

Annual Report 2015



A Sign of protection

Shaheen Insurance

A Project of Shaheen Foundation
(Pakistan Air Force)

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COMPANY INFORMATION

BOARD OF DIRECTORS

Air Marshal Muhammad Arif Pervaiz (Retd.)
Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)
Air Commodore Zafar Yasin (Retd.)
Air Commodore Mahmood Ahmed (Retd.)
Air Commodore Muhammad Masud Akhter (Retd.)
Group Captain Ehsan-ur-Rauf Sheikh (Retd.)
Mr. Aamir Shahzad Mughal

AUDIT COMMITTEE

Mr. Aamir Shahzad Mughal - Chairman
Air Commodore Mahmood Ahmed (Retd.) - Member
Air Commodore Muhammad Masud Akhter (Retd.) - Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Air Commodore Mahmood Ahmed (Retd.) - Chairman
Air Commodore Muhammad Masud Akhter (Retd.) - Member
Mr. Sohel N. Kidwai (CEO) - Member

INVESTMENT COMMITTEE

Air Marshal Muhammad Arif Pervaiz (Retd.) - Chairman
Mr. Aamir Shahzad Mughal - Member
Air Commodore Mahmood Ahmed (Retd.) - Member
Mr. Sohel N. Kidwai (CEO) - In attendance
Mr. Nisar Ahmed Almani

CHIEF EXECUTIVE OFFICER

Mr. Sohel N. Kidwai

CFO & COMPANY SECRETARY

Mr. Nisar Ahmed Almani

COMPANY INFORMATION

COUNTRY HEAD BUSINESS

Mr. Naveed Y. Butt

LEGAL ADVISOR

SurrIDGE & Beecheno

AUDITORS

**Riaz Ahmed & Company
Chartered Accountants**

COORDINATOR INTERNAL CONTROLS

Air Commodore Hussain Bux Uner (Retd.)

ADMIN & HR

Khalid Bin Wasi

REGISTERED OFFICE

10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

HEAD OFFICE

10th Floor, Shaheen Complex, M.R Kayani Road, Karachi.

SHARE REGISTRAR

**M/s. Corplink (PVT) Ltd.
Wings Arcade, 1-K, Commercial Model Town, Lahore**

OFFICES

Head Office

10th Floor, Shaheen Complex
M. R. Kayani Raod, Karachi-74200
Tel # 32630370-75, 322139850-51 Fax 3 32626674
E-mail: sihife@cyber.net.pk
URL: www.shaheeninsurnce.com
UAN: (021) 111-765-111

Karachi

Branch Manager.Mr.M.Iftikhar Alam
10th Floor, Shaheen Complex
M.R Kayani Road, Karachi -74200
Tel # 32630370-75,32213950-51,Fax # 32626674
E-mail :iftikhar.alam@shaheeninsurance.com
Direct # 32272595

Hyderabad

Acting Branch Manager-Syed Shakir Ali
Upper 2nd Floor
House # 75, Soldier Bazar, Hyderabad
Tel # (022) 2720487
Fax # (022) 2720489
E-mail:hyd@shaheeninsurance.com
UAN: (021-111-765-111)

Lahore Zonal Office

Branch Head / GM Mr. Muhammad Saleem
Office # 4, 6th Floor, Shaheen Complex
Opp. PTV Station 38, Abbott Road,

Tel # 042-36376270,36376274,36376278,36376279
Fax # 042-36376276
E-mail: lhr_zone@shaheeninsurance.com

Lahore Corporate

Branch Manager / GM Mr. Sohaib Ansar Khan
Office # 6, 6th Floor , Shaheen Complex,
Opp. PTV Station 38, Abbott Road,Lahore.
Lahore.
Tel # 042-36370384, 36370741, 36370742
Fax # 042-36370385
E-mail: lhr_corporate@shaheeninsurance.com

Islamabad

Acting Branch Manager – Mr. Mohammad Bilal Khan
Office # 6, 1st Floor VIP Plaza,
I-8 Markaz Islamabad
Tel: 051-4938283
Fax: 051-4938284
Email: isb@shaheeninsurance.com

Faisalabad

Branch Manager Mr.Mohsin Khan
Office No2, 4th Floor, Ahmed Plaza,
Bilal Road, Civil Lines, Faisalabad
Tel. # (041) 2614112, 2621370, 2634658
Fax # (041) 2613514
Email: fsd@shaheeninsurance.com

Multan

Branch Manager – Mr.Arshad Mehmood Kkhan
Office no A-1717 & 1718, 2nd Floor, Kachari Road,
Opp. Hajveri Arcade, Multan
E-mail: mul@shaheeninsurance.com

Peshawar

Branch Manager – Mr. Amir Shahzad
Upper Basement, State Life Building
34 – The Mall, Peshawar Cantt.
Tel # (091) 5273122 Fax # (091) 5273106
E-mail: psw@shaheeninsurance.com

Sialkot

Branch Manager – Mr. Mian Waheed Akhter
Office No.210 Kareem Plaza Defence Road
Near Iqbal Town,Sialkot
Tel # (052) 3250982, 3550131
Fax # (052) 3257412
E-mail: sil@shaheeninsurance.com

VISION

To deliver general insurance at its best and to contribute positively and proactively for the welfare of our society at large as well as for the preservation of our environment, culture and ethics

MISSION STATEMENT

Our mission is to continuously improve our selves to become a leading, profitable Company, meeting the needs of our customers and enhancing the value of our shareholders investment.

We will accomplish this by using the strengths of our people and the application of innovative science for the development of new insurance products and services that are high in quality and competitive in price.

CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics (Code) establishes the standards that govern the way we deal with each other, our customers, shareholders, governments, suppliers, competitors and the public at large. Complying with the Code is a part of the terms and conditions of employment with Shaheen Insurance Company Limited.

ANTI FRAUD PROGRAM & CONTROL WHISTLE BLOWING POLICY

The assessment of a Company's internal control over financial reporting must be based on procedures sufficient both to evaluate its design and to test its operating effectiveness. Controls subject to such assessment include Controls related to the prevention, identification, and detection of fraud.

This Whistle Blowing Policy is a part of Company's effort to further improve governance and service quality.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 21st Annual General Meeting (AGM) of Shaheen Insurance Company Limited (SICL) will be held on Friday, April 29, 2016 at 10:30 a.m at the head office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, Jinnah International Airport, Karachi, to transact the following business;

Ordinary Business

1. To confirm minutes of AGM of SICL, held on April 29, 2015.
2. To receive, consider and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2015 together with the Directors' and Auditor's Reports thereon.
3. To appoint Auditors of the Company for the year ending December 31, 2016 and fix their remuneration. The present auditors Ms. Riaz Ahmad & Company, Chartered Accountants, being eligible, have offered themselves for reappointment.

Special Business

4. To authorize the Company subject to the approval of the Securities and Exchange Commission of Pakistan, to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders, as and by way of passing the following resolution;

"Resolved That subject to all prior necessary approvals as stipulated by the regulatory authorities, the Company be and is hereby authorized to transmit its quarterly accounts by placing the same on the Company's website instead of circulating by post to the Shareholders.

Further Resolved that the Company Secretary be and is hereby authorize to do all necessary acts, deeds and things in connection therewith and ancillary there to as may be required and expedient to give effect to the spirit and intent of the above resolution."

Any Other Business:

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

April 07, 2016

Karachi:

By Order of the Board

Nisar Ahmed Almani
Company Secretary

STATEMENT OF MATERIAL FACTS 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 at the Annual General Meeting of the Company.

The Securities and Exchange Commission of Pakistan (SECP) vide Circular No 19 of 2004 has allowed listed companies to place their quarterly accounts on their website instead of sending the same by post. Prior permission of the SECP will be sought for transmitting the quarterly accounts through Company's website after the approval of the shareholders. This would ensure prompt disclosure of the information to the shareholders, as well as saving of costs associated with printing and dispatch of the accounts by post. The Company, however will supply the printed copies of accounts to the shareholders on demand at their registered address free of cost.

Notes:

1. SECP has directed vide SRO No. 831 (1)2012 dated July 05, 2012 to issue dividend warrant only crossed as "A/c Payee only" and should bear the computerized national identity card (CNIC) number of the registered members. All those shareholders possessing physical shares are requested to submit a photocopy of their valid CNIC along with the Folio number at the earliest directly to company's share registrar, M/s Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial, Model Town, Lahore. No dividend will be payable unless the CNIC number is printed on the dividend warrants. Corporate are also requested to submit their NTN at the address of our registrar as given above.
2. The Share transfer books of the Company shall remain closed from April 21, 2016 to April 29, 2016 (both days inclusive). Transfers received at M/s Corplink (Pvt.) Ltd., Wings Arcade, 1-K, Commercial, Model Town, Lahore, the Registrar and Share Registrar Office of the Company, by the close of business on April 20, 2015 will be considered in time for the purpose of Annual General Meeting.
3. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.

4. No persons shall be appointed as a Proxy unless he/she is a member of the company.
5. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
6. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.

Circulation of Annual Audited Financial Statements and Notice of AGM to the Members through email:

7. SECP through its Notification No SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements (“Annual Financial Statements”) along with Notice of Annual General Meeting (“Notice of AGM”) to its members through email. In order to avail this facility, the members who desire to opt to receive Annual Financial Statements and Notice of AGM through e-mail are requested to provide their written consent and e-mail addresses to the Share Registrar at the below mentioned address.

Please note the Annual Reports / Financial Statements are also available on the Company’s website.

For any query / difficulty / information, the member may contact the Company’s Share Registrar and Share Transfer Agent, at the address, phone/fax numbers MS. Corplink (Pvt) Ltd 1-K Commercial, Model Town, Lahore Phone No. 042-35916714, 0472-35916719 Fax No 042-35869037

DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the Annual Report along with the Audited Financial Statements for the year ended December 31, 2015.

GENERAL ECONOMIC REVIEW

Year 2015 remained fairly tough for global economic growth which remained around 2.9% compared to the initial forecast of 3.5%. Bigger economies like USA, China, Germany and the UK all faced a slump in GDP growth mainly due to unremitting deceleration of economic activities, as the oil prices continued a free fall. The emerging and developing economies on the other hand gained from the situation, and recorded modest economic growth. Since the political uncertainty in the Middle East and pressures on the oil prices continue, experts now suggest that global economic growth will face yet another difficult year ahead.

Pakistan's overall economic indicators continued to show signs of improvement in 2015. The momentum in growth was aided by reform initiatives, containment of current account deficit owing to continuing decline in international oil prices along with increase in remittances from abroad, healthy foreign exchange reserves, successful issue of Sukuk Bond in the international market, implementation of infrastructure development and energy projects under the China Pakistan Economic Corridor (CPEC), lower level of inflation, progression in IMF stabilization program, the sovereign rating upgrade and forward movement on the Iran-Pakistan gas pipeline. Further, improved law and order situation in big cities has also boosted the overall business sentiment in the country. The economy grew by 4.24% in fiscal year 2015 which is being termed as the highest achievement since 2008-2009. Positive trend of 2015 is likely to continue in coming years. However, energy shortages and control on law and order situation still continue to pose major challenges.

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

COMPANY'S PERFORMANCE

Year 2015 was year of stabilization / restructuring for the company. Main focus has been to streamline / strengthen the various functions of the company, to settle the old outstanding issues and to target the commercial banks and other heavyweight institutions (i.e. NHA, DHA, Afghan Transit Trade etc.) for generating low risk consistent revenues.

The summarized results for the year under review are as follows;

	Rupees in million			
	December 2015	December 2014	Amount	% Age
Gross Premium Written	308.988	284.182	24.806	8.728
Net Premium Revenue	225.225	229.620	(4.395)	(1.914)
Net Claims	100.355	73.395	26.96	36.732
Underwriting Results	43.318	67.626	(24.308)	(35.944)
Investment Income	16.305	15.897	0.408	2.566
Profit Before Tax	5.723	11.817	(6.094)	(51.569)
Profit After Tax	26.184	12.962	13.222	102.006
Earnings Per Share (Rs)	0.58	0.31	0.27	87.0968

Company during the year 2015 adopted a cautious approach in underwriting high risk business. Despite cautious approach, competitive business environment and countering various challenges, company has been able to generate **8.73%** more underwriting business in 2015 compared with 2014. Profit after tax of the company rose to **Rs 26.18 Million** for the current year against profit after tax of **Rs12.96 Million** during 2014. This was mainly due to reversal of provision for taxation for prior years during the ensuing year. Profit before tax for the year 2015 was; however, lower than profit after tax for the year 2014. This was mainly due to higher level of net claims coupled with decrease in other income. Net claims during the year 2015 stood at Rs 100.35 Million against Rs 73.395 Million during the year 2014, mainly due to higher level of claims in the fire segment. Motor business segment of the company contributed the heavy chunk in the underwriting profits of the company during the year 2015.

It may be pertinent to mention here that our company has entered into an agreement with **JS Bank Limited, Faysal Bank Limited** and we are at a very advance stage of collaborating with other financial institutions for auto financing insurance. Further, the company has also secured enlistment on the panel of approved insurers of **Directorate General Transit Trade, Government of Pakistan**, opening up an additional avenue for strengthening of existing product line of the company.

Board of Directors’ of the company is pleased to inform that the company has paid the outstanding liability of Rs 56.15 Million on account of cotton claim.

In view of decreasing interest rate scenario and to strengthen investment portfolio of the company, Rs 42.112 Million was diverted to investments in Government Bonds having maturities during the year 2017 and 2018 from deposits with banks, nevertheless, sizeable level of funds still remain deployed in short term bank deposits with large commercial banks at competitive rates of return, to maintain liquidity, and generate periodical cash flows. All the investment decisions of the company are taken by the investment committee of the board on the recommendations of the management.

General, Administration and Management expenses of Rs 160.16 Million for the year 2014 consist of Rs 38.08 Million on account of written off balances and provisions against doubtful balances. Excluding the impact of these balances, General, Administration and Management expenses of the company during the year 2014 stood at **Rs 120.79 Million** against Rs 103.43 million (excluding written off balances and provisions) during 2015 i.e. **decrease of 14.37%**. This was mainly due to reorganization of branch network, and prudent controls instituted at various levels of the company. It would be worth while to mention here that all out efforts are being made to rationalize the expenses at each level, and year 2016 has been termed as Year of Austerity and Investment in Human Resource.

BOARD OF DIRECTORS’

Board of Directors’ of the company consists of seven directors having the knowledge, experience and skills required to provide oversight and strategic guidelines to the Company. All of the following directors of the company as of December 31, 2015 are non-executive directors;

1. Air Marshal Muhammad Arif Pervaiz (Retd.)
2. Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)
3. Air Commodore Zafar Yasin (Retd.)
4. Air Commodore Mahmood Ahmad (Retd.)
5. Air Commodore Muhammad Masud Akhtar (Retd.)
6. Group Captain Ehsan -ur- Rauf Sheikh (Retd.)
7. Mr. Aamir Shahzad Mughal

While Shaheen Insurance Company Limited continued to show a healthy trend with respect to its financial performance, it was realized as an opportune time to appoint a senior member of Shaheen Foundation to further strengthen the business development of the Company in the financial hub of Pakistan i.e. Karachi. Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) was, therefore appointed as the director of the company to in place of outgoing director Air Commodore Shahid Jamil Hashmi (Retd.), who resigned from the board of the company in July, 2015 due to his personal preoccupations. Subsequent to year end, Air Marshal Muhammad Arif Pervaiz (Retd.) has also resigned from the board of the company in March 2016, and Air Marshal Muhammad Jamshed Khan (Retd.) has been appointed in his place, subject to necessary approval by the Securities and Exchange Commission of Pakistan.

Board Meetings

Board of Directors held 4 meetings in 2015. Attendance of directors is indicated below;

Name of Director	No. of meetings held during the tenure	No. of meetings attended
Air Marshal Muhammad Arif Pervaiz (Retd.)	4	3
Air Commodore Zafar Yasin (Retd.)	4	3
Air Commodore Mahmood Ahmad (Retd.)	4	4
Air Commodore Shahid Jamil Hashmi (Retd.) (Resigned on July 01, 2015)	4	2
Air Commodore M. Masud Akhtar (Retd.)	4	2
Group Captain Ehsan -ur- Rauf Sheikh (Retd.)	4	3
Mr. Aamir Shahzad Mughal	4	4

Leave of absence was granted in case the directors could not attend some of the meetings.

Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.) was appointed as the director in place of Air Commodore Shahid Jamil Hashmi (Retd.). No meeting was held since his appointment was approved by SECP.

Board's Audit Committee

During the year under review, four meetings of the audit committee were held which were attended by all members of the committee.

Board's Investment Committee

All the investments / placements during the year have been approved by this committee.

Board Human Resource & Remuneration Committee

The Committee held two meetings during the year, which were attended by all members.

Insurer Financial Strength (IFS) Rating

During 2013, Pakistan Credit Rating Agency Limited (PACRA) downgraded the IFS rating of our Company to 'BBB-' (Triple B minus) with a negative outlook. During the year 2014, IFS rating was upgraded to 'BBB+' (Triple B plus) with stable outlook after injection of additional equity of Rs 150 million. This rating was further upgraded to '**A-' (single A minus) with stable outlook** in January 2015. In November, 2015, PACRA has reaffirmed the rating at '**A-' (single A minus) with stable outlook**. **This rating denotes strong capacity of the company to meet policyholder and contractual obligations.**

DIVIDEND AND APPROPRIATIONS OF PROFIT

The profit after tax of Rs 26.184 Million was earned during the year ended December 31, 2015. This has reduced the accumulated loss as at December 31, 2015 from Rs 129.92 Million to Rs 103.731 Million. However, considering the cash flow situation and future plans for stability and expansion of the company, the Directors have not recommended any dividend / payout for the year.

EARNINGS PER SHARE

Basic and Diluted Earnings per Share of the Company for the year ended December 31, 2015 is **Rs 0.58 per share** (December 31, 2014 Rs 0.31 per share) **i.e. an increase of 87%**.

CONTRIBUTORY PROVIDENT FUND

The value of investment including accrued income of provident fund on the basis of audited accounts as on June 30, 2015 is as follows;

Bank deposits in PLS Account Rupees 0.149 million

STATUTORY PAYMENTS ON ACCOUNT OF TAXES, DUTIES

There are no statutory payments on account of taxes, duties, levies, and charges which are outstanding except in the ordinary course of business and as disclosed in the financial statements.

Tabulated below are the financial data for the last six years against the head of accounts;

	<i>Rupees in Millions</i>					
	2015	2014	2013	2012	2011	2010
Gross Premium Written ↑	308.988	284.182	343.566	562.846	644.325	553.084
Investment Income ↑	16.305	15.897	9.310	8.629	12.951	17.208
Claims Expense ↑	165.861	147.453	377.563	395.058	322.392	343.555
Net Commission Exp ↓	40.780	44.169	70.317	97.559	91.894	94.997
Management & Admin Expenses ↓	108.625	160.158	158.867	170.886	165.454	133.895
Profit/ (Loss) after tax ↑	26.184	12.962	(106.253)	(32.092)	19.244	(28.958)
Share Holders Equity ↑	366.268	340.132	177.120	283.373	265.464	196.295
Claim Outstanding ↓	164.713	228.704	347.858	236.233	146.407	185.190
Premium Due But Unpaid ↓	87.575	127.690	219.085	262.200	305.080	166.082
Investment ↑	280.449	238.653	229.970	240.948	51.782	155.721
Investment Properties ↓	22.365	24.205	60.374	27.463	29.303	4.551

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The corporate laws, rules and regulations framed here under spelled 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, prescribed by the Securities and Exchange Commission of Pakistan and is pleased to certify that;

- 1) The financial statements, prepared by the Company, presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- 2) The Company has maintained proper books of accounts as required under the Companies Ordinance 1984 and Insurance Ordinance, 2000.
- 3) The auditors have qualified and added emphasis of matters paragraph in their report in the following manner;

a) **Qualification**

Auditors noted that pursuant to a settlement agreement dated 29 November 2012 with First Capital Equities Limited and FCSC Group and Pace (Pakistan) Limited (previously, the related parties) {Note 11.6}, the Company acquired 4.7 million ordinary shares of First Capital Equities Limited (FCEL) at an agreed price of Rupees 40 per ordinary share which are carried in the balance sheet at cost as 'available-for-sale investment' at Rupees 188 million. We noted that the quoted market value (Rupees 27.8 per share as at 31 December 2015) of this available for investment remained lower than the carrying amount (Rupees 40 per share) for the whole year which indicates a prolonged decline in market value. However, the management of the Company has not made provision for impairment amounting to Rupees 57.340 Million against this investment. Had this provision been made, profit for the year and investments would have been lower by the same amount.

Auditors further noted that the quoted market price of Rupees 27.8 per ordinary share of FCEL as at the reporting date may not appear to have been derived by an active trade pattern (almost no transaction during the year), as its free float is not significant and equity of FCEL has almost been fully eroded due to continuous losses. The management could not so far dispose of this investment due to non-availability of active willing buyer. These factors indicate that the investment may be further impaired;

The directors are of the opinion that the Company is in the process of resolving the issue of investment in FCEL shares with First Capital Group.

b) **Emphasis of matters**

As disclosed in note 18.3 to the financial statements, Company made an advance amounting to Rupees 34.750 Million against property located at D-1, 1st Floor 27-H, College Road measuring 3,475 Square Feet during the years 2007 to 2009 which is under development and its title and possession will be transferred to the Company upon completion which is expected by the next year. Our opinion is not further qualified in respect of this matter.

Directors are actively pursuing the transfer of property located at D-1, 1st Floor 27-H, college Road, Gulberg, Lahore in the name of the company at the earliest.

- 4) The Company has consistently followed appropriate accounting policies in preparation of the financial statements and accounting estimates are on the basis of prudent and reasonable judgement.
- 5) Financial statements have been prepared by the Company in accordance with the requirements of S.R.O. 938 issued by the Securities and Exchange Commission of Pakistan in December 2002, Insurance Ordinance, 2000, Companies Ordinance 1984 and approved accounting standards as applicable to the insurance companies in Pakistan.
- 6) The Board has established a system of internal control, which is implemented at all levels within the Company. The Company is making efforts and arrangements to include all necessary aspects of internal control given in the code, except for the matters highlighted by the auditors in the CCG report after "and there has been no material departure there from.
- 7) The fundamentals of the Company are strong and there is no doubt about its ability to continue as a going concern.
- 8) The Company has followed the best practices of Corporate Governance as laid down in the Listing Regulations of the stock exchanges except for the matters highlighted by the auditors in the CCG report after "and there has been no material departure there from.
- 9) The Company has at all times in the year, except as otherwise stated in the annexed financial statements, complied with and as at the date of the statement, the Company continues to be in compliance with the provisions of the Insurance Ordinance, 2000 and rules framed there under.

PATTERN OF SHARE HOLDING

A statement of pattern of shareholding is separately shown in the report.

TRADING IN COMPANY'S SHARES

No trading in the shares of the Company was carried out by the directors, CEO, CFO and Company Secretary, their spouses or minor children. Only 500 nominee shares were transferred from outgoing director Air Commodore Shahid Jamil Hashmi (Retd.) to the director inducted in his place, Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.).

AUDITORS

Ms. Riaz Ahmad & Company has audited the Financial Statements of the Company for the year 2015, and have offered themselves for re-appointment. The Board Audit Committee recommends that they be re-appointed as the statutory auditors for a further term of one year, and the Board endorses this recommendation.

FUTURE OUTLOOK OF THE COMPANY

Keeping in view the better macroeconomic outlook of the country, your company is well geared up to increase its market share gradually over the years. Management of your Company will focus on steady top line growth in all segments of the current business as well working on innovative ideas to offer new value added products to its clients in personal line of business. We further expect that State Bank of Pakistan will continue the trend of cut in policy rate in 2016, which might squeeze the investment income of the company as majority of company's fund are invested in short term deposit with commercial banks.

ACKNOWLEDGMENTS

We would like to place on record our appreciation for the continued guidance and support being extended by the Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange Limited.

We also appreciate and acknowledge the role of our reinsurers for their valued support to us.

Most of all we are also grateful to our customers for their continued trust and confidence which made it possible for us to achieve these results. We would like to convey our profound gratitude to the management and staff at all levels for their loyalty, devotion and hard work.

For and on behalf of Board



Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd.)

Director

April 6, 2016

**OPERATIONAL RESULTS AND FINANCIAL STRENGTHS
FROM 2006 TO 2015**

Rupees in '000

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
1 Gross Direct Premium	308,988	284,182	343,566	562,845	664,326	553,084	596,327	701,245	746,419	671,328
Increase %	8.73	(17.28)	(38.96)	(15.28)	20.11	(7.25)	(14.96)	(6.05)	11.19	0.11
2 Net Premium	225,225	229,620	331,124	508,120	482,963	417,389	481,636	575,732	570,800	656,327
Increase %	(1.91)	(30.65)	(34.83)	5.21	15.71	(13.34)	(16.34)	0.86	0.97	7.25
% to 11	50.05	51.03	110.37	169.37	193.19	208.69	240.82	328.99	326.17	565.33
3 Claim Insured	100,355	73,395	235,003	303,949	247,643	263,041	267,997	333,832	369,997	352,571
% to 2	44.56	31.96	70.97	59.82	51.28	63.02	55.64	57.98	64.82	62.37
4 Commision	38,979	39,783	56,515	70,163	64,419	68,272	104,711	115,711	105,860	87,891
% to 2	17.31	17.33	17.07	13.81	13.34	16.36	21.74	20.10	18.55	15.55
5 Management Expenses	45,336	48,415	83,820	90,351	87,336	65,809	59,773	62,105	59,303	56,488
% to 1	14.67	17.04	24.40	16.05	13.15	11.90	10.02	8.86	7.95	8.41
% to 2	20.13	21.08	25.31	17.78	18.08	15.77	12.41	10.79	10.39	9.99
6 Investment Income/(Loss)	16,305	15,897	9,310	8,629	11,654	16,671	100,650	(64,649)	83,774	28,820
% to 22	3.58	3.39	3.09	2.53	14.92	5.70	32.44	(18.86)	18.06	7.06
7 Other Income	6,795	37,882	5,473	3,715	6,004	6,145	2,291	1,734	1,324	9,061
8 Provision for Taxation	3,241	2,320	3,466	2,846	5,954	5,557	3,536	7,906	2,854	8,371
9 Profit/(Loss) before Tax	5,723	11,817	(102,786)	29,245	25,199	(23,476)	21,002	(63,847)	63,061	59,350
10 Profit/(Loss) after Tax	26,184	12,962	(106,252)	(32,092)	19,245	(29,033)	17,466	(71,753)	60,207	50,979
% to 2	11.63	5.64	(32.09)	(6.32)	3.98	(6.96)	3.63	(12.46)	10.55	9.02
11 Paid-up Capital	450,000	450,000	300,000	300,000	250,000	200,000	200,000	175,000	175,000	100,000
12 General Reserves	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
13 Reserves for Unexpired Risks	145,921	89,867	103,507	174,492	225,848	187,664	169,764	221,456	267,567	225,820
14 Unappropriate Profit/(Loss)	(103,731)	(129,916)	(142,879)	(36,627)	(4,535)	(23,780)	5,253	12,787	84,540	99,333
15 Capital Available for Shares	366,268	340,132	177,120	283,373	265,465	196,220	225,252	207,787	279,540	219,333
16 Total Net Outstanding Claims	123,032	198,615	253,250	187,789	123,688	126,179	93,004	113,117	126,661	98,646
% to 2	53.92	86.50	76.48	36.96	25.61	30.23	19.31	19.65	22.19	17.45
17 Other Laibilities	101,872	87,733	188,111	133,560	125,882	78,010	89,947	78,628	84,593	61,251
18 Total Equity & Laibilities	780,904	786,756	864,392	879,077	832,521	717,706	729,670	75,242	871,716	674,977
19 Land & Properties	57,115	58,955	60,373	62,213	169,893	39,302	39,839	34,296	6,164	6,701
% to 2	25.36	25.68	18.23	12.24	35.18	9.42	8.27	5.96	1.08	1.19
20 Cash & Bank Balances	174,423	230,399	71,531	48,490	26,324	136,970	132,727	166,841	235,860	197,362
% to 2	77.44	100.34	21.60	9.54	5.45	32.82	27.56	28.98	41.32	34.91
21 Investment	280,449	238,653	229,970	240,948	51,782	155,721	177,520	175,907	227,940	211,114
22 Total Cash & Investment	454,872	469,053	301,502	289,439	78,106	292,691	310,247	342,748	463,800	408,476
23 O/S Premium	87,575	127,690	219,085	262,200	305,080	166,083	134,056	114,417	155,426	84,586
% to 2	38.88	55.61	66.16	46.58	45.92	30.03	22.48	16.32	20.82	12.60
24 Fixed Assets	13,907	11,206	25,295	38,050	43,721	25,741	16,468	24,277	39,422	24,084
% to 2	6.17	4.88	7.64	7.49	9.05	6.17	3.42	4.22	6.91	4.26
25 Total Assets	780,904	786,756	864,392	879,077	832,521	717,706	729,670	755,242	871,716	674,977
26 Break-up Value Per Share	6.90	7.56	5.91	9.45	10.62	9.81	11.26	11.87	15.97	21.93
27 Earning Per Share (After Tax)	0.58	0.31	(3.54)	(1.15)	(0.79)	(1.38)	0.87	(3.59)	3.44	5.10

**Statement of Compliance with the Code of
Corporate Governance**

For the year ended December 31, 2015

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

The company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of directors (“the Board”). At present all the directors on the Board are non-executive directors from Shaheen Foundation which include;

Name of Non- Executive Director
1. Air Marshal Muhammad Arif Pervaiz (Retd.) – (Resigned on March 1, 2016)
2. Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd)
3. Air Commodore Zafar Yasin (Retd.)
4. Air Commodore Mahmood Ahmad (Retd.)
5. Air Commodore Muhammad Masud Akhtar (Retd.)
6. Group Captain Ehsan-ur-Rauf Sheikh (Retd.)
7. Mr. Aamir Shahzad Mughal

The appointment of independent Director(s), who meet criteria of independence is being pursued, and the same will be complied with shortly.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the 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 NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. A casual vacancy occurring in the Board in July 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. However, these policies and procedures are being further refined and strengthened. 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 Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Company Secretary, Key Officers and non-executive directors, have been taken by the Board whenever and wherever required.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The 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 Code 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 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 Code.
15. The Board has formed an Audit Committee. It comprises of three members and all are non-executive and Chairman of Audit Committee is not an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of interim and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises four members out of which three are non-executive directors and the Chairman of the Committee is a non- executive director.

18. An effective internal audit function has been setup internally during the year. Appointment of Head of Internal Audit, who meet the criteria as stipulated in the Code is under active consideration and will be complied with during the next year.
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 Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
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, employees and Pakistan stock exchange.
22. Material/price sensitive information has been disseminated among all market participants at once through Pakistan stock exchange.
23. The Company has established Underwriting Committee, Claim Settlement Committee and Reinsurance Committee in line with the Code of Corporate Governance for Insurance Companies.
24. The actuary appointed by the Company has confirmed that neither he nor his spouse and minor children hold shares of the Company.
25. The Board ensures that the appointed actuary complies with the requirements set for him in the Code of Corporate Governance for Insurance Companies.

We confirm that all other material principles enshrined in the Code have been complied with except for certain matters highlighted above in clauses 1, 15 and 18 respectively, towards which reasonable progress is being made by the company to seek compliance by the end of next accounting year.



Air Vice Marshal Syed Razi Ul Hassan Nawab (Retd)

April 06, 2016

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (“the Code”) prepared by the Board of Directors of SHAHEEN INSURANCE COMPANY LIMITED (“the Company”) for the year ended 31 December 2015 to comply with the requirements of Listing Regulations of the Stock Exchange, where the Company is listed.

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

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

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

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

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S No.	Paragraph	Description
i	1	There is no independent director on the Board of Directors of the Company as required under clause i (b) of the Code.
ii	15	The Chairman of Audit Committee is not an independent director.
lii	18	The Company does not have the Head of Internal Audit having qualifications prescribed under clause xiv of the Code.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Hamid Jan

Date: April 06, 2016

KARACHI

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed financial statements comprising of:

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

of SHAHEEN INSURANCE COMPANY LIMITED ("the Company") as at 31 December 2015 together with the notes forming part thereof, for the year then ended.

It is the responsibility of the Company's Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the International 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 the management, as well as, evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

- (a) Pursuant to a settlement agreement dated 29 November 2012 with First Capital Equities Limited and FCSC Group and Pace (Pakistan) Limited (previously, the related parties) {Note 11.6}, the Company acquired 4.7 million ordinary shares of First Capital Equities Limited (FCEL) at an agreed price of Rupees 40 per ordinary share which are carried in the balance sheet at cost as 'available-for-sale investment' at Rupees 188 million. We noted that the quoted market value (Rupees 27.8 per share as at 31 December 2015) of this available for investment remained lower than the carrying amount (Rupees 40 per share) for the whole year which indicates a prolonged decline in market value. However, the management of the Company has not made provision for impairment amounting to Rupees 57.340 million against this investment. Had this provision been made, profit for the year and investments would have been lower by the same amount.

We further noted that the quoted market price of Rupees 27.8 per ordinary share of FCEL as at the reporting date may not appear to have been derived by an active trade pattern (almost no transaction during the year), as its free float is not significant and equity of FCEL has almost been fully eroded due to continuous losses. The management could not so far dispose of this

investment due to non-availability of active willing buyer. These factors indicate that the investment may be further impaired;

Except for the effect of adjustment, if any, as might have been determined to be necessary, had we been able to satisfy ourselves in respect of the matter stated in the preceding paragraph (a), we report that:

In our opinion:

- (b) proper books of accounts have been kept by the company as required by the Insurance Ordinance, 2000 and the Companies Ordinance, 1984;
- (c) the financial statements together with the notes thereon have been drawn up in conformity with the Insurance Ordinance, 2000 and the Companies Ordinance, 1984, and accurately reflect the books and records of the Company and are further in accordance with accounting policies consistently applied;
- (d) the financial statements together with the notes thereon, present fairly, in all material respects, the state of the company's affairs as at 31 December 2015 and of the profit, its 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
- (e) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of matter

We also draw attention to Note 18.3 to the financial statements, which states that the Company made an advance amounting to Rupees 34.750 million against property located at D-1, 1st Floor 27-H, College Road measuring 3,475 Square Feet during the years 2007 to 2009 which is under development and its title and possession will be transferred to the Company upon completion which is expected by the next year. Our opinion is not further qualified in respect of this matter.

RIAZ AHMAD & COMPANY
Chartered Accountants

Name of engagement partner:
Muhammad Hamid Jan

Date: April 06, 2016

KARACHI

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	31 December 2015	31 December 2014
		-----Rupees-----	
Share capital and reserves			
Authorized share capital			
60,000,000 (2014: 60,000,000) ordinary shares of Rupees 10 each	3.1	<u>600,000,000</u>	<u>600,000,000</u>
Issued, subscribed and paid-up share capital	3.2	450,000,000	450,000,000
General reserve		20,000,000	20,000,000
Accumulated loss		(103,731,911)	(129,916,865)
Shareholders' equity		<u>366,268,089</u>	<u>340,083,135</u>
Underwriting provisions			
Provision for outstanding claims (including IBNR)		164,713,923	228,704,455
Provision for unearned premium		145,921,759	125,728,997
Premium deficiency reserve	19	1,000,000	3,764,066
Commission income unearned	20	1,128,257	743,862
Total underwriting provisions		<u>312,763,939</u>	<u>358,941,380</u>
Creditors and Accruals			
Premium received in advance		279,627	3,854,296
Amounts due to other insurers / reinsurers	4	31,500,364	13,356,119
Accrued expenses	5	9,540,166	10,639,373
Agent balances		18,130,920	11,997,063
Taxation - provisions less payments		-	1,599,149
Current portion of liabilities against assets subject to finance lease	7	1,147,106	552,335
Other creditors and accruals	6	39,258,509	45,335,080
		<u>99,856,692</u>	<u>87,333,415</u>
Borrowings			
Liabilities against assets subject to finance lease	7	1,616,512	-
Other liabilities			
Unclaimed dividend		398,934	398,934
TOTAL LIABILITIES		<u>414,636,077</u>	<u>446,673,729</u>
TOTAL EQUITY AND LIABILITIES		<u>780,904,166</u>	<u>786,756,864</u>
CONTINGENCIES AND COMMITMENTS			
	8		
The annexed notes from 1 to 38 form an integral part of these financial statements.			

Note 31 December 2015 31 December 2014
-----Rupees-----

Cash and bank deposits	9		
Cash and other equivalents		2,660,953	1,333,342
Current and saving accounts		21,762,061	39,775,824
Deposits maturing within 12 months		150,000,000	189,290,000
		<u>174,423,014</u>	<u>230,399,166</u>
 Loans - secured			
To employees	10	3,000	54,314
Investments	11	280,449,544	238,653,910
Investment properties	12	22,365,241	24,205,077
 Current Assets-Others			
Premiums due but unpaid - net	13	87,575,473	127,690,441
Amounts due from other insurers / reinsurers	14	35,893,450	15,057,279
Accrued investment income	15	2,669,387	1,837,735
Reinsurance recoveries against outstanding claims		41,681,383	30,089,146
Taxation - provisions less payments		21,962,868	-
Deferred commission expense		22,114,864	16,787,150
Advances, deposits and prepayments	16	37,392,350	45,682,240
Other receivables	17	5,716,567	10,343,677
		<u>255,006,342</u>	<u>247,487,668</u>
 Fixed assets - Tangible and intangible Owned	18		
Furniture, fixtures and office equipment		5,505,369	6,624,788
Motor vehicles		774,873	3,503,697
Computer software - intangible		-	317,036
Capital work in progress - tangible	18.3	34,750,008	34,750,008
		<u>41,030,250</u>	<u>45,195,529</u>
 Leased			
Motor vehicles		7,626,775	761,200
 TOTAL ASSETS		<u><u>780,904,166</u></u>	<u><u>786,756,864</u></u>


The annexed notes from 1 to 38 form an integral part of these financial statements.



Chairman



Director



Director



Chief Executive Officer

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

		Fire and property damage	Marine, aviation and transport	Motor	Accident and health	Miscellaneous	2015 Aggregate	2014 Aggregate
	Note							
----- Rupees -----								
Revenue Account								
Net premium revenue	21	16,918,343	3,353,164	179,557,672	12,467,116	12,928,714	225,225,009	229,620,849
Net claims		(44,941,976)	(1,662,077)	(40,895,429)	(8,964,497)	(3,891,387)	(100,355,366)	(73,395,231)
Premium deficiency expense	2.2.11	(300,199)	-	-	3,064,265	-	2,764,066	-
Management expenses	22	(6,425,546)	(1,650,169)	(29,935,502)	(1,957,133)	(5,367,814)	(45,336,164)	(48,815,421)
Net commission		(7,127,320)	(2,369,294)	(23,650,854)	(441,688)	(5,390,051)	(38,979,207)	(39,783,812)
Underwriting results		(41,876,698)	(2,328,376)	85,075,887	4,168,063	(1,720,538)	43,318,338	67,626,385
Investment income							16,305,716	15,897,411
Rental income							2,710,244	2,300,556
Other income	23						6,795,574	37,882,007
General and administration expenses	22						(63,289,770)	(111,393,484)
Provision for Workers' Welfare Fund	24						(116,802)	(495,651)
Profit before tax							5,723,300	11,817,224
Provision for taxation	25						(3,241,228)	(2,320,771)
-Current							23,702,882	3,466,010
-Prior							26,184,954	12,962,463
Profit / (loss) after tax							(103,731,911)	(129,916,865)
Accumulated loss account								
Balance of accumulated loss at commencement of the year							(129,916,865)	(142,879,328)
Profit for the year							26,184,954	12,962,463
Balance of accumulated loss at end of the year							(103,731,911)	(129,916,865)
Earnings per share-basic and diluted	26						0.58	0.31

The annexed notes from 1 to 38 form an integral part of these financial statements.



Chairman



Director



Director



Chief Executive Officer

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	----- Rupees -----	
Profit for the year	26,184,954	12,962,463
Other comprehensive income		
Items that will not be reclassified into profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
Total comprehensive income for the year	26,184,954	12,962,463

The annexed notes from 1 to 38 form an integral part of these financial statements.



Chairman



Director



Director



Chief Executive Officer

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Paid-up share capital	Revenue reserves		Total
		General reserve	Accumulated loss	
----- Rupees -----				
Balance as at 31 December 2013	300,000,000	20,000,000	(142,879,328)	177,120,672
<i>Comprehensive income for the year ended 31 December 2014</i>				
Profit for the year ended 31 December 2014	-	-	12,962,463	12,962,463
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	12,962,463	12,962,463
Issue of right shares during the year	150,000,000	-	-	150,000,000
Balance as at 31 December 2014	450,000,000	20,000,000	(129,916,865)	340,083,135
<i>Comprehensive income for the year ended 31 December 2015</i>				
Profit for the year ended 31 December 2015	-	-	26,184,954	26,184,954
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	26,184,954	26,184,954
Balance as at 31 December 2015	450,000,000	20,000,000	(103,731,911)	366,268,089

The annexed notes from 1 to 38 form an integral part of these financial statements.



Chairman



Director



Director



Chief Executive Officer

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	31 December 2015	31 December 2014
		----- Rupees -----	
OPERATING ACTIVITIES			
a) Underwriting activities			
Premiums received		340,528,542	357,763,629
Reinsurance premiums paid		(64,568,216)	(73,101,522)
Claims paid		(229,851,539)	(266,607,360)
Reinsurance and other recoveries received		53,913,404	138,577,074
Commissions paid		(39,974,046)	(63,413,688)
Commissions received		2,185,377	995,794
Other payments		(86,936,031)	(104,560,504)
Net cash used in underwriting activities		(24,702,509)	(10,346,577)
b) Other operating activities			
Income tax paid		(6,580,391)	(2,110,828)
Workers' Welfare Fund paid		(215,074)	-
Loan to employees recovered		51,314	716,754
Net cash used in other operating activities		(6,744,151)	(1,394,074)
Total cash used in all operating activities		(31,446,660)	(11,740,651)
INVESTING ACTIVITIES			
Profit / return received		20,453,896	15,388,327
Rentals received		2,700,291	2,405,040
Payments for investments - net		(44,770,150)	(14,582,040)
Proceeds from disposal of investments		-	7,524,267
Fixed capital expenditure	18	(592,650)	(405,200)
Proceeds from disposal of fixed assets	18.1	4,741,999	11,529,000
Total cash used in all investing activities		(17,466,614)	21,859,394
FINANCING ACTIVITIES			
Financial charges paid		(67,919)	(323,391)
Payments of finance lease liability		(7,006,720)	(922,690)
Issue of right shares	3.2	-	150,000,000
Total cash (used in) / flows from all financing activities		(7,074,639)	148,753,919
Net cash (used in) / flows from all activities		(55,987,913)	158,872,662
Exchange gain / (loss) on cash and cash equivalents	23	11,761	(5,135)
Cash and cash equivalents at the beginning of year		230,399,166	71,531,639
Cash and cash equivalents at end of the year		174,423,014	230,399,166

	<u>31 December 2015</u>	<u>31 December 2014</u>
	----- Rupees -----	
Reconciliation to profit and loss account		
Operating cash flows	(31,446,660)	(11,740,651)
Exchange gain on cash and cash equivalents	11,761	(5,135)
Depreciation on fixed assets	(5,678,244)	(10,728,918)
Depreciation on investment property	(1,839,836)	(1,418,414)
Gain on disposal of fixed assets	3,674,888	7,764,167
Provision for doubtful receivables		
- against premium due but unpaid	(5,000,000)	(11,567,786)
- against debit agent balances	-	(1,015,250)
Other expenses	-	(26,649,322)
Taxes paid	6,580,391	2,110,828
Financial charges	(432,922)	(384,088)
(Decrease) / increase in assets other than cash	(9,444,194)	(217,395,282)
Decrease in liabilities	28,178,568	237,327,475
Investment and other income	21,021,276	46,015,251
Workers' Welfare Fund	98,272	(495,651)
Profit before taxation	5,723,300	11,817,224




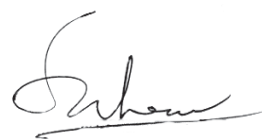
Definition of cash

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

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

	2015	2014
Note	----- Rupees -----	
Cash and other equivalents		
- Cash in hand	2,681	65,752
- Policy stamps in hand	2,658,272	1,267,590
	2,660,953	1,333,342
Current and saving accounts		
- Current accounts	1,908,778	1,034,803
- Savings accounts	19,853,283	38,741,021
	21,762,061	39,775,824
Deposits maturing within 12 months		
Term Deposit- local currency	150,000,000	189,290,000
9	174,423,014	230,399,166

The annexed notes from 1 to 38 form an integral part of these financial statements.

			
Chairman	Director	Director	Chief Executive Officer

**STATEMENT OF PREMIUMS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Business underwritten inside Pakistan

Class	Premium written (Note 25)	Unearned premium reserve		Premium earned	Reinsurance ceded	Prepaid reinsurance premium ceded		Reinsurance expense	2015		2014	
		Opening	Closing			Opening	Closing		Net premium revenue	Net premium revenue		
a	b	c	d=a+b-c	e	f	g	h=e+f-g	i=d-h				
Direct and facultative												
Fire and property damage	39,509,327	22,225,559	20,803,573	40,931,313	28,369,121	13,298,596	8,942,445	24,012,970	16,918,343	17,164,700		
Marine, aviation and transp	10,626,252	817,757	932,280	10,511,729	6,752,647	844,082	1,250,000	7,158,565	3,353,164	3,773,418		
Motor	219,533,128	76,452,681	105,293,942	190,691,867	8,359,777	3,899,158	6,673,576	11,134,195	179,557,672	171,045,614		
Accident and health	7,821,254	6,109,851	1,463,989	12,467,116	-	-	-	-	12,467,116	22,605,632		
Miscellaneous	31,498,282	20,123,149	17,427,975	34,193,456	18,394,745	9,809,558	12,679,555	21,264,742	12,928,714	15,031,485		
Total	308,988,243	125,728,997	145,921,759	288,795,481	61,876,290	27,851,394	29,545,576	63,570,472	225,225,009	229,620,849		
Treaty - Proportional	-	-	-	-	-	-	-	-	-	-		
Grand total	308,988,243	125,728,997	145,921,759	288,795,481	61,876,290	27,851,394	29,545,576	63,570,472	225,225,009	229,620,849		

Note: The Company does not underwrite business outside Pakistan.

The annexed notes from 1 to 38 form an integral part of these financial statements.



Chairman



Director



Chief Executive Officer

**STATEMENT OF CLAIMS
FOR THE YEAR ENDED 31 DECEMBER 2015**

Class	Business underwritten inside Pakistan										
	Claims paid		Outstanding claims		Claims expense		Reinsurance and other recoveries		Reinsurance and other recoveries		2014 Net claims expense
	a	b	c	d=a+c-b	e	f	g	h=e+g-f	i=d-h		
		Opening	Closing		received	Opening	Closing	revenue	claims expense		
Direct and facultative											
Fire and property damage	97,161,036	93,453,666	83,388,179	87,095,549	27,256,952	21,499,489	36,396,110	42,153,573	44,941,976	34,918,313	
Marine, aviation and trans	5,257,419	8,392,532	4,861,691	1,726,578	1,290,751	3,144,797	1,918,547	64,501	1,662,077	155,014	
Motor	87,090,665	86,028,260	56,306,279	57,368,684	15,025,522	-	1,447,733	16,473,255	40,895,429	39,569,870	
Accident and health	20,380,387	28,847,104	17,431,214	8,964,497	-	-	-	-	8,964,497	(8,077,961)	
Miscellaneous	19,962,032	11,982,893	2,726,560	10,705,699	10,340,179	5,444,860	1,918,993	6,814,312	3,891,387	6,829,995	
Total	229,851,539	228,704,455	164,713,923	165,861,007	53,913,404	30,089,146	41,681,383	65,505,641	100,355,366	73,395,231	
Treaty - Proportional	-	-	-	-	-	-	-	-	-	-	
Grand total	229,851,539	228,704,455	164,713,923	165,861,007	53,913,404	30,089,146	41,681,383	65,505,641	100,355,366	73,395,231	

----- Rupees -----

Note: The Company does not underwrite business outside Pakistan.

The annexed notes from 1 to 38 form an integral part of these financial statements.



Chairman



Director



Chief Executive Officer

**STATEMENT OF EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2015**

Class	Business underwritten inside Pakistan										
	2015					2014					
	Commissions paid or payable	Deferred Opening	Commission Closing	Net Commission expense	Other Management expenses (Note 22)	Underwriting expense	*Commission from reinsurers (Note 20)	underwriting expenses	Net	Net	
a	b	c	d=a+b-c	e	f=d+e	g	h=f-g				
----- Rupees -----											
Direct and facultative											
Fire and property damage	10,652,580	3,249,130	5,882,703	8,019,007	6,425,546	14,444,553	891,687	13,552,866	16,318,897		
Marine, aviation and transport	2,418,419	196,402	245,527	2,369,294	1,650,169	4,019,463	-	4,019,463	5,058,042		
Motor	27,787,100	9,344,823	13,203,629	23,928,294	29,935,502	53,863,796	277,440	53,586,356	52,357,534		
Accident and health	178,752	320,032	57,096	441,688	1,957,133	2,398,821	-	2,398,821	5,186,598		
Miscellaneous	5,071,052	3,676,763	2,725,909	6,021,906	5,367,814	11,389,720	631,855	10,757,865	9,678,162		
Total	46,107,903	16,787,150	22,114,864	40,780,189	45,336,164	86,116,353	1,800,982	84,315,371	88,599,233		
Treaty - Proportional											
Grand total	46,107,903	16,787,150	22,114,864	40,780,189	45,336,164	86,116,353	1,800,982	84,315,371	88,599,233		

Note: The Company does not underwrite business outside Pakistan.

The annexed notes from 1 to 38 form an integral part of these financial statements.



Chairman



Director



Director






Chief Executive Officer

**STATEMENT OF INVESTMENT INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

Note	2015	2014
	----- Rupees -----	
Income from trading investments		
Gain on sale of held for trading investments	-	2,258,857
Dividend income	3,532,728	298,752
	3,532,728	2,557,609
Income from non-trading investments		
<i>Held-to-maturity</i>		
Return on other fixed income securities	11,397,098	13,050,379
Return on Government Securities	3,347,875	1,271,579
	14,744,973	14,321,958
Unrealized (loss) on revaluation of held-for-trading investments	(1,971,985)	(702,041)
Investment related expenses	-	(280,115)
Net investment income	16,305,716	15,897,411

The annexed notes from 1 to 38 form an integral part of these financial statements.

 Chairman	 Director	 Chief Executive Officer
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. STATUS AND NATURE OF BUSINESS

Shaheen Insurance Company Limited (the Company) was incorporated under the Companies Ordinance, 1984, as a Public Company in March 1995 and obtained the certificate of commencement of business in July 1995. It was registered with the Controller of Insurance in November 1995 to carry out non-life insurance business comprising fire, marine, motor, aviation, engineering, transportation, etc. The Company is listed on all the stock exchanges in Pakistan. Its registered office is located at Shaheen Commercial Complex, Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied to all the years presented unless otherwise stated.

2.1 Basis for preparation

a) Statement of compliance

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

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

b) Basis of presentation

These financial statements have been prepared on the format of financial statements issued by the Securities and Exchange Commission of Pakistan (SECP) through Securities and Exchange Commission (Insurance) Rules, 2002 [SEC (Insurance) Rules, 2002], vide S.R.O. 938 dated 12 December 2002.

c) Basis of measurement

These financial statements have been prepared under the historical cost convention, except 'held-to-maturity' investments which are stated at amortised cost (refer note 11.2 and 11.3), provision for IBNR and premium deficiency reserve on the basis of actuarial valuation (refer note 2.2.3 and 2.2.11) and investment 'at fair value through

profit or loss – held-for-trading investments which are stated at fair value (refer note 11.4). These financial statements have been prepared on accrual basis of accounting except for cash flow information which has been prepared on cash basis.

d) Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant areas where assumptions and estimates were exercised in application of accounting policies relate to:

i) Classification of investments

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

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

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

ii) Provision for outstanding claims (including IBNR)

The Company records claims based on the amount of claim lodged by the insured. However, the settlement of all the claims is made based on the surveyor's assessment appointed for ascertainment of the Company's liability. The surveyor's assessment could differ significantly with the claims lodged by the insured, and accordingly amount of claims settled could materially differ with the amount of liability accrued.

The provision of claims incurred but not reported (IBNR) is made on the basis of actuarial valuation. The actuarial valuation is made on the basis of past trend and pattern of reporting of claims. The actual amount of IBNR may materially differ from the actuarial estimates.

iii) Additional provision for unexpired risks

Additional provision for unexpired risks is based on actuarial valuation for class wise insurance business. The actuary considers the trends of gross and net loss ratio of the

Company. Accordingly, the actual results may differ with the assumption (based on historical trend) used by the actuary.

iv) Reinsurance recoveries against outstanding claims

Reinsurance recoveries are accrued on the basis of share of reinsurers in outstanding claims including IBNR as stated above. The recoveries are finalized when the amounts of outstanding claims are finalized based on surveyor's assessment. Therefore, reinsurance recoveries booked against settled claims could proportionately differ with the amount of reinsurance recoveries accrued against outstanding claims at the balance sheet date.

v) Income taxes

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

vi) Impairment - (available-for-sale investments)

The Company determines that investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in prices. In addition the impairment may be appropriate when there is an evidence of deterioration in the financial health of the investee, industry, sector performance, changes in technology and operational and financial cash flows.

vii) Impairment of other assets, including premium due but unpaid

The Company also considers the need for impairment provision against other assets, including the premium due but unpaid and the provision required there against. While assessing such a requirement, various factors including delinquency in the account and financial position of the insured are considered.

viii) Fixed assets, investment properties and depreciation / amortization

The Company carries investment properties at their respective costs. The fair values are determined by the independent valuation experts and such valuations are carried out every year to determine the recoverable amount.

In making estimates of the depreciation / amortization method, the management uses method which reflects the pattern in which economic benefits are expected to be consumed by the Company. The method applied is reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard - 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

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

The Company also reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of fixed assets with a corresponding effect on the charge for depreciation and impairment.

ix) Premium deficiency reserve (refer note 2.2.11)

e) Functional and presentation currency

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

f) Application of new and revised International Financial Reporting Standards (IFRSs)

i) New and amended standards and interpretations became effective during the year

During the year, following new / revised standards, amendments and interpretations to accounting standards became effective:

- IFRS 11 - Joint Arrangements.
- IFRS 12 - Disclosure of Interests in Other Entities.
- IFRS 13 - Fair Value Measurement.
- IAS 19 - Employee Benefits - (Amendment) - Defined Benefit Plans: Employee Contributions.
- IFRS 8 - Operating Segments - Aggregation of operating segments.
- IAS 13 - Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets - Revaluation method proportionate restatement of accumulated depreciation / amortization.
- IAS 24 - Related Party Disclosures - Key management personnel.
- IAS 40 - Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above did not have any effect on the financial statements for the current year.

ii) Standards, interpretations and amendments to published approved accounting standards those are not yet effective

The following standards, amendments and interpretation of approved accounting standards will be effective for the accounting periods beginning on or after January 1, 2016:

	Effective date (accounting period beginning on or after)
- IFRS 11 Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
- IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016

- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets Clarification of Acceptable Method of Depreciation and Amortization(Amendment) 01 January 2016
- IAS 16 Property, Plant and Equipment IAS 41 Agriculture Agriculture: Bearer Plants (Amendment) 01 January 2016
- IAS 27 Separate Financial Statements - Equity Method in Separate Financial Statements (Amendment) 01 January 2016

There are other new and amended standards and interpretations that are mandatory for the Company's accounting periods beginning on or after 01 January 2016 but are considered not to be relevant or do not have any significant effect on the Company's operations and are therefore not detailed in these financial statements.

The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the financial statements other than in presentation / disclosures.

2.2 Insurance contracts

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

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

- Fire and property
- Marine, aviation and transport
- Motor
- Accident and health
- Miscellaneous

These contracts are normally one year insurance contracts except marine and some contracts of fire and property and miscellaneous class, where the coverage period varies. Normally all marine insurance contracts and some fire and property contracts are of three months period. In miscellaneous class, some engineering insurance contracts are of more than one year period, whereas, normally travel insurance contracts expire within one month time.

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

Fire and property insurance contracts mainly compensate the Company's customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for

the loss of earnings caused by the inability to use the insured properties in their business activities.

Marine insurance covers the loss or damage of vessels, cargo, terminals, and any transport or property by which cargo is transferred, acquired, or held between the points of origin and final destination.

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

Accident and health insurance covers unforeseen cash flows and financial hardships arising due to ailments, accidents and other natural causes necessitating hospitalization.

Other various types of insurance are classified in miscellaneous category which includes mainly engineering, terrorism, worker compensation, and travel insurances, etc.

The Company also accepts insurance risk pertaining to insurance contracts of other insurer as reinsurance inward. The insurance risk involved in these contracts is similar to the contracts undertaken by the Company as insurer. All reinsurance inward contracts are facultative (specific risk) acceptance contracts.

2.2.1 Premium income and provision for unearned premiums

Premium under a policy is recognized at the time of the issuance of insurance policy.

Revenue from premiums is recognized after taking into account the unearned portion of premium which is calculated using the 1/24th method except for premium revenue relating to marine which is calculated using the 1/6th method. The unearned portion of premium income is recognized as a liability. Under this method, the liability for above unearned premium is equal to 1/24 of the premiums relating to policies commencing in the first month of financial year, 3/24 of the premiums relating to policies commencing in the second month of the financial year, and so on.

2.2.2 Reinsurance contracts held

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

2.2.3 Provision for outstanding claims including incurred but not reported (IBNR)

A liability for outstanding claims is recognized in respect of all claims incurred as at the balance sheet date which represents the estimates of the claims intimated or assessed before the end of the accounting year and are measured at the undiscounted value of expected future payments.

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

as at balance sheet date on the basis of actuarial valuation amounts to Rs. 1.394 million (2014: Rs. 0.881 million). The latest valuation was carried out as of 31 December 2015.

The actuary uses statistical methods to incorporate the various assumptions made in order to estimate the ultimate cost of claims. The method used is the chain-ladder method which involves the analysis of historic claims development factors and the selection of estimated development factors based on the historic pattern. The selected development factors are then applied to cumulative claims data for each accident year. Study of claim lag pattern is conducted annually to account for any changes in experience. The development factors are based on these studies and are updated accordingly. Adequate margins are also built in to compensate for any adverse deviations in claims experience.

The actuary recommends that month wise factor based on an analysis of the past claims reporting pattern be applied to estimation of provision for IBNR. The historic chain-ladder method is used for determination of month wise factor for each class of business. Accordingly, provision has been made based on IBNR factors applied on incurred claims recommended by the actuary.

2.2.4 Reinsurance recoveries against outstanding claims

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

2.2.5 Commission expense and deferred commission expense

Commission incurred in obtaining and recording policies is recognized as expense after taking into account the proportion of deferred commission expense which is calculated using 1/24th method.

2.2.6 Claims expense

General insurance claims include all claims occurring during the year, whether reported or not, related internal and external claims handling costs that are directly related to the processing and settlement of claims, a reduction for the value of salvage and other recoveries, and any adjustments to claims outstanding from the previous years.

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

Provision for liability in respect of unpaid reported claims is made on the basis of individual case estimates. Provision for IBNR is based on the actuarial valuation which takes in to account the past trends, expected future patterns of reporting of claims and the claims actually reported subsequent to the balance sheet date.

2.2.7 Administrative surcharge

Administrative surcharge is included in the profit and loss account (as premium revenue) at the time the policies are issued.

2.2.8 Receivables and payables related to insurance contracts

Receivables and payables relating to insurance contracts are recognized when due. These include premiums due but unpaid, premiums received in advance and claims payable to insurance contract holders. These are recognized at cost, which is the fair value of the consideration given less provision for impairment, if any.

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

2.2.9 Reinsurance expense and prepaid reinsurance premium ceded

Reinsurance premium is recognized as expense after taking into account the proportion of deferred premium expense which is calculated using 1/24th method. The deferred portion of premium expense is recognized as a prepayment.

2.2.10 Commission income and unearned commission income

Commission from reinsurers is recognized as income after taking into account the unearned portion of commission which is calculated using the 1/24th method (in accordance with the pattern of recognition of reinsurance premium). The unearned portion of commission is recognized as liability.

2.2.11 Premium deficiency reserve

The Company is required under SEC (Insurance) Rules, 2002 to maintain a provision in respect of premium deficiency for the individual class of business where the unearned premium liability is not adequate to meet the expected future liability, after reinsurance, from claims and other supplementary expenses expected to be incurred after the balance sheet date in respect of the unexpired policies in that class of business at the balance sheet date. The movement in the premium deficiency reserve (PDR) is recognised in the profit and loss account for the year.

The requirement for additional provision for unexpired risks is determined on the basis of an actuarial valuation. The latest valuation was carried out as of 31 December 2015. Based on the actuarial valuation so carried out, the Company is required to make provision on account of PDR for the year ended 31 December 2015 amounting to Rupees 0.300 million (2014: Nil). The actuary determines adequacy of liability of premium deficiency by carrying out analysis of the Company's loss ratio of expired periods. For this purpose average loss ratio of last five years inclusive of claim settlement cost but excluding major exceptional claims are taken into consideration to determine ultimate loss ratio to be applied on unearned premium.

2.2.12 Claim and salvage recoveries

Claims recoveries receivable from the reinsurers are recognised as an asset at the same time as the claims which give rise to the right of recovery are recognised and are measured at the amount expected to be received. Claims expenses are reported net-off reinsurance in the profit and loss account.

Salvage value recoverable is recognised only if a firm and irrevocable contract and price thereon have been agreed with the buyer.

2.3 Creditors, accruals and provisions

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

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

2.4 Fixed assets

Tangibles

Owned

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to workable condition.

Depreciation is charged over the estimated useful life of the asset on a systematic basis to income applying straight line method at rates given in note 18 to these financial statements.

Depreciation is charged from the month the asset is available for intended use. No depreciation is charged from the month of disposal of the asset.

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

Gains and losses on disposal of fixed assets are taken to profit and loss account currently.

Expenditure incurred subsequent to the initial acquisition of asset is capitalised only when it increases the future economic benefits embodied in the items of fixed assets. All other expenditure is recognised in the profit and loss account as an expense.

Leased

Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of lease less accumulated depreciation and impairment losses, if any. Finance charge on lease obligation is recognised in the profit and loss account over the lease term in a manner so as to provide a constant periodic rate of charge on the outstanding balance.

Depreciation on assets subject to finance lease is recognised in the same manner as owned assets.

If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount is deferred and amortized over the lease term.

Intangibles

These are stated at cost less accumulated amortisation and impairment loss, if any. Amortisation is charged over the estimated useful life of the asset on a systematic basis to income applying the straight line method at the rates specified in note 18 to the financial statements.

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

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

Capital work in progress

Capital work in progress is stated at cost less any impairment in value (if any).

2.5 Investments

All investments are initially recognised at cost, being the fair value of the consideration given and include transaction costs except for 'investments at fair value through profit or loss - held-for-trading investments' in which case the transaction costs are charged to the profit and loss account.

All purchase and sale of investments that require delivery within the required time frame established by regulations or market convention are accounted for at the trade date. Trade date is the date when the Company commits to purchase or sell the investments. These are recognised and classified as follows:

2.5.1 Investments at fair value through profit or loss - held-for-trading

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

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

2.5.2 Held-to-maturity

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

Subsequently, these are measured at amortised cost. Premium paid or discount availed on the acquisition of held-to-maturity investment is deferred and amortised over the term of investment using the effective yield method.

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the investments.

These are reviewed for impairment at each reporting period and losses arising, if any, are charged to the profit and loss account of the period in which they arise.

2.5.3 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 interest rates or equity prices are classified as available-for-sale. These are valued as follows:

Quoted

Subsequent to initial recognition at cost, quoted investments are stated at the lower of cost or market value (market value on an individual investment basis being taken as lower if the fall is other than temporary) in accordance with the requirement of the S.R.O. 938 issued by the SECP in December 2002. The Company uses Stock Exchange quotations at the balance sheet date to determine the market value of listed shares and closed-end mutual funds. Furthermore, market value of open-ended mutual funds is determined by using MUFAP rates at the balance sheet date.

Had the Company adopted International Accounting Standard (IAS) 39 "Financial instruments-recognition and measurement" in respect of recognition of gain / (loss) on measurement of available-for-sale securities directly into equity, the investments of the Company would have been lower by Rs. 46.205 Million (2014: lower by Rs. 11.383 million) and the net equity would have decreased / increased by the same amount.

Unquoted

Unquoted investments are recorded at cost less impairment (if any) in accordance with the above requirement.

2.5.4 Recognition / de-recognition of investments

Investments are recognised / derecognised by the Company on the date it commits to purchase / sell the investments.

2.6 Securities under repurchase / resale agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not recognized in the financial statements as investments, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in the financial statements as balance receivables for securities purchased under resale arrangements in respect of reverse repurchase transactions. The difference between purchase and resale price is treated as income from the date of reverse repurchase transaction and accrued over the period of the reverse-repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. These securities are not derecognized from the financial statements and continue to be recognized as investments and measured in accordance with accounting policies for investment securities. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

2.7 Investment properties

Investment properties are accounted for under the cost model in accordance with International Accounting Standard 40, Investment Property, and S.R.O. 938 issued by SECP. Accordingly:

- i) premises is depreciated so as to write-off the assets over their expected economic lives under the straight line method at rates given in note 12 to these financial statements; and
- ii) subsequent capital expenditures on existing properties and gains or losses on disposals are accounted for in the same manner as operating fixed assets.

2.8 Other receivables

These are stated at cost less impairment losses, if any. Full provision is made against the impaired debts.

2.9 Retirement benefits

Defined Contribution Plan (Provident Fund)

The Company operates a contributory provident fund scheme for its permanent employees. Contribution to the fund is made by the employees and the Company at the rate of 10 % of their basic salaries.

2.10 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the amounts used for financial reporting purpose and amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

2.11 Financial instruments

Financial instruments carried on the balance sheet include cash and bank deposits, loans, premiums due but unpaid, amount due from other insurers / reinsurers, premium and claim reserves retained by cedents, accrued investment income, reinsurance recoveries against outstanding claims, security deposits, investments, sundry receivables, amount due to other insurers / reinsurers, accrued expenses, provision for outstanding claims including incurred but not reported, agent's balances, liabilities against assets subject to finance lease, other creditors and accruals and other payables.

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

2.12 Revenue recognition

i) Underwriting result

The earned premium less reinsurance, claims, commission and allocable expenses of management are reflected in the profit and loss account as the underwriting result for each class of insurance business undertaken.

ii) Investment income

Profit on held-to-maturity instruments is recognised on a time proportion basis taking into account the effective yield on the instruments. The difference between the redemption value and the purchase price of the held-to-maturity investments is amortised and taken to the profit and loss account over the term of the investment.

Dividend income is recognised when the right to receive the same is established.

Entitlement of bonus shares is recognised when the right to receive the same is established by increasing the number of shares to which the Company is entitled

without giving any monetary effect in the financial statements either in terms of cost or value thereof.

Gains / Losses on sale of investments are recognised in the profit and loss account at the time of sale

iii) Return on bank accounts, term finance certificates and certificates of investments

Return on bank accounts, term finance certificates and certificates of investments are accounted for on accrual basis.

iv) Income from investment properties

Rental income from investment properties is recognised on time proportion basis.

2.13 Expenses of management

These are allocated to various classes of business in proportion to respective net premium revenue for the year. Expenses not allocable to the underwriting business are charged as general and administration expenses.

2.14 Off setting

Financial assets and liabilities are off set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

2.15 Impairment

The carrying amount of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment of any asset or group of assets. If such indication exists, the recoverable amount of the asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account. In addition impairment on available-for-sale investments and reinsurance assets are recognised as follows:

- **Available-for-sale**

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financial cash flows.

- **Reinsurance assets**

The Company determines the impairment of the reinsurance assets by looking at objective evidence, as a result of an event that occurred after initial recognition of the reinsurance assets, which indicates that the Company may not be able to recover amount due from reinsurer under the terms of reinsurance contract. In addition, the Company also monitors the financial ratings of its reinsurers on each reporting date.

2.16 Foreign currency translations

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

2.17 Segment reporting

A business segment is a distinguishable component of the Company that is engaged in providing services that are subject to risks and returns that are different from those of other business segments. The Company accounts for segment reporting of operating results using the classes of business as specified under the Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002 as the primary reporting format.

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

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

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

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

Accident and health insurance provides cover against loss due to accidental injury or sickness.

Miscellaneous insurance provides cover against loss of cash in safe and cash in transit, money, engineering losses and others coverage.

Assets and liabilities that are directly attributable to segments have been assigned to them while the assets and liabilities pertaining to two or more segments have been allocated to segments on a net premium revenue 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. Depreciation and amortisation are allocated to a particular segment on the basis of premium earned.

2.18 Cash and cash equivalents

Cash and cash equivalents include cash, cheques and policy stamps in hand and balance with banks in current, saving and deposit accounts.

2.19 Amount due to other insurers / reinsurers

Liabilities for other insurers / reinsurers are carried at cost which is the fair value of consideration to be paid in the future for services.

2.20 Premiums due but unpaid

These are recognized at cost, which is the fair value of the consideration to be received less provision for impairment, if any.

2.21 Amount due from other insurers / reinsurers

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

2.22 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

2.23 Earnings / (Loss) per share

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

2.24 Related parties transactions

All transactions with related parties are carried out by the Company at arm's length prices or as otherwise disclosed. The Company follows the "Comparable Uncontrolled Price Method" to measure and value the transactions with the related parties, without exceptions.

3. SHARE CAPITAL

3.1 Authorized share capital

31 December 2015	31 December 2014		31 December 2015	31 December 2014
<i>Number of shares</i>			<i>Rupees</i>	
60,000,000	60,000,000	Ordinary shares of Rs. 10 each	600,000,000	600,000,000

3.2 Issued, subscribed and paid - up share capital

31 December 2015	31 December 2014			
<i>Number of shares</i>				
8,000,000	8,000,000	Ordinary shares of Rs. 10 each, fully paid in cash	80,000,000	80,000,000
12,000,000	12,000,000	Ordinary shares of Rs. 10 each, issued as fully paid bonus shares	120,000,000	120,000,000
10,000,000	10,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	100,000,000	100,000,000
15,000,000	15,000,000	Ordinary shares of Rs. 10 each, issued as right shares fully paid in cash	150,000,000	150,000,000
45,000,000	45,000,000		450,000,000	450,000,000

3.2.2 As at 31 December 2015, 29.065 million (2014: 29.065 million) shares of the Company are held by associated companies / undertakings. Details of these holdings are as follows:

	Note	31 December 2015	31 December 2014
<i>Number of shares</i>			
Shaheen Foundation, Pakistan Air Force		22,888,997	22,888,997
Central Non Public Fund, Pakistan Air Force		2,500,000	2,500,000
Ensign Communique (Pvt) Limited		3,676,425	3,676,425
		29,065,422	29,065,422
Percentage of shareholding by associated companies / undertakings		64.59%	64.59%

4. AMOUNTS DUE TO OTHER INSURERS / REINSURERS

	31 December 2015	31 December 2014
<i>Rupees</i>		
Foreign companies	1,156,318	8,348,346
Local companies	30,344,046	5,007,773
	31,500,364	13,356,119

5. ACCRUED EXPENSES	Note	31 December	31 December
		2015	2014
		----- Rupees -----	
Rent payable		636,937	1,727,314
Advisory fee payable		1,671,938	859,938
Accrual against utilities		4,598,369	2,361,462
Accrued salaries		292,749	2,017,464
Others		2,340,173	3,673,195
		9,540,166	10,639,373
6. OTHER CREDITORS AND ACCRUALS			
Provincial services tax		27,824,699	32,575,984
Withholding tax payable		2,418,411	1,853,536
Workers welfare fund payable		612,453	710,725
Unearned rental income		475,155	485,108
Payable to provident fund		5,248,643	5,294,410
Others		2,679,148	4,415,317
		39,258,509	45,335,080
7. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments		2,763,618	552,335
7.1 Minimum lease payments			
Not later than 1 year		1,396,672	607,627
Later than 1 year and not later than 5 year		1,739,860	-
	7.3	3,136,532	607,627
Future finance charges on finance lease		(372,914)	(55,292)
Present value of finance lease liability	7.2	2,763,618	552,335
7.2 Present value of finance lease liability			
Not later than 1 year		1,147,106	552,335
Later than 1 year and not later than 5 years		1,616,512	-
		2,763,618	552,335
7.3			
Minimum lease payments have been discounted using implicit interest rates ranging from 11.10% to 21% (2014:21%) per annum. The total lease rentals due under lease agreements are payable in equal monthly installments till 8 April 2018. Taxes, repairs and insurance costs are to be borne by the Company. Purchase option can be exercised by the Company by adjusting 20% to 30% of the leased amount aggregating to Rupees 5.312 million (2014: Rupees 0.415 million) already paid as security deposit against respective vehicles. In case of termination of the agreement, the Company shall pay entire amount of rentals for unexpired period of lease agreement. These are secured against the leased assets, demand promissory notes, personal guarantees of directors.			
8. CONTINGENCIES AND COMMITMENTS			
8.1 Contingencies			
8.1.1	Securities and Exchange Commission of Pakistan has postponed the hearing on show cause notices issued under section 208 of the companies ordinance 1984 and section 39 read with section 156 and section 158 of the Insurance Ordinance 2000. Hearing is likely to take place in 2016.		
8.1.2	A claim was raised by General Trading in 2011 amounting to Rs.60.65million, which was rejected by the surveyor. The aggrieved party filed a suit against the Company. The legal advisor of the Company is of the view that the Company is likely to be successful in respect of this suit. Therefore, no provision has been made in the financial statements.		
8.1.3	The income tax assessments of the Company have been finalized up to and including the assessment year 2014-15 (financial year ended December 31, 2014), unless amended.		

However, assessments for tax years 2004, 2006 and 2007 had been amended by the taxation officer, against which the Company had preferred an appeal before the Commissioner Inland Revenue (Appeal) (CIR(A)). Subsequently, CIR(A) confirmed the order of taxation officer, against which company preferred to file an appeal before the Appellate Tribunal Inland Revenue (ATIR). ATIR decided the case in favour of the company. Case was decided in favour of the company in High Court as well, through the order dated September 5, 2013. However, taxation officer has filed civil petition against the order with the Supreme Court of Pakistan; the decision of which is pending. The demand raised was of Rs 2.045 million for the tax year 2004, Rs 8.22 million for the tax year 2006, and Rs 9.689 million for tax year 2007 against Apportionment of Expenditure. As it is expected that the matter will be decided in favour of the company, no provision has been made in the accounts.

8.2 Commitments

There were no commitments as at 31 December 2015 (2014: Nil).

9. CASH AND BANK DEPOSITS	Note	31 December	31 December
		2015	2014
		----- Rupees -----	
Cash and other equivalents			
- Cash in hand		2,681	65,752
- Policy stamps and bond papers in hand		2,658,272	1,267,590
		<u>2,660,953</u>	<u>1,333,342</u>
Current and saving accounts			
- Current accounts		1,908,778	1,034,803
- Saving accounts	9.1	19,853,283	38,741,021
		<u>21,762,061</u>	<u>39,775,824</u>
Deposits maturing within 12 months			
Term deposit - local currency	9.2	150,000,000	189,290,000
		<u>174,423,014</u>	<u>230,399,166</u>

9.1 These carry profit rates ranging between 5% to 7% (2014: 6% to 9%) per annum.

9.2 The rate of return on term deposits with various banks range from 5.93% to 9.80% per annum (2014: 9% to 9.5% per annum) due on maturity. These term deposits have maturities upto 22 January 2016 (2014: upto 29 January 2015).

10. LOANS TO EMPLOYEES - secured	Note	31 December	31 December
		2015	2014
		----- Rupees -----	
<i>Due from employees other than executives</i>			
Considered good	10.1	3,000	54,314

10.1 This represents mark-up free loans to the employees of the Company in accordance with the terms of their employment and are secured against their retirement benefits. These loans are recoverable in monthly installments over a period of less than two years.

11. INVESTMENTS	Note	31 December	31 December
		2015	2014
		----- Rupees -----	
11.1 Type of investments			
<i>Held-to-maturity</i>			
Government Securities	11.2	55,760,802	14,650,846
Term finance certificates - Listed	11.3	-	-
		<u>55,760,802</u>	<u>14,650,846</u>
<i>At fair value through profit or loss - Held for trading</i>			
Available-for-sale investments	11.4	1,968,360	3,940,338
	11.5 & 11.5.2	222,720,382	220,062,726
		<u>280,449,544</u>	<u>238,653,910</u>

11.2 Government Securities

Type of security	Maturity date	Profit (%)	Face value	31 December 2015	31 December 2014
----- Rupees -----					
Pakistan Investment Bonds	18 July 2018	11.50%	15,000,000	14,736,238	14,650,846
Pakistan Investment Bonds	19 July 2017	11.50%	3,000,000	3,170,338	-
Pakistan Investment Bonds	30 Aug 2018	12.00%	25,800,000	28,481,339	-
Pakistan Investment Bonds	18 July 2018	11.50%	8,600,000	9,372,887	-
				55,760,802	14,650,846

11.3 Term Finance Certificates - listed

31 December 2015	31 December 2014		Note	31 December 2015	31 December 2014
<i>Number of certificates</i>				----- Rupees -----	
109	109	Invest Capital Investment Bank Limited (formerly Al-Zamin Leasing Corporation Limited)	11.3.1	545,000	545,000
		Less: Impairment of non-performing TFC		(545,000)	(545,000)
				-	-

11.3.1 These represent listed term finance certificates (face value of Rs. 5,000 each) and carried mark-up rate equal to five years Pakistan Investment Bond rate plus 2% per annum, receivable semi-annually in arrears with floor of 12% per annum and cap of 15.75% per annum. The principal amount was due on maturity in September 2013.

At 31 December 2012, the TFC was classified as non-performing as per the valuation report of debt securities by the Mutual Fund Association of Pakistan under SECP Circular 33 of 2012 dated 24 October 2012.

11.4 At fair value through profit or loss - Held for trading - quoted shares

31 December 2015	31 December 2014		Note	31 December 2015	31 December 2014
<i>Number of shares</i>				----- Rupees -----	
		Banks			
-	860,000	KASB Bank Limited		-	1,711,400
500,885	500,885	Summit Bank Limited		1,968,360	2,228,938
				1,968,360	3,940,338

11.5 Available-for-sale investments

31 December 31 December

2015 2014

Number of shares/ (Units)

		Quoted shares			
4,700,000	4,700,000	First Capital Equities Limited	11.6	188,000,000	188,000,000
		Open-end mutual funds			
698,078	656,580	Pakistan Income Fund	11.5.1	29,347,918	27,131,960
6,027	5,663	Pakistan Cash Management Fund		252,133	233,929
6,733	6,083	Faysal Saving Growth Fund		524,926	493,676
114,823	103,652	ABL Income Fund		947,267	835,585
808	808	Atlas Islamic Income Fund		336,171	336,171
149,083	134,908	Pakistan Strategic Allocation Fund		763,568	616,012
18,528	17,198	PICIC Cash Fund		1,605,521	1,472,515
4,683	4,683	Lakson Money Market Fund		388,204	388,204
7,526	6,970	HBL Money Market Fund		554,674	554,674
				34,720,382	32,062,726
				<u>222,720,382</u>	<u>220,062,726</u>

11.5.1 These units and Government securities are pledged with the State Bank of Pakistan under the provisions of Insurance Ordinance, 2000 (XXXIX of 2000).

11.5.2 Market value of available-for-sale securities is Rs. 176.514 million (2014: Rs. 208.68 million).

11.6 On 29 November 2012, the Company through an agreement settled balance of Reverse Repo' and Premium due but unpaid' amounting to Rs. 99.89 million (reverse repo and associated mark-up) and Rs. 88.859 million of FCSC Group and Pace (Pakistan) Limited respectively against 4.7 million shares of First Capital Equities Limited at Rs. 40 per share against the market value of Rs. 69 per share as at that date. The agreement was subsequently amended on 7 March 2013 to make the clause of restriction on holding period and SWAP against property null and void.

The Company has been served a show cause notice dated 2 May 2013 by the SECP stating that investment with FCEL is creating difficulty for the Company with respect to the liquidity and solvency. Further, it appears that the Company has not followed the requirements of Sections 208 of the Companies Ordinance, 1984 and the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012. SECP has conducted the hearing on this matter, and decision in this regard is awaited.

During the year the Company has filed a civil suit in Civil Court Lahore in April 2015 against First Capital Equities Limited and five others for recovery of Rs 188.00 million and cancellation of documents. The case is under adjudication and next hearing of the case is scheduled to be held in April 2016.

		31 December 2015	31 December 2014
	Note	----- Rupees -----	
13. PREMIUMS DUE BUT UNPAID - NET			
Considered good	13.1	87,575,473	127,690,441
Considered doubtful		30,310,430	25,310,430
		<u>117,885,903</u>	<u>153,000,871</u>
Provision for doubtful receivables	13.2	<u>(30,310,430)</u>	<u>(25,310,430)</u>
		<u>87,575,473</u>	<u>127,690,441</u>
13.1 Premiums due but unpaid from related parties include:			
Shaheen Airport Services (SAPS)		885,370	3,202,171
Shaheen Foundation, PAF		255,288	-
Shaheen Aero Traders		42,846	205,608
Shaheen Knitwear		56,011	134,207
Hawks Advertising and Communication		139,485	5,518
		<u>1,379,000</u>	<u>3,547,504</u>
Percentage of premium due but unpaid		<u>1.57%</u>	<u>2.78%</u>
13.2 Reconciliation of provision against doubtful receivables			
Balance as at beginning of the year		25,310,430	13,742,644
Charge for the year		5,000,000	11,567,786
Balance as at end of the year		<u>30,310,430</u>	<u>25,310,430</u>
14. AMOUNTS DUE FROM OTHER INSURERS \ REINSURERS			
Considered good - foreign		8,510,798	12,428,319
- local		27,382,652	2,628,960
		<u>35,893,450</u>	<u>15,057,279</u>
15. ACCRUED INVESTMENT INCOME			
Mark-up accrued on bank deposits		212,823	1,050,851
Mark-up accrued on Pakistan Investment Bonds		2,456,564	786,884
		<u>2,669,387</u>	<u>1,837,735</u>
16. ADVANCES, DEPOSITS AND PREPAYMENTS			
Advances		2,189,833	2,069,833
Security deposits	16.1	6,190,635	6,881,255
Prepaid reinsurance premium ceded		27,851,394	29,545,576
Prepayments	16.2	1,140,488	7,045,576
Others		20,000	140,000
		<u>37,392,350</u>	<u>45,682,240</u>
16.1			
This includes Rs. 4.15 million (2014: 4.15 million) in respect of security deposits paid against rental properties to Shaheen Foundation, Pakistan Air Force - related party.			
16.2			
This includes Rs. 1.05 million (2014: 6.98 million) in respect of prepayment of rent to Shaheen Foundation, Pakistan Air Force - related party.			
17. OTHER RECEIVABLES - unsecured, considered good			
Receivable:			
-against Federal Insurance Fee		850,668	1,104,892
- against trading in marketable securities		957,649	957,649
- against general sales tax		1,207,322	-
Others		2,700,928	8,281,136
		<u>5,716,567</u>	<u>10,343,677</u>

18. FIXED ASSETS

Particulars	2015							Depreciation/ Amortization rate %
	COST		DEPRECIATION / AMORTIZATION			Written down value as at 31 December 2015		
	As at 01 January 2015	Additions/ transfer / (deletions)	As at 31 December 2015	As at 01 January 2015	Charge for the year / transfer / (disposals)		As at 31 December 2015	
- Owned								
<i>Tangible fixed assets</i>								
Furniture and fixtures	14,022,592	127,000 (942,589)	13,207,003	9,986,945	674,903 (930,421)	9,731,427	3,475,576	10
Office and electrical equipment	11,419,251	311,250 (489,825)	11,240,676	9,429,189	622,909 (489,825)	9,562,273	1,678,403	15 - 20
Computer equipment	16,480,195	154,400 (46,000)	16,588,595	15,881,116	402,089 (46,000)	16,237,205	351,390	33.3
Furniture, fixtures & office equipment	41,922,038	592,650 (1,478,414)	41,036,274	35,297,250	1,699,901 (1,466,246)	35,530,905	5,505,369	
Motor vehicles	24,518,290	2,076,000 (5,890,500)	20,703,790	21,014,593	2,331,282 1,418,600 (4,835,558)	19,928,917	774,873	20
	66,440,328	2,668,650 (7,368,914)	61,740,064	56,311,843	5,449,783 (6,301,804)	55,459,822	6,280,242	
<i>Intangible assets</i>								
Computer software	10,178,944	-	10,178,944	9,861,908	317,036	10,178,944	-	33.3
	76,619,272	2,668,650 (7,368,914)	71,919,008	66,173,751	5,766,819 (6,301,804)	65,638,766	6,280,242	
- Leased								
<i>Tangible fixed assets</i>								
Motor vehicles	2,076,000	8,853,000 (2,076,000)	8,853,000	1,314,800	1,330,025 (1,418,600)	1,226,225	7,626,775	20
	78,695,272	11,521,650 (9,444,914)	80,772,008	67,488,551	5,678,244 (6,301,804)	66,864,991	13,907,017	

Particulars	2014									
	COST		DEPRECIATION / AMORTIZATION				Written down value as at 31 December 2014	Depreciation/ Amortization rate		
	As at 01 January 2014	Additions/ (Deletions)	As at 31 December 2014	As at 01 January 2014	Charge for the year (Adjustments / disposals)	As at 31 December 2014				
	----- Rupees ----- %									
- Owned										
<i>Tangible fixed assets</i>										
Furniture and fixtures	15,086,490	-	14,022,592	10,134,339	791,379 (938,773)	9,986,945	4,035,647	10		
Office and electrical equipment	12,314,824	(1,063,898) 116,100 (1,011,673)	11,419,251	9,570,857	734,714 (876,382)	9,429,189	1,990,062	15 - 20		
Computer equipment	17,249,825	289,100 (1,058,730)	16,480,195	14,741,396	2,135,400 (995,680)	15,881,116	599,079	33.3		
Furniture, fixtures & office equipment	44,651,139	405,200 (3,134,301)	41,922,038	34,446,592	3,661,493 (2,810,835)	35,297,250	6,624,788			
Motor vehicles	38,823,002	-	24,518,290	28,465,664	4,150,957 (11,602,028)	21,014,593	3,503,697	20		
	83,474,141	405,200 (17,439,013)	66,440,328	62,912,256	7,812,450 (14,412,863)	56,311,843	10,128,485			
<i>Intangible assets</i>										
Computer software	10,178,944	-	10,178,944	7,491,260	2,370,648	9,861,908	317,036	33.3		
	93,653,085	405,200 (17,439,013)	76,619,272	70,403,516	10,183,098 (14,412,863)	66,173,751	10,445,521			
- Leased										
<i>Tangible fixed assets</i>										
Motor vehicles	4,003,000	-	2,076,000	1,957,297	545,820 (1,188,317)	1,314,800	761,200	20		
	97,656,085	405,200 (19,366,013)	78,695,272	72,360,813	10,728,918 (15,601,180)	67,488,551	11,206,721			

18.1 Disposal of Operating Fixed Assets

Particulars of the assets	Cost	Written down value	Sale proceeds	Profit / (Loss) on disposal	Mode of disposal	Sold to	Address
----- Rupees -----							
- Owned							
Motor vehicles							
Toyota Corolla LEB-10-7986	1,100,000	220,000	1,080,000	860,000	Negotiation	Mr. Sagheer	House No. H-30/B Farooq-e-Azam Street Tariq Colony Sodiwal Multan Road-Lahore
Suzuki Mehran AAJ-671	300,000	-	50,000	50,000	Negotiation	Mr. Arshad	House no.10 Sehar Road Islamia Girls High School Lahore cantt
Honda Civic LEC-4430	1,600,000	106,667	1,130,000	1,023,333	Negotiation	Mr. Sagheer	House No. H-30/B Farooq-e-Azam Street Tariq Colony Sodiwal Multan Road-Lahore
Honda Civic	2,076,000	657,400	1,450,000	792,600	Negotiation	Naveed Younus Butt	House No.105-A Railway Officer Colony Lahore Cantt
Suzuki Alto LEC-8409	550,000	-	350,000	350,000	Negotiation	Mr. Ishtiaq	House No K-11, Street No.2, Mohalla Kohistan Colony, Muslim Town Rawalpindi
Items having book value less than Rs. 50,000	284,500	70,875	86,000	15,125	Negotiation	Various	Various
	5,890,500	1,054,942	4,146,000	3,091,058			
Furniture, fixtures and office equipment							
Sale of Office Equipment	362,200	-	92,007	92,007	Negotiation	Various	Various
Sale of Furniture	942,589	12,169	396,095	383,926	Negotiation	Various	Various
Items having book value less than Rs. 50,000	173,625	-	107,897	107,897	Negotiation	Various	Various
	1,478,414	12,169	595,999	583,830			
Grand total (2015)	7,368,914	1,067,111	4,741,999	3,674,888			
Grand total (2014)	19,366,013	3,764,833	11,529,000	7,764,167			

18.2 Fixed assets include fully depreciated items costing Rs. 52.383 million (2014; Rs. 41 million).

18.3 Capital work in progress represents advance against the purchase of property from Pace Pakistan Limited (previously a related party) situated at First floor of Pace tower project, 27-H, Gulberg II, Lahore. The property has been valued under the market value basis by Maqsood Ahmed (Private) Limited, as of 31 December 2015 at Rs. 47.955 million (As of 03 April 2014 at Rs. 37.53 million). No depreciation has been charged during the year (2014: Nil) as the property is not yet completed and available for use for the purpose intended by management.

19. PREMIUM DEFICIENCY RESERVE

Premium deficiency reserve of Rupees 0.300 million has been determined by an independent actuary as at 31 December 2015. However, the Company on a prudent basis maintained a provision of Rupees 1 million.

20. COMMISSION FROM REINSURERS

				31 December	31 December
				2015	2014
	----- Rupees -----				
Commission received or receivable	Unearned Commission		Commission from reinsurers	Commission from reinsurers	
a	Opening	Closing	d=a+b-c		
Fire and property damage	1,482,509	160,887	751,709	891,687	2,751,360
Marine, aviation and transport	-	-	-	-	184,060
Motor	209,054	138,267	69,881	277,440	20,580
Accident and health	-	-	-	-	-
Miscellaneous	493,814	444,708	306,667	631,855	1,429,530
	2,185,377	743,862	1,128,257	1,800,982	4,385,530

21. NET PREMIUM REVENUE

	Note	31 December	31 December
		2015	2014
		----- Rupees -----	
Premium revenue (net of reinsurance)		222,969,733	226,973,317
Administrative surcharge	21.1	2,255,276	2,647,532
		225,225,009	229,620,849

21.1 Administrative surcharge

Premium written and net premium revenue include administrative surcharge, class wise detail of which is given below:

Fire and property damage	211,067	196,066
Marine, aviation and transport	35,250	40,244
Motor	1,770,306	2,158,371
Accident and health	21,042	39,099
Miscellaneous	217,611	213,752
	2,255,276	2,647,532

22. MANAGEMENT AND GENERAL AND ADMINISTRATION EXPENSES

	Note	2015			2014		
		Management expenses	General and administration expenses	Total	Management expenses	General and administration expenses	Total
		----- Rupees -----					
Salaries and other benefits		31,080,051	22,924,603	54,004,654	34,548,754	25,156,039	59,704,793
Provident fund contribution		-	592,277	592,277	318,079	452,615	770,694
Rent	22.1	5,956,710	6,276,294	12,233,004	6,249,473	5,672,801	11,922,274
Utilities		2,905,710	2,381,707	5,287,417	3,094,066	6,040,644	9,134,710
Repair and maintenance		1,462,699	1,120,957	2,583,656	755,940	2,872,914	3,628,854
Legal and professional charges		182,000	2,928,540	3,110,540	335,800	4,582,000	4,917,800
Auditors' remuneration	22.2	-	1,050,000	1,050,000	-	990,000	990,000
Depreciation and amortization	12 & 18	-	7,518,080	7,518,080	-	12,147,332	12,147,332
Bank charges		9,554	58,365	67,919	26,400	296,991	323,391
Financial charges on assets subject to finance lease		259,565	105,438	365,003	-	384,088	384,088
Advertisement and sales promotion		128,765	697,490	826,255	102,400	785,326	887,726
Travelling and entertainment		2,114,242	2,017,603	4,131,845	1,714,797	2,348,746	4,063,543
Printing and stationery		849,310	1,719,481	2,568,791	634,226	2,430,403	3,064,629
Newspaper and periodicals		28,696	35,849	64,545	39,896	38,545	78,441
Fee and subscription		156,502	5,518,759	5,675,261	-	5,917,093	5,917,093
Donation		-	-	-	-	10,000	10,000
Software maintenance		-	660,000	660,000	-	-	-
Provision for doubtful receivables		-	-	-	-	-	-
- against premium due but unpaid		-	5,000,000	5,000,000	-	11,567,786	11,567,786
- against debit agent balances		-	-	-	-	1,015,250	1,015,250
Communication expense		65,825	560,080	625,905	-	-	-
Premium due but unpaid - written off		-	-	-	-	26,787,499	26,787,499
Bank balances - written off		-	-	-	-	50,255	50,255
Bad debt expense		-	137,222	137,222	-	-	-
Exchange loss		-	-	-	-	5,135	5,135
Miscellaneous		136,535	1,987,024	2,123,560	995,590	1,842,022	2,837,612
		45,336,164	63,289,770	108,625,934	48,815,421	111,393,484	160,208,905

22.1 This amount includes Rs. 10.179million (2014:Rs. 8.30 million) rent expense to ShaheenFoundation, Pakistan Air Force - related party.

	2015	2014
22.2 Auditors' remuneration	----- Rupees -----	
Annual audit fee	600,000	600,000
Interim review fee	175,000	175,000
Certification fees and review of statement of compliance with the Code of Corporate Governance	175,000	125,000
Out of pocket expenses	100,000	90,000
	<u>1,050,000</u>	<u>990,000</u>

23. OTHER INCOME

Gain on sale of fixed assets	18.1	3,674,888	7,764,167
Exchange gain		11,761	-
Return on saving accounts		2,005,316	2,870,059
Agent balances written back - no more payable		-	27,247,781
Others		1,103,609	-
		<u>6,795,574</u>	<u>37,882,007</u>

24. WORKERS WELFARE FUND (WWF)

For the current year	<u>116,802</u>	<u>495,651</u>
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24.1 This represents the provision for Sindh Workers' Welfare fund under The Sindh Workers Welfare Fund Act, 2014.

	2015	2014
25. TAXATION	----- Rupees -----	
Current	<u>3,241,228</u>	<u>2,320,771</u>
Relationship between tax expense and accounting loss is as follows:		
Profit before taxation	<u>5,723,300</u>	<u>11,817,224</u>
Tax charge at enacted tax rate of 32% (2014: 33%)	<u>1,831,456</u>	<u>3,899,684</u>
Tax effect of expense that are not allowable in determining taxable income	<u>2,611,684</u>	<u>5,122,565</u>
Tax effect of exempt incomes	-	(745,423)
Tax effect of dividend and rental income taxable at normal rate	<u>(526,728)</u>	<u>(176,399)</u>
Tax effect of application of minimum tax rate	<u>(2,887,955)</u>	<u>(2,296,208)</u>
Deferred tax asset on losses not recognized	-	-
Others	<u>2,212,771</u>	<u>(3,483,448)</u>
	<u>3,241,228</u>	<u>2,320,771</u>

25.1 Deferred tax asset on deductible temporary differences amounting to Rs.51.373 million (2014:Rs. 103.117 million) has not been recognized in view of the uncertainty about its realization.

26. EARNINGS PER SHARE - basic and diluted

Profit after tax for the year - Rupees	<u>26,184,954</u>	<u>12,962,463</u>
Weighted average of number of ordinary shares	<u>45,000,000</u>	<u>42,041,096</u>
Earnings per share - Rupees	<u>0.58</u>	<u>0.31</u>

26.1 Diluted loss / earnings per share have not been presented as the Company does not have any convertible instruments as at 31 December 2015 and 31 December 2014 which would have any effect on the profit per share if the option to convert is exercised.

27. REMUNERATION TO THE CHIEF EXECUTIVE OFFICER AND EXECUTIVES

	Chief Executive Officer		Executives		Total	Total
	2015	2014	2015	2014	2015	2014
----- Rupees -----						
Managerial remuneration	3,810,876	2,219,800	15,900,702	15,540,149	19,711,578	17,759,949
Provident fund	-	-	139,485	100,488	139,485	100,488
	3,810,876	2,219,800	16,040,187	15,640,637	19,851,063	17,860,437
Number of persons	1	1	11	10	12	11

27.1 No performance bonuses were granted to employees during the year. In addition to the above, the Chief Executive Officer and executives have been provided with the Company maintained vehicles.

27.2 The Company does not have any other employee during the year whose annual basic salary exceeds Rs. 0.5 million. No amounts have been paid by the Company to its directors other than Chief Executive Officer.

28. PREMIUM WRITTEN

Premium written constitute direct and facultative business and administrative surcharge (which is also included in net premium revenue), class-wise details of which are as follows:-

2015						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
----- Rupees -----						
Direct	37,171,060	10,151,968	215,947,649	7,786,254	30,171,015	301,227,946
Facultative	1,854,235	144,539	347,641	808,062	-	3,154,477
Administrative surcharge	484,032	329,745	3,237,838	35,000	519,205	4,605,820
	39,509,327	10,626,252	219,533,128	8,629,316	30,690,220	308,988,243
2014						
	Fire and property damage	Marine, aviation and transport	Motor	Accident and Health	Miscellaneous	Total
----- Rupees -----						
Direct	41,442,388	11,874,063	163,256,496	21,719,950	35,878,841	274,171,738
Facultative	2,256,173	-	754,743	60,677	1,740,107	4,811,700
Administrative surcharge	378,544	379,976	4,037,603	-	403,067	5,199,190
	44,077,105	12,254,039	168,048,842	21,780,627	38,022,015	284,182,628

29. **SEGMENT REPORTING**

Class of business wise revenue and results have been disclosed in the profit and loss account prepared in accordance with the requirement of Insurance Ordinance, 2000 and the SEC (Insurance) Rules, 2002. The following table presents information regarding segment assets, liabilities as at 31 December 2015 and 31 December 2014, unallocated capital expenditures and non-cash expenses during the current and last year:

	Fire & Property Damage		Marine, Aviation & Transport		Motor		Accident and Health		Miscellaneous		Total
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Segment assets	55,680,866	56,438,964	23,993,255	24,319,924	236,561,885	239,782,686	111,607,032	113,126,567	44,529,776	45,136,051	472,372,814
Unallocated corporate assets											308,531,352
Total assets											<u>780,904,166</u>
SEGMENT LIABILITIES											<u>786,756,864</u>
Segment liabilities	44,009,998	47,072,202	18,964,200	20,283,725	186,977,838	199,987,709	88,213,879	94,351,779	35,196,208	37,645,151	373,362,123
Unallocated corporate liabilities											41,273,954
Total liabilities											<u>414,636,077</u>
Capital expenditure	1,113,405	47,763	479,773	20,581	4,730,333	202,922	2,231,714	95,736	890,425	38,198	9,445,650
Depreciation / Amortisation	669,322	1,431,865	288,415	617,000	2,843,636	6,083,321	1,341,593	2,870,037	535,278	1,145,109	5,678,244

30. **FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

The Company is exposed to a variety of financial risks: market risk (comprising interest rate risk, currency risk and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

The Board of Directors has overall responsibility for establishment and oversight of the Company's risk management framework. There are board committees and management committees for developing risk management policies and its monitoring.

30.1 **Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and other equity prices. The Company manages the market risk by monitoring exposure on marketable securities by following internal risk management policies.

30.1.1 Interest rate risk exposure

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

The Company's interest / mark-up sensitivity and liquidity positions based on the contractual and maturity dates, whichever is earlier are as follows:

	2015						
	Effective interest %	Interest / mark-up bearing financial instruments			Non-interest /		
		Maturity up to one year	Maturity over one year to five years	Maturity more than five years	Sub total	mark-up bearing financial instruments	Total
per annum	Rupees						
Financial assets							
Cash and bank deposits	5 - 9.8	169,853,283	-	-	169,853,283	4,569,731	174,423,014
Investments	7.55 - 12.33	-	55,760,802	-	55,760,802	224,688,742	280,449,544
Premiums due but unpaid		-	-	-	-	87,575,473	87,575,473
Amounts due from other insurers / reinsurers		-	-	-	-	35,893,450	35,893,450
Accrued investment income		-	-	-	-	2,669,387	2,669,387
Reinsurance recoveries against outstanding claims		-	-	-	-	41,681,383	41,681,383
Advances and security deposits		-	-	-	-	8,400,468	8,400,468
Other receivables		-	-	-	-	3,658,577	3,658,577
		169,853,283	55,760,802	-	225,614,085	409,137,211	634,751,296
Financial liabilities							
Provision for outstanding claims		-	-	-	-	164,713,923	164,713,923
Amounts due to other insurers / reinsurers		-	-	-	-	31,500,364	31,500,364
Accrued expenses		-	-	-	-	9,540,166	9,540,166
Agent balances		-	-	-	-	18,130,920	18,130,920
Other creditors and accruals		-	-	-	-	7,927,791	7,927,791
Unclaimed dividend		-	-	-	-	398,934	398,934
Liabilities against assets subject to finance lease	11.10 - 21	1,147,106	1,616,512	-	2,763,618	(1,616,512)	1,147,106
		1,147,106	1,616,512	-	2,763,618	230,595,586	233,359,204
Interest risk sensitivity gap		168,706,177	54,144,290	-	222,850,467	178,541,625	401,392,092
Cumulative interest risk sensitivity gap		168,706,177	222,850,467	222,850,467			
Off balance sheet item							
Commitments for capital expenditure							-

2014

	Effective Interest % per annum	Interest / mark-up bearing financial instruments				Sub total	Non-interest / mark-up bearing financial instruments	Total
		Maturity up to one year	Maturity over one year to five years	Maturity more than five years				
		Rupees						
Financial assets								
Cash and bank deposits	7 - 9.5	228,031,021	-	-	228,031,021	2,368,145	230,399,166	
Investments	11.5	-	14,650,846	-	14,650,846	224,003,064	238,653,910	
Premiums due but unpaid		-	-	-	-	127,690,441	127,690,441	
Amounts due from other insurers / reinsurers		-	-	-	-	15,057,279	15,057,279	
Accrued investment income		-	-	-	-	1,837,735	1,837,735	
Reinsurance recoveries against outstanding claims		-	-	-	-	30,089,146	30,089,146	
Advance and security deposits		-	-	-	-	9,091,088	9,091,088	
Other receivables		-	-	-	-	9,238,785	9,238,785	
		228,031,021	14,650,846	-	242,681,867	419,375,683	662,057,550	
Financial liabilities								
Provision for outstanding claims		-	-	-	-	228,704,455	228,704,455	
Amounts due to other insurers / reinsurers		-	-	-	-	13,356,119	13,356,119	
Accrued expenses		-	-	-	-	10,639,373	10,639,373	
Agent balances		-	-	-	-	11,997,063	11,997,063	
Other creditors and accruals		-	-	-	-	9,709,727	9,709,727	
Unclaimed dividend		-	-	-	-	398,934	398,934	
Liabilities against assets subject to finance lease	21	552,335	-	-	552,335	-	552,335	
		552,335	-	-	552,335	274,805,671	275,358,006	
Interest risk sensitivity gap		227,478,686	14,650,846	-	242,129,532	144,570,012	386,699,544	
Cumulative interest risk sensitivity gap		227,478,686	242,129,532	242,129,532				
Off balance sheet item								
Commitments for capital expenditure							-	

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

	Increase / (decrease) in basis points	Effect on	
		Profit before tax	Equity
-----Rupees-----			
31 December 2015	100	2,228,505	1,448,528
	(100)	(2,228,505)	(1,448,528)
31 December 2014	100	2,421,295	1,573,842
	(100)	(2,421,295)	(1,573,842)

30.1.2 Foreign currency risk

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

30.1.3 Other price risk

Other price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's listed securities are susceptible to market price risk arising from uncertainties about the future value of investment securities. The Company limits market risk by maintaining a diversified portfolio and by continuous monitoring of developments in equity and term finance certificates (TFCs). In addition, the Company actively monitors the key factors that affect stock, money Market and TFCs market.

The following table summarizes the Company's other price risk as of 31 December 2015 and 2014. It shows the effects of an estimated increase of 5% in the market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Price change	Fair value	Effect on fair value
-----Rupees-----			
31 December 2015	+5%	45,854,937	2,292,747
	-5%		(2,292,747)
31 December 2014	+5%	43,286,733	2,164,337
	-5%		(2,164,337)

30.2 Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due under normal circumstances. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents and readily marketable securities. The maturity profile is monitored to ensure adequate liquidity is maintained.

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

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

	<u>2015</u>	<u>2014</u>
	----- Rupees -----	
Bank deposits	171,762,061	229,065,824
Investments	55,760,802	14,650,846
Premiums due but unpaid	87,575,473	127,690,441
Amounts due from other insurers / reinsurers	35,893,450	15,057,279
Accrued investment income	2,669,387	1,837,735
Reinsurance recoveries against outstanding claims	41,681,383	30,089,146
Advances, security deposits and other	8,400,468	9,091,088
Other receivables	3,658,577	9,238,785
	<u>407,401,601</u>	<u>436,721,144</u>

The Company did not hold any collateral against the above during the year.

The age analysis of receivables (Gross) from other than related parties is as follows:

Upto 1 year	39,916,635	43,446,723
1 - 2 years	13,898,524	9,250,523
2 - 3 years	18,392,161	44,568,193
Over 3 years	80,193,033	67,245,207
	<u>152,400,353</u>	<u>164,510,646</u>

The age analysis of receivables (Gross) from related parties is as follows:

Upto 1 year	1,379,000	3,520,319
1 - 2 years	-	27,185
2 - 3 years	-	-
Over 3 years	-	-
	<u>1,379,000</u>	<u>3,547,504</u>

The credit quality of the Company's bank balances can be assessed with reference to external credit

Bank	Rating	Rating agency	<u>2015</u>	<u>2014</u>
			----- Rupees -----	
Standard Chartered Bank (Pakistan) Limited	AAA/A1+	PACRA	-	2,141,065
Allied Bank Limited	AA+/A1+	PACRA	150,415,693	150,170,614
Bank Al Falah Limited	AA/A1+	PACRA	211,007	236,293
Silk Bank Limited	A- / A-2	JCR-VIS	-	331,530
MCB Bank Limited	AAA/A1+	PACRA	1,510,169	4,034,384
Faysal Bank Limited	AA/A1+	PACRA	105,077	105,009
Bank Al Habib Limited	AA+/A1+	PACRA	48,216	50,038
HSBC Bank Middle East Limited	P - 1 / A2	MOODY'S	-	3,885
JS Bank Limited	A+/A1+	PACRA	19,471,899	32,699,956
National Bank of Pakistan	AAA/A1+	PACRA	-	39,282,320
Habib Metropolitan Bank Limited	AA+/A1+	PACRA	-	10,730
			<u>171,762,061</u>	<u>229,065,824</u>

The management monitors exposure to credit risk in premium receivable from customers through regular review of credit exposure and prudent estimates of provisions for doubtful receivables as disclosed in note 13.

The credit quality of premium receivable from co-insurer, and for commission and claim recoveries from reinsurer can be assessed from external ratings disclosed in note 32.

31. INSURANCE RISK

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

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

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

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

Risk surveys are carried out on a regular basis for the evaluation of physical hazards associated with the commercial / industrial / residential 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 / reinsurance personnel for their evaluation. Reference is made to the standard construction specifications as laid down by Insurance Association of Pakistan (IAP). For instance, the presence of Perfect Party Walls, Double Fire Proof Iron Doors, physical separation between the buildings within an insured's premises. It is basically the property contained within an area which is separated by another property by sufficient distance to confine insured damage from uncontrolled fire and explosion under the most adverse conditions to that one area.

Address look-up and geocoding is the essential field of the policy data interphase of IT systems. It provides instant location which is dependent on data collection provided under the policy schedule. All critical underwriting information is entered into the IT system/application through which a number of MIS reports can be generated to assess the concentration of risk.

The ability to manage catastrophic risk is tied to managing the density of risk within a particular area. A risk management solution is implemented to help assess and plan for risk in catastrophic scenarios. It provides a way to better visualize the risk exposures so the Company determines the appropriate amount of reinsurance coverage to protect the business portfolio.

For marine risks, complete underwriting details, besides sums insured and premiums, like vessel identification, voyage input (sea / air / inland transit), sailing dates, origin and destination of the shipments, per carry limits, etc. are entered into the IT system. The reinsurance module of the IT system is designed to satisfy the requirements as laid down in the proportional treaty agreement.

Shipment declarations are also endorsed on the policies. Respective reinsurance cessions are automatically made upon the posting of policy documents.

The voyage cards so maintained for the particular set of policies for a single vessel voyage are automatically logged into the system showing actual gross, treaty and net exposure, both in terms of sums insured and premiums.

Frequency and severity of claims

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

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

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The concentration of risk by type of contract is summarized below by reference to liabilities:

Class	2015	2014	2015	2014	2015	2014
	Gross sum insured		Reinsurance		Net exposure of risk	
----- Rupees -----						
Fire and property damage	27,470,874,636	22,718,709,143	23,064,027,788	19,081,709,143	4,406,846,848	3,637,000,000
Marine and transport	7,987,689,729	10,254,990,868	5,473,496,968	7,362,408,065	2,514,192,761	2,892,582,803
Aviation	553,780,000	536,000,000	506,390,000	502,450,000	47,390,000	33,550,000
Miscellaneous	9,425,809,789	12,619,348,706	3,577,146,258	4,929,275,860	5,848,663,531	7,690,072,846
	45,438,154,154	46,129,048,717	32,621,061,014	31,875,843,068	12,817,093,140	14,253,205,649

Uncertainty in the estimation of future claims payment

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

An estimated amount of the claim is recorded immediately on the intimation to the Company. The estimation of the amount is based on management judgment or preliminary assessment by the independent surveyor appointed for this purpose. The initial estimates include expected settlement cost of the claims. For the estimation of provision of claims incurred but not reported (IBNR), the Company follows the recommendation of actuary to apply month wise factor based on analysis of the past claim reporting pattern. For this purpose, the claim chain-ladder method is used for each class of business. The month wise factor is applied on claims incurred to determine the amount of IBNR.

There are several variable factors which affect the amount and timing of recognized claim liabilities. The Company takes all reasonable measures to mitigate the factors affecting the amount and timing of claim settlements. However, uncertainty prevails with estimated claim liabilities and it is likely that final settlement of these liabilities may be different from initial recognized amount. Similarly, the provision for IBNR is based on historic reporting pattern of the claims; hence, actual amount of IBNR may differ from the amount estimated.

Key assumptions

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

The assumed net off reinsurance loss ratios has taken on the basis of last five years analysis for each class of business are as follows:

Class	2015	2014
	Assumed net loss ratio (%)	
Fire and property	51.38%	89%
Marine, aviation and transport	96.23%	61%
Motor	77.30%	71%
Accident and health	100.00%	105%
Miscellaneous	36.23%	45%

Sensitivities

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 an impact on profit / (loss) before tax net of reinsurance:

	Pre-tax loss		Shareholders' equity	
	2015	2014	2015	2014
----- Rupees -----				
10% increase in loss				
Fire and property damage	(4,494,198)	(3,491,831)	(2,921,228)	(2,269,690)
Marine, aviation and transport	(166,208)	(15,501)	(108,035)	(10,076)
Motor	(4,089,543)	(3,956,987)	(2,658,203)	(2,572,042)
Accident and health	(896,450)	807,796	(582,692)	525,067
Miscellaneous	(389,139)	(683,000)	(252,940)	(443,950)
	(10,035,538)	(7,339,523)	(6,523,098)	(4,770,690)

Claim development

The following table shows the development of 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.

Accident year	2011	2012	2013	2014	2015	Total
----- Rupees -----						
Estimate of ultimate claims cost:						
At the end of accident year	165,857,735	152,104,504	163,700,529	107,790,930	95,658,400	685,112,098
One year later	83,020,280	65,247,884	165,141,661	81,601,344	-	395,011,169
Two years later	12,730,473	45,340,729	97,756,438	-	-	155,827,640
Three years later	6,933,780	21,298,495	-	-	-	28,232,275
Four years later	2,655,998					2,655,998
Estimate of cumulative claims	2,655,998	21,298,495	97,756,438	81,601,344	95,658,400	298,970,675
Less: cumulative payments to date	558,642	10,869,444	71,452,217	46,112,361	46,945,471	175,938,135
Liability recognised	2,097,356	10,429,051	26,304,221	35,488,983	48,712,929	123,032,540

32. REINSURANCE RISK

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

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

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

Rating	Amount due from other insurers / reinsurers	Reinsurance recoveries against outstanding claims	Prepaid reinsurance premium ceded	2015	2014
----- Rupees -----					
A- or above including Pakistan Reinsurance Company Limited	35,184,874	41,681,383	27,851,394	104,717,651	70,409,038
BBB	708,576	-	-	708,576	4,282,963
Others	-	-	-	-	-
	35,893,450	41,681,383	27,851,394	105,426,227	74,692,001

33. CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is, to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to the shareholders and benefits to other stakeholders and to maintain a strong capital base to support the sustained development of its businesses. The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares. The Securities and Exchange Commission of Pakistan (SECP) through its Circular No. 03 dated April 4, 2007 required the minimum paid up capital for Insurance Companies to be raised to Rs. 300 million by the year ended 31 December 2011. The Company has complied with the requirements as at 31 December 2014.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The fair value of all the financial instruments are estimated to be not significantly different from their carrying values except for the following investments:

	Carrying value		Market value	
	2015	2014	2015	2014
	----- Rupees -----			
Available-for-sale investments				
- quoted shares (FCEL)	188,000,000	188,000,000	130,660,000	165,393,000
- mutual funds	34,720,382	32,062,726	45,854,937	43,286,733

(Based on the quoted redemption rates)

35. TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationship with its employee provident fund, key management personnel, entities indicated in note 3.2.2 to the financial statements and companies with common

Transactions with related parties during the year and balances with them as at the year-end, not elsewhere disclosed, are as follows:

		2015	2014
		----- Rupees -----	
<i>Transactions and balances with associated companies</i>	Note		
<i>Insurance premium</i>			
Balance at beginning of the year		3,547,504	3,680,584
Gross insurance premium written (including government levies, administrative surcharge and policies stamps)		57,849,543	60,177,608
Received / Adjusted during the year		(60,018,047)	(60,310,688)
Balance at end of the year	13.1	1,379,000	3,547,504
<i>Insurance claim expense</i>			
Outstanding claims at beginning of the year		1,511,759	1,880,081
Gross claim expense for the year		1,073,997	1,079,825
Claims paid during the year		(1,822,680)	(1,448,147)
Outstanding claims at end of the year	35.1	763,076	1,511,759
<i>Other transactions during the year with associated companies</i>			
Rental expense	22.1	10,179,094	8,299,647
Advertisement expenses		826,255	887,726
Gain on sale of vehicle		-	-
<i>Other balances with associated companies</i>			
Premiums received in advance		-	147,110
Rent paid in advance	16.2	1,046,952	6,957,736
Security deposits	16.1	4,147,200	4,147,200
<i>Transactions during the year with other related parties (key management personnel)</i>			
Contribution to the Provident Fund	35.3	592,277	770,694
Remuneration of key management personnel	35.4	19,851,063	17,860,437
<i>Balances with other related parties (key management personnel)</i>			
Payable to the Provident Fund	6	5,248,643	5,294,410
35.1 Outstanding claims - related parties			
Hawk Advertising		20,000	43,000
Shaheen Aero Traders		-	-
Shaheen Air Port Services (SAPS)		336,000	123,000
Shaheen Aero Traders		-	339,240
Shaheen Foundation, PAF		384,076	946,519
Shaheen Knitwear		15,000	45,000
Shaheen Air International		8,000	15,000
		763,076	1,511,759

35.2 Insurance and claim related transactions with related parties are carried in normal course of business.

- 35.3 Contribution to the Provident Fund is in accordance with the Company's staff services rules.
- 35.4 Remuneration to the key management personnel are in accordance with the terms of their employment.
- 35.5 Other transactions are at agreed terms.

36. PROVIDENT FUND RELATED DISCLOSURE

The Company operates contributory provident fund scheme for its permanent employees. Details of net assets and investments of this fund are as follows:

	<u>2015</u>	<u>2014</u>
	----- Rupees -----	
Size of the fund - Net assets	4,073,664	5,908,439
Cost of the investment made	149,839	2,101,469
Percentage of the investment made	4%	36%
Fair value of the investment made	149,839	2,101,469

The breakup of fair value of the investment is:

	<u>2015</u>		<u>2014</u>	
	<u>Rupees</u>	<u>%</u>	<u>Rupees</u>	<u>%</u>
Bank Balances	149,839	100%	2,101,469	100%
	149,839		2,101,469	

Above disclosure is based on Unaudited financial statements of the provident fund for the year ended 31 December 2015. The investments out of the provident fund have been made in accordance with the provisions of subsection 227 of the Companies Ordinance, 1984 and the Rules formulated for the

37. EMPLOYEES





	<u>2015</u>	<u>2014</u>
Number of employees as on 31 December	110	108
Average number of employees as on 31 December	115	120

38. DATE OF AUTHORISATION FOR ISSUE

- 38.1 No significant re-arrangement / reclassification of the crossponding figures have been made during the year except the following:

<u>From</u>	<u>To</u>	<u>Reason</u>	<u>2015</u>	<u>2014</u>
Investment Property	Capital work in progress - Owned	For better presentation	34,750,008	34,750,008

38. These financial statements were approved and authorized for issue by the Board of Directors of the Company in its meeting held on April 06, 2016

			
<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Chairman	Director	Director	Chief Executive Officer

**PATTERN OF SHARE HOLDING
HELD BY THE SHARE HOLDERS AS AT 31ST DECEMBER,2015**

No. of Shareholders	Shares Holding From	To	Total Shares Held
208	1	100	4,061
129	101	500	44,586
103	501	1,000	85,696
190	1,001	5,000	453,994
44	5,001	10,000	363,119
20	10,001	15,000	244,860
9	15,001	20,000	167,154
9	20,001	25,000	211,000
9	25,001	30,000	252,500
2	30,001	35,000	61,500
2	35,001	40,000	80,000
3	40,001	45,000	126,000
6	45,001	50,000	299,000
2	50,001	55,000	108,000
3	55,001	60,000	176,500
1	70,001	75,000	72,000
1	95,001	100,000	100,000
1	100,001	105,000	104,500
1	110,001	115,000	110,318
1	125,001	130,000	126,500
1	135,001	140,000	140,000
1	155,001	160,000	158,037
1	220,001	225,000	225,000
1	230,001	235,000	234,500
1	365,001	370,000	368,500
1	910,001	915,000	913,031
1	1,220,001	1,225,000	1,221,963
1	2,495,001	2,500,000	2,500,000
1	3,135,001	3,140,000	3,136,963
1	3,675,001	3,680,000	3,676,425
1	6,345,001	6,350,000	6,345,296
1	22,885,001	22,890,000	22,888,997
756			45,000,000

**CATEGORIES OF SHARE HOLDERS AS REQUIRED UNDER (CCG)
AS ON 31 ST DECEMBER,2015**

NAME	Holding	%AGE
ASSOCIATED COMPANIES	29,065,422	64.5898%
DIRECTORS,CEO THEIR SPOUSES & MINOR CHILDREN	3,500	0.0078%
SHARE HELD BY THE GENERAL PUBLIC	3,592,483	7.9833%
SHAREHOLDERS HOLDING 10% OR MORE	29,234,293	64.9651%
CDC TRUSTEE FIRST CAPITAL MUTUAL FUND (CDC)	110,318	0.2452%
BANK DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE INSTITUTION,INSURANCE COMPANIES AND MODARBAS	368,500	0.8189%
JOINT STOCK COMPANIES	9,190,906	20.4242%

**NAME OF SHAREHOLDERS HOLDING 10% OR MORE OF TOTAL CAPITAL
AS ON 31ST DECEMBER,2015**

Name	Holding	%AGE
SHAHEEN FOUNDATION PAF	22,888,997	50.8644%
THE HOLLARD COMPANY LIMITED (CDC)	6,345,296	14.1007%
	29,234,293	64.97%

**Information as required under Code of Corporate Governance Categories of
Shareholders as at December 31,2015**

Name	Holding	%AGE
<u>DIRECTORS, CEO THEIR SPOUSES & MINOR CHILDREN</u>		
AIR MARSHAL (R) M. ARIF PERVAIZ	500	0.0011%
AIR COMMODORE (R) MEHMOOD AHMAD	500	0.0011%
AIR COMMODORE (R) ZAFAR YASIN	500	0.0011%
AIR COMMODORE (R) MUHAMMAD MASUD AKHTAR	500	0.0011%
GROUP CAP. (R) EHSAN-UR-RAUF SHEIKH	500	0.0011%
SYED RAZI AL HASSAN NAWAB	500	0.0011%
MR. AAMIR SHAHZAD MUGHAL	500	0.0011%
	3,500	0.0078%

ASSOCIATED COMPANIES

SHAHEEN FOUNDATION PAF	22,888,997	50.8644%
CENTRAL NON PUBLIC FUND. PAF	2,500,000	5.5556%
ENSIGN COMMUNIQUE (PVT) LIMITED	3,676,425	8.1698%
	29,065,422	64.59

PROXY FORM

I/We, _____ of _____

being member of Shaheen Insurance Company Limited and holder of _____

ordinary shares as per Share Register Folio No. _____ and/or CDC Participant ID

No. _____ and Account/SubAccount No. _____

hereby appoint _____ of _____ as

my/our proxy to attend and vote for me/ us and on my/our behalf at the 21st Annual General Meeting of the Company to be held on Friday, April 29, 2016 at 10.00 a.m. at the head office of Shaheen Airport Services (SAPS) situated at SAPS Complex, Malir Avenue, JIAP, Karachi and at any adjournment thereof.

Signed this _____ day of, _____ 2016

Witness: 1

Signature _____

Name _____

CNIC No. _____

Address _____

Signature on Revenue Stamp of Rs. 5/-

Witness: 2

Signature _____

Name _____

CNIC No. _____

Address _____

Notes:

1. The Proxy Form duly completed and signed along with attested copies of CNIC/Passport of the member, Proxy holder and the witnesses must be deposited at the Registered Office of the Company not later than 48 hours before the time of holding of the meeting. Original CNIC/Passport will be produced by the Proxy holder at the time of the meeting.
2. No persons shall be appointed as a Proxy unless he/she is a member of the company.
3. In case of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signature of the representative shall be submitted along with Proxy Form to the Company.
4. CDC account holders and their proxies must attach attested photocopy of their CNIC/Passport with the Proxy Form.



INSURANCE

1. FIRE
2. AUTO
3. MARINE
4. HEALTH
5. HOME & SHOP
6. AVIATION
7. ENGINEERING
8. PERSONAL ACCIDENT
9. BONDS & GUARANTEES
10. TRAVEL
11. PROFESSIONAL IDEMNITY
12. CASH TRANSIT/CASH IN SAFE

Shaheen Insurance

10th Floor, Shaheen Complex M.R. Kayani Road, Karachi-74200
Tel # (9221) 3263 0370-75 (06 Lines) 32213950-51 (02 Lines)
Fax # (9221) 32626674, Web: www.shaheeninsurance.com

ڈائریکٹرز کی رپورٹ

آپ کی کمپنی کے ڈائریکٹرز سالانہ رپورٹ اور اس کے ساتھ 31 دسمبر 2015 کو اختتام پذیر ہونے والے سال کی آڈٹ شدہ معاشی اسٹیٹمنٹس پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عام معاشی جائزہ:

2015 کا سال عالمی معاشی ترقی کے حوالے سے کافی مشکل رہا اور 3.5 فیصد کی ابتدائی پیش گوئی کے مقابلے میں معاشی ترقی کی شرح تقریباً 2.9 فیصد رہی۔ بڑی معیشتیں مثلاً امریکہ، چین، جرمنی اور برطانیہ کو مجموعی ملکی پیداوار کی افزائش میں کمی کا سامنا رہا جس کی بنیادی وجہ معاشی سرگرمیوں کی رفتار میں مستقل تنزلی ہے کیونکہ تیل کی قیمتوں میں گراؤ تاحال جاری ہے۔ دوسری جانب ترقی پذیر اور ابھرتی ہوئی معیشتوں کو اس صورتحال کا فائدہ ہوا اور ان میں قدرے بہتری پیدا ہوئی۔ مشرق وسطیٰ میں سیاسی غیر یقینی صورتحال اور تیل کی قیمتوں پر دباؤ برقرار ہونے کی وجہ سے ماہرین اس بات کا عندیہ دے رہے ہیں کہ عالمی معاشی ترقی کو ایک اور مشکل سال کا سامنا کرنا پڑے گا۔

2015 میں پاکستان کی مجموعی معاشی رجحانات میں بہتری کے آثار نظر آئے۔ اصلاحی اقدامات، تیل کی بین الاقوامی قیمتوں میں مسلسل کمی کی وجہ سے کرنٹ اکاؤنٹ کے خساروں کی روک تھام اور بیرون ملک سے زرمبادلہ کی وصولی میں اضافے، زرمبادلہ کے مستحکم ذخائر، عالمی منڈی میں سکوک بانڈ کے کامیاب اجراء، پاک چین معاشی راہداری (CPEC) کے تحت انفراسٹرکچر اور توانائی کے پروجیکٹس پر عملدرآمد، افراط زر کی شرح میں کمی، عالمی مالیاتی فنڈ کے استحکام کے پروگرام میں پیش رفت، خود مختار ریٹنگ میں اضافہ اور ایران-پاکستان گیس پائپ لائن میں پیش رفت سے بھی ترقی کے عمل کو تقویت حاصل ہوئی۔ اس کے علاوہ بڑے شہروں میں امن عامہ کی صورتحال میں بہتری سے بھی ملک بھر کے کاوباری رجحانات میں اضافہ ہوا۔ مالیاتی سال 2015 میں معیشت کی افزائش کی شرح 4.25 فیصد تھی جسے 2008-2009 کے بعد سے اب تک کی سب سے بڑی کامیابی قرار دیا جا رہا ہے۔ 2015 کا مثبت رجحان آئندہ سالوں میں بھی جاری رہنے کا امکان ہے۔ تاہم توانائی کا بحران اور امن و امان کی صورتحال تاحال بڑے چیلنجز ہیں۔

خدمات کے شعبے کی افزائش کی شرح 5.2 فیصد ہدف کے مقابلے میں 5 فیصد رہی تاہم یہ گذشتہ سال 4.4% سے

بدستور زیادہ ہے۔
کمپنی کی کارکردگی:

2015 کا سال استحکام/کمپنی کی تنظیم نو کا سال تھا۔ اس سال میں کمپنی کے مختلف افعال کی مضبوطی/اصلاح بنیادی پرانے مسائل کا حل اور کم خدشات کی حامل مستقل آمدنی کیلئے معاشی بینکوں اور بڑے اداروں (مثلاً NHA، DHA، افغان ٹرانزٹ ٹریڈ وغیرہ) کو ہدف بنایا جاتا رہا۔

زیر جائزہ سال کے دوران نتائج کا خلاصہ درج ذیل ہے۔

(تمام رقوم ملین روپوں میں)				
فیصد	رقم	دسمبر 2014	دسمبر 2015	
8.728	24.806	284.182	308.988	مجموعی پریمیم
(1.914)	(4.395)	229.630	225.225	پریمیم کی صافی آمدنی
36.732	26.96	73.395	100.355	صافی دعوے
(35.944)	(24.308)	67.626	43.318	ذمہ نویسی کے نتائج
2.566	0.408	15.897	16.305	سرمایہ کاری کی آمدنی
(51.569)	(6.094)	11.817	5.723	ٹیکس سے قبل نفع
102.006	13.222	12.962	26.184	ٹیکس کے بعد نفع
87.0968	0.27	0.31	0.58	فی شیئر آمدنی (روپے)

سال 2015 کے دوران کمپنی نے زیادہ خدشات والے کاروبار کی ضمانت کے ضمن میں محتاط طرز عمل اپنایا۔ محتاط طرز عمل، مسابقتی ماحول اور مختلف چیلنجز کا سامنا کرنے کے باوجود کمپنی 2014 کے مقابلے میں سال 2015 میں مزید 8.73 فیصد ضمانتی (ذمہ نویسی) کاروبار حاصل کرنے میں کامیاب رہی۔ موجودہ سال میں کمپنی کی ٹیکس کے بعد آمدنی بڑھ کر 26.18 ملین روپے ہوئی جو 2014 کے دوران 12.96 ملین روپے تھی۔ اس کی بنیادی وجہ گذشتہ سالوں کے ٹیکس کے خرچوں کی واپسی ہے سال 2015 کے دوران ٹیکس سے قبل نفع 2014 میں ٹیکس سے قبل نفع سے کم تھا۔ جس

کی اہم وجہ صافی دعووں میں اضافہ اور دیگر آمدنی میں کمی تھی۔ سال 2015 کے دوران صافی دعوے کی رقم 100.35 ملین روپے تھی جبکہ سال 2014 کے دوران یہی رقم 73.395 ملین روپے تھی جس کی وجہ آتشزدگی کے شعبے میں زیادہ دعوے تھے۔ سال 2015 کے دوران گاڑیوں کے انشورنس کاروبار کے شعبے نے کمپنی کے نفع میں بہت اہم کردار ادا کیا۔

یہاں یہ بات قابل ذکر ہوگی کہ کمپنی نے JS بینک لمیٹڈ، فیصل بینک لمیٹڈ کے ساتھ معاہدے کئے ہیں اور ہم آٹو فنانسنگ انشورنس کیلئے دیگر مالیاتی اداروں کے ساتھ اکٹھے کام کرنے کیلئے کافی پیش قدمی کر چکے ہیں۔ علاوہ ازیں کمپنی ڈائریکٹوریٹ جنرل ٹرانزٹ ٹریڈ، حکومت پاکستان کے منظور شدہ بیمہ کاروں کے پینل میں نمائندگی حاصل کرنے میں بھی کامیاب رہی ہے جس سے کمپنی کی موجودہ مصنوعات کو مزید مضبوط کرنے کیلئے اضافی مواقع میسر آئے۔

کمپنی کا بورڈ آف ڈائریکٹرز یہ اطلاع دیتے ہوئے خوشی محسوس کر رہا ہے کہ کمپنی نے کپاس کے دعووں کی مد میں واجب الادا 56.15 ملین روپے کی ادائیگی کر دی ہے۔

ملک میں شرح سود میں گراوٹ کے حالات کو مدنظر رکھتے ہوئے اور کمپنی کے انویسٹمنٹ پورٹ فولیو کے استحکام کیلئے 42.112 ملین روپے کی رقم سے حکومتی بانڈز میں سرمایہ کاری کی گئی ہے جن کی تکمیل 2017 اور 2018 تک ہوگی۔ اس سے قطع نظر، سیالیت کو برقرار رکھنے اور رقم کی وقفہ جاتی گردش کیلئے سرمائے کی اچھی خاصی رقم کو بڑے معاشی مالیاتی بینکوں میں مسابقتی ریٹس پر قلیل المدتی بینک ڈپازٹ کے طور پر رکھا گیا ہے۔ کمپنی میں سرمایہ کاری کے حوالے سے تمام فیصلے بورڈ کی سرمایہ کاری کمیٹی انتظامیہ کی سفارشات پر کرتی ہے۔

سال 2014 کے عمومی انتظامی اور منجمنٹ کے اخراجات میں 38.08 ملین روپے قلمزدہیلنس اور غیر وصول شدہ پریمیم شامل ہے۔ ان رقوم کے اثرات کو منہا کیا جائے تو 2014 کے دوران عمومی، انتظامی اور منجمنٹ کے اخراجات کی رقم 120.79 ملین روپے تھی جبکہ سال 2015 کے دوران (قلمزدہیلنس اور ادائیگی کو منہا کر کے) ان اخراجات کی رقم 103.42 ملین روپے تھی یعنی 14.37 فیصد کمی واقع ہوئی۔ اس کی بنیادی وجہ برانچ کے نیٹ ورک کی تنظیم نو اور کمپنی میں مختلف سطحوں پر میں وضع کئے جانے والی احتیاطی تدابیر ہیں۔ یہاں یہ بات قابل ذکر ہوگی ہر سطح پر اخراجات میں معقول سطح پر لانے کیلئے تمام ممکن کوششیں کی گئیں اور سال 2016 کو کفایت شعاری اور افرادی قوت میں سرمایہ کاری

کا سال قرار دیا گیا۔

بورڈ آف ڈائریکٹرز:

کمپنی کا بورڈ آف ڈائریکٹرز سات ڈائریکٹرز پر مشتمل ہے جو کمپنی کی نگرانی اور تزویراتی رہنمائی کیلئے مطلوبہ استعداد، تجربہ اور علم کے حامل ہیں۔ 31 دسمبر 2015 تک کمپنی کے درج ذیل تمام ڈائریکٹرز غیر عامل ڈائریکٹرز ہیں۔

- ۱۔ ایئر مارشل (ر) محمد عارف پرویز
- ۲۔ ایئر وائس مارشل (ر) سید رضی الحسن نواب
- ۳۔ ایئر کموڈور (ر) ظفر یاسین
- ۴۔ ایئر کموڈور (ر) محمود احمد
- ۵۔ ایئر کموڈور (ر) محمد مسعود اختر
- ۶۔ گروپ کیپٹن (ر) احسان الرؤف شیخ
- ۷۔ عامر شہزاد مغل

چونکہ شاہین انشورنس کمپنی لمیٹڈ اپنی معاشی کارکردگی کے حوالے سے مستقل صحت مندر جان ظاہر کر رہی ہے اسی لئے کمپنی کی کاروباری ترقی کو مزید مستحکم کرنے کیلئے پاکستان کے معاشی حب یعنی کراچی میں شاہین فاؤنڈیشن کے سینئر ممبر کی تقرری کو بر موقع سمجھا گیا۔ لہذا ذاتی مصروفیات کی بناء پر جولائی 2015 میں بورڈ آف ڈائریکٹرز سے مستعفی ہونے والے ڈائریکٹر ایئر کموڈور (ر) شاہد جمیل ہاشمی کی جگہ ایئر وائس مارشل (ر) سید رضی الحسن نواب کا بحیثیت ڈائریکٹر تقرر کیا گیا۔ سال کے اختتام کے بعد ایئر مارشل (ر) محمد عارف پرویز نے بھی مارچ 2016 میں کمپنی کے بورڈ سے استعفیٰ دے دیا اور ان کی جگہ ایئر مارشل (ر) محمد جمشید خان کو تقرر کیا گیا جن کی تقرری سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری سے مشروط ہے۔

بورڈ کی میٹنگز:

2015 میں بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد ہوئیں۔ ڈائریکٹرز کی حاضری کی تفصیل درج ذیل ہے۔

میٹنگز میں شرکت	مدت کے دوران منعقد ہونے والی میٹنگز کی تعداد	ڈائریکٹر کا نام
3	4	ایئر (ر) مارشل محمد عارف پرویز
3	4	ایئر کموڈور (ر) ظفر یاسین
4	4	ایئر کموڈور (ر) محمود احمد
2	4	ایئر کموڈور (ر) شاہد جمیل ہاشمی (یکم جولائی 2015 کو مستعفی ہوئے)
2	4	ایئر کموڈور (ر) ایم مسعود اختر
3	4	گروپ کیپٹن (ر) احسان الرؤف شیخ
4	4	ایم عامر شہزاد مغل

اگر ڈائریکٹر کسی میٹنگ میں شرکت نہ کر سکے تو انہیں عدم حاضری کی اجازت دی گئی۔

ایئر وائس مارشل (ر) سید رضی الحسن نواب کو ایئر کموڈور (ر) شاہد جمیل ہاشمی کی جگہ ڈائریکٹر مقرر کیا گیا۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے ان کی تقرری کی منظوری کے بعد سے اب تک کوئی میٹنگ منعقد نہیں ہوئی ہے۔

بورڈ کی آڈٹ کمیٹی:

زیر جائزہ سال کے دوران آڈٹ کمیٹی کی چار میٹنگز منعقد ہوئیں جن میں کمیٹی کے تمام ممبران نے شرکت کی۔

بورڈ کی سرمایہ کاری کمیٹی:

سال کے دوران ہونے والی تمام سرمایہ کاری کو کمیٹی کی جانب سے منظور کیا گیا۔

بورڈ کی افسردہ قوت اور معاوضہ کمیٹی:

سال کے دوران کمیٹی کی دو میٹنگز منعقد ہوئیں جن میں تمام ممبران نے شرکت کی۔

انشور فنانشل اسٹریٹج (IFS) ریٹنگ:

2013 کے دوران پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ہماری کمپنی کی IFS ریٹنگ کو کم کرتے ہوئے 'BBB-' (ٹرپل B مائنس) اور آؤٹ لک کو منفی قرار دیا۔ سال 2014 کے دوران 150 ملین روپے کی اضافی ایکویٹی کے داخلے کے بعد IFS ریٹنگ کو بڑھا کر 'BBB+' (ٹرپل B پلس) کر دیا اور آؤٹ لک اسٹیبل قرار دیا جنوری 2015 میں یہ ریٹنگ مزید بہتر ہوتے ہوئے 'A-' (سنگل A مائنس) ہوئی اور آؤٹ لک اسٹیبل قرار دیا گیا۔ یہ ریٹنگ کمپنی کی پالیسی ہولڈر اور معاہداتی ذمہ دار یوں کو پورا کرنے کی مضبوط استعداد کی نشاندہی کرتی ہے۔

ڈیویڈنڈ اور نفع کا تصرف:

31 دسمبر 2015 کو اختتام پذیر سال میں ٹیکس کی ادائیگی کے بعد 26.184 ملین روپے کا نفع حاصل کیا گیا۔ اس کے نتیجے میں 31 دسمبر 2015 تک ہونے والے مجموعی نقصان کی رقم 129.92 ملین روپے سے کم ہو کر 103.731 ملین روپے ہو گئی۔ بہر حال، نقد رقم کی گردش کی صورتحال اور کمپنی کی توسیع و استحکام کے منصوبوں کو مد نظر رکھتے ہوئے ڈائریکٹرز نے رواں سال کسی ڈیویڈنڈ/ ادائیگی کی تجویز نہیں دی ہے۔

فی شیئر آمدنی:

31 دسمبر 2015 کو اختتام پذیر ہونے والے سال میں کمپنی کی فی شیئر بنیادی اور خفیف آمدنی 0.58 روپے شیئر ہے (31 دسمبر 2014 میں 0.31 فی شیئر) یعنی 87% کا اضافہ۔

شراکتی پروویڈنٹ فنڈ:

30 جون 2015 کے آڈٹ شدہ اکاؤنٹس کی بنیاداً نو سمٹ کی مارکیٹ قیمت اور آمدنی کی رقم درج ذیل ہے۔

PLS اکاؤنٹس میں جمع کرائی جانے والی رقم 0.149 ملین روپے

ٹیکس، ڈیوٹیز کی مد میں ادائیگی:

ٹیکس، ڈیوٹیز، لیویز اور اخراجات کی مد میں کوئی قانونی رقم واجب الادا نہیں ہے ماسوائے ان رقوم کے جو عام کاروبار میں واجب الادا ہوتی ہے یا جن کا اظہار معاشی اسٹیٹمنٹس میں کیا گیا ہے۔

درج ذیل جدول میں گذشتہ چھ سال کے معاشی اعداد و شمار متعلقہ عنوانات کے تحت درج کئے گئے ہیں۔

(روپے ملین میں)							
2010	2011	2012	2013	2014	2015		
553.084	644.325	562.846	343.566	284.182	308.988		مجموعی پریمیم
17.208	12.951	8.629	9.310	15.897	16.305		سرمایہ کاری کی آمدنی
343.555	322.392	395.058	377.563	147.453	165.861		دعوے کے اخراجات
94.997	91.894	97.559	70.317	44.169	40.780		کمیشن کے صافی اخراجات
133.895	165.454	170.886	158.867	160.158	108.625		انتظامی اخراجات
(28.958)	19.244	(3.092)	(106.253)	12.962	26.184		نفع/ (نقصان) بعد از ٹیکس
196.295	265.464	283.373	177.120	340.132	366.268		شیئر ہولڈرز کا حصہ
185.190	146.407	236.233	347.858	228.704	164.713		واجب الادا دعوے

166.082	305.080	262.200	219.085	127.690	87.575	واجب الاداء عدم ادا شدہ پر یکم
155.721	51.782	240.948	229.970	238.653	280.449	سرمایہ کاری
4.551	29.303	27.462	60.374	24.205	22.365	سرمایہ کاری کی املاک

کارپوریٹ اور معاشی رپورٹنگ کی ساخت کا بیان:

یہاں وضع کردہ کارپوریٹ قوانین، قواعد و ضوابط میں کمپنی کے بورڈ آف ڈائریکٹرز کے تمام اعمال کا ذکر کیا گیا ہے۔ بورڈ آف ڈائریکٹرز سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مقرر کردہ ضابطہ اخلاق میں بیان کردہ تمام کارپوریٹ ذمہ داریوں سے بخوبی آگاہ ہے اور تصدیق کرتا ہے کہ:

۱- کمپنی کی جانب سے تیار کردہ معاشی اسٹیٹمنٹ میں کمپنی کے اعمال کے نتائج، رقوم کی گردش اور ایکویٹی میں ہونے والی تبدیلیوں کو بالکل درست بیان کیا گیا ہے۔

۲- کمپنی نے کمپنیز آرڈیننس 1984 اور انشورنس آرڈیننس 2000 میں بیان کردہ ضروریات کے مطابق اکاؤنٹس کے درست گوشوارے تیار کئے ہیں۔

۳- آڈیٹرز نے اپنی رپورٹ میں درج ذیل معاملات کو کو ایفائی اور توجہ طلب کہا ہے۔

(a) کو ایفیکیشن:

آڈیٹرز نے مشاہدہ کیا کہ مورخہ 29 نومبر 2012 کو فرسٹ کیپٹل ایکویٹیز لمیٹڈ اور FCSC گروپ اور پیس (پاکستان) لمیٹڈ (اس سے قبل، متعلقہ فریقین) (نوٹ 11.6) کے ساتھ معاہدے کے مطابق کمپنی نے فرسٹ کیپٹل ایکویٹیز لمیٹڈ (FCEL) کے 4.7 ملین عام شیئرز ۴۰ روپیہ فی شیئر کی عام قیمت پر حاصل کئے جو بیلنس شیٹ میں 188 روپے ملین کی "برائے فروخت سرمایہ کاری" کے عنوان سے درج کئے گئے۔ ہم نے مشاہدہ کیا کہ برائے فروخت دستیاب سرمایہ کاری کی بیان کردہ مارکیٹ ویلیو (31 دسمبر 2015 کو 27.8 روپے فی شیئر) پورے سال اخذ کردہ رقم (40 روپے فی شیئر) سے کم رہی جس سے مارکیٹ ویلیو میں طویل عرصے سے قیمت میں کمی

کی نشاندہی ہوتی ہے۔ بہر حال کمپنی کی انتظامیہ نے اس سرمایہ کاری میں ہونے والی 57.340 ملین روپے کی کیلئے کوئی پروویژن نہیں کی۔ اگر یہ پروویژن کی جاتی تو سال کے نفع اور سرمایہ کاری مذکورہ رقم سے کم ہو جاتی۔

آڈیٹرز نے مزید مشاہدہ کیا کہ رپورٹنگ کی تاریخ کو FCEL کے شیئرز کی 27.8 روپے فی شیئر مارکیٹ ویلیو کسی موثر تجارتی طریقے (سال میں تقریباً کوئی ٹرانزیکشن نہیں ہوئی) سے حاصل کردہ ظاہر نہیں ہوتی، کیونکہ اس کی آزاد فلوٹ بہت زیادہ نہیں ہے اور مستقل نقصانات کی وجہ سے FCEL کی ایکویٹی تقریباً ختم ہو چکی ہے۔ انتظامیہ کسی خواہشمند خریدار کی عدم موجودگی کی وجہ سے اس سرمایہ کاری کوئی الحال فروخت نہیں کر سکی ہے۔ ان عناصر سے نشاندہی ہوتی ہے کہ سرمایہ کاری میں مزید خرابی واقع ہو سکتی ہے۔

ڈائریکٹرز کی رائے یہ ہے کہ کمپنی فرسٹ کیپٹل گروپ کے ساتھ FCEL کے شیئرز کی سرمایہ کاری کے مسائل کو حل کرنے میں مصروف عمل ہے۔

(b) معاملات کی اہمیت:

معاشی اسٹیٹمنٹ کے نوٹ نمبر 18.3 کے بیانات کے مطابق کمپنی نے سال 2007 سے 2009 کے دوران D-1، پہلی منزل، H-27، کالج روڈ پر واقع 3,475 مربع فٹ کی جائیداد کے عوض 34.750 ملین روپے کی پیشگی ادائیگی کی جو تاحال زیر تعمیر ہے اور تکمیل پر اس کا قبضہ اور ملکیت کمپنی کو منتقل ہو جائیگی جو آئندہ سال متوقع ہے۔ اس معاملے کے حوالے سے ہماری رائے مزید کوالیفائیڈ نہیں۔

ڈائریکٹرز جائیداد واقع D-1، پہلی منزل، H-27، کالج روڈ، گلبرگ، لاہور کی کمپنی کے حق میں منتقلی کیلئے متحرک ہیں۔

۴۔ کمپنی نے معاشی اسٹیٹمنٹس کی تیاری کیلئے مناسب اکاؤنٹنگ پالیسیوں پر مستقل عملدرآمد کیا ہے اور

اکاؤنٹنگ کے تخمینے محتاط اور مناسب فیصلوں کی بنیاد پر ہیں۔

۵۔ کمپنی کی جانب سے معاشی اسٹیٹمنٹ کی تیاری سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے دسمبر 2002 میں جاری کردہ SRO نمبر 938، انشورنس آرڈیننس 2000، کمپنیز آرڈیننس 1984 میں درج ہدایات اور پاکستان میں انشورنس کمپنیوں کیلئے قابل اطلاق اکاؤنٹنگ کے معیارات کے مطابق کی گئی ہے۔

۶۔ بورڈ نے اندرونی کنٹرول کا ایک سسٹم قائم کیا ہے جو کمپنی میں ہر سطح پر نافذ ہے۔ کمپنی اندرونی کنٹرول کے تمام ضروری پہلوؤں کو ضابطہ میں شامل کرنے کیلئے کوششیں اور بندوبست کر رہی ہے، ماسوائے ان معاملات کے جن کی آڈیٹرز نے CCG رپورٹ میں نشاندہی کی ہے۔

۷۔ کمپنی کی بنیادیں مضبوط ہیں اور کمپنی کے کام جاری رکھنے کی صلاحیتوں کے حوالے سے کوئی شکوک و شبہات نہیں ہیں۔

۸۔ کمپنی اسٹاک ایکسچینج میں لسٹنگ کے قواعد میں بیان کردہ کارپوریٹ گورننس کے تمام بہترین طریقوں پر عملدرآمد کر رہی ہے، ماسوائے ان معاملات ہے جن کی نشاندہی آڈیٹرز کی جانب سے CCG رپورٹ میں کی گئی ہے۔

۹۔ کمپنی نے سال کے دوران تمام اوقات میں انشورنس آرڈیننس 2000 اور اس کے تحت وضع کردہ قواعد پر عملدرآمد کیا ہے، الا یہ کہ منسلک معاشی اسٹیٹمنٹ میں کچھ اور بیان کیا جائے، نیز کمپنی اس بیان کی تاریخ کو مذکورہ قوانین و قواعد پر عملدرآمد کر رہی ہے۔

شیئر ہولڈنگ کا طریقہ:

شیئر ہولڈنگ کے طریقے کے حوالے سے اس رپورٹ میں ایک علیحدہ اسٹیٹمنٹ درج کی گئی ہے۔

کمپنی کے شیئرز کی تجارت:

ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر اور کمپنی سیکریٹری، ان کے رفقاء حیات یا چھوٹے بچوں کی جانب سے کمپنی کے شیئرز کی کوئی تجارت نہیں کی گئی۔ صرف سبکدوش ہونے والے ڈائریکٹراپیر کموڈور (ر) شاہد جمیل ہاشمی نے اپنی جگہ آنے والے ڈائریکٹراپیر وائس مارشل (ر) سید رضی الحسن نواب کو 500 نامزد شدہ شیئرز منتقل کئے۔

آڈیٹرز:

ایم ایس ریاض احمد اینڈ کمپنی نے سال 2015 کیلئے کمپنی کی معاشی اسٹیٹمنٹس کا آڈٹ کیا اور دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔ بورڈ کی آڈٹ کمیٹی نے تجویز دی ہے کہ انہیں ایک سال کی مزید مدت کیلئے قانونی آڈیٹرز کے طور پر دوبارہ منتخب کیا جائے اور بورڈ نے اس تجویز کی توثیق کی ہے۔

کمپنی کا مستقبل:

ملک کی بہتر اقتصادی صورتحال کو مد نظر رکھتے ہوئے، آپ کی کمپنی آئندہ سالوں میں اپنی مارکیٹ کی حصہ داری کو بتدریج بڑھانے کیلئے مستعد ہے۔ آپ کی کمپنی کی انتظامیہ موجودہ کاروبار کے تمام شعبوں میں مستقل افزائش پر توجہ رکھے گی اور اس کے ساتھ ساتھ منفرد اختراعات پر بھی کام کرے گی تاکہ اپنے صارفین کو کاروبار میں نئی اور اعلیٰ قدر کی حامل مصنوعات فراہم کر سکے۔ ہم مزید امید کرتے ہیں کہ اسٹیٹ بینک آف پاکستان 2016 میں بھی پالیسی ریٹ میں کٹوتی کا رجحان برقرار رکھے گا جس سے کمپنی کی سرمایہ داری کی آمدنی میں کمی ہو سکتی ہے کیونکہ کمپنی کے اکثر مال سے معاشی بینکوں میں قلیل المدت ڈپازٹ کے طور پر سرمایہ کاری کی گئی ہے۔

اعتراف:

ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی خدمات کا اعتراف کرتے ہیں اور مستقل رہنمائی اور معاونت پر انہیں خراج تحسین پیش کرتے ہیں۔

اسی طرح ہم اپنے ری انشوررز اور ان کی قابل قدر معاونت کو بھی خراج تحسین پیش کرتے ہیں۔

ہم اپنے صارفین کے شکر گزار ہیں جنہوں نے ہم پر اپنے اعتماد کا اظہار کیا جس سے ہم یہ نتائج حاصل کرنے میں کامیاب ہوئے۔