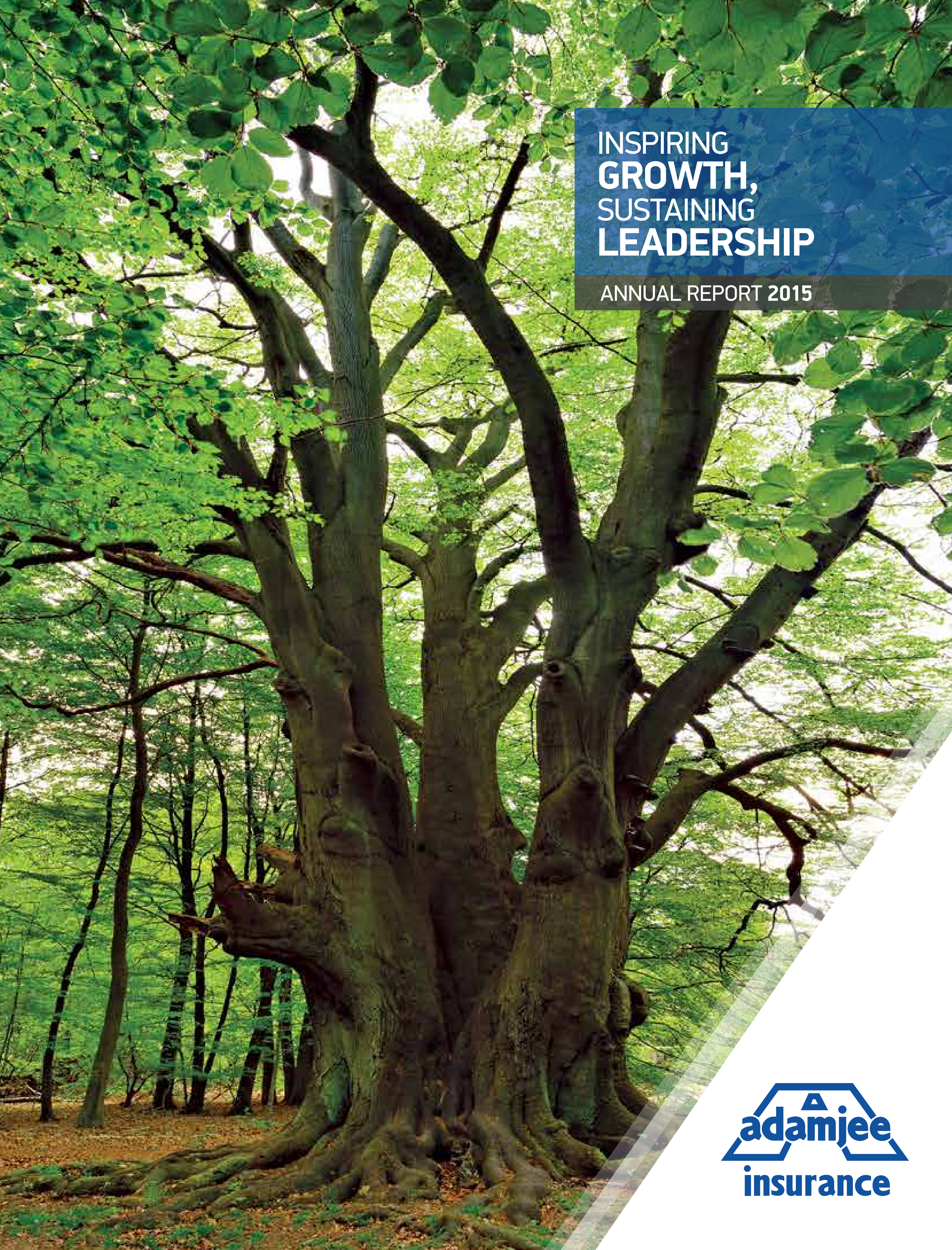


INSPIRING **GROWTH,** SUSTAINING **LEADERSHIP**

ANNUAL REPORT **2015**

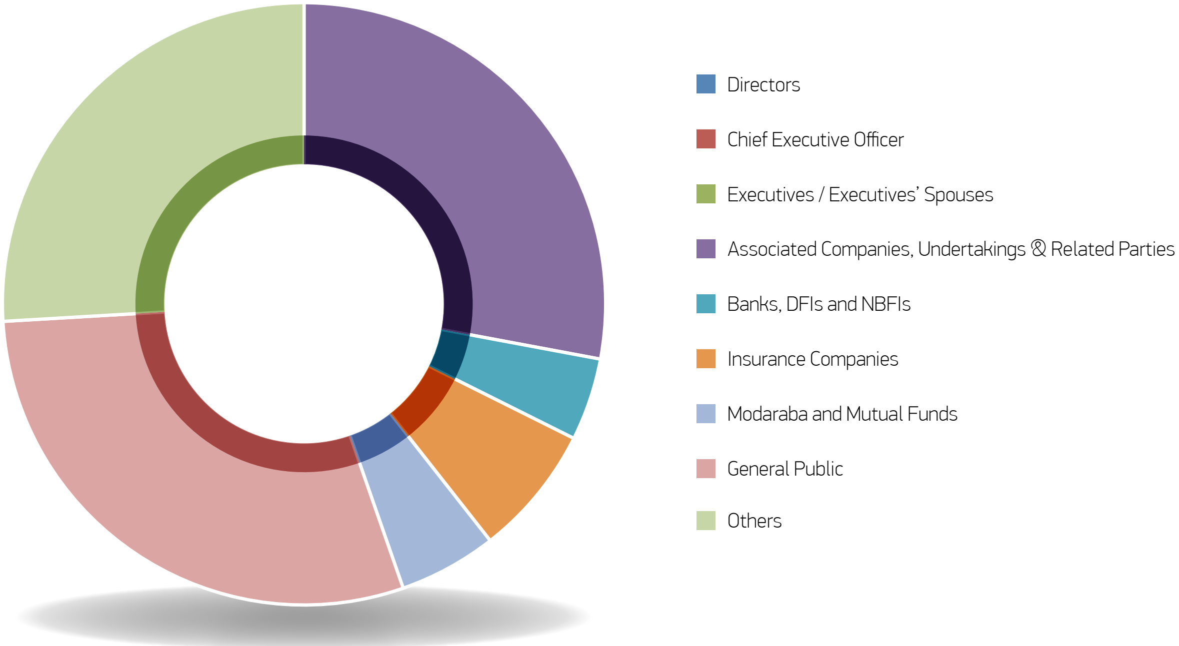
adamjee insurance

INSPIRING **GROWTH,** SUSTAINING **LEADERSHIP**

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

CONTENTS

CATEGORIES OF SHAREHOLDERS

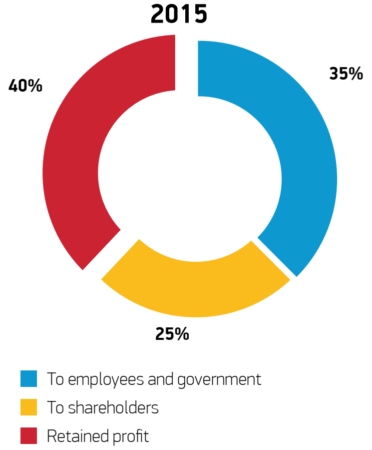


CATEGORIES OF SHAREHOLDERS	Number of Shares	Stake %
Directors	206,942	0.059
Chief Executive Officer	7,073	0.002
Executives / Executives' Spouses	52,024	0.015
Associated Companies, Undertakings & Related Parties	97,535,974	27.867
Banks, DFIs and NBFIs	15,512,531	4.432
Insurance Companies	24,619,953	7.034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

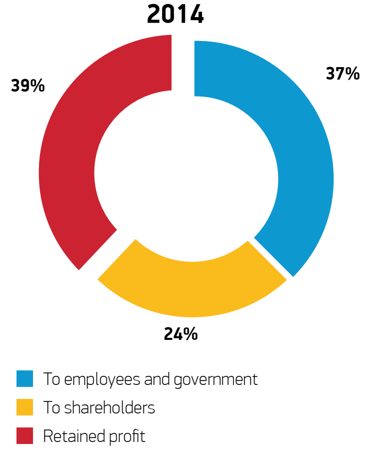
STATEMENT OF VALUE ADDITION AND ITS DISTRIBUTION

	2015		2014	
WEALTH GENERATED	(Rupees in '000')	%	(Rupees in '000')	%
Gross premium earned	13,040,659		10,875,555	
Investment and other income	2,595,370		2,189,077	
	15,636,029		13,064,632	
Management and other expenses	(11,450,471)		(9,804,945)	
	4,185,558	100.00	3,259,686	100.00
WEALTH DISTRIBUTED				
To employees	1,201,575	28.71	1,040,827	31.93
To government	271,812	6.49	151,374	4.64
	1,473,387	35.20	1,192,201	36.57
To shareholders				
Cash dividend	1,050,000	25.09	787,500	24.16
Retained in business				
Depreciation and amortization	161,282	3.85	177,029	5.43
Retained profit	1,500,889	35.86	1,102,956	33.84
	1,662,171	39.71	1,279,985	39.27
	4,185,558	100.00	3,259,686	100.00

2015



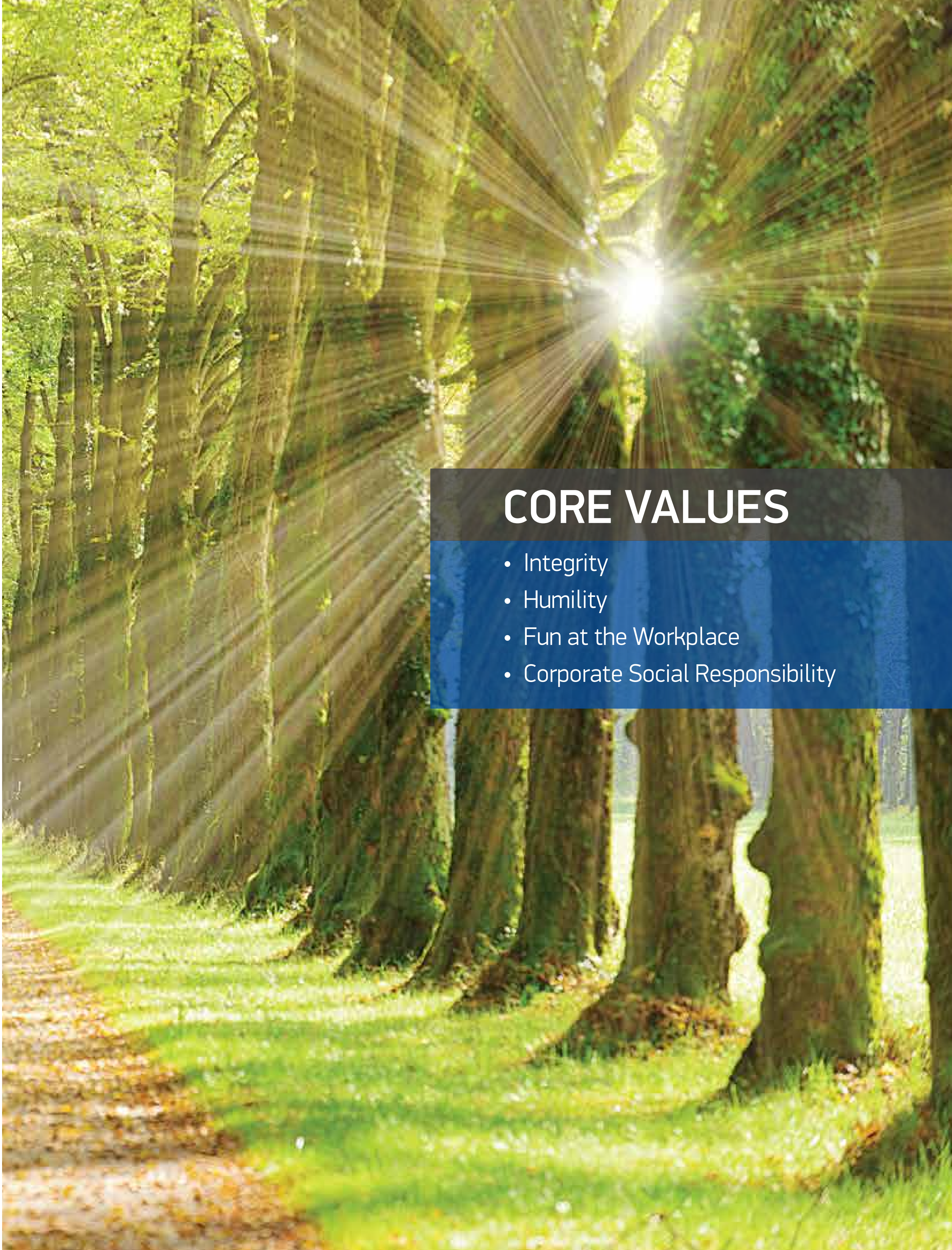
2014



VISION

Our will is to explore, innovate and differentiate.

Our passion is to provide leadership to insurance industry.



CORE VALUES

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

COMPANY INFORMATION

BOARD OF DIRECTORS	
Umer Mansha	Chairman
Ali Muhammad Mahoon	Director
Fredrik Coenrard de Beer	Director
Ibrahim Shamsi	Director
Imran Maqbool	Director
Kamran Rasool	Director
Muhammad Anees	Director
Muhammad Umar Virk	Director
Shahid Malik	Director
Shaikh Muhammad Jawed	Director
Muhammad Ali Zeb	Managing Director & CEO

ADVISOR
Mian Muhammad Mansha

AUDIT COMMITTEE	
Shaikh Muhammad Jawed	Chairman
Ibrahim Shamsi	Member
Umer Mansha	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE	
Umer Mansha	Chairman
Ibrahim Shamsi	Member
Kamran Rasool	Member
Muhammad Ali Zeb	Member

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

CLAIM SETTLEMENT COMMITTEE	
Shaikh Muhammad Jawed	Chairman
Muhammad Ali Zeb	Member
Head of Claims	Member

REINSURANCE COMMITTEE AND COINSURANCE	
Muhammd Umar Virk	Chairman
Muhammad Ali Zeb	Member
Head of Reinsurance	Member

COMPANY SECRETARY
Tameez-ul-Haque
F.C.A.

CHIEF FINANCIAL OFFICER
Muhammad Asim Nagi
A.C.A.

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

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

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

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

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

NOTICE OF THE 55TH ANNUAL GENERAL MEETING

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

ORDINARY:

1. To receive, consider and adopt the Audited Annual Unconsolidated and Consolidated Financial Statements of the Company for the year ended December 31, 2015 and the Directors' and Auditors' reports thereon.

2. To declare and approve, as recommended by the directors, the payment of final cash dividend of Rs. 1.50 per share i.e. @ 15% in addition to 15% interim cash dividend already declared and paid i.e., total 30% for the year ended December 31, 2015.

3. To appoint auditors and fix their remuneration.

SPECIAL:

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

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

58A. Electronic Voting:

I. This article shall only be applicable for the purposes of electronic voting;

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

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

By Order of the Board
Tameez-ul-Haque
Secretary

March 21, 2016

Notes:

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

A. For Attending the Meeting

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

B. For Appointing Proxies

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

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

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

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

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

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

a.	For filers of income tax returns	12.5%
b.	For non-filers of income tax returns	17.5%

To enable the company to make tax deduction on the amount of cash dividend @ 12.5% instead of 17.5%, all the shareholders whose names are not entered into the Active Taxpayers List (ATL) provided on the website of Federal Board of Revenue, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @ 17.5% instead @ 12.5%.

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

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

Address of Independent Share Registrar of the Company:

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

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

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

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

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

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

Inspection of Documents

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

BOARD OF DIRECTORS

Umer Mansha
Chairman

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

Ali Muhammad Mahoon
Director

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

Fredrik Coenrard de Beer
Director

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

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

Ibrahim Shamsi
Director

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

Imran Maqbool
Director

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

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

Kamran Rasool
Director

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

Muhammad Anees
Director

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

Muhammad Umar Virk
Director

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

Shahid Malik
Director

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

Shaikh Muhammad Jawed
Director

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

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

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

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

MANAGEMENT TEAM

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

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

Muhammad Asim Nagi
Executive Director Finance & Chief Financial Officer

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

Adnan Ahmad Chaudhry
Executive Director Commercial

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

Asif Jabbar
Executive Director Technical

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

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

Muhammad Salim Iqbal
Executive Director Reinsurance

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

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

CEO'S MESSAGE

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

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

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

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

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

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

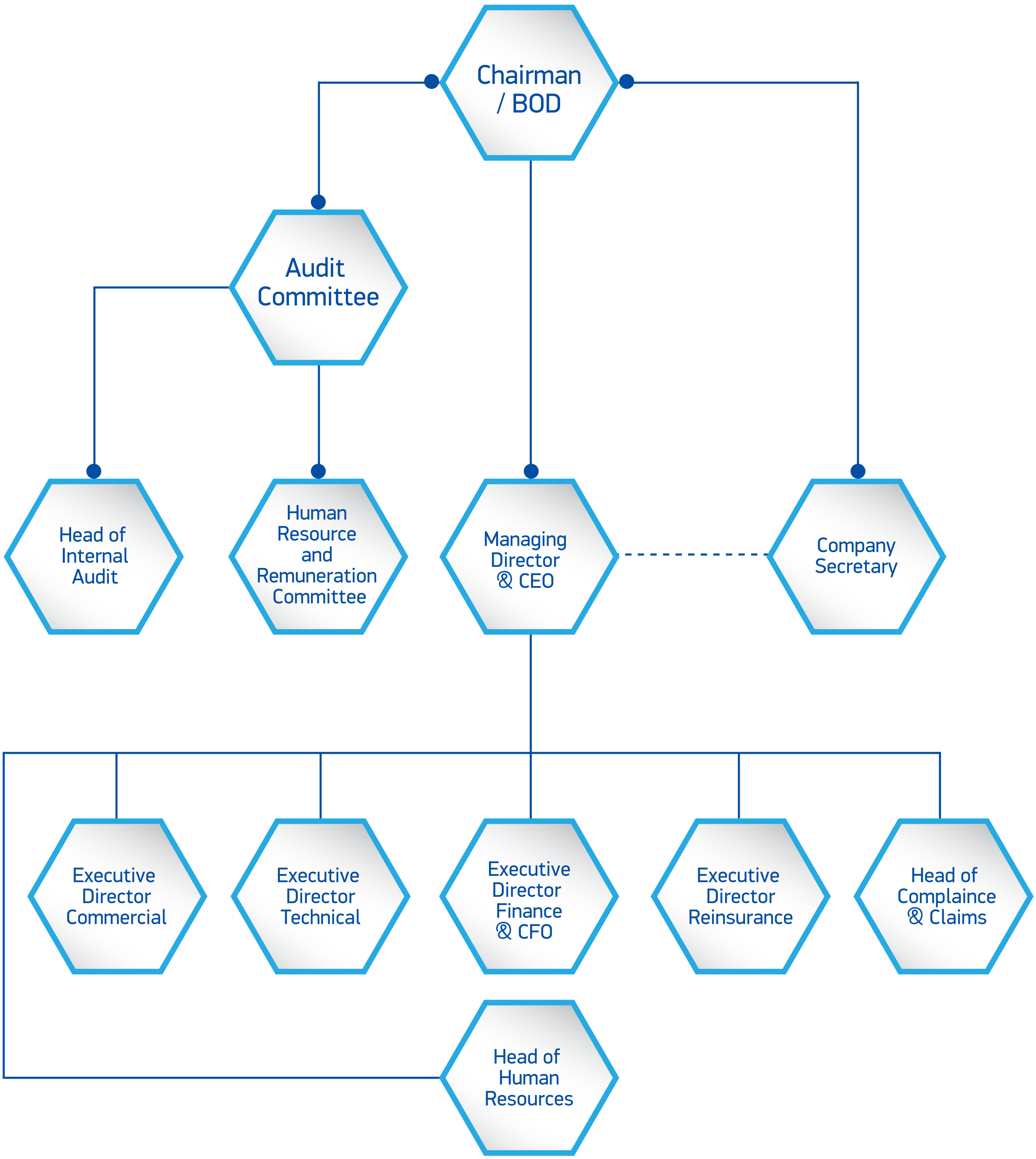
QUALITY POLICY

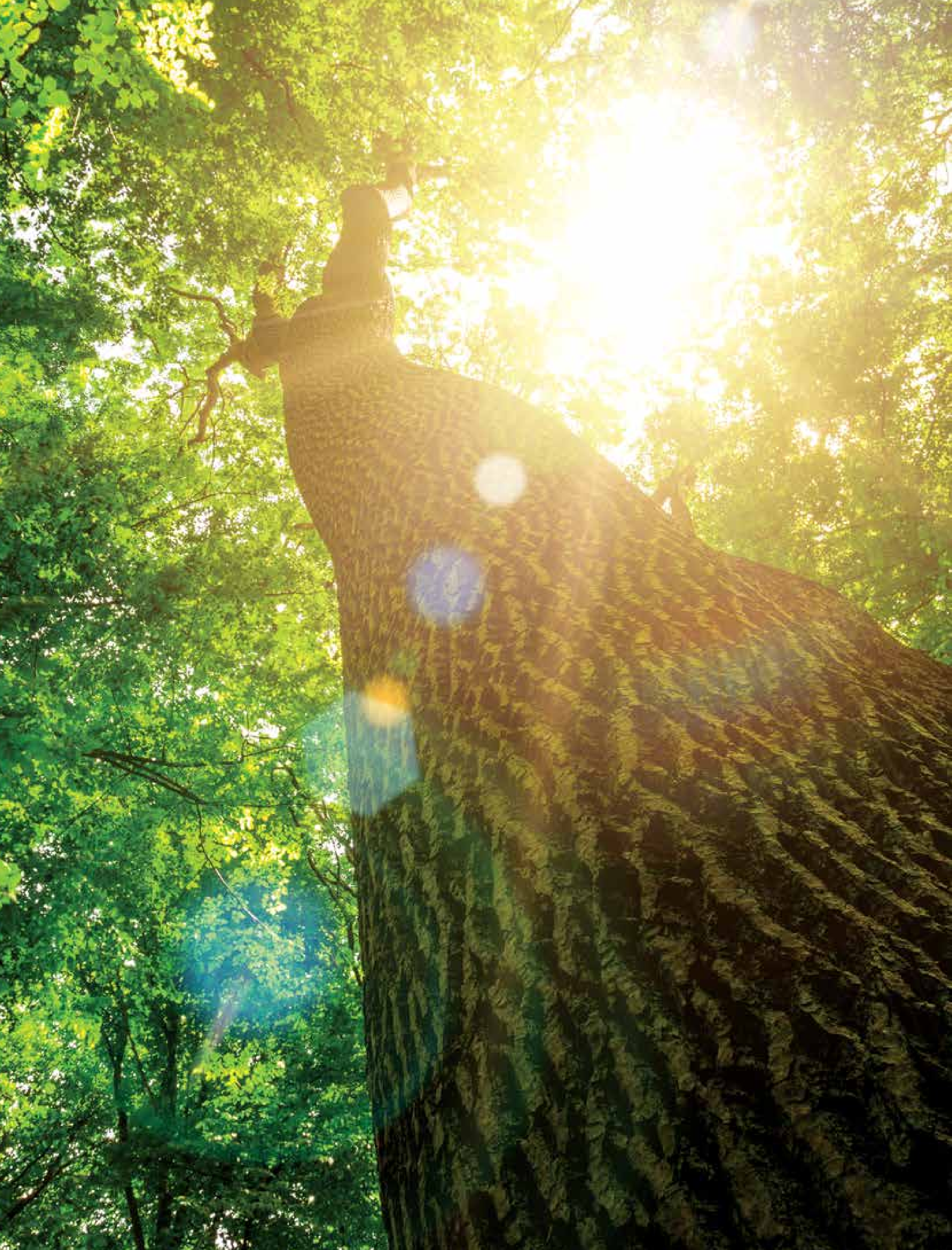
The management and employees of Adamjee Insurance demonstrate commitment to satisfying customer needs by managing risk assessment in General Insurance.

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

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

ORGANIZATIONAL STRUCTURE





COMPANY PROFILE

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

A Truly Dynamic Business Setting

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

Delivering Value to Customers

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

- Fire and Property
- Marine Aviation and Transport
- Motor
- Accident & Health
- Miscellaneous Insurance

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

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

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

Achievements Through the Year

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

Compliance and Ethics

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

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

Health, Safety & Environment

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

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

Committed to Excellence

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

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

SIX YEARS AT A GLANCE

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

FINANCIAL RATIOS

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

VERTICAL ANALYSIS

Balance Sheet and Income Statement

	2015		2014		2013		2012		2011		2010	
	Rupees in Million	%	Rupees in Million	%	Rupees in Million	%	Rupees in Million	%	Rupees in Million	%	Rupees in Million	%
Balance sheet												
Assets												
Cash and Bank Deposits	2,898	9.0	2,877	10.0	2,546	9.4	2,507	10.2	2,379	9.9	2,705	9.7
Loans to Employees	17	0.1	14	0.0	16	0.1	13	0.1	17	0.1	22	0.1
Investments	15,393	47.7	13,482	46.8	11,360	41.8	9,948	40.4	9,452	39.3	9,407	33.7
Defferred Taxation	84	0.3	98	0.3	105	0.4	241	1.0	195	0.8	0	0
Current Assets - others	12,562	38.9	11,248	39.0	11,978	44.0	10,780	43.8	10,962	45.5	14,651	52.5
Fixed Assets	1,301	4.0	1,114	3.9	1,197	4.4	1,118	4.5	1,063	4.4	1,101	3.9
Total Assets	**32,256**	**100.0**	**28,832**	**100.0**	**27,202**	**100.0**	**24,607**	**100.0**	**24,067**	**100.0**	**27,887**	**100.0**
				-								-
Total Equity	15,647	48.5	14,104	48.9	13,046	48.0	11,486	46.7	10,835	45.0	11,000	39.4
Underwriting Provisions	11,916	36.9	11,207	38.9	11,550	42.5	10,636	43.2	10,248	42.6	13,338	47.8
Deferred Liabilities	116	0.4	106	0.4	98	0.4	31	0.1	22	0.1	86	0.3
Creditors and Accruals	4,502	14.0	3,319	11.5	2,456	9.0	2,393	9.7	2,870	11.9	3,326	11.9
Other Liabilitites	75	0.2	95	0.3	52	0.2	61	0.2	92	0.4	137	0.5
Total Equity and Liabilities	**32,256**	**100.0**	**28,832**	**100.0**	**27,202**	**100.0**	**24,607**	**100.0**	**24,067**	**100.0**	**27,887**	**100.0**
Profit and Loss Account												
Revenue account												
Net Premium Revenue	7,747	100.0	6,303	100.0	5,507	100.0	5,672	100.0	6,983	100.0	6,883	100.0
Net Claims	4,780	61.7	4,088	64.9	3,487	63.3	4,143	73.0	4,626	66.2	4,868	70.7
Underwriting Expenses	1,556	20.1	1,483	23.5	1,535	27.9	1,583	27.9	1,715	24.6	1,255	18.2
Net Commission	558	7.2	362	5.7	348	6.3	359	6.3	476	6.8	515	7.5
Underwriting Result	854	11.0	369	5.9	137	2.5	(412)	(7.3)	166	2.4	246	3.6
Investment Income	2,404	31.0	2,061	32.7	2,357	42.8	1,332	23.5	852	12.2	779	11.3
Rental Income	6	0.1	6	0.1	5	0.1	1	0.0	1	0.0	1	0.0
Other Income	185	2.4	122	1.9	148	2.7	164	2.9	157	2.2	171	2.5
General And Administration Expenses	571	7.4	485	7.7	400	7.3	398	7.0	1,184	17.0	623	9.1
Exchange Gain / (Loss)	6	0.1	0	0.0	10	0.2	3	0.1	0	0.0		(0.0)
Finance Charges on Lease Liabilities	0	0.0	0	0.0	2	0.0	6	0.1	15	0.2	19	0.3
Workers' Welfare Fund	58	0.7	42	0.7	45	0.8	13	0.2	18	0.3	12	0.2
Profit Before Tax	2,827	36.5	2,030	32.2	2,210	40.1	670	11.8	(42)	(0.6)	542	7.9
Provision for Taxation	272	3.5	151	2.4	244	4.4	42	0.7	174	2.5	58	0.8
Profit After Tax	2,555	33.0	1,879	29.8	1,966	35.7	628	11.1	132	1.9	484	7.0

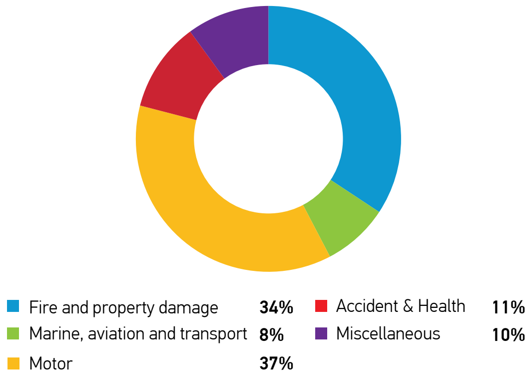
HORIZONTAL ANALYSIS

Balance Sheet and Income Statement

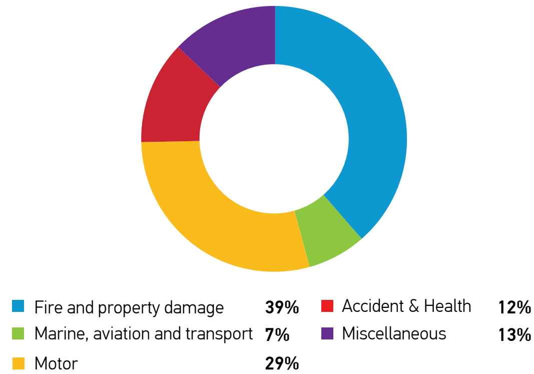
	2015	2014	2013	2012	2011	2010	2015	2014	2013	2012	2011	2010
	Rupees in million						% increase /(decrease) over preceding year					
Balance sheet												
Assets												
Cash and Bank Deposits	2,898	2,877	2,546	2,507	2,379	2,705	0.7	13.0	1.6	5.4	(12.1)	25.4
Loans to Employees	17	14	16	13	17	22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

ANALYSIS OF FINANCIAL STATEMENTS

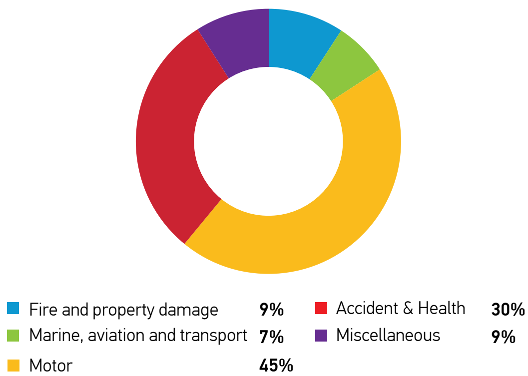
Gross Premium - 2015



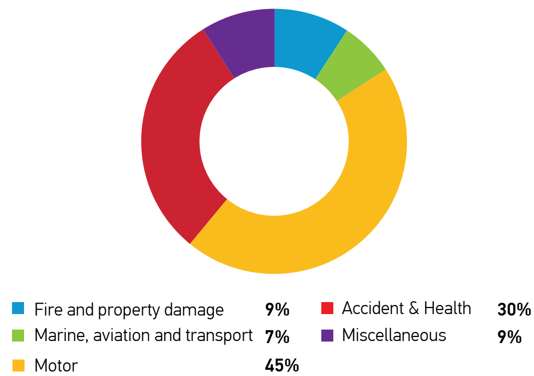
Gross Premium - 2014



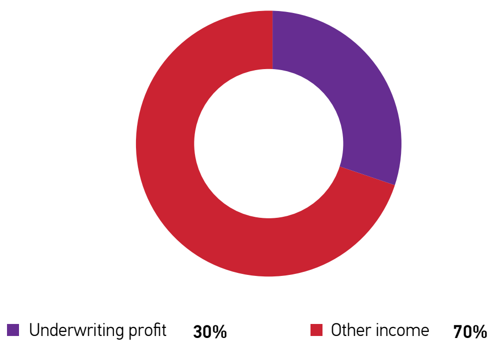
Net Claims - 2015



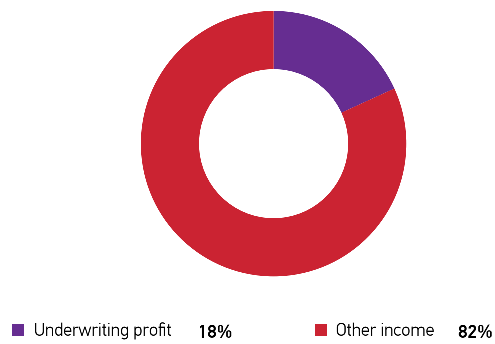
Net Claims - 2014



Analysis of Income - 2015

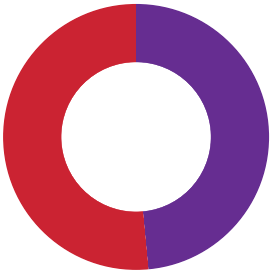


Analysis of Income - 2014



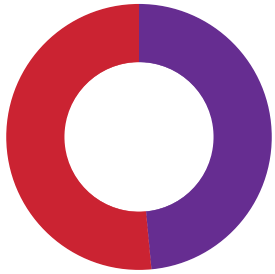
ANALYSIS OF FINANCIAL STATEMENTS

Total Equity and Liabilities - 2015



Equity **49%** | Liabilities **51%**

Total Equity and Liabilities - 2014



Equity **49%** | Liabilities **51%**

Net Premium Revenue - 2015

Fire and property damage **13%**
Accident & Health **20%**
Marine, aviation and transport **9%**
Miscellaneous **9%**
Motor **49%**

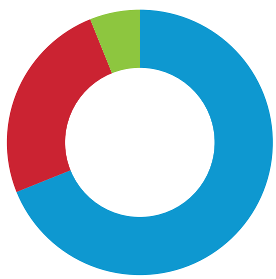
Net Premium Revenue - 2014

Fire and property damage **13%**
Accident & Health **20%**
Marine, aviation and transport **9%**
Miscellaneous **9%**
Motor **49%**

Combined Expenses - 2015

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

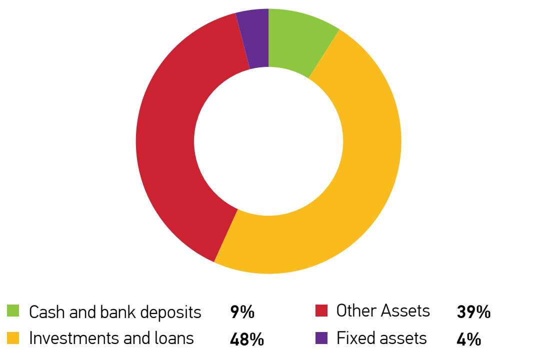
Combined Expenses - 2014



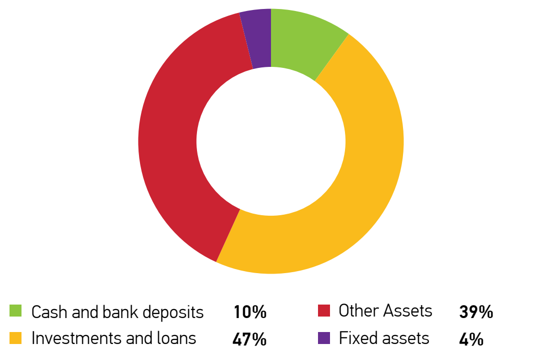
Net claims **69%**
Net commission **6%**
Expenses **25%**

ANALYSIS OF FINANCIAL STATEMENTS

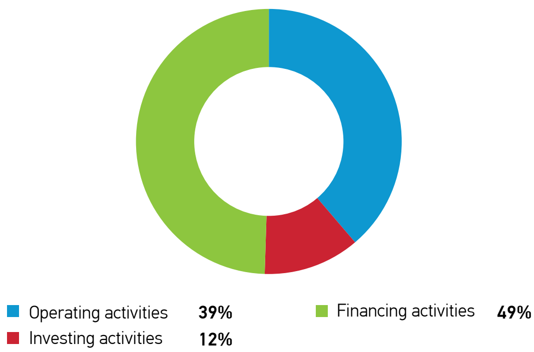
Total Assets - 2015



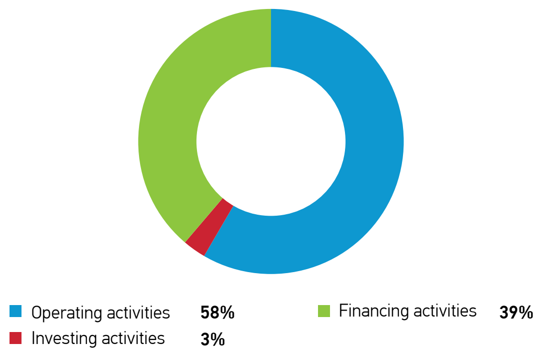
Total Assets - 2014



Cash Flow Analysis - 2015

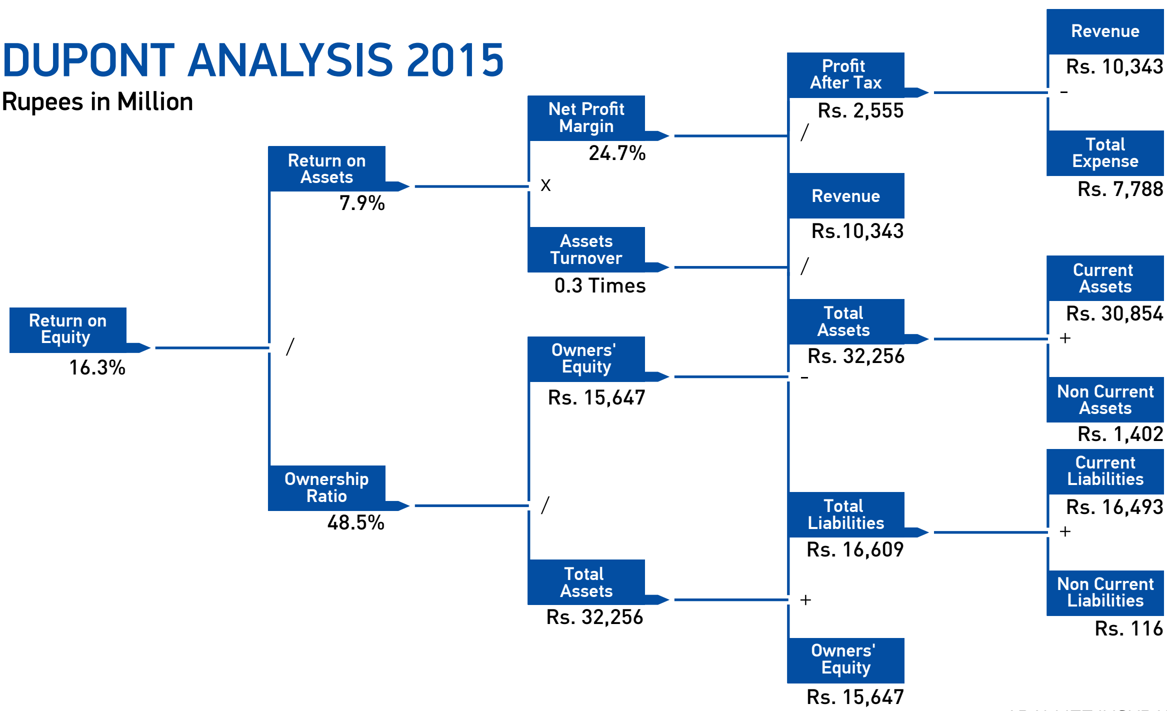


Cash Flow Analysis - 2014



DUPONT ANALYSIS 2015

Rupees in Million



DIRECTORS' REPORT

to the Members on
Unconsolidated
Financial Statements

adamjee
.insurance

DIRECTORS' REPORT
to the Members on Unconsolidated Financial Statements

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

ECONOMIC OVERVIEW

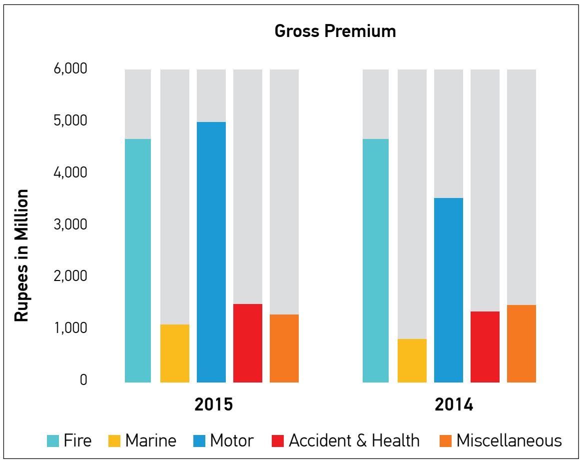
The year showed improvement in Pakistan's overall economic indicators including containment of current account deficit, owing to continuing decline in international oil prices along with an uplift in remittances from abroad. The successful issue of Sukuk Bond in the international market also helped the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

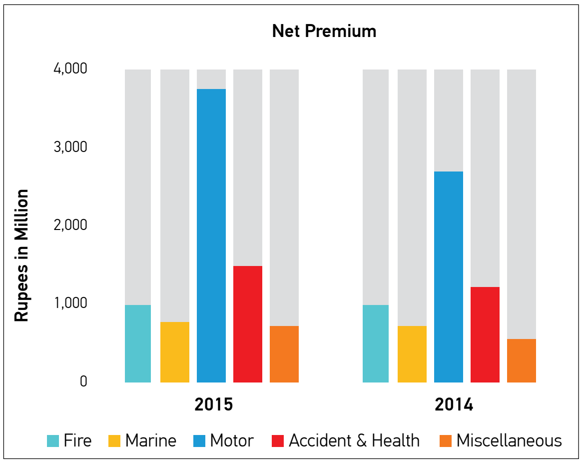
China and Pakistan have made agreements to establish China Pakistan Economic Corridor (CPEC) between the two countries. The corridor is expected to boost economy, trade and connectivity of Pakistan with the regional countries. As part of CPEC, Pakistan has also signed a series of energy projects with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

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

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

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





COMPANY PERFORMANCE REVIEW

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

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

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

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

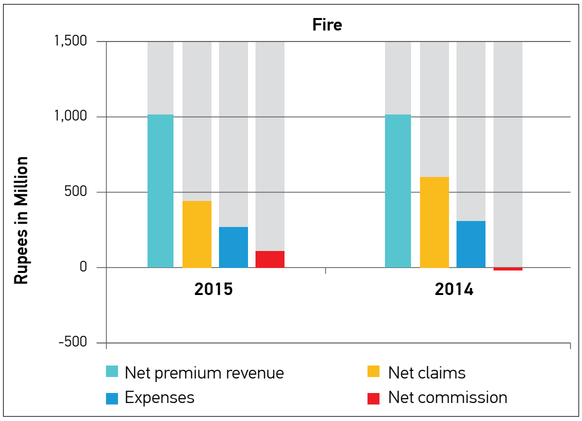
The general and administration expenses have increased to Rs. 629 million in 2015 as compared to Rs. 527 million during last year. This increase of 19% in general and administrative expenses was primarily due to increase in salaries and wages and disbursement of bonus to employees along with inflationary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

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

PORTFOLIO ANALYSIS

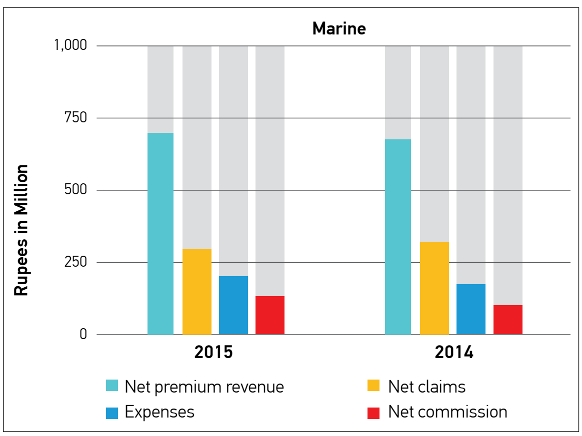
Fire & Property

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



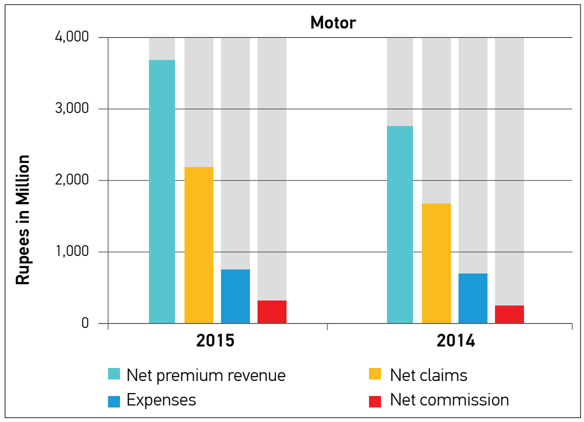
Marine, Aviation & Transport

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



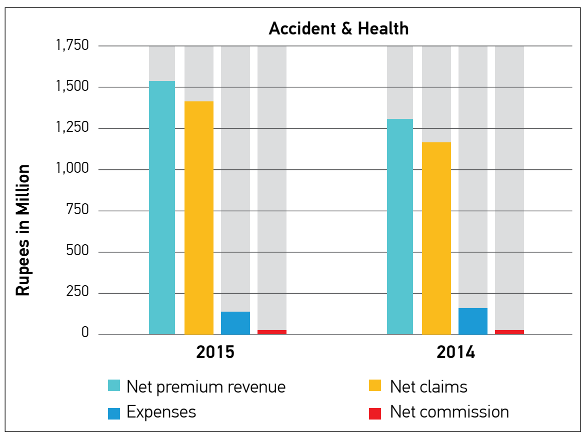
Motor

This class of business constitutes 37% of the total portfolio. During the year, the Company has underwritten a Gross Premium of Rs. 5,008 million as compared to Rs. 3,508 million in 2014. The ratio of net claims to net premium for the current year is 58% as compared to 59% in 2014. Prudent management of motor class of business has resulted in an underwriting profit of Rs. 461 million as compared to Rs. 215 million in 2014.



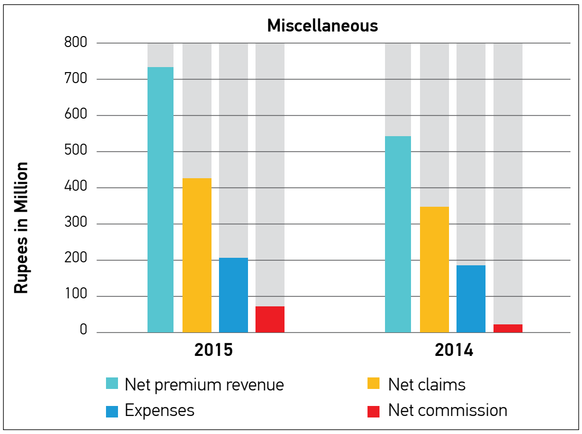
Accident & Health

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



Miscellaneous

The miscellaneous class of business constitutes 10% of the total portfolio. The gross premium showed a decrease of 12% over last year with a gross premium written of Rs. 1,371 million (2014: Rs. 1,566 million). The ratio of net claims to net premium was 60% as against 64% last year. The portfolio showed an underwriting profit of Rs. 138 million in the current year as compared to Rs. 27 million in 2014.



INVESTMENT INCOME

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

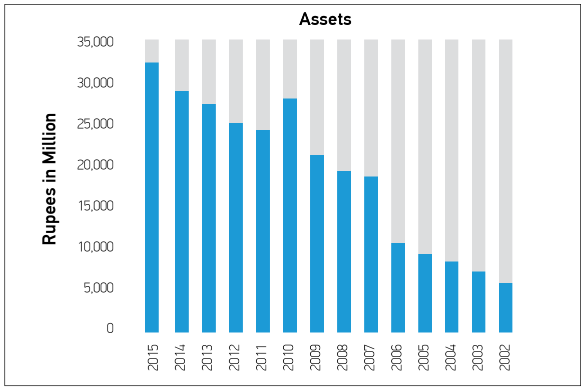
Income from investments increased from Rs. 2,061 million to Rs. 2,404 million.

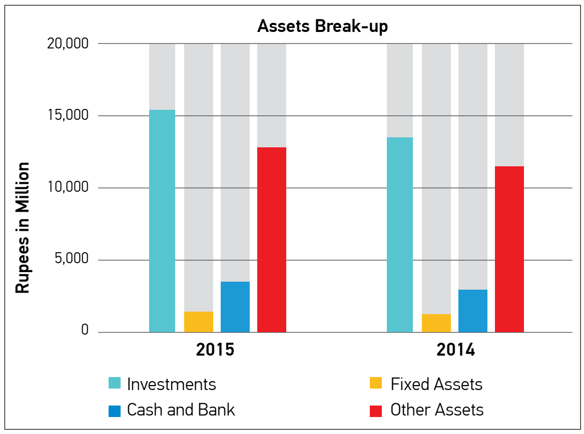
The break-up of investment income is as under:

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

COMPANY'S ASSETS

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





WINDOW TAKAFUL OPERATIONS

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

RISK MITIGATION

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

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

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

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

HUMAN RESOURCE

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

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

ISO 9001 CERTIFICATION

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

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

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

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

UAE OPERATIONS

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

CSR ACTIVITIES

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

PACRA MAINTAINS "AA" RATING

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

SUBSIDIARY COMPANY

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

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

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

APPROPRIATIONS

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

EARNINGS PER SHARE

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

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

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

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

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

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

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

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

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

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

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

	(Rupees in '000')
Provident Fund	1,026,669
Gratuity Fund	175,435

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

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

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

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

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

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

DIRECTORS' TRAINING PROGRAM

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

PATTERN OF SHAREHOLDING

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

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

DIRECTORS

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

TRADING IN COMPANY'S SHARES

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

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

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

AUDITORS

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

STATUS OF PENDING INVESTMENT DECISION

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

Description	MCB Bank Limited	Nishat Hotels & Properties Ltd.
Date of Approval	July 8, 2008	April 28, 2014
Total Investment	Rs. 6 billion	Rs. 500 million
Investment made up to 31.12.2015	Rs. 3.91 billion	-
Reason for not having made complete investment so far	The members in Annual General Meeting held on April 29, 2015 approved to invest up to Rs. 6 billion by May 31, 2020 in terms of Regulation 8(1) of the above referred Regulation. The remaining amount of Rs. 2.09 billion shall be invested when overall economic situation further improves and depending upon market price of shares.	The Company has not received offer of shares
Material changes in financial statement since date of resolution passed:		
a. Breakup value	December 2007 Rs. 54.31	June 2013 Rs. 12.26
	December 2015 Rs. 101.44	June 2015 Rs. 9.91
b. Earnings per share	December 2007 Rs. 18.26	June 2013 Rs. (0.37)
	December 2015 Rs. 22.96	June 2015 Rs. (0.09)
c. Balance Sheet Footing	December 2007 Rs. 55.12 billion	June 2013 Rs. 2.86 billion
	December 2015 Rs. 137.80 billion	June 2015 Rs. 15.43 billion

ACKNOWLEDGEMENT

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

On behalf of the Board

Lahore: 23 February 2016

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

نشاط ہوٹلز اینڈ پراپرٹیز لمیٹڈ	ایم سی بی بینک لمیٹڈ	مندرجات
28اپریل2014ء	8جولائی2008ء	منظوری کی تاریخ
500ملین روپے	6بلین روپے	منظورشدہ سرمایہ کاری
-	3.91بلین روپے	31دسمبر2015ءتک سرمایہ کاری
کمپنی نے حصص خریداری کے لیے پیش نہیں کیے۔	اوپر دیے گئے ریگولیشن کی شق (1)8 کے تحت ممبران نے 29اپریل2015ء کے سالانہ اجلاس میں 6بلین روپے کی سرمایہ کاری 31مئی2020ءتک کرنے کی منظوری دی ہے۔ بقایا2.09بلین روپے کی سرمایہ کاری معاشی صورتِ حال بہتر ہونے اور شیئر کی قیمت پر منحصر ہوگی۔	منظورشدہ حد تک سرمایہ کاری نہ کرنے کی وجہ
جون2013ء 12.26روپے	دسمبر2007ء 54.31روپے	منظوری کے بعد سے نمایاں تبدیلی، مالیاتی امور میں (i)بریک اپ ویلیو
جون2015ء 9.91روپے	دسمبر2015ء 101.44روپے	
جون2013ء (0.37)روپے	دسمبر2007ء 18.26روپے	(ii)فی حصص آمدنی
جون2015ء (0.09)روپے	دسمبر2015ء 22.96روپے	
جون2013ء 2.86بلین روپے	دسمبر2007ء 50.12بلین روپے	(iii)بیلنس شیٹ کا مجموعہ
جون2015ء 15.43بلین روپے	دسمبر2015ء 137.80بلین روپے	

اعتراف

کمپنی اس اعتماد پر شیئر ہولڈرز کا شکریہ ادا کرنا چاہتی ہے جو انہوں نے ہم پر دکھایا ہے۔ ہم اپنے کارکنوں، اسٹریٹجک پارٹنرز، وینڈرز، سپلائیرز اور کسٹمرز سے خلوص دل سے اظہارِ تشکر کرتے ہیں۔ ہم اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو بھی ان کی فراہم کردہ معاونت اور رہنمائی پر خراجِ تحسین پیش کرتے ہیں۔

منجانب بورڈ

محمد علی زیب
مینجنگ ڈائریکٹر اور چیف ایگزیکٹو آفیسر

لاہور: 23فروری، 2016

جناب محمد انیس، جناب احمد ابراہیم ہشام کی جگہ ڈائریکٹر تعینات ہوئے۔ SECP انشورنس ڈویژن کی طرف سے ان کی تعیناتی کی منظوری کے بعد سے بورڈ کا کوئی اجلاس منعقد نہیں ہوا۔

ڈائریکٹرز ٹریننگ پروگرام

اس سال کے دوران ایک ڈائریکٹر نے ڈائریکٹرز ٹریننگ پروگرام میں شرکت کی۔ اس سے قبل پانچ ڈائریکٹرز ٹریننگ پروگرام میں شریک ہو چکے ہیں۔ دو ڈائریکٹرز 14 سالہ تعلیم اور لسٹڈ کمپنی کے بورڈ پر 15 سالہ تجربے کی وجہ سے مستثنیٰ ہیں۔

شیئر ہولڈنگ کا پیٹرن

شیئر ہولڈنگ کے پیٹرن کو صفحہ نمبر 228 پر رپورٹ کیا گیا ہے۔ رپورٹنگ کے فارمیٹ، فارم 34 میں، کوڈ آف کارپوریٹ گورننس 2012 کے تحت رپورٹنگ کے تقاضوں کی تعمیل میں تھوڑی سی ترمیم کی گئی ہے۔

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

ڈائریکٹرز

جناب احمد ابراہیم ہشام 25 جون 2015ء کو ڈائریکٹر کی حیثیت سے مستعفی ہو گئے۔ بورڈ آف ڈائریکٹرز نے بقیہ میعاد کے لیے جناب محمد انیس کی تقرری کر کے 90 دن کے اندر اسامی پُر کر دی۔

کمپنی کے شیئرز میں لین دین

ماسوائے اس کے کہ جیسا ذیل میں بیان کیا گیا ہے، ڈائریکٹرز، CEO، CFO، سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور ایگزیکٹیو اور ان کی/کے شریک حیات اور چھوٹے بچوں نے کمپنی کے شیئرز کی خرید و فروخت میں حصہ نہیں لیا۔

ڈائریکٹر کا نام	سال 2015ء کے دوران خریدے گئے شیئرز
علی محمد ماہون	2,500
محمد انیس	20,000
محمد عمر ورک	52,000

آڈیٹرز

موجودہ آڈیٹرز KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے اہلیت کی بنا پر آئندہ میعاد کے لیے بطور آڈیٹر کام کرنے کے لیے رضامندی دے دی ہے۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی رائے پر KPMG تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کو آئندہ میعاد کے لیے آڈیٹرز کے انتخاب کے لیے تجویز کیا ہے۔

انویسٹمنٹ کے زیرِ التوا فیصلے کی موجودہ کیفیت

بالترتیب 8 جولائی 2008ء اور 28 اپریل 2014ء کو منظور کی گئی قرارداد کی اجازت کے تحت MCB بینک لمیٹڈ اور نشاط ہوٹلز اینڈ پراپرٹیز لمیٹڈ میں سرمایہ کاری کے فیصلے کو پوری طرح عملی جامہ نہیں پہنایا جاسکا اور کیفیت کمپنیز (ایسوسی ایٹڈ کمپنیز یا ایسوسی ایٹڈ انڈرٹیکنگز) ریگولیشن 2012 کی شق (2)4 کے تحت درج ذیل جدول میں پیش کی جاتی ہے۔

- کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے اس کے معاملات، اس کی کاروباری سرگرمیوں کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلی کی مناسب عکاسی کرتے ہیں۔
- کمپنی نے اپنے اکاؤنٹس کے کھاتے درست انداز میں رکھے ہوئے ہیں، جیسا کہ کمپنیز آرڈیننس 1984 کے تحت مطلوب ہے۔
- کمپنی نے مالیاتی گوشواروں کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کی مسلسل پیروی کی ہے۔ جہاں کہیں بھی تبدیلیاں کی گئی ہیں، ان کی نشان دہی کردی گئی ہے اور شماریاتی تخمینے مناسب اور معقول نظریات پر مبنی ہیں۔
- کمپنی کی طرف سے تیار کردہ مالیاتی گوشوارے اکاؤنٹنگ کے بین الاقوامی معیار کے مطابق ہے، جہاں تک وہ پاکستان میں قابل اطلاق ہیں۔ اس حوالے سے کی گئی پہلوتہی کی (اگر کوئی ہو) مناسب انداز میں نشاندہی اور وضاحت کردی گئی ہے۔
- انٹرنل کنٹرول کا نظام مستحکم ہے اور اس کا اطلاق کیا جاتا ہے۔ رسک کا جائزہ لیا جاتا رہتا ہے تاکہ ممکنہ حد تک بڑے نقصان سے بچا جاسکے تاہم نقصان کے مکمل خاتمے کی یقین دہانی ممکن نہیں۔
- کمپنی کے بنیادی اصول مضبوط ہیں اور اس کے رواں دواں رہنے کے بارے میں کوئی شکوک وشبہات نہیں ہیں۔
- گزشتہ 6 سال کا اہم آپریٹنگ اور فائنانشل ڈیٹا اس سالانہ رپورٹ میں صفحہ 27 پر شامل ہے۔
- 31 دسمبر 2015ء کو واجب الادا ٹیکسز، ڈیوٹیز، لیویز اور چارجز کے حوالے سے کوئی قانونی ذمہ داری نہیں، ماسوائے ان کے جو مالیاتی گوشواروں میں ظاہر کی جاچکی ہیں۔
- غیر آڈٹ شدہ اکاؤنٹس کی بنیاد پر انویسٹمنٹس کی قدر بشمول پروویڈنٹ اور گریجویٹی فنڈز کی جمع شدہ آمدنی 31 دسمبر 2015ء کو درج ذیل ہے:

	(روپے '000' میں)
پروویڈنٹ فنڈ	1,026,669
گریجویٹی فنڈ	175,435

- بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹیز کے اجلاس ہر سہ ماہی میں کم از کم ایک بار منعقد ہوتے ہیں۔ سال 2015ء کے دوران بورڈ آف ڈائریکٹرز کے 5 اجلاس اور آڈٹ کمیٹیز کے 4 اجلاس منعقد ہوئے۔

سال 2015ء کے دوران کلیم سیٹلمنٹ، ری انشورنس اور انڈر رائٹنگ کمیٹیز میں سے ہر ایک کے دو اجلاس اور ہیومن ریسورس اور ریمیونیریشن کمیٹی کا ایک اجلاس منعقد ہوا۔

اجلاس میں شریک نہ ہو پانے والے ممبر کو غیر حاضری پر رخصت دے دی گئی۔

ہر ڈائریکٹر / ممبر کی حاضری حسب ذیل ہے:

	بورڈ آف ڈائریکٹرز		آڈٹ کمیٹی		ہیومن ریسورس اور ریمیونیریشن کمیٹی		کلیم سیٹلمنٹ		ری انشورنس کمیٹی اور کوانشورنس		انڈر رائٹنگ کمیٹی	
	5 اجلاس منعقد ہوئے		4 اجلاس منعقد ہوئے		1 اجلاس منعقد ہوا		2 اجلاس منعقد ہوئے		2 اجلاس منعقد ہوئے		2 اجلاس منعقد ہوئے	
	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت	ممبر	شرکت
عمر منشا	√	4	√	4	√	1	-	-	-	-	√	2
احمد ابراہیم ہشام (25 جون 2015 کو استعفیٰ دیا)	√	2	√	2	-	-	-	-	-	-	-	-
علی محمد ماہون	√	3	-	-	-	-	-	-	-	-	-	-
فریڈرک کوئنزارڈ ڈی بیئر	√	4	-	-	-	-	-	-	-	-	√	2
ابراہیم شمسی	√	3	√	3	√	x	-	-	-	-	-	-
عمران مقبول	√	3	-	-	-	-	-	-	-	-	-	-
کامران رسول	√	5	-	-	√	1	-	-	-	-	-	-
محمد عمر ورک	√	5	-	-	-	-	-	-	√	2	-	-
شاہد ملک	√	5	-	-	-	-	-	-	-	-	-	-
شیخ محمد جاوید	√	5	√	4	-	-	√	2	-	-	-	-
محمد علی زیب	√	5	-	-	√	1	√	2	√	2	√	2

اور پیچیدہ رسک کی ہدایات کی جستجو کی مشق شامل ہے۔ یہ گروپ ایگزیکٹیو ڈائریکٹر ٹیکنیکل، ایگزیکٹیو ڈائریکٹر کمرشل، ایگزیکٹیو ڈائریکٹر کلیم اینڈ کمپلائنس اور ایگزیکٹیو ڈائریکٹر ری انشورنس پر مشتمل ہے۔ کریسٹا زونز (Cresta Zones) اور جیو کوڈنگ (Geo Coding) کے استعمال کے ذریعے کمپنی خراب اثرات کے حامل واقعات سے ابھرنے والے معاملات کے خطرے کی نگرانی کرتی ہے۔ ان امور سے ایک جامع ری انشورنس پروگرام کے ذریعے بچا جاتا ہے جو مختلف امور کا جواب دینے کی صلاحیت رکھتا ہے۔

کمپنی میں ایک فزیکل انسپیکشن ڈپارٹمنٹ بھی ہے جو بڑی تعداد میں مختلف سطح کے رسک کے، ان کی انڈر رائٹنگ سے پہلے سرویز سرانجام دیتا ہے۔ سرویز طے شدہ نظام الاوقات اور حسب معاملہ، دونوں طرح سرانجام دیے جاتے ہیں۔ یہ ڈپارٹمنٹ مارکیٹ میں سب سے زیادہ تعداد میں سروے کرتا ہے اور انڈر رائٹرز کو رسک کے بارے میں رہنمائی فراہم کر کے صحیح فیصلے کرنے میں ان کی مدد کرتا ہے۔

افرادی وسائل

آدم جی میں ہم حقیقی معنوں میں یقین رکھتے ہیں کہ ہمارے تمام کارکن ہماری سب سے عظیم طاقت ہیں اور سب کچھ ''انہی کی کاوشوں کا'' نتیجہ ہے۔ ٹیلنٹ منیجمنٹ ایک مسلسل عمل ہے اور ہم ہر کام کے لیے موزوں افراد کی خدمات کا حصول یقینی بناتے ہیں۔ مشاہرے، ترقی اور پرفارمنس سے منسلک ہیں اور ہمارے ہاں لوگوں کی شمولیت کا کلچر ہے جس کی بنیاد اخلاقی اقدار ہیں اور ہمارے کارکنان کو اپنے کیریر کو ترقی دینے کے وافر مواقع فراہم کیے جاتے ہیں۔ ہمارے کیریر ورکنگ گروپس ڈیولپمنٹ پروگرامز کے ذریعے درمیانی اور سینیئر منیجمنٹ کی سطح پر عہدے سنبھالنے کے لیے جانشین تیار کرنے، اعلیٰ صلاحیت کے حامل کارکنان کے لیے موقع پیدا کرنے پر توجہ مرکوز رکھتے ہیں۔

2015ء کے نتائج کارکنان کے اطمینان کے تمام اشاریے ظاہر کرتے ہیں، یعنی ان کی کام کرنے کی استعداد، تمام امور میں خواتین کی شرکت وغیرہ۔

ISO 9001 سرٹیفکیشن

ISO 9001:2008 سرٹیفکیشن تک اپ گریڈنگ کے ذریعے، اب آدم جی نے اپنے پروسیسز میں طریقِ کار میں بہتری، بہتر کنٹرولز کا اطلاق اور نگرانی کا مؤثر نظام اپنا لیا ہے جس سے مسلسل بہتری کا اظہار ہوتا ہے۔

کوالٹی منیجمنٹ سسٹم کے اطلاق کے ساتھ، ہم ایک زیادہ منظم کاروباری ماحول، بہتر حالاتِ کار، زیادہ پیشہ ورانہ طمانیت اور کسٹمر کے اطمینان میں اضافے سمیت اہم فوائد سے استفادہ کر رہے ہیں۔

معیار کے حوالے سے شعور میں اضافہ ہوا ہے کیوں کہ تمام ملازمین کو ان تمام کاروباری عوامل کو ''احساسِ ملکیت'' کے ساتھ اپنانے کی تربیت دی گئی، جن کی تیاری اور بہتری میں وہ شامل ہوں۔ اس سے ایک مستحکم کوالٹی کلچر تشکیل دینے میں مدد ملی ہے، جہاں ملازمین سسٹم یا پروسیس میں مسائل کی شناخت کرتے ہیں اور انہیں دور کرنے کے لیے کام کرتے ہیں۔

ہم نومبر 2016ء تک ISO 9001:2008 سرٹیفکیشن کی تیسری میعاد مکمل کرنے کی طرف کامیابی سے آگے بڑھ رہے ہیں۔

یو اے ای آپریشنز

یو اے ای آپریشنز نے انڈر رائٹ کیے گئے مجموعی پریمیم میں 50 فی صد اضافہ دکھایا جو گزشتہ سال میں 2,217 ملین روپے کے مقابلے میں 3,329 ملین روپے رہا۔ گزشتہ سال میں 13 ملین روپے نقصان کے مقابلے میں 116 ملین روپے منافع حاصل کیا گیا۔

سماجی اور معاشرتی سرگرمیاں

سال 2015ء میں سماجی اور معاشرتی اُمور کے متعلق اقدامات رپورٹ میں صفحہ 25 پر بتائے گئے ہیں۔

PACRA نے ریٹنگ "AA" برقرار رکھی ہے

زیر جائزہ سال کے دوران پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے کمپنی کی انشورر فائنانشل اسٹرینگتھ (IFS) ریٹنگ "AA" (ڈبل اے) برقرار رکھی ہے۔ یہ ریٹنگ پالیسی ہولڈر اور کنٹریکٹ کے حوالے سے ذمہ داریوں کی تکمیل کی انتہائی زبردست صلاحیت کی نشاندہی کرتی ہے۔ خطرات کے عوامل معمولی تصور کیے گئے اور کاروبار اور معاشی عوامل کے کسی منفی اثرات کے امکانات بہت محدود رہنے کی توقع ہے۔

ذیلی کمپنی

کمپنی نے اپنے مجتمع مالیاتی گوشوارے، اپنے مالیاتی گوشواروں کے ہمراہ منسلک کر دیے ہیں۔
آدم جی لائف ایشورنس کمپنی لمیٹڈ (ALAC)، آدم انشورنس کمپنی لمیٹڈ (AIC) کی ایک ذیلی کمپنی ہے اور ALAC کا ایک مختصر تعارف درج ذیل ہے۔

ALAC کو 4 اگست 2008ء کو کمپنیز آرڈیننس 1984 کے تحت پاکستان میں ایک پبلک اَن لسٹڈ کمپنی کے طور پر قائم کیا گیا اور اس نے 24 اپریل 2009ء سے کاروبار کا آغاز کیا۔ ALAC، AIC کا ایک ذیلی ادارہ اور IVM انٹرشورر BV کی ایک ایسوسی ایٹ ہے جو ALAC کے کیپیٹل میں بالترتیب 74.28 فی اور 25.75 فی صد ہولڈنگ کے حامل ہیں۔

تخصیص APPROPRIATIONS

اس سال کے دوران 15 فی صد (1.50 روپے فی شیئر) کی شرح سے ایک عبوری ڈیویڈنڈ ادا کیا گیا۔ (2014ء میں بحساب 12.5 فی صد 1.25 روپے فی شیئر)۔ بورڈ نے 15 فی صد (1.50 روپے فی شیئر) کی شرح سے حتمی کیش ڈیویڈنڈ کی ادائیگی کی سفارش کی ہے۔ (2014ء میں بحساب 15 فی صد 1.50 روپے فی شیئر)۔

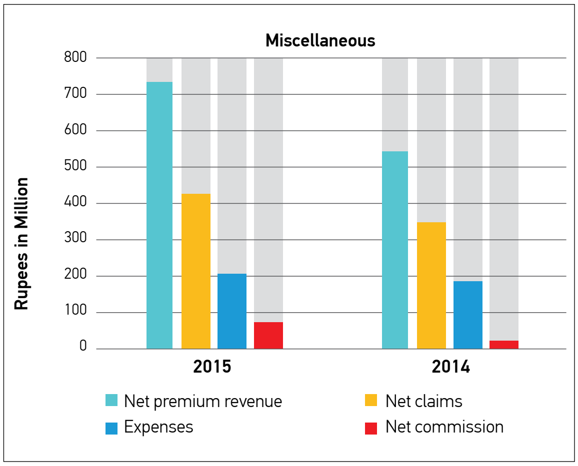
فی شیئر آمدنی

زیر جائزہ سال کے دوران فی شیئر آمدنی 7.30 روپے رہی (2014ء میں 5.37 روپے)۔ اس حوالے سے تفصیلی ورکنگ مالیاتی گوشواروں کے نوٹ 25 تفصیل میں درج ہے۔

کارپوریٹ اور فائنانشل رپورٹنگ فریم ورک کی اسٹیٹمنٹ

کمپنی کے بورڈ آف ڈائریکٹرز کے مجموعی افعال کارپوریٹ قوانین، قواعد وضوابط کے تحت ہوتے ہیں۔ بورڈ اپنی کاروباری ذمہ داریوں سے پوری طرح باخبر ہے، پاکستان اسٹاک ایکسچینج کی طرف سے لسٹنگ آف کمپنیز اور سیکیورٹیز ریگولیشنز میں شامل کوڈ آف کارپوریٹ گوورننس پر بورڈ عمل پیرا ہے اور بصد مسرت درج ذیل گزارشات پیش کرتا ہے:

روپے کے مقابلے میں پورٹ فولیو نے اس سال 138 ملین روپے کا انڈر رائٹنگ منافع دکھایا۔



انویسٹمنٹ سے آمدنی

اس سال کے دوران KSE-100 انڈیکس میں مارکیٹ کیپٹلائزیشن اور تجارتی حجم کم و بیش مستحکم رہے۔ KSE-100 انڈیکس 2014ء میں 32,131 کے مقابلے میں 2 فی صد اضافے کے ساتھ 2015ء میں 32,816 پر بند ہوا۔

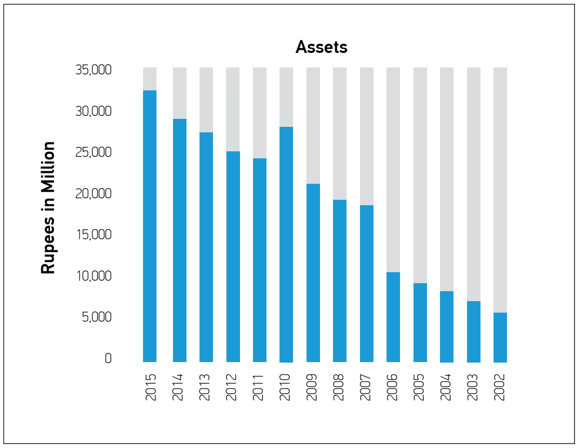
انویسٹمنٹس سے آمدنی 2,061 ملین روپے سے بڑھ کر 2,404 ملین روپے ہوگئی۔

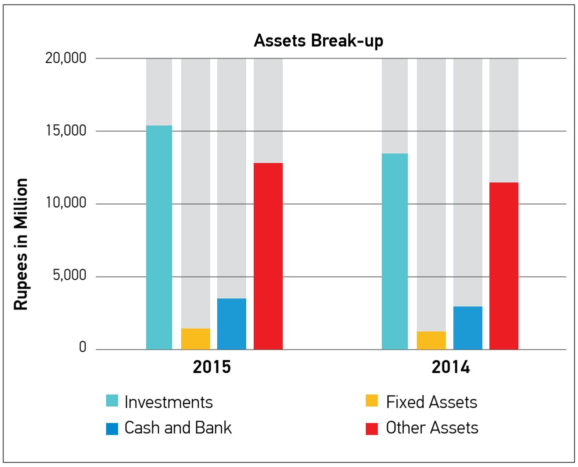
انویسٹمنٹ سے آمدنی کی تفصیل حسب ذیل ہے:

	2015	2014
	(ملین روپوں میں)	
ڈیویڈنڈ آمدنی	1,133	867
TFCs پر منافع	5	7
ٹریژری بلز پر منافع	4	18
PIBs پر منافع	40	27
"دستیاب برائے فروخت" انویسٹمنٹس کی فروخت پر فائدہ	1,299	1,148
خسارے کی تلافی	(77)	(6)
انویسٹمنٹ سے خالص آمدنی	2,404	2,061

کمپنی کے اثاثے

31 دسمبر 2015ء کو کمپنی کے مجموعی اثاثے 32,256 ملین روپے رہے جو گزشتہ سال 28,832 ملین روپے تھے، اس طرح 12 فی صد اضافہ ہوا جس کی بنیادی وجہ انویسٹمنٹس میں اضافہ ہے۔ مجموعی انویسٹمنٹ 2014ء میں 13,482 ملین روپے کے مقابلے میں 14 فی صد اضافے کے ساتھ 15,393 ملین روپے رہا۔ انتظامیہ سرمایہ کاری کے بہتر مواقع کے استعمال سے فنڈز سے زیادہ سے زیادہ استفادے کا یقین دلاتی ہے۔





ونڈو تکافل آپریشنز

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے کمپنی کو دسمبر 2015ء میں عام تکافل کے حوالے سے ونڈو تکافل آپریشن شروع کرنے کی اجازت دے دی ہے۔ جنوری 2016ء میں وقف/شراکتی تکافل فنڈ کے معاہدے پر دستخط کے ساتھ کمپنی نے اب ونڈو تکافل آپریشنز کا کامیابی سے آغاز کر دیا ہے۔

خطرے کی تخفیف (Risk Mitigation)

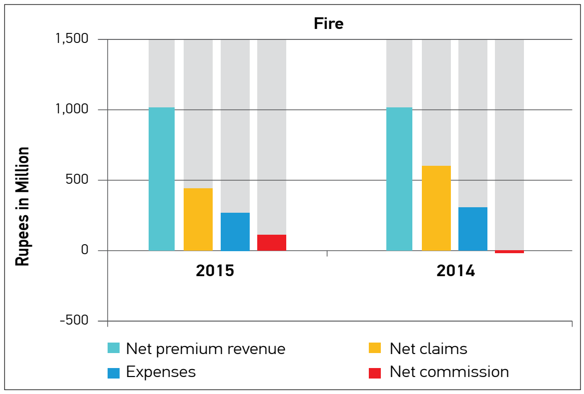
انڈر رائٹنگ کے ضمن میں نامناسب انڈر رائٹنگ کے خطرات شامل ہیں مثلاً ناکافی قیمتوں کا تعین، نامناسب شرائط وضوابط اور غیر موثر فزیکل رسک منیجمنٹ شامل ہے۔ اس پر قابو پانے کے لیے کمپنی انڈر رائٹنگ کنٹرولز اور رسک سرویز پر خصوصی توجہ دیتی ہے۔

ہر ڈپارٹمنٹ کے سربراہان اپنے دائرہ کار میں انڈر رائٹنگ کی سرگرمیوں کے انتظام اور کنٹرول کے ذمہ دار ہیں۔ انڈر رائٹنگ متعدد ٹیکنیکل کنٹرولنگ پروٹوکولز کے مطابق سرانجام دی جاتی ہے۔ اس میں معین انڈر رائٹنگ اتھارٹیز، ہر بزنس کلاس کے لیے رہنمائی، ریٹ کی نگرانی، انڈر رائٹنگ کے معاصرین (peers) کے جائزے اور REG (رسک ایکسپوژر گروپ) کی طرف سے بڑے

پورٹ فولیو کا تجزیہ

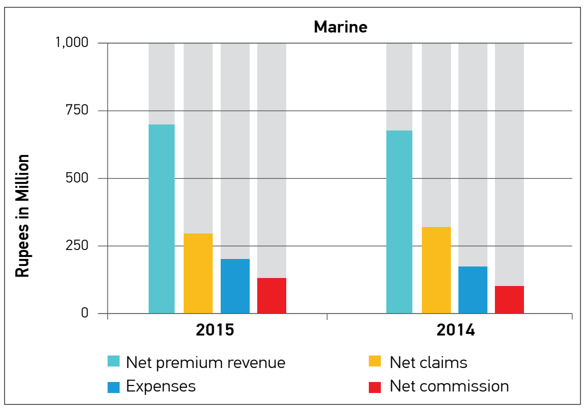
فائر اینڈ پراپرٹی (آگ اور جائیداد)

بزنس کی فائر اینڈ پراپرٹی کلاس مجموعی پورٹ فولیو کے 34 فی صد پر مشتمل ہے۔ اس سال کے دوران کمپنی نے 4,675 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے (2014: 4,687 ملین روپے)۔ اس سال خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کے 63 فی صد کے مقابلے میں 43 فی صد رہی۔ کمپنی نے 2014ء میں 96 ملین روپے کے انڈر رائٹنگ منافع کے مقابلے میں 199 ملین روپے انڈر رائٹنگ منافع حاصل کیا۔



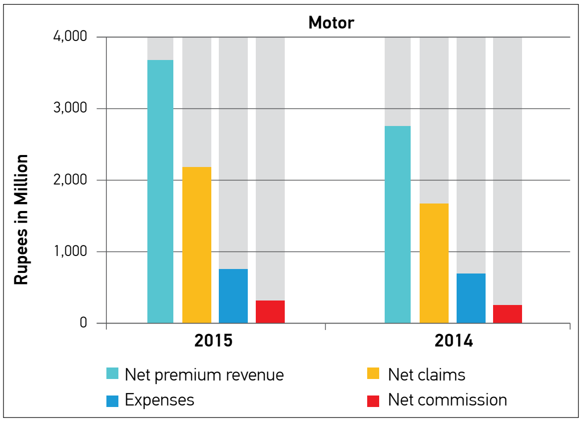
میرین، ایوی ایشن اینڈ ٹرانسپورٹ (جہاز رانی، ہوابازی اور نقل وحمل)

بزنس کی یہ کلاس مجموعی پورٹ فولیو کے 8 فی صد پر مشتمل ہے۔ اس سال کے دوران کمپنی نے گزشتہ سال میں 876 ملین روپے کے مقابلے میں 1098 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے۔ خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کی 48 فی صد شرح کے مقابلے میں 44 فی صد رہی، جس کے نتیجے گزشتہ سال کے 81 ملین روپے کے مقابلے میں اس سال انڈر رائٹنگ منافع 91 ملین روپے رہا۔



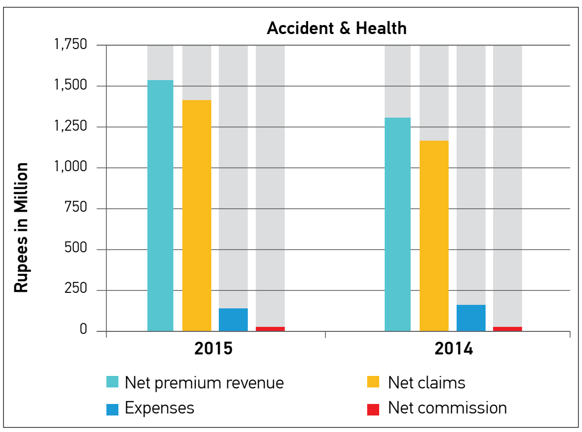
موٹر

بزنس کی یہ کلاس مجموعی پورٹ فولیو کے 37 فی صد پر مشتمل ہے۔ اس سال کے دوران کمپنی نے گزشتہ سال میں 3,508 ملین روپے کے مقابلے میں 5,008 ملین روپے کا مجموعی پریمیم انڈر رائٹ کیا ہے۔ خالص پریمیم پر خالص کلیمز کی شرح 2014ء میں 59 فی صد کے مقابلے میں 58 فی صد ہے۔ بزنس کی موٹر کلاس کے دانش مندانہ نظم ونسق سے انڈر رائٹنگ کے منافع میں بہتری آئی اور یہ 2014ء میں 215 ملین روپے کے مقابلے میں 461 ملین روپے رہا۔



ایکسیڈنٹ اینڈ ہیلتھ (حادثہ اور صحت)

بزنس کی ایکسیڈنٹ اینڈ ہیلتھ کلاس مجموعی پورٹ فولیو کے 11 فی صد پر مشتمل ہے ۔ مجموعی پریمیم نے رائٹ کیے گئے 1,489 ملین روپے کے مجموعی پریمیم کے ساتھ گزشتہ سال کے مقابلے میں 1 فی صد کمی دکھائی (2014: 1509 ملین روپے)۔ خالص پریمیم پر خالص کلیمز کی شرح گزشتہ سال کی 90 فی صد شرح کے مقابلے میں 94 فی صد رہی۔ 2014ء کے انڈر رائٹنگ خسارے 49 ملین روپے کے مقابلے میں پورٹ فولیو نے موجودہ سال میں 55 ملین روپے کا انڈر رائٹنگ خسارہ دکھایا۔



متفرق

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

ڈائریکٹرکی رپورٹ

غیر مجتمع مالیاتی گوشواروں پر ارکان کو ڈائریکٹر کی رپورٹ

بورڈ آف ڈائریکٹرز کی طرف سے کمپنی کی 55ویں سالانہ رپورٹ مع 31 دسمبر 2015ء کو ختم ہونے والے سال کے لیے آڈٹ شدہ غیر مجتمع مالیاتی گوشوارے پیش کرنا میرے لیے باعث مسرت ہے۔

معاشی جائزہ

اس سال پاکستان کے مجموعی موجودہ کھاتوں کے خسارے کو قابو میں رکھنے کے حوالے سے بہتری
بیرونی ممالک کی طرف سے
رقوم کی زبردست ترسیل کا نتیجہ ہے۔اس کے علاوہ بین الاقوامی مارکیٹ میں صکوک بانڈ کے کامیاب اجرا سے بھی زرمبادلہ کے ذخائر کو اطمینان بخش حد تک وسعت ملی۔

چین اور پاکستان نے دونوں ممالک کے درمیان چائنا پاکستان اکنامک کوریڈور قائم کرنے کے لیے معاہدے کیے ہیں۔ یہ کوریڈور معیشت، تجارت اور پاکستان کو خطے کے ممالک سے منسلک کرنے کے لیے تقویت کا سبب بنے گا۔اس کے علاوہ پاکستان نے چین کے ساتھ انرجی کے منصوبوں پر دستخط کیے ہیں جس سے قابل قیاس مستقبل میں توانائی کے موجودہ بحران پر قابو پانے میں مدد ملے گی۔

اقتصادی نمو میں بہتری ہو رہی ہے جیسا کہ مالیاتی سال 2015ء میں 4.24 فی صد نمو حاصل ہوئی جو 2008-2009ء سے اب تک سب سے زیادہ کامیابی ہے۔
اس سال کے دوران افراطِ زر خاطر خواہ حد تک کمی میں رکھی گئی اور 2003ء سے اب تک سب سے کم سطح حاصل کی گئی۔

پاکستان کی ایکویٹی مارکیٹ غیر مستحکم رہی۔کراچی اسٹاک ایکسچینج 100 انڈیکس 32,816 پر بند ہوا۔

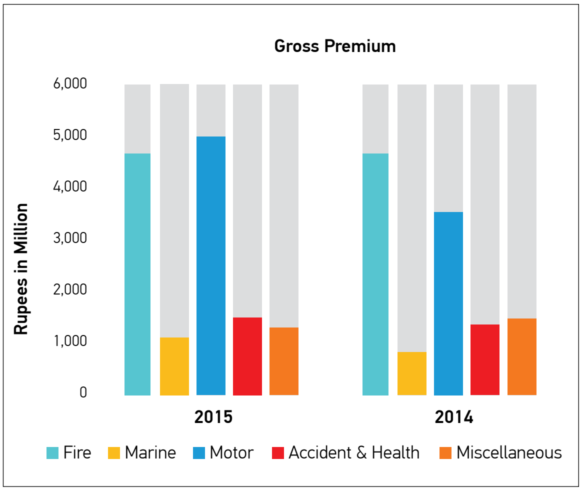
سروسز سیکٹر نے 5.2 فی صد کے ہدف کے مقابلے میں 5 فی صد نمو دکھائی لیکن گزشتہ سال کی 4.4 فی صد ترقی کے مقابلے میں نمو کی شرح بلند رہی۔

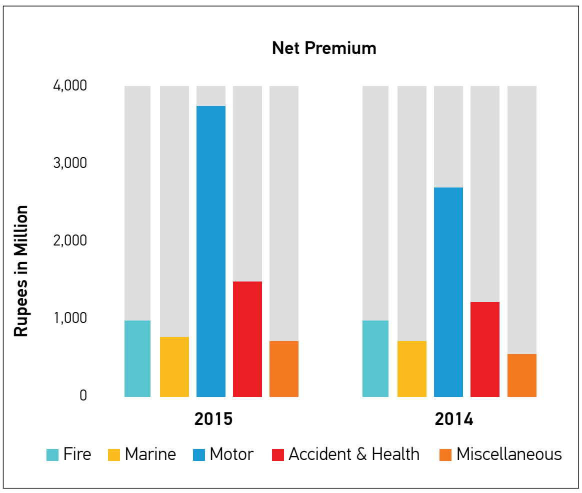
کمپنی کی کارکردگی کا جائزہ

سال 2015ء میں مسابقتی قیمتوں کے دباؤ کے باوجود کمپنی پریمیم نمو دکھانے میں کامیاب رہی۔2015ء میں مجموعی پریمیم، 2014ء کے 12,145 روپے کے مقابلے میں 12.3 فی صد اضافے کے ساتھ 13,639 ملین روپے ہو گیا۔خالص برقراری پریمیم (net premium retention) 7747 ملین روپے مالیت کے ساتھ انڈر رائٹ کیے جانے والے مجموعی پریمیم کا 57 فی صد تھا، جب کہ اس کے مقابلے میں 2014ء کا خالص برقراری پریمیم 6,303 ملین روپے تھا۔

کلیم کی خالص شرح گزشتہ سال کی 65 فی صد شرح کے مقابلے میں 3 فی صد کم ہو کر 62 فی صد ہوگئی۔انتظامی اخراجات میں 5 فی صد اضافہ ہوا اور کمیشن کے خالص اخراجات میں گزشتہ سال کے مقابلے میں 54 فی صد سے زائد اضافہ ہوا۔انڈر رائٹنگ کے منافع میں 131 فی صد بہتری ہوئی جو کہ گزشتہ سال کے 369 ملین روپے کے مقابلے میں 854 ملین روپے ہوا۔

انویسٹمنٹ پورٹ فولیو کا منافع گزشتہ سال کے 2,061 ملین روپے کے مقابلے میں بڑھ کر 2,404 ملین روپے ہو گیا، 77 ملین روپے خسارے کی تلافی کی مد میں منہا کرنے کے بعد۔
گزشتہ سال کے 527 ملین روپے کے مقابلے میں 2015ء میں عمومی اور انتظامی اخراجات





بڑھ کر 629 ملین روپے ہو گئے۔عمومی اور انتظامی اخراجات میں 19 فی صد اضافہ بنیادی طور پر تنخواہوں اور اجرتوں میں اضافے اور دیگر اخراجات پر افراطِ زر کے اثرات کی وجہ سے ہوا۔
قبل از ٹیکس منافع 2,827 ملین روپے رہا جو گزشتہ سال 2,030 ملین روپے تھا، جب کہ بعد از ٹیکس منافع 2,555 ملین روپے رہا جو 2014ء میں 1,879 ملین روپے تھا۔

Review Report to the Members on the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Adamjee Insurance Company Limited ('the Company') for the year ended 31 December 2015 to comply with the requirements of Listing Regulations of Pakistan Stock Exchange where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2015.

Date: 23 February 2016
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Statement of Compliance with the Code of Corporate Governance for the Year Ended 31 December 2015

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

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

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

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

The independent directors meet the criteria of independence under respective clause of the CCG.

2. The directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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 broker of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurring on the Board on June 25, 2015 was filled by the directors within 90 days.

5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and in his absence by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged one training program for its director during the year.

10. No new appointment of CFO, Company Secretary and Head of Internal Audit has been made during the year.

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

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

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

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee. It comprises 3 members, all are non- executive directors.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and Remuneration Committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has outsourced the internal audit function to M/s. A.F. Ferguson and Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

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

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

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board

Lahore: 23 February 2016

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

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

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

a. in our opinion the annual statutory accounts of the Adamjee Insurance Co. Ltd. set out in the forms attached to the statement have been drawn up in accordance with the Insurance Ordinance, 2000 (Ordinance) and any rules made thereunder.

b. Adamjee Insurance Co. Ltd. has at all times in the year complied with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements; and

c. as at the date of the statement, the Adamjee Insurance Co. Ltd. continues to be in compliance with the provisions of the Ordinance and the rules made thereunder relating to paid-up capital, solvency and re-insurance arrangements.

Umer Mansha
Chairman

Kamran Rasool
Director

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director &
Chief Executive Officer

UNCONSOLIDATED

Financial Statements
for the Year Ended
31 December 2015

adamjee
insurance

Auditors' Report to the Members

We have audited the annexed unconsolidated financial statements comprising of:

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

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

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

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

in our opinion;

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

b) the unconsolidated financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984 and accurately reflect the books and records of the Company and further in accordance with accounting policies consistently applied except for the change in accounting policy as referred to in note 3.1 with which we concur;

c) the unconsolidated financial statements together with the notes thereon, present fairly, in all material respects, the state of Company's affairs as at 31 December 2015 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended in accordance with approved accounting standards as applicable in Pakistan, and give the information required to be disclosed by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984; and

d) Zakat deductible at source under the Zakat and Usher Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: 23 February 2016
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Unconsolidated Balance Sheet

As at 31 December 2015

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

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

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

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

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2015

	Note	Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	31 December 2015	31 December 2014
		Rupees in thousand							
Revenue account									
Net premium revenue		1,018,826	717,583	3,757,455	1,534,201	719,326	-	**7,747,391**	6,302,550
Net claims		(440,289)	(318,730)	(2,168,296)	(1,439,832)	(432,892)	20,332	**(4,779,707)**	(4,088,215)
Expenses	21	(261,076)	(187,467)	(769,275)	(126,820)	(211,113)	-	**(1,555,751)**	(1,483,354)
Net commission		(118,323)	(120,024)	(358,806)	(23,040)	62,196	-	**(557,997)**	(361,771)
Underwriting result		199,138	91,362	461,078	(55,491)	137,517	20,332	**853,936**	369,210
Investment income								**2,404,312**	2,060,861
Rental income								**6,339**	5,674
Other income	22							**184,719**	122,542
								3,449,306	2,558,287
General and admin expenses	23							**(570,908)**	(485,378)
Exchange gain / (loss)								**5,910**	(470)
Finance charge on lease liabilities								**-**	(270)
Workers' welfare fund								**(57,686)**	(41,697)
Profit before tax								**2,826,622**	2,030,472
Provision for taxation	24							**(271,812)**	(151,374)
Profit after tax								**2,554,810**	1,879,098
Profit and loss appropriation account									
Balance at the commencement of the Year								**9,209,094**	8,106,138
Profit after tax for the Year								**2,554,810**	1,879,098
Other comprehensive (loss)/income - remesurement of defined benefit obligation								**(3,921)**	11,358
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share) [2013 : @ 10% (Rupee 1/- per share)]								**(525,000)**	(350,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share) [2014 : @ 12.5% (Rupees 1.25/- per share)]								**(525,000)**	(437,500)
Balance unappropriated profit at the end of the year								**10,709,983**	9,209,094
								Rupees	
Earnings per share - Basic and diluted (Note 25)								**7.30**	5.37

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

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

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2015

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

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

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

Unconsolidated Profit and Loss Account

For the Year Ended 31 December 2015

Business underwritten Outside Pakistan

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

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

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

Unconsolidated Statement of Comprehensive Income

For the Year Ended 31 December 2015

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

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

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2015

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in thousand	
Reconciliation to Profit and Loss Account		
Operating cash flows	**838,188**	1,147,794
Depreciation expense	**(142,751)**	(157,186)
Provision for gratuity	**(24,221)**	(24,585)
Other income - bank deposits	**82,980**	94,522
Gain on disposal of operating fixed assets	**26,013**	11,467
Finance charge on lease obligations	**-**	(270)
Rental income	**6,339**	5,674
Increase / (decrease) in assets other than cash	**1,286,741**	(714,051)
(Increase) / decrease in liabilities other than running finance	**(1,215,801)**	736,818
	857,488	1,100,183
Others		
Profit on sale of investments	**1,298,816**	1,147,927
Amortization expense	**(18,531)**	(19,843)
Increase in unearned premium	**(659,096)**	(1,225,017)
Increase / (decrease) in loans	**6,308**	(974)
Income taxes paid	**154,505**	115,262
Provision for impairment in value of 'available-for-sale' investments	**(76,696)**	(5,554)
Dividend and other income	**1,215,278**	866,838
Income from treasury bills	**4,034**	17,715
Return on Pakistan Investment Bonds	**39,803**	27,158
Income from TFCs	**4,713**	6,777
	1,969,134	930,289
Profit before taxation	**2,826,622**	2,030,472

Definition of cash

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

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

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

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2015

Business underwritten Inside Pakistan

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in thousand	
Reconciliation to Profit and Loss Account		
Operating cash flows	**725,266**	1,230,563
Depreciation expense	**(121,236)**	(133,528)
Provision for gratuity	**(17,702)**	(18,336)
Other income - bank deposits	**66,888**	72,057
Gain on disposal of operating fixed assets	**27,499**	11,364
Finance charge on lease obligations	**-**	(270)
Rental income	**-**	-
Increase / (decrease) in assets other than cash	**337,297**	(353,861)
(Increase) / decrease in liabilities other than running finance	**(894,364)**	96,466
	123,648	904,455
Others		
Profit on sale of investments	**1,298,816**	1,147,927
Amortization expense	**(18,293)**	(19,843)
Increase in unearned premium	**(40,112)**	(1,018,263)
Increase in loans	**5,062**	701
Income taxes paid	**154,505**	115,262
Provision for impairment in value of 'available-for-sale' investments	**(76,696)**	(5,554)
Dividend, investment and other income	**1,215,278**	866,838
Income from treasury bills	**4,034**	17,715
Return on Pakistan Investment Bonds	**39,803**	27,158
Income from TFCs	**4,713**	6,777
	2,587,110	1,138,718
Profit before taxation	**2,710,758**	2,043,173

Definition of cash

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

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

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

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

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2015

Business underwritten Outside Pakistan

	31 December 2015	31 December 2014
	Rupees in thousand	
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**2,832,272**	2,128,196
Reinsurance premiums paid	**(657,494)**	(630,822)
Claims paid	**(3,151,859)**	(2,771,959)
Reinsurance and other recoveries received	**1,606,324**	1,758,181
Commissions paid	**(333,250)**	(214,245)
Commissions received	**62,037**	63,731
Other underwriting payments	**(187,891)**	(344,362)
Net cash generated from / (used in) underwriting activities	**170,139**	(11,280)
b) Other operating activities		
General and management expenses paid	**(61,100)**	(74,010)
Loans disbursed	**(6,208)**	(6,741)
Loans repayments received	**4,962**	8,416
Other receipts	**5,129**	846
Net cash used in other operating activities	**(57,217)**	(71,489)
Total cash generated from / (used in) all operating activities	**112,922**	(82,769)
Cash flows from investing activities		
Profit / return received on bank deposits	**15,760**	27,485
Return on Pakistan Investment Bonds	**-**	-
Income received from TFCs	**-**	-
Income from treasury bills	**-**	-
Dividends received	**-**	-
Rentals received	**3,672**	5,674
Payments for investments	**-**	-
Proceeds from disposal of investments	**-**	-
Fixed capital expenditure - tangible assets	**(6,249)**	(6,692)
Fixed capital expenditure - intangible assets	**-**	-
Proceeds from disposal of operating fixed assets	**1,163**	272
Total cash generated from investing activities	**14,346**	26,739
Cash flows from financing activities		
Finance lease rentals paid	**-**	-
Dividends paid	**-**	-
Net cash generated from / (used in) financing activities	**-**	-
Net cash generated from / (used in) in all activities	**127,268**	(56,030)
Cash at the beginning of the year	**1,206,982**	1,263,012
Cash at the end of the year	**1,334,250**	1,206,982

Unconsolidated Cash Flow Statement

For the Year Ended 31 December 2015

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

Definition of cash

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

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

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

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

Unconsolidated Statement of Changes In Equity

For the Year Ended 31 December 2015

	Share Capital	Capital Reserves			Revenue Reserves		Total
	Issued, subscribed and paid-up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	General reserve	Retained earnings	
	Rupees in thousand						
Balance as at 31 December 2013	3,500,000	22,859	3,764	477,286	936,500	8,106,138	13,046,547
Comprehensive income for the year ended 31 December 2014							
Profit for the year	-	-	-	-	-	1,879,098	1,879,098
Other comprehensive income	-	-	-	(45,259)	-	11,358	(33,901)
Total comprehensive income for the year	-	-	-	(45,259)	-	1,890,456	1,845,197
Transactions with owners of the Company							
Final dividend for the year ended 31 December 2013 @ 10% (Rupee 1/- per share)	-	-	-	-	-	(350,000)	(350,000)
Interim dividend for the period ended 30 June 2014 @ 12.5% (Rupees 1.25/- per share)	-	-	-	-	-	(437,500)	(437,500)
						(787,500)	(787,500)
Balance as at December 2014	3,500,000	22,859	3,764	432,027	936,500	9,209,094	14,104,244
Comprehensive income for the year ended 31 December 2015							
Profit for the year	-	-	-	-	-	2,554,810	2,554,810
Other comprehensive income	-	-	-	41,436	-	(3,921)	37,515
Total comprehensive income for the year	-	-	-	41,436	-	2,550,889	2,592,325
Transactions with owners of the Company							
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share)	-	-	-	-	-	(525,000)	(525,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share)	-	-	-	-	-	(525,000)	(525,000)
	-	-	-	-	-	(1,050,000)	(1,050,000)
Balance as at 31 December 2015	**3,500,000**	**22,859**	**3,764**	**473,463**	**936,500**	**10,709,983**	**15,646,569**

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

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

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2015

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

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

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

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2015

Business underwritten Inside Pakistan

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

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

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

Unconsolidated Statement of Premiums

For the Year Ended 31 December 2015

Business underwritten Outside Pakistan

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

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

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

Unconsolidated Statement of Claims

For the Year Ended 31 December 2015

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

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

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

Unconsolidated Statement of Claims

For the Year Ended 31 December 2015

Business underwritten Inside Pakistan

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

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

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

Unconsolidated Statement of Claims

For the Year Ended 31 December 2015

Business underwritten Outside Pakistan

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

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

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

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2015

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

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

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

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2015

Business underwritten Inside Pakistan

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

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

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

Unconsolidated Statement of Expenses

For the Year Ended 31 December 2015

Business underwritten Outside Pakistan

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

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

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

Unconsolidated Statement of Investment Income

For the Year Ended 31 December 2015

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

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

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

1 Legal status and nature of business

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

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

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

2 Basis of preparation

2.1 Statement of compliance

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

- The SECP has allowed insurance companies to defer the application of International Accounting Standard (IAS) - 39 'Financial Instruments: Recognition and Measurement' in respect of 'available-for-sale' investments until suitable amendments have been made in the laws. Accordingly, the requirements of IAS - 39, to the extent allowed by SECP, have not been considered in the preparation of these unconsolidated financial statements.The effect of such departure from the requirements of IAS - 39 is disclosed in Note 12.1

- These financial statements represent separate unconsolidated financial statements of Adamjee Insurance Company Limited, prepared in accordance with the format of financial statements prescribed under SEC (Insurance) Rules, 2002. The consolidated financial statements of the group are issued separately.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgments

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

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

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

2.5 Standards and amendments to published approved International Financial Reporting Standards not yet effective

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

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Company's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Company's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Company's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Company's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Company's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

3 Summary of significant accounting policies

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

3.1 Change in accounting policy

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

3.2 Insurance contracts

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

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

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

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, errection all risk, machinery breakdown and boiler damage, etc.

- Marine aviation and transport insurance contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.

- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.
- Accident and health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured.

- Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

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

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

3.3 Premium

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

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

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

- for other classes / lines of business, by applying the twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

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

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

3.4 Reinsurance ceded

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

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

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

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

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

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

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

3.5 Provision for outstanding claims including IBNR

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

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

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

3.6 Reinsurance recoveries against outstanding claims

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

3.7 Commission expense and other acquisition costs

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

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

3.8 Premium deficiency reserve

The Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the reporting date.

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

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

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

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

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

3.9 Staff retirement benefits

Defined contribution plan

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

Defined benefit plans

The company operates the following defined benefit plans:

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

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

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

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

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

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

3.10 Employees' compensated absences

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

3.11 Creditors, accruals and provisions

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

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

3.12 Cash and cash equivalents

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

3.13 Investments

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

3.13.1 Available-for-sale

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

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

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

3.14 Taxation

(a) **Current**

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

(b) **Deferred**

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

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

3.15 Fixed assets

(a) **Tangible**

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

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

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

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

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

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

(b) **Intangible**

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

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

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

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

3.16 Expenses of management

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

3.17 Investment income

From available-for-sale investments

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

- **Dividend**

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

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

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

- **Return on Term Finance Certificates**

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

3.18 Foreign currencies

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

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

3.19 Financial instruments

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

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

3.20 Dividend and other appropriations

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

3.21 Off setting of financial assets and financial liabilities

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

3.22 Earnings per share

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

3.23 Impairment

Financial assets

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

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

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

Non financial assets

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

3.24 Segment reporting

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

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

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

3.25 Borrowing cost

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

3.26 Share capital

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

4 Share capital

4.1 Authorized share capital

2015	2014		2015	2014
Number of shares			Rupees in thousand	
375,000,000	375,000,000	Ordinary shares of Rs. 10 each	**3,750,000**	3,750,000

4.2 Issued, subscribed and paid up capital

2015	2014		2015	2014
Number of shares			Rupees in thousand	
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	**2,500**	2,500
349,750,000	349,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**3,497,500**	3,497,500
350,000,000	350,000,000		**3,500,000**	3,500,000

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

5 Reserves

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

5.1 The reserve for exceptional losses represents the amount set aside in prior years up to 31 December 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit the such deduction, the Company discontinued the setting aside of reserves for exceptional losses.

5.2 This amount has been set aside in prior years for utilization against possible diminution in the value of investments.

5.3 The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.

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

7.1 **Unfunded gratuity scheme**

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

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

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

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

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

	2015	2014
	Rupees in thousand	
7.1.4 The amount charged in profit and loss is as follows:		
Current service cost	**5,076**	4,578
Interest on obligation	**1,443**	1,671
Expense for the year	**6,519**	6,249

	2015	2014
	Rupees in thousand	
7.1.5 The amounts charged to other comprehensive income are as follows:		
Remeasurement of the present value of defined benefit obligation due to:		
- Changes in financial assumptions	**1,916**	2,115
- Experience adjustments	**1,424**	1,157
	3,340	3,272

7.2 Funded gratuity scheme

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

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

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

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

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

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

	2015	2014
Current service cost	**12,554**	11,404
Interest cost	**21,011**	6,932
Interest income on plan assets	**(15,863)**	-
	17,702	18,336

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

	2015	2014
	Rupees in thousand	
Remeasurement of plan obligation from:		
- Experience on obligation	**8,155**	8,249
Remeasurement of plan assets:		
- Actual net return on plan assets	**(23,437)**	(38,442)
- Interest income on plan assets	**15,863**	15,563
	(7,574)	(22,879)
	581	(14,630)

7.2.6 **The amounts recognized in the balance sheet are as follows:**

	2015	2014
Present value of the obligation	**243,203**	218,736
Fair value of plan assets	**(183,444)**	(157,260)
Net asset	**59,759**	61,476

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

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

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

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

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

7.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.5 years (2014: 3.5 years).

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

7.2.16 The main features of the gratuity schemes are as follows:

- Under the gratuity scheme the normal retirement age for all employees is 60 years.
- A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
- The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

7.3 The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

7.4 Sensitivity analysis

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

		Impact on Gratuity plans			
		Unfunded		Funded	
	Change in assumptions	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		Rupees in thousands			
Discount rate	1%	(2,050)	2,227	(7,547)	8,075
Salary growth rate	1%	2,165	(2,034)	8,154	(7,757)

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

	Note	2015	2014
		Rupees in thousand	
8 Other creditors and accruals			
Cash margin against performance bonds		**818,985**	742,672
Sundry creditors		**181,483**	173,454
Commission payable		**666,866**	530,646
Workers' welfare fund		**245,436**	187,749
Federal insurance fee		**52,441**	23,372
Federal excise duty and sales tax		**90,311**	159,881
Payable to Employees' Provident Fund	8.1	**2,453**	1,232
		2,057,975	1,819,006

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

9 Contingencies and commitments

9.1 Contingencies

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

(a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,066 thousands. The Company contested the order before Commissioner Inland Revenue (Appeals). Commissioner Inland Revenue (Appeals) decided the case in the favour of the Company. However, the order of the Commissioner Inland Revenue (Appeals) was challenged before Appellate Tribunal Inland by Tax Authorities which is pending adjudication.

(b) The Additional Commissioner / Taxation Officer has reopened assessments for the assessment year 2000-2001 and 2001-2002 by taxing bonus shares received by the Company during the above mentioned periods resulting in an additional tax liability of Rs. 14,907 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who cancelled the amended order passed by the Additional Commissioner and allowed relief to the Company but the Tax Department had filed an appeal before the ATIR against the order of the Additional Commissioner, which has been decided in favor of the Company. However, the Company received another notice from Additional Commissioner for reassessment of the case in response to which the Company has filed a constitutional petition in Honorable Sindh High Court against such notice.

(c) While finalizing the assessment for the assessment year 2002-2003, DCIR has reduced the business loss for the year by Rs. 88,180 thousands by adjusting the dividend income against this loss. The Company maintains that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), The ATIR and the Sindh High Court. The Company has filed a reference application with the Supreme Court of Pakistan. The management is confident that the matter will eventually be decided in favour of the Company and has consequently not made any provision against the additional tax liability of Rs. 26,455 thousands which may arise in this respect.

(d) The Tax Authorities have also amended the assessments for tax years 2003 to 2005 on ground that the Company has not apportioned management and general administration expenses against capital gain and dividend income. The Company has filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Company may be liable to pay Rs. 5,881 thousands in the event of decision against the Company, out of which Rs. 2,727 thousands have been provided resulting in shortfall of Rs. 3,154 thousands.

(e) The Taxation officer has passed an order in the tax years 2005 and 2006 under section 221 of Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,358 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who upheld the order of the Taxation Officer. The Company has filed an appeal before the ATIR which is yet to be heard.

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

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

9.2 Commitments

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

	Note	2015	2014
		Rupees in thousand	
10 Cash and bank deposits			
Cash and other equivalents			
Cash in hand		**10,704**	8,820
Current and other accounts			
Current accounts		**1,200,253**	973,713
Savings accounts	10.1	**860,845**	834,394
		2,061,098	1,808,107
Deposits maturing within 12 months			
Fixed and term deposits	10.2	**826,330**	1,059,703
		2,898,132	2,876,630

10.1 This includes Rs. 50,491 thousands maintained in separate bank account for Window Takaful Operator's Fund.

10.2 These include fixed deposits amounting to Rs. 197,962 thousands (AED 6,951 thousands) [2014: Rs. 189,969 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs. 9,076 thousands (2014: Rs. 9,076 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Company for claims under litigation filed against the Company.

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

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

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

11.2 Reconciliation of carrying amount of loans

	2015		
	Executives	Others	Total
	Rupees in thousand		
Opening balance	**5,676**	**27,017**	**32,693**
Disbursements	**27,990**	**23,532**	**51,522**
Repayments	**(17,784)**	**(27,430)**	**(45,214)**
Closing balance	**15,882**	**23,119**	**39,001**

	2014		
	Executives	Others	Total
	Rupees in thousand		
Opening balance	5,220	28,447	33,667
Disbursements	15,602	35,813	51,415
Repayments	(15,146)	(37,243)	(52,389)
Closing balance	5,676	27,017	32,693

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

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

12.2 Reconciliation of provision for impairment in value of investments

	2015	2014
	Rupees in thousand	
Balance as at 01 January	**226,444**	220,890
Impairment for the year	**76,696**	5,554
Balance as at 31 December	**303,140**	226,444

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

No. of Shares / Certificates 2015	No. of Shares / Certificates 2014	Face value Rupees	Company's Name	2015 Rupees in thousand	2014 Rupees in thousand
12.3.1 Related parties					
Listed Shares:					
1,258,650	1,258,650	10	Nishat Mills Limited [Equity held 0.36% (2014: 0.36%)]	**34,211**	34,211
38,122,387	34,641,587	10	MCB Bank Limited [Equity held 3.43% (2014: 3.11%)]	**5,875,254**	4,947,531
484,000	440,000	10	Hira Textile Mills Limited [Equity held 0.56% (2014: 0.56%)]	**5,000**	5,000
25,631,181	25,631,181	10	Pakgen Power Limited [Equity held 6.89% (2014: 6.89%)]	**355,448**	355,448
27,348,388	27,348,388	10	Lalpir Power Limited [Equity held 7.20% (2014: 7.20%)]	**371,516**	371,516
				6,641,429	5,713,706
Investment in Subsidary Company					
69,489,545	69,489,545	10	Adamjee Life Assurance Company Limited [Equity held 74.28% (2014: 74.28%)]	**694,895**	694,895
12.3.2 Others - listed shares					
			Commercial Banks		
4,143,128	4,143,128	10	Allied Bank Limited	**213,480**	213,480
-	777,022	10	Askari Bank Limited	**-**	21,359
5,725,178	5,725,178	10	Bank Al-Habib Limited	**122,610**	122,610
-	640,319	10	Habib Bank Limited	**-**	84,635
3,901,899	3,901,899	10	Habib Metropolitan Bank Limited	**87,327**	87,327
5,385,450	3,798,950	10	National Bank of Pakistan	**300,887**	189,701
2,550,000	-	10	Bank Alfalah Limited	**73,549**	-
6,010,504	4,334,004	10	United Bank Limited	**637,722**	357,172
			Non Banking Financial Institutions		
617,840	3,396,340	10	MCB-Arif Habib Savings & Investment Limited	**12,071**	66,356
			Insurance		
3,840	3,840	10	EFU General Insurance Company Limited	**211**	211
146,606	335,706	10	International General Insurance Company of Pakistan	**23,536**	22,888
286,843	286,843	10	Pakistan Reinsurance Company Limited	**6,326**	6,326
			Power Generation & Distribution		
309,500	85,000	10	Kot Addu Power Company Limited	**27,142**	3,913
-	115,500	10	Hub Power Company Limited	**-**	3,224
931,500	-	10	Nishat Power Limited	**52,426**	-
2,756,382	1,638,882	10	Saif Power Limited	**94,479**	49,166
			Oil And Gas Marketing Companies		
247,200	100,000	10	Attock Refinery Limited	**48,942**	15,157
2,213,095	2,213,095	10	Sui Northern Gas Pipelines Limited	**127,666**	127,666
			Oil And Gas Exploration Companies		
610,000	110,000	10	Oil and Gas Development Company Limited	**91,418**	27,326
563,485	563,485	10	Pakistan Oilfields Limited	**247,635**	247,635
1,708,428	1,708,428	10	Pakistan Petroleum Limited	**256,246**	256,246

No. of Shares / Certificates 2015	2014	Face value Rupees	Company's Name	2015 Rupees in thousand	2014
			Automobile Assembler		
353,760	406,860	5	Al-Ghazi Tractors Limited	**37,414**	43,030
452,896	340,996	10	Millat Tractors Limited	**93,508**	25,239
			Cables And Electrical Goods		
-	326,128	10	Pakistan Cables Limited	**-**	27,717
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	**116,770**	116,770
1,000,000	-	10	Pak Elektron Limited	**75,122**	-
			Industrial Metals and Mining		
88,000	88,000	10	Aisha Steel Mills Limited	**-**	-
			Paper & Board		
98,250	-	10	Packages Limited	**64,781**	-
			Fertilizer		
-	1,936,906	10	Fauji Fertilizer Bin Qasim Limited	**-**	85,611
8,664,140	6,664,140	10	Fauji Fertilizer Company Limited	**897,066**	640,762
249,500	-	10	Dawood Hercules Limited	**32,418**	-
			Pharmaceutical		
3,646	28,646	10	Abbott Laboratories Pakistan Limited	**446**	3,501
-	683,661	10	GlaxoSmithKline Pakistan Limited	**-**	53,506
			Chemical		
-	968,000	10	Arif Habib Corporation Limited	**-**	98,981
110,401	110,401	10	Archroma Pakistan Limited	**11,762**	11,762
			Food And Personal Care Products		
65,808	371,868	10	Murree Brewery Company Limited	**2,797**	15,804
50,290	66,290	10	Rafhan Maize Products Limited	**68,483**	90,271
			Cement		
6,280,944	5,003,944	10	D.G. Khan Cement Company Limited	**510,954**	307,147
				4,335,194	3,422,499

12.3.3 Others - Unlisted shares

9,681,374	3,684,914	10	Security General Insurance Company Limited	**924,535**	351,471

12.3.4 Others-Term Finance Certificates

3,000	3,000	5,000	Bank Alfalah Limited	**14,967**	14,970
-	5,000	5,000	KESC AZM Certificate	**-**	24,955
50	-	1,000,000	Pak Electron (Commercial Paper)	**46,772**	-
				61,739	39,925

12.3.5 Others-Mutual Fund Certificates

Open-Ended-Mutual Funds

6,185,152	6,137,613	100	MCB Dynamic Cash Fund	**657,432**	559,097
-	10,416,977	100	MCB Cash Management Optimizer Fund	**-**	987,830
16,283,742	22,436,114	50	Metro Bank Pakistan Sovereign Fund	**870,529**	1,168,878
1,996,856	1,748,646	10	ABL Income Fund	**19,988**	17,534
9,314,488	5,287,342	50	Pakistan Income Enhancement Fund	**500,000**	269,395
11,171,104	-		Pakistan Income Enhancement Fund (Investment)	**600,000**	-
355,897	334,476	50	Meezan Islamic Income Fund	**18,208**	16,881
-	1,016,489	100	PICIC Cash Fund	**-**	100,000
				2,666,157	3,119,615

		Note	2015	2014
			Rupees in thousand	
13	**Premium due but unpaid - unsecured**			
	Considered good	13.1	**4,539,734**	3,627,920
	Considered doubtful		**368,729**	363,482
			4,908,463	3,991,402
	Less: Provision for doubtful balances	13.2	**(368,729)**	(363,482)
			4,539,734	3,627,920

13.1 Premium due but unpaid include an amount of Rs. 453,486 thousands (2014: Rs. 346,287 thousands) held with related parties.

		Note	2015	2014
13.2	**Reconciliation of provision for doubtful balances**			
	Balance as at 01 January		**363,482**	369,231
	Exchange loss / (gain)		**5,247**	(5,749)
	Charge for the year		**-**	-
	Balance as at 31 December		**368,729**	363,482
14	**Amounts due from other insurers / reinsurers - unsecured**			
	Considered good		**814,284**	817,282
	Considered doubtful		**299,558**	299,558
			1,113,842	1,116,840
	Less: Provision for doubtful balances	14.1	**(299,558)**	(299,558)
			814,284	817,282
14.1	**Reconciliation of provision for doubtful balances**			
	Balance as at 01 January		**299,558**	322,810
	Reversal for the year		**-**	(23,252)
	Balance as at 31 December		**299,558**	299,558
15	**Premium and claim reserves retained by cedants**			
	Considered doubtful		**23,252**	(23,252)
			23,252	(23,252)
	Less: Provision for doubtful balances	15.1	**(23,252)**	23,252
			-	-
15.1	**Reconciliation of provision for doubtful balances**			
	Balance as at 01 January		**23,252**	-
	Charge for the year		**-**	23,252
	Balance as at 31 December		**23,252**	23,252

	Note	2015	2014
		Rupees in thousand	
16 Accrued investment income			
Return accrued on Term Finance Certificates		**826**	681
Return accrued on Treasury Bills		**4,034**	-
Return accrued on Pakistan Investment Bonds		**14,587**	19,192
Dividend income			
- related parties		**-**	-
- others		**-**	3,035
		-	3,035
Return on deposit accounts			
- related parties		**3,662**	-
- others		**492**	3,306
		4,154	3,306
		23,601	26,214

	Note	2015	2014
		Rupees in thousand	
17 Reinsurance recoveries against outstanding claims			

These are unsecured and considered to be good.

	Note	2015	2014
18 Prepayments			
Prepaid reinsurance premium ceded		**2,178,676**	2,053,666
Others		**76,473**	62,543
		2,255,149	2,116,209
19 Sundry receivables			
Considered good			
Current portion of long-term loans			
Executives	11	**11,147**	5,103
Employees	11	**10,856**	13,365
Other advances		**95,747**	113,840
Security deposits		**36,680**	33,609
Miscellaneous		**20,058**	90,216
		174,488	256,133
20 Fixed assets			
Owned assets - tangibles		**1,260,737**	1,063,366
Owned assets - intangibles		**33,684**	48,711
	20.1	**1,294,421**	1,112,077
Leased assets			
Capital work in progress - intangible	20.2	**6,776**	1,721
		1,301,197	1,113,798

20.1 Property, plant and equipment

	2015											
	Cost					Depreciation					Book value	
	As at 01 Jan 2015	Additions / transfers*	Exchange differences and other adjustments	Disposals	As at 31 Dec 2015	As at 01 Jan 2015	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2015	As at 31 Dec 2015	Rate
	Rupees in thousand											%
Tangible												
Land and Buildings	538,957	313,798	7,999	(6,953)	**853,801**	128,268	2,090	(5,238)	26,799	151,919	**701,882**	**10.00%**
Furniture and fixtures	210,469	583	857	(4,249)	**207,660**	86,445	291	(3,610)	18,808	101,934	**105,726**	**15.00%**
Motor vehicles	599,611	54,450	911	(52,815)	**602,157**	286,194	427	(28,480)	47,359	305,500	**296,657**	**15.00%**
Machinery and equipment	238,631	7,127	972	(69,801)	**176,929**	132,451	341	(52,496)	16,552	96,848	**80,081**	**16.67%**
Computer and related accessories	290,114	3,494	582	(26,620)	**267,570**	181,058	597	(23,709)	33,233	191,179	**76,391**	**30.00%**
Leased												
Motor vehicles	-	-	-	-	**-**	-	-			-	**-**	**15.00%**
Intangibles												
Computer software	162,387	3,501	93	-	**165,981**	113,676	90	-	18,531	132,297	**33,684**	**20.00%**
Total	**2,040,169**	**382,953**	**11,414**	**(160,438)**	**2,274,098**	**928,092**	**3,836**	**(113,533)**	**161,282**	**979,677**	**1,294,421**	

	2014											
	Cost					Depreciation					Book value	
	As at 01 Jan 2014	Additions / transfers*	Exchange differences and other adjustments	Disposals	As at 31 Dec 2014	As at 01 Jan 2014	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2014	As at 31 Dec 2014	Rate
	Rupees in thousand											%
Tangible												
Land and Buildings	546,697	2,402	(8,438)	(1,704)	538,957	101,490	(1,311)	(1,236)	29,325	128,268	410,689	10.00%
Furniture and fixtures	205,886	6,003	(1,317)	(103)	210,469	65,191	(172)	(98)	21,524	86,445	124,024	15.00%
Motor vehicles	483,115	79,804	(353)	(17,338)	599,611	220,307	(451)	(10,301)	45,393	286,194	313,417	15.00%
		54,383						31,246				
Machinery and equipment	228,470	12,029	(1,665)	(203)	238,631	115,042	(302)	(97)	17,808	132,451	106,180	16.67%
Computer and related accessories	186,386	104,683	(734)	(221)	290,114	143,463	(589)	(135)	38,319	181,058	109,056	30.00%
Leased												
Motor vehicles					-					-	-	15.00%
	67,100	-	-	(12,717)	-	33,473	-	(6,688)	4,461			
		(54,383)						(31,246)				
Intangibles												
Computer software	162,230	568	(411)	-	162,387	93,556	(79)	-	20,199	113,676	48,711	20.00%
Total	1,879,884	205,489	(12,918)	(32,286)	2,040,169	772,522	(2,904)	(18,555)	177,029	928,092	1,112,077	

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

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

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For the Year Ended 31 December 2015

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in thousand					
Suzuki Mehran (LEB-09-8952)	536	332	204	223	Negotiation	Syed Farhat Hussain-Employee
Suzuki Mehran (LEB-09-8954)	536	332	204	222	Negotiation	Mohammad Shakeel-Employee
Suzuki Mehran (LEC-09-1963)	535	324	211	231	Negotiation	Amjad Saood Quddusi-Employee
Suzuki Mehran (ARY-158)	534	326	208	390	Auction	Sardar Ali Masood Raza
Suzuki Mehran (ASA-542)	534	331	203	222	Negotiation	Jawed Saeed Khan-Employee
Suzuki Mehran (ASA-562)	534	331	203	222	Negotiation	Najam Ayaz-Employee
Suzuki Mehran (ASA-389)	534	331	203	222	Negotiation	Nadeem Ahmed Siddiqui-Employee
Suzuki Mehran (ASA-362)	534	331	203	222	Negotiation	Imran Omar-Employee
Suzuki Mehran (ASA-503)	534	331	203	222	Negotiation	Syed Javed Ali Shah-Employee
Suzuki Mehran (ASA-679)	534	323	211	231	Negotiation	Muhammad Ashraf Memon-Employee
Suzuki Mehran (ASC-692)	534	323	211	231	Negotiation	Muhammed Yousuf-Employee
Suzuki Mehran (ASD-607)	534	323	211	231	Negotiation	Nadeem Ali Shaikh-Employee
Suzuki Mehran (ASD-462)	534	323	211	231	Negotiation	Aftab Alam-Employee
Suzuki Mehran (ASC-791)	534	323	211	231	Negotiation	Mohammad Saleem-Employee
Suzuki Mehran (ASX-507)	525	304	221	460	Insurance claim recovery	IGI Insurance Ltd
Suzuki Mehran (ASL-306)	520	309	211	231	Negotiation	Khurshed Javed-Employee
Suzuki Cultus (ANE-703)	260	174	86	183	Auction	Syed Masroor Ali
	52,815	**28,480**	**24,335**	**30,967**		
Machinery & equipment						
Photo copy machine	408	252	156	156		
Items having book value below Rs. 50,000	18,735	13,774	4,961	32		
Items written off	50,658	38,470	12,188	-		
	69,801	**52,496**	**17,305**	**188**		
Computer						
Items written off	26,620	23,709	2,911	-		
	26,620	**23,709**	**2,911**			
Grand Total	**160,438**	**113,533**	**46,905**	**57,180**		

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

		Note	2015	2014
			Rupees in thousand	
21	**Expenses**			
	Salaries and wages	23.1	**968,469**	904,636
	Rent, rates and taxes		**62,061**	56,299
	Utilities		**44,379**	54,208
	Communication and computer expenses		**32,566**	29,879
	Printing and stationery		**25,400**	28,763
	Traveling and entertainment		**39,763**	51,562
	Repairs and maintenance		**79,969**	88,524
	Advertisement and sales promotion		**49,489**	32,194
	Depreciation	20.1	**94,596**	101,294
	Tracking and monitoring charges		**99,865**	91,600
	Legal and professional		**34,233**	19,756
	Others		**24,961**	24,639
			1,555,751	1,483,354
22	**Other income**			
	Income from financial assets			
	Return on bank deposits		**82,980**	94,522
	Interest on loans to employees		**375**	359
	Income from non financial assets			
	Gain on sale of fixed assets		**26,013**	11,467
	Miscellaneous		**75,351**	16,194
			184,719	122,542
23	**General and administration expenses**			
	Salaries and wages	23.1	**229,185**	147,549
	Rent, rates and taxes		**22,780**	22,039
	Depreciation	20.1	**48,155**	55,536
	Communication and computer expenses		**38,763**	39,424
	Utilities		**10,946**	14,977
	Repairs and maintenance		**16,214**	24,476
	Advertisement and sales promotion		**31,836**	20,091
	Traveling and entertainment		**14,888**	27,270
	Directors' fee		**390**	350
	Legal and professional		**80,918**	57,985
	Auditors' remuneration	23.2	**5,921**	5,594
	Donations	23.3	**400**	300
	Amortization of intangible asset	20.1	**18,531**	20,199
	Others		**51,981**	49,588
			570,908	485,378

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

		Note	2015	2014
			Rupees in thousand	
23.2	**Auditor's remuneration**			
	Inside Pakistan:			
	Audit fee		**2,380**	2,380
	Half yearly review		**469**	469
	Other certifications		**320**	370
	Out of pocket expenses		**590**	518
			3,759	3,737
	Outside Pakistan:			
	Audit fee		**1,952**	1,647
	Out of pocket expenses		**210**	210
			2,162	1,857
			5,921	5,594

23.3 **None of the directors or their spouses had any interest in the donee.**

		Note	2015	2014
			Rupees in thousand	
24	**Provision for taxation**			
	Current tax			
	For the year		**221,204**	147,660
	Prior year		**36,850**	(3,993)
	Deferred tax			
	For the year	24.2	**13,758**	7,707
			271,812	151,374

		2015	2014
		(Effective tax rate) (Percentage)	
24.1	**Tax charge reconciliation**		
	Tax at the applicable rate of 32% (2014: 33%)	32.00	33.00
	Tax effect of income subject to lower rate	(14.20)	(9.92)
	Tax effect of change in tax rate and others	(3.92)	1.69
	Super tax	1.30	-
	Effect of prior years adjusment	-	(0.20)
	Tax effect of income exempt from tax	(5.57)	(17.11)
		9.62	7.46

		Note	2015	2014
			Rupees in thousand	
24.2	**Deferred tax effect due to temporary differences of:**			
	Tax depreciation allowance		(59,165)	(70,336)
	Provision for gratuity		17,575	14,836
	Carried forward tax losses		125,526	153,194
			83,936	97,694
	Less: Opening balance of deferred tax asset		(97,694)	(105,401)
			(13,758)	(7,707)

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

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

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

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

	Chief Executive Officer / Executive Director		Non-executive Directors		Executives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees in thousands							
Fee	**-**	-	**390**	350	**-**	-	**390**	350
Managerial remuneration	**7,841**	6,480	**-**	-	**186,419**	160,647	**194,260**	167,127
Allowances and perquisites	**10,390**	7,854	**-**	-	**257,329**	183,310	**267,719**	191,164
	18,231	14,334	**390**	350	**443,748**	343,957	**462,369**	358,641
Number	**1**	1	**10**	10	**169**	154	**180**	165

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

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

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

27 Transactions with related parties

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

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

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

28 Segment reporting

Each class of business has been identified as reportable segment. Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following is a schedule of class of business wise assets and liabilities:

	30 December 2015														
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Total		Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
	Rupees in thousand														
Other Information															
Segment assets	5,013,068	146,916	488,093	12,081	803,539	3,827,084	532,160	42,191	1,404,303	18,286	-	-	8,241,163	4,046,558	12,287,721
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	18,380,169	1,588,089	19,968,258
Total assets	5,013,068	146,916	488,093	12,081	803,539	3,827,084	532,160	42,191	1,404,303	18,286	-	-	26,621,332	5,634,647	32,255,979
Segment liabilities	5,381,537	133,089	443,083	5,864	1,522,424	3,985,797	915,449	36,341	1,707,059	12,599	-	-	9,969,552	4,173,690	14,143,242
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	2,140,170	325,998	2,466,168
Total liabilities	5,381,537	133,089	443,083	5,864	1,522,424	3,985,797	915,449	36,341	1,707,059	12,599	-	-	12,109,722	4,499,688	16,609,410
Capital expenditure													381,759	6,249	388,008

	31 December 2014														
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Total		Aggregate
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	
	Rupees in thousand														
Other Information															
Segment assets	4,917,742	106,037	466,808	14,509	616,153	2,896,256	499,712	33,621	1,283,136	18,891	-	-	7,783,551	3,069,314	10,852,865
Unallocated assets	-	-	-	-	-	-	-	-	-	-	-	-	16,516,217	1,462,929	17,979,146
Total assets	4,917,742	106,037	466,808	14,509	616,153	2,896,256	499,712	33,621	1,283,136	18,891	-	-	24,299,768	4,532,243	28,832,011
Segment liabilities	5,423,224	69,499	463,623	7,763	1,088,578	3,182,075	877,587	29,413	1,465,989	10,173	20,332	-	9,339,333	3,298,923	12,638,256
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-	1,828,696	260,815	2,089,511
Total liabilities	5,423,224	69,499	463,623	7,763	1,088,578	3,182,075	877,587	29,413	1,465,989	10,173	20,332	-	11,168,029	3,559,738	14,727,767
Capital expenditure													102,195	6,692	108,887

29 Financial and insurance risk management objectives and policies

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk).The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Company's financial assets and liabilities are limited. The Company consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing the Company's risk management policies.

The individual risk wise analysis is given below :

29.1 Credit risk and concentration of credit risk

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

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Company's credit risk exposure is not significantly different from that reflected in these unconsolidated financial statements. The management monitors and limits the Company's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2015	2014
	Rupees in thousand	
Bank deposits	**2,898,132**	2,876,630
Investments	**15,393,433**	13,482,064
Premium due but unpaid	**4,539,734**	3,627,920
Amount due from other insurers / reinsurers	**814,284**	817,282
Salvage recoveries accrued	**250,602**	207,471
Loans	**39,001**	32,693
Accrued investment income	**23,601**	26,214
Reinsurance recoveries against outstanding claims	**3,966,157**	3,669,232
Sundry receivables	**152,485**	237,665
	28,077,429	24,977,171

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

	2015	2014
	Rupees in thousand	
The age analysis of receivables from other than related parties is as follows:		
Up to 1 year	**3,546,574**	2,866,825
1-2 & prior years	**908,403**	778,290
	4,454,977	3,645,115
The age analysis of receivables from related parties is as follows:		
Up to 1 year	**411,061**	308,375
1-2 & prior years	**42,425**	37,912
	453,486	346,287

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

	Rating		Rating	2015	2014
	Short Term	Long Term	Agency	Rupees in thousand	
Allied Bank Limited	A1+	AA+	PACRA	**-**	9
Askari Bank Limited	A1+	AA	PACRA	**46**	46
Bank Alfalah Limited	A1+	AA	PACRA	**68,568**	63,728
Bank Al Habib Limited	A1+	AAA	PACRA	**31,550**	26,843
Citibank N.A.	P-2	A3	Moody's	**-**	9,595
Dubai Islamic Bank Pakistan Limited	A1	A+	JCR-VIS	**50,491**	-
Habib Bank Limited	A1+	AAA	JCR-VIS	**134,033**	127,952
Industrial Development Bank of Pakistan	-	-	-	**-**	831
FINCA Micro Finance Bank Limited	A-2	A-	JCR-VIS	**1,043**	997
MCB Bank Limited	A1+	AAA	PACRA	**1,983,209**	1,174,526
National Bank of Pakistan	A1+	AAA	PACRA/JCR-VIS	**428**	4,116
The Punjab Provincial Cooperative Bank Limited	Not Available	Not Available	Not Available	**155,799**	139,103
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**-**	2,691
Tameer Micro Finance Bank Limited	A1	A+	JCR-VIS	**-**	-
United Bank Limited, Dubai U.A.E	A1+	AA+	JCR-VIS	**162,732**	1,038,977
Al-Meezan Bank (Formerly HSBC)	A1+	AA	JCR-VIS	**-**	12,056
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	**299,528**	266,339
				2,887,428	2,867,810

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

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

29.2 Liquidity Risk

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

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

	2015			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
Provision for outstanding claims	**5,773,824**	**5,773,824**	**5,773,824**	**-**
Amount due to insurers / reinsurers	**2,013,872**	**2,013,872**	**2,013,872**	**-**
Accrued expenses	**163,244**	**163,244**	**163,244**	**-**
Unclaimed dividend	**74,793**	**74,793**	**74,793**	**-**
Other creditors and accruals	**1,669,787**	**1,669,787**	**1,669,787**	**-**
	9,695,520	**9,695,520**	**9,695,520**	**-**

	2014			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
Financial liabilities	Rupees in thousand			
Provision for outstanding claims	5,706,373	5,706,373	5,706,373	-
Amount due to insurers / reinsurers	1,226,375	1,226,375	1,226,375	-
Accrued expenses	68,841	68,841	68,841	-
Unclaimed dividend	95,416	95,416	95,416	-
Other creditors and accruals	1,448,004	1,448,004	1,448,004	-
	8,545,009	8,545,009	8,545,009	-

29.3 Market risk

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

(a) Interest / mark - up rate risk

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

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

Sensitivity analysis

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect the fair value of any financial instruments. For cash flow sensitivity analysis of variable rate instruments, a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss	
	Increase	Decrease
	Rupees in thousand	
As at 31 December 2015 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	**-**	-
Cash flow sensitivity - variable rate financial assets	**17,489**	**(17,489)**
As at 31 December 2014 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	**-**	-
Cash flow sensitivity - variable rate financial assets	19,340	(19,340)

Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Company is exposed to equity price risk that arises as a result of changes in the levels of PSE - Index and the value of individual shares. The equity price risk arises from the Company's investment in equity securities for which the prices in the future are uncertain. The Company policy is to manage price risk through selection of blue chip securities.

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

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

Sensitivity analysis

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

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

Currency risk

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

The following significant exchange rates were applied during the year:

	2015	2014
	Rupees	
Rupees per US Dollar		
Average rate	**102.74**	100.80
Reporting date rate	**104.60**	100.40
Rupees per AED		
Average rate	**27.97**	27.44
Reporting date rate	**28.48**	27.33

Insurance risk

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

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

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

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

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

a) Geographical concentration of insurance risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated primarily with the commercial / industrial occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurers for their evaluation. Reference is made to the standard construction specifications laid down by Insurance Association of Pakistan (IAP). For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Company.

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

b) Reinsurance arrangements

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

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

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

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

c) Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

d) Neutral assumptions for claim estimation

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

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

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

e) Sensitivity analysis

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

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

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

f) Claims development table

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

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

29.4 Fair value measurement of financial instruments

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

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

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

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

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

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

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

	Note	Carrying amount					Fair value			
		Available for sale	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand								
Reinsurance recoveries against outstanding claims*	17	-	3,966,157	-	-	3,966,157	-	-	-	-
Sundry receivables*	19	-	152,485	-	-	152,485	-	-	-	-
		15,393,433	9,785,864	2,898,132	-	28,077,429	18,722,807	1,386,010	1,773,000	21,881,817
Financial liabilities - measured at fair value										
Staff retirement benefits		-	-	-	116,452	116,452	-	116,452	-	116,452
Financial liabilities - not measured at fair value										
Provision for outstanding claims (including IBNR)*	6	-	-	-	5,773,824	5,773,824	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	2,013,872	2,013,872	-	-	-	-
Accrued expenses*		-	-	-	163,244	163,244	-	-	-	-
Other creditors and accruals*	8	-	-	-	1,669,787	1,669,787	-	-	-	-
Unclaimed dividend*		-	-	-	74,793	74,793	-	-	-	-
		-	-	-	9,695,520	9,695,520	-	-	-	-

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

30 Capital risk management

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

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

31 Non - Adjusting events after the balance sheet date

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

32 Provident fund related disclosure

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

	2015	2014
	Rupees in thousand	
Size of the fund - Total assets	**850,682**	863,517
Cost of investments	**829,482**	720,866
Percentage of investments made	**98%**	83%
Fair value of investments	**1,026,669**	836,226

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

	2015	2014	2015	2014
	Percentage		Rupees in thousand	
Deposits and bank balances	**1.1%**	4.0%	**11,310**	33,804
Term finance certificates	**0.5%**	4.0%	**4,730**	33,613
Pakistan Investment Bonds	**49.0%**	56.3%	**503,488**	470,210
Mutual funds	**38.4%**	25.9%	**394,637**	216,597
Listed securities	**11.0%**	9.8%	**112,504**	82,002
	100.0%	100.0%	**1,026,669**	836,226

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

33 Number of employees

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

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

34 Date of authorization for issue

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

35 General

35.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.

35.2 Figures in these unconsolidated financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.

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

CONSOLIDATED

Financial Statements
for the Year Ended
31 December 2015

Directors' Report to the Members on Consolidated Financial Statements

For the Year Ended 31 December 2015

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

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

	31 December 2015	31 December 2014
	Rupees in thousand	
Profit before tax	**2,830,781**	2,049,156
Taxation	**(275,100)**	(155,053)
Profit after tax	**2,555,681**	1,894,103
Profit attributable to non-controlling interest	**(224)**	(3,860)
Profit attributable to ordinary shareholders	**2,555,457**	1,890,243
Unappropriated profit brought forward	**8,869,577**	7,807,566
Profit available for appropriation	**11,425,034**	9,697,809
Appropriation		
Final dividend for the year ended 31 December 2014 @15% (Rupees 1.5/- per share) [2013: @ 10% (Rupee 1/- per share)]	**(525,000)**	(350,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share) [2014: @ 12.5% (Rupees 1.25/- per share)]	**(525,000)**	(437,500)
Other comprehensive income: Remeasurement of defined benefit obligation	**(3,921)**	11,358
Capital contribution to statutory funds	**(10,251)**	(52,090)
Total appropriation	**(1,064,172)**	(828,232)
Profit after appropriation	**10,360,862**	8,869,577

	Rupees	
Earnings per share	**7.30**	5.40

On Behalf of Board of Directors

Muhammad Ali Zeb
Managing Director and Chief Executive Officer

Date: 23 February 2016
Lahore

Auditors' Report to the Members

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

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

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

Date: 23 February 2016
Lahore

KPMG Taseer Hadi & Co.
Chartered Accountants
(Bilal Ali)

Consolidated Balance Sheet

As at 31 December 2015

	Note	31 December 2015	31 December 2014
		Rupees in thousand	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
375,000,000 (2014: 375,000,000) ordinary shares of Rs. 10 each		**3,750,000**	3,750,000
Issued, subscribed and paid up capital	4	**3,500,000**	3,500,000
Reserves	5	**1,436,586**	1,395,150
Retained earnings		**10,360,862**	8,869,577
Equity attributable to equity holders of the parent		**15,297,448**	13,764,727
Non-controlling interest	6	**5,201**	8,526
		15,302,649	13,773,253
Balance of statutory funds [including policy holders' liabilities of Rs. 13.856 billion (2014: Rs. 7.986 billion)]	7	**14,444,777**	8,256,341
Underwriting provisions			
Provision for outstanding claims (including IBNR)	8	**5,972,005**	5,819,872
Provision for unearned premium		**5,928,944**	5,269,848
Commission income unearned		**213,398**	231,121
Total underwriting provisions		**12,114,347**	11,320,841
Deferred liabilities			
Staff retirement benefits	9	**125,595**	112,547
Creditors and accruals			
Premiums received in advance		**449,151**	346,706
Amounts due to other insurers / reinsurers		**2,047,672**	1,245,594
Taxation - provision less payments		**31,183**	-
Accrued expenses		**168,584**	72,803
Other creditors and accruals	10	**2,358,342**	2,058,253
		5,054,932	3,723,356
Other liabilities			
Unclaimed dividends		**74,793**	95,416
TOTAL LIABILITIES		**17,369,667**	15,252,160
Contingencies and Commitments	11		
TOTAL EQUITY AND LIABILITIES		**47,117,093**	37,281,754

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

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

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

Consolidated Profit and Loss Account

For the Year ended 31 December 2015

	Note	General Insurance						Life Insurance				Total	
		Fire and Property Damage	Marine, Aviation and Transport	Motor	Accident & Health	Miscellaneous	Treaty	Conventional Business	Accident & Health Business	Non-Unitised Investment Link Business	Unit Linked Business	31 December 2015	31 December 2014
		Rupees in thousand											
Revenue account													
Net premium revenue		1,018,826	717,583	3,757,455	1,534,201	719,326	-	150,495	-	503,951	8,183,245	**16,585,082**	11,278,983
Net claims		(440,289)	(318,730)	(2,168,296)	(1,439,832)	(432,892)	20,332	(99,652)	-	(91,320)	(1,587,320)	**(6,557,999)**	(5,331,614)
Expenses	24	(261,076)	(187,467)	(769,275)	(126,820)	(211,113)	-	(38,624)	1	(34,974)	(484,633)	**(2,113,981)**	(1,910,940)
Net commission		(118,323)	(120,024)	(358,806)	(23,040)	62,196	-	(31,934)	-	(42,031)	(1,422,278)	**(2,054,240)**	(1,390,297)
Net Investment income - statutory funds		-	-	-	-	-	-	20,193	11	231,923	917,583	**1,169,710**	1,048,952
Add: Policyholders' liabilities at beginning of the year		-	-	-	-	-	-	101,213	-	1,613,531	6,271,711	**7,986,455**	4,732,159
Less: Policyholders' liabilities at end of the Year		-	-	-	-	-	-	(104,896)	-	(2,057,292)	(11,693,710)	**(13,855,898)**	(7,986,455)
(Deficit) / Surplus of Policyholders' funds		-	-	-	-	-	-	3,205	(12)	(123,788)	(184,598)	**(305,193)**	(71,578)
Underwriting result		199,138	91,362	461,078	(55,491)	137,517	20,332	-	-	-	-	**853,936**	369,210
Investment income - other												**2,431,856**	2,094,715
Rental income												**6,339**	5,674
Other income	25											**176,332**	120,663
												3,468,463	2,590,262
General and administration expenses	26											**(585,821)**	(498,669)
Exchange gain / (loss)												**5,910**	(470)
Finance charges on lease liabilities												**-**	(270)
Workers' welfare fund												**(57,771)**	(41,697)
Profit before tax												**2,830,781**	2,049,156
Provision for taxation	27											**(275,100)**	(155,053)
Profit after tax												**2,555,681**	1,894,103
Profit attributable to:													
Equity holders of the parent												**2,555,457**	1,890,243
Non-controlling interest												**224**	3,860
												2,555,681	1,894,103

Profit and loss appropriation account - Parent Company

	31 December 2015	31 December 2014
Balance at the commencement of the year	**8,869,577**	7,807,566
Profit after tax for the year	**2,555,457**	1,890,243
Other comprehensive (loss)/income - remeasurement of defined benefit obligation	**(3,921)**	11,358
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share) [2013: @10% (Rupee 1/- per share)]	**(525,000)**	(350,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share) [2014: @12.5% (Rupees 1.25/- per share)]	**(525,000)**	(437,500)
Capital contribution to statutory funds	**(10,251)**	(52,090)
Balance unappropriated profit at the end of the year	**10,360,862**	8,869,577
	Rupees	
Earnings per share - basic and diluted (Note 28)	**7.30**	5.40

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

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

Consolidated Statement of Comprehensive Income

For the Year ended 31 December 2015

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

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

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

Consolidated Cash Flow Statement

For the Year ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in thousand	
Cash flows from operating activities		
a) Underwriting activities		
Premiums received	**22,017,691**	16,522,446
Reinsurance premiums paid	**(4,698,764)**	(4,421,906)
Claims paid	**(10,095,293)**	(9,013,836)
Surrenders paid	**(35,838)**	(21,643)
Reinsurance and other recoveries received	**3,080,390**	4,120,118
Commissions paid	**(2,517,962)**	(1,865,036)
Commissions received	**550,335**	551,971
Other underwriting payments	**(1,283,787)**	(960,501)
Net cash generated from underwriting activities	**7,016,772**	4,911,613
b) Other operating activities		
Income tax paid	**(170,551)**	(117,033)
General and management expenses paid	**(925,800)**	(1,611,067)
Loans disbursed	**(51,522)**	(51,415)
Loans repayments received	**45,214**	52,389
Other receipts	**81,636**	427,061
Net cash used in other operating activities	**(1,021,023)**	(1,300,065)
Total cash generated from all operating activities	**5,995,749**	3,611,548
Cash flows from investing activities		
Profit / return received on bank deposits	**1,053,029**	311,942
Return on Pakistan Investment Bonds	**44,408**	11,004
Income received from TFCs	**4,568**	6,829
Income from treasury bills	**-**	-
Dividends received	**1,172,274**	867,913
Rentals received	**3,672**	5,674
Disbursement of policy loans	**(10,323)**	(3,564)
Settlement of policy loans	**4,141**	1,007
Payments for investments	**(36,031,636)**	(22,958,111)
Proceeds from disposal of investments	**29,992,241**	19,606,126
Fixed capital expenditure - tangible assets	**(424,450)**	(139,670)
Fixed capital expenditure - intangible assets	**(3,501)**	-
Proceeds from disposal of fixed assets	**59,087**	31,017
Total cash (used in) investing activities	**(4,136,490)**	(2,259,833)
Cash flows from financing activities		
Finance lease rentals paid	**-**	(6,953)
Dividends paid	**(1,070,623)**	(755,172)
Net cash used in financing activities	**(1,070,623)**	(762,125)
Net cash generated from all activities	**788,636**	589,590
Cash at the beginning of the year	**3,440,215**	2,850,625
Cash at the end of the year	**4,228,851**	3,440,215

Consolidated Cash Flow Statement

For the Year ended 31 December 2015

	31 December 2015	31 December 2014
	Rupees in thousand	
Reconciliation to Profit and Loss Account		
Operating cash flows	**5,995,749**	3,611,548
Depreciation expense	**(163,296)**	(173,246)
Provision for gratuity	**(24,221)**	(24,585)
Provision for bad and doubtful debts	**(4,910)**	-
Other income - bank deposits	**82,980**	94,522
Gain on disposal of operating fixed assets	**25,937**	14,486
Finance charge on lease obligations	**-**	(270)
Rental income	**6,339**	5,674
Increase / (decrease) in assets other than cash	**1,431,075**	(681,682)
Increase in liabilities other than running finance	**(7,693,659)**	(2,873,028)
	(344,006)	(26,581)
Others		
Profit on sale of investments	**1,480,518**	1,189,066
Amortization expense	**(23,910)**	(27,494)
Capital contribution from shareholders fund	**13,800**	70,126
Increase in unearned premium	**(659,096)**	(1,225,017)
Increase / (decrease) in loans	**6,308**	(974)
Income taxes paid	**154,505**	115,262
Provision for impairment in value of 'available-for-sale' investments	**(77,403)**	(5,554)
Dividend, investment and other income	**2,231,515**	1,908,672
Income from treasury bills	**4,034**	17,715
Return on Pakistan Investment Bonds	**39,803**	27,158
Income from TFCs	**4,713**	6,777
	3,174,787	2,075,737
Profit before taxation	**2,830,781**	2,049,156

Definition of cash:

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

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

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

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

Consolidated Statement of Changes in Equity

For the Year ended 31 December 2015

	Share capital	Capital reserve			Revenue reserve				Equity attributable to equity holders of the parent	Non-controlling interest	Total Equity
	Issued, subscribed and paid up	Reserve for exceptional losses	Investment fluctuation reserve	Exchange translation reserve	General reserve	Capital Contribution to statutory fund	Retained earnings	Net Retained earnings			
	Rupees in thousand										
Balance as at 31 December 2013	3,500,000	22,859	3,764	477,286	936,500	(331,638)	8,139,204	7,807,566	12,747,975	22,702	12,770,677
Comprehensive income for the year ended 31 December 2014											
Profit for the year	-	-	-	-	-	-	1,890,243	1,890,243	1,890,243	3,860	1,894,103
Other comprehensive income	-	-	-	(45,259)	-	-	11,358	11,358	(33,901)	-	(33,901)
Capital contribution to statutory funds	-	-	-	-	-	(52,090)	-	(52,090)	(52,090)	(18,036)	(70,126)
Total comprehensive income for the year	-	-	-	(45,259)	-	(52,090)	1,901,601	1,849,511	1,804,252	(14,176)	1,790,076
Transactions with owners of the Company											
Final dividend for the year ended 31 December 2013 @ 10% (Rupee 1/- per share)	-	-	-	-	-	-	(350,000)	(350,000)	(350,000)	-	(350,000)
Interim dividend for the period ended 30 June 2014 @ 12.5% (Rupees 1.25/- per share)	-	-	-	-	-	-	(437,500)	(437,500)	(437,500)	-	(437,500)
	-	**-**	**-**	**-**	**-**	**-**	**(787,500)**	**(787,500)**	**(787,500)**	**-**	**(787,500)**
Balance as at 31 December 2014	3,500,000	22,859	3,764	432,027	936,500	(383,728)	9,253,305	8,869,577	13,764,727	8,526	13,773,253
Comprehensive income for the year ended 31 December 2015											
Profit for the year	-	-	-	-	-	-	2,555,457	2,555,457	2,555,457	224	2,555,681
Other comprehensive income	-	-	-	41,436	-	-	(3,921)	(3,921)	37,515	-	37,515
Capital contribution to statutory funds	-	-	-	-	-	(10,251)	-	(10,251)	(10,251)	(3,549)	(13,800)
Total comprehensive income for the year	-	-	-	41,436	-	(10,251)	2,551,536	2,541,285	2,582,721	(3,325)	2,579,396
Transactions with owners of the Company											
Final dividend for the year ended 31 December 2014 @ 15% (Rupees 1.5/- per share)	-	-	-	-	-	-	(525,000)	(525,000)	(525,000)	-	(525,000)
Interim dividend for the period ended 30 June 2015 @ 15% (Rupees 1.5/- per share)	-	-	-	-	-	-	(525,000)	(525,000)	(525,000)	-	(525,000)
	-	**-**	**-**	**-**	**-**	**-**	**(1,050,000)**	**(1,050,000)**	**(1,050,000)**	**-**	**(1,050,000)**
Balance as at 31 December 2015	**3,500,000**	**22,859**	**3,764**	**473,463**	**936,500**	**(393,979)**	**10,754,841**	**10,360,862**	**15,297,448**	**5,201**	**15,302,649**

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

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

Consolidated Statement of Premiums

For the Year ended 31 December 2015

Class	Premiums written	Unearned premium reserve			Premiums earned	Reinsurance ceded	Prepaid reinsurance premium ceded			Reinsurance expense	Net premium revenue	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2015	31 December 2014
	Rupees in thousand											
General insurance:												
Direct and facultative												
Fire and property damage	4,674,708	2,317,112	2,320,296	1,941	4,673,465	3,828,249	1,653,732	1,828,498	1,156	3,654,639	**1,018,826**	1,003,802
Marine, aviation and transport	1,097,518	48,712	39,224	247	1,107,253	386,874	5,524	2,729	1	389,670	**717,583**	690,393
Motor	5,007,929	1,826,457	2,630,869	56,827	4,260,344	512,553	145,516	161,452	6,272	502,889	**3,757,455**	2,787,643
Accident & Health	1,488,584	563,010	498,615	1,009	1,553,988	20,628	12,704	14,096	551	19,787	**1,534,201**	1,272,835
Miscellaneous	1,370,629	514,557	439,940	363	1,445,609	661,801	236,190	171,901	193	726,283	**719,326**	547,877
Total	13,639,368	5,269,848	5,928,944	60,387	13,040,659	5,410,105	2,053,666	2,178,676	8,173	5,293,268	**7,747,391**	6,302,550
Treaty												
Proportional	-	-	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	-	-	**-**	-
Total	13,639,368	5,269,848	5,928,944	60,387	13,040,659	5,410,105	2,053,666	2,178,676	8,173	5,293,268	**7,747,391**	6,302,550
Life insurance:												
Conventional business	362,126	-	-	-	362,126	211,631	-	-	-	211,631	**150,495**	138,760
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitised Investment Link Business	510,469	-	-	-	510,469	6,518	-	-	-	6,518	**503,951**	521,271
Unit Linked Business	8,278,046	-	-	-	8,278,046	94,801	-	-	-	94,801	**8,183,245**	4,316,402
Total	9,150,641	-	-	-	9,150,641	312,950	-	-	-	312,950	**8,837,691**	4,976,433
Grand Total	22,790,009	5,269,848	5,928,944	60,387	22,191,300	5,723,055	2,053,666	2,178,676	8,173	5,606,218	**16,585,082**	11,278,983

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

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

Consolidated Statement of Premiums

For the Year ended 31 December 2015

Business underwritten Inside Pakistan

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

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

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

Consolidated Statement of Premiums

For the Year ended 31 December 2015

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

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

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

Consolidated Statement of Claims

For the Year ended 31 December 2015

Class	Total claims paid	Outstanding claims			Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 Deceember 2015	31 December 2014
	Rupees in thousand											
General insurance:												
Direct and Facultative												
Fire and property damage	1,928,536	2,403,109	2,067,410	1,638	1,591,199	1,293,345	1,551,981	1,410,937	1,391	1,150,910	**440,289**	628,394
Marine, aviation and transport	439,321	308,228	180,649	3	311,739	67,159	168,410	94,260	-	(6,991)	**318,730**	332,068
Motor	3,770,633	2,120,265	2,420,134	84,877	3,985,625	1,554,805	1,664,900	1,999,259	71,835	1,817,329	**2,168,296**	1,636,847
Accident & Health	1,465,546	146,480	144,062	278	1,462,850	18,626	2,784	7,373	197	23,018	**1,439,832**	1,140,589
Miscellaneous	539,041	707,959	961,569	15	792,636	143,457	488,628	704,930	15	359,744	**432,892**	350,317
Total	8,143,077	5,686,041	5,773,824	86,811	8,144,049	3,077,392	3,876,703	4,216,759	73,438	3,344,010	**4,800,039**	4,088,215
Treaty												
Proportional	-	20,332		-	(20,332)	-	-	-	-	-	**(20,332)**	-
	-	20,332	-	-	(20,332)	-	-	-	-	-	**(20,332)**	-
Total	8,143,077	5,706,373	5,773,824	86,811	8,123,717	3,077,392	3,876,703	4,216,759	73,438	3,344,010	**4,779,707**	4,088,215
Life Insurance:												
Conventional Business	270,035	56,380	68,695	-	282,350	182,698	-	-	-	182,698	**99,652**	62,140
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitised Investment Link Business	95,022	11,911	13,436	-	96,547	5,227	-	-	-	5,227	**91,320**	17,091
Unit Linked Business	1,587,159	45,208	116,050	-	1,658,001	70,681	-	-	-	70,681	**1,587,320**	1,164,168
Total	1,952,216	113,499	198,181	-	2,036,898	258,606	-	-	-	258,606	**1,778,292**	1,243,399
Grand Total	10,095,293	5,819,872	5,972,005	86,811	10,160,615	3,335,998	3,876,703	4,216,759	73,438	3,602,616	**6,557,999**	5,331,614

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

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

Consolidated Statement of Claims

For the Year ended 31 December 2015

Business underwritten Inside Pakistan

Class	Total claims paid	Outstanding claims			Claims expenses	Reinsurance and other recoveries received	Reinsurance and other recoveries in respect of outstanding claims			Reinsurance and other recoveries revenue	Net claims expense	
		Opening	Closing	Currency translation effect			Opening	Closing	Currency translation effect		31 December 2015	31 December 2014
	Rupees in thousand											
General insurance:												
Direct and Facultative												
Fire and property damage	1,865,057	2,395,537	1,985,358	-	1,454,878	1,267,093	1,545,559	1,341,207	-	1,062,741	**392,137**	592,444
Marine, aviation and transport	437,889	308,152	180,570	-	310,307	67,159	168,410	94,260	-	(6,991)	**317,298**	333,014
Motor	725,827	172,203	226,650	-	780,274	3,816	66,356	76,499	-	13,959	**766,315**	651,712
Accident & Health	1,438,938	142,538	133,585	-	1,429,985	-	-	-	-	-	**1,429,985**	1,136,020
Miscellaneous	523,507	707,959	960,737	-	776,285	133,000	488,628	704,120	-	348,492	**427,793**	350,314
Total	4,991,218	3,726,389	3,486,900	-	4,751,729	1,471,068	2,268,953	2,216,086	-	1,418,201	**3,333,528**	3,063,504
Treaty												
Proportional	-	20,332		-	(20,332)	-	-	-	-	-	**(20,332)**	-
	-	20,332	-	-	(20,332)	-	-	-	-	-	(20,332)	-
Total	4,991,218	3,746,721	3,486,900	-	4,731,397	1,471,068	2,268,953	2,216,086	-	1,418,201	**3,313,196**	3,063,504
Life Insurance:												
Conventional Business	270,035	56,380	68,695	-	282,350	182,698	-	-	-	182,698	**99,652**	62,140
Accident and Health Business	-	-	-	-	-	-	-	-	-	-	**-**	-
Non-unitised Investment Link Business	95,022	11,911	13,436	-	96,547	5,227	-	-	-	5,227	**91,320**	17,091
Unit Linked Business	1,587,159	45,208	116,050	-	1,658,001	70,681	-	-	-	70,681	**1,587,320**	1,164,168
Total	1,952,216	113,499	198,181	-	2,036,898	258,606	-	-	-	258,606	**1,778,292**	1,243,399
Grand Total	6,943,434	3,860,220	3,685,081	-	6,768,295	1,729,674	2,268,953	2,216,086	-	1,676,807	**5,091,488**	4,306,903

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

Umer Mansha
Chairman

Kamran Rasool
Director

Muhammad Umar Virk
Director

Muhammad Ali Zeb
Managing Director & Chief Executive Officer

Consolidated Statement of Claims

For the Year ended 31 December 2015

Business underwritten Outside Pakistan

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

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

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

Consolidated Statement of Expenses

For the Year ended 31 December 2015

Class	Commissions paid or payable	Deferred commission: Opening	Deferred commission: Closing	Deferred commission: Currency translation effect	Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense: 31 December 2015	Net underwriting expense: 31 December 2014
	Rupees in thousand									
General insurance:										
Direct and facultative										
Fire and property damage	464,895	237,072	222,472	312	479,807	261,076	740,883	361,484	**379,399**	279,471
Marine, aviation and transport	116,294	10,503	4,156	14	122,655	187,467	310,122	2,631	**307,491**	277,763
Motor	472,715	169,562	252,451	6,147	395,973	769,275	1,165,248	37,167	**1,128,081**	935,894
Accident & Health	22,528	11,301	10,871	82	23,040	126,820	149,860	-	**149,860**	181,587
Miscellaneous	105,443	48,858	48,318	47	106,030	211,113	317,143	168,226	**148,917**	170,410
Total	1,181,875	477,296	538,268	6,602	1,127,505	1,555,751	2,683,256	569,508	**2,113,748**	1,845,125
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	**-**	-
Total	1,181,875	477,296	538,268	6,602	1,127,505	1,555,751	2,683,256	569,508	**2,113,748**	1,845,125
Life Insurance:										
Conventional Business	31,934	-	-	-	31,934	38,624	70,558	-	**70,558**	65,286
Accident and Health Business	-	-	-	-	-	(1)	(1)	-	**(1)**	-
Non-unitised Investment Link Business	42,031	-	-	-	42,031	34,974	77,005	-	**77,005**	94,730
Unit Linked Business	1,422,278	-	-	-	1,422,278	484,633	1,906,911	-	**1,906,911**	1,296,096
Total	1,496,243	-	-	-	1,496,243	558,230	2,054,473	-	**2,054,473**	1,456,112
Grand Total	2,678,118	477,296	538,268	6,602	2,623,748	2,113,981	4,737,729	569,508	**4,168,221**	3,301,237

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

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

Consolidated Statement of Expenses

For the Year ended 31 December 2015

Business underwritten Inside Pakistan

Class	Commissions paid or payable	Deferred commission			Net commission expense	Other management expenses	Underwriting expense	Commission from reinsurers	Net underwriting expense	
		Opening	Closing	Currency translation effect					31 December 2015	31 December 2014
	Rupees in thousand									
General insurance:										
Direct and facultative										
Fire and property damage	452,189	228,246	216,140	-	464,295	248,670	712,965	348,224	**364,741**	256,827
Marine, aviation and transport	112,541	10,308	3,481	-	119,368	181,198	300,566	2,621	**297,945**	262,198
Motor	124,287	54,280	59,416	-	119,151	501,220	620,371	103	**620,268**	551,118
Accident & Health	19,122	9,514	8,639	-	19,997	120,232	140,229	-	**140,229**	168,517
Miscellaneous	102,848	47,698	47,201	-	103,345	204,956	308,301	161,089	**147,212**	160,587
Total	810,987	350,046	334,877	-	826,156	1,256,276	2,082,432	512,037	**1,570,395**	1,399,247
Treaty										
Proportional	-	-	-	-	-	-	-	-	**-**	-
	-	-	-	-	-	-	-	-	**-**	-
Total	810,987	350,046	334,877	-	826,156	1,256,276	2,082,432	512,037	**1,570,395**	1,399,247
Life Insurance:										
Conventional Business	31,934	-	-	-	31,934	38,624	70,558	-	**70,558**	65,286
Accident and Health Business	-	-	-	-	-	(1)	(1)	-	**(1)**	-
Non-unitised Investment Link Business	42,031	-	-	-	42,031	34,974	77,005	-	**77,005**	94,730
Unit Linked Business	1,422,278	-	-	-	1,422,278	484,633	1,906,911	-	**1,906,911**	1,296,096
Total	1,496,243	-	-	-	1,496,243	558,230	2,054,473	-	**2,054,473**	1,456,112
Grand Total	2,307,230	350,046	334,877	-	2,322,399	1,814,506	4,136,905	512,037	**3,624,868**	2,855,359

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

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

Consolidated Statement of Expenses

For the Year ended 31 December 2015

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

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

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

Consolidated Statement of Investment Income

For the Year ended 31 December 2015

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

Consolidated Statement of Investment Income

For the Year ended 31 December 2015

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

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

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

1 The group and its operations

1.1 The group comprises of:

Holding Company
Adamjee Insurance Company Limited

	2015	2014
	(Holding percentage)	
Subsidiary Company		
Adamjee Life Assurance Company Limited	74.28%	74.28%

Adamjee Insurance Company Limited (Holding Company)

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

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

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

Adamjee Life Assurance Company Limited (Subsidiary Company)

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

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

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

2 Basis of preparation

2.1 Statement of compliance

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

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

2.2 Consolidation

2.2.1 Subsidiary Company

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

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

Intergroup balances and transactions have been eliminated.

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

2.2.2 Associates

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

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

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

2.3 Basis of measurement

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

2.4 Functional and presentation currency

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

2.5 Use of estimates and judgments

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

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

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

2.6 Standards and amendments to published approved International Financial Reporting Standards not yet effective

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

- Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue. The amendments are not likely to have an impact on Group's financial statements.

- Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures) [effective for annual periods beginning on or after 1 January 2016) clarifies (a) which subsidiaries of an investment entity are consolidated; (b) exemption to present consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity; and (c) how an entity that is not an investment entity should apply the equity method of accounting for its investment in an associate or joint venture that is an investment entity. The amendments are not likely to have an impact on Group's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2016) clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. The amendments are not likely to have an impact on Group's financial statements.

- Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016) allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendment is not likely to have an impact on Group's financial statements.

- Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). Bearer plants are now in the scope of IAS 16 Property, Plant and Equipment for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 Agriculture. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction. The amendments are not likely to have an impact on Group's financial statements.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. IFRS 5 is amended to clarify that if an entity changes the method of disposal of an asset (or disposal group) i.e. reclassifies an asset from held for distribution to owners to held for sale or vice versa without any time lag, then such change in classification is considered as continuation of the original plan of disposal and if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held for distribution, then it ceases held for distribution accounting in the same way as it would cease held for sale accounting.

- IFRS 7 'Financial Instruments- Disclosures'. IFRS 7 is amended to clarify when servicing arrangements on continuing involvement in transferred financial assets in cases when they are derecognized in their entirety are in the scope of its disclosure requirements. IFRS 7 is also amended to clarify that additional disclosures required by 'Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS7)' are not specifically required for inclusion in condensed interim financial statements for all interim periods.

- IAS 19 'Employee Benefits'. IAS 19 is amended to clarify that high quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- IAS 34 'Interim Financial Reporting'. IAS 34 is amended to clarify that certain disclosures, if they are not included in the notes to interim financial statements and disclosed elsewhere should be cross referred.

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

3 Summary of significant accounting policies

3.1 Change in accounting policy

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

3.2 Insurance contracts

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

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

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

Holding Company - Non Life Business

- Fire and property insurance contracts generally cover the assets of the policy holders against damages by fire, earthquake, riots and strike, explosion, atmospheric disturbance, flood, electric fluctuation and impact, burglary, loss of profit followed by the incident of fire, contractor's all risk, erection all risk, machinery breakdown and boiler damage etc.

- Marine aviation and transport insurance contracts generally provide cover for loss or damage to cargo while in transit to and from foreign land and inland transit due to various insured perils including loss of or damage to carrying vessel, etc.

- Motor insurance contracts provide indemnity for accidental damage to or loss of insured vehicle including loss of or damage to third party and other comprehensive car coverage.

- Accident and Health insurance contracts mainly compensate hospitalization and out patient medical coverage to the insured.

- Miscellaneous insurance contracts provide variety of coverage including cover against burglary, loss of cash in safe, cash in transit and cash on counter, fidelity guarantee, personal accident, workmen compensation, travel and crop, etc.

Subsidiary Company - Life Business

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

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

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

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

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

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

3.3 Holding Company - Non-life business

3.3.1 Premium

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

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

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

- for other classes / lines of business, by applying the twenty-fourths methods as specified in the SEC (Insurance) Rules, 2002, as majority of the remaining policies are issued for a period of one year.

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

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

3.3.2 Reinsurance ceded

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

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

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

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

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

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

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

3.3.3 Provision for outstanding claims including IBNR

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

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

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

3.3.4 Reinsurance recoveries against outstanding claims

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

3.3.5 Commission expense and other acquisition costs

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

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

3.3.6 Premium deficiency reserve

The Holding Company maintains a provision in respect of premium deficiency for the class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the reporting date.

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

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

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

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

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

3.4 Subsidiary Company - Life business

3.4.1 Conventional Business

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

3.4.1.1 Individual life

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

3.4.1.2 Group life and group credit life

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

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

Experience refund of premium

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

3.4.2 Accident and Health Business

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

3.4.3 Non-unitised Investment Linked Business

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expense

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

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

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

3.4.4 Unit Linked Business

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

Revenue recognition

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

Recognition of policyholders' liabilities

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

Claim expenses

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

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

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

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

3.4.5 Reinsurance contracts held

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

Reinsurance premium

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

Claim recoveries

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

Experience refund

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

Amount due from / to reinsurer

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

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

3.4.6 Receivables and payables related to insurance contracts

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

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

3.5 Statutory funds

Subsidiary Company - Life business

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

3.6 Policyholders' liabilities

3.6.1 Subsidiary Company - Life business

3..6.1.1 Conventional business

Individual life

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

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

Incurred But Not Reported (IBNR) claims

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

Unearned premium and premium deficiency reserve

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

Group Life and Group Credit Life

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

Accident and Health Business

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

Non-unitised Investment Linked Business

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

Incurred But Not Reported Claims

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

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

Unearned premium and premium deficiency reserve

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

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

Unit Linked Business

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

Incurred But Not Reported Claims

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

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

Unearned premium and premium deficiency reserve

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

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

3.7 Staff retirement benefits

3.7.1 Holding Company

Defined contribution plan

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

Defined benefit plans

The Holding Company operates the following defined benefit plans:

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

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

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

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

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

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

3.7.2 Subsidiary Company

Defined benefit scheme

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

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

3.8 Employees' compensated absences

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

3.9 Creditors, accruals and provisions

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

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

3.10 Cash and cash equivalents

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

3.11 Investments

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

The above investments are classified into following categories:

3.11.1 Financial assets at fair value through profit or loss

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

3.11.2 Held to maturity

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

3.11.3 Loans and receivables

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

3.11.4 Available for sale

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

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

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

Fair / market value measurements

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

Impairment against financial assets

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

Derecognition

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

Offsetting of financial assets and liabilities

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

3.12 Financial liabilities

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

3.13 Taxation

(a) Current

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

(b) Deferred

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

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

3.14 Fixed assets

(a) Tangible

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

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

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

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

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

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

(b) Intangible

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

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

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

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

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

3.15 Expenses of management

Holding Company

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

Subsidiary Company

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

3.16 Investment income

From available-for-sale investments

- **Return on fixed income securities**

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

- **Dividend**

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

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

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

- **Return on Term Finance Certificates**

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

3.16.2 From held-to-maturity investments

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

3.16.3 From investments at fair value through profit or loss

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

3.17 Foreign currencies

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

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

3.18 Financial instruments

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

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

3.19 Dividend and other appropriations

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

3.20 Off setting of financial assets and financial liabilities

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

3.21 Earnings per share

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

3.22 Impairment

Financial assets

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

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

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

Non financial assets

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

3.23 Segment reporting

3.23.1 Holding Company

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

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

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

3.23.2 Subsidiary Company

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

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

3.24 Borrowing cost

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

3.25 Dividend and other appropriations

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

4 Share capital

4.1 Authorized share capital

2015	2014		2015	2014
Number of shares			Rupees in thousand	
375,000,000	375,000,000	Ordinary shares of Rs. 10 each	**3,750,000**	3,750,000

4.2 Paid-up share capital

Issued, subscribed and fully paid up share capital

2015	2014		2015	2014
Number of shares			Rupees in thousand	
250,000	250,000	Ordinary shares of Rs. 10 each fully paid in cash	**2,500**	2,500
349,750,000	349,750,000	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	**3,497,500**	3,497,500
350,000,000	350,000,000		**3,500,000**	3,500,000

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

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

5.1 The reserve for exceptional losses represents the amount set aside by the Holding Company in prior years up to 31 December 1978, in order to avail the deduction while computing the taxable income under the old Income Tax Act of 1922. Subsequent to the introduction of repealed Income Tax Ordinance, 1979, which did not permit the such deduction, the Holding Company discontinued the setting aside of reserves for exceptional losses.

5.2 This amount has been set aside by the Holding Company in prior years for utilization against possible diminution in the value of investments.

5.3 The exchange translation reserve represents the gain resulted from the translation of foreign branches (having business in foreign currencies) of Holding Company into Pak Rupees. For the purpose of exchange translation reserve, the UAE and Export Processing Zone branches are treated as foreign branches since their functional currencies are AED and US Dollars, respectively.

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

7 Policyholders' Liabilities

	Statutory Funds				Aggregate	
	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	31 December 2015	31 December 2014
	Rupees in thousands					
Life insurance:						
7.1 Gross of reinsurance						
Actuarial liability relating to future events	182,562	-	2,059,208	11,769,502	**14,011,272**	8,103,014
Provision for incurred but not reported claims	14,786	-	-	-	**14,786**	17,724
	197,348	-	2,059,208	11,769,502	**14,026,058**	8,120,738
7.2 Net of reinsurance						
Actuarial liability relating to future events	98,328	-	2,057,292	11,693,710	**13,849,330**	7,980,741
Provision for incurred but not reported claims	6,568	-	-	-	**6,568**	5,713
	104,896	-	2,057,292	11,693,710	**13,855,898**	7,986,454
7.3 Balance of statutory funds						
Policyholders' liabilities						
Balance at beginning of the year	101,213	-	1,613,531	6,271,711	**7,986,455**	4,732,159
Increase during the year	3,683	-	443,761	5,421,999	**5,869,443**	3,254,295
Balance at end of the year	104,896	-	2,057,292	11,693,710	**13,855,898**	7,986,454
Retained earnings on other than participating business						
Balance at beginning of the year	(115,666)	(1,407)	(95,592)	(159,259)	**(371,924)**	(443,502)
Surplus / (deficit) for the year	(3,206)	12	123,787	184,599	**305,192**	71,578
Surplus appropriated to shareholders' fund	-	-	-	-	**-**	-
Balance at end of the year	(118,872)	(1,395)	28,195	25,340	**(66,732)**	(371,924)

	Statutory Funds				Aggregate	
	Conventional Business	Accident and Health Business	Non-unitised Investment Linked Business	Unit Linked Business	31 December 2015	31 December 2014
	Rupees in thousand					
Capital contributed by shareholders' fund						
Balance at beginning of the year	178,123	1,511	226,732	235,445	**641,811**	571,685
Capital contribution during the year	-	-	-	13,800	**13,800**	70,126
Balance at end of the year	178,123	1,511	226,732	249,245	**655,611**	641,811
Balance of statutory funds at the year end	164,147	116	2,312,219	11,968,295	**14,444,777**	8,256,341

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

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

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

9.1 Unfunded Gratuity Scheme - Holding Company

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

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

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

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

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

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

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

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

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

9.2 Funded Gratuity Scheme - Holding Company

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

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

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

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

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

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

	2015	2014
Current service cost	**12,554**	11,404
Interest cost	**21,011**	6,932
Interest income on plan assets	**(15,863)**	-
	17,702	18,336

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

	2015	2014
	Rupees in thousand	
Remeasurement of plan obligation from:		
- Change in financial assumptions	**-**	-
- Experience on obligation	**8,155**	8,249
	8,155	8,249

	2015	2014
	Rupees in thousand	
Remeasurement of plan assets:		
- Actual net return on plan assets	**(23,437)**	(38,442)
- Interest income on plan assets	**15,863**	15,563
	(7,574)	(22,879)
	581	(14,630)

9.2.6 The amounts recognized in the balance sheet are as follows:

	2015	2014
Present value of the obligation	**243,203**	218,736
Fair value of plan assets	**(183,444)**	(157,260)
Net asset	**59,759**	61,476

	2015	2014
	Rupees in thousand	

9.2.7 Movement in present value of defined benefit obligation

	2015	2014
Present value of defined benefit obligation as at the beginning of the year	**218,736**	198,316
Current service cost	**12,554**	11,404
Interest cost	**21,011**	22,495
Actual benefits paid during the year	**(17,253)**	(21,728)
Remeasurement loss / (gain) on obligation	**8,155**	8,249
Present value of defined benefit obligation as at the end of the year	**243,203**	218,736

9.2.8 Movement in fair value of plan assets

	2015	2014
Fair value of plan asset as at the beginning of the year	**157,260**	140,546
Interest income on plan assets	**15,863**	15,563
Actual benefits paid during the year	**(17,253)**	(21,728)
Contribution paid during the year	**20,000**	-
Net return on plan assets over interest income	**7,574**	22,879
Fair value of plan asset as at the end of the year	**183,444**	157,260

9.2.9 Actual return on plan assets

	2015	2014
Expected return on plan assets	**15,863**	15,563
Net return on plan assets over interest income	**7,574**	22,879
	23,437	38,442

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

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

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

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

9.2.14 The weighted average duration of the defined benefit obligation for gratuity plan is 3.5 years (2014: 3.5 years).

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

9.2.16 The main features of the gratuity schemes are as follows:

- Under the gratuity scheme the normal retirement age for all employees is 60 years.
- A member shall be entitled to gratuity on resignation, termination, retirement, early retirement, retrenchment, death and dismissal based on the Company's Service rules.
- The scheme is subject to the regulations laid down under the Income Tax Rules, 2002.

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

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

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

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

		2016
		Rupees in thousand
9.3.7	Estimated Gratuity Cost for the year ending 31 December 2016, is as follows:	
	Current service cost	10,956
	Net interest cost	1,607
	Remeasurements recognised in profit and loss / revenue account	-
	Total expense to be recognised in profit and loss / revenue account	12,563

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

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

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

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

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

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

Salary risks

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

Discount risks

The risk of volatile discount rates over the funding life of the scheme. The final effect could go either way depending on the relative of salary increases, timing of contributions, performance of investments and outgo of benefits.

Mortality / withdrawal risks

The risks that the actual mortality / withdrawal experience is different from expected. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Investment risks

The risk of the investment underperforming and not being sufficient to meet the liabilities. This is managed by formulating an investment policy and guidelines based on which investments are made after obtaining approval of trustees of funds.

In case of the funded plan, the investment positions are managed within an Asset-Liability Matching (ALM) framework to ensure that long-term investments are in line with the obligation under the retirement benefit plan. The Company actively monitors the duration and the expected yield of the investments matching the same with expected cash outflows arising from the retirement benefit plan obligations. The Company does not use derivatives to mange the risk. Investments are well diversified.

The expected return on plan assets is assumed to be the same as the discount rate (as required by International Accounting Standard IAS19). The actual return depends on the assets underlying the current investment policy and their performance. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

9.3.11 Sensitivity analysis - Subsidiary Company

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

		Impact on Gratuity plans	
		Unfunded	
	Change in assumptions	Increase in assumption	Decrease in assumption
		Rupees in thousand	
Discount rate	1%	(6,249)	7,747
Salary growth rate	1%	8,080	(6,590)

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

9.3.12 The weighted average duration of the defined benefit obligation is 19.30 years.

9.3.13 The expected maturity analysis of undiscounted retirement benefit plan is between 4-5 years and the amount involved is Rs. 774 thousands.

9.4 The implicit objective is that the contribution to the gratuity schemes should remain reasonably stable as a percentage of salaries, under the actuarial cost method employed.

9.5 Sensitivity analysis-Holding Company

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

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

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

	Note	2015	2014
		Rupees in thousand	
10 Other creditors and accruals			
Cash margin against performance bonds		**818,985**	742,672
Sundry creditors	10.1	**242,315**	412,701
Commission payable		**905,508**	530,646
Workers' welfare fund		**246,329**	187,749
Federal insurance fee		**52,441**	23,372
Federal excise duty and sales tax		**90,311**	159,881
Payable to Employees' Provident Fund	10.2	**2,453**	1,232
Others		**-**	-
		2,358,342	2,058,253

10.1 This includes balance payable by Subsidiary Company to its related parties of Rs. 20,707 thousands (2014: Rs.17,729 thousands).

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

11 Contingencies and commitments

11.1 Contingencies

Holding Company

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

(a) Deputy Commissioner Inland Revenue passed order u/s 161/205 of the Ordinance for tax year 2013 raising an income tax demand of Rs. 9,066 thousands. The Holding Company contested the order before Commissioner Inland Revenue (Appeals). Commissioner Inland Revenue (Appeals) decided the case in the favour of the Holding Company. However, the order of the Commissioner Inland Revenue (Appeals) was challenged before Appellate Tribunal Inland by Tax Authorities which is pending adjudication.

(b) The Additional Commissioner / Taxation Officer has reopened assessments for the assessment year 2000-2001 and 2001-2002 by taxing bonus shares received by the Holding Company during the above mentioned periods resulting in an additional tax liability of Rs. 14,907 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who cancelled the amended order passed by the Additional Commissioner and allowed relief to the Holding Company but the Tax Department had filed an appeal before the ATIR against the order of the Additional Commissioner, which has been decided in favor of the Holding Company. However, the Holding Company received another notice from Additional Commissioner for reassessment of the case in response to which the Holding Company has filed a constitutional petition in Honorable Sindh High Court against such notice.

(c) While finalizing the assessment for the assessment year 2002-2003, DCIR has reduced the business loss for the year by Rs. 88,180 thousands by adjusting the dividend income against this loss. The Holding Company maintains that it is entitled to carry the gross loss forward for adjustment against the future taxable income and dividend income for the year should be taxed separately at reduced rate. The appeals of the Holding Company in this respect have been rejected by the Commissioner Inland Revenue (Appeals), The ATIR and the Sindh High Court. The Holding Company has filed a reference application with the Supreme Court of Pakistan. The management is confident that the matter will eventually be decided in favour of the Holding Company and has consequently not made any provision against the additional tax liability of Rs. 26,455 thousands which may arise in this respect.

(d) The Tax Authorities have also amended the assessments for tax years 2003 to 2005 on ground that the Holding Company has not apportioned management and general administration expenses against capital gain and dividend income. The Holding Company has filed constitutional petition in the Honorable Sindh High Court against the amendment in the assessment order. The Holding Company may be liable to pay Rs. 5,881 thousands in the event of decision against the Holding Company, out of which Rs. 2,727 thousands have been provided resulting in shortfall of Rs. 3,154 thousands.

(e) The Taxation officer has passed an order in the tax years 2005 and 2006 under section 221 of Income Tax Ordinance, 2001 (the Ordinance) levying minimum tax liability aggregating to Rs. 38,358 thousands. An appeal was filed before the Commissioner Inland Revenue (Appeals) who upheld the order of the Taxation Officer. The Holding Company has filed an appeal before the ATIR which is yet to be heard.

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

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

Subsidiary Company

(g) The Subsidiary Company has contingent liabilities in respect of death claims in the ordinary course of business amounting to Rs. 12,904 thousands (2014: Rs. 4,889 thousands). The management of the Subsidiary Company is confident that no provision in respect of these items is required to be made in the financial statements.

11.2 Commitments

Holding Company

The Holding Company has issued letter of guarantees amounting to Rs. 8,231 thousands (AED 289,000) [2014: Rs. 7,898 thousands (AED 289,000)] relating to its UAE branch.

Subsidiary Company

Commitments in respect of Ijarah rentals payable in future period as at 31 December 2015 amounted to Rs. 16,187 thousands (2014: Rs. 17,539 thousands) for vehicles.

	Note	2015	2014
		Rupees in thousand	
12 Cash and bank deposits			
Cash and other equivalents			
Cash in hand		**10,749**	8,893
Current and other accounts			
Current accounts		**1,217,924**	988,421
Savings accounts	12.2	**1,822,924**	1,392,274
		3,040,848	2,380,695
Deposits maturing within 12 months			
Fixed and term deposits	12.1	**1,186,330**	1,059,703
		4,237,927	3,449,291

12.1 These include fixed deposits amounting to Rs. 197,962 thousands (AED 6,951 thousands) [2014: Rs. 189,969 thousands (AED 6,951 thousands)] kept in accordance with the requirements of Insurance Regulations applicable to the UAE branches of the Holding Company for the purpose of carrying on business in United Arab Emirates. These also include liens against cash deposits of Rs. 9,076 thousands (2014: Rs. 9,076 thousands) with banks in Pakistan essentially in respect of guarantees issued by the banks on behalf of the Holding Company for claims under litigation filed against the Company.

12.2 This includes Rs. 50,491 thousands maintained by Holding Company in separate bank account for Window Takaful Operator's Fund.

12.3 Cash and bank deposits include an amount of Rs. 3,073,236 thousands (2014: Rs. 1,174,526 thousands) held with related parties.

	Note	2015	2014
		Rupees in thousand	
13 Loans - considered good			
Secured			
Executives	13.2	**15,882**	5,676
Employees	13.2	**23,119**	27,017
		39,001	32,693
Less: Recoverable within one year shown under sundry receivables			
Executives		**(11,147)**	(5,103)
Employees		**(10,856)**	(13,365)
		(22,003)	(18,468)
		16,998	14,225

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

13.2 Reconciliation of carrying amount of loans

	2015			2014		
	Executives	Others	Total	Executives	Others	Total
	Rupees in thousand			Rupees in thousand		
Opening balance	**5,676**	**27,017**	**32,693**	5,220	28,447	33,667
Disbursements	**27,990**	**23,532**	**51,522**	15,602	35,813	51,415
Repayments	**(17,784)**	**(27,430)**	**(45,214)**	(15,146)	(37,243)	(52,389)
Closing balance	**15,882**	**23,119**	**39,001**	5,676	27,017	32,693

14 Loans secured against life insurance policies

These loans carry profit rate at 3 month KIBOR plus 4% per annum and are secured against the cash values of the respective policies of the policyholders. These are generally payable within 3 months.

	Note	2015	2014
		Rupees in thousand	
15 Investments			
In related parties			
Available-for-sale:	15.3		
Marketable securities			
Listed		**6,641,429**	5,713,706
At fair value through profit or loss:			
Marketable securities			
Listed		**-**	-
		6,641,429	5,713,706
Others	15.3		
Available-for-sale:			
Marketable securities			
Listed		**7,169,946**	6,610,672
Unlisted		**924,535**	351,471
Less: Provision for impairment in value of investments		**(303,847)**	(226,444)
		7,790,634	6,735,699
Fixed income securities	15.3	**745,510**	881,123
At fair value through profit or loss:	15.4		
Marketable securities			
Listed		**1,889,035**	1,290,162
Unlisted		**-**	-
Less: Provision for impairment in value of investments		**-**	-
		1,889,035	1,290,162
Fixed income securities	15.4	**11,314,804**	6,266,194
		21,739,983	15,173,178
		28,381,412	20,886,884

15.1 On 31 December 2015, the fair value of 'available-for-sale' securities was Rs. 20,590,909 thousands (2014: Rs. 23,543,990 thousands). As per the Company's accounting policy, 'available-for-sale' investments are stated at lower of cost or market value (market value being taken as lower if the reduction is other than temporary). However, International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' dealing with the recognition and measurement of financial instruments requires that these instruments should be measured at fair value. Accordingly, had these investments been measured at fair value, their carrying value as at 31 December 2015 would have been higher by Rs. 5,413,336 thousands (2014: Rs. 10,033,454 thousands).

15.2 Reconciliation of provision for impairment in value of investments

	2015	2014
	Rupees in thousand	
Balance as at 01 January	**226,444**	220,890
Impairment / (Reversal) for the year	**77,403**	5,554
Balance as at 31 December	**303,847**	226,444

15.3 Available-for-sale

	Note	2015 Cost	2015 Provision there against	2015 Carrying value	2014 Carrying value
		Rupees in thousand			
In related parties:					
- Listed shares	15.3.1	**6,641,429**	**-**	**6,641,429**	5,713,706
- Mutual Fund Certificates		**-**	**-**	**-**	-
		6,641,429	**-**	**6,641,429**	5,713,706
Others					
- Listed shares	15.3.2	**4,359,693**	**(303,746)**	**4,055,947**	3,219,527
- Unlisted shares	15.3.3	**924,535**	**-**	**924,535**	351,471
- Term Finance Certificates	15.3.4	**61,739**	**-**	**61,739**	39,925
- Mutual Fund Certificates	15.3.5	**2,748,353**	**(101)**	**2,748,252**	3,124,615
- NIT Units		**161**	**-**	**161**	161
- Government treasury bills		**286,320**	**-**	**286,320**	292,758
- Pakistan Investment Bonds		**459,190**	**-**	**459,190**	588,365
- Ijarah sukuks		**-**	**-**	**-**	-
		8,839,991	**(303,847)**	**8,536,144**	7,616,822
		15,481,420	**(303,847)**	**15,177,573**	13,330,528

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2015

No. of Shares / Certificates		Face value	Company's Name	2015	2014
2015	2014	Rupees		Rupees in thousand	
15.3.1 Available-for-sale					
Listed Shares:					
1,258,650	1,258,650	10	Nishat Mills Limited [Equity held 0.36% (2014: 0.36%)]	**34,211**	34,211
38,122,387	34,641,587	10	MCB Bank Limited [Equity held 3.43% (2014: 3.11%)]	**5,875,254**	4,947,531
484,000	440,000	10	Hira Textile Mills Limited [Equity held 0.56% (2014: 0.56%)]	**5,000**	5,000
25,631,181	25,631,181	10	Pakgen Power Limited [Equity held 6.89% (2014: 6.89%)]	**355,448**	355,448
27,348,388	27,348,388	10	Lalpir Power Limited [Equity held 7.20% (2014: 7.20%)]	**371,516**	371,516
				6,641,429	5,713,706
15.3.2 Others - listed shares					
			Commercial Banks		
4,143,128	4,192,128	10	Allied Bank Limited	**213,480**	218,870
-	777,022	10	Askari Bank Limited	**-**	21,359
5,725,178	5,725,178	10	Bank Al-Habib Limited	**122,610**	122,610
58,807	666,092	10	Habib Bank Limited	**8,050**	87,135
3,901,899	3,901,899	10	Habib Metropolitan Bank Limited	**87,327**	87,327
5,464,512	3,878,012	10	National Bank of Pakistan	**303,877**	192,691
2,550,000	-	10	Bank Alfalah Limited	**73,549**	-
6,039,904	4,363,404	10	United Bank Limited	**640,222**	359,672
			Non Banking Financial Institutions		
617,840	3,396,340	10	MCB-Arif Habib Savings & Investment Limited	**12,071**	66,356
			Insurance		
3,840	3,840	10	EFU General Insurance Company Limited	**211**	211
146,606	335,706	10	International General Insurance Company of Pakistan	**23,536**	22,888
286,843	286,843	10	Pakistan Reinsurance Company Limited	**6,326**	6,326
			Power Generation & Distribution		
321,500	85,000	10	Kot Addu Power Company Limited	**28,124**	3,913
-	115,500	10	Hub Power Company Limited	**-**	3,224
971,500	-	10	Nishat Power Limited	**54,481**	-
2,781,382	1,638,882	10	Saif Power Limited	**95,438**	49,166
130,000	-	10	K-Electric Limited	**975**	-
			Oil And Gas Marketing Companies		
247,200	100,000	10	Attock Refinery Limited	**48,942**	15,157
2,213,095	2,213,095	10	Sui Northern Gas Pipelines Limited	**127,666**	127,666
			Oil And Gas Exploration Companies		
610,000	110,000	10	Oil and Gas Development Company Limited	**91,418**	27,326
563,985	574,985	10	Pakistan Oilfields Limited	**247,847**	252,515
1,708,464	1,744,464	10	Pakistan Petroleum Limited	**256,249**	259,410

No. of Shares / Certificates 2015	No. of Shares / Certificates 2014	Face value Rupees	Company's Name	2015 Rupees in thousand	2014 Rupees in thousand
			Automobile Assembler		
353,760	406,860	5	Al-Ghazi Tractors Limited	**37,414**	43,030
452,896	340,996	10	Millat Tractors Limited	**93,508**	25,239
			Cables And Electrical Goods		
-	326,128	10	Pakistan Cables Limited	**-**	27,717
148,131	148,131	10	Siemens (Pakistan) Engineering Company Limited	**116,770**	116,770
1,000,000	-	10	Pak Elektron Limited	**75,122**	-
			Industrial Metals and Mining		
91,300	91,300	10	Aisha Steel Mills Limited	**-**	-
			Paper & Board		
98,250	-	10	Packages Limited	**64,781**	-
			Fertilizer		
-	1,936,906	10	Fauji Fertilizer Bin Qasim Limited	**-**	85,611
8,701,640	6,701,640	10	Fauji Fertilizer Company Limited	**899,115**	642,810
249,500	-	10	Dawood Hercules Limited	**32,418**	-
9,000	9,000	10	Fatima Fertilizer Company Limited	**-**	-
			Pharmaceutical		
3,646	28,646	10	Abbott Laboratories Pakistan Limited	**446**	3,501
-	683,661	10	GlaxoSmithKline Pakistan Limited	**-**	53,506
			Chemical		
-	968,000	10	Arif Habib Corporation Limited	**-**	98,981
110,401	110,401	10	Archroma Pakistan Limited	**11,762**	11,762
			Food And Personal Care Products		
65,808	371,868	10	Murree Brewery Company Limited	**2,797**	15,804
50,290	66,290	10	Rafhan Maize Products Limited	**68,483**	90,271
			Cement		
6,280,944	5,003,944	10	D.G. Khan Cement Company Limited	**510,954**	307,147
20,000	-	10	Attock Cement Limited	**3,724**	-
				4,359,693	3,445,971

15.3.3 Others - Unlisted shares

No. of Shares 2015	No. of Shares 2014	Face value	Company's Name	2015	2014
9,681,374	3,684,914	10	Security General Insurance Company Limited	**924,535**	351,471

15.3.4 Others-Term Finance Certificates

No. of Certificates 2015	No. of Certificates 2014	Face value	Company's Name	2015	2014
3,000	3,000	5,000	Bank Alfalah Limited	**14,967**	14,970
-	5,000	5,000	KESC AZM Certificate	**-**	24,955
50	-	1,000,000	Pak Electron (Commercial Paper)	**46,772**	-
				61,739	39,925

No. of Shares / Certificates 2015	No. of Shares / Certificates 2014	Face value Rupees	Company's Name	2015 Rupees in thousand	2014 Rupees in thousand
15.3.5 Others-Mutual Fund Certificates					
Open-Ended-Mutual Funds					
6,185,152	6,137,613	100	MCB Dynamic Cash Fund	**657,432**	559,097
-	10,416,977	100	MCB Cash Management Optimizer Fund	**-**	987,830
16,283,742	22,436,114	50	Metro Bank Pakistan Sovereign Fund	**870,529**	1,168,878
1,996,856	1,748,646	10	ABL Income Fund	**19,988**	17,534
9,498,379	5,287,342	50	Pakistan Income Enhancement Fund	**510,000**	269,395
11,171,104	-	50	Pakistan Income Enhancement Fund (Investment)	**600,000**	-
442,357	334,476	50	Meezan Islamic Income Fund	**23,208**	16,881
-	1,016,489	100	PICIC Cash Fund	**-**	100,000
717,602	-	100	ABL Government Securities Fund	**7,196**	-
-	579,169	100	ABL Islamic Stock Fund	**-**	5,000
1,366,120	-	10	Meezan Balanced Fund	**20,000**	-
518,192	-	50	MCB Pakistan Asset Allocation Fund	**40,000**	-
				2,748,353	3,124,615

	Note	2015 Cost	2015 Provision there against	2015 Carrying value	2014 Carrying value
		Rupees in thousand			
15.4 At fair value through profit or loss					
Others					
- Listed shares	15.4.1	**64,493**	**-**	**64,493**	54,337
- Unlisted shares		**-**	**-**	**-**	-
- Term Finance Certificates		**122,171**	**-**	**122,171**	119,191
- Mutual Fund Certificates	15.4.3	**1,702,371**	**-**	**1,702,371**	1,116,634
- Government treasury bills		**5,254,410**	**-**	**5,254,410**	24,953
- Pakistan Investment Bonds		**5,959,264**	**-**	**5,959,264**	6,226,209
- Ijarah sukuks		**101,130**	**-**	**101,130**	15,032
		13,203,839	**-**	**13,203,839**	7,556,356
Total at fair value through profit or loss		**13,203,839**	**-**	**13,203,839**	7,556,356

No. of Shares / Certificates 2015	No. of Shares / Certificates 2014	Face value Rupees	Company's Name	2015 Rupees in thousand	2014 Rupees in thousand
15.4.1 Others - listed shares					
Listed Shares:					
			Industrial Metals and Mining		
8,864	-	10	Amreli Steel Limited	**532**	-
			Chemical		
36,300	36,300	10	Arif Habib Corporation Limited	**1,855**	998
6,300	5,000	10	Engro Corporation	**1,760**	1,108
2,200	-	10	ICI Pakistan Limited	**1,065**	-
			Food And Personal Care Products		
-	100	10	Nestle Pakistan Limited	**-**	910
			Fertilizer		
18,000	18,000	10	Engro Fertilizer Limited	**1,514**	1,406
-	8,500	10	Fauji Fertilizer Company Limited	**-**	995
2,800	2,800	10	**Oil And Gas Marketing Companies**		
5,000	-	10	Attock Petroleum Limited	**1,414**	1,511
			Pakistan State Oil Company Limited	**1,629**	-
5,000	-	10	**Oil And Gas Exploration Companies**		
18,500	11,420	10	Pakistan Oilfields Limited	**1,340**	-
			Pakistan Petroleum Limited	**2,254**	2,016
4,000	1,000	10	**Paper & Board**		
			Packages Limited	**2,328**	678
			Automobile Assembler		
3,400	3,400	10	Pak Suzuki Motor Company Limited	**1,684**	1,262
-	1,100	10	Millat Tractors Limited	**-**	712
1,300	-	10	Indus Motors Company Limited	**1,315**	-
7,500	-	10	Honda Atlas Cars (Pakistan) Limited	**1,792**	-
			Commercial Banks		
1,964	1,964	10	Askari Bank Limited	**43**	45
158,793	-	10	Habib Bank Limited	**31,778**	-
200,000	200,000	10	Habib Metropolitan Bank Limited	**6,094**	7,460
-	11,555	10	Meezan Bank Limited	**-**	543
-	135,338	10	United Bank Limited	**-**	23,916
			Power Generation & Distribution		
-	14,500	10	Kot Addu Power Company Limited	**-**	1,145
29,000	69,500	10	Hub Power Company Limited	**2,975**	5,446
			Cement		
22,000	44,000	10	Fauji Cement Company Limited	**810**	1,137
-	5,600	10	Attock Cement Pakistan Limited	**-**	1,093
25,000	25,000	10	Maple Leaf Cement Company Limited	**1,865**	1,106
900	1,700	10	Lucky Cement Limited	**446**	850
				64,493	54,337

No. of Shares / Certificates 2015	No. of Shares / Certificates 2014	Face value Rupees	Company's Name	2015 Rupees in thousand	2014 Rupees in thousand
15.4.2 Others-Term Finance Certificates					
24,023	24,023	5,000	Bank Alfalah Limited	**122,171**	119,191
15.4. Others-Mutual Fund Certificates					
Open-Ended-Mutual Funds					
368,054	**778,258**	-	MCB Islamic Income Fund	**37,966**	79,895
28,252,889	**-**	-	MCB Pakistan Islamic Stock Fund	**270,603**	-
-	**310,066**	-	MCB Islamic Allocation Fund	**-**	18,117
-	**247,820**	-	MCB Dynamic Allocation Fund	**-**	19,637
-	**70,591**	-	Pakistan Cash Management Fund	**-**	3,683
-	**687,445**	-	Pakistan Income Fund	**-**	38,057
7,497,526	**4,719,116**	-	MCB Pakistan Stock Market Fund	**600,848**	347,044
426,322	**572,896**	-	MCB Dynamic Cash Fund	**46,601**	62,033
13,461,628	**10,011,835**	-	Metrobank-Pakistan Sovereign Fund	**743,759**	545,648
-	**893**	-	Pakistan Income Enhancement Fund	**-**	49
25,019	**23,465**	-	Alfalah GHP Money Market Fund	**2,594**	2,471
				1,702,371	1,116,634

	2015 Rupees in thousand	2014 Rupees in thousand
16 Premium due but unpaid - unsecured		
Considered good	**4,563,443**	3,652,444
Considered doubtful	**373,639**	363,482
	4,937,082	4,015,926
Less: Provision for doubtful balances	**(373,639)**	(363,482)
	4,563,443	3,652,444
16.1 Reconciliation of provision for doubtful balances		
Balance as at 01 January	**363,482**	369,231
Exchange (gain) / loss	**5,247**	(5,749)
Charge for the year	**4,910**	-
Balance as at 31 December	**373,639**	363,482

16.2 Premium due but unpaid include an amount of Rs. 459,320 thousands (2014: Rs. 355,801 thousands) held with related parties.

		Note	2015	2014
			Rupees in thousand	
17	**Amounts due from other insurers / reinsurers - unsecured**			
	Considered good		**854,329**	820,933
	Considered doubtful		**299,558**	299,558
			1,153,887	1,120,491
	Less: Provision for doubtful balances	17.1	**(299,558)**	(299,558)
			854,329	820,933
17.1	**Reconciliation of provision for doubtful balances**			
	Balance as at 01 January		**299,558**	322,810
	Reversal for the year		**-**	(23,252)
	Written off during the year		**-**	-
	Balance as at 31 December		**299,558**	299,558
18	**Premium and claim reserves retained by cedants**			
	Considered good		**-**	-
	Considered doubtful		**23,252**	23,252
			23,252	23,252
	Less: Provision for doubtful balances	18.1	**(23,252)**	(23,252)
			-	-
18.1	**Reconciliation of provision for doubtful balances**			
	Balance as at 01 January		**23,252**	-
	Charge for the year		**-**	23,252
	Balance as at 31 December		**23,252**	23,252

		Note	2015	2014
			Rupees in thousand	
19	**Accrued investment income**			
	Return accrued on Term Finance Certificates		**826**	681
	Return accrued on Treasury Bills		**4,034**	-
	Return accrued on Pakistan Investment Bonds		**297,757**	343,663
	Return on ijarah sukuks		**-**	415
	Return on policy holders loan		**-**	210
	Dividend income			
	- associated undertakings		**-**	-
	- others		**466**	3,083
			466	3,083
	Return on deposit accounts			
	- associated undertakings		**3,662**	-
	- others		**492**	9,079
			4,154	9,079
			307,237	357,131

		Note	2015	2014
			Rupees in thousand	
20	**Reinsurance recoveries against outstanding claims**			
	These are unsecured and considered to be good.			
21	**Prepayments**			
	Prepaid reinsurance premium ceded		**2,178,676**	2,053,666
	Others		**110,217**	93,569
			2,288,893	2,147,235
22	**Sundry receivables**			
	Considered good			
	Current portion of long-term loans			
	Executives	13	**11,147**	5,103
	Employees	13	**10,856**	13,365
	Other advances		**95,747**	113,840
	Security deposits		**101,793**	33,609
	Miscellaneous		**23,532**	101,108
			243,075	267,025
23	**Fixed assets**			
	Owned assets - tangibles	23.1	**1,315,123**	1,113,554
	Owned assets - intangibles	23.1	**50,014**	57,202
			1,365,137	1,170,756
	Leased assets	23.1	**-**	-
	Capital work in progress	23.2	**6,776**	1,721
			1,371,913	1,172,477

23.1 Property, plant and equipment

	2015											
	Cost					Depreciation					Book value	Rate
	As at 01 Jan 2015	Additions / transfers*	Exchange differences and other adjust-ments	Disposals	As at 31 Dec 2015	As at 01 Jan 2015	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2015	As at 31 Dec 2015	
	Rupees in thousand											%
Tangible												
Land and Buildings	538,957	313,798	7,999	(6,953)	**853,801**	128,268	2,090	(5,238)	26,799	151,919	**701,882**	**10.00%**
Furniture and fixtures	240,934	13,589	857	(5,240)	**250,140**	100,495	291	(4,188)	24,343	120,941	**129,199**	**15.00%**
Motor vehicles	611,880	54,742	911	(55,009)	**612,524**	288,865	427	(29,274)	49,385	309,403	**303,121**	**15.00%**
Machinery and equipment	249,718	12,673	972	(69,914)	**193,449**	136,732	341	(52,542)	19,168	103,699	**89,750**	**16.67%**
Computer and related accessories	333,325	11,376	582	(27,000)	**318,283**	206,900	597	(23,986)	43,601	227,112	**91,171**	**30.00%**
Intangibles												
Computer software	199,154	16,719	93	-	**215,966**	141,952	90	-	23,910	165,952	**50,014**	**20.00%**
Total	**2,173,968**	**422,897**	**11,414**	**(164,116)**	**2,444,163**	**1,003,212**	**3,836**	**(115,228)**	**187,206**	**1,079,026**	**1,365,137**	

	2014											
	Cost					Depreciation					Book value	Rate
	As at 01 Jan 2014	Additions / transfers*	Exchange differences and other adjust-ments	Disposals	As at 31 Dec 2014	As at 01 Jan 2014	Exchange differences and other adjustments	On disposals	Charge for the year	As at 31 Dec 2014	As at 31 Dec 2014	
	Rupees in thousand											%
Tangible												
Land and Buildings	546,697	2,402	(8,438)	(1,704)	538,957	101,490	(1,311)	(1,236)	29,325	128,268	410,689	10%
Furniture and fixtures	231,642	11,181	(1,317)	(572)	240,934	75,482	(172)	(354)	25,539	100,495	140,439	15%
Motor vehicles	499,006	84,619	(353)	(25,775)	611,880	226,941	(451)	(16,301)	47,430	288,865	323,015	15%
	-	54,383						31,246				
Machinery and equipment	234,715	17,258	(1,665)	(590)	249,718	118,290	(302)	(468)	19,212	136,732	112,986	15%
Computer and related accessories	216,414	119,563	(734)	(1,918)	333,325	161,907	(589)	(1,697)	47,279	206,900	126,425	30%
Intangibles												
Computer software	198,317	1,248	(411)	-	199,154	114,537	(79)	-	27,494	141,952	57,202	20%
Leased												
Motor vehicles	67,100	-	-	-	-	33,473	-	(6,688)	4,461	-	-	15%
		(54,383)		(12,717)			-	(31,246)				
Total	1,993,891	236,271	(12,918)	(43,276)	2,173,968	832,120	(2,904)	(26,744)	200,740	1,003,212	1,170,756	

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in thousand					
Buildings						
North Nazimabad Premises	1,879	1,407	472	4,500	Auction	Mr. Jamshaid Alam
Hajra Mansion Premises	1,735	1,310	425	5,600	Auction	Mr. Jamshaid Alam
Adeel Centre Premises	1,405	1,061	344	2,800	Auction	Mr. Jamshaid Alam
Suleman Centre Premises	1,200	906	294	4,225	Auction	Mr. Jamshaid Alam
Uni Centre Premises	734	554	180	8,900	Auction	Mr. Jamshaid Alam
	6,953	**5,238**	**1,715**	**26,025**		
Furniture & fixtures						
Items having book value below Rs. 50,000	991	578	413	114		
Items written off	4,249	3,610	639	-		
	5,240	**4,188**	**1,052**	**114**		
Motor vehicles						
Owned:						
Honda Civic Prosmatic (BCL-665)	2,211	137	2,074	2,025	Insurance claim recovery	IGI Insurance Ltd
Volkswagon	2,099	668	1,431	579	Negotiation	Omer Zubair - Employee
Toyota Corolla Altis (AZA-864)	2,063	523	1,540	1,925	Insurance claim recovery	IGI Insurance Ltd
Honda Civic Vti Oriel (AUN-105)	2,005	1,113	892	1,020	Insurance claim recovery	IGI Insurance Ltd
Honda Civic Oriel Prosmatic (ASV-348)	1,882	1,141	741	963	Auction	Hafiz Muhammad Tahir
Honda Civic (AUU-461)	1,863	951	912	1,110	Auction	Syed Masroor Ali
Honda Civic Vti Pt Sr (LED-09-6243)	1,801	1,070	731	799	Negotiation	Malik Nazir Ahmad-Employee
Suzuki Jimmy (BF-0422)	1,769	1,082	687	960	Auction	Shakeel Ahmad Afaqi
Toyota Corolla Xli (AZQ-318)	1,555	346	1,209	1,475	Insurance claim recovery	IGI Insurance Ltd
Toyota Corolla Gli (AWE-649)	1,524	646	878	1,450	Insurance claim recovery	IGI Insurance Ltd
Toyota Corolla Gli (LED-09-6246)	1,412	839	573	626	Negotiation	Syed Ahmer Shoaib-Employee
Toyota Corolla Gli (ASM-659)	1,389	826	563	616	Negotiation	Syeda Riffat Raza-Employee
Toyota Corolla Gli (ASP-785)	1,389	826	563	616	Negotiation	Mohammad Yaqoob Memon-Employee
Honda Civic (AUK-418)	1,328	661	667	865	Auction	Kashif Farooq
Honda Citi (ARX-257)	1,319	840	479	875	Insurance claim recovery	IGI Insurance Ltd
Ford Escape	1,119	693	426	124	Negotiation	Mr. Sami - Seagull Logistics
Ford Explorer	1,119	619	500	185	Negotiation	Mr. Sami - Seagull Logistics
Honda Citi (ARH-156)	1,104	723	381	732	Auction	Muhammad Awais
Toyota Corolla Gli (APX-485)	1,005	731	274	803	Auction	Syed Masroor Ali
Suzuki Cultus (AXP-947)	950	379	571	774	Auction	Syed Masroor Ali
Suzuki Cultus (AVA-959)	918	487	431	586	Auction	Syed Masroor Ali
Suzuki Cultus (AUL-879)	905	503	402	853	Auction	Syed Masroor Ali
Honda Citi (R-7113)	885	708	177	659	Auction	Muhammad Nasir Khan
Toyota Corolla Gli (ASP-791)	879	701	178	927	Auction	Syed Sakhawat Hussain Shah
Suzuki Cultus (ARR-862)	862	547	315	531	Auction	Muhammad Awais Ishaq
Suzuki Cultus (AUE-403)	862	472	390	571	Auction	Muhammad Anwar Khan
Suzuki Cultus (ARW-039)	850	555	295	400	Auction	Syed Masroor Ali
Suzuki Cultus (LEC-09-1944)	851	519	332	563	Auction	Nazeer Iqbal
Suzuki Cultus (ASC-842)	844	511	333	365	Negotiation	Shaikh Zaheeruddin Babar-Employee
Suzuki Cultus (ASC-751)	844	533	311	422	Auction	Syed Masroor Ali
Suzuki Cultus (ASA-153)	839	508	331	552	Auction	Syed Masroor Ali
Suzuki Cultus (ASE-506)	805	488	317	347	Negotiation	Syed Qudratullah Quadri-Employee
Suzuki Cultus (APQ-801)	632	446	186	386	Auction	Muhammad Awais Ishaq
Suzuki Mehran (ASC-564)	539	326	213	233	Negotiation	Bernard Farnon-Employee
Suzuki Mehran (LEB-09-8390)	536	327	209	401	Insurance claim recovery	IGI Insurance Ltd
Suzuki Mehran (LEB-09-8948)	536	332	204	222	Negotiation	Mohammad Yaqoob Khan-Employee
Suzuki Mehran (LEB-09-8951)	536	332	204	222	Negotiation	Iftikhar Hussain-Employee

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in thousand					
Suzuki Mehran (LEB-09-8952)	536	332	204	223	Negotiation	Syed Farhat Hussain-Employee
Suzuki Mehran (LEB-09-8954)	536	332	204	222	Negotiation	Mohammad Shakeel-Employee
Suzuki Mehran (LEC-09-1963)	535	324	211	231	Negotiation	Amjad Saood Quddusi-Employee
Suzuki Mehran (ARY-158)	534	326	208	390	Auction	Sardar Ali Masood Raza
Suzuki Mehran (ASA-542)	534	331	203	222	Negotiation	Jawed Saeed Khan-Employee
Suzuki Mehran (ASA-562)	534	331	203	222	Negotiation	Najam Ayaz-Employee
Suzuki Mehran (ASA-389)	534	331	203	222	Negotiation	Nadeem Ahmed Siddiqui-Employee
Suzuki Mehran (ASA-362)	534	331	203	222	Negotiation	Imran Omar-Employee
Suzuki Mehran (ASA-503)	534	331	203	222	Negotiation	Syed Javed Ali Shah-Employee
Suzuki Mehran (ASA-679)	534	323	211	231	Negotiation	Muhammad Ashraf Memon-Employee
Suzuki Mehran (ASC-692)	534	323	211	231	Negotiation	Muhammed Yousuf-Employee
Suzuki Mehran (ASD-607)	534	323	211	231	Negotiation	Nadeem Ali Shaikh-Employee
Suzuki Mehran (ASD-462)	534	323	211	231	Negotiation	Aftab Alam-Employee
Suzuki Mehran (ASC-791)	534	323	211	231	Negotiation	Mohammad Saleem-Employee
Suzuki Mehran (ASX-507)	525	304	221	460	Insurance claim recovery	IGI Insurance Ltd
Suzuki Mehran (ASL-306)	520	309	211	231	Negotiation	Khurshed Javed-Employee
Suzuki Cultus (ANE-703)	260	174	86	183	Auction	Syed Masroor Ali
Honda Civic (i-vtec)	2,153	753	1,400	1,586	Negotiation	Noman Noor-Employee
Items having book value below Rs. 50,000	41	41	-	19		
	55,009	**29,274**	**25,735**	**32,572**		
Machinery & equipment						
Photo copy machine	408	252	156	156		
Items having book value below Rs. 50,000	18,848	13,820	5,028	53		
Items written off	50,658	38,470	12,188	-		
	69,914	**52,542**	**17,372**	**209**		
Computer						
Laptop	71	20	51	66		
Laptop	71	20	51	66		
Items having book value below Rs. 50,000	238	237	1	35		
Items written off	26,620	23,709	2,911	-		
	27,000	**23,986**	**3,014**	**167**		
Grand Total	**164,116**	**115,228**	**48,888**	**59,087**		

23.2 Capital work in progress represents capital expenditure in respect of IT infrastructure of the Holding Company.

		Note	2015	2014
			Rupees in thousand	
24	**Expenses**			
	Salaries and wages	26.1	**1,216,416**	1,107,609
	Rent, rates and taxes		**98,977**	86,586
	Utilities		**56,148**	62,943
	Communication and computer expenses		**65,840**	35,979
	Printing and stationery		**52,162**	33,184
	Traveling and entertainment		**45,938**	55,034
	Repairs and maintenance		**102,029**	124,815
	Advertisement and sales promotion		**130,601**	42,793
	Depreciation	23.1	**119,635**	123,936
	Tracking and monitoring charges		**99,865**	91,600
	Legal and professional		**85,092**	59,668
	Others		**41,278**	86,793
			2,113,981	1,910,940
25	**Other income**			
	Income from financial assets			
	Return on bank deposits		**82,980**	94,522
	Interest on loans to employees		**375**	359
	Income from non financial assets			
	Gain on sale of fixed assets		**25,937**	14,486
	Miscellaneous		**67,040**	11,296
			176,332	120,663
26	**General and administration expenses**			
	Salaries and wages	26.1	**243,529**	159,455
	Rent, rates and taxes		**24,040**	18,160
	Depreciation	23.1	**48,802**	56,044
	Communication and computer expenses		**39,800**	39,523
	Utilities		**11,424**	15,320
	Repairs and maintenance		**17,475**	25,771
	Advertisement and sales promotion		**32,032**	19,926
	Traveling and entertainment		**15,474**	27,467
	Directors' fee		**390**	350
	Legal and professional		**83,662**	58,948
	Auditors' remuneration	26.2	**7,542**	6,995
	Donations	26.3	**400**	1,154
	Amortization of intangible asset	23.1	**18,769**	20,762
	Others		**42,482**	48,794
			585,821	498,669

26.1 Management expenses and General and Administration expenses include Rs. 66,567 thousands (2014: Rs. 57,555 thousands) in respect of staff retirement benefits.

		2015	2014
		Rupees in thousand	
26.2	**Auditor's remmuneration**		
	Holding Company		
	Audit fee	**4,332**	4,027
	Half yearly review	**469**	469
	Other certifications	**320**	370
	Out of pocket expenses	**800**	728
		5,921	5,594
	Subsidiary Company		
	Audit fee:		
	- Not related to statutory fund	**189**	140
	- Related to statutory fund	**1,432**	1,261
		1,621	1,401
		7,542	6,995

26.3 None of the directors or their spouses had any interest in the donee.

		Note	2015	2014
			Rupees in thousand	
27	**Provision for taxation**			
	Current tax			
	For the year		**222,322**	150,573
	Prior year		**37,126**	(3,993)
	Deferred tax			
	For the year	27.2	**15,652**	8,473
			275,100	155,053

		2015	2014
		(Effective tax rate) (Percentage)	
27.1	**Tax charge reconciliation**		
	Tax at the applicable rate of 32% (2014: 33%)	32	33
	Tax effect of income subject to lower rate	(14.2)	(9.92)
	Tax effect of change in tax rate and others	(3.81)	1.8
	Super tax	1.3	-
	Effect of prior years adjusment	-	(0.2)
	Tax effect of income exempt from tax	(5.57)	(17.11)
		9.72	7.57

		2015	2014
		Rupees in thousand	
27.2	**Deferred tax effect due to temporary differences of:**		
	Tax depreciation allowance	**(59,880)**	(69,157)
	Provision for gratuity	**17,575**	14,836
	Assets subject to finance lease	**-**	-
	Carried forward tax losses	**125,526**	153,194
		83,221	98,873
	Less: Opening balance of deferred tax asset	**98,873**	107,346
		(15,652)	(8,473)

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

During the year, the Holding Company has paid an interim dividend of Rs. 1.5/- per share representing 21% of its after tax profits for the year. Further as explained in note 35 to the financial statements, the Board of Directors of the Holding Company in their meeting held on 23 February 2016 has recommended a final dividend of Rs. 1.5/- per ordinary share for the year ended 31 December 2015 which complies with the above stated requirements. Accordingly, no provision for tax on undistributed reserves has been made in these consolidated financial statements.

		2015	2014
		Rupees in thousand	
28	**Earnings per share - basic and diluted**		
	There is no dilutive effect on the basic earnings per share which is based on:		
	Net profit after tax for the year attributable to owners of the parent	**2,555,457**	1,890,243
		Number of shares	
	Weighted average number of shares	**350,000,000**	350,000,000
		Rupees	
	Basic earning per share	**7.30**	5.40

29 Remuneration Of Chief Executive, Executive Director, Non-Executive Directors And Executives

The aggregate amount charged for the year for remuneration including all benefits to Chief Executive Officer, executive directors, non-executive directors and executives of the Holding Company is as follows:

	Chief Executive Officer / Executive Director		Non-executive Directors		Executives		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees in thousand							
Fee	-	-	390	350	-	-	390	350
Managerial remuneration	7,841	6,480	-	-	186,419	160,647	194,260	167,127
Allowances and perquisites	10,390	7,854	-	-	257,329	183,310	267,719	191,164
	18,231	14,334	390	350	443,748	343,957	462,369	358,641
Number	1	1	10	10	169	154	180	165

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

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

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

30 Transactions with related parties

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

There are no transactions with key management personnel other than as per their terms of employment. These transactions are disclosed in notes 13 and 29 of these consolidated financial statements. Particulars of transactions with the Group's staff retirement benefit schemes are disclosed in note 9 and 10.1. Investments in and balances outstanding with related parties have been disclosed in the relevant notes to the consolidated balance sheet. Other transactions with related parties not elsewhere disclosed are summarized as follows.

	2015	2014
	Rupees in thousand	
Holding Company		
i) Transactions		
Premium underwritten	1,009,702	1,143,225
Premium received	1,002,714	834,422
Claims paid	356,758	322,214
Service charges received	-	5,045
Investments made	927,723	493,136
Rent paid	8,172	870
Rent received	3,672	5,674
Dividends received	698,384	520,843
Dividend paid	292,608	326,627
Income on deposit account	39,512	37,375

	Number of Shares	
Bonus shares received	**44,000**	3,004,653

	2015	2014
	Rupees in thousand	
ii) Year end balances		
Other related parties		
Balances receivable	**456,582**	347,346
Balances payable	**623,245**	305,383
Cash and bank balances	**1,983,209**	1,174,526

	2015	2014
	Rupees in thousand	
Subsidiary Company		
i) Transactions		
Premium written	**90,271**	86,727
Claims expense	**56,163**	57,882
Commission and other incentives in respect of Bancassurance	**1,006,564**	861,870
Profit on bank deposits	**26,101**	30,408
Investment advisor fee	**21,135**	14,515
Trustee fee	**6,620**	4,553
Technical support fee	**-**	4,284
Bank charges	**532**	186
Investment purchased	**2,475,626**	1,311,979
Investment sold	**1,901,504**	791,751
Dividend income	**27,897**	163
ii) Year end balances		
Premium due but unpaid	**6,399**	9,669
Bank deposits	**1,090,027**	501,317
Dividend receivable	**160**	-
Technical support fee payable	**14,933**	15,520
Commission payable	**180,916**	221,359
Claims payable	**3,820**	7,290
Remuneration payable to Investments advisor	**5,091**	1,763
Remuneration payable to Trustee	**683**	447

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2015

31 Segment reporting

31.1 For general insurance, each class of business has been identified as reportable segment whereas for life insurance the statutory funds are treated as reportable segments. For general insurance, class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirements of the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following is a schedule of class of business wise assets and liabilities:

	31 December 2015																							
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Unallocated Corporate Assets/ Liabilities		Total		Aggregate General Insurance	Life Insurance					Aggregate Life Insurance	Grand Total
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan		Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business		
	Rupees in thousand																							
Other Information																								
Segment assets																								
Reinsurance and other recoveries accrued	1,341,207	69,730	94,260	-	76,499	1,922,760	-	7,373	704,120	810	-	-	-	-	2,216,086	2,000,673	4,216,759	-	-	-	-	-	-	4,216,759
Deferred commission expense	216,140	6,332	3,481	675	59,416	193,035	8,639	2,232	47,201	1,117	-	-	-	-	334,877	203,391	538,268	-	-	-	-	-	-	538,268
Prepaid reinsurance premium ceded	1,800,461	28,037	2,729	-	297	161,155	-	14,096	166,445	5,456	-	-	-	-	1,969,932	208,744	2,178,676	-	-	-	-	-	-	2,178,676
Premiums due but unpaid	1,292,960	42,817	302,781	11,406	521,264	1,550,134	408,368	18,490	380,045	10,903	-	-	-	-	2,905,418	1,633,750	4,539,168	-	24,275	-	-	-	24,275	4,563,443
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other insurers/reinsurers	362,300	-	84,842	-	146,063	-	114,587	-	106,492	-	-	-	-	-	814,284	-	814,284	-	-	-	5,776	34,269	40,045	854,329
Unallocated assets																								
Cash and bank deposits	-	-	-	-	-	-	-	-	-	-	-	-	1,563,882	1,334,250	1,563,882	1,334,250	2,898,132	22,765	74,007	168	100,430	1,142,425	1,339,795	4,237,927
Loans	-	-	-	-	-	-	-	-	-	-	-	-	13,265	3,733	13,265	3,733	16,998	3,271	-	-	8,502	1,845	13,618	30,616
Investments	-	-	-	-	-	-	-	-	-	-	-	-	14,698,538	-	14,698,538	-	14,698,538	241,814	176,437	92	2,105,991	11,158,540	13,682,874	28,381,412
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	83,936	-	83,936	-	83,936	(715)	-	-	-	-	(715)	83,221
Accrued investment Income	-	-	-	-	-	-	-	-	-	-	-	-	23,601	-	23,601	-	23,601	4,821	1,449	-	44,548	232,818	283,636	307,237
Taxation payments less provision	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepayments - others	-	-	-	-	-	-	-	-	-	-	-	-	76,334	139	76,334	139	76,473	29,058	-	-	-	4,686	33,744	110,217
Sundry receivables	-	-	-	-	-	-	-	-	-	-	-	-	98,774	75,714	98,774	75,714	174,488	17,896	691	-	50,000	-	68,587	243,075
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	1,126,944	174,253	1,126,944	174,253	1,301,197	70,716	-	-	-	-	70,716	1,371,913
Total assets	5,013,068	146,916	488,093	12,081	803,539	3,827,084	531,594	42,191	1,404,303	18,286	-	-	17,685,274	1,588,089	25,925,871	5,634,647	31,560,518	389,626	276,859	260	2,315,247	12,574,583	15,556,575	47,117,093
Segment liabilities																								
Provision for outstanding claims (including IBNR)	1,985,358	82,052	180,570	79	226,650	2,193,484	133,585	10,477	960,737	832	-	-	-	-	3,486,900	2,286,924	5,773,824	-	68,695	-	13,436	116,050	198,181	5,972,005
Commission income unearned	143,828	6,061	248	-	29	32,231	-	-	29,349	1,652	-	-	-	-	173,454	39,944	213,398	-	-	-	-	-	-	213,398
Provision for unearned premium	2,276,188	44,108	33,670	5,554	902,200	1,728,669	473,126	25,489	430,046	9,894	-	-	-	-	4,115,230	1,813,714	5,928,944	-	-	-	-	-	-	5,928,944
Premiums received in advance	91,537	196	21,436	52	36,904	7,085	28,951	85	26,906	50	-	-	-	-	205,734	7,468	213,202	-	1,351	9	51,987	182,602	235,949	449,151
Commission payable	203,864	5,469	47,740	1,457	82,189	197,993	64,477	2,362	59,923	1,393	-	-	-	-	458,193	208,674	666,867	-	6,342	35	7,301	224,933	238,611	905,478
Amounts due to other insurers / reinsurers	884,625	672	207,158	179	356,641	24,328	279,786	290	260,021	171	-	-	-	-	1,988,231	25,640	2,013,871	33,800	-	-	-	-	33,800	2,047,671
Unallocated liabilities																								
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	110,716	52,528	110,716	52,528	163,244	5,340	-	-	-	-	5,340	168,584
Other creditors and accruals	-	-	-	-	-	-	-	-	-	-	-	-	1,383,004	8,104	1,383,004	8,104	1,391,108	54,496	680	-	831	5,750	61,757	1,452,865
Staff retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	59,759	56,693	59,759	56,693	116,452	9,143	-	-	-	-	9,143	125,595
Taxation - provision less payments	-	-	-	-	-	-	-	-	-	-	-	-	53,706	-	53,706	-	53,706	(22,523)	-	-	-	-	(22,523)	31,183
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	74,793	-	74,793	-	74,793	-	-	-	-	-	-	74,793
Total liabilities	5,585,400	138,558	490,822	7,321	1,604,613	4,183,790	979,925	38,703	1,766,982	13,992	-	-	1,681,978	117,325	12,109,720	4,499,689	16,609,409	80,256	77,068	44	73,555	529,335	760,258	17,369,667
Capital expenditure															381,759	6,249	388,008	39,943					39,943	427,951

Notes to the Consolidated Financial Statements

For the Year Ended 31 December 2015

	31 December 2014																							
	Fire and Property Damage		Marine, Aviation and Transport		Motor		Accident & Health		Miscellaneous		Treaty		Unallocated Corporate Assets/ Liabilities		Total		Aggregate General Insurance	Life Insurance					Aggregate Life Insurance	Grand Total
	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan	Inside Pakistan	Outside Pakistan		Shareholders' Fund	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business		
	Rupees in thousand																							
Other Information																								
Segment assets																								
Reinsurance and other recoveries accrued	1,545,559	6,422	168,410	-	66,356	1,598,544	-	-	488,628	2,784	-	-	-	-	2,268,953	1,607,750	3,876,703	-	-	-	-	-	-	3,876,703
Deferred commission expense	228,246	8,826	10,308	195	54,280	115,282	9,514	1,787	47,698	1,160	-	-	-	-	350,046	127,250	477,296	-	-	-	-	-	-	477,296
Prepaid reinsurance premium ceded	1,618,179	35,553	5,458	66	833	144,683	-	12,704	232,065	4,125	-	-	-	-	1,856,535	197,131	2,053,666	-	-	-	-	-	-	2,053,666
Premiums due but unpaid	1,148,803	55,236	212,805	14,248	372,467	1,037,747	369,090	19,130	387,572	10,823	-	-	-	-	2,490,737	1,137,184	3,627,921	-	24,523	-	-	-	24,523	3,652,444
Premium and claim reserves retained by cedants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amounts due from other insurers/reinsurers	376,955	-	69,827	-	122,217	-	-	-	248,283	-	-	-	-	-	817,282	-	817,282	-	-	-	3,651	-	3,651	820,933
Unallocated assets																								
Cash and bank deposits	-	-	-	-	-	-	-	-	-	-	-	-	1,669,648	1,206,982	1,669,648	1,206,982	2,876,630	10,295	63,831	64	38,529	459,942	572,661	3,449,291
Loans	-	-	-	-	-	-	-	-	-	-	-	-	11,738	2,487	11,738	2,487	14,225	-	-	-	2,794	729	3,523	17,748
Investments	-	-	-	-	-	-	-	-	-	-	-	-	12,787,169	-	12,787,169	-	12,787,169	264,270	197,166	85	1,660,233	5,977,960	8,099,714	20,886,883
Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	97,694	-	97,694	-	97,694	1,179	-	-	-	-	1,179	98,873
Accrued investment Income	-	-	-	-	-	-	-	-	-	-	-	-	26,214	-	26,214	-	26,214	7,336	1,315		71,342	250,924	330,917	357,131
Taxation payments less provision	-	-	-	-	-	-	-	-	-	-	-	-	49,843	-	49,843	-	49,843	7,871	-	-	-	-	7,871	57,714
Prepayments - others	-	-	-	-	-	-	-	-	-	-	-	-	62,202	341	62,202	341	62,543	27,860	-	-	-	3,167	31,027	93,570
Sundry receivables	-	-	-	-	-	-	-	-	-	-	-	-	188,052	68,081	188,052	68,081	256,133	9,792	21	-	-	1,079	10,892	267,025
Fixed assets	-	-	-	-	-	-	-	-	-	-	-	-	928,760	185,038	928,760	185,038	1,113,798	58,679	-	-	-	-	58,679	1,172,477
Total assets	4,917,742	106,037	466,808	14,509	616,153	2,896,256	378,604	33,621	1,404,246	18,892	-	-	15,821,320	1,462,929	23,604,873	4,532,244	28,137,117	387,282	286,856	149	1,776,549	6,693,801	9,144,637	37,281,754
Segment liabilities																								
Provision for outstanding claims (including IBNR)	2,395,537	7,572	308,152	76	172,203	1,948,062	142,538	3,942	707,959	-	20,332	-	-	-	3,746,721	1,959,652	5,706,373	-	56,380	-	11,911	45,208	113,499	5,819,872
Commission income unearned	150,849	7,317	245	10	85	25,468	-	-	46,014	1,133	-	-	-	-	197,193	33,928	231,121	-	-	-	-	-	-	231,121
Provision for unearned premium	2,267,875	49,237	42,421	6,291	718,851	1,107,606	539,400	23,610	506,570	7,987	-	-	-	-	4,075,117	1,194,731	5,269,848	-	-	-	-	-	-	5,269,848
Premiums received in advance	94,340	-	17,476	-	30,587	-	-		62,136	-	-	-	-	-	204,539	-	204,539	-	4,514	9	38,446	99,198	142,167	346,706
Commission payable	165,864	8,308	30,724	2,143	53,777	156,079	53,289	2,877	55,956	1,628	-	-	-	-	359,610	171,035	530,645	-	-	-	-	-	-	530,645
Amounts due to other insurers / reinsurers	514,624	5,373	95,329	1,386	166,852	100,939	-	-	338,958	2,914	-	-	-	-	1,115,763	110,612	1,226,375	-	12,766	1	-	6,452	19,219	1,245,594
Unallocated liabilities																								
Accrued expenses	-	-	-	-	-	-	-	-	-	-	-	-	46,121	22,720	46,121	22,720	68,841	3,962	-	-	-	-	3,962	72,803
Other creditors and accruals	-	-	-	-	-	-	-	-	-	-	-	-	1,265,109	22,288	1,265,109	22,288	1,287,397	30,770	8,973	35	7,497	192,937	240,212	1,527,609
Staff retirement benefits	-	-	-	-	-	-	-	-	-	-	-	-	61,475	44,772	61,475	44,772	106,247	6,299	-	-	-	-	6,299	112,546
Liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-						-	-
Unclaimed dividends	-	-	-	-	-	-	-	-	-	-	-	-	95,416	-	95,416	-	95,416	-	-	-	-	-	-	95,416
Total liabilities	5,589,089	77,807	494,347	9,906	1,142,355	3,338,154	735,227	30,429	1,717,593	13,662	20,332	-	1,468,121	89,780	11,167,064	3,559,738	14,726,802	41,031	82,633	45	57,854	343,795	525,358	15,252,160
Capital expenditure															102,195	6,692	108,887	30,783					30,783	139,670

31.2 For general insurance, each class of business has been identified as reportable segment whereas, for life insurance the statutory funds are treated as reportable segments. Following is a schedule of segment wise revenue and results:

BUSINESS UNDERWRITTEN INSIDE PAKISTAN (Rupees in thousand)

	General Insurance						Life Insurance				Total	
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Treaty	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	Unit Linked Business	31 December 2015	31 December 2014
Revenue account												
Net premium revenue	986,886	693,426	1,639,054	1,517,184	709,682	-	150,495	-	503,951	8,183,245	14,383,923	9,773,066
Net claims	(392,137)	(317,298)	(766,315)	(1,429,985)	(427,793)	20,332	(99,652)	-	(91,320)	(1,587,320)	(5,091,488)	(4,306,903)
Expenses	(248,670)	(181,198)	(501,220)	(120,232)	(204,956)	-	(38,624)	1	(34,974)	(484,633)	(1,814,506)	(1,643,033)
Net commission	(116,071)	(116,747)	(119,048)	(19,997)	57,744	-	(31,934)	-	(42,031)	(1,422,278)	(1,810,362)	(1,212,326)
Net investment income -												
statutory fund	-	-	-	-	-	-	20,193	11	231,923	917,583	1,169,710	1,048,952
Add: Policyholder's liabilities at												
beginning of the year	-	-	-	-	-	-	101,213	-	1,613,531	6,271,711	7,986,455	4,732,159
Less: Policyholder's liabilities at		-	-	-			-	-	-	-		
end of the year	-	-	-	-	-	-	(104,896)	-	(2,057,292)	(11,693,710)	(13,855,898)	(7,986,455)
Surplus of Policyholders' funds	-	-	-	-	-	-	3,205	(12)	(123,788)	(184,598)	(305,193)	(71,578)
Underwriting result	230,008	78,183	252,471	(53,030)	134,677	20,332	-	-	-	-	662,641	333,882
Investment income - other											2,431,856	2,094,715
Rental income											-	-
Other income											156,919	96,839
											3,251,416	2,525,436
General and administration expenses											(484,960)	(421,552)
Exchange gain											6,232	(60)
Finance charge on lease liabilities											-	(270)
Workers' welfare fund											(57,771)	(41,697)
Profit before tax											2,714,917	2,061,857
Provision for taxation											(275,100)	(155,053)
Profit after tax											2,439,817	1,906,804

BUSINESS UNDERWRITTEN OUTSIDE PAKISTAN (Rupees in thousand)

	General Insurance						Life Insurance			Total		Aggregate	
	Fire and property damage	Marine, aviation and transport	Motor	Accident & Health	Miscellaneous	Treaty	Conventional Business	Accident and Health Business	Non-unitised Investment Link Business	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Revenue account													
Net premium revenue	31,940	24,157	2,118,401	17,017	9,644	-	-	-	-	2,201,159	1,505,917	16,585,082	11,278,983
Net claims	(48,152)	(1,432)	(1,401,981)	(9,847)	(5,099)	-	-	-	-	(1,466,511)	(1,024,711)	(6,557,999)	(5,331,614)
Expenses	(12,406)	(6,269)	(268,055)	(6,588)	(6,157)	-	-	-	-	(299,475)	(267,907)	(2,113,981)	(1,910,940)
Net commission	(2,252)	(3,277)	(239,758)	(3,043)	4,452	-	-	-	-	(243,878)	(177,971)	(2,054,240)	(1,390,297)
Net investment income -													
statutory fund	-	-	-	-	-	-	-	-	-	-	-	1,169,710	1,048,952
Add: Policyholder's liabilities at													
beginning of the year	-	-	-	-	-	-	-	-	-	-	-	7,986,455	4,732,159
Less: Policyholder's liabilities at													
end of the year	-	-	-	-	-	-	-	-	-	-	-	(13,855,898)	(7,986,455)
	-	-	-	-	-	-	-	-	-	-	-		
Surplus of Policyholders' funds	-	-	-	-	-	-	-	-	-	-	-	(305,193)	(71,578)
Underwriting result	(30,870)	13,179	208,607	(2,461)	2,840	-	-	-	-	191,295	35,328	853,936	369,210
Investment income - other										-	-	2,431,856	2,094,715
Rental income										6,339	5,674	6,339	5,674
Other income										19,413	23,824	176,332	120,663
										217,047	64,826	3,468,463	2,590,262
General and administration expenses										(100,861)	(77,117)	(585,821)	(498,669)
Exchange gain										(322)	(410)	5,910	(470)
Finance charge on lease liabilities										-	-	-	(270)
Workers' welfare fund										-	-	(57,771)	(41,697)
Profit before tax										115,864	(12,701)	2,830,781	2,049,156
Provision for taxation										-	-	(275,100)	(155,053)
Profit after tax										115,864	(12,701)	2,555,681	1,894,103

32 Financial and insurance risk management objectives and policies

The Group's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest / mark-up rate risk, price risk and currency risk).The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. Overall risks arising from the Group's financial assets and liabilities are limited. The Group consistently manages its exposure to financial risk without any material change from previous period in the manner described in notes below. The Board of Directors of Holding Company has overall responsibility for the establishment and oversight of Group's risk management framework. The Board is also responsible for developing the Group's risk management policies.

The individual risk wise analysis is given below :

32.1 Credit risk and concentration of credit risk

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

Concentration of credit risk occurs when a number of counterparties have a similar type of business activities. As a result any change in economic, political or other conditions would affect their ability to meet contractual obligations in a similar manner. The Group's credit risk exposure is not significantly different from that reflected in these consolidated financial statements. The management monitors and limits the Group's exposure and makes conservative estimates of provisions for doubtful assets, if any. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in entities of sound financial standing, covering various industrial sectors.

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

	2015	2014
	Rupees in thousand	
Bank deposits	**4,227,178**	3,440,398
Investments	**28,381,412**	20,886,884
Premium due but unpaid	**4,563,443**	3,652,444
Amount due from other insurers / reinsurers	**854,329**	820,933
Salvage recoveries accrued	**250,602**	207,471
Loans	**39,001**	32,693
Accrued investment income	**307,237**	357,131
Reinsurance recoveries against outstanding claims	**3,966,157**	3,669,232
Sundry receivables	**221,072**	248,557
	42,810,431	33,315,743

Provision for impairment is made for doubtful receivables according to the Group's policy. The impairment provision is written off when the Group expects that it cannot recover the balance due. During the year, receivables of Rs. 4,910 thousands (2014: Rs. Nil) were further impaired and provided for. The movement in the provision for doubtful debt account is shown in note 16.1, 17.1 and 18.1 to these consolidated financial statements.

	2015	2014
	Rupees in thousand	
The age analysis of receivables from other than related parties is as follows:		
Up to 1 year	**3,570,085**	2,891,348
1-2 & prior years	**908,601**	778,290
	4,478,686	3,669,638
The age analysis of receivables from related parties is as follows:		
Up to 1 year	**411,061**	308,375
1-2 & prior years	**42,425**	37,912
	453,486	346,287

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

	Rating		Rating	2015	2014
	Short Term	Long Term	Agency	Rupees in thousand	
Allied Bank Limited	A1+	AA+	PACRA	**-**	9
Askari Bank Limited	A1+	AA	PACRA	**46**	46
Bank Alfalah Limited	A1+	AA	PACRA	**74,057**	64,083
Bank Al Habib Limited	A1+	AAA	PACRA	**31,550**	26,843
Citibank N.A.	P-2	A3	Moody's	**-**	9,595
Dubai Islamic Bank Pakistan Limited	A1	A+	JCR-VIS	**50,491**	-
Habib Bank Limited	A1+	AAA	JCR-VIS	**134,033**	127,952
Industrial Development Bank of Pakistan	-	-	-	**-**	831
FINCA Micro Finance Bank Limited	A-2	A-	JCR-VIS	**1,043**	997
Bank Islami Pakistan Limited	A1	A+	PACRA	**11,644**	7,453
MCB Bank Limited	A1+	AAA	PACRA	**3,073,236**	1,670,704
National Bank of Pakistan	A1+	AAA	PACRA/JCR-VIS	**428**	4,116
The Punjab Provincial Cooperative Bank Limited	Not Available	Not Available	Not Available	**155,799**	139,103
Rozgar Micro Finance Bank Limited	A-3	BB+	JCR-VIS	**-**	-
Bank of Punjab	AA+	A-1+	PACRA	**8**	4
Soneri Bank Limited	A1+	AA-	PACRA	**1**	1
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	**50,856**	29,117
Tameer Micro Finance Bank Limited	A1	A+	JCR-VIS	**-**	-
United Bank Limited, Dubai U.A.E	A1+	AA+	JCR-VIS	**188,004**	1,055,169
Samba Bank Limited	A1	AA	JCR-VIS	**100,020**	-
Al-Meezan Bank (Formerly HSBC)	A1+	AA	JCR-VIS	**-**	12,056
Zarai Taraqiati Bank Limited	A1+	AAA	JCR-VIS	**299,528**	266,339
Waseela Microfinance Bank	A2	A-1+	PACRA	**2,708**	-
Faysal Bank Limited	A1+	AA	JCR-VIS	**53,726**	25,980
				4,227,178	3,440,398

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

	Amounts due from other insurers / reinsurers	Reinsurance and other recoveries against outstanding claims	2015	2014
	Rupees in thousand			
A or Above (including PRCL)	**1,130,745**	**3,883,754**	**5,014,499**	4,647,153
BBB	**10,576**	**37,657**	**48,233**	52,117
Others	**12,566**	**44,746**	**57,312**	413,402
Total	**1,153,887**	**3,966,157**	**5,120,044**	5,112,672

Subsidiary Company's receivable from reinsurers is Rs. 40,045 thousands (2014: Rs. 3,651 thousands).

32.2 Liquidity Risk

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

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

	2015			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
	Rupees in thousand			
Financial liabilities				
Provision for outstanding claims (including IBNR)	**5,972,005**	**5,972,005**	**5,972,005**	**-**
Amount due to insurers / reinsurers	**2,047,672**	**2,047,672**	**2,047,672**	**-**
Accrued expenses	**168,584**	**168,584**	**168,584**	**-**
Unclaimed dividend	**74,793**	**74,793**	**74,793**	**-**
Other creditors and accruals	**1,969,261**	**1,969,261**	**1,969,261**	**-**
	10,232,315	**10,232,315**	**10,232,315**	**-**

	2014			
	Carrying amount	Contractual cash flow	Up to one year	More than one year
Financial liabilities	Rupees in thousand			
Provision for outstanding claims (including IBNR)	5,819,872	5,819,872	5,819,872	-
Amount due to insurers / reinsurers	1,245,594	1,245,594	1,245,594	-
Accrued expenses	72,803	72,803	72,803	-
Unclaimed dividend	95,416	95,416	95,416	-
Other creditors and accruals	1,687,251	1,687,251	1,687,251	-
	8,920,936	8,920,936	8,920,936	-

32.3 Market risk

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

(a) Interest / mark - up rate risk

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

	Effective interest rate (%)		Carrying amounts	
	2015	2014	2015	2014
	Percentage		Rupees in thousand	
Fixed rate of financial instruments				
Financial assets:				
Investments- PIBs and Treasury Bills	6.78% - 12.35 %	8.98% - 12.35 %	11,959,184	7,147,315
Loans	5%	5%	6,580	19,328
Floating rate financial instruments				
Financial assets:				
Bank deposits	4% - 8%	5% - 9%	3,009,254	2,466,685
Investments - TFCs	9.26% - 15.00%	12.02% - 15.00%	183,910	159,116

Sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate will not affect fair value of any financial instruments. For cash flow sensitivity analysis of variable rate instruments a hypothetical change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Variation in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	Profit and loss 100 bps	
	Increase	Decrease
	Rupees in thousand	
As at 31 December 2015 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	-	-
Cash flow sensitivity - variable rate financial assets	**18,933**	**(18,933)**
As at 31 December 2014 - Fluctuation of 100 bps		
Cash flow sensitivity - variable rate financial liabilities	-	-
Cash flow sensitivity - variable rate financial assets	20,680	(20,680)

Price risk

Price risk represents the risk that the fair value of financial instruments will fluctuate because of changes in the market prices (other than those arising from interest / mark-up rate risk or currency risk), whether those changes are caused by factors specific to individual financial instrument or its issuer, or factors affecting all or similar financial instrument traded in the market. The Group is exposed to equity price risk that arises as a result of changes in the levels of KSE - Index and the value of individual shares. The equity price risk arises from the Group's investment in equity securities for which the prices in the future are uncertain. The Group policy is to manage price risk through selection of blue chip securities.

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

The Group has investments in quoted equity securities amounting to Rs. 13,875,868 thousands (2014: Rs. 12,378,716 thousands) at the reporting date. The carrying value of investments subject to equity price risk are, in almost all instances, based on quoted market prices as of the reporting date. Market prices are subject to fluctuation which may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions.

Sensitivity analysis

Group's investment portfolio has been classified in the 'available-for-sale' category and fair value through profit and loss categories, a 10% increase / decrease in redemption value and share prices at year end would have increased / decreased impairment loss of investment recognized in profit and loss account or in revenue account of both statutory funds of life insurance business as follows:

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

Currency risk

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

The following significant exchange rates were applied during the year:

	2015	2014
	Rupees	
Rupees per US Dollar		
Average rate	**102.74**	100.80
Reporting date rate	**104.60**	100.40
Rupees per AED		
Average rate	**27.97**	27.44
Reporting date rate	**28.48**	27.33

32.4 Insurance risk

32.4.1 Holding Company

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

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

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

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

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

a) Geographical concentration of insurance risk

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated primarily with the commercial / industrial occupation of the insured. Details regarding the fire separation / segregation with respect to the manufacturing processes, storage, utilities, etc. are extracted from the layout plan of the insured facility. Such details are formed part of the reports which are made available to the underwriters / reinsurers for their evaluation. Reference is made to the standard construction specifications laid down by Insurance Association of Pakistan (IAP). For fire and property risk a particular building and neighboring buildings, which could be affected by a single claim incident, are considered as a single location. For earthquake risk, a complete city is classified as a single location. Similarly for marine risk, multiple risks covered in a single vessel voyage are considered as a single risk while assessing concentration of risk. The Holding Company evaluates the concentration of exposures to individual and cumulative insurance risks and establishes its reinsurance policy to reduce such exposures to levels acceptable to the Holding Company.

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

b) Reinsurance arrangements

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

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

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

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

c) Sources of uncertainty in estimation of future claim payments

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

In particular, estimates have to be made both for the expected ultimate cost of claims reported at the balance sheet date and for the expected ultimate cost of claims incurred but not reported (IBNR) at the balance sheet date.

d) Neutral assumptions for claim estimation

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

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

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

e) Sensitivity analysis

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

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

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

f) Claims development table

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

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

32.4.2 Subsidiary Company

32.4.2.1 Conventional business

(i) Individual Life

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that majority of these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Further, all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	3,033	2.68%	910	4.32%
200,001 - 400,000	10,169	8.98%	3,051	14.49%
400,001 - 800,000	12,072	10.67%	3,622	17.21%
800,001 - 1,000,000	1,893	1.67%	567	2.70%
More than 1,000,000	86,024	76.00%	12,900	61.28%
Total	113,191		21,050	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	1,868	1.43%	560	2.06%
200,001 - 400,000	2,083	1.60%	625	2.29%
400,001 - 800,000	4,697	3.60%	1,409	5.17%
800,001 - 1,000,000	4,802	3.69%	1,441	5.28%
More than 1,000,000	116,857	89.68%	23,239	85.20%
Total	130,307		27,274	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term conventional assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity incidence rates.

The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible. Morbidity incidence rates are taken as a percentage of reinsurer's risk premium rate.

c) Process used to decide on assumptions

For long-term conventional assurance contracts, long-term assumptions are made at the inception of the contract. Keeping the statutory minimum reserving basis in view, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity incidence rates for morbidity are taken as a percentage of reinsurer's risk premium rate.

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

After reinsurance, the overall liability for individual life conventional business stands at less than 1% of the total policyholder liability held in respect of individual life business. Due to its immateriality, sensitivity analysis has not been conducted.

(ii) Group Life

The main risk written by the Subsidiary Company is mortality. The Subsidiary Company may be exposed to the risk of unexpected claim severity or frequency. This can be a result of writing business with higher than expected mortality (such as mining or other hazardous industries), writing high cover amounts without adequate underwriting, difficulty of verification of claims, fraudulent claims or a catastrophe. The Subsidiary Company also faces risk such as that of under-pricing to acquire business in a competitive environment and of non-receipt of premium in due time. There also exists a potential risk of asset liability term mismatch due to liabilities being very short term in nature.

The Subsidiary Company manages these risks through underwriting, reinsurance, effective claims handling and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids writing business for groups with overly hazardous exposure. Pricing is done in line with the actual experience of the Subsidiary Company. The premium charged takes into account the actual experience of the client and the nature of mortality exposure the group faces. The Management undertakes to write business in line with the limits set by the appointed actuary, especially for large groups having a group assurance policy with annual premium of Rs 2 million or above in accordance with the requirements of Circular 11 of 2013 dated June 14, 2013. The Subsidiary Company also maintains a Management Information System (MIS) to track the adequacy of the premium charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure to any one life. At the same time, due caution is applied in writing business in areas with a high probability of terrorism. The Subsidiary Company ensures writing business with good geographical spread and tries to maintain a controlled exposure to large groups which generally have poor experience. Writing business of known hazardous groups is also avoided. On the claims handling side, the Subsidiary Company ensures that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. Strict monitoring is in place at the Board of Directors level in order to keep the outstanding balances of premium at a minimum, especially the ones that are due for more than 90 days. The bulk of the assets held against liabilities of this line of business are cash to money market with short durations and high liquidity, thus mitigating the risk of asset value deterioration and liability mismatch.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk in terms of exposure by geographical area. Concentration of risk arising from geographical area is not a factor of concern as the Subsidiary Company aims to achieve a spread of risks across various parts of the country.

The following table presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	79,103	0.03%	79,103	0.06%
200,001 - 400,000	30,900	0.01%	30,900	0.02%
400,001 - 800,000	750	0.00%	225	0.00%
800,001 - 1,000,000	-	0.00%	-	0.00%
More than 1,000,000	313,050,766	99.96%	140,372,003	99.92%
Total	313,161,519		140,482,231	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	776	0.03%	776	0.06%
200,001 - 400,000	300	0.01%	300	0.02%
400,001 - 800,000	8,250	0.00%	2,475	0.00%
800,001 - 1,000,000	48,300	0.00%	48,300	0.00%
More than 1,000,000	259,490,873	99.96%	132,502,116	99.92%
Total	259,548,499		132,553,967	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Other than conducting a liability adequacy for Unexpired Risk Reserves (URR), there is no need to estimate mortality for future years because of the short duration of the contracts.

c) Process used to decide on assumptions

The business is too new for any meaningful investigation into the group's past experience. However, industry experience, the insured group's own past experience and reinsurer risk rates are used to determine the expected level of risk in relation to the SLIC (2001-05) Individual Life Ultimate Mortality Table.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

After reinsurance, the net unearned premium reserve for this business stands at less than 1% of the total policyholder liability. This liability will be on the Subsidiary Company's books for under a year. Due to its immateriality, a sensitivity analysis has not been conducted.

32.4.2.2 Non unitised Investment Linked Business

The risk underwritten is mainly death and sometimes disability. The risk of death and disability will vary in degree by age, gender, occupation, income group and geographical location of the assured person. The Subsidiary Company's exposure to poor risks may lead to unexpectedly high severity and frequency in claims' experience. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of inflation of business expenses and liquidity issues on amount invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical underwriting policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one insured person. The Subsidiary Company is developing and intends to eventually have a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to control mis-selling and to track improvements in the standard of service provided to policyholders. For this, a regular monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in its fund to cater for a potentially sudden and high cash requirement. Further all payments on account of claims are made after necessary approval of the Chief Executive Officer of the Subsidiary Company. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

a) Frequency and severity of claims

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

There is some concentration by sum assured amounts which may have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of assured benefits across five bands of assured benefits per individual life assured. The benefit assured figures are shown gross and net of the reinsurance contracts described above. The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	728,902	10.11%	218,671	11.64%
200,001 - 400,000	1,188,505	16.48%	356,552	18.98%
400,001 - 800,000	2,001,041	27.75%	600,312	31.96%
800,001 - 1,000,000	1,486,272	20.61%	445,882	23.74%
More than 1,000,000	1,805,939	25.05%	257,100	13.69%
Total	7,210,659		1,878,517	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	229,253	2.70%	28,345	1.49%
200,001 - 400,000	232,228	2.73%	47,536	2.50%
400,001 - 800,000	1,067,239	12.56%	278,804	14.65%
800,001 - 1,000,000	406,464	4.78%	105,068	5.52%
More than 1,000,000	6,563,820	77.23%	1,443,301	75.84%
Total	8,499,004		1,903,054	

b) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term Non-unitised Investment Linked assurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and morbidity of the insured population and variability in policyholders' behavior.

Factors impacting future benefit payments and premium receipts are as follows:

- Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term Non-unitised Investment Linked assurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, morbidity, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

- Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

- Morbidity: Incidence rates for morbidity are taken as a proportion of reinsurer's risk rates.

- Persistency: The Subsidiary Company exercises a periodic analysis on recent and historic experience and persistency is calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance is then made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

- Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

- Investment returns: The investment returns are based on the historic performance of different types of assets underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

Periodic sensitivity analyses of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

32.4.2.3 Unit Linked Business

The risk underwritten is mainly death and sometimes disability and/or critical illness. The risk of death and disability will vary from region to region. The Subsidiary Company may get exposed to poor risks due to unexpected experience in terms of claim severity or frequency. This can be a result of anti-selection, fraudulent claims, a catastrophe or poor persistency. The Subsidiary Company may also face the risk of poor investment return, inflation of business expenses and liquidity issues on monies invested in the fund. The Subsidiary Company faces the risk of under-pricing particularly due to the fact that these contracts are long term. Additionally, the risk of poor persistency may result in the Subsidiary Company being unable to recover expenses incurred at policy acquisition.

The Subsidiary Company manages these risks through its underwriting, reinsurance, claims handling policy and other related controls. The Subsidiary Company has a well defined medical under-writing policy and avoids selling policies to high risk individuals. This puts a check on anti-selection. The need for profit testing is reviewed on an annual basis to ensure reasonableness of premiums charged. Reinsurance contracts have been purchased by the Subsidiary Company to limit the maximum exposure on any one policyholder. The Subsidiary Company has a good spread of business throughout the country thereby ensuring diversification of geographical risks. To avoid poor persistency the Subsidiary Company applies quality controls on the standard of service provided to policyholders and has placed checks to curb mis-selling and improvement in standard of service provided to the policyholders. For this, a regular branch wise monitoring of lapsation rates is conducted. On the claims handling side, the Subsidiary Company has procedures in place to ensure that payment of any fraudulent claims is avoided. For this, Claims Committee with variable materiality limits review all claims for verification and specific and detailed investigation of all apparently doubtful claims (particularly of high amounts) is conducted. The Subsidiary Company maintains adequate liquidity in each unit fund to cater for potentially sudden and high cash requirement. The Subsidiary Company reserves the right to review the charges deductible under the contracts, thus limiting the risk of under pricing.

The Subsidiary Company measures concentration of risk by geographical area. Concentration of risk is not currently a factor of concern as the business is developing and aims to achieve a spread of risks across various parts of the country.

However, undue concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

The Subsidiary Company charges for mortality risk on a monthly basis for all insurance contracts. It has the right to alter these charges based on its mortality experience and hence minimizes its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may hinder its mitigating effect. The Subsidiary Company manages these risks through its underwriting strategy and reinsurance arrangements.

The table below presents the concentration of insured benefits across five bands of insured benefits per individual life assured. The benefit insured figures are shown gross and net of the reinsurance contracts described above. At year-end, none of these insurance contracts had triggered a recovery under the reinsurance held by the Subsidiary Company.

The amounts presented are showing total exposure of the Subsidiary Company including exposure in respect of riders attached to the main policies.

Benefits assured per life	Sum assured at the end of 2015			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	1,623,232	2.34%	486,970	2.96%
200,001 - 400,000	6,691,175	9.64%	2,007,353	12.21%
400,001 - 800,000	16,402,876	23.63%	4,920,863	29.94%
800,001 - 1,000,000	17,596,545	25.35%	5,278,963	32.12%
More than 1,000,000	27,091,053	39.03%	3,743,100	22.77%
Total	69,404,881		16,437,249	

Benefits assured per life	Sum assured at the end of 2014			
	Total benefits assured			
Rupees	Before reinsurance		After reinsurance	
	Rupees in thousand	%	Rupees in thousand	%
0-200,000	412,559	0.93%	123,768	1.13%
200,001 - 400,000	1,586,156	3.58%	475,847	4.36%
400,001 - 800,000	6,221,041	14.03%	1,866,312	17.08%
800,001 - 1,000,000	4,512,854	10.18%	1,353,856	12.39%
More than 1,000,000	31,594,171	71.28%	7,104,919	65.04%
Total	44,326,781		10,924,702	

a) Sources of uncertainty in the estimation of future benefit payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long–term unit linked insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder's behavior.

b) Factors impacting future benefit payments and premium receipts are as follows:

Mortality: The expected mortality is assumed to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: The business is developing and eventually the Subsidiary Company intends to conduct periodic analyses on its historic book of business, using statistical methods to determine its persistency experience. Persistency rates are expected to vary by product and more importantly the sales distribution channel. Allowance will then be made for any trend in the data to arrive at best estimates of future persistency rates for each sales distribution channel.

c) Process used to decide on assumptions

For long-term unit linked insurance contracts, assumptions are made in two stages. At inception of the contract, the Subsidiary Company determines assumptions on future mortality, persistency, administrative expenses and investment returns. At regular intervals, profit testing is conducted on main policies. Assumptions used for profit testing of the main policies are as follows:

Mortality: The Subsidiary Company assumes the expected mortality to vary between 80% and 120% of SLIC (2001-05) since the current experience for this line of business is not credible.

Persistency: Since the Subsidiary Company has recently started business, it has no own experience to which it can refer. Industry standards for anticipated persistency rates have been used initially. Eventually, a periodic analysis of the Subsidiary Company's recent and historic experience will be performed and persistency will be calculated by applying statistical methods. Persistency rates vary by products and more importantly the sales distribution channel. An allowance will then be made for any trend in the data to arrive at best estimate of future persistency rates for each sales distribution channel.

Expense levels and inflation: As the business is new, estimates from business projections have been used. Once established, a periodic study will be conducted on the Subsidiary Company's current business expenses and future projections to calculate per policy expenses. Expense inflation is assumed in line with assumed investment return.

Investment returns: The investment returns are based on the historic performance of the assets and asset types underlying the fund.

d) Changes in assumptions

There have been no changes in assumptions since the last valuation carried out a year ago.

e) Sensitivity analysis

Periodic sensitivity analyses of the Subsidiary Company's in-force business determine whether any reserve needs to be created or product prices for new business need to be revised in light of changing or anticipated changes in experience from that expected when pricing the existing book of business. The current nature, volume and age of in-force business does not require a detailed sensitivity analysis at this stage.

33 Reinsurance Risk

In order to minimize the financial exposure arising from large claims, the Subsidiary Company, in the normal course of business, enters into agreement with other reinsurers.

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

In order to manage this risk, the Subsidiary Company obtains reinsurance cover only from companies with sound financial health.

34 Capital risk management

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

- To be an appropriately capitalized institution in compliance with the paid-up capital requirement set by the SECP. Minimum paid-up capital requirement for non-life insurers is Rs. 300,000 thousands while for life insurance it is Rs. 500,000 thousands. The Group's current paid-up capital is well in excess of the limit prescribed by the SECP and is also complying with solvency requirements prescribed by the SECP;

- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for the other stakeholders;
- To provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk;
- To maintain strong ratings and to protect the Group against unexpected events / losses; and
- To ensure a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

35 Non - Adjusting events after the balance sheet date

The Board of Directors of the Holding Company in their meeting held on 23 February 2016 proposed a final cash dividend for the year ended 31 December 2015 @ 15% i.e. Rupees 1.5/- per share (2014: 15% i.e. Rupees 1.5/- per share). This is in addition to the interim cash dividend @ 15% i.e. Rupees 1.5/- per share (2014: 12.5% i.e. Rupees 1.25/- per share) resulting in a total cash dividend for the year ended 31 December 2015 of Rupees 3/- per share (2014: Rupees 2.25/- per share). The approval of the members for the final dividend will be obtained at the forthcoming Annual General Meeting. The financial statements for the year ended 31 December 2015 do not include the effect of final dividend which will be accounted for in the financial statements for the year ending 31 December 2016.

36 Provident fund related disclosure

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

	2015	2014
	Rupees in thousand	
Size of the fund - Total assets	**850,682**	863,517
Cost of investments	**829,482**	720,866
Percentage of investments made	**98%**	83%
Fair value of investments	**1,026,669**	836,226

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

	2015	2014	2015	2014
	Percentage		Rupees in thousand	
Deposits and bank balances	**1.1%**	4.0%	**11,310**	33,804
Term finance certificates	**0.5%**	4.0%	**4,730**	33,613
Pakistan Investment Bonds	**49.0%**	56.3%	**503,488**	470,210
Mutual funds	**38.4%**	25.9%	**394,637**	216,597
Listed securities	**11.0%**	9.8%	**112,504**	82,002
	100.0%	100.0%	**1,026,669**	836,226

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

37 Number of employees

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

	2015	2014
At year end		
Holding Company	**835**	**840**
Subsidiary Company	**214**	183
Average during the year		
Holding Company	**838**	811
Subsidiary Company	**199**	154

38 Fair value measurement of financial instruments

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

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

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

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

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

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

	Note	Carrying amount						Fair value			
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
31 December 2015											
Financial assets - not measured at fair value											
Cash and other equivalents*	12	-	-	-	10,749	-	10,749	-	-	-	-
Current and other accounts*		-	-	-	3,040,848	-	3,040,848	-	-	-	-
Deposits maturing within 12 months*		-	-	-	1,186,330	-	1,186,330	-	-	-	-
Loans to employees*	13	-	-	52,619	-	-	52,619	-	-	-	-
Investments	15	-	-	-	-	-	-				
- Listed securities		10,697,376	64,493	-	-	-	10,761,869	16,039,857	-	-	16,039,857
- Unlisted securities		924,535	-	-	-	-	924,535	-	924,535	-	924,535
- Term Finance Certificates		61,739	122,171	-	-	-	183,910	-	183,910	-	183,910
- Mutual Fund Certificates		2,748,252	1,702,371	-	-	-	4,450,623	4,495,960	-	-	4,495,960
- NIT Units		161	-	-	-	-	161	-	793	-	793
- Government treasury bills		286,320	5,254,410	-	-	-	5,540,730	-	5,354,531	-	5,354,531

	Note	Carrying amount						Fair value			
		Available for sale	Fair Value through P&L	Loans and receivables	Cash and cash equivalents	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		Rupees in thousand									
- Pakistan Investment Bonds		459,190	5,959,264	-	-	-	6,418,454	-	6,258,086	-	6,258,086
- Ijarah sukuks		-	101,130	-			101,130		101,130		101,130
Premium due but unpaid*	16	-	-	4,563,443	-	-	4,563,443	-	-	-	-
Amounts due from other insurers / reinsurers*	17	-	-	854,329	-	-	854,329	-	-	-	-
Salvage recoveries accrued*		-	-	250,602	-	-	250,602	-	-	-	-
Accrued investment income*	19	-	-	307,237	-	-	307,237	-	-	-	-
Reinsurance recoveries against outstanding claims*	20	-	-	3,966,157	-	-	3,966,157	-	-	-	-
Sundry receivables*	22	-	-	243,075	-	-	243,075	-	-	-	-
		15,177,573	13,203,839	10,237,462	4,237,927	-	42,856,801	20,535,817	12,822,985	-	33,358,802
Financial liabilities - measured at fair value											
Staff retirement benefits		-	-	-	-	125,595	125,595	-	125,595	-	125,595
Financial liabilities - not measured at fair value											
Provision for outstanding claims (including IBNR)*	8	-	-	-	-	5,972,005	5,972,005	-	-	-	-
Amounts due to other insurers / reinsurers*		-	-	-	-	2,047,672	2,047,672	-	-	-	-
Accrued expenses*		-	-	-	-	168,584	168,584	-	-	-	-
Other creditors and accruals*	10	-	-	-	-	1,969,261	1,969,261	-	-	-	-
Unclaimed dividend*		-	-	-	-	74,793	74,793	-	-	-	-
		-	-	-	-	10,232,315	10,232,315	-	-	-	-

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

39 Date of authorization for issue

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

40 General

40.1 Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary.

40.2 Figures in these consolidated financial statements have been rounded off to the nearest thousand of rupees unless otherwise stated.

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

Form 34

The Companies Ordinance 1984
(Section 236(2)(d)) Pattern of Shareholding

1 **Incorporation Number** **0001190**

2 Name of the Company ADAMJEE INSURANCE COMPANY LIMITED.

3 Pattern of holding of the shares held by the shareholders as at 31 December 2015

4

No. of Shareholders	Shareholdings					Total Shares Held
1,072	Shareholding	From	1	To	100	31,847
1,225	Shareholding	From	101	To	500	395,788
713	Shareholding	From	501	To	1000	607,457
2,691	Shareholding	From	1001	To	100000	31,491,700
136	Shareholding	From	100001	To	500000	29,843,122
22	Shareholding	From	505001	To	980000	16,027,504
22	Shareholding	From	1020001	To	3000000	38,410,807
3	Shareholding	From	6005001	To	6310000	12,366,738
1	Shareholding	From	7280001	To	7285000	7,282,000
1	Shareholding	From	8085001	To	8090000	8,087,907
1	Shareholding	From	16455001	To	16460000	16,457,396
1	Shareholding	From	18555001	To	18560000	18,556,087
1	Shareholding	From	18835001	To	18840000	18,835,235
1	Shareholding	From	20720001	To	20725000	20,723,378
1	Shareholding	From	33445001	To	33450000	33,449,869
1	Shareholding	From	97430001	To	97435000	97,433,165
5,892						**350,000,000**

5	Categories of Shareholders	Shares held	Percentage
5.1(a)	**Directors**		
	Ali Muhammad Mahoon	8,487	0.002
	Fredrik Coenrard De Beer	59,073	0.017
	Ibrahim Shamsi	17,117	0.005
	Imran Maqbool Malik	2,500	0.001
	Kamran Rasool.	7,073	0.002
	Mian Umer Mansha	20,000	0.006
	Muhammad Anees	16,797	0.005
	Muhammad Umar Virk	60,335	0.017
	S.M.Jawed	8,487	0.002
	Shahid Malik	7,073	0.002
5.1(b)	**Chief Executive Officer**		
	(7,073 shares of Muhammad Ali Zeb, CEO has been included in the Executives holdings)	-	-
5.1(c)	**Directors spouse & minor children**	-	-
5.1.1	**Executives / Executives' spouse**	59,097	0.017
5.2	**Associated Companies, undertakings & related parties**		
	a) MCB Bank Ltd.	97,433,165	27.838
	b) Nishat Mills Ltd.	102,809	0.029
5.3	**NIT and ICP**	2,611	0.001
5.4	**Banks, DFIs and NBFIs**	15,512,531	4.432
5.5	**Insurance Companies**	6,063,866	1.733
	(18,556,087 shares held by Security General Insurance Co.Ltd has been included in note # 5.7)		
5.6	**Modaraba**	1,100	-
5.6.1	**Mutual Funds**	18,407,427*	5.259
5.7	**Shareholders holding 5% or more voting interest**		
	MCB Bank Ltd (5.2.a)	-	-
	Trustee-MCB Employees Pension Fund	33,449,869	9.557
	Security General Insurance Co Ltd (5.5)	18,556,087	5.302
	D.G. Khan Cement Company Limited	18,835,235	5.382
	Anjum Nisar	20,723,378	5.921
5.8	**General Public**		
	a) Local (Individuals)	67,915,739	19.405
	b) Foreign Companies/ organizations/ Individuals (on repatriable basis)	14,259,184	4.074
5.9	**Others**		
	Joint Stock Companies	18,464,427	5.275
	Pension Fund, Provident Fund etc.	20,006,533	5.716
		350,000,000	100.000

Lahore: 23 February 2016

MUHAMMAD ALI ZEB
Managing Director &
Chief Executive Officer
CNIC # 35202-2689723-9

* **Mutual Funds**

AL-MEEZAN MUTUAL FUND LIMITED	2,062	0.001
CDC - TRUSTEE ABL INCOME FUND	47,000	0.013
CDC - TRUSTEE AKD AGGRESSIVE INCOME FUND	45,000	0.013
CDC - TRUSTEE AKD INDEX TRACKER FUND	52,240	0.015
CDC - TRUSTEE AKD OPPORTUNITY FUND	230,500	0.066
CDC - TRUSTEE ALFALAH GHP INCOME FUND	39,000	0.011
CDC - TRUSTEE ALFALAH GHP VALUE FUND	250,000	0.071
CDC - TRUSTEE APF-EQUITY SUB FUND	150,000	0.043
CDC - TRUSTEE ATLAS INCOME FUND - MT	113,000	0.032
CDC - TRUSTEE ATLAS STOCK MARKET FUND	2,000,000	0.571
CDC - TRUSTEE FAYSAL SAVINGS GROWTH FUND	57,500	0.016
CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND	10,574	0.003
CDC - TRUSTEE FIRST HABIB STOCK FUND	40,000	0.011
CDC - TRUSTEE HBL - STOCK FUND	1,372,000	0.392
CDC - TRUSTEE HBL MULTI - ASSET FUND	167,500	0.048
CDC - TRUSTEE JS LARGE CAP. FUND	1,175,000	0.336
CDC - TRUSTEE JS PENSION SAVINGS FUND	245,161	0.070
CDC - TRUSTEE LAKSON EQUITY FUND	507,000	0.145
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	899,580	0.257
CDC - TRUSTEE PICIC INCOME FUND - MT	38,900	0.011
CDC - TRUSTEE PIML VALUE EQUITY FUND	170,000	0.049
CDC - TRUSTEE UBL ASSET ALLOCATION FUND	703,000	0.201
CDC - TRUSTEE UBL STOCK ADVANTAGE FUND	3,052,500	0.872
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	2,216,500	0.633
CONFIDENCE MUTUAL FUND LIMITED	3,601	0.001
FIRST CAPITAL MUTUAL FUND LIMITED	67	0.000
GOLDEN ARROW SELECTED STOCKS FUND LIMITED	115,000	0.033
GROWTH MUTUAL FUND LIMITED	1,901	0.001
KASB PREMIER FUND LIMITED	2,778	0.001
MC FSL - TRUSTEE JS GROWTH FUND	3,009,000	0.860
MCBFSL - TRUSTEE JS VALUE FUND	1,638,000	0.468
PRUDENTIAL STOCKS FUND LIMITED (03360)	53,063	0.015
	18,407,427	5.259

Investor's Awareness

With reference to SRO 924(1) / 2015 dated September 9th, 2015 issued by the Securities and Exchange Commission of Pakistan (SECP), the following informational message has been added for investor's awareness:

Notes

ADAMJEE INSURANCE COMPANY LIMITED

Registered Office: 4th Floor, 27-C-III, Tanveer Building, M.M. Alam Road, Gulberg-III, Lahore.

PROXY FORM

I/We .... of .... being a member of Adamjee Insurance Company Limited hereby appoint Mr. .... of .... or failing him Mr. .... of .... as my/our Proxy to vote for me/us and on my/our behalf at the Fifty-fifth Annual General Meeting of the Company to be held on Monday, April 11, 2016 at 11.00 a.m. at the The Nishat Hotel, 9A Gulberg III, Mian Mahmood Ali Kasuri Road Lahore, and at any adjournment thereof.

Signed this .... day of 2016

WITNESSES:

1- Signature ....

Name ....

Address ....

....

CNIC No. ....

2- Signature ....

Name ....

Address ....

....

CNIC No. ....

Rupees Five Revenue Stamp

Signature ....

Holder of .... Ordinary Shares

Share Register Folio No. ....

"CDC" Participant's ID No. .... A/c. No. ....

(Please See Notes on reverse)

NOTES

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint another member as proxy to attend and vote instead of him/her. A corporation or a company being a member of the Company may appoint any of its officers, though not a member of the Company.

2. Proxy(s) must be received at the Registered Office of the Company not less than 48 hours before the time appointed for the Meeting.

3. The signature on the instrument of proxy must conform to the specimen signature recorded with the Company.

4. CDC account holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. For attending the Meeting:

i) In case of Individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his/her original CNIC or original Passport along with Participant ID number and the Account number at the time of attending the Meeting.

ii) In case of corporate entity, the Board's resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For appointing Proxies:

i) In case of individuals, the account holder and/or sub-account holder whose registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per above requirements.

ii) The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form.

iii) Attested copies of the CNIC or the passport of beneficial owners and the proxy shall be furnished with the proxy form.

iv) The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

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

آدمجی انشورنس کمپنی لمیٹڈ
رجسٹرڈ آفس: چوتھی منزل، تنویر بلڈنگ، 27-C III، ایم۔ایم۔عالم روڈ، گلبرگ-III، لاہور

نمائندگی نامہ

میں/ہم........................مقیم........................، بحیثیت آدم جی انشورنس کمپنی لمیٹڈ کے ایک ممبر، محترم/محترمہ........................مقیم........................یا ان کے شریک نہ ہونے پر محترم/محترمہ........................مقیم........................کو بذریعہ ہذا نشاط ہوٹل، 9A گلبرگIII، میاں محمود علی قصوری روڈ، لاہور میں 11 اپریل 2016 کو صبح 11 بجے اور اس کے کسی ممکنہ التوائی وقت پر منعقدہ کمپنی کے پچپن ویں سالانہ اجلاس عام میں بطور میرا/ہمارا نمائندہ ووٹ دینے کے لیے نامزد کرنا چاہتا ہوں/چاہتے ہیں۔

آج بروز........................بتاریخ........................2016ء دستخط کیے گئے۔

گواہان

-1 دستخط........................
نام........................
پتا........................
....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر........................

-2 دستخط........................
نام........................
پتا........................
....
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر........................

پانچ روپے کی
ریوینیو اسٹیمپ

دستخط........................
مالک........................عدد عام شیئرز،
رجسٹرڈ فولیو نمبر........................
CDC شرکتی شناختی نمبر........................اکاؤنٹ نمبر........................

(براہ کرام عقبی رخ پر نوٹس دیکھیں)

نوٹس

-1 سالانہ اجلاس عام میں شرکت اور رائے دہی کا حق رکھنے والا ممبر کسی دوسرے ممبر کو اپنے بجائے شرکت اور حقِ رائے دہی کے استعمال کے لیے اپنا نمائندہ (پراکسی) مقرر کر سکتا ہے۔ کوئی کارپوریشن یا کمپنی، بحیثیت کمپنی کی ممبر، اپنے افسران میں سے کسی کی تقرری کر سکتی ہے، خواہ وہ کمپنی کا ممبر نہ ہو۔

-2 نمائندگی نامہ Proxy(s) اس اجلاس کے انعقاد کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس میں موصول ہو جانا چاہیے۔

-3 نمائندگی نامہ پر موجود دستخط لازماً کمپنی کے ریکارڈ میں موجود دستخط کے نمونے کے مطابق ہونا چاہیے۔

-4 CDC اکاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر 1 بتاریخ 26 جنوری 2000ء میں وضع کردہ درج ذیل ہدایات کی مزید پیروی کرنا ہوگی:

A- اجلاس میں شرکت کے لیے:

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کے لیے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھائے گا۔

ii) کاروباری ادارے کی صورت میں اجلاس کے موقع پر بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ، نامزد نمائندے کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)

B- نمائندوں کی تقرری کے لیے

i) افراد کی صورت میں، اکاؤنٹ یا سب اکاؤنٹ ہولڈر جس کی رجسٹریشن کی CDC ضوابط کے مطابق اپ لوڈ کی جا چکی ہیں، اجلاس میں شرکت کے وقت اجلاس میں شرکت کے وقت مندرجہ بالا تقاضوں کے مطابق نمائندگی نامہ (Proxy Form) جمع کرائے گا۔

ii) نمائندگی نامے پر دو افراد کی گواہی موجود ہونی چاہیے جن کے نام، پتے اور CNIC نمبر تقرری نامے میں درج ہوں۔

iii) نمائندگی نامے کے ہمراہ اصل مالکان (beneficial owner) اور نمائندے کے CNIC یا پاسپورٹ کی تصدیق شدہ نقول مہیا کی جائیں۔

iv) نمائندے کو اجلاس کے موقع پر اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔

v) کاروباری ادارے کی صورت میں اجلاس کے موقع پر نمائندگی نامے کے ہمراہ بورڈ آف ڈائریکٹرز کی قرارداد / مختار نامہ نمائندے / اٹارنی کے دستخط کے نمونے کے ساتھ پیش کرنا ہوگا (ماسوائے اس کے کہ وہ پہلے ہی پیش کیا جا چکا ہو)

adamjee insurance

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