customers and policy holders through social media and the TPL Direct Insurance website in order to get feedback and eradicate grievances (if any). This results in solidifying our customer's trust and satisfaction.

Banks

TPL Direct Insurance holds true to its values and relationships. We partner with various forerunners of the finance and banking industry and forge relations in the FIG sector. This collaboration is always aimed at providing mutual benefits.

Media

Events, achievements, product launches, expansions, briefings, press releases and advertisements keep TPL Direct Insurance in the news often. TPL Direct Insurance has a strong presence in the media and its promotional and social activities are thoroughly covered and published in various forms including print, radio, TV, digital, etc.

Regulators

In compliance with applicable laws and regulations, TPL Direct Insurance statutory returns and forms are filed with various regulatory bodies and federal and provisional taxation authorities periodically. TPL Direct Insurance ensures that all requirements are met and complied with.

Analysts

TPL Direct Insurance is recognized by Pakistan Credit Rating Agency (PACRA) with a rating of "A".

WHISTLEBLOWING POLICY

speak up with confidence

1.0 Introduction

All persons employed by the TPL Direct Insurance Limited are under an obligation implied in their contract of employment to give honest and faithful service to their employer. This includes an obligation not to disclose to external sources any trade secrets or confidential information acquired during the course of employment or act in a manner that will undermine the mutual trust and confidence on which the employment relationship is based. The company complements obligations by providing protection to employees for disclosure made without malice and in good faith of certain specific confidential information to a third party in defined circumstances. These are outlined below in document. The purpose of this policy is to provide a means by which employees are enabled to raise concerns with the appropriate TPL Direct Insurance authorities if they have reasonable grounds for believing there is serious malpractice within the company. TPL Direct Insurance encourages employees to raise matters of concern responsibly through the procedures laid down in this policy statement.

2.0 Scope of the Policy

The policy is designed to deal with concerns raised in relation to the specific issues which are in the public interest and are detailed in below document, and which fall outside the scope of other TPL Direct Insurance policies and procedures. The policy will not apply to personal grievances concerning an individual's terms and conditions of employment, or other aspects of the working relationship, complaints of bullying or harassment, or disciplinary matters. Such complaints will be dealt with under existing procedures on grievance, bullying and harassment, discipline and misconduct in research. Details of these procedures will be found in the relevant employee handbook. They are also published on the online HR portal.

The policy may deal with specific concerns which are in the public interest and may include:

- a criminal offence
- failure to comply with legal obligations or with the Statutes, Ordinances, Code of Conduct, and Regulations of the company
- financial or non-financial maladministration or malpractice or impropriety or fraud
- academic or professional malpractice
- a risk to the health or safety of any individual
- environmental damage
- a miscarriage of justice
- improper conduct or unethical behavior
- attempts to suppress or conceal any information relating to any of the above.

If in the course of investigation any concern raised in relation to the above matters appears to the investigator to relate more appropriately to grievance, bullying or harassment, or discipline, those procedures will be invoked.

3.0 Who can raise a concern?

Any employee, who has a reasonable belief that there is serious malpractice relating to any of the protected matters specified in above document, may raise a concern under the stipulated procedure. The issues raised under the protected list may relate to another employee, a group of employees, the individual's own department or another part of the company. Concerns must be raised without malice and in good faith, and the individual must reasonably believe that the information disclosed, and any allegations contained in it, are substantially true. The disclosure must not be made for purposes of

personal gain, and in all the circumstances it must be reasonable to make the disclosure. The company will ensure that any member of staff who makes a disclosure in such circumstances will not be penalized or suffer any adverse treatment for doing so. However, a member of staff who does not act in good faith or makes an allegation without having reasonable grounds for believing it to be substantially true, or makes it for purposes of personal gain, or makes it malicious or vexatious may be subject to disciplinary proceedings.

In view of the protection afforded to an employee raising a bona fide concern, it is preferable if that individual puts his/her name to any disclosure. The identity of the person raising the matter will be kept confidential, if so requested, for as long as possible provided that this is compatible with a proper investigation. Anonymous complaints are not covered by this procedure, but may be reported, investigated or acted upon as the person receiving the complaint sees fit (including the use of this procedure), having regard to the seriousness of the issue raised, the credibility of the complaint, the prospects of being able to investigate the matter, and fairness to any individual mentioned in the complaint.

4.0 Procedure

4.1 Raising a concern

To raise a concern employees are requested to duly fill the form and submit it to Internal Audit/ Human Resources department.

If you are unsure about whether your concerns are best dealt with under this policy or Grievance procedure, please read the scope of policy section above, which provides examples of the issues that should be reported using this form. If, having read the whistleblowing policy, you remain unsure about which procedure to use, please consult your HR business manager for further advice.

4.2 Process

The person to whom the disclosure is made will normally consider the information and decide whether there is a prima facie case to answer. He or she will decide whether an investigation should be conducted and what form it should take. This will depend on the nature of the matter raised and may be,

- investigated internally
- referred to the departments
- the subject of independent enquiry

If the person to whom the disclosure is made decides not to proceed with an investigation, the decision will be explained as fully as possible to the individual who raised the concern. It is then open to the individual to make the disclosure again either to another of the persons specified in the paragraph above or to the Head of the Internal Audit or HR department.

4.3 Investigation

Any investigation will be conducted as sensitively and speedily as possible. The employee will be notified of the intended timetable for the investigation. The person to whom the disclosure is made may authorize an initial investigation to establish the relevant facts. The investigation may be conducted by the internal auditor in the case of a financial irregularity, or by another person. The investigator will report his or her findings to the person to whom the disclosure was made, who will then decide if there is a case to answer and what procedure to follow. This may include taking steps with the competent authority to set up a special internal independent

investigation or reference to some other authority, for further investigation. The decision may be that the matter would be more appropriately handled under existing procedures for grievance, bullying and harassment, or discipline. The individual making the disclosure will be informed of what action is to be taken.

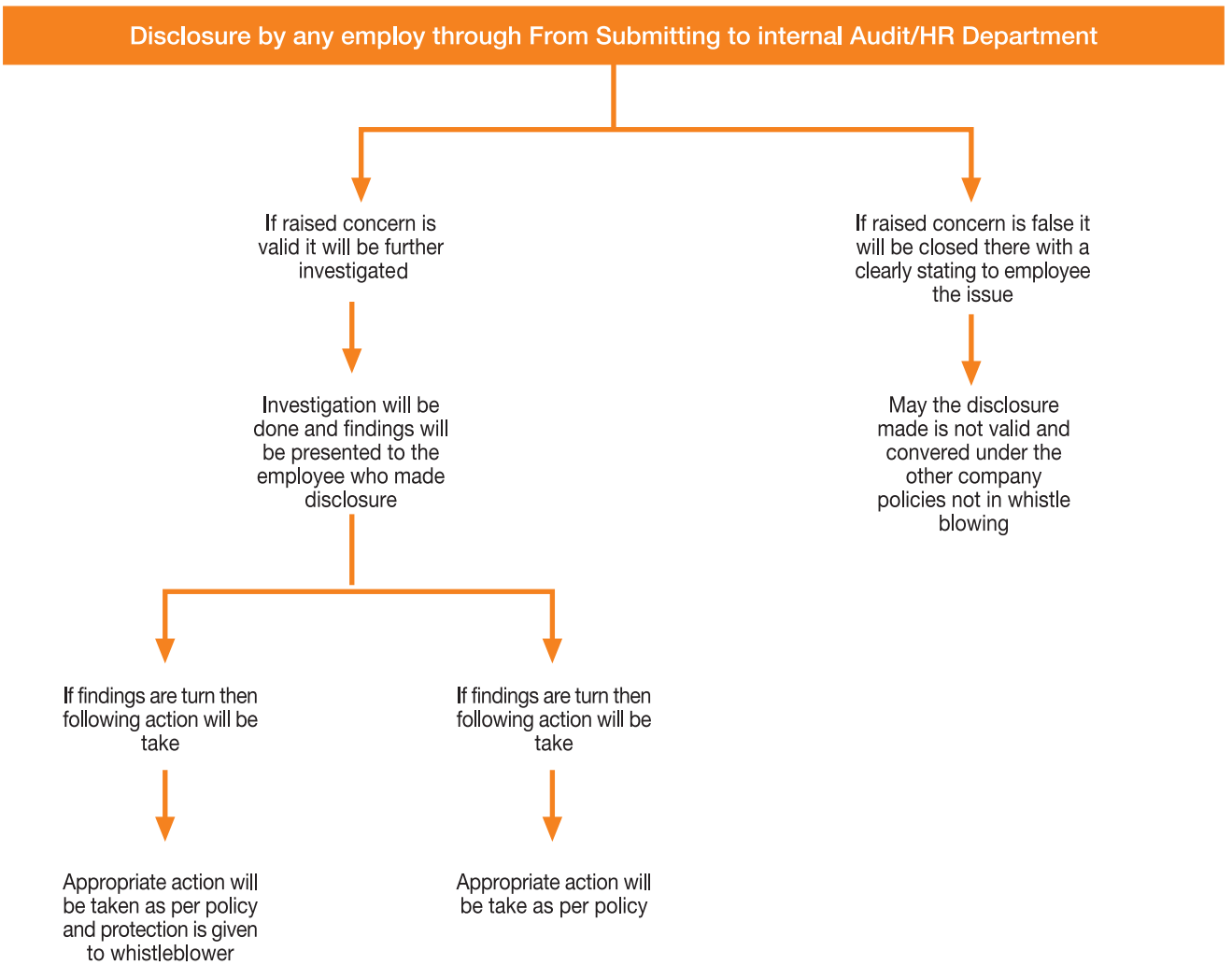
4.4 Records

An official written record will be kept of each stage of the procedure.

4.5 Reporting of outcomes

A report of all disclosures and subsequent actions taken will be made by the persons deciding on the issues. This record should be signed by the Investigating Officer and the person who made the disclosure, and dated. Where appropriate the formal record need not identify the person making the disclosure, but in such a case that person will be required to sign a document confirming that the complaint has been investigated. Such reports will normally be retained for at least five years. In all cases a report of the outcome will be made to the General Board and Council, which will refer the report on appropriately if necessary.

Process Flow



5.0 Confidentiality and Protection Mechanism

The Policy assures that all complaints will be handled in complete confidence, and that the identity of the complainant will not be revealed to Management. In the unlikely event that the identity of Whistle Blower is revealed to any person in the Company, it will be ensured that the complainant is not subjected to any form of detrimental treatment.

5.1 Complaints of retaliation as a result of disclosure

The company accepts that it has an obligation to ensure that employee who make a disclosure without malice and in good faith are protected, regardless of whether or not the concern raised is upheld. An employee who has made a disclosure and who feels that, as a result, he or she has suffered adverse treatment should submit a formal complaint under the grievance procedure as set out in the relevant employee handbook detailing what has been done to him or her. If it appears that there are reasonable grounds for making the complaint, the onus will be on the person against whom the complaint of adverse treatment has been made to show that the actions complained of were not taken in retaliation for the disclosure.

Where it is determined that there is a prima facie case that an employee has suffered adverse treatment, harassment or victimization as a result of his or her disclosure, a further investigation may take place and disciplinary action may be taken against the perpetrator in accordance with the relevant procedure.

6.0 Success of the Policy and its implementation

All stakeholders are responsible for the success of this Policy and should ensure that they use it to disclose suspected danger or wrongdoing. If a stakeholder has any question about the content or application of this Policy, he or she may contact the Internal Audit & Human Resources Department for obtaining necessary clarification.

SHARIAH ADVISOR'S REPORT

بِسْمِ اللّٰہِ الرَّحْمٰنِ الرَّحِیْمِ

اَلْحَمْدُ لِلّٰہِ رَبِّ الْعٰلَمِیْنَ وَالصَّلَاۃُ وَالسَّلَامُ عَلٰی رَسُوْلِہِ الْکَرِیْمِ

INTRODUCTION:

By the Grace of Allah swt, TPL Direct Insurance Limited - Window Takaful Operations ("TDI - WTO") has completed its second financial year.

The Company arranged various internal trainings for its employees on Takaful conducted by renowned scholars and is planning to disseminate further remaining trainings throughout the year 2017. TDI - WTO maintains all of its deposits only in Riba free Banks as per investment guideline approved by its Shariah Advisor.

The Company has introduced a Shariah Compliant Mechanism to monitor the functions of TDI-WTO. An effective Shariah compliance function is fundamental in achieving the objectives of Window Takaful Operations to operate as per Shariah principles and hence an experienced Islamic scholar was appointed as Shariah Compliance Officer. Shariah Compliance Officer ensures and supervise on daily basis that the functions of TDI-WTO including policy issuance, re takaful arrangements, claim settlements and financial transactions are undertaken as per the applicable regulatory guidelines and instructions issued by the Shariah Advisor.

SCOPE & OBJECTIVE OF SHARIAH REVIEW:

The scope of the Shariah Review is to evaluate the overall functions of TDI - WTO in accordance with the Islamic Shariah Principles and guidelines laid by SECP. The objective of the Shariah Review is to determine that appropriate procedures and control mechanism is effectively in place for all major functions such as Policy issuance, Claims Settlements, Re-Takaful Arrangements, Financial transactions of the TDI - WTO.

SHARIAH ADVISOR'S REPORT

CONCLUSION:

In my opinion, the structure and operations of TDI - WTO are in accordance with Shariah Principles and Takaful Rules issued by SECP.

The primary responsibility for ensuring Shariah compliance lies with the management of TDI-WTO. The services provided were reviewed and operations undertaken by TDI - WTO during the year ended 31 December 2016, in my opinion, were found overall in conformity with the principles and guidelines of Islamic Shariah.

At this stage, it may be helpful that we refresh our motive and intention for spreading Takaful by its right way. So as a Shariah Advisor, I am hopeful that the management will put its efforts to complete the remaining training sessions, segregation and other related issues on its priority.

I pray that Allah Ta'ala show us all the righteous path. Allah Ta'ala knows better.



Karachi: 22 March 2017

Muhammad Yahya Asim
Shariah Advisor


07

FINANCIAL
STATEMENTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

of TPL Direct Insurance Limited (the Company) as at 31 December 2016 together with the notes forming part thereof, for the year then ended.

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

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

In our opinion:

(a) proper books of account have been kept by the Company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

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

c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Company's affairs as at 31 December 2016 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) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



Date: 27th March, 2017
Karachi.

Chartered Accountants
Audit Engagement Partner:
Arslan Khalid

BALANCE SHEET

As at 31st December 2016

	Note	2016	2015
		(Rupees)	
SHARE CAPITAL AND RESERVES			
Authorised share capital	5.1	1,500,000,000	1,500,000,000
Issued, subscribed and paid-up share capital	5.2	755,158,990	755,158,990
Share premium - net of share issuance cost		138,676,334	138,676,334
Unappropriated profits		148,890,951	45,722,237
Total equity		1,042,726,275	939,557,561
LIABILITIES			
Underwriting provisions			
Provision for outstanding claims (including IBNR)		126,585,842	121,203,926
Provision for unearned premium		699,873,641	565,318,441
Deferred commission income		4,569,980	-
Premium deficiency reserve		-	7,330,383
		831,029,463	693,852,750
Deferred liability			
Deferred tax liability	12	2,390,402	-
Creditors and accruals			
Premium received in advance		1,613,510	1,792,425
Amounts due to other insurers / reinsurers	6	56,960,305	18,480,195
Accrued expenses		6,717,360	5,962,335
Taxation - provision less payments		352,722	8,207,513
Other creditors and accruals	7	158,054,715	95,413,990
		223,698,612	129,856,458
Total Liabilities		1,057,118,477	823,709,208
Total liabilities of General Takaful Operations - Operator's Fund		178,125,992	105,691,454
Total equity and liabilities		2,277,970,744	1,868,958,223
Contingencies and commitments	8		

The annexed notes from 1 to 30 form an integral part of these financial statements.

BALANCE SHEET

As at 31st December 2016

	Note	2016	2015
		(Rupees)	
ASSETS			
Cash and bank deposits	9		
Cash and other equivalent		157,928	556,953
Current and other accounts		176,259,655	16,089,646
Deposits maturing within twelve months		717,000,000	624,000,000
		893,417,583	640,646,599
Loans to employees - secured, considered good	10	828,065	785,328
Investments	11	102,503,453	101,350,712
Deferred tax asset	12	-	1,306,069
Current assets - others			
Premiums due but unpaid - unsecured		282,631,883	144,900,287
Amounts due from other insurers / reinsurers - unsecured	13	2,256,972	3,162,731
Reinsurance recoveries against outstanding claims		119,400	119,400
Salvage recoveries accrued		39,823,494	24,199,000
Accrued investment income		8,306,216	7,575,848
Deferred commission expense		60,865,414	59,557,949
Advance, deposits and prepayments	14	192,221,075	290,847,475
Sundry receivables	15	14,904,838	19,112,685
		601,129,292	549,475,375
Fixed assets			
Tangible assets	16.1		
Leasehold Improvements		22,384,467	23,591,076
Furniture and fixtures		12,349,119	12,262,960
Office equipment		10,213,181	13,413,158
Motor vehicles		8,721,339	12,307,401
Tracking devices		294,866,839	314,398,587
Computer equipments		8,753,385	3,894,573
Intangible assets			
Capital work-in-progress		-	-
Intangible	16.3	3,873,984	4,842,480
		361,162,314	384,710,235
Total assets of General Takaful Operations - Operator's Fund		318,930,037	190,683,905
Total assets		2,277,970,744	1,868,958,223

Chief Executive | Director | Director | Chairman

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

	Note	Fire & property damage	Marine, aviation & transport	Motor	Health	Miscellaneous	Aggregate 2016	Aggregate 2015
		(Rupees)						
Revenue account								
Net premium revenue		3,657,175	1,039,501	1,116,681,031	71,227,708	4,485,387	1,197,090,802	1,131,292,652
Reversal of provision / (provision) for premium defeciency reserve		-	-	-	7,330,383	-	7,330,383	(2,016,660)
Net claims		(1,012,529)	(2,369,300)	(485,967,047)	(18,311,308)	(243,333)	(507,903,517)	(531,771,299)
Management expenses	17	(2,365,943)	(2,177,068)	(432,410,426)	(8,774,727)	(374,583)	(446,102,747)	(400,779,435)
Net commission		(18,172)	(86,486)	(81,392,363)	(37,429,007)	(1,834,501)	(120,760,529)	(141,846,456)
Underwriting result		260,531	(3,593,353)	116,911,195	14,043,049	2,032,970	129,654,392	54,878,802
Investment income							11,437,725	9,840,053
Profit on term deposits and bank accounts							37,853,316	31,935,561
Other income	18						132,211,904	98,715,583
General and administrative expenses	19						(121,536,185)	(115,986,227)
Other charges	20						(76,319,182)	(44,157,966)
							(16,352,422)	(19,652,996)
Profit before tax from General Insurance Operations							113,301,970	35,225,806
Profit before tax from Window Takaful Operations - Operator's Fund							35,531,212	10,394,800
Profit before tax for the year							148,833,182	45,620,606
Provision for taxation - net	21						(45,664,468)	(12,343,013)
Profit after tax for the year							103,168,714	33,277,593
Other comprehensive income							-	-
Total comprehensive income for the year							103,168,714	33,277,593
Profit and loss appropriation account								
Balance at the commencement of the year							45,722,237	12,444,644
Profit after tax for the year							103,168,714	33,277,593
Balance of Unappropriated profits at the end of the year							148,890,951	45,722,237
Earning per share - basic and diluted	22						1.37	0.47

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital	Capital reserve			Revenue reserve	Total
		Share Premium	Share issuance cost	Net share premium	Unappropriated profit	
	(Rupees)					
Balance as at 1 January 2015	460,000,000	-	(7,687,041)	(7,687,041)	12,444,644	464,757,603
Transaction with owners recorded directly in equity						
Issuance of ordinary shares	295,158,990	147,579,495	(1,216,120)	146,363,375	-	441,522,365
Total comprehensive income						
Profit for the year ended 31 December 2015	-	-	-	-	33,277,593	33,277,593
Balance as at 1 January 2016	**755,158,990**	**147,579,495**	**(8,903,161)**	**138,676,334**	**45,722,237**	**939,557,561**
Total comprehensive income						
Profit for the year ended 31 December 2016	-	-	-	-	**103,168,714**	**103,168,714**
Balance as at 31 December 2016	**755,158,990**	**147,579,495**	**(8,903,161)**	**138,676,334**	**148,890,951**	**1,042,726,275**

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

STATEMENT OF CASH FLOW

For the year ended 31 December 2016

	2016	2015
	(Rupees)	
Operating activities		
(a) Underwriting activities		
Premiums received	1,224,946,049	1,109,521,897
Reinsurance premiums paid	(29,036,042)	(3,713,024)
Claims paid	(735,423,858)	(717,881,878)
Reinsurance and other recoveries	217,277,763	153,796,041
Commission paid	(109,524,131)	(122,350,572)
Net cash inflow from underwriting activities	568,239,781	419,372,464
(b) Other operating activities		
Income tax paid	(29,948,261)	(20,662,900)
General management expenses paid	(264,225,296)	(240,746,478)
Other operating receipts	3,187,579	21,124,534
Loans advanced	(1,029,610)	(1,057,953)
Loans repayments received	986,873	900,860
Net cash outflow from other operating activities	(291,028,715)	(240,441,937)
Total cash generated from all operating activities	277,211,066	178,930,527
Investment activities		
Profit / return received on Pakistan investment bond	10,599,607	3,816,754
Profit / return received on TDRs	37,853,316	-
Payments for purchase of investments	-	(51,080,500)
Proceeds from disposal of investments	-	107,891,549
Loans repayment received from associated company	-	126,679,551
Dividend received	107,750	147,920
Fixed capital expenditure	(74,013,349)	(177,181,002)
Proceeds from disposal of fixed assets	1,414,526	1,497,328
Total cash (used in) / generated from investing activities	(24,038,150)	11,771,600
Financing activities		
Financial charges paid	(401,932)	(526,756)
Issuance of shares	-	295,158,990
Share premium	-	147,579,495
Share issue cost	-	(1,216,120)
Total cash (used in) / generated from financing activities	(401,932)	440,995,609
Net cash generated from all activities	252,770,984	631,697,736
Cash and cash equivalent at beginning of the year	640,646,599	8,948,863
Cash and cash equivalent at end of the year	893,417,583	640,646,599

STATEMENT OF CASH FLOW

For the year ended 31 December 2016

	2016	2015
	(Rupees)	
Reconciliation to profit and loss account		
Operating cash flows	277,211,066	178,930,527
Depreciation / amortisation expense	(97,287,670)	(103,019,340)
Gain on disposal of fixed assets	1,140,926	1,375,107
Profit on disposal of investments	-	49,702
Reversal of provision for impairment	312,605	402,987
Provision for taxation	(45,664,468)	(12,343,013)
Income tax paid	29,948,261	20,662,900
Financial charges	(401,932)	(526,756)
Return on Government Securities	11,017,370	9,259,958
Profit on term deposit	37,853,316	-
Dividends received	107,750	147,920
Profit from Window Takaful Operations - Operator's Fund	35,531,212	10,394,800
Increase / (decrease) in assets other than cash	82,261,345	(16,170,835)
Increase in liabilities	(228,861,067)	(55,886,364)
Profit after taxation for the year	103,168,714	33,277,593

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

Cash in hand	157,928	556,953
Current and other accounts	176,259,655	16,089,646
Deposits maturing within twelve months	717,000,000	624,000,000
	893,417,583	640,646,599

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

STATEMENT OF PREMIUM

For the year ended 31 December 2016

Business underwritten inside Pakistan

	Premiums				Reinsurance					
	Premiums written	Unearned premium reserve		Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	Net premium revenue	
		Opening	Closing			Opening	Closing		2016	2015
	(Rupees)									
Class										
Direct and Facultative										
Fire & property damage	53,207,898	-	34,185,720	19,022,178	42,388,246	-	27,023,243	15,365,003	3,657,175	-
Marine, aviation & transport	7,219,592	-	2,920,472	4,299,120	5,198,470	-	1,938,851	3,259,619	1,039,501	-
Motor business	1,223,652,455	525,641,810	613,658,364	1,135,635,901	18,954,870	-	-	18,954,870	1,116,681,031	1,055,051,419
Health	79,411,803	37,639,894	44,988,294	72,063,403	835,695	-	-	835,695	71,227,708	71,044,195
Miscellaneous	6,695,195	2,036,737	4,120,791	4,611,141	1,044,630	-	918,876	125,754	4,485,387	5,197,038
Total	1,370,186,943	565,318,441	699,873,641	1,235,631,743	68,421,911	-	29,880,970	38,540,941	1,197,090,802	1,131,292,652

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

STATEMENT OF CLAIMS

For the year ended 31 December 2016

	Claims				Reinsurance				Net claims expense	
	Claims paid	Outstanding claims		Claims expense	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims		Reinsurance and other recoveries revenue	2016	2015
		Opening	Closing			Opening	Closing			
	(Rupees)									
Class										
Direct and Facultative										
Fire & property damage	201,182	1,194,000	2,213,495	1,220,677	191,123	119,400	136,425	208,148	1,012,529	-
Marine, aviation & transport	1,387,529	-	1,096,118	2,483,647	-	-	114,347	114,347	2,369,300	-
Motor business	713,586,216	114,635,306	119,577,144	718,528,054	217,086,640	24,199,000	39,673,367	232,561,007	485,967,047	477,383,262
Health	20,011,739	5,374,620	3,674,189	18,311,308	-	-	-	-	18,311,308	54,286,049
Miscellaneous	237,192	-	24,896	262,088	-	-	18,755	18,755	243,333	101,988
Total	735,423,858	121,203,926	126,585,842	740,805,774	217,277,763	24,318,400	39,942,894	232,902,257	507,903,517	531,771,299

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

STATEMENT OF EXPENSES

For the year ended 31 December 2016

Business underwritten inside Pakistan

Class	Commissions paid or payable	Commissions: Deferred commission Opening	Commissions: Deferred commission Closing	Net commission expense	Other management expenses	Underwriting expense	Commissions from reinsurers	Net underwriting expense 2016	Net underwriting expense 2015
	(Rupees)								
Direct and Facultative									
Fire & property damage	4,952,977	-	3,224,232	1,728,745	2,365,943	4,094,688	1,710,573	**2,384,115**	-
Marine, aviation & transport	1,525,124	-	656,329	868,795	2,177,068	3,045,863	782,309	**2,263,554**	-
Motor business	77,072,594	41,139,825	36,820,056	81,392,363	432,410,426	513,802,789	-	**513,802,789**	510,073,947
Health	38,690,678	17,580,438	18,842,109	37,429,007	8,774,727	46,203,734	-	**46,203,734**	29,172,176
Miscellaneous	2,352,004	837,686	1,322,688	1,867,002	374,583	2,241,585	32,501	**2,209,084**	3,379,768
Total	124,593,377	59,557,949	60,865,414	123,285,912	446,102,747	569,388,659	2,525,383	**566,863,276**	542,625,891

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

STATEMENT OF INVESTMENT INCOME

For the year ended 31 December 2016

	2016	2015
	(Rupees)	
Income from non-trading investments		
Held-to-maturity		
Return on Government Securities	11,043,316	9,259,958
Available-for-sale		
Dividend income	107,750	147,920
Gain on sale of non-trading available-for-sale investments	-	49,702
Reversal of provision for impairment	312,605	402,987
	420,355	600,609
Investment related expenses	(25,946)	(20,514)
Net investment income	11,437,725	9,840,053

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

1. STATUS AND NATURE OF BUSINESS

1.1 TPL Direct Insurance Limited (the Company) was incorporated in Pakistan in 1992 as a public limited company under the Companies Ordinance, 1984 to carry on general insurance business. The Company was allowed to work as Window Takaful Operator on 04 September 2014 by SECP under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan. The Company is listed at Pakistan Stock Exchange Limited. The principal office of the Company is located at 12th Floor, Centrepoint, Off Shaheed-e-Millat Expressway, Near KPT Interchange Flyover, Karachi, Pakistan.

1.2 Greenoaks Global Holdings Ltd (GGHL), a company incorporated in UK has a controlling interest of 69.12% in the Company and hence, GGHL is the holding company of the Company. Subsequent to year end, GGHL has entered into an agreement with TPL Trakker Limited (an associated company) for sale of GGHL's shareholding in the Company to TPL Trakker Limited subject to regulatory approvals.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the format prescribed under Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002].

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Insurance Ordinance, 2000, SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984, Insurance Ordinance, 2000, and SEC (Insurance) Rules, 2002 and SECP Takaful Rules, 2012, have been followed.

In terms of the requirements of the Takaful Rules 2012, read with SECP Circular 25 of 2015 dated 09 July 2015, the assets, liabilities and profit and loss of the Operator's Fund of the General Takaful Operations of the Company have been presented as a single line item in the balance sheet and profit and loss account of the Company respectively.

Further, a separate set of financial statements of the General Takaful operations has been annexed to these financial statements as per the requirements of the Takaful Rules 2012.

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

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for certain investment which are carried at lower of fair value and cost basis and obligation under certain employee retirement benefits which are measured at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company’s functional currency. All financial information presented in Pak Rupees has been rounded to nearest Rupees, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised 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 judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgments was exercised in application of accounting policies, are as follows:

- Classification of Insurance Contracts (note 4.2)
- Provision for unearned premium (note 4.3)
- Provision for outstanding claims including IBNR (note 4.5)
- Premium deficiency reserve (note 4.8)
- Classification of investments and impairment (note 4.11)
- Useful lives and residual value of assets and methods of depreciation (note 4.16)
- Provision for current and deferred tax (note 4.10)
- Provision for impairment (note 4.18)

3. ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning)
IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

In February 2017, the SECP vide its notifications SRO No. 88(1) dated 9 February 2017 has issued "Insurance Accounting Regulations 2017". These regulations are effective for the periods ending after 31 March 2017.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year. The company has adopted new and amended accounting standard as describe in note 4.1 below:

4.1 New, revised and amended standards and interpretations

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception
IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)
IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
IFRS 7 Financial Instruments: Disclosures - Servicing contracts
IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
IAS 19 Employee Benefits - Discount rate: regional market issue
IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

4.2 Insurance contracts

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party (the policy holders) 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 period, even if the insurance risk reduces significantly during this period, unless all rights and liabilities are extinguished or expired.

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

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

4.3 Premium

Premium income under a policy is recognized, evenly over the period of insurance from the date of issuance of the policy till the date of its expiry.

Administrative surcharge is recognised as income at the time policies are written.

Revenue from premiums is determined after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the SEC (Insurance) Rules, 2002. The unearned portion of premium income is recognised as liability.

Premium due but unpaid under insurance contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Company reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

4.4 Reinsurance contracts

Insurance contracts entered into by the Company with reinsurers for compensation of losses suffered on insurance contracts issued are reinsurance contracts. These reinsurance contracts include both facultative and treaty arrangement contracts and are classified in same categories of insurance contracts for the purpose of these financial statements. The Company recognises the entitled benefits under the contract as various reinsurance assets. 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.

The deferred portion of reinsurance premium ceded is recognised as a prepayment which is calculated by using 1/24th method as prescribed by the SEC (Insurance) Rules, 2002.

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

4.5 Claims expense

Insurance claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

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

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

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In accordance with SECP circular no. 9 of 2016, the Company has changed its method of estimation of IBNR. The Company now takes actuarial advice for the determination of IBNR claims. Provision for IBNR claims have been determined by analyzing the lag between the incurrence and reporting of motor and health business claims. For Fire and Marine businesses, as the Company has started these businesses during the current year, no historical data is available, therefore, industry wide-data has been used to calculate provision of IBNR claims. For Travel business, in absence of credible industry wide-data, an average of all other classes has been used to determine provision for IBNR claims.

Upto previous year the provision for IBNR was based on the management's best estimate taking into account the claims actually reported subsequent to the balance sheet date. Had the method for estimating IBNR claims, not been changed, the provision for claims net of reinsurance recoveries against outstanding claims would have been lower by Rs. 3.89 million and the profit for the year would have been higher by Rs. 2.68 million.

4.6 Reinsurance recoveries against outstanding claims

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

4.7 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised in profit and loss account as an expense in accordance with the pattern of recognition of premium revenue.

Commission income from reinsurers is recognised at the time of issuance of the underlying insurance policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the reinsurance premiums.

4.8 Premium deficiency reserve

The Company is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of premium deficiency for the class of business where the unearned premium reserve is not adequate to meet the expected future liability, after reinsurance, from claims and other expenses, including reinsurance expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The charge for premium deficiency reserve is recorded as an expense in the profit and loss account.

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. Further actuarial valuation has been carried out to determine the amount of premium deficiency reserve in respect of Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on 9 January 2012.

4.9 Staff retirement benefits

The Company operates an funded contributory provident fund (defined contribution plan) for all permanent employees. Equal contributions are made by the Company and the employees at the rate 8.33% of basic salary, to the fund.

4.10 Taxation

4.10.1 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 finalised during the current year for such years.

4.10.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

4.11 Investments

4.11.1 Recognition

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

- Investment at fair value through profit and loss (held for trading)
- Available for sale
- Held to maturity
- Investment in Subsidiary Company
- Investment in Associates

4.11.2 Measurement

4.11.2.1 Investment at fair value through profit or loss (held for trading)

At the time of acquisition, quoted investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or are part of portfolio for which there is a recent actual pattern of short term profit taking are classified as held for trading.

Subsequent to initial recognition these are remeasured at fair value by reference to quoted market prices with the resulting gain or loss being included in net profit or loss for the period in which it arises.

4.11.2.2 Available for sale

Available for Sale investments are those non-derivative instruments /contracts that are designated as available for sale or are not classified in any other category.

At the time of acquisition, investments which are intended to be held for an undefined period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale.

4.11.2.3 Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirements of the SEC (Insurance) Rules, 2002 vide S.R.O. 938 dated December 2002. The Company uses stock exchange quotations at the balance sheet date to determine the market value.

In case of fixed income securities redeemable at a given date where the cost is different from the redemption value, such difference is amortised 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.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

4.11.2.4 Held-to-maturity

At the time of acquisition, investments with fixed maturity, where management has both the intent and the ability to hold to maturity, are classified as held-to-maturity.

Subsequently, these are measured at amortised cost less provision for impairment in value, if any. Amortised cost is calculated by taking into account any discount or premium on acquisition by using the effective yield method.

The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

These are reviewed for impairment at year end and any losses arising from impairment in values are charged to the profit and loss account.

4.11.2.5 Investment in Subsidiary Company

Subsidiary is an entity in which the Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Investment in subsidiary is carried in the balance sheet at cost less provision for impairment loss, if any.

4.11.2.6 Investment in Associates

Associate is an entity over which the Company has significant influence but not control, generally represented by a shareholding of between 20% and 50% of the voting right.

Investments in associates are initially recognised at cost and the carrying amounts are increased or decreased to recognise the Company's share of the profit or loss of the associates after the date of acquisition, less impairment losses, if any.

Distributions received from associates reduce the carrying amount of the investment. Adjustments to the carrying amounts are also made for changes in the Company's proportionate interest in the associates arising from changes in the associates' equity that have not been recognised in the associates' profit or loss. The Company's share of those changes is recognised directly in equity of the Company.

Gain / (loss) on sale of above investments, if any, are recognised in the period of sale. The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount and loss, if any is recognised in the profit and loss account.

4.12 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

4.13 Creditors, accruals and provisions

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

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

Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

4.14 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 consists of cash in hand, stamps in hand and deposits with banks (except for the deposit placed with statutory requirement) net off short term running finance.

4.15 Sundry receivable

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying amount.

4.16 Fixed assets

4.16.1 Tangible assets - owned

These are stated at cost less accumulated depreciation and impairment loss, if any. Depreciation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 16.1 to the financial statements. Depreciation is charged on additions from the month of acquisition and no depreciation is charged in the month of disposal. An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain and loss on disposal of fixed assets is included in income currently.

The assets residual values, useful lives and methods are reviewed and adjusted, if appropriate at each financial year end.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and assets so replaced, if any, are retired. Gain or loss on disposal of fixed asset is included in income currently.

Effective 1 January 2016, the Company has changed its estimate of the useful lives of tracking devices from 5 years to 6 years to better reflect the pattern in which economic benefit are expected to be consumed by the Company. Had the estimate not been revised the depreciation charge for the year would have been higher by Rs. 26.06 million and net profit before tax for the year and basic and diluted earnings per share would have been lower by Rs. 17.98 million and Rs. 0.24 respectively.

4.16.2 Tangible assets - leased

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

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

Leased assets are depreciated on a straight line basis at the same rate as Company's owned assets as disclosed in note 16.1 to the financial statements. Depreciation is charged on additions from the month of acquisition, and no depreciation is charged in the month of disposal.

4.16.3 Intangible assets - owned

These are stated at cost less accumulated amortisation and impairment, if any. Amortisation is charged to income over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 16.2 to the financial statements Amortisation is calculated from the month the assets are available for use. While on disposal, no amortisation is charged in the month in which the assets are disposed off. Software development costs are only capitalised to the extent that future economic benefits are expected to be derived by the Company.

4.16.4 Capital work-in-progress

Capital work-in-progress is stated at cost less any impairment in value.

4.17 Operating lease

Operating lease payments are recognised as an expense in the profit and loss account over the lease term.

4.18 Impairment

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

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

4.19 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current year.

Financial instruments carried on the balance sheet include bank deposits, investments, premium due but unpaid, premium received in advance, amount due from other insurers / reinsurers, accrued investment income, reinsurance recoveries against outstanding claims, sundry receivables, advances deposits and prepayments provision for outstanding claims, amount due to other insurers / reinsurers, accrued expenses, other creditors and accruals, short term running finance and obligation under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.20 Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if the Company has a legally enforceable right to set-off and the Company intends either to settle the assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

4.21 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

4.22 Revenue recognition

4.22.1 Dividend income and bonus shares

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

4.22.2 Gain / loss on sale / redemption of investments

Gain / loss on sale / redemption of investments is taken to profit and loss account in the year of sale / redemption.

4.22.3 Income on held to maturity investment

Income from held to maturity investments is recognised on a time proportionate basis taking account the effective yield on the investment.

4.22.4 Profit on bank accounts and deposits

Profit on bank accounts and deposits is recognised on accrual basis.

4.23 Dividend declaration and reserve appropriation

Dividend declaration and reserve appropriations are recognized when approved.

5. SHARE CAPITAL

5.1 Authorised share capital

2016	2015		2016	2015
			----------(Rupees)----------	
150,000,000	150,000,000	Ordinary shares of Rs.10 each	1,500,000,000	1,500,000,000

5.2 Issued, subscribed and paid-up share capital:

2016 (Number of shares)	2015 (Number of shares)		2016 (Rupees)	2015 (Rupees)
75,515,899	75,515,899	Fully paid Ordinary Share of Rs.10 each	755,158,990	755,158,990

5.3 As at 31 December 2016 shares held by related parties are as follows:

	Note	2016 Number of shares	2016 holding	2015 Number of shares	2015 holding
Greenoaks Global Holdings Limited (Holding Company)	1.2	52,196,397	69.12%	52,196,397	69.12%
TPL Trakker Limited (Associated Company)		18,419,000	24.39%	18,419,000	24.39%
TPL Holdings (Private) Limited		547,114	0.72%	547,114	0.72%
Directors		222,501	0.29%	222,501	0.29%
		71,385,012	94.53%	71,385,012	94.53%

6. AMOUNT DUE TO OTHER INSURERS / REINSURERS

	2016	2015
	(Rupees)	
Foreign reinsurers	15,696,532	415,295
Local reinsurers	24,916,664	6,786,384
Co-insurers	16,347,109	11,278,516
	56,960,305	18,480,195

7. OTHER CREDITORS AND ACCRUALS

	Note	2016	2015
		(Rupees)	
Creditors	7.1 & 7.2	29,255,121	18,465,704
Federal Insurance Fee		2,003,696	1,000,346
Federal Excise Duty (FED) - net		14,867,744	12,683,516
Commission payable		21,781,817	10,545,419
Security deposit from customers against equipments		1,319,772	1,319,772
Workers' Welfare Fund	7.3	-	3,647,506
Unearned Rentals from Window Takaful Operations	7.4	48,855,833	37,430,246
Unearned service income		6,648,335	4,961,828
Withholding tax payable		12,783,643	4,283,394
Advance tax on premium		5,378,640	-
Travelling incentives		13,500,000	-
Others		1,660,114	1,076,259
		158,054,715	95,413,990

7.1 This includes outstanding claims in respect of which cheques aggregating to Rs. 5.847 million (2015: 3.338 million) have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014:

	Note	2016	2015
		(Rupees)	
- More than 6 months		5,846,839	3,338,199
- 1 to 6 months (included in provision for outstanding claims)		39,160,148	34,986,674
		45,006,987	38,324,873

Claims not encashed	AGE-WISE BREAKUP					
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
2016	39,160,148	4,842,074	596,379	311,076	97,310	45,006,987
2015	34,986,674	1,072,708	1,540,961	541,076	183,454	38,324,873

7.2 This includes Rs. 4.072 million (2015: Rs. 1.806 million) payable to Centrepoint Management Services (Private) Limited (related party).

7.3 During the year, the Honorable Supreme Court of Pakistan (SCP) passed a judgement declaring the insertion of amendments introduced in the Finance Acts pertaining to Workers Welfare Fund Ordinance 1971, as unlawful and thereby striking down such amendments. Pursuant to the SECP Judgement, the Company reversed the provision held for WWF.

7.4 Represents rentals received from Window Takaful Operations (WTO) - Participant Fund for Tracking devices installed in vehicles insured by the WTO.

8. CONTINGENCIES

8.1 Minimum Tax

In respect of matter of carry forward of Minimum Tax paid in the year of loss, Sindh High Court (SHC) through an order dated May 07, 2013 (now reported as 2013 PTD 420) has held that Minimum Tax paid in the year of loss is not eligible for adjustment in future years. In the opinion of SHC, only the 'excess' of Minimum Tax over Normal Tax (which must not be zero) can only be carried forward in future years. Therefore, where there is no tax payable, interalia, due to brought forward tax losses, minimum tax could not be carried forward for adjustment with future tax liability. The matter is currently pending before the Supreme Court for final decision.

The Company adjusted minimum tax amounting to Rs. 10.73 million against its income tax liability in prior years. The Company, based on its tax advisor's opinion, is confident that the ultimate outcome in this regard would be favourable. Hence, no provision in this respect has been made in these financial statements.

		Note	2016	2015
			(Rupees)	
9.	**CASH AND BANK DEPOSITS**			
	Cash and other equivalents			
	Cash in hand		157,928	556,953
	Current and other accounts			
	Current Accounts		2,463,939	14,320,770
	Profit and loss sharing (PLS) accounts	9.1	173,795,716	1,768,876
			176,259,655	16,089,646
	Deposits maturing within twelve months			
	Term Deposit Receipts	9.2	717,000,000	624,000,000
			893,417,583	640,646,599

9.1 These accounts carry mark-up at a rate between 3.25% to 5.45% (2015: 4% to 6%) per annum.

9.2 These carry profit rate ranging from 5.65% to 6.0% per annum and have maturities upto 29 June 2017.

10. LOANS TO EMPLOYEES - Secured, considered good

10.1 These loan are given to employees for domestic purposes and are secured against provident fund balances of employees.These loans carry mark-up rate ranging from 0% to 5% (2015: 0% to 5%) per annum, and are maturing at various dates until December 2017.

11. INVESTMENTS

	Note	2016	2015
		(Rupees)	
- Available-for-sale	11.1	2,111,828	1,799,223
- Held-to-maturity	11.2	100,391,625	99,551,489
		102,503,453	101,350,712

11.1 Available-for-sale

11.1.1 Ordinary Shares of quoted companies

2016	2015	Name of Investee Company	2016	2015
(Number of shares)			(Rupees)	
129,000	129,000	Business Industrial Insurance Company Limited	251,260	251,260
7,731	7,731	Bank of Punjab Limited	357,727	357,727
10,000	10,000	The Hub Power Company Limited	357,000	357,000
15,195	15,195	Bank of Khyber	162,975	162,975
16,000	16,000	Summit Bank Limited	514,675	514,675
88,500	88,500	Next Capital Limited	885,000	885,000
			2,528,637	2,528,637

11.1.2 Mutual fund units

2016 (Number of shares)	2015 (Number of shares)	Name of Investee Company		2016 (Rupees)	2015 (Rupees)
9,245	9,245	First Habib Stock Fund		500,000	500,000
				3,028,637	3,028,637
		Provision for impairment in value of available-for-sale investments	11.1.2.3	(916,809)	(1,229,414)
				2,111,828	1,799,223

11.1.2.1 The aggregate market value of the available for sale investment is Rs. 4.38 million (2015: Rs. 2.88 million).

11.1.2.2 As per the Company's accounting policy, available for sale investments are stated at lower of cost or market value. However, IAS 39 - Financial Instruments: Recognition and Measurement, requires that these instruments should be measured at their fair value. Had the Company adopted International Accounting Standard (IAS) - 39 "Financial Instruments: Recognition and Measurement" in respect of recognition of gain or loss for remeasurement of available-for-sale investments directly into other comprehensive income, the investments of the Company would have been higher by Rs.2.267 million (2015: 1.081 million) and the net equity would have been higher by the same amount.

	Note	2016	2015
		(Rupees)	
11.1.2.3 Provision for impairment			
Balance as on January 1		1,229,414	1,673,258
Reversal during the year		(312,605)	(402,987)
Realized upon disposal of investments		-	(40,857)
Balance as on December 31		916,809	1,229,414

11.2 Held-to-maturity - Pakistan Investment Bonds (PIBs)

This represents ten years Pakistan Investment Bonds having face value of Rs. 100 million (market value of Rs. 109.56 million) [31 December 2015: Rs. 100 million (market value of Rs. 109.06 million)]. These carry mark-up ranging from 8.75% to 12% (31 December 2015: 8.75% to 12%) per annum and will mature between 3 September 2019 to 18 August 2021. These have been deposited with the State Bank of Pakistan (SBP) as statutory deposit in accordance with the requirements of Section 29 of the Insurance Ordinance 2000 and circular No. 15 of 2008 dated 7 July 2008 issued by the Securities and Exchange Commission of Pakistan.

	Note	2016	2015
		(Rupees)	
12. DEFERRED TAX LIABILITY / ASSET			
Deferred tax comprises of the following:			
Deductible temporary differences			
- Provision for doubtful debts / deposits		3,488,862	3,601,406
- Provision for IBNR		1,977,245	1,036,686
Taxable temporary differences			
- Accelerated depreciation		(7,856,509)	(3,332,023)
	12.1	(2,390,402)	1,306,069

		Note	2016	2015
			(Rupees)	
12.1	**Reconciliation of deferred tax**			
	Opening provision		1,306,069	(15,144,795)
	(Reversal) / charge for the year	21	(3,696,471)	16,450,864
	Closing balance		(2,390,402)	1,306,069
13.	**AMOUNTS DUE FROM OTHER INSURERS / REINSURERS - unsecured**			
	Considered good			
	- Local reinsurers		2,208	2,208
	- Co-insurers		2,254,764	3,160,523
	Considered doubtful		2,754,393	2,754,393
			5,011,365	5,917,124
	Provision against amount due from other insurers / reinsurers - net	13.1	(2,754,393)	(2,754,393)
			2,256,972	3,162,731
13.1	**Provision against premium due from insurers/ reinsurers - net**			
	Balance as on January 1		2,754,393	2,754,393
	Charge for the period		-	-
	Balance as on December 31		2,754,393	2,754,393
14.	**ADVANCE, DEPOSITS AND PREPAYMENTS**			
	Advance to TPL Trakker Limited	14.1	75,450,164	209,877,167
	Deposits			
	- for medical and travel assistance	14.2	1,942,392	1,942,392
	- for hospital enlistment		5,290,000	5,290,000
	Prepaid			
	- annual monitoring and other charges	14.3	64,616,021	59,022,909
	- rent	14.4	8,578,400	7,828,378
	- maintenance charges	14.5	1,377,816	1,252,560
	- reinsurance premium ceded		29,880,970	-
	Others		5,085,312	5,634,069
			192,221,075	290,847,475

14.1 This represents advance against purchase of Tracking units and annual monitoring fees. A Special Resolution of the shareholders authorizing the Company to extend advances upto Rs. 200 million was passed in Annual General Meeting of the Company held on 29 April 2016. The above balance carries interest at the rate of 10% per annum (2015: 10% per annum) and is secured against personal guarantees of two Directors of TPL Trakker Limited (associated company).

14.2 This represents a refundable deposit of US$ 20,000 paid by the Company to International SOS (Pte) Limited against the foreign travel and medical assistance services for policy holders of the Company under a term of a service agreement signed between the Company and International SOS (Pte) Limited.

14.3 This represents the prepaid annual monitoring charges paid to TPL Trakker Limited (associated company) against the tracking services provided to the insurance policy holders of the Company.

14.4 This respresents the amount paid by the Company in respect of rent charge to TPL Properties Limited for the principal office space of the Company.

14.5 This represents maintenance charges paid to Centrepoint Management Services (Private) Limited for the principal office space of the Company.

15. SUNDRY RECEIVABLES

Considered good			
Accrued mark-up on loan to TPL Properties		-	11,280,823
Receivable from TRG Pakistan Limited for sublet of office premises		5,050,162	-
Others	15.1	9,854,676	7,831,862
		14,904,838	19,112,685
Considered doubtful			
Margin deposit placed against purchase of shares - unsecured		8,500,000	8,500,000
Provision against doubtful deposit		(8,500,000)	(8,500,000)
		-	-
		14,904,838	19,112,685

15.1 Include an amount of Rs. 5.898 million (2015: Rs. 5.032 million) receivable from TPL Direct Insurance Limited - Window Takaful Operations - Participant Takaful Fund in respect of tracker rental charges.

16. FIXED ASSETS

Tangible assets	16.1	357,288,330	379,867,755
Intangible assets	16.3	3,873,984	4,842,480
		361,162,314	384,710,235

16.1 Tangible assets

	NOTE	Cost					Accumulated depreciation				Written down value as at 31 December 2016
		As at 1 January 2016	Additions	Disposals	As at 31 December 2016	Depreciation rate %	As at 1 January 2016	charge for the year	Disposals	As at 31 December 2016	
		(Rupees)					(Rupees)				
Owned											
Leasehold Improvements		26,457,282	1,488,743	-	**27,946,025**	10	2,866,206	2,695,353	-	5,561,559	22,384,467
Furniture and fixtures		14,164,839	1,554,458	-	**15,719,297**	10	1,901,879	1,468,299	-	3,370,178	12,349,119
Office equipments		22,341,040	1,004,634	(72,000)	**23,273,674**	20	8,927,882	4,141,344	(8,733)	13,060,493	10,213,181
Motor vehicles		20,936,223	93,500	(2,924,500)	**18,105,223**	20	8,628,822	3,469,228	(2,714,167)	9,383,883	8,721,339
Tracking devices	16.1.1	717,742,741	60,976,433	(1,356,000)	**777,363,174**	16.67	403,344,154	80,508,181	(1,356,000)	482,496,335	294,866,839
Computer equipments		14,998,589	8,895,581	-	**23,894,170**	33.33	11,104,016	4,036,769	-	15,140,785	8,753,385
2016		**816,640,714**	**74,013,349**	**(4,352,500)**	**886,301,563**		**436,772,959**	**96,319,174**	**(4,078,900)**	**529,013,233**	**357,288,330**

	NOTE	Cost					Accumulated depreciation				Written down value as at 31 December 2015
		As at 1 January 2015	Additions	Disposals / written off	As at 31 December 2015	Depreciation rate %	As at 1 January 2015	charge for the year	Disposals	As at 31 December 2015	
		(Rupees)					(Rupees)				
Owned											
Leasehold Improvements		26,457,282	-	-	26,457,282	10	220,477	2,645,729	-	2,866,206	23,591,076
Furniture and fixtures		14,126,889	37,950	-	14,164,839	10	487,827	1,414,052	-	1,901,879	12,262,960
Office equipments		21,192,915	1,231,125	(83,000)	22,341,040	20	4,963,540	3,976,692	(12,350)	8,927,882	13,413,158
Motor vehicles		10,660,178	11,796,383	(1,520,338)	20,936,223	20	6,648,457	3,449,131	(1,468,766)	8,628,822	12,307,401
Tracking devices	16.1.1	557,467,101	161,875,040	(1,599,400)	717,742,741	20	312,975,797	91,967,757	(1,599,400)	403,344,154	314,398,587
Computer equipments		12,758,085	2,240,504	-	14,998,589	33.33	8,665,814	2,438,202	-	11,104,016	3,894,573
2015		642,662,450	177,181,002	(3,202,738)	816,640,714		333,961,912	105,891,563	(3,080,516)	436,772,959	379,867,755

16.1.1 These tracking units are installed in the vehicles which are insured by the Company.

16.1.2 Depreciation has been allocated as follows:

		2016	2015
		(Rupees)	
Management expenses	17	55,119,529	81,063,154
General and administrative expenses	19	1,003,164	1,423,852
Other charges	20	35,725,765	20,532,334
Window takaful operations - Operator's Fund		4,470,716	2,872,223
		96,319,174	105,891,563

16.2 Disposal of tangible assets

	Cost	Accumulated depreciation	Book value	Sale proceeds	Net gain (note 19)	Mode of disposal	Sold to
Motor vehicles	(Rupees)						
Honda City Model 2011	1,347,000	1,347,000	-	-	-	Term of employment	Altaf Hussain
Toyota Corolla GLI CNG- Model 2012	1,577,500	1,367,167	210,333	210,333	-	Term of employment	Syed Ali Hassan Zaidi
Mobile devices							
Huawei Ascend G610	17,000	3,683	13,317	5,400	(7,917)	Theft	Insurance claim
Samsung Galaxy J5	23,000	3,450	19,550	11,700	(7,850)	Theft	Insurance claim
Huawei P-8 Lite	16,000	533	15,467	13,500	(1,967)	Theft	Insurance claim
Lenovo Vibe P1 Mini White	16,000	1,067	14,933	12,000	(2,933)	Theft	Insurance claim
Tracking devices							
Tracking Units	1,356,000	1,356,000	-	1,161,593	1,161,593	Negotiation	Various Customers
	4,352,500	4,078,900	273,600	1,414,526	1,140,926		

16.3 Intangible assets

	COST				ACCUMULATED AMORTISATION			Written down value
	As at 1 January 2016	Additions (disposals)	As at 31 December 2016	Amortization rate	As at 1 January 2016	Charge for the year	As at 31 December 2016	as at 31 December 2016
Owned	(Rupees)			%	(Rupees)			
Insurance System Software	9,711,038	-	9,711,038	20	4,868,558	968,496	5,837,054	3,873,984
P.O.S. software	-	-	-	20	-	-	-	-
2016	9,711,038	-	9,711,038		4,868,558	968,496	5,837,054	3,873,984

	COST				ACCUMULATED AMORTISATION			Written down value
	As at 1 January 2015	Additions / (disposals)	As at 31 December 2015	Amortization rate	As at 1 January 2015	Charge for the year	As at 31 December 2015	as at 31 December 2015
Owned	(Rupees)			%	(Rupees)			
Insurance System Software	4,868,558	4,842,480	9,711,038	20	4,868,558	-	4,868,558	4,842,480
P.O.S. software	1,449,831	(1,449,831)	-	20	1,449,831	(1,449,831)	-	-
2015	6,318,389	3,392,649	9,711,038		4,868,558	(1,449,831)	3,418,727	4,842,480

17 MANAGEMENT EXPENSES

		2016	2015
		(Rupees)	
Salaries and Wages	17.1	105,822,647	81,578,646
Annual Monitoring fee and other charges	17.2	143,494,529	88,145,774
Travelling incentives		77,966,899	91,735,377
Outsourcing Expenses		5,900,464	6,489,446
Communication		4,721,955	4,722,080
Rent, rates and taxes		28,800,344	25,515,344
Utilities		8,961,104	3,899,626
Fuel		7,494,443	6,781,522
Depreciation - Trakker units		44,782,415	71,435,424
Depreciation - Other		10,337,114	9,627,730
Printing and Stationary		5,627,381	7,890,576
Insurance		1,297,612	1,824,847
Others		895,840	1,133,043
		446,102,747	400,779,435

17.1 This includes Rs. 6.188 million (2015: Rs. 4.541 million) being contribution to employees' provident fund.

17.2 This includes annual monitoring fee of Rs. 89.81 million (2015: 74.179 million) in respect of trackers installed in vehicles insured by the Company and tracker removing charges of Rs. 18.075 million (2015: Rs. 13.966 million).

18 OTHER INCOME

		2016	2015
		(Rupees)	
Interest on advances to associated company		14,905,989	35,289,067
Tracker Rentals from Window Takaful Operations		89,314,413	56,463,920
Income from other services	18.1	15,172,756	4,796,030
Income from sublet of office premises		11,268,631	-
Net gain on disposal of tangible assets	16.2	1,140,926	1,375,107
Others		409,189	791,459
		132,211,904	98,715,583

18.1 This represents income earned against road side assistance and value added tracking services.

		2016	2015
		----------(Rupees)----------	
19 GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries and Wages	19.1	11,817,757	20,509,168
Advertisement and marketing		53,138,327	26,864,661
Travelling and conveyance		2,182,019	2,641,868
Registration, subscription and association		5,474,931	3,989,109
Communication		645,387	1,029,219
Repair and Maintenance		18,482,115	14,658,773
IT Related Cost		18,360,088	12,797,545
Donations	19.2	2,116,561	5,872,835
Auditors' remuneration	19.3	1,135,645	925,000
Legal and professional charges		1,688,510	4,876,133
Rent, rates and taxes		3,216,282	3,578,371
Utilities		1,000,732	546,899
Fuel		836,943	951,067
Depreciation		1,003,164	1,423,852
Amortization expense	19.4	668,991	885,065
(Reversal of provision) / provision for Workers' Welfare Fund	7.3	(4,039,528)	1,127,151
Provision for doubtful deposit		-	8,500,000
Others		3,808,261	4,809,511
		121,536,185	115,986,227

19.1 This includes Rs. 0.618 million (2015: Rs. 0.545 million) being contribution to employees' provident fund.

19.2 Donations do not include any donee in which any Director or his spouse have any interest.

19.3 Auditors' remuneration

	2016	2015
Audit fee	400,000	400,000
Review and other certifications	600,000	425,000
Out-of-pocket expenses	135,645	100,000
	1,135,645	925,000

19.4 This represents amounts charged by TPL Trakker Limited (associated company) in respect of shared softwares.

20. OTHER CHARGES

	2016	2015
Annual monitoring fee	40,191,486	23,098,876
Depreciation - Tracker	35,725,765	20,532,334
Financial Charges	401,931	526,756
	76,319,182	44,157,966

		2016	2015
		----------(Rupees)----------	
21.	**PROVISION FOR TAXATION**		
	Current	**41,967,997**	28,793,877
	Deferred Tax		
	Current	**3,696,471**	(14,546,962)
	Prior	**-**	(1,903,902)
		3,696,471	(16,450,864)
		45,664,468	12,343,013

21.1 The relationship between tax expense and the accounting profit is as follows:

Profit before taxation	**148,833,182**	45,620,606
Tax at enacted rate of 31% (2015: 32%)	**46,138,286**	14,598,594
Effect of items taxed at reduced rate	**-**	(28,844)
Effect of additional items allowed for tax purposes	**-**	(289,159)
Prior year deferred tax adjustment	**(462,917)**	(1,903,902)
Others	**(10,901)**	(49,676)
	45,664,468	12,327,013

22 EARNINGS PER SHARE – BASIC AND DILUTED

Profit after tax for the year	**103,168,714**	33,277,593
	(Number of shares)	
Weighted average number of ordinary shares of Rs.10 each	**75,515,899**	70,237,962
	(Rupees)	
Earnings per share - basic and diluted	**1.37**	0.47

23 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES

The aggregate amount charged to in the financial statements, including all benefits, to the Chief Executive, Directors and Executives / Key Management Personnel of the Company are as follows:

		Chief Executive Officer		Directors		Executives		Total	
	NOTE	2016	2015	2016	2015	2016	2015	2016	2015
		(Rupees)							
Managerial remuneration		9,732,450	8,463,000	-	-	28,175,693	23,884,163	37,908,143	32,347,163
Bonus		1,085,000	1,000,000	-	-	1,631,600	2,010,000	2,716,600	3,010,000
House rent allowance		4,255,905	3,699,300	-	-	12,187,233	10,332,574	16,443,138	14,031,874
Utilities		973,245	846,300	-	-	2,817,569	2,388,416	3,790,814	3,234,716
Retirement benefits		810,708	704,964	-	-	2,085,241	1,989,539	2,895,949	2,694,503
Others		1,271,400	1,271,400	-	-	8,884,225	6,359,713	10,155,625	7,631,113
Directors' meeting fee		-	-	1,900,000	800,000	-	-	1,900,000	800,000
	24.1	18,128,708	15,984,964	1,900,000	800,000	55,781,561	46,964,405	75,810,269	63,749,369
Number of persons		1	1	2	2	18	13	21	16

23.1 In addition, the Chief Executive Officer, Executive Directors and other Executives are provided with free use of Company maintained cars in accordance with their entitlement.

24 TRANSACTIONS WITH RELATED PARTIES

24.1 The related parties comprise Holding Company, associated undertakings, common directorships, employees provident fund, directors and key management personnel. The balances with / due from and transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

		2016	2015
		----------(Rupees)----------	
24.2	**Balances and transactions with related parties**		
	TPL Trakker Limited - (associated company)		
	Opening balance - receivable	209,877,167	395,446,813
	Tracking units purchased during the year	(71,342,539)	(188,855,776)
	Services in respect of tracking devices provided to the Company	(173,957,305)	(121,302,060)
	Interest charged during the year	14,905,989	34,289,513
	Equipment removal / transfer charges	(18,075,825)	(13,965,953)
	Net expenses charged to the Company / by the Company	(58,436,076)	(32,034,208)
	Receivable in respect of sale of C-Track units installed in vehicles which were snatched	1,147,800	1,145,100
	Rent charged on tracking units	(1,663,933)	-
	Net payment made by the Company	172,994,886	135,153,738
	Closing balance - receivable	75,450,164	209,877,167
	TPL Properties Limited- common directorship		
	Opening balance - receivable	18,929,201	140,846,910
	Advance rent paid during the year	40,921,135	37,201,032
	Rent and maintenance expenses during the year	(39,991,113)	(33,438,744)
	Loan repayment during the year	-	(126,679,551)
	Mark-up charged during the year	-	999,554
	Mark-up received during the year	(11,280,823)	-
	Closing balance - receivable	8,578,400	18,929,201
	Virtual World (Private) Limited - common directorship		
	Opening accrued outsourcing expenses	1,344,000	588,000
	Services received during the year	8,542,080	7,392,000
	Payments made during the year	(9,150,080)	(6,636,000)
	Closing accrued outsourcing expenses	736,000	1,344,000
	TRG Pakistan Limited		
	Opening balance	-	-
	Sublet of office premises	11,959,831	-
	Payment received during the year	(6,909,669)	-
	Closing balance	5,050,162	-
	Centrepoint Management Services (Private) Limited - common directorship		
	Opening balance - payable	1,805,954	1,655,025
	Prepaid maintenance charges during the year	5,511,264	5,010,240
	Services received during the year	13,152,236	3,843,613
	Payments made during the year	(17,803,485)	(8,702,924)
	Closing balance - payable	2,665,969	1,805,954
	TPL Security Services (Private) Limited - common directorship		
	Opening balance	132,000	-
	Services received during the year	944,904	523,200
	Payments made during the year	(1,076,904)	(391,200)
	Closing balance - payable	-	132,000
	TPL Direct Insurance Limited Employees Provident Fund - Retirement benefit fund of the Company		
	Opening balance - payable	917,102	741,654
	Charge for the year	14,108,512	10,171,721
	Contribution made during the year	(13,851,882)	(9,996,273)
	Closing balance - payable	1,173,732	917,102
	Window Takaful Operations - Participant Takaful Fund		
	Opening balance - receivable	5,032,164	4,742,000
	Tracking rental charged during the year	100,740,000	82,830,000
	Payments (received) / made by the Company on behalf of PTF - net	(27,938,789)	(7,189,058)
	Payments received during the year	(71,935,714)	(75,350,778)
	Closing balance - receivable	5,897,661	5,032,164

24.2.1 Remuneration to the key management personnel are in accordance with the terms of their employment. Contribution to the provident fund is in accordance with the Company's staff services rules and other transactions with the related parties are in accordance with the agreed terms.

25 MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issue contracts that transfer insurance risk or financial risk or both. This section summarises the insurance risks and the way the Company manages them.

25.1 Insurance risk management

25.1.1 Insurance risk

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

The Company's major insurance contracts are in respect of motor vehicles through issuance of general insurance contracts relating to motor insurance. For these contracts the most significant risks arise from theft, accidents and terrorist activities.

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

25.1.2 Frequency and severity of claims

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

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

25.1.3 Uncertainty in the estimation of future claim payments

Claims on motor insurance contracts are payable on a claim occurrence basis. The Company is liable for all insured events that occur during the term of the insurance contracts respectively, including the event reported after the expiry of the insurance contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Outstanding claims are reviewed on a periodic basis.

25.1.4 Key assumptions

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

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

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

The details of estimation of outstanding claims (including IBNR) are given under note 4.5.

25.1.5 Sensitivity analysis

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

The claim liabilities are sensitive to the incidence of insured events and severity / size of claims. As the Company enters into short term insurance contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of reinsurance. The impact of 10 % increase / decrease in incidence of insured events on profit before tax and shareholder's equity is as follows:

Average claim cost	Underwriting results / profit		Shareholder's equity	
	2016	2015	2016	2015
	----------(Rupees)----------			
Fire & property damage	101,253	-	69,865	-
Marine, aviation & transport	236,930	-	163,482	-
Motor business	48,596,705	47,738,326	33,531,726	32,462,062
Health	1,831,131	5,428,605	1,263,480	3,691,451
Miscellaneous	24,333	10,199	16,790	6,936
	50,790,352	53,177,130	35,045,343	36,160,449

25.1.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk 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 with the insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Company.

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

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

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum insured		Reinsurance		Net	
	2016	2015	2016	2015	2016	2015
	(Rupees)					
Fire & property damage	6,000,000,000	-	5,850,000,000	-	150,000,000	-
Marine, aviation & transport	200,000,000	-	184,000,000	-	16,000,000	-
Motor business	8,000,000	8,000,000	-	-	8,000,000	8,000,000
Health	800,000	800,000	-	-	800,000	800,000
Miscellaneous	210,000,000	25,940,000	204,750,000	-	5,250,000	25,940,000
	210,800,000	26,740,000	204,750,000	-	6,050,000	26,740,000

25.1.7 Claims development tables

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Total
	(Rupees)												
Estimate of ultimate claims cost:													
At end of accident year	2,773,342	5,294,196	9,952,578	11,577,588	32,625,169	47,340,288	48,351,225	363,140,143	469,482,097	703,987,518	**681,432,916**	**738,511,849**	2,375,957,060
One year later	2,769,694	4,688,378	11,729,996	9,282,400	27,008,646	30,393,508	37,511,141	352,896,739	468,385,716	701,532,973	**692,344,679**	-	2,338,543,870
Two years later	2,769,694	4,623,878	11,732,891	8,924,574	25,210,318	30,389,581	37,423,966	352,717,003	468,442,371	693,681,098	-	-	1,635,915,374
Three years later	2,769,694	-	-	8,955,940	25,210,318	-	37,428,166	-	-	-	-	-	74,364,118
Four years later	2,769,694	-	-	8,955,940	26,075,318	-	-	-	-	-	-	-	37,800,952
Five years later	2,769,694	-	-	8,657,940	-	-	-	-	-	-	-	-	11,427,634
Six years later	2,540,949	-	-	8,657,940	-	-	-	-	-	-	-	-	11,198,889
Seven years later	2,540,949	-	-	-	-	-	-	-	-	-	-	-	2,540,949
Eight years later	2,540,949	-	-	-	-	-	-	-	-	-	-	-	2,540,949
Nine years later	2,540,949	-	-	-	-	-	-	-	-	-	-	-	2,540,949
Ten years later	6,757,711 *	-	-	-	-	-	-	-	-	-	-	-	6,757,711
Estimate of cumulative claims	6,757,711	4,623,878	11,732,891	8,657,940	26,075,318	30,389,581	37,428,166	352,717,003	468,442,371	693,681,098	692,344,679	738,511,849	3,071,362,485
Cumulative payments to date	(5,563,711)	(4,623,878)	(11,732,891)	(8,657,940)	(26,075,318)	(30,389,581)	(37,428,166)	(352,717,003)	(468,442,371)	(688,959,148)	(691,113,958)	(619,072,678)	(2,944,776,643)
Liability for outstanding claims	1,194,000	-	-	-	-	-	-	-	-	4,721,950	1,230,721	119,439,171	126,585,842

* Represents claim settled through litigation including interest.

26 FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

26.1 Credit risk

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

26.1.1 Management of credit risk

The Company's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Company in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Company is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.

- Loans given to employees are deductible from the salary of the employees.

- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of

26.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 December is as follows:

	2016		2015	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
	(Rupees)			
Bank deposits	893,417,583	893,259,655	640,646,599	640,089,646
Loan to employees	828,065	828,065	785,328	785,328
Investments	102,503,453	-	101,350,712	-
Premiums due but unpaid	282,631,883	282,631,883	144,900,287	144,900,287
Amount due from other insurers / reinsurers	2,256,972	2,256,972	3,162,731	3,162,731
Accrued investment income	8,306,216	5,681,216	7,575,848	4,779,027
Reinsurance recoveries against outstanding claims and salvage recoveries	39,942,894	39,942,894	24,318,400	24,318,400
Sundry receivables	14,904,838	14,904,838	19,112,685	19,112,685
Advance, deposits and prepayments	192,221,075	82,682,556	290,847,475	222,399,559
	1,537,012,979	1,322,188,079	1,232,700,065	1,059,547,663

26.1.3 Past due / impaired assets

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

	2016	2015
	(Rupees)	
0-90 days	218,580,078	113,639,426
Over 90 days	64,051,805	31,260,861
Total	282,631,883	144,900,287

The above balance is considered good and is not impaired.

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

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Upto 1 year	2,233,489	-	3,139,248	-
1-2 years	-	-	-	-
2-3 years	-	-	2,777,876	2,754,393
Over 3 years	2,777,876	2,754,393	-	-
Total	5,011,365	2,754,393	5,917,124	2,754,393

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

	2016		2015	
	Gross	Impairment	Gross	Impairment
	(Rupees)			
Up to 1 year	37,629,050	-	24,199,000	-
1-2 years	-	-	-	-
2-3 years	-	-	119,400	-
Over 3 years	119,400	-	-	-
Total	37,748,450	-	24,318,400	-

In respect of the aforementioned insurance and reinsurance assets, the Company takes into account its past history / track record of recoveries and financial position of the counterparties while creating provision for impairment. Further, reinsurance recoveries are made when corresponding liabilities are settled.

26.1.4 Credit Rating and Collateral

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

Rating Long term	Rating Agency	Amount (in Rupees) 2016	2015
AAA	JCR-VIS	303,790,446	1,102,676
AAA	PACRA	365,832	105,532,820
AA+	PACRA	145,573,197	138,885,933
A+	JCR-VIS	5,997,075	11,768,876
AA+	PACRA	189,055,114	166,102,857
AAA	JCR-VIS	165,227,251	153,354,764
A+	PACRA	9,135,756	455,505
AA-	PACRA	338,044	1,720,895
AAA	PACRA	1,844	1,844
AA	PACRA	52,863,894	50,947,532
AA-	PACRA	10,716,950	10,141,447
A	JCR-VIS	74,497	74,497
A-	JCR-VIS	10,119,755	-
		893,259,655	640,089,646

The Company enters into re-insurance / co-insurance arrangements with re-insurers / other insurers having sound credit ratings accorded by reputed credit rating agencies. The Company is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of all reinsurance assets relating to outward treaty cessions recognised by the rating of the entity from which it is due is as follows:

	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2016	2015
			(Rupees)		
A or above (including PRCL)	2,256,972	39,942,894	29,880,970	72,080,836	27,481,131

26.1.5 Concentration of credit risk

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

Sector-wise analysis of premium due but unpaid at the reporting date was:

	2016		2015	
	(Rupees)	%	(Rupees)	%
Individuals	148,499,317	53%	67,934,088	47%
Corporate	134,132,566	47%	76,966,199	53%
	282,631,883	100%	144,900,287	100%

26.1.6 Settlement risk

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

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

26.2 Liquidity risk

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

26.2.1 Management of liquidity risk

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

26.2.2 Maturity analysis for financial liabilities

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

	2016			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Provision for outstanding claims	126,585,842	126,585,842	126,585,842	-
Amount due to other insurers / reinsurers	56,960,305	56,960,305	56,960,305	-
Accrued expenses	6,717,360	6,717,360	6,717,360	-
Other creditors and accruals	67,516,824	67,516,824	67,516,824	-
	257,780,331	257,780,331	257,780,331	-

	2015			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Provision for outstanding claims	121,203,926	121,203,926	121,203,926	-
Amount due to other insurers / reinsurers	18,480,195	18,480,195	18,480,195	-
Accrued expenses	5,962,335	5,962,335	5,962,335	-
Other creditors and accruals	31,407,154	31,407,154	31,407,154	-
	177,053,610	177,053,610	177,053,610	-

26.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Company is exposed to interest rate risk, currency risk and other price risk.

26.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Company limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

26.3.1.1 Sensitivity analysis

At the balance sheet date the interest rate profile of the Company's interest-bearing financial instrument are as follows:

	2016	2015	2016	2015
Financial assets	Effective interest rate (in %)		(Rupees)	
Assets subject ot fixed rate				
- Government securities	8.75% - 12%	8.75% - 12%	100,391,625	99,551,489
- Advance	10%	10%	75,450,164	209,877,167
- Bank deposits	5.40% to 6%	4% to 8%	717,000,000	624,000,000
- Loan to employees	0% to 5%	0% to 5%	828,065	785,328
Assets subject ot variable rate				
- Bank balances	3.25% to 5.45%	4% to 6%	173,795,716	1,768,876

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for 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. Variations 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		Profit and loss 100 bps	
	Increase	Decrease	Increase	Decrease
	----------(Rupees)----------		----------(Rupees)----------	
Cash flow sensitivity - Variable rate financial assets	**17,379,572**	**(17,379,572)**	176,888	(176,888)

26.3.1.2 Exposure to interest rate risk

A summary of the Company's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	2016				
	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		---------- (Rupees) ----------			
Bank deposits	3.25 - 6	890,795,716	-	-	890,795,716
Loans to employees	0 - 5	828,065	-	-	828,065
Investments	8.75 - 12	-	100,391,625	-	100,391,625
Advance	10	75,450,164	-	-	75,450,164
Total assets		967,073,945	100,391,625	-	1,067,465,570
Liabilities	-	-	-	-	-
Total interest sensitivity gap		967,073,945	100,391,625	-	1,067,465,570

	2015				
	Mark-up / return (%)	less than 1 year	1 year to 5 year	More than 5 year	Total
Assets		---------- (Rupees) ----------			
Bank deposits	4 - 8	625,768,876	-	-	625,768,876
Loans to employees	0 - 5	474,920	310,408	-	785,328
Investments	8.75 - 12	-	51,088,700	48,462,789	99,551,489
Advance	10	209,877,167	-	-	209,877,167
Total assets		836,120,963	51,399,108	48,462,789	935,982,860
Liabilities		-	-	-	-
Total interest sensitivity gap		836,120,963	51,399,108	48,462,789	935,982,860

26.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Company is exposed to equity price risk since it has investments in quoted equity securities at the balance sheet date.

The Company's strategy is to hold its strategic equity investments for long period of time. Thus, Company's management is not concerned with short term price fluctuations with respect to its strategic investments provided that the underlying business, economic and management characteristics of the investee remain favourable. Company strives to maintain above average levels of shareholders' capital to provide a margin of safety against short term equity price volatility. Company manages price risk by monitoring exposure in quoted equity securities and implementing the strict discipline in internal risk management and investment policies.

The carrying value of available for sale equity instruments is stated at lower of cost or market value (market value being taken as lower if fall is other than temporary) in accordance with the requirements of the S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan (SECP), in December 2002.

Market prices are subject to fluctuation and consequently the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Furthermore, amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold. The Company has no significant concentration of price risk.

26.3.2.1 Sensitivity analysis

The table below summarizes Company's equity price risk as of 31 December 2016 and 2015 and shows the effects of a hypothetical 10% increase / decrease in market prices as at the year end. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse in Company's equity investment portfolio because of the nature of equity markets.

Had all equity investments, other than associates, been measured at fair values as required by IAS 39 "Financial Instruments: Recognition and Measurement", the impact of hypothetical change would be as follows:

	Fair value	Hypothetical price change	Estimated fair value after change in prices	Increase / (decrease) in shareholders ' equity	Increase (decrease) in profit before tax
			---------- (Rupees) ----------		
2016	**4,378,643**	10% increase	**4,816,507**	**437,864**	437,864
		10% decrease	**3,940,779**	**(437,864)**	(437,864)
2015	2,881,115	10% increase	3,169,227	288,112	288,111
		10% decrease	2,593,004	(288,111)	(288,111)

26.3.3 Foreign currency risk

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

26.4 Fair value of financial assets and liabilities

IFRS 13 defines fair value as an exit price. 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.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Following are the asssets which are either measured at fair value or for which fair value is only disclolsed and is different from their carrying value:

	2016		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	----------(Rupees)----------		
Available-sale-investments (fair value only disclosed)	1,904,976	-	-
Available-sale-investments (measured at fair value)	206,852	-	-
Held-to-maturity (fair value only disclosed)	-	109,064,666	-
	2,111,828	109,064,666	-

	2015		
	Fair value measurement using		
	Level 1	Level 2	Level 3
	----------(Rupees)----------		
Available-sale-investments (fair value only disclosed)	2,101,867	-	-
Available-sale-investments (measured at fair value)	779,248	-	-
Held-to-maturity (fair value only disclosed)	-	109,064,666	-
	2,881,115	109,064,666	-

26.5 Capital management

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

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company currently meets the paid up capital requirement as required by Securities and Exchange Commission of Pakistan.

27 PROVIDENT FUND

The following is based on audited financial statements for the year ended 30 June 2015 and unadited Financial Statements for the year ended 30 June 2016:

	Unaudited	Audited
	2016	2015
	----------(Rupees)----------	
Size of the fund - Net Assets	23,959,962	20,662,238
Cost of investments	20,254,465	18,510,539
Percentage of investments made	84.53%	89.59%
Fair value of investments	21,464,544	19,784,592

27.1 The breakup-value of fair value of investments is as follows:

	Unaudited 2016	Audited 2015	Unaudited 2016	Audited 2015
	(Percentage)		(Rupees)	
Bank balances	8%	16%	1,754,465	5,010,539
Pakistan investment bonds	18%	24%	3,838,157	3,885,583
Special saving certificates	68%	32%	14,500,000	9,500,000
Mutual Funds	6%	7%	1,371,922	1,388,470
	100%	100%	21,464,544	19,784,592

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

28 NUMBER OF EMPLOYEES

The number of employees as at / average during the year are as follows:

	2016	2015
At the year end	228	188
Average during the year	208	177

29 GENERAL

29.1 Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications were made during the current year except for following:

Reclassified from	Reclassified to	Rupees
Administration expenses	Other charges	
Annual monitoring fee	Annual monitoring fee	23,098,876
Depreciation Tracker	Depreciation Tracker	20,532,334

29.2 Figures have been rounded off to the nearest Rupee.

30 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on 27 March 2017 by the Board of Directors of the Company.

Chief Executive | Director | Director | Chairman


08

ANNEXURE A -

WINDOW TAKAFUL OPERATIONS

WINDOW TAKAFUL OPERATIONS
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

of TPL Direct Insurance Limited - Window Takaful Operations (the Operator) as at 31 December 2016 together with the notes forming part thereof, for the period then ended.

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

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

In our opinion:

(a) proper books of account have been kept by the Operator as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;

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

(c) the financial statements together with the notes thereon present fairly, in all material respects, the state of the Operator's affairs as at 31 December 2016 and of the profit, its comprehensive income, its cash flows and changes in fund for the period then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Date: 27th March, 2017
Karachi.

Chartered Accountants
Audit Engagement Partner:
Arslan Khalid

Independent Assurance report to the Board of Directors and Shariah Advisor of TPL Direct Insurance Limited - Window Takaful Operations in respect of Operator's compliance with the Shariah rules and principles

We have performed an independent assurance engagement (Shariah Compliance Audit) of TPL Direct Insurance Limited - Window Takaful Operations (the operator) to ensure that the Operator has complied with the Shariah rules and principles as prescribed by the Shariah Advisor / Shariah Board (prior to promulgation of Takaful Rules 2012) of the Operator and the Takaful Rules 2012, during the year ended 31 December 2016.

1. Management's responsibility for Shariah compliance:

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

2. Our responsibility:

2.1. Our responsibility in connection with this engagement is to express an opinion, based on the procedures performed on a sample basis, whether these financial arrangements, contracts, products and transactions are in compliance with the requirements of the Shariah rules and principles as prescribed by the Operator's Shariah Advisor / Shariah Board and the Takaful Rules, 2012.

2.2. The procedures selected by us for the engagement depended on our judgment, including the assessment of the risks of material non-compliance with the said Shariah rules and principles. In making those risk assessments, we considered such internal control procedures as were relevant to the Operator's compliance with Shariah rules and principles. Our engagement was, however, not intended for expressing opinion on the effectiveness of the Operator's internal controls for purposes of compliance with the Shariah rules and principles.

2.3. We believe that the evidence we have obtained through performing our procedures on a sample basis were sufficient and appropriate to provide a basis for our opinion.

2.4. In addition, interpretation and conclusion of the Shariah Advisor / Shariah Board of the Operator is considered final for the purpose of interpretation of the Shariah matters mentioned in the Takaful Rules, 2012.

3. Framework for the Engagement:

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

4. Our Opinion:

In our opinion, based on the sample selected, the financial arrangements, contracts, products and transactions entered into by the Operator and the Waqf, as the case may be, for the year ended 31 December 2016, are in compliance with the requirements of the Shariah rules and principles as prescribed by the Shariah Advisor / Shariah Board and the Takaful Rules, 2012 in all material respects.

Date: 27th March, 2017
Karachi.

Chartered Accountants
Audit Engagement Partner:
Arslan Khalid

WINDOW TAKAFUL OPERATIONS
BALANCE SHEET

As at 31 December 2016

	Note	2016 (Rupees)			2015 (Rupees)		
		Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
OPERATORS' FUND (OF)							
Statutory Fund		50,000,000	-	50,000,000	50,000,000	-	50,000,000
Unappropriated profit		34,780,105	-	34,780,105	10,263,569	-	10,263,569
		84,780,105	-	84,780,105	60,263,569	-	60,263,569
WAQF / PARTICIPANT'S TAKAFUL FUND (PTF)							
Ceded money		-	2,000,000	2,000,000	-	2,000,000	2,000,000
Accumulated deficit		-	(123,881,544)	(123,881,544)	-	(57,107,080)	(57,107,080)
Balance of WAQF / PTF		-	(121,881,544)	(121,881,544)	-	(55,107,080)	(55,107,080)
LIABILITIES							
PTF Underwriting provisions							
Provision for outstanding claims (including IBNR)		-	63,703,488	63,703,488	-	54,157,459	54,157,459
Provision for unearned contribution		-	353,131,293	353,131,293	-	221,979,679	221,979,679
Deferred commission income		-	35,684	35,684	-	-	-
		-	416,870,465	416,870,465	-	276,137,138	276,137,138
Qard-e-Hasna	5	-	110,000,000	110,000,000	-	30,000,000	30,000,000
Creditors and accruals							
Amounts due to other takaful / retakaful operators	6	-	20,311,908	20,311,908	-	6,062,000	6,062,000
Unearned Wakala Fee		141,252,517	-	141,252,517	88,791,871	-	88,791,871
Accrued Expenses		275,000	-	275,000	175,000	-	175,000
Taxation - payments less provision		12,020,209	-	12,020,209	2,254,841		2,254,841
Other creditors and accruals	7	24,578,266	94,398,914	118,977,180	14,469,742	38,844,010	53,313,752
Payable to TPL Direct Insurance Limited	8	56,023,940	5,897,662	61,921,602	24,728,882	5,032,164	29,761,046
		234,149,932	120,608,484	354,758,416	130,420,336	49,938,174	180,358,510
Total Liabilities		234,149,932	647,478,949	881,628,881	130,420,336	356,075,312	486,495,648
Total fund and liabilities		318,930,037	525,597,405	844,527,442	190,683,905	300,968,232	491,652,137

The annexed notes from 1 to 19 form an integral part of these financial statements.

WINDOW TAKAFUL OPERATIONS
BALANCE SHEET

As at 31 December 2016

	Note	2016 (Rupees)			2015 (Rupees)		
		Operator's Fund	Participants' Takaful Fund	Aggregate	Operator's Fund	Participants' Takaful Fund	Aggregate
ASSETS							
Bank deposits	9						
Current and other accounts		12,296,087	52,154,833	64,450,920	10,865,444	2,890,010	13,755,454
Deposits maturing within twelve months		100,000,000	135,000,000	235,000,000	95,000,000	110,000,000	205,000,000
		112,296,087	187,154,833	299,450,920	105,865,444	112,890,010	218,755,454
Deferred tax assets		-	-	-	-	-	-
Current assets - others							
Contribution due but unpaid - PTF		-	96,419,263	96,419,263	-	50,447,547	50,447,547
Salvage recoveries accrued		-	31,752,306	31,752,306	-	6,700,000	6,700,000
Taxation - payments less provision		-	-	-	-	-	-
Accrued Investment Income		147,603	1,583,325	1,730,928	136,644	162,058	298,702
Deferred Wakala expense		-	141,252,517	141,252,517	-	88,791,871	88,791,871
Deferred commission expense		13,089,882	-	13,089,882	21,121,730	-	21,121,730
Prepayments	10	448,685	56,729,671	57,178,356	-	41,976,746	41,976,746
Sundry receivables	11	192,947,780	10,705,490	203,653,270	63,560,087	-	63,560,087
		206,633,950	338,442,572	545,076,522	84,818,461	188,078,222	272,896,683
Total assets		318,930,037	525,597,405	844,527,442	190,683,905	300,968,232	491,652,137

Chief Executive | Director | Director | Chairman

WINDOW TAKAFUL OPERATIONS
PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2016

	Note	Fire & property damage	Motor	Health	2016	2015
		----------(Rupees)----------			----------(Rupees)----------	
Revenue Account						
Participants' Takaful Fund						
Gross contribution		394,436	543,972,478	1,753,033	546,119,947	289,983,372
Wakala expensed during the year		(357,629)	(235,474,731)	(702,412)	(236,534,772)	(129,711,178)
Net claims		-	(290,621,228)	(2,209,891)	(292,831,119)	(159,346,022)
Direct expenses	12	-	(89,314,413)	-	(89,314,413)	(56,463,920)
Underwriting result		36,807	(71,437,894)	(1,159,270)	(72,560,357)	(55,537,748)
Other income - profit on bank deposits net of mudarib's fee of Rs. 2.48 (2015: Rs. 0.99) million					5,785,893	2,310,617
Deficit for the year					(66,774,464)	(53,227,131)
Other comprehensive income					-	-
Total comprehensive income for the year					(66,774,464)	(53,227,131)
Accumulated deficit						
Balance at the beginning of the year					(57,107,080)	(3,879,949)
Deficit for the year					(66,774,464)	(53,227,131)
Balance at the end of the year					(123,881,544)	(57,107,080)
Revenue Account						
Operator's Fund						
Wakala fee					236,534,772	129,711,178
Management expenses	13				(115,340,638)	(42,954,166)
Net commission					(37,822,209)	(35,129,870)
					83,371,925	51,627,142
Other income - Profit on bank deposits including mudarib's fee of Rs. 2.48 (2015: Rs. 0.99) million					8,810,383	7,095,930
					92,182,308	58,723,072
General and administrative expenses	14				(56,552,450)	(48,288,843)
Financial charges					(98,646)	(39,429)
Profit before taxation					35,531,212	10,394,800
Taxation - net					(11,014,676)	(3,338,430)
Profit after tax for the year					24,516,536	7,056,370
Other comprehensive income					-	-
Total comprehensive income for the year					24,516,536	7,056,370
Profit and loss appropriation account						
Balance at the beginning for the year					10,263,569	3,207,199
Profit for the year					24,516,536	7,056,370
Balance at the end of the year					34,780,105	10,263,569

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

WINDOW TAKAFUL OPERATIONS
STATEMENT OF CHANGES IN FUND

For the year ended 31 December 2016

	Operators' Fund		
	Statutory Fund	Accumulated profit	Total
	(Rupees)		
Balance as at 1 January 2015	50,000,000	3,207,199	53,207,199
Net profit for the year	-	7,056,370	7,056,370
Balance as at 1 January 2016	50,000,000	10,263,569	60,263,569
Operators' Fund placed during the year	-	-	-
Net profit for the year	-	24,516,536	24,516,536
Balance as at 31 December 2016	50,000,000	34,780,105	84,780,105

	Participants' Takaful Fund		
	Ceded Money	Accumulated deficit	Total
	(Rupees)		
Balance as at 1 January 2015	2,000,000	(3,879,949)	(1,879,949)
Deficit for the period	-	(53,227,131)	(53,227,131)
Balance as at 1 January 2016	2,000,000	(57,107,080)	(55,107,080)
Deficit for the year	-	(66,774,464)	(66,774,464)
Balance as at 31 December 2016	2,000,000	(123,881,544)	(121,881,544)

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOW

For the year ended 31 December 2016

	Operator's Fund	Participants' Takaful Fund	2016 Aggregate	2015 Aggregate
			---------- (Rupees) ----------	
Operating activities				
(a) Takaful activities				
Contributions received	-	648,491,408	**648,491,408**	442,408,691
Retakaful contribution paid	-	(6,268,993)	**(6,268,993)**	(7,409,498)
Claims paid	-	(386,209,578)	**(386,209,578)**	(141,127,540)
Retakaful and other recoveries received	-	77,872,182	**77,872,182**	17,975,442
Commission paid	(31,223,354)	-	**(31,223,354)**	(47,970,160)
Wakala fees received	239,494,826	-	**239,494,826**	176,230,082
Wakala fees paid	-	(239,494,826)	**(239,494,826)**	(176,230,082)
Mudarib fees received	2,592,568	-	**2,592,568**	-
Mudarib fees paid	-	(2,592,568)	**(2,592,568)**	-
Net cash inflow from takaful activities	210,864,040	91,797,625	**302,661,665**	263,876,935
(b) Other operating activities				
Income tax paid	(1,249,308)	-	**(1,249,308)**	(898,421)
Direct expenses paid	-	(98,081,433)	**(98,081,433)**	(73,147,603)
General management expenses paid	(140,110,688)	-	**(140,110,688)**	(61,821,634)
Other operating (payments) / receipts	10,705,490	(6,295,664)	**4,409,826**	9,896,834
Net cash outflow from other operating activities	(130,654,506)	(104,377,097)	**(235,031,603)**	(125,970,824)
Total cash generated from / (used in) all operating activities	80,209,534	(12,579,472)	**67,630,062**	137,906,111
Investment activities				
Profit / return received	6,319,755	6,844,295	**13,164,050**	-
Qard-e-Hasna	(80,000,000)	80,000,000	**-**	-
Total cash (used in) / generated from investing activities	(73,680,245)	86,844,295	**13,164,050**	-
Financing activities				
Financial charges paid	(98,646)	-	**(98,646)**	(39,429)
Total cash used in financing activities	(98,646)	-	**(98,646)**	(39,429)
Net cash generated from all activities	6,430,643	74,264,823	**80,695,466**	137,866,682
Cash and cash equivalent at beginning of the year	105,865,444	112,890,010	**218,755,454**	80,888,772
Cash and cash equivalent at end of the year	112,296,087	187,154,833	**299,450,920**	218,755,454

WINDOW TAKAFUL OPERATIONS
STATEMENT OF CASH FLOW

For the year ended 31 December 2016

	Operator's Fund	Participants' Takaful Fund	2016 Aggregate	2015 Aggregate
			(Rupees)	
Reconciliation to profit and loss account				
Operating cash flows	80,209,534	(12,579,472)	**67,630,062**	137,906,111
Depreciation / amortisation expense	(4,021,602)	-	**(4,021,602)**	(2,871,943)
Income tax paid	1,249,308	-	**1,249,308**	-
Income tax expense	(11,014,676)	-	**(11,014,676)**	(3,338,430)
Financial charges paid	98,646	-	**98,646**	-
Financial charges	(98,646)	-	**(98,646)**	-
Profit on term deposit	8,810,383	5,785,893	**14,596,276**	-
Increase in assets other than cash	43,247,817	151,422,752	**194,670,569**	158,250,678
Increase in liabilities	(93,964,228)	(211,403,637)	**(305,367,865)**	(336,117,177)
Profit / (loss) after taxation	24,516,536	(66,774,464)	**(42,257,928)**	(46,170,761)
Attributed to:				
Operators' Fund			**24,516,536**	7,056,370
Participants' Takaful Fund			**(66,774,464)**	(53,227,131)
			(42,257,928)	(46,170,761)

Definition of cash

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

Cash for the purposes of the Statement of Cash Flows consists of :

	Operator's Fund	Participants Takaful Fund	2016 Aggregate	2015 Aggregate
			(Rupees)	
Cash and other equivalents				
Cash in hand	12,296,087	52,154,833	**64,450,920**	13,755,454
Current and other accounts	100,000,000	135,000,000	**235,000,000**	205,000,000
	112,296,087	187,154,833	**299,450,920**	218,755,454

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

WINDOW TAKAFUL OPERATIONS
STATEMENT OF CONTRIBUTIONS

For the year ended 31 December 2016

Business underwritten inside Pakistan

	Contribution					Re-takaful					
	Gross contribution*	Wakala fee*	Unearned contribution reserve Opening	Unearned contribution reserve Closing	Contribution earned	Re-takaful ceded	Prepaid re-takaful contribution Opening	Prepaid re-takaful contribution Closing	Re-takaful expense	Net contribution written 2016	Net contribution written 2015
	(Rupees)										
Class											
Direct and Facultative											
Fire & property damage	2,217,357	936,858	-	1,448,073	769,284	1,809,186	-	1,434,338	374,848	394,436	-
Motor	680,414,181	287,374,212	220,867,098	350,615,801	550,665,478	8,586,000	4,546,500	6,439,500	6,693,000	543,972,478	289,313,824
Health	1,707,871	684,348	1,112,581	1,067,419	1,753,033	-	-	-	-	1,753,033	669,548
Total	**684,339,409**	**288,995,418**	**221,979,679**	**353,131,293**	**553,187,795**	**10,395,186**	**4,546,500**	**7,873,838**	**7,067,848**	**546,119,947**	289,983,372

* These include administrative surcharge of Rs. 25.46 million (2015: Rs. 17.62 million) in aggregate.

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

WINDOW TAKAFUL OPERATIONS
STATEMENT OF CLAIMS

For the year ended 31 December 2016

Business underwritten inside Pakistan

Class	Claims				Re-takaful				Net claims expense	
	Claims paid	Outstanding claims		Claims expense	Re-takaful and other recoveries received	Re-takaful and other recoveries in respect of outstanding claims		Re-takaful and other recoveries revenue	2016	2015
		Opening	Closing			Opening	Closing			
	(Rupees)									
Direct and Facultative										
Fire and property damage	-	-	-	-	-	-	-	-	-	-
Motor business	384,332,857	54,157,459	63,370,318	393,545,716	77,872,182	6,700,000	31,752,306	102,924,488	290,621,228	158,995,484
Health	1,876,721	-	333,170	2,209,891	-	-	-	-	2,209,891	350,538
Total	**386,209,578**	**54,157,459**	**63,703,488**	**395,755,607**	**77,872,182**	**6,700,000**	**31,752,306**	**102,924,488**	**292,831,119**	159,346,022

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

WINDOW TAKAFUL OPERATIONS
STATEMENT OF EXPENSES - OPERATORS' FUND

For the year ended 31 December 2016

Business underwritten inside Pakistan

Class	Commissions paid or payable	Deferred commission Opening	Deferred commission Closing	Net commission expense	Other management expenses	Underwriting expense	Rebate from re-takaful operators*	Net underwriting expense 2016	Net underwriting expense 2015
	(Rupees)								
Direct and Facultative									
Fire & property damage	84,021	-	70,456	13,565	160,397	173,962	1,551	172,411	-
Motor business	29,707,891	21,121,730	13,019,426	37,810,195	114,814,731	152,624,926	-	152,624,926	77,987,478
Health	-	-	-	-	365,510	365,510	-	365,510	96,558
Total	**29,791,912**	**21,121,730**	**13,089,882**	**37,823,760**	**115,340,638**	**153,164,398**	**1,551**	153,162,847	78,084,036

* Rebate from retakaful operators is arrived at after taking the impact of opening and closing unearned retakaful commission.

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

WINDOW TAKAFUL OPERATIONS
STATEMENT OF EXPENSES - PARTICIPANTS' FUND

For the year ended 31 December 2016

Business underwritten inside Pakistan

Class	Gross Wakala fee	Deferred wakala fee		Net expense	Direct expenses	PTF expense	Rebate from re-takaful operators*	Net PTF expense	
		Opening	Closing					2016	2015
	(Rupees)								
Direct and Facultative									
Fire & property damage	936,858	-	579,229	357,629	-	357,629	-	357,629	-
Motor business	287,374,212	88,346,839	140,246,320	235,474,731	89,314,413	324,789,144	-	324,789,144	185,906,078
Health	684,348	445,032	426,968	702,412	-	702,412	-	702,412	269,020
Total	**288,995,418**	**88,791,871**	**141,252,517**	**236,534,772**	**89,314,413**	**325,849,185**	**-**	325,849,185	186,175,098

* Rebate from retakaful operators is arrived at after taking the impact of opening and closing unearned retakaful commission.

The annexed notes from 1 to 19 form an integral part of these financial statements.

Chief Executive | Director | Director | Chairman

1. STATUS AND NATURE OF BUSINESS

1.1 TPL Direct Insurance Limited (the Operator) was allowed to work as Window Takaful Operator on 04 September 2014 by Securities and Exchange Commission of Pakistan (SECP) under SECP Takaful Rules, 2012 to carry on General Window Takaful Operations in Pakistan.

1.2 For the purpose of carrying on the takaful business, the Operator formed a Waqf / Participant Takaful Fund (PTF) on 20 August 2014 under the Waqf deed. The Waqf deed governs the relationship of Operator and Participants for management of takaful operations.

2. BASIS OF PREPARATION

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

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

2.1 Statement of compliance

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

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees which is also the Company's functional currency. All financial information presented in Pak Rupees has been rounded to nearest Rupees, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Operator's accounting polices. The estimates / judgments and associated assumptions used in the preparation of the financial statements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates / judgments and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised 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 judgment or complexity, or areas where assumption and estimates are significant to the financial statements, or judgments were exercised in application of accounting policies are as follows:

- Classification of Takaful Contracts (note 4.2)
- Provision for unearned contribution (note 4.3)
- Provision for outstanding claims including IBNR (note 4.5)
- Contribution deficiency reserve (note 4.8)
- Provision for current and deferred tax (note 4.18)
- Provisions (note 4.2, 4.12 and 4.17)

3. ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning)
IFRS 2: Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	01 January 2018
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative - (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	01 January 2018
IAS 40 Investment Property: Transfers of Investment Property (Amendments)	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018

The above standards and amendments are not expected to have any material impact on the Operator's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016. Such improvements are generally effective for accounting periods beginning on or after 01 January 2017. The Operator expects that such improvements to the standards will not have any impact on the Operator's financial statements in the period of initial application.

In February 2017, the SECP vide its notifications SRO No. 88(1) dated 9 February 2017 has issued "Insurance Accounting Regulations 2017". These regulations are effective for the periods ending after 31 March 2017.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year. The Operator has adopted new standards, amendments and improvements to accounting standard which became effective for the current year as describe in note 4.1 below:

4.1 New, revised and amended standards and interpretations

IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception

IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)

IAS 16 Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)

Improvements to Accounting Standards Issued by the IASB in September 2014

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal

IFRS 7 Financial Instruments: Disclosures - Servicing contracts

IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements

IAS 19 Employee Benefits - Discount rate: regional market issue

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

4.2 Takaful contracts

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

A separate Participants Takaful Fund (PTF) is created in which all contribution received under general takaful contribution net off any government levies and administrative surcharge are credited. The role of takaful operator is of the management of the PTF. At the initial stage of the setup of the PTF, the takaful operator makes an initial donation to the PTF. The terms of the takaful contracts are in accordance with the generally accepted principles and norms of insurance business suitably modified with guidance by the Shariah Advisor of the Takaful operator.

4.3 Contribution

Contribution income net off administrative surcharge under a policy is recognised over the period of takaful from the date of inception of the policy to which it relates to its expiry as follows:

Administrative surcharge is recognised as income at the time policies are written in OF.

Contribution income net off administrative surcharge under a policy is recognised after taking into account the unearned portion of premium by applying 1/24th method as prescribed by the SEC (Insurance) Rules, 2002. The unearned portion of contribution is recognised as liability.

Contribution due but unpaid under takaful contracts are recognised when due, at the fair value of the consideration receivable less provision for doubtful debts, if any. If there is objective evidence that the receivable is impaired, the Operator reduces the carrying amount of the receivable accordingly and recognizes it as impairment loss.

4.4 Re-takaful contracts

Re-takaful expense is recognised evenly in the period of indemnity. The portion of retakaful contribution not recognised as an expense is shown as a prepayment which is calculated in the same manner as of unearned contribution.

Rebate from retakaful operators is recognised at the time of issuance of the underlying takaful policy by the Operator. This income is deferred and brought to account as revenue in accordance with the pattern of recognition of the retakaful contribution to which it relates. Receivable against claims from the retakaful operators are recognised as an asset at the same time as the claims which gives rise to the right of recovery are recognised as a liability and are measured at the amount expected to be recovered after considering an impairment in relation thereto.

Amount due from other takaful / re-takaful are carried at cost less provision for impairment, if any. Cost represents the fair value of consideration to be received in the future.

Amount due to takaful / re-takaful companies represent the balance due to re-takaful companies.

Re-takaful assets or liabilities are derecognised when the contractual rights are extinguished or expired.

4.5 Claims expense

Takaful claims include all claims incurred during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, and any adjustments to claims outstanding from previous years.

The PTF recognises liability in respect of all claims incurred upto the balance sheet date which is measured at the undiscounted value of the expected future payments. The claims are considered to be incurred at the time of the incident giving rise to the claim except as otherwise expressly indicated in a takaful contract.

The provision for claims incurred but not reported (IBNR) is made at the balance sheet date. In accordance with SECP circular no. 9 of 2016, the Operator has changed its method of estimation of IBNR. The Operator now takes actuarial advice for the determination of IBNR claims. Provision for IBNR claims have been determined by analyzing the lag between the incurrence and reporting of health and motor business claims. For Fire business, as the Operator has started these business during the current year, no historical data is available, therefore, industry wide-data has been used to calculate provision of IBNR claims. For Travel business, in absence of credible industry wide-data, an average of all other classes has been used to determine provision for IBNR claims.

Upto previous year the provision for IBNR was based on the management's best estimate taking into account the claims actually reported subsequent to the balance sheet date. Had the method for estimating IBNR claims, not been changed, the provision for claims net of reinsurance recoveries against outstanding claims would have been lower by Rs. 0.97 million and the deficit of Participant's Takaful Fund for the year would have been lower by Rs. 0.67 million.

4.6 Retakaful recoveries against outstanding claims

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

4.7 Commission

Commission expense incurred in obtaining and recording policies is deferred and recognised in profit and loss account as an expense in accordance with the pattern of recognition of contribution revenue.

Commission income from retakaful is recognised at the time of issuance of the underlying takaful policy. These are deferred and recognised as liability and recognised in the profit and loss account as revenue in accordance with the pattern of recognition of the retakaful contributions.

4.8 Contribution deficiency reserve

The PTF is required as per SEC (Insurance) Rules, 2002 and IFRS-4, to maintain a provision in respect of contribution deficiency for the class of business where the unearned contribution reserve is not adequate to meet the expected future liability, after retakaful, from claims and other expenses, including retakaful expense, commissions and other underwriting expenses, expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the contribution deficiency reserve is recorded as an expense in the profit and loss account and the same shall be recognised as a liability.

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, contribution deficiency is determined. Further actuarial valuation has been carried out to determine the amount of contribution deficiency reserve in respect of Health insurance as required by SRO 16 (I) / 2012 issued by Securities and Exchange Commission of Pakistan on 9 January 2012.

4.9 Wakala and Mudarib fees

The Takaful operator manages the general takaful operations for the Participants and charge 40% of gross contribution as Wakala Fee against the services given to Participant's Takaful Fund. Wakala fee under a policy is recognised, evenly over the period of takaful from the date of issuance of the policy till the date of its expiry.

The Takaful operator also manages the participants' investment as Mudarib and charges 30% of the investment \ deposit income earned by the Participants' Takaful Fund as Mudarib's share .

Administrative surcharge is included in Wakala Fee at the date of inception of policy to which it relates.

4.10 Profit on bank accounts and deposits

Profit on bank accounts and deposits is recognised on accrual basis.

4.11 Management expenses

Underwriting expenses have been allocated to various classes of business on a basis deemed equitable by the management. Expenses not attributable to the underwriting business are charged as administrative expenses.

4.12 Takaful surplus

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

4.13 Qard-e-Hasna

Qard-e-hasna is provided by Operators' Fund to Participants Takaful Fund in case of deficit in PTF. Qard-e-Hasna is recognised at the amount provided to Participant Takaful Fund less impairment, if any.

4.14 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 Operator.

Provisions are recognised when the Operator/PTF has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current estimate.

4.15 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 consists of cash in hand, stamps in hand and deposits with banks (except for the deposit placed with statutory requirement) net off short term running finance.

4.16 Sundry receivable

These are recognised at cost, which is the fair value of the consideration given. However, an assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised for the difference between the recoverable amount and the carrying amount.

4.17 Impairment

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

Provisions for impairment are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Changes in the provisions are recognised as income or expense.

4.18 Taxation

4.18.1 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 finalised during the current year for such years.

4.18.2 Deferred

Deferred tax is accounted for using the balance sheet liability method, in respect of temporary differences arising at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is utilized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to the profit and loss account except in the case of items credited or charged to equity in which case it is included in equity.

4.19 Staff retirement benefits

The Operator operates an funded contributory provident fund (defined contribution plan) for all permanent employees. Equal contributions are made by the Operator and the employees at the rate 8.33% of basic salary, to the fund.

4.20 Financial instruments

Financial assets and financial liabilities within the scope of IAS - 39 are recognised at the time when the Operator becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expire or is transferred along with the risk and reward of the asset. Financial liabilities are de-recognised when obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liabilities is recognised in the profit and loss account of the current year.

Financial instruments carried on the balance sheet include bank deposits, investments, contribution due but unpaid, contribution received in advance, amount due from other takaful / retakaful operator, accrued investment income, retakaful recoveries against outstanding claims, sundry receivables, advances and deposits, provision for outstanding claims, amount due to other takaful / retakaful, accrued expenses, other creditors and accruals, short term running finance and obligation under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.21 Off setting of financial assets and financial liabilities

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

4.22 Foreign currency translations

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are recognized in the profit and loss account. All non-monetary items are translated into rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

		2016	2015
		(Rupees)	
5.	QARD-E-HASNA		
	Balance as at the beginning of the year	30,000,000	-
	Qard-e-Hasna provided during the year	80,000,000	30,000,000
	Balance as at the end of the year	110,000,000	30,000,000

In accordance with the Takaful Rules, 2012, if at any point in time, assets in participant takaful fund are not sufficient to cover its liabilities, the deficit shall be funded by way of an interest free loan (Qard-e-Hasna) from Operator Fund. In the event of future surplus in the Participant Takaful Fund to which a Qard-e-Hasna has been made, the Qard-e-Hasna shall be repaid prior to distribution of surplus to participants.

The Operator has prepared financial projections of Participant Fund and based on such financial projections believes that the Participant Takaful Fund would be able to repay Qard-e-Hasna to Operator's Fund.

6.	AMOUNT DUE TO OTHER TAKAFUL OPERATORS	2016	2015
		PTF (Rupees)	PTF (Rupees)
	Foreign retakaful operator	20,311,908	6,062,000

7.	OTHER CREDITORS AND ACCRUALS	2016		
		OF	PTF	Total
		(Rupees)		
	Creditors	37,792	1,771,335	1,809,127
	Wakala fee payable	-	82,069,800	82,069,800
	Payable to Participants' Takaful Fund	10,705,490	-	10,705,490
	Modarib fee payable	-	877,980	877,980
	Federal Insurance Fee	-	641,122	641,122
	Federal Excise Duty (FED) - net	-	9,038,677	9,038,677
	Commission payable	13,021,855	-	13,021,855
	Withholding tax payable	813,129	-	813,129
		24,578,266	94,398,914	118,977,180

		2015		
		OF	PTF	Total
		(Rupees)		
	Creditors	6,675,638	13,950	6,689,588
	Wakala fee payable	-	32,569,208	32,569,208
	Modarib fee payable	-	990,879	990,879
	Federal Insurance Fee	-	424,619	424,619
	Federal Excise Duty (FED) - net	-	4,845,354	4,845,354
	Commission payable	6,423,000	-	6,423,000
	Withholding tax payable	1,371,104	-	1,371,104
		14,469,742	38,844,010	53,313,752

7.1 This includes outstanding claims amounting to Rs. 1.04 (2015: Rs. 0.014) million in respect of which cheques have been issued by the Company for claim settlement but the same have not been encashed by the claimant. The following is the ageing as required by SECP circular 11 of 2014 dated 19 May 2014:

	2016	2015
- More than 6 months	1,038,541	13,950
- 1 to 6 months	30,541,819	20,365,080
	31,580,360	20,379,030

	Age-wise breakup					
	1 to 6 months	7 to 12 months	13 to 24 months	25 to 36 months	Beyond 36 months	Total
Claims not encashed	30,541,819	632,794	405,747	-	-	31,580,360

8. PAYABLE TO TPL DIRECT INSURANCE LIMITED

This represents payable in respect of expenses incurred by TPL Direct Insurance Limited on behalf of WTO.

9. BANK DEPOSITS

	Note	2016 OF	2016 PTF	2016 Total
		(Rupees)		
Current and other accounts				
Current Accounts		-	1,219,104	1,219,104
Profit and loss sharing (PLS) accounts	9.1	12,296,087	50,935,729	63,231,816
Deposits maturing within twelve months				
Term Deposit Receipts	9.2	100,000,000	135,000,000	235,000,000
		112,296,087	187,154,833	299,450,920

	2015 OF	2015 PTF	2015 Total
	(Rupees)		
Current and other accounts			
Current Accounts	-	1,196,415	1,196,415
Profit and loss sharing (PLS) accounts	10,865,444	1,693,595	12,559,039
Deposits maturing within twelve months			
Term Deposit Receipts	95,000,000	110,000,000	205,000,000
	105,865,444	112,890,010	218,755,454

9.1 These accounts carry profit at a rate between 3.25% to 5.45% (2015: 4% to 6%) per annum.

9.2 These carry profit rate ranging from 5.40% to 5.75% per annum and have maturites upto 30 June 2017.

10. PREPAYMENTS

	2016 OF (Rupees)	2016 PTF (Rupees)	2016 Total (Rupees)
Prepaid			
- annual monitoring and other charges	-	48,855,833	48,855,833
- retakaful contribution ceded	-	7,873,838	7,873,838
- Others	448,685	-	448,685
	448,685	56,729,671	57,178,356

	2015 OF (Rupees)	2015 PTF (Rupees)	2015 Total (Rupees)
Prepaid			
- annual monitoring and other charges	-	37,430,246	37,430,246
- retakaful contribution ceded	-	4,546,500	4,546,500
	-	41,976,746	41,976,746

11. SUNDRY RECEIVABLES

	Note	2016 OF	2016 PTF	2016 Total
		(Rupees)		
Wakala fee		82,069,800	-	82,069,800
Qarz e Hasna	5	110,000,000	-	110,000,000
Mudarib fee		877,980	-	877,980
Receivable from Operator's Fund		-	10,705,490	10,705,490
		192,947,780	10,705,490	203,653,270

	2015 OF	2015 PTF	2015 Total
	(Rupees)		
Wakala fee	32,569,208	-	32,569,208
Qarz e Hasna	30,000,000	-	30,000,000
Mudarib fee	990,879	-	990,879
	63,560,087	-	63,560,087

12. DIRECT EXPENSES

		2016 PTF (Rupees)	2015 PTF (Rupees)
Tracker rental expense and monitoring fee	12.1	89,314,413	56,463,920

12.1 This represents rental expense of trackers installed including tracker monitoring charges.

13. MANAGEMENT EXPENSES

	2016 (Rupees)	2015 (Rupees)
Salaries and Wages	47,376,410	23,266,314
Travelling incentives	34,905,495	4,008,241
Outsourcing expenses	2,641,616	1,507,804
Communication	2,647,386	1,227,114
Rent, rates and taxes	12,893,808	6,630,600
Utilities	4,011,853	1,013,385
Fuel	3,355,235	1,762,295
Depreciation	4,021,602	2,502,211
Printing and Stationary	2,519,358	312,140
Insurance	580,936	474,218
Others	386,939	249,844
	115,340,638	42,954,166

14. GENERAL AND ADMINISTRATIVE EXPENSES

Salaries and Wages	5,290,767	3,262,959
Advertisement and marketing	23,789,834	29,662,932
Travelling and conveyance	976,882	686,535
Registration, subscription and association	2,451,106	1,036,639
Communication	361,839	267,460
Repair & Maintenance	8,274,375	3,809,334
IT Related Cost	8,219,744	3,325,662
Donation	947,577	1,526,157
Auditors' remuneration	768,185	275,000
Legal and professional charges	755,940	1,267,147
Depreciation	449,113	370,012
Amortization Expenses	299,505	229,999
Rent, rates and taxes	1,439,918	929,901
Utilities	448,024	142,121
Fuel	374,696	247,151
Others	1,704,945	1,249,834
	56,552,450	48,288,843

15. TRANSACTIONS WITH RELATED PARTIES - PTF

TPL Direct Insurance Limited

Opening balance - payable	5,032,164	4,742,000
Services received during the year	100,740,000	82,830,000
Payments received by the Company on behalf of PTF - net	(27,938,789)	(7,189,058)
Payments made during the year	(71,935,714)	(75,350,778)
Closing balance - payable	5,897,661	5,032,164

Operator's Fund

Opening balance - payable	63,560,087	12,547,863
Wakala fee during the year	288,995,419	196,251,427
Qard-e-Hasna	80,000,000	30,000,000
Modarib Fee	2,479,669	990,879
Payments made during the year	(252,792,885)	(176,230,082)
Closing balance - payable	182,242,290	63,560,087

16. MANAGEMENT OF TAKAFUL AND FINANCIAL RISK

The Operator issue contracts that transfer takaful risk or financial risk or both. This section summarises the takaful risks and the way the Company manages them.

16.1 Takaful risk management

16.1.1 Takaful risk

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

The Operator's major takaful contracts are in respect of motor vehicles through issuance of general takaful contracts relating to motor takaful. For these contracts the most significant risks arise from theft, accidents and terrorist activities.

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

16.1.2 Frequency and severity of claims

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

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

16.1.3 Uncertainty in the estimation of future claim payments

Claims on motor takaful contracts are payable on a claim occurrence basis. The PTF is liable for all covered events that occur during the term of the takaful contracts respectively, including the event reported after the expiry of the takaful contract term.

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgement or preliminary assessment by the independence surveyor appointed for the purpose. The initial estimates include expected settlement cost of the claims. Provision for IBNR claims is determined based on actuary advice and is estimated using Chain Ladder (CL) methodology. The Chain Ladder (CL) Method involves determination of development factors or link ratios for each period. These are then subsequently combined to determine Cumulative Development Factor (CDF) which represents the extent of future development of claims to reach their ultimate level.

There are several variable factors which affect the amount and timing of recognised claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognised amount. Outstanding claims are reviewed on a periodic basis.

16.1.4 Key assumptions

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

The principal assumption underlying the liability estimation of IBNR and Contribution Deficiency Reserves is that the PTF's future claim development will follow similar historical pattern for occurrence and reporting. The management uses qualitative judgement to assess the extent to which past occurrence and reporting pattern will not apply in future. The judgement includes external factors e.g. treatment of one-off occurrence claims, changes in market factors, economic conditions, etc.

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

The details of estimation of outstanding claims (including IBNR) are given under note 4.5.

16.1.5 Sensitivity analysis

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

The claim liabilities are sensitive to the incidence of covered events and severity / size of claims. As the Operator enters into short term takaful contracts, it does not assume any significant impact of changes in market conditions on unexpired risks. However, some results of sensitivity testing are set out below, showing the impact on profit before tax net of retakaful. The impact of 10 % increase / decrease in incidence of covered events on gross claim liabilities, underwriting results, net claim liabilities, profit before tax and shareholder's equity is as follows:

Average claim cost	PTF			
	Underwriting results		Fund balance	
	2016	2015	2016	2015
	(Rupees)			
Motor business	29,062,123	15,899,548	20,052,865	10,811,693
Health	220,989	35,054	152,482	23,837.00
	29,283,112	15,934,602	20,205,347	10,835,530

16.1.6 Concentration of risk

To optimise benefits from the principle of average and law of large numbers, geographical spread of risk is of extreme importance. There are a number of parameters which are significant in assessing the accumulation of risk 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 with the insured property.

The adequate event limit is a multiple of the treaty capacity or the primary recovery from excess of loss treaty, which is very much in line with the risk management philosophy of the Company.

Retakaful ceded does not relieve the Operator from its obligation towards participants and, as a result the Operator remains liable for the portion of outstanding claims retakaful to the extent that retakaful operator fails to meet the obligation under the retakaful agreements.

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

The concentration of risk by type of contracts based on single risk with maximum exposure is summarised below:

	Gross sum covered		Retakaful		Net	
	2016	2015	2016	2015	2016	2015
	(Rupees)					
Fire & property damage	70,000,000	-	56,000,000	-	14,000,000	-
Motor business	8,000,000	8,000,000	-	-	8,000,000	8,000,000
Health	300,000	300,000	-	-	300,000	300,000
	78,300,000	8,300,000	56,000,000	-	22,300,000	8,300,000

The Operator's major gross exposure in fire & property damage business is Rs. 14 million and in motor business Rs. 8 million (2015: in motor business Rs. 8 million).

16.1.7 Claims development tables

The following table shows the development of claims over a period of time on gross basis. For each class of business the uncertainty about the amount and timings of claims payment is usually resolved within a year.

Analysis on gross basis

Accident year	2014	2015	2016	Total
		---------- (Rupees) ----------		
Estimate of ultimate claims cost:				
At end of accident year	4,674,723	190,721,464	381,323,105	576,719,292
One year later	4,674,723	205,217,425	-	209,892,148
Two year later	4,611,264		-	4,611,264
Estimate of cumulative claims	4,611,264	205,217,425	381,323,105	591,151,794
Cumulative payments to date	(4,611,264)	(203,261,243)	(319,575,799)	(527,448,306)
Liability for outstanding claims	-	1,956,182	61,747,306	63,703,488

17. FINANCIAL RISK MANAGEMENT

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

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Operator's risk management policies are established to identify and analyse the risks faced by the Operator, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Operator's activities.

17.1 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 Operator attempts to control credit risk by monitoring credit exposures by undertaking transactions with a large number of counterparties in various industries and by continually assessing the credit worthiness of counterparties.

17.1.1 Management of credit risk

The Operator's policy is to enter into financial contracts in accordance with the guidelines set by the Board of Directors. Credit risk is managed and controlled by the management of the Operator in the following manner:

- Credit rating and / or credit worthiness of the counter party is taken into account along with the financial background so as to minimize the risk of default. Collaterals are obtained wherever appropriate / relevant.

- The risk of counterparty exposure due to failed agreements causing a loss to the Operator is mitigated by a periodic review of the credit ratings, financial statements, credit worthiness, etc. on a regular basis and makes provision against those balances considered doubtful of recovery.

- Loans given to employees are deductible from the salary of the employees.

- Cash is held with reputable banks only.

To reduce the credit risk the management continuously reviews and monitors the credit exposure towards the policyholders and other insurers/reinsurers and makes provision against those balances considered doubtful of recovery.

17.1.2 Exposure to credit risk

In summary, compared to the amount included in statement of assets and liabilities, the maximum exposure to credit risk as at 31 December is as follows:

	OF		PTF	
	Balance as per the financial statement	Maximum exposure	Balance as per the financial statement	Maximum exposure
2016	(Rupees)			
Bank deposits	112,296,087	112,296,087	187,154,833	187,154,833
Contribution due but unpaid	-	-	96,419,263	96,419,263
Accrued investment income	147,603	147,603	1,583,325	1,583,325
Salvage recoveries accrued	-	-	31,752,306	31,752,306
Sundry receivables	192,947,780	192,947,780	10,705,490	10,705,490
	305,391,470	305,391,470	327,615,217	327,615,217
2015	(Rupees)			
Bank deposits	105,865,444	105,865,444	112,890,010	112,890,010
Contribution due but unpaid	-	-	50,447,547	50,447,547
Accrued investment income	136,644	136,644	162,058	162,058
Salvage recoveries accrued	-	-	6,700,000	6,700,000
Sundry receivables	63,560,087	63,560,087	-	-
	169,562,175	169,562,175	170,199,615	170,199,615

17.1.3 Past due / impaired assets

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

	PTF	
	2016	2015
	(Rupees)	
0-90 days	96,419,263	50,447,547
Over 90 days	-	-
Total	96,419,263	50,447,547

The above balance is considered good and is not impaired.

17.1.4 Credit Rating and Collateral

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

Rating Long term	Rating Agency	OF Amount (in Rupees) 2016	2015
AA+	PACRA	34,063,556	27,530,364
A-	JCR-VIS	877,919	833,705
AA	JCR-VIS	77,354,612	77,501,375
		112,296,087	105,865,444

Rating Long term	Rating Agency	PTF Amount (in Rupees) 2016	2015
AA+	PACRA	6,219,104	31,196,415
A+	JCR-VIS	180,935,729	81,693,595
		187,154,833	112,890,010

The Operator enters into re-takaful / co-takaful arrangements with re-takaful / other takaful operators having sound credit ratings accorded by reputed credit rating agencies. The Operator is required to comply with the requirements of circular no. 32 / 2009 dated October 27, 2009 issued by SECP which requires an insurance company to place at least 80% of their outward treaty cessions with reinsurers rated 'A' or above by Standard & Poors with the balance being placed with entities rated at least 'BBB' by reputable ratings agency. An analysis of re-takaful assets relating to outward treaty cessions recognised by the rating of the entity from which it is relates is as follows:

	Rating	PTF	
		2016	2015
		----------(Rupees)----------	
Prepaid re-takaful ceded	A or above (including PRCL)	7,873,838	4,546,500

17.1.5 Concentration of credit risk

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

Sector-wise analysis of contribution due but unpaid at the reporting date was:

	PTF		PTF	
	2016		2015	
	(Rupees)	%	(Rupees)	%
Individuals	8,674,303	9%	2,141,465	4%
Corporate	87,744,960	91%	48,306,082	96%
	96,419,263	100%	50,447,547	100%

17.1.6 Settlement risk

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

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

17.2 Liquidity risk

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

17.2.1 Management of liquidity risk

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

17.2.2 Maturity analysis for financial liabilities

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

	OF 2016			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Accrued expenses	275,000	275,000	275,000	-
Other creditors and accruals	23,765,137	23,765,137	23,765,137	-
Payable to TPL Direct Insurance Limited	56,023,940	56,023,940	56,023,940	
	80,064,077	80,064,077	80,064,077	-

	OF 2015			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Accrued expenses	175,000	175,000	175,000	-
Other creditors and accruals	13,098,638	13,098,638	13,098,638	-
Payable to TPL Direct Insurance Limited	24,728,882	24,728,882	24,728,882	
	38,002,520	38,002,520	38,002,520	-

	PTF 2016			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Qard-e-Hasna	110,000,000	-	-	110,000,000
Amount due to other takaful / retakaful operato	20,311,908	20,311,908	20,311,908	-
Other creditors and accruals	84,719,115	84,719,115	84,719,115	-
Payable to TPL Direct Insurance Limited	5,897,662	5,897,662	5,897,662	-
	220,928,685	110,928,685	110,928,685	110,000,000

	PTF 2015			
	Carrying amount	Contractual cash flows	Upto one year	More than one year
	(Rupees)			
Financial liabilities				
Qard-e-Hasna	30,000,000	30,000,000	-	30,000,000
Provision for outstanding claims	54,157,459	54,157,459	54,157,459	
Amount due to other takaful / retakaful operato	6,062,000	6,062,000	6,062,000	-
Other creditors and accruals	33,574,037	33,574,037	33,574,037	-
	123,793,496	123,793,496	93,793,496	30,000,000

17.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) will effect the Operator's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Operator is exposed to interest rate risk, currency risk and other price risk.

17.3.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate exposure arises from balances held in profit and loss sharing accounts with reputable banks and government securities. The Operator limits interest rate risk by monitoring changes in interest rates. Other risk management procedures are the same as those mentioned in the credit risk management.

17.3.1.1 Sensitivity analysis

At the balance sheet date the interest rate profile of the Operator's interest-bearing financial instrument are as follows:

	OF			
	2016	2015	2016	2015
Financial assets	**Effective interest rate (in %)**		**(Rupees)**	
Assets subject to fixed rate				
- Bank deposits	5.40% to 5.75%	5.5% to 6%	100,000,000	95,000,000
Assets subject to variable rate				
- Bank balances	3.25% to 5.45%	4% to 6%	12,296,087	10,865,444

	PTF			
	2016	2015	2016	2015
Financial assets	**Effective interest rate (in %)**		**(Rupees)**	
Assets subject to fixed rate				
- Bank deposits	5.40% to 5.75%	5.5% to 6%	135,000,000	110,000,000
Assets subject to variable rate				
- Bank balances	3.25% to 5.45%	4% to 6%	50,935,729	1,693,595

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The Operator is exposed to cash flow interest rate risk in respect of its balances with profit and loss sharing account with banks. 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. Variations 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.

	2016		2015	
	Profit and loss 100 bps		Profit and loss 100 bps	
	Increase	Decrease	Increase	Decrease
	----------(Rupees)----------		----------(Rupees)----------	
	OF			
Cash flow sensitivity	1,229,609	(1,229,609)	1,086,544	(1,086,544)
	PTF			
Cash flow sensitivity	5,093,573	(5,093,573)	169,360	(169,360)

17.3.1.2 Exposure to interest rate risk

A summary of the Operator's interest rate gap position, categorised by the earlier of contractual re-pricing or maturity date, is as follows:

	OF 2016				
	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		---------- (Rupees) ----------			
Cash and bank deposits	3.25% to 5.45%	112,296,087	-	-	112,296,087
Total assets		112,296,087	-	-	112,296,087
Liabilities	-	-	-	-	-
Total interest sensitivity gap		112,296,087	-	-	112,296,087

	OF 2015				
	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		---------- (Rupees) ----------			
Cash and bank deposits	4 - 6%	105,865,444	-	-	105,865,444
Total assets		105,865,444	-	-	105,865,444
Liabilities		-	-	-	-
Total interest sensitivity gap		105,865,444	-	-	105,865,444

	PTF 2016				
	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		---------- (Rupees) ----------			
Bank deposits	3.25% to 5.45%	185,935,729	-	-	185,935,729
Total assets		185,935,729	-	-	185,935,729
Liabilities	-	-	-	-	-
Total interest sensitivity gap		185,935,729	-	-	185,935,729

	PTF				
	2015				
	Mark-up / return (%)	less than 1 year	1 year to 5 years	More than 5 years	Total
Assets		---------- (Rupees) ----------			
Bank deposits	4 - 6%	111,693,595	-	-	111,693,595
Total assets		111,693,595	-	-	111,693,595
Liabilities	-	-	-	-	-
Total interest sensitivity gap		111,693,595	-	-	111,693,595

17.3.2 Price risk

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. the Operator is not exposed to any price risk at the balance sheet date as it has no financial instrument that is linked to market price.

17.3.3 Foreign currency risk

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

17.4 Fund management

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

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

18. GENERAL

18.1 Statement of Investment Income is not included in these financial statements as there were no investments and related income earned by Window Takaful Operations.

18.2 Figures have been rounded off to the nearest Rupee.

18.3 Subsequent to year end, the Operator has transferred Qard-e-Hasna of Rs. 15 million from Operator's Fund to Participants' Takaful Fund (Note 5).

19. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on 27 March 2017 by the Board of Directors of the Operator.

Chief Executive | Director | Director | Chairman


09

ANNUAL GENERAL
MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at the Auditorium of the Institute of Chartered Accountants of Pakistan (ICAP) at Chartered Accountants Avenue, Clifton, Karachi, on Wednesday, April 26, 2017 at 04:00 pm to transact following business:

ORDINARY BUSINESS

1. To approve the minutes of the Annual General Meeting held on Friday April 29, 2016.

2. To receive, consider and adopt annual audited financial statements of the Company together with the Directors' and Auditors' reports thereon for the year ended December 31, 2016.

3. To appoint Auditors for the year ending December 31, 2017 and fix their remuneration.

SPECIAL BUSINESS

4. To consider and, if thought fit obtain consent of the shareholders in terms of S.R.O 470(I)/2016 dated 31 May 2016 issued by Securities and Exchange Commission of Pakistan (SECP), for the transmission of the annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company either through CD or DVD or USB or by any other permissible electronic mean.

5. To consider and, if thought fit, pass resolution pursuant to Section 208 of the Companies Ordinance, 1984 to authorize the investment of up to Rs. 100 Million in the associated company, TPL Properties Limited.

(A Statement of Material Facts under Section 160 of the Companies Ordinance 1984 relating to the aforesaid Special Business to be transacted at the said Annual General Meeting has been annexed separately to this notice.)

ANY OTHER BUSINESS

6. To consider any other business with the permission of Chairman.

By Order of the Board

Dated: April 05, 2017

Company Secretary

Notes:

1) The Share Transfer Books of the Company will be closed from April 19, 2017 to April 26, 2017 (both days inclusive).

2) A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as proxy to attend and vote instead of him. The Proxy Forms, in order to be effective, must be received at the Registrar of the Company M/s THK Associates (Pvt.) Ltd, 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400., not less than 48 hours before the Meeting.

3) For identification, CDC account holders should present the participant's National Identity Card, and CDC Account Number and in case of proxy must enclose an attested copy of his/her CNIC. The representatives of corporate bodies should bring attested copy of Board of Directors Resolution/ Power of Attorney and/or all such documents as are required under Circular No. 1 dated 26 January 2000 issued by Securities & Exchange Commission of Pakistan for this purpose.

4) Members are requested to immediately notify the change, if any, in their registered address/contact numbers to the Share Registrar on the following address:

THK Associates (Pvt) Limited,
1st Floor, 40-C, Block-6,
P.E.C.H.S, Karachi-75400

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement set out the material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company to be held on Wednesday April 26, 2017.

Item No. 4 of the Notice

Transmission of Annual Report through CD / DVD / USB

To give effect to the notification S.R.O 470(I) 2016 of the Securities and Exchange Commission of Pakistan ('SECP"), shareholders' approval is being sought to allow the Company to circulate its Annual Report through CD/DVD/USB or by any other permissible electronic mean to all members. The Company however, shall place on its website a standard request form to enable those members requiring a hard copy of the Annual Report instead of through CD/DVD/USB, to intimate the Company of their requirement.

Further, if a member prefers to receive hard copies for all the future annual reports, then such preference of the member shall be communicated to the Company in writing in which case the Company shall be bound to provide hard copies of all the future annual reports.

For this purpose, it is proposed to consider and, if thought fit, to pass following resolution as a special resolution, with or without modification:

> *"**Resolved that** transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein to the members at their registered addresses either through CD or DVD or USB or by any other permissible electronic mean instead of transmitting the same in hard copies, be and is hereby approved."*

Item No. 5 of the Notice

Investment in shares of associated company TPL Properties Limited

The Company is desirous of investment in its associated company, TPL Properties Limited amounting to Rs. 100 million. The said investment has been approved by the Board of Directors of the Company in their meeting held on March 27, 2017 subject to shareholders' approval. For this purpose, it is proposed to consider and, if thought fit, to pass following resolution as a special resolution, with or without modification, for investment in shares of TPL Properties Limited pursuant to section 208 of the Companies Ordinance, 1984:

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

*"**Resolved that** approval of shareholders be and is hereby accorded under section 208 of the Companies Ordinance, 1984 to invest in the ordinary shares of TPL Properties Limited subject to a maximum amount of Rs. 100 million."*

The information required to be annexed to the Notice by Notification No. SRO 27(I)/2012 dated 16 January 2012 is set out below:

Name of the Associated Company	TPL Properties Limited
Relationship with Associated Company	Common directorship
Proposed limit of investment	Rs.100 Million
Purpose, benefit and period of the Company	To benefit from capital gains / dividend from the investee company in the long term
Maximum price at which investment will be acquired	Fair market value on the date of purchase subject to maximum limit of Rs. 100 million
Number and percentage of securities after investment	Based on fair market value on the date of purchase subject to maximum limit of Rs. 100 million
Average historical price	Rs. 9.53 per share (week ended on 24th of March 2017)
The complete details of investment already provided	None
Break-up value of investment – latest audited	Based on June 2016: Rs. 15.36 per share
Earnings per share of the associated company for the last three years.	2016: Rs. 2.12 per share 2015: Rs. 1.67 per share 2014: Rs. 4.69 per share
Sources of funds for investment	Own sources
Salient features of all agreements with regards to proposed agreement	None
Interest of directors, majority shareholders and their relatives	Mr. Ali Jameel and Mr. Jameel Yusuf are directors of both TPL Direct Insurance Limited and TPL Properties Limited.

PROXY FORM

I/We _____

of _____ being a member of TPL Direct Insurance Limited

hereby appoint _____

of _____ or failing him _____

of _____ as my proxy to vote for me and on my behalf at the Annual General Meeting of the Company to be held on the 26th day of April 2017 and at any adjournment thereof.

Signed this _____ day of _____ 2017.

1. **Signature** _____
   Name _____
   Address _____
   CNIC or _____
   Passport No. _____

2. **Signature** _____
   Name _____
   Address _____
   CNIC or _____
   Passport No. _____

Signature

Revenue Stamp

Share holders' Folio No. _____

and/or CDC Participant ID No. _____

and Sub Account No. _____

(Signature should agree with the specimen signature registered with the Company)

Notes:

i) Proxies in order to be effective must be recieved by the Company at its registered office not less than 48 hours before the Meeting. A Proxy need not be a member of the Company.

ii) CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card or Passport with this Proxy Form before submission to the Company.

iii) The proxy shall produce his original CNIC or original passport at the time of the meeting.

iv) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پراکسی فارم

سیکریٹری/ رجسٹرار

میں/ہم ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔بیٹا/ بیٹی/ زوجہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔، ٹی پی ایل ڈائریکٹ انشورنس لمیٹڈ کا/ کے شیئر ہولڈر، فولیو نمبر ۔۔۔۔۔۔اور/ یا سی ڈی سی کے حصہ دار کی آئی ڈی ۔۔۔۔۔۔۔۔۔۔۔۔۔۔اور ذیلی اکاؤنٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔کے تحت رجسٹر ہونے کے مطابق ۔۔۔۔۔۔۔۔عام شیئرز رکھتا ہوں/ رکھتی ہوں/ رکھتے ہیں، ۔۔۔۔۔۔۔۔کو مقرر کرتا ہوں/ کرتی ہوں/ کرتے ہیں (جو، فولیو نمبر ۔۔۔۔۔۔اور/ یا سی ڈی سی کے حصہ دار کی آئی ڈی ۔۔۔۔۔۔۔۔۔۔۔۔اور ذیلی اکاؤنٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔کے تحت رجسٹر ہونے کے مطابق ۔۔۔۔۔۔۔۔کمپنی میں عام شیئرز رکھتا ہے/ رکھتی ہے/ رکھتے ہیں) یا اس کو ۔۔۔۔۔۔۔۔۔۔پیش کرتا ہوں/ کرتی ہوں/ کرتے ہیں (جو، فولیو نمبر ۔۔۔۔۔۔اور/ یا سی ڈی سی کے حصہ دار کی آئی ڈی ۔۔۔۔۔۔۔۔۔۔۔۔اور ذیلی اکاؤنٹ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔کے تحت رجسٹر ہونے کے مطابق ۔۔۔۔۔۔۔۔کمپنی میں عام شیئرز رکھتا ہے/ رکھتی ہے/ رکھتے ہیں)، بطور میرا/ ہمارا پراکسی جو 26 اپریل، 2017 کو منعقد ہونے والے سالانہ اجلاس عام میں اور/ یا ملتوی ہونے پر میری/ ہماری طرف سے شرکت کرنے، ووٹ ڈالنے کا حق رکھتا ہے۔

دستخط ۔۔۔۔۔۔۔۔تاریخ ۔۔۔۔۔ 2017

ممبر (ممبران) کے دستخط

ریونیو مہر پر دستخط

(دستخط کا کمپنی کے پاس رجسٹر شدہ دستخط کے نمونے کی طرح ہونا ضروری ہے)

گواہ 1

دستخط ۔۔۔۔۔۔۔۔

نام ۔۔۔۔۔۔۔۔۔

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔۔

گواہ 2

دستخط ۔۔۔۔۔۔۔۔

نام ۔۔۔۔۔۔۔۔۔

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ۔۔۔۔۔۔۔۔۔۔۔۔۔

نوٹس:

1- پراکسی کو کمپنی کا ممبر ہونا ضروری نہیں ہے۔

2- درست ہونے کے لیے، پراکسی جو کہ ہر لحاظ سے باقاعدہ مکمل ہو، اس کا کمپنی کے رجسٹرڈ آفس کے ایڈریس پر اجلاس سے 48 گھنٹے قبل موصول ہونا ضروری ہے۔

3- سی ڈی سی شیئر ہولڈرز یا ان کے پراکسیز اپنی شناخت کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ بمعہ حصے دار کا آئی ڈی نمبر اور اُن کا اکاؤنٹ نمبر اپنے ہمراہ لائیں۔

4- کمپنیز کے لیے ان کے بورڈ آف ڈائریکٹرز کا ریزولوشن یا پاور آف اٹارنی دستخط کے نمونے کے ساتھ جمع کروائیں۔

اظہارتشکر

ہم کمپنی کے شیئر ہولڈرز کا شکریہ ادا کرتے ہیں کہ انھوں نے ہم پر اعتماد کیا۔ ہم پاکستان اسٹاک ایکسچینج، فیڈرل بورڈ آف ریونیو، صوبائی ریونیو حکام، سینٹرل ڈیپازٹری کمپنی اور سیکورٹی ایکسچینج کمیشن آف پاکستان کی طرف سے قابل قدر حمایت اور رہنمائی کی فراہمی پر ان کے شکرگزار ہیں۔ ہم اپنے مخلص ملازمین، اسٹریٹجک شراکت داروں، بینکاروں اور صارفین کا بھی شکریہ ادا کرتے ہیں۔ جنہوں نے کارپوریٹ مقاصد کے حصول میں ہماری مدد کی۔

سعد نثار
چیف ایگزیکٹیو آفسر

بورڈ کے اجلاس

بورڈ آف ڈائریکٹرز کے 2016 میں پانچ اجلاس منعقد ہوئے۔ ڈائریکٹرز کی حاضری درج ذیل رہی۔

ڈائریکٹرز کے نام	اجلاس میں شرکت
جناب جمیل یوسف	5
جناب علی جمیل	5
جناب اینڈریو بورڈا*	4
جناب بلال بن ظفر	5
جناب وقار ملک	5
جناب سید نادر شاہ	5
جناب سعد نثار	5
جناب چارلس رابرٹ**	1

*سال کے دوران استعفی دے دیا

**سال کے دوران خالی جگہ پر کی گئی۔

مستقبل کے خدوخال

پاکستان کی آٹو موبائل انڈسٹری 2017 میں نئے سرے سے لانچ ہو رہی ہے، اور اس میں کم از کم 3 نئی کمپنیاں مارکیٹ میں داخل ہو رہی ہیں۔ موجودہ آٹو مینوفیکچررز معیار اور استعداد کار کو بہتر بنانے اور برقرار رکھنے کے لئے فروخت میں کمی کی منصوبہ بندی کر رہی ہیں۔ تاکہ مستقبل میں اپنی مارکیٹ کو برقرار رکھیں۔ گزشتہ سال کے دوران کار کی فروخت 3 فیصد کم ہوئی۔ تاہم بینک کار فنانسنگ جو کے سو فیصد انشورڈ ہوتی ہیں میں کم ڈسکاونٹ ریٹ کے سبب اضافہ ہوا۔ اس میں مستقبل میں بھی استحکام رہنے کی توقع ہے۔ سی پیک کے پروجیکٹ کے شروع ہونے سے ٹرانسپورٹ کا کاروبار عروج پر ہے اور ٹرانسپورٹ کے خطرات کے سبب انشورنس کے وسیع مواقع موجود ہیں۔ آٹو موبائل انڈسٹری میں ٹرکس کا کاروبار سب سے زیادہ فائدہ میں ہے۔ اور سال کے دوران اس کے کاروبار میں 47 فیصد اضافہ ہوا ہے۔ سی پیک مزید کمرشیل لائین میں سرمایہ کاری کرنے کا موقع فراہم کرتا ہے، کمپنی مستعدی کے ساتھ کارپوریٹ بزنس میں محتاط انڈر رائٹنگ سے ترقی کے لئے سرمایہ کاری کر رہی ہے۔ اور اسے میدان میں موجود اہم کمپنیوں کے کارپوریٹ مقابلہ کے لئے ایک اڑان کی ضرورت ہے۔ اس کے علاوہ بعض بڑے پاور پراجیکٹس اور دیگر میگا پراجیکٹس سے بھی گفت وشنید جاری ہے، جو کمپنی کو طویل مدتی نفع بخش مواقع فراہم کرتا ہے۔

انشورنس آرڈیننس2000

انشورنس آرڈیننس2000اورقواعد اورضرورت کےطور پر،ڈائریکٹرزتصدیق کرتے ہیں کہ:

• ان کی رائے میں اوریقین کےمطابق،کمپنی کےسالانہ قانونی اکاؤنٹس اس بیان کےساتھ منسلک فارمز میں مقررانشورنس آرڈیننس2000کےتحت بنائے گئےقوانین کےمطابق تیارکیئے گئے ہیں۔

• کمپنی نے دوران سال اوپر بیان کےتحت بنائے گئے آرڈیننس اورقوانین کی دفعات کےمطابق ، پیڈ اپ کیپٹل ،سرمایہ،سولوینسی اور ری انشورنس انتظامات،اور بیان کی کسی تاریخ قواعداورضوابط کی پابندی کےساتھ کیئے ہیں۔

ضابطہ اخلاق

کمپنی اس امرکویقینی بناتی ہے کہ اس کی تمام سرگرمیاں کسی تاخیر کےبغیر ضابطہ اخلاق کےمطابق شفاف طور پرانجام دی گئی ہیں۔

پیٹرن آف شیئر ہولڈنگ

31دسمبر2016 تک پیٹرن آف شیئر ہولڈنگ کی طرزمندرجہ ذیل تھی۔

Shareholder's Category	Number of Shares Held	Percentage of Shareholding
Holding company – Greenoaks Global Holdings Ltd - UK	52,196,397	69.12%
Associated companies	18,966,114	25.12%
Directors, their spouses and minor children	222,501	0.29%
Banks, DFIs and NBFIs	816,878	1.53%
Modarabas and mutual funds	814,758	1.11%
Others	2,472,251	3.27%
Total	75,515,899	100%

کمپنی کےحصص میں ٹریڈنگ

دوران سال کمپنی کےشیئر میں ڈائریکٹرز کی جانب سےکوئی ٹریڈنگ نہیں کی گئی ماسوائے اس کے جوکمپنی کےڈائریکٹر بننے کے لئے کوالایفائی کی شرط کے مطابق ضروری تھی۔ اس سلسلے میں کمپنیز آرڈیننس1984 کےسیکشن222 کےتحت ریٹرن مقررہ وقت کےاندر داخل کردی گئی۔شیئر ہولڈنگ کاایک اسٹیٹمنٹ اس رپورٹ کےساتھ منسلک ہے۔

کارپوریٹ سماجی ذمہ داری

ہم پسماندہ آبادی کے طبقات کے لئے مالی اور سماجی نقل وحرکت کے فروغ دینے کے مشن کو اپنائے ہوئے ہیں، اور سسٹم کی بہتری کے لئے کوشاں ہیں۔ جس سے غربت کے خاتمے، تعلیمی نتائج میں کمی کے خاتمے، صحت کی سہولیات میں کمی پر قابو پانے، اور معیار زندگی کے سماجی چیلنجز سے نمٹنے میں مدد ملے گی۔ اور جہاں بھی ممکن ہو قطع نظر نسل، رنگ، مذہب اقتصادی بہبود کو بہتر بنانے کے کوشاں ہیں۔ ہم اپنی بنیادی مہارت کے مضبوط کنکشن کے ساتھ معاشرے پر ایک بامعنی اثر حاصل کرنے کے لئے کوشش کرتے ہیں اور اس کا مقصد معاشرے کے پسماندہ طبقات کی ترقی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک کا بیانیہ

بورڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مقرر کردہ گورننس کے کوڈ کے تحت کارپوریٹ ذمہ داریوں سے پوری طرح آگاہ ہے اور اس امر کی تصدیق کرتا ہے کہ:

- کمپنی کی جانب سے تیار کردہ مالیاتی گوشوارے، اس کے آپریشنل نتائج، کیش فلو، اور ایکوئٹی میں تبدیلیوں کا اظہار شفاف طور پر کیا گیا ہے۔
- کمپنی کے اکاؤنٹس باقاعدہ طور پر مرتب کیے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو مسلسل اپنایا گیا۔ مالیاتی اندازے محتاط روی سے لئے گئے۔
- بین الاقوامی اکاؤنٹنگ کے معیارات، بین الاقوامی مالیاتی رپورٹنگ کے معیارات اور دیگر قواعد وضوابط (بشمول شریعہ کے رہنما خطوط/ اصول) جو پاکستان میں قابل عمل ہیں، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی، اور کسی بھی انحلاء کو مناسب طور پر بیان کیا گیا۔
- اندرونی کنٹرول کا نظام مضبوط ہے اور مؤثر طور پر نافذ اور مونیٹر کیا جاتا ہے۔
- کمپنی کے بنیادی اصول مضبوط ہیں اور کمپنی کے قائم رہنے کی صلاحیت کسی شک وشبہ سے بالاتر ہے۔
- کمپنی کارپوریٹ گورننس کے بہترین طریقوں کی پیروی کر رہی ہے اور کارپوریٹ گورنس کے مطابق کوئی کوتاہی نہیں ہوئی۔
- گزشتہ چھ سال کے مالیاتی اشارے اور کلیدی اعداد شمار کا اختصاریہ اس سالانہ رپورٹ میں شامل ہے۔
- گزشتہ سال کے آپریٹنگ نتائج سے کوئی قابل ذکر انحراف نہیں ہوا ماسوائے شراکتی تکافل فنڈ میں خسارے کے، جس کی وضاحت اس رپورٹ میں کر دی گئی ہے۔
- ٹیکس، فرائض، لیویز اور بقایاجات کی قانونی ادائیگیاں معمول کے مطابق کی گئی ہیں۔
- بورڈ نے اپنے ڈائریکٹرز کے لئے تربیت کو یقینی بنایا ہے۔ کمپنی کے پانچ ڈائریکٹرز نے ڈائریکٹر کے ٹریننگ پروگرام میں شرکت کی ہے۔ جبکہ کمپنی کے ایک ڈائریکٹر کارپوریٹ گورننس کے کوڈ کے مطابق مندرجہ بالا تربیت سے مستثنیٰ ہیں۔
- 30 جون 2016 کے غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر پراویڈینٹ فنڈ کی سرمایہ کاری کی مالیت 21.5 ملین روپے ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (پاکرا) نے کمپنی کی مستحکم آوٹ لک کے ساتھ،،اے،،(A) ریٹنگ کو بحال رکھا ہے۔

گذشتہ چھ سال کے اہم کارکردگی اشارے

(Rs. in millions)

Balance Sheet	2016	2015	2014	2013	2012	2011
Paid up share capital	893.84	893.84	452.31	452.31	452.31	452.31
Accumulated losses / Unappropriated profits	148.89	45.72	12.44	-13.49	-65	-84.66
Total Equity	**1,042.72**	**939.56**	**464.76**	**438.83**	**387.31**	**367.65**
Investments	102.50	101.35	49.94	153.24	149.27	163.11
Fixed assets	361.16	384.71	308.70	169.09	120.16	106.35
Capital work in progress	-	-	4.84	19.05	47.89	147.93
Cash and bank deposits	893.42	640.65	8.95	108.35	17.77	22.06
Other assets	601.96	551.57	815.91	625.82	507.98	336.52
Total assets of General Takaful Operations - OF	318.93	190.68	81.40	-	-	-
Total Assets	**2,277.97**	**1,868.96**	**1269.75**	**1,075.54**	**843.07**	**775.98**
Underwriting liabilities	831.03	693.85	695.88	568	418.84	314.78
Short term finance	-	-	-	-	-	-
Other liabilities	226.09	129.86	81.57	68.72	36.9	93.54
Total liabilities of General Takaful Operations - OF	178.13	105.69	27.54	-	-	-
Total Liabilities	**1,235.24**	**929.40**	**804.99**	**636.72**	**455.74**	**408.32**
Profit and Loss	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Gross premium written	1,370.19	1171.26	1155.95	869.88	706.48	513.33
Net premium revenue	1,204.42	1129.28	1042.93	733.46	619.85	453.63
Underwriting expenses	-1,074.77	-1074.40	-965.12	(619.88)	(532.39)	(380.68)
Underwriting results	129.65	54.88	77.80	113.58	87.46	72.96
Investment income and other income	181.50	140.49	93.13	74.34	82.63	41.74
Administrative and other expenses	-197.86	-160.14	-135.19	(109.56)	(107.89)	(71.82)
Profit / (Loss) before tax from General Insurance Operations	113.30	35.23	35.74	78.36	62.19	42.87
Profit before tax from Window Takaful Operations	35.53	10.39	3.21	-	-	-
Profit / (Loss) before tax for the year	148.83	45.62	38.95	-	-	-
Profit / (Loss) after tax	**103.17**	**33.28**	**25.93**	**51.52**	**42.71**	**29.83**

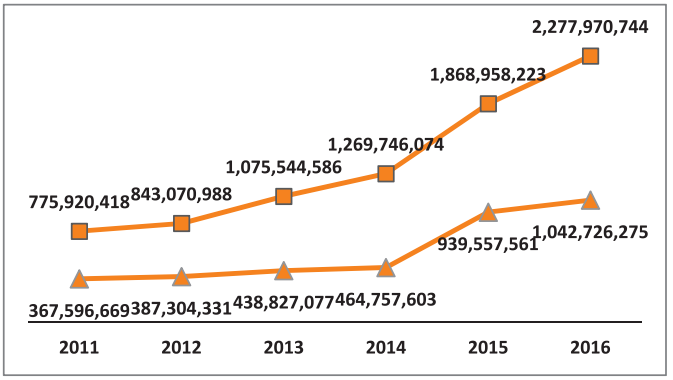
آڈیٹرز

میسرز ارنسٹ اینڈ ینگ فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس کی مدت اختتام پذیر ہوئی اور انھوں نے دوبارہ آڈیٹرز کے طور پر تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ آف ڈائریکٹرز نے 31 دسمبر 2017 کو ختم ہونے والے سال کے لئے آڈیٹرز کے طور پر باہمی رضامندی سے طے ہونے والی فیس پر ان کی تقرری کی سفارش کی ہے۔

متعلقہ پارٹی لین دین

متعلقہ پارٹی کی لین دین کو بورڈ کی آڈٹ کمیٹی کی سامنے پیش کیا گیا جسے بورڈ کی طرف سے منظور کرلیا گیا ہے۔ یہ لین دین انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈ اوکمپنیز آرڈیننس 1984 کے مطابق ہے۔

سال	کل اثاثہ جات	خالص اثاثے
2011	775,920,418	367,596,669
2012	843,070,988	387,304,331
2013	1,075,544,586	438,827,077
2014	1,269,746,074	464,757,603
2015	1,868,958,223*	939,557,561
2016	**2,277,970,744***	**1,042,726,275**



* 525.53 ملین روپے کے اثاثے (ملین روپے 300.96 :2015) جو شراکتی تکافل فنڈ سے متعلق ہیں، کمپنی کے مجموعی اثاثوں میں شامل نہیں ہیں۔

سرمایہ کاری

31 دسمبر 2016 میں کمپنی کے سرمایہ کاری پورٹ فولیو کی مالیت 102.50 ملین روپے (ملین روپے 101.35 :2015) جو بنیادی طور پر گورنمنٹ سیکورٹیز پر مشتمل ہے۔ جس میں 100.39 ملین روپے (ملین روپے 99.55 :2015) اس سرمایہ کاری کی مجموعی مارکیٹ قدر 113.94 ملین روپے ہے۔ (ملین روپے 111.94 :2015).

کیش اینڈ بنک ڈپازٹ

کمپنی کے نقد اور بنک ڈپازٹ کی مالیت 893.4 ملین روپے ہے۔ (سال 2015 میں اس کی مالیت 640.6 ملین روپے تھی) جس میں سے Rs.717 ملین کی رقم شارٹ ٹرم بنک ڈپازٹ میں رکھی ہے، (سال 2015 میں یہ رقم 624 ملین روپے تھی)۔ اس کے علاوہ شراکتی تکافل فنڈ کی نقد رقم اور بینک ڈپازٹ کی مالیت 187.2 ملین روپے ہے، سال 2015 میں یہ رقم 112.9 ملین روپے تھی۔ اس رقم میں سے 135 ملین روپے (110 ملین روپے) بنک کے شارٹ ٹرم ڈپازٹ میں رکھے ہیں۔

شیئر منافع

ہم، بورڈ آف ڈائریکٹرز، سفارش کرتے ہیں کہ کمپنی کے اس سال کے منافع کو بڑھانے کے لئے شیئر منافع کو محفوظ رکھا جائے۔ اور اسے کمپنی کے منافع میں مزید اضافے کے لئے نئی جدید پروڈکٹ ترقی میں سرمایہ کاری کرنے کے لئے مشورہ دیتے ہیں۔

بعد کے واقعات

زیر جائزہ سال کے ختم ہونے کے بعد، گرین اوکس گلوبل ہولڈنگز لمیٹڈ نے جس کے پاس کمپنی کے 69.12 فیصد شیئر موجود ہیں، ٹی پی ایل ٹریکر لمیٹڈ (ایک ایسوسی ایٹیڈ کمپنی) سے شیئر ہولڈنگ کو فروخت کرنے کا ایک معاہدہ کیا ہے۔ جو کہ ریگولیٹری اپروول سے مشروط ہے۔

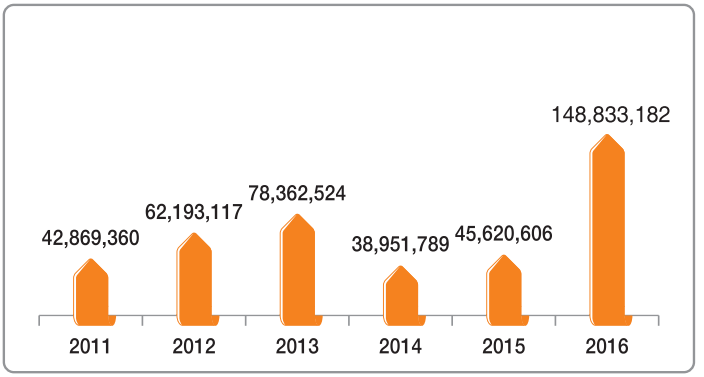
مالیاتی جائزہ

منافع اور ترقی

کمپنی کو قبل از ٹیکس منافع 148.8 ملین روپے (ملین روپے 45.62 :2015) ہوا جس میں آپریٹر فنڈ سے حاصل منافع 35.5 ملین روپے (ملین روپے 10.4 :2015) شامل ہے۔ ایس ای سی پی کے 2015 کے سرکلر 25 کے مطابق اس منافع میں شراکتی تکافل فنڈ کا 66.8 ملین روپے (2015:53.2 ملین روپے) کا نقصان شامل نہیں ہے۔ قبل از ٹیکس اور بعد از ٹیکس فی شیئر آمدنی بالترتیب فی شیئر 1.97 روپے اور 1.37 روپے رہی۔ (0.47 اور 0.65 :2015)

اس سال کے دوران کمپنی نے ٹریکنگ ڈیوائسس کی ڈیپریسیشن کا اندازہ کرنے کا طریقہ کار تبدیل کیا ہے اور انکی قابل استعمال عمر کو پانچ سے چھ سال کر دیا ہے۔ جسکی وجہ سے کمپنی کو 26.06 ملین روپے کا قبل از منافع فائدہ ہوا ہے جو کہ 17.98 ملین روپے بعد از ٹیکس اور 0.24 پیسے فی شیئر ہے۔

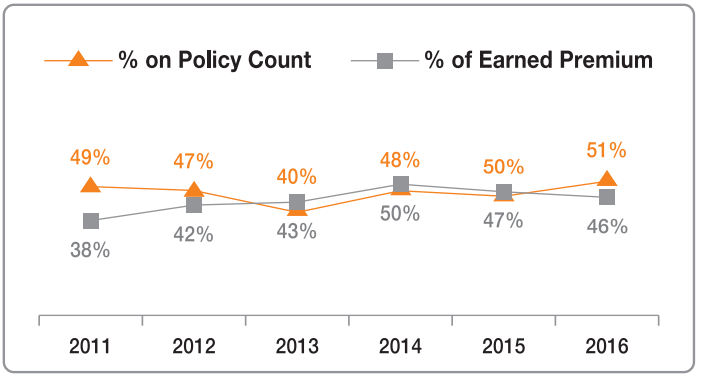
سال	قبل از ٹیکس منافع
2011	42,869,360
2012	62,193,117
2013	78,362,524
2014	**38,951,789**
2015	**4 ,620,606**
2016	**148,833,182**



ہم کمپنی کے پریمیم کی بنیاد کو نمایاں طور پر منافع بخش بنانے اور ہمارے حصص داروں کو زیادہ منافع آور بنانے کے لئے مسلسل منصوبہ بندی کر رہے ہیں۔ جس میں پریمیم میں اضافہ کے اقدامات موجودہ پروڈکٹ اور شعبہ جات (موٹر، مائیکرو ہیلتھ، ونڈو تکافل آپریشنز) کے ساتھ ساتھ فائر اور میرین کے شعبہ کے کاروبار کی کارپوریٹ لائنوں میں توسیع کی تفصیلات شامل ہیں۔

سال کے دوران کمپنی کے اثاثوں کی بنیاد میں بہتری آئی ہے اور مارکیٹ میں نئے اور ویلیو ایڈڈ انشورنس پروڈکٹ کو متعارف کرنے کے لئے ایک مضبوط پلیٹ فارم کی بنیاد رکھ دی ہے۔

سالانہ داخل کئے جانے والے کلیمز		
سال	پالیسی شمار کی شرح	حاصل شدہ پریمیم کی شرح
2011	49%	38%
2012	47%	42%
2013	40%	43%
2014	50%	50%
2015	46%	47%
2016	**51%**	**45%**



ہیلتھ کلیمز کا تناسب 28.12 فیصد (فیصد 77.7 :2015) برقرار رہا۔ کلیمز کے تناسب میں نمایاں کمی مائیکرو ہیلتھ کے شعبے میں ترقی اور کارپوریٹ ہیلتھ کے شعبہ میں خصوصی نگہداشت سے حاصل کی گئی۔ کمپنی ہیلتھ کے شعبہ کو منافع بخش بنانے کے لئے کوشاں ہے، ہمیں امید ہے کہ مائیکرو ہیلتھ کا شعبہ مزید ترقی کرے گا اور کمپنی کے مرکزی منافع کا باعث بنے گا۔ چونکہ کمرشیل لائن ابھی ابتدائی مرحلے میں ہے۔ اس لئے کلیمز بہت معمولی ہیں۔ کمپنی نے کلیمز کے شعبے میں مؤثر رسک مینجمنٹ اور انڈر رائیٹنگ کے ذریعے کلیمز کے اخراجات کو کم کرنے اور شعبہ کو منظّم کرنے کے لئے ایک ٹیم تیار کی ہے۔

ونڈو تکافل آپریشن

کمپنی کو ونڈو تکافل آپریشنز (ڈبلیو ٹی او) سے 684.3 ملین روپے (ملین روپے 464.2 :2015) کا کنٹریبیوشن حاصل ہوا۔ اور اس شعبہ میں 47.4 فی صد کا اضافہ ریکارڈ کیا گیا۔ آپریٹر فنڈ اور شراکتی تکافل فنڈ کے محفوظ اثاثوں کی رقم 844.5 ملین روپے ہوگئی ہے۔ (ملین روپے 491.7 :2015) کمپنی کے ونڈو تکافل آپریشن کی کنٹریبیوشن فائر اور پراپرٹی، موٹر اور ہیلتھ کے شعبہ جات میں اس کی شریعہ ایڈوائزر اور شریعہ کمپلائینس کی مدد سے حاصل ہوئی ہے۔ ونڈو تکافل آپریشن کاروبار کی نئی راہوں کی منصوبہ بندی کی ہے، جو ہمیں نئے کاروبار کی توسیع میں مدد کرے گا۔ جس سے ہمارے گاہکوں اور کاروباری شراکت داروں کی ضروریات اور توقعات پوری ہوں گی۔ اور مزید مارکیٹ کی ترقی ہوگی۔

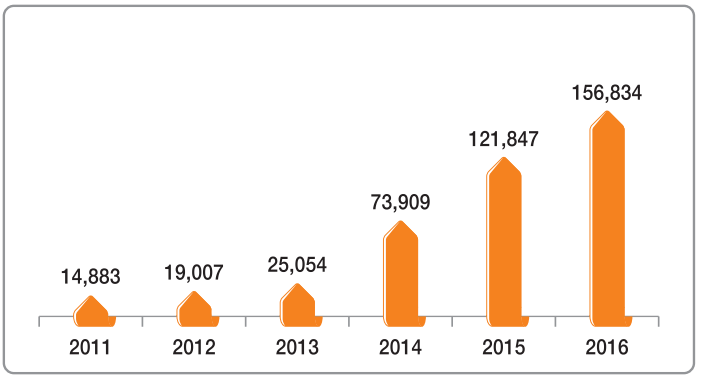
شراکتی تکافل فنڈ کے شعبے میں کلیمز کی زیادہ شرح، مسابقتی قیمتوں کے تعین، اور بنکوں کے ذریعے کاروبار پر لازمی ٹریکنگ ڈیوائس لگانے سے 66.8 ملین کا نقصان ہوا (53.2 :2015 ملین روپے)۔ کمپنی 2016 کی دوسری ششماہی میں نقصان کو 12.3 ملین روپے تک کم کرنے میں کامیاب رہی، جو 2016 کی پہلی ششماہی میں 54.5 ملین روپے تھا۔ ونڈو تکافل بنک کاروبار کے اخراجات میں بہتری اور منافع بخش کارپوریٹ بزنس پوتوجہ کے ساتھ ریٹیل کاروبار میں رسائی پر توجہ مرکوز کررہا ہے، امید ہے کہ شراکتی تکافل فنڈ اگلے برسوں میں بلا نفع نقصان کی سطح پر آجائے گا اور کمپنی فنڈ کو مہیا کیے جانے والے قرض حسنہ کو وصول کرلے گی۔

ری انشورنس

2017 میں ہماری کمرشیل لائن انڈر رائیٹنگ کو معروف بین الاقوامی ری انشورنس کمپنی سوئز ری انشورنس کی معاونت اور حمایت حاصل رہی۔ موٹر سمیت جنرل ایکسیڈینٹ کے شعبے میں ہینوور ری کو سربراہی حاصل رہی، جس کو پاکستان ری انشورنس کمپنی لمیٹڈ، اور ٹرسٹ ری کی سپورٹ بھی حاصل رہی۔ اسی طرح ری تکافل آپریٹر کو ہینوور ری اور جی آئی سی ری جیسی ری انشورنس کمپنیوں کی حمایت حاصل رہی۔

کمپنی نے سال 2016 کے دوسری ششماہی میں اپنا کمرشیل لائن بزنس محتاط بنیاد پر شروع کیا۔ اور اس شعبے میں 67.12 ملین کا مجموعی پریمئیم حاصل کیا۔ اس کے علاوہ، کمپنی نے 30 ستمبر 2016 تک موٹر انشورنس میں ملک کی تیسری بڑی کمپنی کے طور پر موٹر انشورنس صنعت میں اپنی پوزیشن مستحکم بنالی۔ ٹی ڈی آئی کی مستحکم ترقی نے کسٹمرز کے اعتماد میں اضافہ کیا، جسے کمپنی کے تکمیل عمل، منصفانہ پریمیم کی شرح، 60 سیکنڈ میں کلیمز کی ریکارڈنگ، 45 منٹ میں کلیم

پراسیسنگ، اور مکمل نقصان اور چوری کے کلیمز کا 7 دن میں تصفیہ کی پالیسی سے مزید تقویت حاصل ہوئی۔ ڈسکاؤنٹ کی شرح میں کمی کے سبب بینک کے آٹو لیزنگ شعبہ میں ترقی ہوئی، جس سے کمپنی کو بینکنگ کے شعبے میں اپنے قدم مضبوط کرنے کا موقع ملا۔ جس کی وجہ سے اسے اس شعبہ میں 22 فی صد کی صحت مند ترقی ہوئی۔ یہ ترقی اب نئے موٹر پریمیم میں 34 فی صد پر مستحکم ہے۔



سال	پالیسیاں کی تعداد	شرح اضافہ
2011	14,883	28%
2012	19,007	28%
2013	25,054	32%
2014	73,909	195%
2015	121,847*	65%
2016	**156,834***	**29%**

* بشمول مائیکرو ہیلتھ پالیسیوں کی تعداد 108,538 (2015: 85,152) اور ونڈو تکافل آپریشن سے انڈر رائیٹ ہونے والی پالیسی 19,075 (12,922:2015)

ہمارے پورٹ فولیو کا میلان بڑی حد تک موٹر انشورنس پر ہے، (جو کہ مجموعی پریمیم کا تقریباً 93 فیصد) جبکہ دیگر شعبے (فائر، میرین، ہیلتھ اور متفرقات) کا حصہ 7 فیصد ہے۔ اس شعبہ میں آنے والے برسوں میں مزید ترقی امید افزاء ہے۔ کمپنی فعال کمرشیل لائینوں پر اس کی ترقی کے لیے کام کر رہی ہے اور اس شعبہ میں ممتاز ری انشورنس کمپنیوں سوئزری اور ہینوورری سے معاہدے ہوئے ہیں۔

کلیمز کا تجزیہ

2016 میں، کمپنی نے موٹر کلیمز کی شدت پر مؤثر کنٹرول قائم کرتے ہوئے جزوی نقصان کے کلیمز اور چوری کے کلیمز کی صورتحال کو بہتر کیا اور گزشتہ سال 47.3 فیصد کے مقابلے میں 46.8 فیصد تک کمی کی۔ ہم کلیمز کے تصفیہ میں کارکردگی کو بہتر بنانے کے لئے کوشاں ہیں جو پالیسی ہولڈز اور حصص یافتگان دونوں کے لئے کامیابی کا بنیادی ذریعہ ہے۔

ٹی پی ایل ڈائریکٹ انشورنس لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر 2016 کو منتخمہ سال کی کمپنی کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کررہا ہوں.

اقتصادی صورتحال

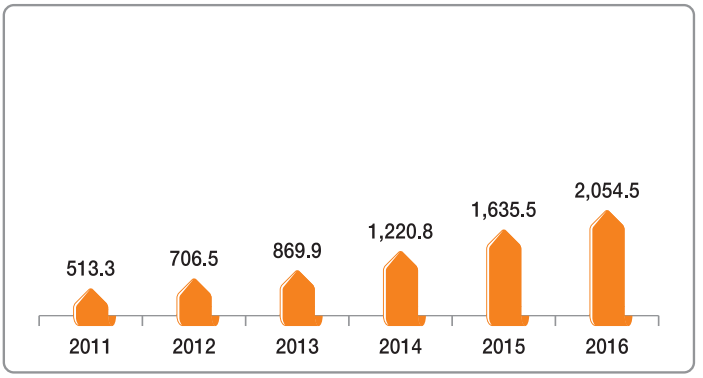
مالیاتی سال 2016 میں حکومت کی معاشی اور ساختی اصلاحات پروگرام، تیل کی قیمتوں میں تیزی سے ہونے والی کمی، اور سیکورٹی کی بہتر ہوتی ہوئی صورتحال نے مجموعی معاشی ترقی کی پیشن گوئی کو حقیقت کا روپ دے دیا ہے۔ مالی سال 2016 میں پاکستان میں زرمبادلہ کے ذخائر مستحکم ہوئے اور بجٹ خسارے میں کمی ہوئی، جبکہ افراط زر اور کرنٹ اکاؤنٹ خسارہ توقع سے کم رہا۔ عالمی سطح پر تیل کی قیمتوں میں کمی اور چین پاکستان اقتصادی راہداری میں سرمایہ کاری کی مدد سے امید ہے کہ مالیاتی سال 2017 میں اس کی متوقع شرح نمو 5.7 فیصد ہوجائے گی۔ چین پاکستان اقتصادی راہداری کے منصوبے سے بنیادی ڈھانچے کے منصوبوں میں 46 ارب ڈالر کی سرمایہ کاری ہورہی ہے، جس میں سڑکوں، ریلوے، پاور پلانٹس اور توانائی کی فراہمی کی بہتری کے منصوبے شامل ہیں۔ ایکوئٹی مارکیٹ کے منظرنامے کا انحصار، اختیار کیے جانے والے معاشی پالیسی کے فیصلوں اور سیاسی صورتحال پر منحصر ہے۔ ابھرتے ہوئے رجحانات مثلاً، اندرونی افراط زر میں اضافہ، امریکی ڈالر کی مضبوطی، امریکی/چین اقتصادی ترقی میں متوقع امریکی فیڈ کی شرح میں اضافہ، ایکوئٹیز کے لئے ایک غیر مستحکم ماحول ثابت کرتا ہے۔ تاہم، بہتر کارپوریٹ آمدنی، مارکیٹ لیکویڈیٹی کی بہتری اور ایم ایس سی آئی کے تحت جاری مارکیٹ ایک سے زیادہ ری ریٹنگ جیسے رجحانات سے ممکنہ تشخیص کے دباؤ میں کمی آسکتی ہے۔

کاروباری جائزہ

مجموعی پریمیم

کمپنی کی تیز رفتار ترقی جاری ہے۔ اس کے مجموعی پریمیم میں 2016 میں 26 فی صد کا اضافہ ہوا اور یہ دو بلین کے سنگ میل کو عبور کر گیا جس میں ونڈو تکافل کاروبار سے حاصل شدہ کنٹریبیوشن 684.3 ملین روپے بھی شامل ہے۔

سال	مجموعی پریمیم	شرح اضافہ
2011	513.3	25%
2012	706.5	38%
2013	869.9	23%
2014	1,220.8	40%
2015	1,635.5*	34%
2016	**2,054.5***	**26%**



* بشمول ونڈو تکافل کنٹریبیوشن 684.3 ملین روپے (464.2 ملین روپے :2015)

ڈائریکٹرز رپورٹ

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